Stock Code:2383

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

ELITE MATERIAL CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: No.18, Datong 1st Rd., Guanyin Dist., Taoyuan City 328, Taiwan (R.O.C.)
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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Elite Material Co., Ltd.:

Opinion

We have audited the financial statements of Elite Material Co., Ltd.("the Company"), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 of our opinion.

Key Audit Matters

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

1. Revenue recognition

   Please refer to Note (4)(n) "Revenue" and Note (6)(n) "Revenue" of the financial statements.

   Description of key audit matter:

   Revenue is the main indicator for investors and the management to evaluate the company's financial statements or business performance. The accuracy of the timing of revenue recognition significantly impacts the financial statement.

   Therefore, the recognition of revenue was considered to be one of the key audit matters in the audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included: assessing the accounting policies on the recognition timing of sales revenue and the appropriateness of related internal controls; testing the effectiveness of implementation of internal controls ; performing cut-off test for recognition of revenue on the certain period before and after the reporting date to assess the reasonableness to the recognition timing of sales revenue.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’ 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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the 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 auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. The accountant is responsible for the guidance, supervision and implimentation of the audit cases of these investee companies, and is responsible for the formation of ELITE MATERIAL CO., LTD..

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chen, Yi-Chun and Chiang, Hsiao-Ling.

KPMG

Taipei, Taiwan (Republic of China)
February 29, 2024

Notes to Readers

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

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

ELITE MATERIAL CO., LTD.

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		2023.12.31		2022.12.31	
	ASSETS	**Amount**	**%**	**Amount**	**%**
	Current Assets:				
1100	Cash and cash equivalents (Note (6)(a))	$ 778,780	2	1,220,983	4
1150	Notes receivable, net (Note (6)(b))	59,252	-	88,262	-
1170	Accounts receivable, net (Note (6)(b))	3,495,308	10	2,231,849	8
1181	Accounts receivable due from related parties (Note (6)(b) and (7))	324,901	1	235,947	1
1200	Other receivables, net (Note (6)(c))	1,145,420	3	713,734	2
1210	Other receivables due from related parties, net (Note (6)(c) and (7))	149,678	1	144,119	-
1310	Inventories (Note (6)(d))	1,439,632	4	1,065,204	4
1470	Other current assets	144,126	-	47,818	-
		7,537,097	21	5,747,916	19
	Non-Current Assets:				
1510	Financial assets at fair value through profit or loss, non-current (Note(6)(i))	5,504	-	-	-
1550	Investments accounted for using equity method, net (Note (6)(e))	23,383,412	66	19,626,861	66
1600	Property, plant and equipment (Note (6)(f))	4,172,452	12	4,252,687	14
1780	Intangible assets	28,299	-	40,676	-
1840	Deferred tax assets (Note (6)(k))	207,104	1	132,957	1
1900	Other non-current assets	40,926	-	103,027	-
1920	Guarantee deposits paid (Note (8))	8,636	-	8,656	-
1975	Net defined benefit asset, non-current (Note (6)(j))	41,202	-	42,842	-
		27,887,535	79	24,207,706	81
	Total assets	**$ 35,424,632**	**100**	**29,955,622**	**100**

		2023.12.31		2022.12.31	
	LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:				
2100	Short-term borrowings (Note (6)(g))	$ 1,100,000	3	34,803	-
2170	Accounts payable (Note (7))	3,112,792	9	1,774,373	6
2200	Other payables	1,372,334	4	1,214,538	4
2220	Other payables to related parties (Note (7))	715,981	2	646,396	2
2230	Current tax liabilities	80,293	-	339,991	1
2322	Long-term borrowings, current portion (Note (6)(h))	600,000	2	-	-
2399	Other current liabilities	31,478	-	13,199	-
		7,012,878	20	4,023,300	13
	Non-Current liabilities:				
2500	Non-current financial liabilities at fair value through profit or loss (Note (6)(i))	-	-	23,564	-
2530	Bonds payable (Note (6)(i))	930,543	2	3,302,140	11
2570	Deferred tax liabilities (Note (6)(k))	664,782	2	519,997	2
2645	Guarantee deposits received	6,938	-	12,057	-
		1,602,263	4	3,857,758	13
	Total liabilities	8,615,141	24	7,881,058	26
	Equity (Note (6)(l)):				
3100	Capital stock	3,431,793	10	3,329,183	11
3200	Capital surplus	4,361,746	12	2,076,279	7
	Retained earnings:				
3310	Legal reserve	3,462,000	10	2,953,134	10
3320	Special reserve	549,290	2	903,909	3
3351	Accumulated profit and loss	15,863,815	45	13,361,349	45
3400	Other equity interest	(859,153)	(3)	(549,290)	(2)
	Total equity	26,809,491	76	22,074,564	74
	Total liabilities and equity	**$ 35,424,632**	**100**	**29,955,622**	**100**

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

(English Translation of Financial Statements and Report Originally Issued in Chinese)

ELITE MATERIAL CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		2023 Amount	2023 %	2022 Amount	2022 %
4000	**Operating revenue (Note (6)(n) and (7))**	$ 10,663,801	100	9,202,695	100
5000	**Operating costs (Note (6)(d) and (7))**	(8,171,894)	(77)	(7,007,937)	(76)
	Gross profit (loss) from operations	2,491,907	23	2,194,758	24
5910	Less:Unrealized profit from sales	(10,491)	-	(8,391)	-
5920	Add:Realized profit on from sales	8,391	-	9,316	-
		2,489,807	23	2,195,683	24
	Operating expenses (Note (7)):				
6100	Total selling expenses	(331,040)	(3)	(380,669)	(4)
6200	Total administrative expenses	(667,545)	(6)	(618,693)	(7)
6300	Total research and development expenses	(492,765)	(5)	(411,425)	(4)
6450	Expected credit loss	-	-	(330)	-
6300	**Total operating expenses**	(1,491,350)	(14)	(1,411,117)	(15)
	Net operating income	998,457	9	784,566	9
	Non-operating income and expenses:				
7100	Total interest income (Note (6)(p))	14,236	-	3,520	-
7020	Other gains and losses, net (Note (6)(p))	67,819	-	168,832	2
7370	Share of profit of associates and joint ventures accounted for using equity method	5,091,075	48	4,629,006	50
7050	Finance costs (Note (6)(i) and (p))	(39,009)	-	(32,447)	-
	Total non-operating income and expenses	5,134,121	48	4,768,911	52
	Profit from continuing operations before tax	6,132,578	57	5,553,477	61
7950	**Income tax expenses (Note (6)(k))**	(644,269)	(6)	(480,603)	(5)
	Profit	5,488,309	51	5,072,874	56
	Other comprehensive income:				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	(2,238)	-	19,737	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	-	-	(22,173)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	448	-	(3,947)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(1,790)	-	(6,383)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(387,329)	(4)	470,990	5
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	77,466	1	(94,198)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss	(309,863)	(3)	376,792	4
	Other comprehensive income (net of tax)	(311,653)	(3)	370,409	4
	Total comprehensive income	$ **5,176,656**	**48**	**5,443,283**	**60**
9750	**Basic earnings per share (Note (6)(m))(dollars)**	$	**16.35**		**15.24**
9850	**Diluted earnings per share (Note (6)(m))(dollars)**	$	**15.75**		**14.86**

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

ELITE MATERIAL CO., LTD.

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings			Total other equity interest		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Statements	Unrealized gains (losses) on available for sale financial assets	Total equity
Balance at January 1, 2022	$ 3,329,183	1,868,661	2,403,968	756,891	12,298,052	(888,136)	(15,773)	19,752,846
Profit for the year ended December 31, 2022	-	-	-	-	5,072,874	-	-	5,072,874
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	15,790	376,792	(22,173)	370,409
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	5,088,664	376,792	(22,173)	5,443,283
Earnings distribution:								
Legal reserve	-	-	549,166	-	(549,166)	-	-	-
Special reserve reversal	-	-	-	147,018	(147,018)	-	-	-
Cash dividends on ordinary share	-	-	-	-	(3,329,183)	-	-	(3,329,183)
Equity component of convertible bonds issued by the Company - arise from stock option	-	207,618	-	-	-	-	-	207,618
Balance at December 31, 2022	3,329,183	2,076,279	2,953,134	903,909	13,361,349	(511,344)	(37,946)	22,074,564
Profit for the year ended December 31, 2023	-	-	-	-	5,488,309	-	-	5,488,309
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	(1,790)	(309,863)	-	(311,653)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	5,486,519	(309,863)	-	5,176,656
Earnings distribution:								
Legal reserve	-	-	508,866	-	(508,866)	-	-	-
Reversal of special reserve	-	-	-	(354,619)	354,619	-	-	-
Cash dividends on ordinary share	-	-	-	-	(2,829,806)	-	-	(2,829,806)
Conversion of convertible bonds	102,610	2,285,467	-	-	-	-	-	2,388,077
Balance at December 31, 2023	**$ 3,431,793**	**4,361,746**	**3,462,000**	**549,290**	**15,863,815**	**(821,207)**	**(37,946)**	**26,809,491**

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

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

ELITE MATERIAL CO., LTD.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		2023	2022
Cash flows from (used in) operating activities:			
Profit before tax	$	6,132,578	5,553,477
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		206,749	205,123
Amortization expense		14,426	15,012
Expected credit loss(gain)		-	330
Net loss (profit) on financial assets or liabilities at fair value through profit or loss		(42,290)	13,861
Interest expense		9,307	7,953
Interest income		(14,236)	(3,520)
Share of loss of associates and joint ventures accounted for using equity method		(5,091,075)	(4,629,006)
Loss on disposal of property, plant and equipment		(619)	-
Amortized discounted corporate bonds payable-interest expense		29,702	24,494
Total adjustments to reconcile profit (loss)		(4,888,036)	(4,365,753)
Changes in operating assets and liabilities:			
Changes in operating assets:			
Notes receivable		29,010	25,890
Accounts receivable		(1,263,459)	89,290
Decrease (increase) in accounts receivable due from related parties		(88,954)	125,630
Other receivable		(81,727)	(172,372)
Decrease (increase) in other receivable due from related parties		(5,559)	36,370
Inventories		(645,950)	141,069
Deferred revenues		2,100	(924)
Other current assets		(96,308)	203
Other operating assets		44,031	33,262
Total changes in operating assets		(2,106,816)	278,418
Changes in operating liabilities:			
Accounts payable		1,338,419	(429,908)
Other payable		150,161	(17,333)
Increase (decrease) in other payable to related parties		69,585	193,386
Other current liabilities		18,279	(28,219)
Net defined benefit liability		(598)	(8,486)
Total changes in operating liabilities		1,575,846	(290,560)
Total changes in operating assets and liabilities		(530,970)	(12,142)
Total adjustments		(5,419,006)	(4,377,895)
Cash inflow generated from operations		713,572	1,175,582
Interest received		14,236	3,535
Dividends received		945,095	3,295,244
Interest paid		(8,607)	(8,029)
Income taxes paid		(755,415)	(620,080)
Net cash flows from operating activities		908,881	3,846,252
Cash flows from (used in) investing activities:			
Acquisition of investments accounted for using equity method		-	(20,368)
Acquisition of property, plant and equipment		(367,946)	(2,485,690)
Proceeds from disposal of property, plant and equipment		619	-
Refundable deposits		20	(90)
Decrease in other receivables		188,000	-
Acquisition of intangible assets		(2,049)	(14,594)
Net cash flows used in investing activities		(181,356)	(2,520,742)
Cash flows from (used in) financing activities:			
(Decrease) Increase in short-term borrowings		1,065,197	(516,927)
(Decrease) increase in short-term notes payable		-	(200,000)
Proceeds from issuing bonds		-	3,499,953
Proceeds from long-term borrowings		800,000	100,000
Repayments of long-term borrowings		(200,000)	(950,000)
Guarantee deposits received		(5,119)	(1,083)
Cash dividends paid		(2,829,806)	(3,329,183)
Net cash flows from (used in) financing activities		(1,169,728)	(1,397,240)
Net decrease in cash and cash equivalents		(442,203)	(71,730)
Cash and cash equivalents at beginning of period		1,220,983	1,292,713
Cash and cash equivalents at end of period	$	**778,780**	**1,220,983**

