Stock Code:5234

Daxin Materials Corporation

Parent-Company-Only Financial Statements

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

Address: No.15, Keyuan 1st Rd., Central Taiwan Science Park,
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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 Daxin Materials Corporation:

Opinion

We have audited the parent-company-only financial statements of Daxin Materials Corporation(" the Company"), which comprise the parent-company-only balance sheet as of December 31, 2023 and 2022, the parent-company-only statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountant and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent-company-only 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 parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

   Refer to Note 4(13) "Revenue recognition" and Note 6(17) "Operating revenue" to the parent-company-only financial statements.

   Description of the key audit matter:

   Revenue generation is a key operating activity of a company, and the Company's major portion of revenue is composed of related party transactions which might have inherently higher risk of fraud. Moreover, revenue recognition is also dependent on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. Consequently, revenue recognition is one of the key areas our audit focused on.

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 understanding and testing the Company's controls surrounding revenue recognition; understanding the Company's revenue types, its sales terms, related sales agreements and other supporting documents, to assess revenue recognition policy are applied appropriately; evaluating the trend of revenue; understanding the nature of related party transactions; performing the circularization of related party transactions; computer-aided testing sales cut off, on a sampling basis, for transactions incurred within a certain period before and after the balance sheet date to evaluate whether the revenue was recorded in proper period; and assessing the adequacy of the Company's disclosures of its revenue recognition policy and other related disclosures.

2. Valuation of inventories

Refer to Note 4(7) "Inventories"; Note 5 for uncertainty of accounting estimation and assumptions for inventory valuation, and Note 6(5) "Inventories" to the parent-company-only financial statements.

Description of the key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to rapid product innovation and keen market competition, the Company's products may no longer meet market demand in short time and lead to the rapid fluctuation in the sales demand, as well as the selling price, which may result in product obsolescence and the cost of inventories to be higher than the net realizable value. Therefore, the valuation of inventories has been identified as one of the key audit matters.

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 evaluating whether valuation of inventories was accounted by the nature of inventories (the storage life of chemicals); performing sampling tests to verify the accuracy of inventory aging; understanding and testing the Company's controls surrounding inventories obsolescence management; inspecting the calculation mode of net realizable value; sampling the related tickets and supporting documents; evaluating whether valuation of inventories was accounted by in accordance with the Company's accounting policies, as well as the reasonableness of inventory provision policy; and assessing the adequacy of the Company's disclosures of its inventory valuation policy and other related disclosures.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only 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 (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only 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 parent-company-only 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 parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investee companies 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. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only 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 Chien-Hui Lu and Chun-Yuan Wu.

KPMG

Taipei, Taiwan (Republic of China)
February 27, 2024

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the statement of financial position, financial performance and its 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' 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.

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

Daxin Materials Corporation

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 243,803	5	210,769	5
1110	Financial assets at fair value through profit or loss－current (note 6(2))	7,800	-	2,738	-
1136	Financial assets measured at amortized cost－current (note 6(3))	1,160,628	25	1,051,873	23
1170	Accounts receivable, net (note 6(4))	370,984	8	347,097	8
1180	Accounts receivable due from related parties, net (notes 6(4) and 7)	698,305	15	666,528	15
130X	Inventories (note 6(5))	338,185	7	364,331	8
1476	Other financial assets－current (note 6(4))	52,714	2	21,244	-
1479	Other current assets	29,203	1	25,140	1
		2,901,622	63	2,689,720	60
	Noncurrent assets:				
1535	Financial assets measured at amortized cost－noncurrent (notes 6(3) and 8)	8,800	-	10,350	-
1550	Investments accounted for using equity method (note 6(6))	-	-	137	-
1600	Property, plant and equipment (notes 6(7), 7 and 9)	1,544,647	33	1,610,314	36
1755	Right-of-use assets (note 6(8))	163,676	4	173,108	4
1780	Intangible assets (note 6(9))	1,992	-	2,314	-
1840	Deferred tax assets (note 6(14))	18,070	-	12,812	-
1920	Guarantee deposits paid	2,577	-	177	-
1990	Other noncurrent assets	677	-	1,155	-
		1,740,439	37	1,810,367	40
	Total assets	**$ 4,642,061**	**100**	**4,500,087**	**100**

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2120	Financial liabilities at fair value through profit or loss－current (note 6(2))	$ -	-	271	-
2170	Accounts payable	407,295	9	463,822	10
2180	Accounts payable to related parties (note 7)	12,333	-	11,730	-
2201	Payroll and bonus payable	299,437	6	249,179	5
2213	Payable on machinery and equipment	36,930	1	71,515	2
2230	Current tax liabilities	90,782	2	80,567	2
2280	Lease liabilities－current (note 6(12))	8,617	-	8,489	-
2322	Long-term borrowings, current portion (note 6(11))	95,999	2	98,942	2
2399	Other current liabilities (note 6(17))	136,181	3	123,706	3
		1,087,574	23	1,108,221	24
	Noncurrent liabilities:				
2540	Long-term borrowings (note 6(11))	258,893	6	273,355	6
2580	Lease liabilities－noncurrent (note 6(12))	160,954	3	169,572	4
		419,847	9	442,927	10
	Total liabilities	1,507,421	32	1,551,148	34
	Equity (note 6(15)):				
3110	Common stock	1,027,159	22	1,027,159	23
3200	Capital surplus	41,814	1	41,814	1
	Retained earnings:				
3310	Legal reserve	586,250	13	543,638	12
3320	Special reserve	1,310	-	1,303	-
3350	Unappropriated retained earnings	1,478,107	32	1,336,335	30
		2,065,667	45	1,881,276	42
3410	Exchange differences on translation of foreign financial statements	-	-	(1,310)	-
	Total equity	3,134,640	68	2,948,939	66
	Total liabilities and equity	**$ 4,642,061**	**100**	**4,500,087**	**100**

See accompanying notes to parent-company-only financial statements.

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

Daxin Materials Corporation

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue** (notes 6(17) and 7)	$ 4,264,121	100	3,889,236	100
5000	**Operating costs** (notes 6(5), (7), (8), (9), (13), (18) and 7)	2,785,030	65	2,643,158	68
	Gross profit from operations	1,479,091	35	1,246,078	32
	Operating expenses (notes 6(4), (7), (8), (9), (13), (18) and 7):				
6100	Selling expenses	185,786	5	186,184	5
6200	Administrative expenses	204,749	5	176,171	5
6300	Research and development expenses	480,768	11	442,683	11
6450	Expected credit losses (gains)	(3,000)	-	3,000	-
		868,303	21	808,038	21
	Operating income	610,788	14	438,040	11
	Non-operating income and expenses (notes 6(12) and (19)):				
7020	Other gains and losses	(12,943)	-	45,458	1
7100	Interest income	14,758	-	6,815	-
7510	Interest expense	(7,154)	-	(5,122)	-
		(5,339)	-	47,151	1
	Profit before income tax	605,449	14	485,191	12
7950	**Less: Income tax expense** (note 6(14))	82,095	2	59,071	1
	Net income	523,354	12	426,120	11
8300	**Other comprehensive income (loss)**				
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	1,310	-	(6)	-
	Total items that may be reclassified subsequently to profit or loss	1,310	-	(6)	-
8300	**Other comprehensive income (loss)**	1,310	-	(6)	-
	Total comprehensive income	**$ 524,664**	**12**	**426,114**	**11**
	Earnings per share (NT dollars) (note 6(16))				
9750	Basic earnings per share	**$ 5.10**		**4.15**	
9850	Diluted earnings per share	**$ 5.07**		**4.12**	

See accompanying notes to parent-company-only financial statements.