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

(English Translation of Financial Statements and Report Originally Issued in Chinese)

ELITE MATERIAL CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Organization and Business

ELITE MATERIAL CO., LTD. (the "Company") was incorporated on March 24, 1992 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The main operating activities are the manufacturing and selling of copper clad laminates, electronic-industrial specialty chemical and raw materials, work-in-process, and finished goods of electronic components. The manufacturing and selling of printed circuit board is the main source of sales revenue.

The Company's common shares were traded on the Taipei Exchange (TPEx) on December 26, 1996, and its shares were publicly listed and traded on the Taiwan Stock Exchange (TSE) on November 27, 1998. The Company's registered office is on No.18, Datong 1st Rd., Guanyin Dist., Taoyuan City 328, Taiwan (R.O.C.).

(2) Approval Date and Procedures of the Consolidated Financial Statements

The Board of Directors approved and issued the financial statements on February 29, 2024.

(3) New Standards and Interpretations Adopted:

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material accounting policies

The material accounting policies presented in the financial statements are summarized follows. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

The financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (the Guidelines).

(b) Basis of preparation

1. Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following material items in the statement of financial position:

1) Financial assets and liabilities at fair value through profit or loss in fair value measurement;

2) The net defined benefit liabilities (or assets) is recognized as the fair value of plan assets, net of aggregation of the present value of the defined benefit obligation, with a limit based on a defined benefit assets as disclosed in Note 4(o).

2. Functional and presentation currency

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

(c) Foreign Currency

1. Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of a joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, Exchange differences arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(d) Assets and liabilities classified as current and non-current

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

·it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose peroformance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however they are included in the "trade receivables" lint item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, leases receivable, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

·debt securities that are determined to have low credit risk at the reporting date; and

·other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Company expects to receive. ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

·significant financial difficulty of the borrower or issuer;

·a breach of contract such as a default or being more than 90 days past due;

· the lender of the borrow, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

·it is probable that the borrower will enter bankruptcy or other financial reorganization;or

·the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets or in which the Company neither transfer nor retains substantially all of the risks and rewards of ownership and it does not retain conmtrol of the financial asset.

If the Company enters into a transaction for the transfer of financial assets if it retains all or substantially all of risk and rewards of owenr ship of the transferred assets, it will continue to be recognized on the balance sheet.

2. Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

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

3) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss, and reported under non-opearating income and expenses.

On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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

5) Derecognizing of financial liabilities

The company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories consists of all costs of purchase and other costs incurred in bringing them to their present location and condition. Inventory cost is calculated using the weighted-average-cost formula.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The financial statements include the Company’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes, of its proportionate share in the investee within capital surplus, when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of undated Company's interests in the associate.

When the Company’s share of losses of an associated equals or exceeds its interests in an associate, it discounters recognizing its share of further losses. After the recognized interest is redact to zero. Additional losses are provided for and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investment in subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the non-consolidated financial statements. Under equity method, the net income, other comprehensive income and equity in the non-consolidated financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(j) Property, plant, and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2. Subsequent expenditure

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

3. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	2 years~ 41 years
2) Machineries	2 years~ 14 years
3) Miscellaneous equipment	3 years~ 19 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Intangible assets

1. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets that are acquired by the company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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

1) Softwares 2 years~ 10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment – non financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

The provision of sales discounts from defective products is recognized when selling. The provision is estimated and measured on related probabilities of historical experience data and all possible results.

(n) Revenue

1. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods-electronic components

The Company manufactures and sells electronic components to computer, automobile, and tele-communication manufacturers. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products 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, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company's obligation to provide a refund for faulty products is recognized at the time of sale. Accumulated experience is used to estimate such returns at the time of sale. The amount estimated is recognized as a provision for warranty at reporting date.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(o) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

2. Defined benefit plans

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

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes expenses include current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither (i)accounting nor (ii)taxable profits (losses) at the time of the transaction;

2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

3. taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

1. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
   1) the same taxable entity; or
   2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders. The basic earnings per share are calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding, after adjustment for the effects of all potential dilutive ordinary shares, such as convertible bonds.

(r) Operating segments

Please refer to the consolidated financial report of Elite Material Co., Ltd. for the years ended December 31, 2023 and 2022 for operating segments information.

(5) Major Sources of Accounting Assumptions, Judgments and Estimation Uncertainty

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note (6)(d) for further description of the valuation of inventories.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(6) Summary of Major Accounts

(a) Cash and cash equivalents

	2023.12.31	2022.12.31
Cash on hand	$ 429	372
Savings accounts	728,351	1,170,611
Time deposits	50,000	50,000
	$ 778,780	1,220,983

Please refer to Note (6)(q) for the interest analysis of financial assets and liabilities.

(b) Notes and accounts receivable

	2023.12.31	2022.12.31
Note receivables from operating activities	$ 59,660	88,670
Accounts receivables-measured as amortized cost	3,821,528	2,469,115
Less: Loss allowance	(1,727)	(1,727)
	$ 3,879,461	2,556,058

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision in Taiwan were determined as follows:

	2023.12.31		
	Gross carrying amount	Weighted-average	Loss allowance provision
Current	$ 3,861,971	0.04%	1,727
1 to 30 days past due	18,934	0.00%	-
31 to 120 days past due	283	0.00%	-
	$ 3,881,188		1,727

	2022.12.31		
	Gross carrying amount	Weighted-average	Loss allowance provision
Current	$ 2,531,896	0.04%	1,110
1 to 30 days past due	19,739	0.01%	2
31 to 120 days past due	6,150	9.98%	615
	$ 2,557,785		1,727

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The movement in the allowance for notes and trade receivable were as follows:

	For the years ended December 31,	
	2023	2022
Balance at January 1	$ 1,727	1,397
Impairment losses recognized	-	330
Balance at December 31	$ 1,727	1,727

(c) Other receivables

	2023.12.31	2022.12.31
Claims receivable	$ 349,959	-
Other receivables	796,629	713,734
Other receivables due related parties, net	149,678	144,119
Less: Loss allowance	(1,168)	-
	$ 1,295,098	857,853

On January 15, 2023, the company had a fire accident, refer to Note (6)(p) and Note 10 for further information.

(d) Inventories

	2023.12.31	2022.12.31
Materials	$ 944,603	784,844
Work-in-process	91,950	61,478
Finished goods	403,079	218,882
	$ 1,439,632	1,065,204

As of December 31, 2023 and 2022, the details of operating cost were as follows:

	2023	2022
Cost of goods sold	$ 8,207,124	7,072,037
Loss on physical inventory	-	680
Loss on disposal of scrap	14,511	1,525
Gains inventory valuation and obsolescence	(13,181)	(24,439)
Revenue from sales of scraps	(36,560)	(41,866)
Total	$ 8,171,894	7,007,937

Gain on inventory valuation and obsolescence are due to the disappearance of factors that had previously caused, which results in net realizable value being lower than historical cost. Therefore, it's classified as operating cost.

As of December 31, 2023 and 2022, the Company's inventories were not pledged as collateral.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

On January 15, 2023, due to the fire accident, the Company disposed its inventories, amounting to $271,522 thousand, which was report under non-operating income and expenses - other gains and losses, net, refer to Note (6)(p) and Note (10) for further information.

(e) Investments accounted for using equity method

	2023.12.31	2022.12.31
Subsidiaries	$ 23,383,412	19,626,861

Subsidiaries please refer to the financial statements of the year ended 2023.

(f) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings	Machineries	Other equipment	Equipment under installation and construction in progress	Total
Cost:						
Balance at January 1, 2023	$ 2,537,243	902,645	2,846,216	787,617	371,264	7,444,985
Additions	-	-	-	-	374,881	374,881
Disposals	-	(143,564)	(586,974)	(58,118)	(105,812)	(894,468)
Reclassification	-	68,069	98,974	54,521	(221,564)	-
Balance at December 31, 2023	$ 2,537,243	827,150	2,358,216	784,020	418,769	6,925,398
Balance at January 1, 2022	$ 470,621	874,993	2,780,781	759,005	117,772	5,003,172
Additions	2,066,622	-	-	-	433,869	2,500,491
Disposals	-	(483)	(55,132)	(3,063)	-	(58,678)
Reclassification	-	28,135	120,567	31,675	(180,377)	-
Balance at December 31, 2022	$ 2,537,243	902,645	2,846,216	787,617	371,264	7,444,985
Depreciation:						
Balance at January 1, 2023	$ -	478,420	2,162,401	551,477	-	3,192,298
Depreciation for the year	-	33,254	120,578	52,917	-	206,749
Disposals	-	(89,627)	(510,631)	(45,843)	-	(646,101)
Balance at December 31, 2023	$ -	422,047	1,772,348	558,551	-	2,752,946
Balance at January 1, 2022	$ -	447,191	2,098,852	499,810	-	3,045,853
Depreciation for the year	-	31,712	118,681	54,730	-	205,123
Disposals	-	(483)	(55,132)	(3,063)	-	(58,678)
Balance at December 31, 2022	$ -	478,420	2,162,401	551,477	-	3,192,298
Carrying amounts:						
At December 31, 2023	$ 2,537,243	405,103	585,868	225,469	418,769	4,172,452
At January 1, 2022	$ 470,621	427,802	681,929	259,195	117,772	1,957,319
At December 31, 2022	$ 2,537,243	424,225	683,815	236,140	371,264	4,252,687

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

As of December 31, 2023 and 2022, the property, plant and equipment were not pledged as collateral for long-term debt and financing.