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

Daxin Materials Corporation

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Common stock	Capital surplus	Retained earnings				Exchange differences on translation of foreign financial statements	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings		
Balance at January 1, 2022	$ 1,027,159	41,814	475,597	1,285	1,522,668	1,999,550	(1,304)	3,067,219
Net income	-	-	-	-	426,120	426,120	-	426,120
Other comprehensive income (loss)	-	-	-	-	-	-	(6)	(6)
Total comprehensive income	-	-	-	-	426,120	426,120	(6)	426,114
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	68,041	-	(68,041)	-	-	-
Special reserve appropriated	-	-	-	18	(18)	-	-	-
Cash dividends to shareholders	-	-	-	-	(544,394)	(544,394)	-	(544,394)
Balance at December 31, 2022	1,027,159	41,814	543,638	1,303	1,336,335	1,881,276	(1,310)	2,948,939
Net income	-	-	-	-	523,354	523,354	-	523,354
Other comprehensive income (loss)	-	-	-	-	-	-	1,310	1,310
Total comprehensive income	-	-	-	-	523,354	523,354	1,310	524,664
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	42,612	-	(42,612)	-	-	-
Special reserve appropriated	-	-	-	7	(7)	-	-	-
Cash dividends to shareholders	-	-	-	-	(338,963)	(338,963)	-	(338,963)
Balance at December 31, 2023	**$ 1,027,159**	**41,814**	**586,250**	**1,310**	**1,478,107**	**2,065,667**	**-**	**3,134,640**

See accompanying notes to parent-company-only financial statements.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)

Daxin Materials Corporation

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 operating activities:			
Profit before income tax	$	605,449	485,191
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation		256,996	218,182
Amortization		2,927	3,240
Expected credit losses (gains)		(3,000)	3,000
Net gain on financial instruments at fair value through profit or loss		(5,333)	(1,052)
Interest expense		7,154	5,122
Interest income		(14,758)	(6,815)
Gain on disposal of property, plant and equipment		(285)	-
Provisions for inventory obsolescence and devaluation loss		15,121	16,999
Others		2,322	555
Changes in operating assets and liabilities:			
Accounts receivable		(20,887)	102,688
Accounts receivable due from related parties		(31,777)	202,293
Inventories		11,025	(25,103)
Other current assets		(4,063)	11,277
Other financial assets－current		(31,470)	(21,244)
Financial assets measured at amortized cost－current		127	(159)
Accounts payable		(56,527)	(121,594)
Accounts payable to related parties		603	(6,397)
Other current liabilities		62,712	(43,753)
Cash generated from operations		796,336	822,430
Interest received		14,471	6,686
Interest paid		(7,133)	(5,020)
Income taxes paid		(77,138)	(91,722)
Net cash provided by operating activities		726,536	732,374
Cash flows from investing activities:			
Acquisition of financial assets at amortized cost – current		(108,595)	(110,250)
Disposal of financial assets at amortized cost – noncurrent		1,550	-
Disposal of subsidiary		124	-
Acquisition of property, plant and equipment		(217,542)	(228,969)
Disposal of property, plant and equipment		346	-
Decrease (increase) in refundable deposits		(2,400)	1
Acquisition of intangible assets		(2,605)	(2,762)
Decrease (increase) in other noncurrent assets		478	(185)
Net cash used in investing activities		(328,644)	(342,165)
Cash flows from financing activities:			
Proceeds from short-term borrowings		195,000	120,000
Repayments of short-term borrowings		(195,000)	(120,000)
Proceeds from long-term borrowings		60,000	181,500
Repayments of long-term borrowings		(77,405)	(22,703)
Decrease in guarantee deposits received		-	(132)
Repayment of the principal portion of lease liabilities		(8,490)	(8,366)
Cash dividends paid		(338,963)	(544,394)
Net cash used in financing activities		(364,858)	(394,095)
Net increase (decrease) in cash and cash equivalents		33,034	(3,886)
Cash and cash equivalents at beginning of period		210,769	214,655
Cash and cash equivalents at end of period	$	**243,803**	**210,769**

See accompanying notes to parent-company-only financial statements.

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

Daxin Materials Corporation

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. Company history

Daxin Materials Corporation ("the Company") was incorporated in accordance with the Company Act of the Republic of China in July 12, 2006. The address of its registered office and principal place of business is No.15, Keyuan 1st Rd., Central Taiwan Science Park, Taichung City, Taiwan, R.O.C. The Company's common shares were listed and traded on the Taipei Exchange ("TPEx") since May 12, 2011; officially listed on Taiwan Stock Exchange ("TWSE") since July 16, 2011, and delisted from the TPEx at the same date.

The Company is mainly engaged in the research, development, production, and sale of display and semiconductor related fine chemicals.

2. The authorization of the financial statements

These parent-company-only financial statements were approved and authorized for issue by the Board of Directors on February 27, 2024.

3. Application of new standards, amendments and interpretations

(1) Impact of adoption of International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only 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 parent-company-only parent-company-only financial statements, from May 23, 2023:

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

(2) Impact of the IFRSs endorsed by the FSC but not yet in effect

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 parent-company-only financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"

- Amendments to IAS 1 "Noncurrent Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(3) The IFRSs issued by International Accounting Standards Board ("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 parent-company-only 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 IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS 21 "Lack of Exchangeability"

4. Summary of significant accounting policies

The significant accounting policies presented in the parent-company-only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(1) Statement of compliance

The parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Basis of measurement

Expect for financial assets at fair value through profit or loss are measured at fair value, the parent-company-only financial statements have been prepared on a historical cost basis.

B. Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The parent-company-only financial statements are presented in New Taiwan dollars ("NTD"), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand, unless otherwise noted.

(3) Foreign currencies

A. Foreign currency transactions

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

Exchange differences are generally recognized in profit or loss.

B. Foreign operations

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

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only 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 interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(4) Classification of current and noncurrent assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as noncurrent:

A. It is expected to be realized, or intends to be sold or consumed, in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is expected to be realized within twelve months after the reporting period;

D. Cash or a cash equivalent unless it 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 noncurrent:

A. It is expected to be settled in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is due to be settled within twelve months after the reporting period;

D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(5) 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.

(6) 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 issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost and 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.

(a) 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;
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which 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.

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

All financial assets not classified as measured at amortized cost mentioned above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, 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 dividend or interest income, are recognized in profit or loss.

(c) 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, financial assets measured at amortized cost, accounts receivable, guarantee deposits paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured by 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 accounts receivable is always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the financial instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

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.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 365 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

ECL are a probability-weighted estimate of credit losses over the expected life of financial asset. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company 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 is credit impaired. 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 asset 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 365 days past due;
- the lender of the borrower, 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 restructuring; 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 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 amount due.

(d) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets to another entity, or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) 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.

(b) Equity instruments

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.

(c) 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.

(d) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. 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.

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(7) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion cost, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(8) Investments in subsidiaries

The Company's subsidiaries are accounted for using the equity method when preparing their parent-company-only financial statements. Under the equity method, profit, other comprehensive income and equity in the parent-company-only financial statements are equivalent to those of the profit, other comprehensive income and equity which are contributed to the owners of the parent in the consolidated financial statements.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing of control over the subsidiary are accounted for as equity transactions.

(9) Property, plant and equipment

A. 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.

B. Subsequent costs

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

C. 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.

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

(a) Buildings and improvements: 5~25 years

(b) Machinery and equipment: 5 years

(c) R&D equipment: 5 years

(d) Office and other equipment: 3~5 years

Buildings constitute mainly building, mechanical and electrical power equipment, and air-conditioning system and fire protection engineering, etc. Each such part is depreciated based on its useful life of 25 years, 10 years, and 10 years, correspondingly.

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

(10) Leases

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

A. Fixed payments, including in substance fixed payments;

B. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

C. Amounts expected to be payable under a residual value guarantee; and

D. Payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

A. There is a change in future lease payments arising from the change in an index or a rate; or

B. There is a change in the Company’ s estimate of the amount expected to be payable under a residual value guarantee; or

C. There is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

D. There is a change of its assessment on whether it will exercise an extension or termination option; or

E. There are any lease modifications.

When the lease liability is remeasured, other than lease, modifications a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment properties and lease liabilities as a separate line item respectively in the balance sheets.

The Company has elected not to recognize right of use assets and lease liabilities for short-term leases of dormitory, office, and transportation equipment that have a lease term of 12 months or less, and low value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(11) Intangible assets

A. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any 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.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

C. Amortization

Amortization is calculated and recognized in profit or loss on a straight-line basis over 1 to 5 years for computer software, from the date that they are available for use.

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

(12) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

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 cash generating units (“CGUs”).

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.

For non-financial assets other than goodwill, 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.

(13) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The 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:

A. Sale of goods

The Company engages mainly in the research, development, production, design, and sales of display and semiconductor related fine chemicals. The Company recognizes revenue when control of the products has been 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.

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.

B. Government grants

When the Company has reasonable assurance that they will comply with the conditions attaching to the grant, and a government grant that becomes receivable as compensation for expenses already incurred is recognized in profit and loss on a systematic basis in the periods in which they are incurred.

C. Financing components

The Company expects that the length of time when the Company transfers the goods or services to the customer and when the customer pays for those goods or services will be less than one year. Therefore, the amount of consideration is not adjusted for the time value of money.

(14) Employee Benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

B. Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which the employees service is provided.

The expected cost of cash bonus or profit-sharing plans, which is anticipated to be paid within one year, are recognized as a liability when 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.

(15) Income tax

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

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

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. It is measured using tax rates enacted or substantively enacted at the reporting date.

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.

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

A. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(a) the same taxable entity; or

(b) 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.

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

(16) Earnings per share

The Company discloses the Company’ s basic and diluted earnings per share attributable to the shareholders of the Company. Basic earnings per share is calculated as the profit attributable to the shareholders of the Company divided by the weighted average number of common shares outstanding. Diluted earnings per share is calculated as the profit attributable to the shareholders of the Company divided by the weighted average number of common shares outstanding after adjustment for the effects of all potentially dilutive common shares, such as employee stock option and employee remuneration that has not been resolved by the shareholders’ meeting and could be issued in the form of stock.

(17) Operating segment

The Company has disclosed operating segment information in consolidated financial statements. Hence, this information is not required to be disclosed in these parent-company-only financial statements.

5. Critical accounting judgments and key sources of estimation and uncertainty

In preparing the parent-company-only 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 following period.

Information about critical judgments, estimates and assumptions in applying accounting policies that have the significant effect on the amounts recognized in the parent-company-only financial statements is valuation of inventories. Inventories are measured at the lower of cost or net realizable value. The product/ technology renovation may lead to significant changes in the product demand so that existing products may no longer meet market expectations. Therefore, there would be violent fluctuations in the demand and selling price of those products, and result in the risk incurred to the cost of inventories higher than net realizable value. For the uncertainties of assumptions and estimates, please refer to note 6(5) for related significant risk disclosures that will cause a significant adjustment within 12 months.

6. Description of significant accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand, demand deposits	$ 243,803	210,769

Please refer to Note 6(20) for the disclosure of currency risk and sensitivity analysis of the financial instruments of the Company.

(2) Financial assets and liabilities at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at FVTPL:		
Forward exchange contracts	$ 7,800	2,738
Financial liabilities mandatorily measured at FVTPL:		
Forward exchange contracts	$ -	271

The Company uses derivative instruments to hedge certain currency risk arising from the Company's operating activities. The Company held the following derivative instruments, which were not qualified for hedging accounting and accounted them as financial assets mandatorily measured at fair value through profit or loss and held for trading financial liabilities.

As of December 31, 2023 and 2022, the Company's outstanding foreign currency forward contracts were as follows:

	December 31, 2023			
	Contract amount (in thousands)	Currency	Maturity date	Book value
Derivative financial assets:				
Forward exchange contracts sold	$ 7,633	USD to NTD	January 2024 ~ March 2024	$ 7,800

	December 31, 2022			
	Contract amount (in thousands)	Currency	Maturity date	Book value
Derivative financial assets:				
Forward exchange contracts sold	$ 4,559	USD to NTD	January 2023 ~ March 2023	$ 2,738
Derivative financial liabilities:				
Forward exchange contracts sold	$ 3,037	USD to NTD	March 2023 ~ April 2023	$ (271)

(3) Financial assets measured at amortized cost－current and noncurrent

	December 31, 2023	December 31, 2022
Time Deposits	$ 1,168,795	1,061,750
Others	633	473
Less: Loss allowance	-	-
	$ 1,169,428	1,062,223
Current	$ 1,160,628	1,051,873
Noncurrent	$ 8,800	10,350

The Company has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on the principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

A. As of December 31, 2023 and 2022, time deposits held by the Company with annual interest rates ranging from 1.25% to 3.45% and 0.22% to 1.55%, respectively; and will be matured during Feb 1, 2024~ Dec 1, 2024 and Jan 12, 2023~ Dec 1, 2023.

B. For the disclosure of credit risk, please refer to note 6(20).

C. For details of the financial assets mentioned above as performance guarantee and collateral, please refer to note 8.

(4) Accounts receivable, net (including related parties)

	December 31, 2023	December 31, 2022
Accounts receivable	$ 1,100,289	1,047,625
Less: Loss allowance	(31,000)	(34,000)
	$ 1,069,289	**1,013,625**

The Company applied 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, accounts receivable have been grouped based on credit risk characteristics and insurance coverage, as well as incorporated forward looking information.

The loss allowance provisions were determined as follows:

	December 31, 2023		
	Gross amount of accounts receivable	**Weighted-average loss rate**	**Loss allowance**
Current	$ 1,096,753	2%~5%	30,823
1 to 30 days past due	3,536	2%~5%	177
	$ 1,100,289		**31,000**

	December 31, 2022		
	Gross amount of accounts receivable	**Weighted-average loss rate**	**Loss allowance**
Current	$ 1,011,802	2%~5%	32,937
1 to 30 days past due	33,374	2%~5%	849
31 to 60 days past due	1,829	2%~5%	90
61 to 90 days past due	620	5%~20%	124
	$ 1,047,625		**34,000**

The movements of the loss allowance for accounts receivable was as follows:

		2023	2022
Balance at January 1	$	34,000	31,107
Loss allowance		-	3,000
Allowance reversal		(3,000)	-
Amounts written off		-	(107)
Balance at December 31	$	31,000	34,000

Except for those that have been individually identified for impairment losses, the Company has accrued the impairment losses according to credit ratings, the historical default rate and forward-looking information.

Loss allowance for accounts receivable is used to record the bad debt losses. However, if the Company is convinced that the relevant receivable may not be recoverable, the loss allowance and financial assets shall be offset directly when it believes that it cannot be recovered.

None of the Company's accounts receivable mentioned above was pledged as collateral.