Due to operational needs, the Company purchased a parcel of industrial land at a total contract price of $2,160,000 in 2022. As of December 31, 2023, the price had been paid in full, and the transfer was completed on May 20, 2022.

On January 15, 2023, due to the fire accident, the Company derecognized some of the buildings ,equipment and construction in progress, amounting to $248,367 thousand, which was report under non-operating income and expenses - other gains and losses, net, refer to Note (6)(p) and Note (10) for further information.

(g) Short-term borrowings

The short-term borrowings were summarized as follows:

	2023.12.31	2022.12.31
Unsecured bank loans	**$ 1,100,000**	**34,803**
Unused short-term credit lines	**$ 3,520,813**	**5,229,521**
Range of interest rates	**1.68%~1.87%**	**5.40%~5.81%**

Please refer to Note (6)(q) for information on exposure to interest rate, foreign currency and liquidity risks of the Company.

(h) Long-term borrowings

	2023.12.31	2022.12.31
Unsecured bank loans	$ 600,000	-
Less: current portion	(600,000)	-
Total	**$ -**	**-**
Unused long-term credit lines	**$ 3,640,000**	**4,525,000**
Range of interest rates	**1.85%~1.88%**	**-**
Due year	**113**	**-**

For the exposure information of the Company's rate, foreign currency and liquidity risk, please refer to Note (6)(t).

The Company signed a loan contract with the financial institution. According to the provisions of the contract, the Company’s financial statements must maintain specific current ratios, debt ratios, net tangible assets, and interest coverage ratios on the balance sheet date during the loan period. If such financial ratios breached specific conditions of the loan contract, they shall be improved by means of cash capital increase or other means in accordance with the agreement. As of December 31, 2022, the Company did not violate any of the above financial ratio restrictions.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(i) Unsecured convertible bonds

The detail of unsecured convertible bonds were as follow:

	2023.12.31	2022.12.31
Total convertible corporate bonds issued	$ 3,465,300	3,465,300
Unamortized discounted corporate bonds payable	(35,157)	(163,160)
Cumulative converted amount	(2,499,600)	-
Corporate bonds issued balance at year-end	$ 930,543	3,302,140
Embedded derivative — call and put options, included in financial assets (liabilities) at fair value through profit or loss	$ 5,504	(23,564)
Equity component – conversion options (included in capital surplus – stock options)	$ 57,858	207,618

	For the years ended December 31	
	2023	2023
Embedded derivative instruments-call and put rights, included in financial assets (liabilities) at fair value through profit or loss	$ 42,290	(13,861)
Interest expense	$ 29,702	24,494

The Company issued 5th 5-year unsecured convertible bonds with a coupon rate of 0% on April 25, 2022, with a total amount of NTD 3,465,300 thousand, issued at 101% of the face value. The actual debt amount was NTD 3,499,953 thousand. The maturity date is April 25, 2027, and the bond discount rate is 1.3057%. Thirty days before the 3-year issuance date, the creditor may request the Company to redeem the convertible bonds held by the Company in cash at the denomination of the bond. The conversion price of convertible bonds shall be handled in accordance with the Company's issuance agreement.

1. Repayment date and method:

   Except for those that are converted into common shares of the Company in advance, or called-back by the Company or repurchased by bond holders in advance, the principal will be repaid in cash in one lump sum upon maturity.

2. Conversion prices and the adjustments:

   The conversion price at the time of issuance is set at NTD263 per share. In the events of a change in the total number of common shares of the Company, allotment of cash dividends on common shares, a conversion price lower than the current price per share, or reissue of common shares conversion rights, adjustment shall be made. As the Company takes September 1, 2023 and September 2, 2022 as the base date for dividend distribution, according to the provisions of Article 11 of the Company' s 5th domestic unsecured convertible corporate bond issuance and conversion methods, the adjustment conversion price is adjusted from NTD246.8 to NTD241.8 and NTD263 to NTD246.8. This bond does not have reset feature.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

3. The call-back right of the Company for the convertible corporate bonds:

1) From the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date:

A. If the closing price of the Company's common shares exceeds 30% of the current conversion price for 30 consecutive business days;

B. If the outstanding balance of the convertible corporate bonds converted by the Company per the requests of the bond holders is less than 10% of total initial issue amount;

The Company may delivery a "Notice to call back bonds" due in 30 days through registered mails (the aforesaid period starts from the date when the Company sends the notice, and the expiry date of the period is the base date for bond call back), and send a letter to TPEX for announcement and call back the current convertible corporate bonds in cash at face value within five business days after the bond call back base date which shall not fall within the period in which the conversion of the convertible corporate bonds is suspended.

2) The Yield to Call are as follows:

From the day after the issuance of the convertible corporate bonds for three months to 40 days before the maturity date, call back by cash at par value.

3) If the bond holders fails to provide a written response to the Company's agency before the bond call-back date stated in the "Notice to call back bonds" (which takes effect when it is served, and the postmark date for registered mail shall be used as the basis for call-back date), the Company will call-back the bonds in cash within five business days after the bond call back date.

4. The bond holders' right of repurchase:

30 days before the 3-year issuance date, the bond holder may request the Company to call-back the convertible bonds held by the Company in cash at par value. The conversion price of convertible bonds shall be handled in accordance with the Company's issuance agreement. The Company accepts the repurchase request and shall call-back the convertible bonds in cash within five business days after the repurchase date.

Please refer to Note (6)(q) for information on exposure to interest rate, foreign currency and liquidity risks of the Company.

(j) Employee benefits

1. Defined benefit plans

The Company determined the movement in the present value of the defined benefit obligations and fair value of plan assets as follows:

		2023.12.31	2022.12.31
Present value of defined benefit obligation	$	86,799	88,670
Fair value of plan assets		(128,001)	(131,512)
Net defined benefit (assets) liabilities	**$**	**(41,202)**	**(42,842)**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The Company makes defines benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years or service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company sets aside pension funds in accordance with the regulations of the Council of Labor Affairs, and the pension funds are managed by the Pension Supervisory Committee. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit in accordance with the Management and Utilization of Labor Pension Funds regulations.

The Company's Bank of Taiwan pension reserve account balance amounted to $128,001 at the end of the reporting period. The information used to calculate pension fund assets includes the asset allocation and yield of the fund. Please refer to the information published on the website of the Council of Labor Affairs and the Labor Pension Supervisory Committee.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

	2023	2022
Defined benefit obligation at January 1	$ 88,670	99,666
Current service costs and interest	1,681	922
Remeasurement on the net defined benefit liabilities		
－Actuarial (gains) losses arising from experience adjustments	1,739	(411)
－Actuarial (gains) losses arising from changes in financial assumptions	963	(10,556)
Benefit pay under the plan	(6,254)	(951)
Defined benefit obligation at December 31	**$ 86,799**	**88,670**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	2023	2022
Fair value of plan assets at January 1	$ 131,512	114,285
Interest income	2,279	749
Remeasurement on the net defined benefit liabilities		
－Return on plan assets (excluding current interest)	464	8,770
Contribution paid by the employer	-	8,659
Benefit paid	(6,254)	(951)
Fair value of plan assets at December 31	**$ 128,001**	**131,512**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	2023	2022
Current service costs	$ 152	306
Net interest of net defined benefit liabilities	(750)	(133)
	$ (598)	**173**

5) Remeasurement on the net defined benefit liabilities recognized in other comprehensive income

The Company' s remeasurement on the net defined benefit liabilities recognized in other comprehensive income as follows:

	2023	2022
Cumulative amount at January 1	$ 2,021	21,758
Recognized during the period	2,238	(19,737)
Cumulative amount at December 31	**$ 4,259**	**2,021**

6) Actuarial assumptions

The following are the Company's principal actuarial assumptions of Present Value of defined benefit obligations:

	2023.12.31	2022.12.31
Discount rate	1.63 %	1.75 %
Future salary increases	2.00 %	2.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $0.

The weighted average duration of the defined benefit obligation is 12.59 years.

7) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased	Decreased
December 31, 2023		
Discount rate (Change 0.25%)	(1,910)	1,979
Future salary increasing rate (Change 0.25%)	1,931	(1,873)

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Influences of defined benefit obligations	
	Increased	Decreased
December 31, 2022		
Discount rate (Change 0.25%)	(2,118)	2,197
Future salary increasing rate (Change 0.25%)	2,146	(2,080)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022, respectively.

2. Defined contribution plans

The Company set aside 6% of the employees' monthly wages to the Labor Pension personal accounts at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act.

The Company set aside a fixed amount to the Bureau of the Labor Insurance without the payment of additional legal or constructive obligations.

For the years ended December 31, 2023 and 2022, the Company set aside $39,617 and $39,316, respectively, under the pension plan to the Bureau of the Labor Insurance.

(k) Income taxes

1. Income tax expense recognized in profits or losses

The components of income tax in the years 2023 and 2022 were as follows:

	2023	2022
Current income tax expense:		
Current period	$ 495,717	911,381
Adjustment for prior periods	-	(98,405)
	495,717	812,976
Deferred tax expense:		
Origination and reversal of temporary differences	148,552	(332,373)
Income tax expense	**$ 644,269**	**480,603**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The amount of income tax recognized directly in equity for 2023 and 2022 was as follows:

	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Actuarial losses and gains on defined benefit plans	$ **448**	**(3,947)**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	$ **77,466**	**(94,198)**

Reconciliation of income tax (profit) and profit before tax for 2023 and 2022 is as follows:

	2023	2022
Profit excluding income tax	$ **6,132,578**	**5,553,477**
Income tax using the Company's domestic tax rate	$ 1,226,516	1,110,695
Non-deductible expenses	(2,869)	6,907
Deductible temporary differences	(684,609)	(611,909)
Prior (overestimate) underestimate	-	(98,405)
Undistributed earnings additional tax	105,231	73,315
Income tax expense	$ **644,269**	**480,603**

2. Deferred tax assets and liabilities

1) Unrecognized Deferred Tax Liabilities

As of December 31, 2023 and 2022, deferred tax liabilities are not recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The relevant amounts are as follow:

	2023.12.31	2022.12.31
Consolidated amount of taxable temporary differences associated with investments in subsidiaries	$ **18,479,324**	**15,056,281**
Amounts are not recognized as deferred tax liabilities	$ **3,695,865**	**3,011,256**

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 are as follows:

	Unrealized gain on investment income	Defined Benefit Plans	Others	Total
Deferred Tax Liabilities:				
Balance at January 1, 2023	$ (512,970)	(7,027)	-	(519,997)
Debited (Credited) in income statement	(144,221)	(119)	(893)	(145,233)
Debited (Credited) in equity	-	448	-	448
Balance at December 31, 2023	**$ (657,191)**	**(6,698)**	**(893)**	**(664,782)**
Balance at January 1, 2022	$ (858,615)	(1,382)	-	(859,997)
Debited (Credited) in income statement	345,645	(1,698)	-	343,947
Debited (Credited) in equity	-	(3,947)	-	(3,947)
Balance at December 31, 2022	**$ (512,970)**	**(7,027)**	**-**	**(519,997)**

	Current provisions	Unrealized losses on inventories	Cumulative translation adjustment	Others	Total
Deferred Tax Assets:					
Balance at January 1, 2023	$ 562	5,749	124,139	2,507	132,957
Debited (Credited) in income statement	1,824	(2,636)	-	(2,507)	(3,319)
Debited (Credited) in equity	-	-	77,466	-	77,466
Balance at December 31, 2023	**$ 2,386**	**3,113**	**201,605**	**-**	**207,104**
Balance at January 1, 2022	$ 6,632	10,637	218,337	3,123	238,729
Debited (Credited) in income statement	(6,070)	(4,888)	-	(616)	(11,574)
Debited (Credited) in equity	-	-	(94,198)	-	(94,198)
Balance at December 31, 2022	**$ 562**	**5,749**	**124,139**	**2,507**	**132,957**

3. Assessment of tax

The Company's tax returns for the years through 2020 were assessed by the Taipei National Tax Administration.