The Company entered into a non-recourse factoring agreement with the financial institution to sell its accounts receivable. Under the agreement, except those necessary agreed expenses, the Company is not required to bear the default risk of the transferred accounts receivable. The Company's accounts receivables, which were sold, as well as derecognized, and have been transferred to other receivables (recognized as other financial assets－current), were as follows:

(Unit: USD in Thousands)

December 31, 2023

Underwriting bank	Factoring limit	Amount sold and derecognized	Amount advanced	Range of handling fees rate (%)	Principal terms
Taipei Fubon Commercial Bank	USD 3,000	USD 1,717	-	0.3%	Notes 1~3

December 31, 2022

Underwriting bank	Factoring limit	Amount sold and derecognized	Amount advanced	Range of handling fees rate (%)	Principal terms
Taipei Fubon Commercial Bank	USD 3,000	USD 690	-	0.3%	Notes 1~3

Note 1: The above amount has been reclassified to other receivables. Under the facility, the Company transferred its accounts receivable to the underwriting bank, without recourse and subject to underwriting consent.

Note 2: Risks of non-collection or potential payment default by customers in the event of insolvency are borne by the bank. The Company is not responsible for the collection of receivables and subject to the facility, or for any legal proceedings and costs thereof in collecting these receivables.

Note 3: The Company informed its customers to make payment directly to the Company' s reserve account with the underwriting bank.

As of December 31, 2023 and 2022, the total outstanding receivables, after deducting the net of fees charged by the underwriting bank, amounted to $52,714 thousand and $21,244 thousand respectively, recognized as other financial assets－current.

(5) Inventories

	December 31, 2023	December 31, 2022
Raw materials and supplies	$ 171,303	179,122
Work in progress and semi-finished products	77,283	64,219
Finished goods and merchandise	89,599	120,990
	$ 338,185	**364,331**

The net of provisions for inventories written down to the net realizable value, which were included in operating cost, amounted to $15,121 thousand and $16,999 thousand for the years ended December 31, 2023 and 2022, respectively.

The amounts recognized in cost of sales in relation to gain on physical inventory were $21 thousand and $8 thousand for the years ended December 31, 2023 and 2022, respectively.

None of the Company's inventories mentioned above was pledged as collateral.

(6) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Subsidiary	**$ -**	**137**

A. Subsidiaries

Please refer to the consolidated financial statements for the years ended December 31, 2023 and 2022.

B. Guarantee

None of the Company' s investments accounted for using the equity method mentioned above was pledged as collateral.

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Notes to the Financial Statements

(7) Property, plant and equipment

	Buildings	Machinery and equipment	R&D equipment	Office and other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:						
Balance at January 1, 2023	$ 2,106,003	788,571	289,185	151,266	74,199	3,409,224
Additions	14,657	127,529	16,546	10,501	13,724	182,957
Disposals	-	(4,941)	(59)	(4,281)	-	(9,281)
Reclassification	34,965	25,640	2,517	2,052	(66,173)	(999)
Balance at December 31, 2023	**$ 2,155,625**	**936,799**	**308,189**	**159,538**	**21,750**	**3,581,901**
Balance at January 1, 2022	$ 1,688,993	701,805	266,902	130,177	390,656	3,178,533
Additions	60,677	85,007	17,971	15,421	65,700	244,776
Disposals	(3,423)	(9,485)	(622)	-	-	(13,530)
Reclassification	359,756	11,244	4,934	5,668	(382,157)	(555)
Balance at December 31, 2022	**$ 2,106,003**	**788,571**	**289,185**	**151,266**	**74,199**	**3,409,224**
Accumulated depreciation:						
Balance at January 1, 2023	$ 890,422	565,476	226,107	116,905	-	1,798,910
Depreciation	119,574	93,669	21,635	12,686	-	247,564
Disposals	-	(4,880)	(59)	(4,281)	-	(9,220)
Balance at December 31, 2023	**$ 1,009,996**	**654,265**	**247,683**	**125,310**	**-**	**2,037,254**
Balance at January 1, 2022	$ 800,021	495,683	205,686	102,301	-	1,603,691
Depreciation	93,824	79,278	21,043	14,604	-	208,749
Disposals	(3,423)	(9,485)	(622)	-	-	(13,530)
Balance at December 31, 2022	**$ 890,422**	**565,476**	**226,107**	**116,905**	**-**	**1,798,910**
Carrying amounts:						
Balance at December 31, 2023	**$ 1,145,629**	**282,534**	**60,506**	**34,228**	**21,750**	**1,544,647**
Balance at January 1, 2022	**$ 888,972**	**206,122**	**61,216**	**27,876**	**390,656**	**1,574,842**
Balance at December 31, 2022	**$ 1,215,581**	**223,095**	**63,078**	**34,361**	**74,199**	**1,610,314**

A. Collateral

None of the Company’ s property, plant and equipment mentioned above was pledged as collateral.

B. Construction in progress and equipment awaiting inspection

The Company has carried out equipment augmentation in headquarters and Chungkang branch, and new plant construction projects in Chungkang branch. The incurred but not yet paid amount of construction still in progress and equipment awaiting inspection amounted to $563 thousand and $35,476 thousand, respectively, as of December 31, 2023 and 2022.

(8) Right-of-use assets

	Land	Machinery and equipment	Total
Cost:			
Balance at December 31, 2023 (as balance at January 1, 2023)	**$ 209,180**	**704**	**209,884**
Balance at January 1, 2022	207,493	780	208,273
Additions	1,687	704	2,391
Decrease	-	(780)	(780)
Balance at December 31, 2022	**$ 209,180**	**704**	**209,884**
Accumulated depreciation:			
Balance at January 1, 2023	$ 36,620	156	36,776
Depreciation	9,198	234	9,432
Balance at December 31, 2023	**$ 45,818**	**390**	**46,208**
Balance at January 1, 2022	$ 27,421	702	28,123
Depreciation	9,199	234	9,433
Decrease	-	(780)	(780)
Balance at December 31, 2022	**$ 36,620**	**156**	**36,776**
Carrying amount:			
Balance at December 31, 2023	**$ 163,362**	**314**	**163,676**
Balance at January 1, 2022	**$ 180,072**	**78**	**180,150**
Balance at December 31, 2022	**$ 172,560**	**548**	**173,108**

(9) Intangible assets

		Computer software
Cost:		
Balance at January 1, 2023	$	23,759
Additions		2,605
Balance at December 31, 2023	**$**	**26,364**
Balance at January 1, 2022		23,279
Additions		2,762
Decrease		(2,282)
Balance at December 31, 2022	**$**	**23,759**
Accumulated amortization:		
Balance at January 1, 2023		21,445
Amortization		2,927
Balance at December 31, 2023	**$**	**24,372**
Balance at January 1, 2022		20,487
Amortization		3,240
Decrease		(2,282)
Balance at December 31, 2022	**$**	**21,445**
Carrying amounts:		
Balance at December 31, 2023	**$**	**1,992**
Balance at January 1, 2022	**$**	**2,792**
Balance at December 31, 2022	**$**	**2,314**

None of the Company's intangible assets mentioned above was pledged as collateral.

(10) Short-term borrowings

		December 31, 2023	December 31, 2022
Unused credit lines	**$**	**637,410**	**614,074**

Please refer to note 6(23) for information of drawdown and repayment of short-term borrowings, and note 6(19) for information of interest expenses for the years ended December 31, 2023 and 2022.

(11) Long-term borrowings

		December 31, 2023	December 31, 2022
Unsecured bank loans	$	354,892	372,297
Less: Current portion		(95,999)	(98,942)
Total	$	**258,893**	**273,355**
Unused credit lines	$	**585,000**	**645,000**
Range of interest rates		**1.25%**	**1.125%**

Please refer to note 6(23) for information of drawdown and repayment of long-term borrowings, and note 6(19) for information of interest expenses for the years ended December 31, 2023 and 2022.

(12) Lease liabilities

		December 31, 2023	December 31, 2022
Carrying amounts:			
Current	$	**8,617**	**8,489**
Noncurrent	$	**160,954**	**169,572**

The Company repaid $8,490 thousand and $8,366 thousand for the principal of lease liabilities for the years ended December 31, 2023 and 2022.

		2023	2022
Items that affected current profit or loss:			
Interest expenses relating to lease liabilities	$	**2,613**	**2,735**
Expenses relating to short-term leases	$	**3,639**	**3,961**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$	**338**	**294**

The amounts recognized in the statement of cash flows were as follows:

		2023	2022
Total cash outflows for leases	$	**15,139**	**15,401**

A. Land leases

The Company leases lands for its facility and office space. The leases typically run for a period of 10 and 13 years with an option to renew the lease for an additional period after the end of the contract term.

Rent payments of land leases that are based on changes in officially announced land prices and the public facilities construction costs periodically in each park will be adjusted after being assessed.

B. Other leases

The Company leases the machinery and equipment with lease terms of 3 years.

In addition, the Company has elected not to recognize the right-of-use assets and lease liabilities for its dormitories, offices and carrier vehicles with the lease term of 1 to 2 years, which qualifies as short-term leases and leases of low-value assets.

(13) Employee benefits – Defined contribution plans

The Company contributes at the rate of 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company has no legal or constructive obligations to pay addition amounts after contributing to the Bureau of Labor Insurance.

The Company's pension costs incurred from contributions to the defined contribution plan were $19,544 thousand and $18,106 thousand for the years ended December 31, 2023 and 2022, respectively.

(14) Income tax

A. The components of income tax expenses were as follows:

		2023	2022
Current tax expense			
Current period	$	89,162	73,896
Adjustment to prior years		(1,809)	(10,491)
		87,353	63,405
Deferred tax benefit			
Temporary differences		(5,258)	(4,334)
Income tax expense	**$**	**82,095**	**59,071**

Reconciliations of income tax expense and profit before income tax were as follows:

		2023	2022
Profit before income tax	$	605,449	485,191
Income tax expense at statutory tax rate		121,090	97,038
Tax effect of permanent differences		(669)	1,229
Investment tax credits		(38,212)	(31,670)
Additional tax on undistributed earnings, net		2,227	3,398
Others		(2,341)	(10,924)
Income tax expense	**$**	**82,095**	**59,071**

B. Deferred tax assets

(a) Unrecognized deferred tax assets

	2023	2022
Investment tax credits	$ **8,605**	**23,207**

The Company did not recognize the deferred tax assets arising from investment tax credit, which is awaiting to be examined and approved, in relation to "Regulations Governing the Application of Tax Credits for Corporate or Limited Partnership R&D Expenditures" for the year of 2023 and 2022.

(b) Movement of deferred tax assets

	January 1, 2022	Recognized in profit or loss	December 31, 2022	Recognized in profit or loss	December 31, 2023
Loss allowance for accounts receivable	$ 3,516	(1,189)	4,705	705	4,000
Allowance for inventory valuation	1,539	(432)	1,971	50	1,921
Other temporary differences	3,423	(2,713)	6,136	(6,013)	12,149
	$ **8,478**	**(4,334)**	**12,812**	**(5,258)**	**18,070**

C. The Company's income tax returns for the years through 2021 have been examined and approved by the R.O.C. income tax authorities.

(15) Capital and other equity

As of December 31, 2023 and 2022, the authorized common stock of the Company amounted to $1,500,000 thousand, which was divided into 150,000 thousand shares, with a par value of $10 per share, of which $100,000 thousand was reserved for employee stock options. The issued and outstanding shares of common stock both amounted to $102,716 thousand.

A. Capital surplus

	December 31, 2023	December 31, 2022
Additional paid in capital	$ 29,826	29,826
Employee stock options	10,666	10,666
Compensation cost arising from seasoned equity offering reserved for employees' purchase	1,322	1,322
	$ **41,814**	**41,814**

Pursuant to the Company Act, any realized capital surplus is initially used to cover accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends or distributed by cash based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of share of stock in excess of par value and donations received by the Company. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital. Capital surplus derived from the issuance of share of stock in excess of par value could not be capitalized until the fiscal year after the competent authority for company registrations approves registration of the capital increase or whatever other matter generated that portion of capital reserve.

B. Retained earnings

According to the Company's Articles of Incorporation, if the Company has a profit at the end of each fiscal year, the profit shall be used for paying tax, offsetting the accumulated losses, and setting aside 10% of the remaining earnings as legal reserve unless and until the accumulated legal reserve has reached the amount of the paid in capital of the Company; then any remainder shall be appropriated as, or used to reverse the special reserve in accordance with the Company's operation or relevant laws and regulations. The balance (if any), together with the accumulated unappropriated retained earnings, can be distributed after the distribution plan proposed and approved. Dividend distribution can be distributed in whole or in part. If the dividend is distributed the form of shares, it has to be approved during the shareholders' meeting; and if it is in the form of cash, it shall first be approved by the Board, and reported during the shareholders' meeting thereafter.

The Company adopts the residual dividend policy, by considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions ,capital budget, etc., while taking into account the shareholders' interests, maintenance of a balance dividend and the Company's long term financial plan. When the dividends are distributed, at least 30% of the current year's retained earnings available for distribution of the current year shall be appropriated as dividends, which may be distributed by way of cash, at a minimum of 10% of total earnings, and/or stock.

(a) Legal reserve

When the Company incurs no accumulated losses, the Company may distribute the portion of legal reserve which exceeds 25% of the Company's paid-in capital and the capital reserves permitted for distribution under the Company Act, in whole or in part, in the form of cash, to the shareholders in proportion to their shareholdings, after being approved during the Board meeting and reported at the shareholders' meeting thereafter.

(b) Special reserve

In accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012, a special reserve equals to the total amount of items that are accounted for as deductions from shareholders' equity shall be set aside from the current and prior years' unappropriated earnings. This special reserve shall be reversed to retained earnings and be made available for distribution when the items that are accounted for as deduction from shareholders' equity are reversed in subsequent periods.

C. Earnings distribution

The Company's appropriation of earnings for 2022 by way of cash dividends has been approved in the Board of Directors' meeting held on February 22, 2023. The appropriation of 2022 earnings by other ways has been approved in the annual shareholders' meeting held on June 15, 2023. Details of distribution were as follows:

	Appropriation of earnings	Dividends per share (NT$)
Legal reserve	$ 42,612	
Special reserve	7	
Cash dividends to shareholders	338,963	3.3
	$ 381,582	

The aforementioned appropriation of earnings for 2022 was consistent with the resolutions of the Board of Directors' meeting held on February 22, 2023.

The Company's appropriation of earnings for 2021 has been approved in the annual shareholders' meeting held on June 15, 2022. Details of distribution were as follows:

	Appropriation of earnings	Dividends per share (NT$)
Legal reserve	$ 68,041	
Special reserve	18	
Cash dividends to shareholders	544,394	5.3
	$ 612,453	

The aforementioned appropriation of earnings for 2021 was consistent with the resolutions of the Board of Directors' meeting held on February 23, 2022.

The Company's appropriation of earnings for 2023 by way of cash dividends, which has a par value of $4.1 per share, had been approved by the Board of Directors' meeting held on February 27, 2024.

Information for the Company's appropriation of earnings is available at the Market Observation Post System website.