(l) Capital and other equity

1. Issuance of ordinary shares

As of December 31, 2023 and 2022, the total value of nominal ordinary shares amounted to $6,000,000. The par value of each share is $10. In total, there were 343,179 and 332,918 in thousands of ordinary shares, issued. All issued shares were paid up upon issuance.

On December 31, 2023, the Company issued 1,568 new shares in respect of the exercise of the conversion right by the holders of the convertible company, with a total amount of $370,200 thousand at par amount, and the statutory registration procedure is in progress.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

2. Capital surplus

The balance of capital surplus was as follows:

	2023.12.31	2022.12.31
Share capital	$ 95,627	95,627
Premium from convertible bonds	4,208,261	1,773,034
Convertible option	57,858	207,618
	$ 4,361,746	2,076,279

According the R.O.C company Act, capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

3. Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval. The earning distribution shall be appropriated with adding 10%-70% of the distributable earning after accumulating the undistributed earnings in the past after setting aside various reserves.

To consider the characteristics of industrial growth and improve the Company' s financial structure, the annual earnings distribution may not be made if the year in which the loss occurs, and the dividend policy will give priority to the Company's future development, financial status, and shareholders' remuneration where stock dividends will be distributed in consideration of the Company' s future capital expenditure budget to retain the required cash. The rest will be distributed to shareholders in the form of cash dividends, provided that the distribution of cash dividends shall not be less than 20% of the total distributed dividends.

Dividends and bonuses distributed by the Company in whole or in part of the legal reserve and capital surplus are distributed in cash shall be authorized by the Board of Directors meeting attended by more than 2/3 of the Directors with a simple majority of the Directors in session and reported to the General Meeting of Shareholders.

The rest is the same as the undistributed earnings in previous years, and the Board of Directors will formulate a distribution proposal and submit it to the shareholders'meeting for resolution.

1) Legal reserve

When there is a surplus in the annual general accounts, the income tax shall be paid first and the past losses shall be compensated, and 10% of the statutory reserve shall be withdrawn in accordance with the law.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

2) Special reserve

In accordance with Article 41 of the Securities and Exchange Act, it is necessary to set aside special surplus reserves or retain a portion of earnings as decided by the shareholders' meeting. Special surplus reserves shall be provisioned in accordance with the law. In the event of changes in laws and regulations or the elimination of the reasons for setting aside special surplus reserves due to the application of laws and regulations, they may be reversed and distributed to retained earnings.

3) Earnings distribution

The earnings distribution for 2022 and 2021 was decided by the general meeting of shareholders held on May 31, 2023, and May 26, 2022.

The relevant dividend distribution to shareholders is as follows:

	2022		2021	
	Dividend per Share (TWD$)	**Amount**	**Dividend per Share (TWD$)**	**Amount**
Dividends distributed to common shareholders				
Cash	$ 8.50	**2,829,806**	10.00	**3,329,183**

4. Other equity

	Foreign currency translation differences for foreign operations	**Losses on equity instruments at fair value through other comprehensive income**	**Total**
Balance at January 1, 2023	$ (511,344)	(37,946)	(549,290)
Exchange difference on translation of foreign financial statements	(309,863)	-	(309,863)
Balance at December 31, 2023	**$ (821,207)**	**(37,946)**	**(859,153)**
Balance at January 1, 2022	$ (888,136)	(15,773)	(903,909)
Exchange difference on translation of foreign financial statements	376,792	-	376,792
Losses on equity instruments at fair value through other comprehensive income	-	(22,173)	(22,173)
Balance at December 31, 2022	**$ (511,344)**	**(37,946)**	**(549,290)**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(m) Earnings per share

1. Basic earnings per share

The calculation of basic earnings per share for the years ended December 31, 2023 and 2022, were based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

1) Profit attributable to ordinary shareholders

		2023	2022
Profit attributable to ordinary shareholders of the Company	$	**5,488,309**	**5,072,874**

2) Weighted-average number of ordinary shares

	2023	2022
Issued ordinary shares at January 1	332,918	332,918
Effect of conversion of convertible notes	2,789	-
Weight average number of ordinary shares at December 13	**335,707**	**332,918**

2. Diluted earnings per share

The calculation of diluted earnings per share for the years ended December 31, 2023 and 2022, were based on profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

		2023	2022
Profit attributable to ordinary shareholders of the Company (basic)	$	5,488,309	5,072,874
Interest expense on covertible bonds, net of tax		(10,071)	30,684
Profit attributable to ordinary shareholders of the Company (diluted)	$	**5,478,238**	**5,103,558**

2) Weighted-average number of ordinary shares (diluted)

	2023	2022
Weighted-average number of ordinary shares (basic)	335,707	332,918
Effect of convertible bond	11,466	9,361
Effect of employee stock compensation	638	1,111
Weighted-average number of ordinary shares (diluted) at December 31	**347,811**	**343,390**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

For calculation of the dilutive effect of the stock option, the average market value is assessed based on the quoted market price where the Company's option is outstanding.

3. Earnings per share were as follow:

	2023	2022
Basic earnings per share	$ 16.35	15.24
Diluted earnings per share	$ 15.75	14.86

(n) Revenue from contracts with customers

1. Disaggregation of revenue

	2023	2022
Primary geographical markets		
Taiwan	$ 6,550,605	5,810,944
China	1,558,289	1,113,792
Other	2,554,907	2,277,959
	$ 10,663,801	9,202,695
Major products		
Prepare	$ 3,926,917	3,892,850
Capper clad laminate	4,794,821	3,770,362
Mass lam foundry	398,399	574,143
Other	1,543,664	965,340
	$ 10,663,801	9,202,695

(o) Rewards of employees, directors and supervisors

In accordance with the Company's article, which was approved by the shareholders, the Company shall assign 3% as rewards to employees, and less than 1.2% as rewards to directors and supervisors, if there are earnings during the year. However, the Company has to retain the amount while there are accumulated loss.

The employees mentioned before include the employees in the subsidiaries who meet the specific conditions.

For the years ended December 31, 2023 and 2022, rewards of employees of $190,947 and $172,916, and directors of $41,372 and $37,465, respectively, were estimated and recognized as current expense. These amounts were calculated using the Company's profit before tax before rewards of employees and directors for the years ended December 31, 2023 and 2022, and using the earnings allocation method which was stated under the Company's article. These rewards were charged to profit or loss under operating costs or operating expenses for the years ended December 31, 2023 and 2022.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Related information of distributions of remuneration to employees and directors can be accessed from the Market Observation Post System on the website.

There is no difference between the rewards of employees and directors that was decided by the Board of Directors and the financial report's estimated amounts in 2023 and 2022.

(p) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	For the years ended December 31,	
	2023	2022
Interest income	$ 14,236	3,520

2. Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31,	
	2023	2022
Foreign exchange gain (loss)	$ 22,785	73,011
Gain (losses) on financial liabilities at fair value through profit or loss	42,290	(13,861)
Disaster losses	(537,959)	-
Claims income	537,959	-
Expected credit loss	(1,168)	-
Other profits	3,912	109,682
Other gains (loss), net	$ 67,819	168,832

Pisaster losses and claims income, please refer to Note (10).

3. Finance costs

The details of finance cost were as follows:

	For the years ended December 31,	
	2023	2022
Interest expense	$ 39,009	32,447

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(q) Financial instruments

1. Credit risk

1) Credit risks exposure

As of December 31, 2023 and 2022, the maximum exposure to credit risk arising from failure of performance of the counter-party and from financial guarantee made by the Company were as follows:

· The carrying amount of financial assets recognized in the financial statements;

· Financial guarantee made by the Company amounting to USD 42,203 thousands, 14,000 thousands, and USD 15,600 thousands, 12,286 thousands, respectively.

2. Liquidity risk

The following are the contractual maturities of financial liabilities of the Company, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	More than 2 years
Balance at December 31, 2023						
Non-derivative financial liabilities						
Unsecured bank loans	$ 1,700,000	1,706,706	1,706,706	-	-	-
Accounts payable	3,112,792	3,112,792	3,112,792	-	-	-
Other payables	2,088,315	2,088,315	2,088,315	-	-	-
bond payable	930,543	965,700	-	-	-	965,700
	$ 7,831,650	**7,873,513**	**6,907,813**	**-**	**-**	**965,700**
Balance at December 31, 2022						
Non-derivative financial liabilities						
Unsecured bank loans	$ 34,803	35,187	35,187	-	-	-
Accounts payable	1,774,373	1,774,373	1,774,373	-	-	-
Other payable	1,860,934	1,860,934	1,860,934	-	-	-
bond payable	3,302,140	3,465,300	-	-	-	3,465,300
	$ 6,972,250	**7,135,794**	**3,670,494**	**-**	**-**	**3,465,300**

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or in significantly different amounts.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

3. Currency risk

1) Currency risk exposure

The Company's significant exposure to foreign currency risk was as follows:

	2023.12.31			2022.12.31		
	Foreign currency (thousands of dollars)	Exchange rate	TWD	Foreign currency (thousands of dollars)	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 135,244	30.705	4,152,667	95,464	30.710	2,931,700
Financial liabilities						
Monetary items						
USD	121,708	30.705	3,737,644	64,635	30.710	1,984,934

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, bank loans, accounts payable and other payable that are denominated in foreign currency.