D. Other equity — exchange differences on translation of foreign financial statements

	2023	2022
Balance at January 1	$ (1,310)	(1,304)
Net change	1,310	(6)
Balance at December 31	**$ -**	**(1,310)**

(16) Earnings per share

		2023	2022
Basic earnings per share			
Net income attributable to the shareholders of the Company	$	**523,354**	**426,120**
Weighted average number of common shares outstanding (in thousands of shares)		**102,716**	**102,716**
Basic earnings per share (in NTD)	$	**5.10**	**4.15**
Diluted earnings per share:			
Net income attributable to the shareholders of the Company	$	**523,354**	**426,120**
Weighted average number of common shares outstanding (basic) (in thousands of shares)		102,716	102,716
Dilutive potential common shares employee remuneration in stock (in thousands of shares)		575	690
Weighted average number of common shares outstanding (diluted) (in thousands of shares)		**103,291**	**103,406**
Diluted earnings per share (in NTD)	$	**5.07**	**4.12**

(17) Operating revenue

A. Disaggregation of revenue from contracts with customers

		2023	2022
Primary geographical markets:			
Taiwan	$	2,419,439	2,258,151
China		1,777,902	1,566,756
Japan		49,850	58,826
Other areas		16,930	5,503
	$	**4,264,121**	**3,889,236**
Major product categories:			
Display materials	$	3,967,875	3,675,292
Semiconductor materials and key raw materials		296,246	213,944
	$	**4,264,121**	**3,889,236**

B. Contract balances

		December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities (recognized in other current liabilities)	$	**-**	**9,890**	**12,045**

The major change in the balance of contract liabilities is the advance consideration received from customers for the contracts, in which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the years ended December 31, 2023 and 2022, which was included in the contract liability balance at the beginning of the period, was $9,890 thousand and $12,045 thousand, respectively.

(18) Remuneration to employees and directors

According to the Company's Articles of Incorporation, if the Company has a profit (profit before income tax, excluding remuneration to employees and directors) for each fiscal year, the Company shall first reserve a sufficient amount to offset its accumulated losses, and then distribute the remaining balance in accordance with the ratio as follows:

A. No less than 3% as employees' remuneration.

B. No more than 1% as directors' remuneration.

Employee remuneration may be distributed in the form of shares or cash, to qualified full-time employees, including those of the subsidiaries of the Company.

The Company accrued and recognized employees' remuneration amounting to $49,492 thousand and $39,661 thousand and directors' remuneration amounting to $4,949 thousand and $3,966 thousand (excluding the fixed directors' remuneration amounting to $11,558 thousand and $12,000 thousand, respectively) for the years ended December 31, 2023 and 2022, respectively. These amounts were calculated using the Company's profit before income tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Company's Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the Board of Directors, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

The aformentioned amounts accrued in the 2023 and 2022 financial statements were consistent with those approved in the Board of Directors' meetings. The relevant information is available at the Market Observation Post System website.

(19) Non-operating income and expenses

A. Other gains and losses

	2023	2022
Foreign exchange gains, net	$ 4,198	56,405
Gains on disposals of property, plant and equipment	285	-
Losses on financial assets (liabilities) measured at fair value through profit or loss, net	(16,909)	(28,946)
Government grants	13	17,072
Others	(530)	927
	$ (12,943)	**45,458**

B. Interest income

	2023	2022
Interest income on bank deposits	$ 14,758	6,815

C. Interest expense

	2023	2022
Interest expense on bank loans	$ 4,541	2,387
Interest expense on lease liabilities	2,613	2,735
	$ 7,154	5,122

(20) Financial instruments

A. Credit risk

(a) Credit risk exposure

Credit risk is the risk of financial loss to the Company if a counterparty of a financial instrument transaction fails to meet its contractual obligations, and derived primarily from cash and cash equivalents, accounts receivable (including related parties), financial assets measured at amortized cost, and guarantee deposits paid. The maximum exposure to credit risk is equal to the carrying amount of the Company's financial assets.

(b) Concentration of credit risk

As of December 31, 2023 and 2022, the Company's accounts receivable (including related parties) from the top 4 customers were 80% and 81%, respectively. There is no other significant concentration of credit risk from the remaining accounts receivable.

(c) Credit risks of receivables and debt securities

For credit risk exposure of accounts receivable, please refer to note 6(4). For the details of financial assets at amortized cost, including time deposits, please refer to note 6(3).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Please refer to note 4(6) regarding how the Company determines whether the financial instruments are considered to be low credit risk).

B. Liquidity risk

The followings, except for accounts payable (including related parties), payroll and bonus payable, and payable on machinery and equipment are the contractual maturities of other financial liabilities and the amounts include estimated interest payments but exclude the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years or more	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Lease liabilities (current and noncurrent)	$ 169,571	(193,387)	(5,551)	(5,551)	(10,942)	(32,586)	(138,757)
Long-term borrowings (including current portion)	354,892	(363,277)	(50,092)	(49,793)	(98,685)	(164,707)	-
	$ 524,463	(556,664)	(55,643)	(55,344)	(109,627)	(197,293)	(138,757)
December 31, 2022							
Non-derivative financial liabilities							
Lease liabilities (current and noncurrent)	$ 178,061	(204,489)	(5,551)	(5,551)	(11,102)	(32,666)	(149,619)
Long term borrowings (including current portion)	372,297	(378,838)	(36,069)	(66,667)	(162,856)	(113,246)	-
Derivative financial liabilities							
Forward exchange contracts:							
Inflows	-	92,283	92,283	-	-	-	-
Outflows	271	(92,554)	(92,554)	-	-	-	-
	$ 550,629	(583,598)	(41,891)	(72,218)	(173,958)	(145,912)	(149,619)

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

C. Currency risk

(a) Exposure to foreign currency risk

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

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary Items						
USD	$ 16,460	30.705	505,412	13,921	30.725	427,728
JPY	48,462	0.2182	10,574	64,204	0.2297	14,748
Non-monetary Items						
USD	7,633	30.705	Note	4,559	30.725	Note
JPY	-	-	-	594	0.2297	137
Financial liabilities						
Monetary Items						
USD	194	30.705	5,959	572	30.725	17,584
JPY	9,715	0.2182	2,120	23,535	0.2297	5,406
Non-monetary Items						
USD	-	-	Note	3,037	30.725	Note

Note: The fair value of forward exchange contracts was measured at the reporting date. For related information, please refer to note 6(2).

(b) 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, and accounts payables that are denominated in foreign currency. As of December 31, 2023 and 2022, an appreciating (depreciating) of 0.1% of the NTD against the USD and JPY would have increased or decreased the profit before income tax by $508 thousand and $420 thousand, respectively while all other variables were remained constant. The analysis was performed on the same basis for comparative periods.

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

With varieties of functional currencies within the Company, the Company disclosed foreign exchange gain (loss) on monetary items in aggregate. The aggregate of realized and unrealized foreign exchange gains for the years ended December 31, 2023 and 2022 were $4,198 thousand and $56,405 thousand, respectively.

D. Interest rate risk

The following sensitivity analysis is based on the exposure to the interest rate risk of bank loans on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 0.1%, the Company's profit before income tax would have increased or decreased by $355 thousand and $372 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remaining constant.

E. Fair value of financial instruments

(a) Categories of financial instruments and fair value

The Company strives to use the observable market inputs when measuring assets and liabilities. The hierarchy of the fair value categorized by the valuation techniques used is as follows:

(i) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the Company recognizes the transfer on the reporting date.

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The carrying amount and fair value of the Company' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required.