A 1% appreciation or depreciation of the TWD against the USD as at December 31, 2023 and 2022, would have increased or decreased net income by $3,437 and $7,615, respectively. This analysis assumes that all other variables remain constant.

3) Foreign exchange gain and loss on monetary items

The foreign exchange gains (losses) of Company monetary items converted into the functional currency amount and converted to parent Company's functional currency Taiwan Dollar exchange rate information were as follows:

	2023		2022	
	Foreign exchange gains	Average exchange rate	Foreign exchange losses	Average exchange rate
TWD	$ 22,785	-	73,011	-

4. Interest rate analysis

The interest rate exposure of the Company's financial assets and liabilities is described on liquidity risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the financial assets and liabilities on the reporting date.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The Company' s internal management reported the increases or decreases in the interest rates and the exposure to changes in interest rates of 0.5% is considered by management to be a reasonable change of interest rate.

If the interest rate increases or decreases by 0.5%, the Company' s net income will decrease /increase by $1,874 and $33 for the years ended December 31, 2023 and 2022, respectively, assuming all other variable factors remain constant. This is mainly due to the Company's variable rate borrowing.

5. Fair value

1) The kinds of financial instruments and fair value

Financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income is measured on a recurring basis. The fair value of financial assets and liabilities were as follows (including information on fair value hierarchy, but excluding measurements that have similarities to fair value but are not fair value and those fair value cannot be reliably measured or inputs are unobservable in active markets):

	2023.12.31				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit of loss					
Redemption and repurchase option of bonds	$ 5,504	-	-	5,504	5,504
Financial assets measured at amortized cost					
Cash and cash equivalents	778,780	-	-	-	-
Notes and accounts receivable	3,879,461	-	-	-	-
Other receivables	1,295,098	-	-	-	-
Refundable deposits	8,636	-	-	-	-
Sub-total	5,961,975	-	-	-	-
Total	**$ 5,967,479**	**-**	**-**	**5,504**	**5,504**
Financial liabilities measured at amortized cost					
Short term borrowings	$ 1,700,000	-	-	-	-
Accounts payable	3,112,792	-	-	-	-
Other payable	2,088,315	-	-	-	-
Bonds payable	930,543	-	-	-	-
Guarantee deposit received	6,939	-	-	-	-
Total	**$ 7,838,589**	**-**	**-**	**-**	**-**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2022.12.31				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 1,220,983	-	-	-	-
Notes and accounts receivable	2,556,058	-	-	-	-
Other receivables	857,853	-	-	-	-
Refundable deposits	8,656	-	-	-	-
Total	**$ 4,643,550**	**-**	**-**	**-**	**-**
Financial liabilities at fair value through profit or loss					
Redemption and repurchase option of bonds	$ 23,564	-	-	23,564	23,564
Financial liabilities measured at amortized cost					
Short term borrowings	34,803	-	-	-	-
Accounts payable	1,774,373	-	-	-	-
Other payable	1,860,934	-	-	-	-
Bonds payable	3,302,140	-	-	-	-
Guarantee deposit received	12,057	-	-	-	-
Sub-total	6,984,307	-	-	-	-
Total	**$ 7,007,871**	**-**	**-**	**23,564**	**23,564**

2) Valuation techniques for financial instruments measured at fair value

2.1) Non-derivative financial instruments

If a financial instrument is regarded as being quoted in an active market, the fair value is based on the quoted price in the active market. The market price announced by the major exchange and the OTC trading center of the central government bond is the basis to the fair value of listed equity instruments and debt instruments with active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm’ s length basis. If a financial instrument does not the above conditions, then it is considered to be without quoted prices in active market. In general, wide bid-ask spreads, significant increase in bid-ask spreads or low trading volume are all indicators of an inactive market.

The fair value of financial instruments held by the Group, if actively traded in a market, is disclosed by category and nature as follows:

The fair value of financial assets, such as stocks of listed (OTC) companies, which have standard terms and conditions and are actively traded in active markets, is determined based on market quotations.

For financial instruments other than those actively traded in the market, their fair value is determined using valuation techniques or by reference to quoted prices from counterparties. Fair value obtained through valuation techniques may refer to the fair value of other financial instruments with substantially similar terms and characteristics, discounted cash flow methods, or other valuation techniques, including models using market information available at the balance sheet date (such as the OTC reference yield curves, Reuters average quoted commercial paper rates).

The fair value of financial instruments held by the Group, if not actively traded in a market, is disclosed by category and nature as follows:

· Equity instruments without quoted prices:

The fair value is estimated using the market comparable companies method, with the main assumption based on the multiplier of equity derived from the estimated pre tax EBITDA of the investee, as well as the quoted market prices of comparable foreign listed (OTC) companies. This estimate has been adjusted for the discount impact of the lack of market liquidity of the equity securities.

2.2) Derivative financial instruments

Valued using widely accepted valuation models by market participants, such as discounted cash flow and option pricing models.

3) Transfers between Level 1 and Level 2

There was no transfer from Level 1 Level 2 in 2023 and 2022.

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include "financial asset (liabilities) measured at fair value through profit or loss - Embedded derivative - call and put options".

Most of the Level 3 fair value attributed to the Company has only a single significant unobservable input, and only non listed (non OTC) equity instrument investments have multiple significant unobservable inputs. Significant unobservable inputs of non listed (non OTC) equity instrument investments are independent of each other, so there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets (liabilities) at fair value through profit or loss / Embedded derivative financial instruments - Call and put options	Binomial tree convertible bond pricing model	· Volatility (2023.12.31 and 2022.12.31 respectively 43.02% and 42.55%)	· The higher the volatility, the higher the fair value

(r) Financial risk management

1. Overview

The Company have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company’s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

2. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of structure of risk management. The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Company oversees how management monitors compliance with the Company’s risk management policies and procedures and reviews the adequacy of structure of risk management in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

3. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers and investment.

1) Accounts receivable and other receivables

The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company’s customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk.

The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company’s standard payment terms are offered. The Company’s review includes external ratings, when available, and in some cases bank references. Credit limits are established for each customer, which represent the maximum open amount without requiring approval from the General Manager’s office; these limits are reviewed quarterly. Customers that fail to meet the Company’s benchmark creditworthiness may transact with the Company only on a cash basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Customers that are graded as “high risk” are placed on a restricted customer list and monitored by the General Manager’s office. If customers default, the Company will stop transactions with those customers or trade on a cash basis.

The Company established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss incurred but not yet identified. The collective loss allowance is determined based on historical data on payment statistics for similar financial assets.

2) Bank deposit

The credit risk exposure in the bank deposits and transaction contract of foreign derivation instruments is measured and monitored by the General Manager's office. The Company only deals with financial institutions; therefore, there are no significant doubts regarding default on the above financial instruments, and as a result, there is no significant credit risk.

4. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

The Company uses activity-based costing to cost its products, which assists it in monitoring cash flow requirements. The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on financial liabilities over the succeeding 90 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2023 and 2022, the Company's unused credit line were amounted to $7,160,813 and $9,754,521, respectively.

5. Market risk

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

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Risk Management Committee.

1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the New Taiwan Dollar (TWD), and US Dollar (USD). Besides, the Company uses natural hedging principle to hedge by controlling the net amount of each currency of the Company in accordance with the condition of the exchange rate market. The Company hedges the currency risk with forward foreign currency whose mature date is in a year from report date and currency swap contract.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily the TWD, and USD. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

2) Interest rate risk

The Company's borrowings were on the basis of floating interest rate. The Company is not involved in the situation of changing floating interest rate into fixed rate with interest rate swap agreement. The Company periodically assessed the borrowing rates of the banks and every currency to make provisions for interest-changed rate risk. In addition, the Company creates favorable relationship with banks to get lower financial costs from borrowings in order for it to strengthen its working capital to lower its dependency on bank borrowings, as well as situation of changing floating interest rate and scatter interest-changed rate risk.

3) Other market price risk

The Company does not enter into any commodity contracts other than to meet the Company's expected usage and sales requirements; such contracts are not settled on a net basis.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(s) Capital management

The Company maintains and manages its capital to meet the minimum paid-in capital required by the competent authority, and to optimize the balance of liabilities and equity to maximize shareholders' return.

The capital structure of the Company is composed of net debt (i.e. borrowings less cash and cash equivalent) and equity (i.e. share capital, capital reserve, retained earnings and other equity items).

The principal management of the Company reviews the capital structure of the Company on an annual basis, including considering the costs and associated risks of various types of capital. Based on the recommendations of key management, the Company will balance its overall capital structure by borrowing short-term borrowings from financial institutions.

(t) Investing and financing activities not affecting current cash flow

The Company investing and financing activities which did not affect the current flow in the years ended December 31, 2023 and 2022.

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2023	Cash flow	Acquisition	Foreign exchange movement	Other	December 31, 2023
Short-term borrowings	$ 34,803	1,065,197	-	-	-	1,100,000
Long -term borrowings	-	600,000	-	-	-	600,000
Bonds payable	3,302,140	-	-	-	(2,371,597)	930,543
Total liabilities from financing activities	**$ 3,336,943**	**1,665,197**	**-**	**-**	**(2,371,597)**	**2,630,543**

			Non-cash changes			
	January 1, 2022	Cash flow	Acquisition	Foreign exchange movement	Other	December 31, 2022
Short-term borrowings	$ 551,730	(516,927)	-	-	-	34,803
Long -term borrowings	850,000	(850,000)	-	-	-	-
Short-term notes payables	199,820	(200,000)	-	-	180	-
Bonds payable	-	3,499,953	-	-	(197,813)	3,302,140
Total liabilities from financing activities	**$ 1,601,550**	**1,933,026**	**-**	**-**	**(197,633)**	**3,336,943**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(7) Related-Party Transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the parent company onlyfinancial statements.

Name of related party	Relationship with the Company
EMC OVERSEAS HOLDING INCORPORATED	The Company its subsidiaries
Grand Wuhan Incorporated	The Company its subsidiaries
EMC INTERNATIONAL HOLDING INCORPORATED	The Company its subsidiaries
Grand Zhuhai Incorporated	The Company its sub-subsidiaries
Grand Shanghai Incorporated	The Company its sub-subsidiaries
Grand Zhongshan Incorporated	The Company its sub-subsidiaries
EMC SPECIAL APPLICATION INCORPORATED	The Company its sub-subsidiaries
Elite Electronic Material (Kunshan) Co., Ltd.	The Company its sub-subsidiaries
Elite Electronic Material (Zhongshan) Co., Ltd.	The Company its sub-subsidiaries
Elite Electronic Material (Huangshi) Co., Ltd.	The Company its sub-subsidiaries
EMD SPECIALTY MATERIALS, LLC	The Company its sub-subsidiaries
EMC USA HOLDING INCORPORATED	The Company its sub-subsidiaries
ELITE MATERIAL(PENANG) SDN. BHD.	The Company its sub-subsidiaries
TECHNICA USA	The Company associates

(b) Significant transactions with related parties

1. Sales

The amounts of significant sales and royalties sales by the Company to related parties were as follows:

	For the years ended December 31,	
	2023	2022
Sub-Subsidiaries	$ 1,628,892	1,189,617
Associates	(4,715)	46,974
	$ 1,624,177	**1,236,591**

The selling price for related parties and general customers are negotiated by both parties. The credit terms ranged from 90 to 120 days, which approximated those for routine sales transactions; the royalties are negotiated by both parties.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

2. Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	For the years ended December 31,	
	2023	2022
Sub-Subsidiaries	$ 988,974	143,273

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from 90 to 120 days, which were no different from the payment terms given by other vendors.

3. Receivables from related parties

The receivables from related parties were as follows:

Item	Related party categories	2023.12.31	2022.12.31
Accounts receivable	Elite Electronic Material (Kunshan) Co., Ltd.	$ 166,088	93,723
Accounts receivable	Elite Electronic Material (Zhongshan) Co., Ltd.	135,443	85,100
Other receivable	Sub-Subsidiaries	23,370	50,707
Other receivable	Associates	-	6,417
Less: Loss allowance	Sub-Subsidiaries	149,678	144,119
		$ 474,579	380,066

The receivables from related parties were uncollateralized, and no provisions for doubtful debt were required after the assessment by the management.

4. Payables to related parties

The payables to related parties were as follows:

Item	Related party categories	2023.12.31	2022.12.31
Accounts payable	Elite Electronic Material (Kunshan) Co., Ltd.	$ 141,479	68,803
Accounts payable	Elite Electronic Material (Huangshi) Co., Ltd.	317,009	3
Accounts payable	Sub-Subsidiaries	31,322	10,414
Other payables	Elite Electronic Material (Kunshan) Co., Ltd.	410,202	350,663
Other payables	Elite Electronic Material (Zhongshan) Co., Ltd.	304,059	292,585
Other payables	Sub-Subsidiaries	508	881
Other payables	Associates	1,212	2,267
		$ 1,205,791	725,616

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

5. Guarantee

As of December 31, 2023, the Company had provided a guarantee for loans taken out by its subsidiaries, please refer to Note 13(a) for further explanations.

6. Other transactions to related parties

Account	Relationship	2023	2022
Selling expenses	Sub-Subsidiaries	$ 315	589
Selling expenses	Associates	2,867	4,175
		$ 3,182	**4,764**

(c) Transactions with key management personnel

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	$ 114,272	128,543
Termination benefits	756	1,094
	$ 115,028	**129,637**

(8) Pledged Assets

The following assets were restricted in use:

Assets	Purpose of Pledge	2023.12.31	2022.12.31
Refundable deposits	Deposits for lease and natural gas, etc.	**$ 8,636**	**8,656**

(9) Significant Contingencies and Commitments

(a) Major Commitments and contingencies were as follows:

1. Unused standby letters of credit

	2023.12.31	2022.12.31
Unused standby letters of credit		
TWD	$ -	43,440
USD	13,282	2,702

2. The royalties of eco-material technique treatment with Company A, etc., the paid royalties were as follows:

2023	2022
$ 154	**6,287**

3. As of December 31, 2023 and 2022, the amounts of Performance Letter of Guarantee issued by Mega International Commercial Bank-Zhongli Branch for the purpose of Customs for guaranty of domestic tariff and for guaranty of hiring foreigners to be employed were $14,000 and $7,000.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

4. As of December 31, 2022, the Company planned to get a government grant and obtained the performance guarantee letter issued by the bank. The amount of the guarantee letter was $5,286.

(10) Significant Catastrophic Losses

On January 15, 2023, the Company suffered a major fire accident that caused damage to some of the Company's buildings, equipment, construction in progress, other assets and inventories, and the Company derecognized the damaged buildings, equipment and construction in progress amounting to $248,367 thousand, other assets amounting to $18,070 thousand, and inventories amounting to $271,522 thousand, with a total disaster loss of $537,959 thousand, which was reported under non operating income and expenses other benefits and losses, please refer to Note 6 (p) for relevant explanations. The amount of disaster compensation is based on the best estimate of the evidence available as of the reporting date, but the actual amount of compensation is subject to subsequent negotiations, and there may still be contingent liabilities that cannot be estimated and have not yet been recorded.

The Company has taken out relevant property insurance and is currently negotiating with the insurance company to handle the claim, the Company confirmed to the insurance company and its notary public that the compensation that is almost certain to be received from the insurance company will be recognized as the claim receivable, and the amount recognized will not exceed the disaster loss of each of the assets, as of December 31, 2023, the claim receivable recognized by the Company is$ 537,959 thousand , and is reported under the non operating income and expenses other benefits and losses, please refer to Note 6 (p) for relevant explanations. However, the insurance claim involves disaster identification, and the Company has not yet been able to fully confirm the full amount of the insurance claim, and the subsequent increase in insurance claim income will not be recognized until the Company is almost certain to receive the income. As of December 31, 2023, part of the claim payment of $188,000 thousand (reported under other receivables) has been received.

(11) Significant Subsequent Events: None.

(12) Others

(a) Employee benefits, depreciation, and amortization expenses, categorized as operating cost or expense, were as follows:

Categorized as	For the year ended December 31, 2023			For the year ended December 31, 2022		
Nature	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	631,901	675,858	1,307,759	629,217	524,503	1,153,720
Labor and health insurance	53,897	33,903	87,800	54,664	31,422	86,086
Pension	23,780	15,239	39,019	25,155	14,334	39,489
Remuneration of directors	-	41,844	41,844	-	38,002	38,002
Others employee benefits	29,796	13,865	43,661	31,083	13,286	44,369
Depreciation	184,169	22,580	206,749	186,875	18,248	205,123
Amortization	-	14,426	14,426	66	14,946	15,012

As of December 31, 2023 and 2022, the additional information about the numbers of employees and employee benefit were as follows:

	2023	2022
Number of employees	1,021	1,011
Number of directors who were not employees	6	6
The average employee benefit	$ 1,456	1,317
The average salaries and wages	$ 1,288	1,148
Adjustment of average salaries and wages	12.20 %	
Supervisors' remuneration	$ -	-

1.The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

The remunerations to directors, managers and employees are in accordance with the principles of fairness and competition. In addition, the wages of the employees of the Company are paid based on the grade table set according to the complexity of their work, the degree of their responsibilities, and the professional skills required. Furthermore, the remuneration of the Company' s directors and employees is determined by reference to the Company' s overall operating performance, future risks and development trends of the industry, as well as the individual' s performance achievement rate and contribution to the Company; reasonable remuneration is also taken into consideration.

2.The Company did not have supervisors, therefore, there was no remunerations of supervisors.

(13) Additional Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2023:

1. Fund financing to other parties:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

No	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	Elite Material Co., Ltd.	EMD SPECIALTY MATERIALS, LLS	Other receivables-related parties	Y	1,000,000	1,000,000	-	2.00%	2	-	Operating Capital	-		-	8,042,847 (Note 3)	8,042,847 (Note 3)
1	Elite Electronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	Other receivables-related parties	Y	3,049,270	2,968,322	2,206,770	2.00%	2	-	Operating Capital	-		-	6,606,030 (Note 4)	6,606,030 (Note 4)

No	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Elite Electronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	Other receivables-related parties	Y	1,471,756	1,436,564	-	2.00%	2	-	Operating demand	-		-	6,606,030 (Note 4)	6,606,030 (Note 4)
2	Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	Other receivables-related parties	Y	1,955,800	904,343	904,343	2.00%	2	-	Operating Capital	-		-	2,275,224 (Note 5)	2,275,224 (Note 5)

Note 1: The number is filled as follows:

1. 0 is the Company.
2. Subsidiaries are numbered as 1 sequentially.

Note 2:1. Having dealings with the Company.

2. Those who have the needs in short-term financing.

Note 3:The company with business contact, the amount of each fund financing cannot exceed 50% of total amount of purchase (sales) transactions in the recent year and cannot exceed 3% of the Company's net asset value; the total amount of fund financing cannot exceed 30% of the Company's net asset value.

Note 4:The total amount of fund financing could not exceed 30% of the lender's net asset value and the Company's net asset value, while the maximum financing amount for a single company could not exceed 30% of the lender's net asset value .

Note 5:The total maximum financing amount cannot exceed 30% of the lender's net asset value, while the maximum financing amount for a single company cannot exceed 30% of the lender's net value.

Note 6:The total amount cannot exceed 100% of the Company's net worth in its lates financial statements.

2. Guarantees and endorsements for other parties:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

No. (Note 1)	Name of company	Counter-party		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent Company endorsement/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsement/ guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	Elite Material Co., Ltd.	EMD SPECIALTY MATERIALS,LLC	2	13,404,746	1,300,309	1,277,427	1,212,479	-	4.76 %	26,809,491	Y		
0	〃	TECHNICA USA	6	13,404,746	19,455	18,423	-	-	0.07 %	26,809,491	Y		
1	Elite Electronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	4	11,010,050	1,776,274	1,733,871	452,564	-	7.87 %	22,020,100			Y
2	Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	4	3,792,041	2,225,504	1,384,640	906,428	-	18.26 %	7,584,081			Y

Note 1: 0 is the Company.

1 The inrestee company are numbered as 1 sequentially.

Note 2:1. Entities with business relationship with the Company.

2. A subsidiary in which the Company directly holds more than 50% of its voting shares.
3. A investee in which the Company and subsidiary holds more than 50% of its voting shares.
4. A parent company in which the Company directly or Subsidiaries indirectly holds more than 90% of its voting shares.
5. Companies in same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
6. Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.
7. Companies in same type of business providing guarantees of pre-sale contracts according to the regulation.

Note 3: The total maximum endorsement / guarantee cannot exceed 100% of the Company's net worth in its latest financial statements, while the maximum endorsement / guarantee amount for a single company cannot exceed 50% of the Company's net worth in its latest financial statements.