	December 31, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at fair value through profit or loss－current－derivative financial assets	$ 7,800	-	7,800	-	7,800
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 243,803	-	-	-	-
Financial assets measured at amortized cost－current	1,160,628	-	-	-	-
Accounts receivable (including related parties)	1,069,289	-	-	-	-
Other financial assets－current	52,714	-	-	-	-
Financial assets measured at amortized cost－noncurrent	8,800	-	-	-	-
Guarantee deposits paid	2,577	-	-	-	-
	$ 2,537,811	-	-	-	-
Financial liabilities					
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	$ 419,628	-	-	-	-
Payroll and bonus payable	299,437	-	-	-	-
Payable on machinery and equipment	36,930	-	-	-	-
Long-term borrowings (including current portion)	354,892	-	-	-	-
Lease liabilities－current and noncurrent	169,571	-	-	-	-
	$ 1,280,458	-	-	-	-

	December 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at fair value through profit or loss－current－derivative financial assets	$ 2,738	-	2,738	-	2,738
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 210,769	-	-	-	-
Financial assets measured at amortized cost－current	1,051,873	-	-	-	-
Accounts receivable (including related parties)	1,013,625	-	-	-	-
Other financial assets－current	21,244	-	-	-	-
Financial assets measured at amortized cost－noncurrent	10,350	-	-	-	-
Guarantee deposits paid	177	-	-	-	-
	$ 2,308,038	-	-	-	-
Financial liabilities					
Financial liabilities measured at fair value through profit or loss －current － derivative financial liabilities	$ 271	-	271	-	271
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	$ 475,552	-	-	-	-
Payroll and bonus payable	249,179	-	-	-	-
Payable on machinery and equipment	71,515	-	-	-	-
Long-term borrowings (including current portion)	372,297	-	-	-	-
Lease liabilities－current and noncurrent	178,061	-	-	-	-
	$ 1,346,604	-	-	-	-

(b) Valuation technique for financial instruments not measured at fair value

The Company estimates its financial instruments not measured at fair value using the following methods and assumptions:

Fair value measurement for financial assets and financial liabilities measured at amortized cost will be based on the latest quoted price and concluded price if the quotation provided by market makers or concluded price is available in active markets. When market value is unavailable, the fair value of financial assets and financial liabilities is evaluated based on the discounted cash flow of the financial liabilities.

(c) Valuation technique of financial instruments measured at fair value－derivative financial instruments

Forward exchange contracts are typically evaluated based on the exchange rates provided by the counterparty banks.

(d) Transfer of fair value level

There is no transfer between the levels for the years ended December 31, 2023 and 2022.

(21) Financial risk management

A. Overview

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

(a) Credit risk

(b) Liquidity risk

(c) Market risk

In order to reduce and manage related financial risks, the Company is committed to analyzing, identifying and assessing the potential adverse effects of those financial risk factors on the Company’ s financial performance, and then proposing and implementing corresponding countermeasures to avoid unfavorable factors caused by financial risks.

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 risk exposures, please refer to the respective notes in the accompanying parent-company-only parent-company-only financial statements.

B. Structure of risk management

The Company’s major financial activities are reviewed by the Board of Directors and the Audit Committee in accordance with relevant regulations and internal control systems. During the execution of the financial projects, the Company must strictly abide by the related financial operation procedures in relation to the overall financial risk management and the division of authority and responsibility. 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.

C. Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from operating activities, financial assets measured at amortized cost, and cash and cash equivalents. Operation-related credit risk and financial credit risk are managed separately.

(a) Operation-related credit risk

The Company has established a credit policy under which each customer is analyzed individually to maintain the quality of accounts receivable.

The risk assessment of individual customer is based on a number of factors that may affect the customer's ability to make payments, including the customer's financial condition, ratings by credit rating agencies, the Company's internal credit ratings, historical transaction records, and current economic situations. The Company also utilizes certain credit enhancement tools, such as advance receipts and credit insurance, when appropriate, to reduce the credit risk of specific customers.

(b) Financial credit risk

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by the Company's finance department. As the Company deals with banks and financial institutions, and corporate organization with good credit standing which are graded above par level, the Company believes that does not have performance capability issues and no significant credit risk.

D. Liquidity risk

Liquidity risk is the risk that the Company has no sufficient cash and other financial assets to meet its obligations associated with matured financial liabilities. There is no liquidity risk of being unable to raise capital to settle contract obligations since the Company has sufficient capital and working capital to fulfill contract obligations. Please refer to note 6(20).

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, which 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 assets and liabilities, in order to manage market risks. All such transactions are executed in accordance with the Board of Directors and the Audit Committee's guide.

(a) Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in currencies other than the functional currency of the Company. These transactions are primarily denominated in NTD, USD, and JPY.

In respect of net positions of accounts receivable and payable denominated in foreign currencies, the Company undertakes forward exchange contacts appropriately. If necessary, the Company can rollover forward exchange contacts when contracts are mature.

(b) Interest rate risk

Please refer to note 6(20).

(22) Capital management

The Company's capital management is to ensure it has necessary and reasonable financial resources to support the future development, and takes the decent debt ratio into account contemporarily so that investors, creditors and the market can rest assured. The management may achieve the purpose of maintaining or adjusting the Company' s capital structure by adjusting dividends paid to shareholders, returning capital to shareholders, and issuing new shares. The debt ratio as of December 31, 2023 and 2022 were 32% and 34% respectively. There were no changes in the Company's approach to capital management as of December 31, 2023.

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

The Company's investing and financing activities which did not affect the current cash flow were as follows:

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities (current and noncurrent)	Liabilities arising from financing activities
Balance at January 1, 2023	$ -	372,297	178,061	550,358
Cash flow				
Proceeds from borrowings	195,000	60,000	-	255,000
Repayments of borrowings	(195,000)	(77,405)	-	(272,405)
Payment of lease liabilities	-	-	(8,490)	(8,490)
Interest paid	-	-	(2,613)	Note
Non-cash changes				
Interest expenses	-	-	2,613	Note
Balance at December 31, 2023	**$ -**	**354,892**	**169,571**	**524,463**

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities (current and noncurrent)	Guarantee deposits received	Liabilities arising from financing activities
Balance at January 1, 2022	$ -	213,500	184,036	132	397,668
Cash flow					
Proceeds from borrowings	120,000	181,500	-	-	301,500
Repayments of borrowings	(120,000)	(22,703)	-	-	(142,703)
Payment of lease liabilities	-	-	(8,366)	-	(8,366)
Interest paid	-	-	(2,735)	-	Note
Guarantee deposits refunded	-	-	-	(132)	(132)
Non-cash changes					
Interest expenses	-	-	2,735	-	Note
Additions of right-of-use assets	-	-	2,391	-	2,391
Balance at December 31, 2022	**$ -**	**372,297**	**178,061**	**-**	**550,358**

Note: It was categorized as operating activities.

7. Related party transactions

(1) Names and relationships of related parties

Names of related parties	Relationship with the Company
Eternal Materials Co., Ltd. ("Eternal")	The entity with significant influence over the Company
AUO Corporation ("AUO")	The entity with significant influence over the Company
AUO Crystal Corp. ("ACTW")	AUO's Subsidiary
AUO (Suzhou) Co., Ltd. ("AUOSZ")	AUO's Subsidiary
AUO (Xiamen) Co., Ltd. ("AUOXM")	AUO's Subsidiary
AUO (Kunshan) Co., Ltd. ("AUOKS")	AUO's Subsidiary
Board members, general manager, and vice presidents	The management of the Company

(2) Compensation to key management personnel

	2023	2022
Short-term employee benefits	$ 79,884	77,070
Post-employment benefits	9,324	324
	$ 89,208	77,394

(3) Significant transactions with related parties

A. Operating revenue

The amounts of operating revenue and the outstanding balance of accounts receivable between the Company and related parties were as follows:

	Operating revenue		Accounts receivable from related parties	
	2023	2022	December 31, 2023	December 31, 2022
The entity with significant influence over the Company －AUO	$ 2,029,711	1,886,226	693,709	661,414
Other related parties	15,122	23,991	4,596	5,114
	$ 2,044,833	1,910,217	698,305	666,528

For the years ended December 31, 2023 and 2022, the credit terms for related parties were both 60 to 120 days from the end of the month while those for third parties were collected in advance to 120 days from the end of the month. The selling price for sales to the related parties was determined by market and adjusted according to the sales volume and product specification. The Company did not implement collateral requirements for receivables from related parties, and did not reserve the loss allowance for related parties' receivables after appraisal.