3. Information regarding securities held at balance sheet date:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Note
				Number	Book value	Percentage	Market value	
EMC OVERSEAS HOLDING INCORPORARTED	PROUD STAR INTERNATIIONAL LIMITED	-	Non current at fair value through other comprehensive income financial assets	500,000	-	3.26 %	-	
EMC USA HOLDING INCORPORATED	TECHNICA USA (preference stock)	Associates	〃	722,000	-	87.76 %	-	

4. Accumulated buying/selling of the same marketable securities for which the dollar amount reaches $300 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

Company name	Marketable Securities type and name	Financial statement account	Counter -party	Nature of relationship	Beginning balance		Acquisitions (Note 4)		Disposal (Note 4)				Ending balance	
					Units/shares	Amount	Units/shares	Amount	Units/shares	Amount	Carrying value	Gain (loss) on disposal	Units/shares	Amount
Grand Zhongshan Incorporated	Elite Electronic Material (Kunshan) Co., Ltd.	Investments using the equity method	(Note 1)	Subsidiaries	-	-	-	3,911,594	-	-	-	-	-	8,644,589 (Note 5)
〃	〃	〃	(Note 2)	〃	-	-	-	3,354,634	-	-	-	-	-	8,644,589 (Note 5)
Grand Wuhan Incorporated	Elite Electronic Material (Huangshi) Co., Ltd.	〃	-	〃	-	774,123	-	-	-	709,964	920,264	(210,300) (Note 3、5)	-	-
Elite Electronic Material (Kunshan) Co., Ltd.	〃	〃	-	〃	-	-	-	895,684	-	-	-	-	-	1,249,827 (Note 5)
〃	Elite Electronic Material (Zhongshan) Co., Ltd.	〃	(Note 1)	〃	-	-	-	2,783,125	-	-	-	-	-	7,584,081 (Note 5)
〃	〃	〃	(Note 2)	〃	-	-	-	3,237,978	-	-	-	-	-	7,584,081 (Note 5)
〃	ELITE MATERIAL(PENANG) SDN. BHD.	〃	(Note 1)	〃	-	-	-	310,661	-	-	-	-	-	302,434 (Note 5)

Note 1: Engaged in cash capital increase.
Note 2: Engaged in share capital increase through stock conversion.
Note 3: Realization of gains or losses report under retain earnings.
Note 4: Related purchase and sale transactions, please reter to Note 4(b) notes 1 to notes 3 for further information.
Note 5: The aforementioned transaction of subsidiary have been eliminated in the consolidated financial statements.

5. Acquisition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital ：

(In Thousands of New Taiwan Dollars)

Name of Company	Name of property	Transaction date	Transaction amount	Status of payment	Counterparty	Relationship with the Company	If the country is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Elite Electronic Material (Zhongshan) Co., Ltd.	Land and plant	2023.12.08	947,936	Paid	The natural resources of Zhongshan City	None	-	-	-	-	Professional valuation report	Required for company operations	None

6. Disposition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital: None.
7. Buying/selling products with the dollar amount reaches $100 million or 20% or more of paid-in capital:

(In Thousands of New Taiwan Dollars)

			Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		
Name of company	Counter-party	Relationship	Purchase /Sale	Amount	Percentage of total purchases /sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable)	Notes
Elite Material Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd.	Parent and subsidiary companies	Sale	(645,305)	(6)%	Depends on subsidiarie's financial condition	-		166,088	4 %	
Elite Electronic Material (Kunshan) Co., Ltd.	Elite Material Co., Ltd.	〃	Purchase	645,305	5 %	〃	-		(166,088)	(3)%	
Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	〃	Sale	(476,585)	(4)%	〃	-		135,443	3 %	
Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Material Co., Ltd.	〃	Purchase	476,585	6 %	〃	-		(135,443)	(5)%	
Elite Electronic Material (Kunshan) Co., Ltd.	Elite Material Co., Ltd.	〃	Sale	(479,614)	(3)%	〃	-		141,479	2 %	
Elite Material Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd.	〃	Purchase	479,614	7 %	〃	-		(141,479)	(5)%	
Elite Electronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	〃	Sale	(131,650)	(1)%	〃	-		35,119	- %	
Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd.	〃	Purchase	131,650	2 %	〃	-		(35,119)	(1)%	
Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Material Co., Ltd.	〃	Sale	(136,023)	(1)%	〃	-		29,701	1 %	
Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	〃	Purchase	136,023	2 %	〃	-		(29,701)	(1)%	
Elite Electronic Material (Huangshi) Co., Ltd.	Elite Material Co., Ltd.	〃	Sale	(358,645)	(6)%	〃	-		317,009	12 %	
Elite Material Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	〃	Purchase	358,645	5 %	〃	-		(317,009)	(10)%	
Elite Electronic Material (Huangshi) Co., Ltd.	Elite Electoronic Material (Kunshan) Co., Ltd.	〃	Sale	(1,654,455)	(25)%	〃	-		596,663	23 %	
Elite Electronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	〃	Purchase	1,654,455	14 %	〃	-		(596,663)	(12)%	

Name of company	Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase /Sale	Amount	Percentage of total purchases /sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable)	
Elite Electronic Material (Huangshi) Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	Associates	Sale	(3,243,552)	(50)%	〃	-		1,027,527	39 %	
Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	〃	Purchase	3,243,552	38 %	〃	-		(1,027,527)	(37)%	

8. Accounts receivable from related parties for which the dollar amount reaches $100 million or 20% or more of paid-in capital:

(In Thousands of New Taiwan Dollars)

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover days	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
Elite Material Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd.	Parent and subsidiary companies	166,088	4.97	-		109,746	-
Elite Material Co., Ltd. (note 1)	〃	〃	86,345	Not applicable	-		86,345	-
Elite Material Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	〃	135,443	4.32	-		63,636	-
Elite Material Co., Ltd. (note 1)	〃	〃	46,018	Not applicable	-		46,018	-
Elite Electronic Material (Kunshan) Co., Ltd.	Elite Material Co., Ltd.	〃	141,479	4.56	-		96,689	-
Elite Electronic Material (Kunshan) Co., Ltd. (Note 1)	〃	〃	410,202	Not applicable	-		227,069	-
Elite Electronic Material (Kunshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	〃	19,808	4.81	-		15,697	-
Elite Electronic Material (Kunshan) Co., Ltd. (Note 1)	〃	〃	2,231,947	Not applicable	-		-	-
Elite Electronic Material (Zhangshan) Co., Ltd.	Elite Material Co., Ltd.	〃	29,701	6.78	-		27,717	-
Elite Electronic Material (Zhongshan) Co., Ltd. (Note 1)	〃	〃	304,059	Not applicable	-		170,472	-
Elite Electronic Material (Zhongshan) Co., Ltd.	Elite Electronic Material (Huangshi) Co., Ltd.	Associates	24,709	2.82	-		14,112	-

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover days	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
Elite Electronic Material (Zhongshan) Co., Ltd. (Note 1)	〃	〃	917,842	Not applicable	-		87,944	-
Elite Electronic Material (Huangshi) Co., Ltd.	Elite Material Co., Ltd.	Parent and subsidiary companies	317,009	2.26	-		120,935	-
Elite Electronic Material (Huangshi) Co., Ltd.	Elite Electronic Material (Kunshan) Co., Ltd.	〃	596,663	3.08	-		405,283	-
Elite Electronic Material (Huangshi) Co., Ltd.	Elite Electronic Material (Zhongshan) Co., Ltd.	Associates	1,027,527	3.80	-		704,271	-

Note 1: Account for other receivable due from related parties.

9. Derivative transactions: None.

(b) Information on investees:

For the year ended December 31, 2023, the following was the information on investees (excluding investees in Mainland China) :

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Net income (loss) of the investee	Investment income (losses) (Note 7)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value (Note 7)			
Elite Material Co., Ltd.	EMC OVERSEAS HOLDING INCORPORATED	British Virgin Islands	Investment business	1,179,111	1,179,111	36,256,950	100.00 %	22,080,915	5,116,084	5,116,084	Subsidiaries
〃	Grand Wuhan Incorporated	Cayman Islands	Investment business	602,440	602,440	20,020,000	100.00 %	731,513	150,136	150,136	Subsidiaries
〃	EMC INTERNATIONAL HOLDING INCORPORATED	〃	Investment business	781,850	781,850	27,042,000	100.00 %	570,984	(176,978)	(176,978)	Subsidiaries
〃	Li Cheng Tech Co., Ltd.	Taiwan	Electronics, Telecommunications equipment, Wholesale, Retails, Batteries, Power generation and Distribution machinery manufacturing business	173,694	173,694	16,412,918	33.50 %	-	-	-	Note 6
EMC OVERSEAS HOLDING INCORPORATED	Grand Zhuhai Incorporated	Cayman Islands	Investment business	1,062,948	1,062,948	34,618,060	100.00 %	22,046,096	5,114,595	5,114,595	Sub-subsidiaries
〃	Li Cheng Tech Co., Ltd.	Taiwan	Electronics, Telecommunications equipment, Wholesale, Retails, Batteries, Power generation and Distribution machinery manufacturing business	7,311	7,311	250,000	1.53 %	-	-	-	Note 6

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Net income (loss) of the investee	Investment income (losses) (Note 7)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value (Note 7)			
Grand Zhuhai Incorporated	Grand Shanghai Incorporated	British Virgin Islands	Investment business	1,039,389	1,039,389	18,200,000	100.00 %	13,390,032	3,315,269	3,315,269	Third tier subsidiary
〃	Grand Zhongshan Incorporated	〃	Investment business	504,698	504,698	16,437,000	100.00 %	8,654,856	1,799,587	1,799,587	〃
EMC INTERNATIONAL HOLDING INCORPORATED	EMC SPECIAL APPLICATION INCORPORATED	Cayman Islands	Investment business	806,160	806,160	26,255,000	100.00 %	578,546	(176,364)	(176,364)	Sub-subsidiaries
〃	EMC USA HOLDING INCORPORATED	〃	Investment business	22,476	22,476	732,000	100.00 %	(26)	(48)	(48)	〃
EMC SPECIAL APPLICATION INCORPORATED	EMD SPECIALTY MATERIALS,LLC	USA	Copper clad laminate and prepreg business	804,383	804,383	-	100.00 %	577,688	(160,617)	(160,617)	Third tier subsidiary
EMC USA HOLDING INCORPORATED	TECHNICA USA	〃	Import/export business	18,423	18,423	600,000	30.00 %	-	47,119	-	Note 4, 5
Elite Electronic Material (Kunshan) Co., Ltd.	ELITE MATERIAL (PENANG) SDN. BHD.	Malaysia	Copper clad laminate and prepreg business	308,232	-	45,382,001	100.00 %	302,434	(272)	(272)	Third tier subsidiary

Note 1:The amounts of book value recognized using the equity method include investment income(losses) and the exchange differences on translation of foreign statements.
Note 2: The amount above is evaluated based on the independent audit report of the investee under equity method .
Note 3:The aforementioned transaction of subsidiary have been eliminated in the consolidated financial statements.
Note 4: Because other shareholders hold more than 70% of the shares and the Company only accounts for 30%, the Company has no control.
Note 5:On October 27, 2021, the Company's Board of Directors resolved to adjust the investment structure. The initial investment of $16,608 that was invested in Technica USA through EMC Overseas Holding Incorporated was adjusted to be invested in Technica USA through EMC USA Holding Incorporated.
Note 6: The investment value had been impaired, the Company recognized all losses and the book value was offset to zero.
Note 7: The difference between the ending balance and the net equity value is mainly due to the unrealized gross profit and the amortization of equipment purchased on behalf of others.

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan (R.O.C.)	Investment Flows		Accumulated Outflow of Investment from Taiwan	Net income (loss) of the investee	Percentage of Ownership	Investment Income (Loss) Recognized (Note 2)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
Elite Electronic Material (Kunshan) Co., Ltd.	Copper clad laminate and prepreg business	3,194,737	(2)	650,816	-	-	650,816	5,237,308	100.00 %	5,237,308	22,020,100	10,731,560
Elite Electronic Material (Zhongshan) Co.Ltd.	〃	3,472,418	(2)	440,613	-	-	440,613	1,778,171	100.00 %	1,778,171	7,584,081	5,410,555
Elite Electronic Material (Huangshi) Co., Ltd.	〃	570,139	(2)	601,858	-	-	601,858	496,408	100.00 %	496,408	1,249,827	-

2. Limitation on investment in Mainland China:

Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period	Approved investment (amount) by Ministry of Economic Affairs Investment Commission	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission
1,710,734	10,958,800	16,085,694

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Note 1: There are three investment approach of categories:
(1) Direct Investment in Mainland China.
(2) Investment in Mainland China by a third party.
(3) Other approach.

Note 2: The financial statements were audited by the Certified Public Accountants of the Company.

Note 3: The difference between the paid-in capital of Elite Electronic Material (Kunshan) Co. Ltd. and the investment amount remitted from Taiwan amounted to USD6,012, USD24,846 and USD16,000, which was invested overseas by the subsidiary, also USD10,000, and USD35,000, which were recognized as capital increase out of earnings, respectively.

Note 4: The difference between the paid-in capital of Elite Electronic Material (Zhongshan) Co. Ltd. Amounted to USD6,255, which was recognized as capital increase out of earnings. and the investment amount remitted from Taiwan amounted to RMB649,959, which was invested overseas by the subsidiary.

Note 5: The difference between the paid-in capital and investment amount remitted from Taiwan amounted to USD110, which was invested overseas by the subsidiary.

Note 6: The items in the balance sheet and those in the income statements were translated at the exchange rate of 30.7050 and 31.0954, respectively, for the year ended December 31, 2023.

3. Significant transactions：

Please refer to the related disclosures above captioned as “Related information on material transaction items” for direct or indirect significant transactions between the Company and its investees in Mainland China for the year ended December 31, 2023. (The transactions were eliminated in the consolidated financial statements.)

(d) Major shareholders:

Shareholding Shareholder’s Name	Shares	Percentage
Yu Chang Investment Co., Ltd.	25,471,477	7.42 %
Cathay Life Insurance Co., Ltd.	24,489,000	7.13 %

Note: (1)The main shareholder information of this table is calculated by the insurance company on the last business day at the end of each quarter. The above information. As for the share capital recorded in the company's financial report and the number of shares actually delivered by the company without physical registration, the calculation basis may be different or different.

(2)If the information on the Shanghai Stock Exchange is a shareholder's shareholding delivery to the trust, it will be disclosed by the trustee who opened the trust account separately. As for shareholders who handle the declaration of insider equity holding more than 10% of their shares in accordance with the Securities Exchange Act, their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, etc. For information on insider equity declaration, please refer to Open Information Observatory.

(14) Segment Information

Please refer to the consolidated financial statements of the year ended 2023.

Elite Material Co., Ltd.

STATEMENT OF CASH AND CASH EQUIVALENTS

December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Cash on hand	$ 429
Saving accounts	Check account deposits	432
	Saving accounts	478,454
	Foreign deposits(USD7,884 Thousands of Dollars、CNY1,705 Thousands of Dollars)	249,465
	Time deposits	50,000
	Sub total	778,351
Total		**$ 778,780**

STATMENT OF NOTES RECEIVABLES

Client name	Description	Amount	Note
A Company	Current portion	$ 27,912	
B Company	〃	17,660	
C Company	〃	7,130	
Others	〃	6,958	Client included in others does not exceed 5% of the account balance.
Less: Loss allowance		(408)	
Total		**$ 59,252**	

Elite Material Co., Ltd.

STATEMENT OF ACCOUNT RECEIVABLES

December 31, 2023

(In Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Related-parties:			
Elite Electronic Material (Kunshan) Co., Ltd.		$ 166,088	
Elite Electronic Material (Zhongshan) Co., Ltd.		135,443	
Elite Electronic Material (Huangshi) Co., Ltd.		13,789	
EMD SPECIALTY MATERIALS, LLC		9,581	
Sub total		324,901	
Non-related-parties:			
D Company		906,009	
E Company		777,797	
F Company		667,674	
G Company		230,497	
Others		914,650	Client included in others does not exceed 5% of the account balance.
Sub total		3,496,627	
Total		3,821,528	
Less: Loss allowance		(1,319)	
Accounts receivable, net		**$ 3,820,209**	

Elite Material Co., Ltd.

STATEMENT OF INVENTORY

December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net Realizable Value	Note
Materials	$ 924,434		
Less: Loss allowance	(3,171)		
Sub total	921,263	**936,741**	
Supplies	23,340	**23,340**	
Work in progress	95,078		
Less: Loss allowance	(3,128)		
Sub total	91,950	**104,298**	
Finished goods	396,836		
Less: Loss allowance	(9,262)		
Sub total	387,574	**507,125**	
Inventory in-transit	15,505	**15,505**	
Inventory, net	**$ 1,439,632**		

Elite Material Co., Ltd.

STATEMENT OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

For the Year Ended December 31, 2023

(In Thousands of New Taiwan Dollars)

	Beginning Balance		Increase		Decrease		Ending Balance			Market Price or Net Value			
Investee Company	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Proportion of shareholding	Amount	Unit price	Total price	Pledged as collateral	Note
EMC OVERSEAS HOLDING INCORPORATED	36,257	$ 18,090,939	-	3,989,976	-	-	36,257	100.00 %	22,080,915	-	22,083,306	No	Note 1
Grand Wuhan Incorporated	20,020	788,711	-	-	-	57,198	20,020	100.00 %	731,513	-	731,513	No	
EMC INTERNATIONAL HOLDING INCORPORATED	27,042	747,211	-	-	-	176,227	27,042	100.00 %	570,984	-	579,084	No	Note 1
Licheng Technology (Stock) Company	16,413	-	-	-	-	-	16,413	33.50 %	-	-	-	No	
		$ 19,626,861		3,989,976		233,425			23,383,412		23,393,903		

Note1: The difference between the ending balance and the net equity value is mainly due to the unrealized gross profit and the amortization of equipment purchased on behalf of others.

Elite Material Co., Ltd.

STATEMENT OF SHORT-TERM LOANS

December 31, 2023

(In Thousands of New Taiwan Dollars)

Type of loans	Description	Ending Balance	Contract Period	Range of Interest Rates	Loan Commitments	Collaterals or Pledged Assets	Note
Short-term loans	Financial institution	$ **1,100,000**	2023.12.19~2024.03.27	1.68%~1.87%	3,520,813	None	

Elite Material Co., Ltd.

STATEMENT OF ACCOUNT PAYABLES

December 31, 2023

(In Thousands of New Taiwan Dollars)

Suppliers	Description	Amount	Note
related-parties:			
Elite Electronic Material (Kunshan) Co., Ltd.		$ 141,479	
Elite Electronic Material (Zhongshan) Co., Ltd.		29,701	
Elite Electronic Material (Huangshi) Co., Ltd.		317,009	
EMD SPECIALTYMATERIALS, LLC		1,621	
Sub total		489,810	
Non-related-parties:			
A Company		265,456	
B Company		244,122	
C Company		208,268	
D Company		183,277	
E Company		170,151	
Others		1,551,708	Client included in others does not exceed 5% of the account balance.
Sub total		2,622,982	
Total		$ **3,112,792**	

Elite Material Co., Ltd.

STATEMENT OF OTHER PAYABLES

December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Other payables	Payables for equipment	$ 90,644
	Payroll payables and bonuses payable	467,007
	Work in progress-outsourced payable	117,450
	Employees compensations payable	254,072
	Directors' compensations payable	41,372
	Pension expenses payable	20,953
	Other expenses payable	1,096,817
Total		**$ 2,088,315**

STATEMENT OF NET REVENUE

For the Year Ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Quantity	Amount	Note
Prepreg	16,203,999	$ 3,926,917	
Capper clad laminate	5,369,694	4,794,821	
Mass lam foundry	2,246,849	398,399	
Others		1,543,664	
		$ 10,663,801	

Elite Material Co., Ltd.

STATEMENT OF OPERATING COSTS

For the Year Ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount Sub total	Amount Total
Materials, beginning of the year	$ 776,729	
Plus: Purchases	6,098,240	
Less: Material sold	(941,381)	
Materials, end of the year	(924,434)	
Material scraps	(14,511)	
Catastrophic losses	(206,029)	
Transferred to manufacturing expenses	(95,250)	
Transferred to operating expenses	(41,779)	
Direct materials		4,651,585
Direct labor		471,349
Manufacturing expenses		1,747,484
Total Manufacturing costs		6,870,418
Plus: Work-in-process, beginning of the year	62,574	
Purchased work-in-process	35,255	
Less: Work-in-process, end of the year	(95,078)	
Catastrophic losses	(20,317)	
Transferred to manufacturing expenses	(39,348)	
Transferred to operating expenses	(172,970)	(229,884)
Cost of finished goods		6,640,534
Plus: Finished goods, beginning of the year	228,458	
Purchased finished goods	952,022	
Less: Finished goods, end of the year	(412,341)	
Catastrophic losses	(45,176)	
Transferred to manufacturing expenses	(8,405)	
Transferred to operating expenses	(89,349)	625,209
		7,265,743
Cost of goods sold－Material sold		941,381
Loss on disposal of scrap		14,511
Gains on inventory valuation and obsolescence		(13,181)
Revenue from sales of scraps		(36,560)
Costs of sales		**$ 8,171,894**

Elite Material Co., Ltd.

STATEMENT OF SELLING EXPENSES

For the Year Ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Commission expenses		$ 123,214	
Shipping expenses		77,164	
Payroll expenses		41,175	
Administrative expenses		60,697	
Other expenses		28,790	Client included in others does not exceed 5% of the account balance.
Total		$ 331,040	

STATEMENT OF ADMINISTRATIVE EXPENSES

Item	Description	Amount	Note
Payroll expenses		$ 462,351	
Remuneration of directors		41,372	
Other expenses		163,822	Client included in others does not exceed 5% of the account balance.
Total		$ 667,545	

Elite Material Co., Ltd.

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES

For the Year Ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Research and development expenses		$ 235,931	
Payroll expenses		172,332	
Other expenses		84,502	Client included in others does not exceed 5% of the account balance.
Total		**$ 492,765**	