B. Purchase and process outsourcing

The amounts of purchases and process outsourcing, and the outstanding balance of accounts payable to related parties were as follows:

	Purchase and process outsourcing		Accounts payable to related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
The entity with significant influence over the Company	**$ 48,118**	**53,579**	**12,098**	**11,618**

For the years ended December 31, 2023 and 2022, the payment terms to related parties were both 90 days from the end of the month while those to third parties were prepayment to 120 days from the end of the month. The Company did not procure products with the same specification from third parties, so that purchase price between related parties and third parties cannot be compared. The products outsourced to third parties were different from products outsourced to third parties, so the payment terms and purchase prices can't be benchmarked.

C. Transactions of property, plant and equipment

The disposal of property, plant and equipment to related parties were summarized as follows:

	Disposal prices		Accounts receivable from related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
Other related parties	**$ 317**	**-**	**-**	**-**

The acquisition of property, plant and equipment to related parties were summarized as follows:

	Acquisition prices		Accounts payable to related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
The entity with significant influence over the Company	$ 1,396	-	-	-
Other related parties	-	308	-	-
	$ 1,396	**308**	**-**	**-**

D. Others

The amounts of rental fees and other expenses, and the outstanding balance of other payable due to related parties were as follows:

	Amount		Accounts payable to related parties	
	2023	**2022**	**December 31, 2023**	**December 31, 2022**
The entity with significant influence over the Company	$ 1,319	1,346	235	112
Other related parties	12	12	-	-
	$ 1,331	1,358	235	112

8. Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Time deposits (recognized in financial assets measured at amortized cost－noncurrent)	Guarantee for the lease contract with the Central Taiwan Science Park Bureau	$ 6,200	6,200
Time deposits (recognized in financial assets measured at amortized cost－noncurrent)	Guarantee for the lease and investment with the Chungkang Branch Export Processing Zone Administration MOEA	2,600	4,150
		$ 8,800	10,350

9. Significant contingent liabilities and unrecognized commitments

The significant commitments and contingencies of the Company as of December 31, 2023 and 2022 were as follows:

(1) A guarantee letter for import tariffs and VAT which the Company requested a bank to issue to the Taipei Customs Administration, Ministry of Finance amounting to both $4,000 thousand.

(2) The total amount of promissory notes deposited by the Company at the bank for acquiring borrowings limit, credit line of forward exchange trading and accounts receivable factoring was $1,742,935 thousand and $1,727,161 thousand, respectively.

(3) The significant outstanding commitments for construction and purchase of property, plant and equipment amounted to $101,722 thousand and $113,507 thousand, respectively.

(4) As of December 31, 2022, a promissory note and a guarantee letter issued by a bank to Taiwan Small & Medium Enterprise Counselling Foundation as a guarantee of government subsidies for the research and development project amounted $30,876 thousand and $18,376 thousand, respectively. The research and development project had closed in March 2023.

10. Significant disaster losses: None

11. Subsequent events: None

12. Other

A summary of employee benefits, depreciation, and amortization, by function, was as follows:

By function / By item	2023			2022		
	Operating costs	**Operating expenses**	**Total**	**Operating costs**	**Operating expenses**	**Total**
Employee benefits						
Salary	189,377	495,422	684,799	157,750	425,536	583,286
Labor and health insurance	15,118	26,799	41,917	13,340	24,741	38,081
Pension	7,184	12,360	19,544	6,445	11,661	18,106
Remuneration of directors	-	16,907	16,907	-	16,316	16,316
Others	6,596	12,989	19,585	6,915	14,666	21,581
Depreciation	201,102	55,894	256,996	157,729	60,453	218,182
Amortization	351	2,576	2,927	371	2,869	3,240

Additional information on the Company's employee benefits for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Number of employees	$ 415	397
Number of directors who's not employee	$ 6	7
Average employee benefits	$ 1,872	1,695
Average employee salaries	$ 1,674	1,496
Average adjustment of employee salaries	11.90 %	
Supervisor's remuneration. (Note)	$ -	-

Note: The Company did not have supervisors for the years ended December 31, 2023 and 2022. Therefore, there was no compensation to the supervisor.

The compensation policy of the Company (including directors, managers and employees) were as follows:

(1) According to Article 10 of the Company's Articles of Incorporation, the Board of Directors is authorized to determine the remuneration to directors based on each director's level of participation and contributions to the Company's operations, taking into account the domestic and overseas industry levels. Directors who are not employees are compensated based on their involvement in the Company's operations, as well as business performance, risk and management responsibilities. To maintain the independence of each independent director, they receive a fixed compensation and do not participate in the distribution of director remuneration.

(2) The procedures for determining the remuneration to the Company's president and vice presidents, are in accordance with the "Procedures of Remuneration to Managers" and "Procedures of Salary Distributions". The remunerations are formulated based on the roles and responsibilities of the President and Vice Presidents, with reference to the industry levels, as well as the Company's operational performance. They are reviewed by the Remuneration Committee and submitted to the Board of Directors for approval to maintain a competitive remuneration policy.

(3) The Company reviews market compensation conditions periodically to offer competitive salaries that attract and retain talents. Additionally, in accordance with the Company's Articles of Incorporation, the Company shall distribute employees' remuneration based on profitability.

13. Additional disclosures

(1) Information on significant transactions:

Following are the additional disclosures required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2023:

A. Loans to other parties: None.

B. Guarantees and endorsements for other parties: None.

C. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): None.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Company name	Related party	Relationship	Purchase /Sale	Amount	% of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	% of total notes/accounts receivable (payable)	Note
The Company	AUO	The company who evaluated the Company by the equity method	Sales	2,029,711	48 %	120 days from the end of the month	Note 7	Note 7	693,709	65%	

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Company name	Related party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	AUO	The company who evaluated the Company by the equity method	693,709	3.00	-	-	186,634	-

Note: The status of receivables collection in subsequent period was as of January 31, 2024.

I. Trading in derivative instruments: Please refer to notes 6(2).

(2) Information on investees:

The following is the information on investees for the years ended December 31, 2023:

(Unit: NTD (JPY) thousand/share)

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	% of ownership	Carrying value			
The Company	LS	Japan	R&D, manufacturing and sales company of fine chemicals	-	5,617 (JPY15,000)	-	-	-	-	-	Note (1)
The Company	FMSA	Samoa	Investing and shareholding	-	-	-	-	-	-	-	Note (2)

Note (1): The liquidation process was completed in November 2023.

Note (2): The registration process was completed on August 9, 2017. As of December 31, 2023, the capital was not injected.

(3) Information on investment in Mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information: None.

B. Limitation on investment in Mainland China: None.

C. Significant transactions: None.

(4) Major shareholders:

Major Shareholder	Shares	
	Total Shares Owned	**Ownership Percentage**
Eternal Materials Co., Ltd.	23,423,812	22.80 %
Konly Venture Corp.	19,113,730	18.61 %
Ronly Venture Corp.	6,312,075	6.15 %

Note：(1) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total nonphysical ordinary shares and preference shares (including treasury shares) on the last business date of each quarter. The actual registered non-physical shares may be different from the capital shares disclosed in the financial statements due to the use of different calculation basis.

(2) In the case of the above information, if a shareholder delivers shares to the trust, the shares will be individually disclosed by the trustee who opened the trust account. As for shareholders' declarations of insider's equity holdings exceeding 10% in accordance with the Securities and Exchange Act, their shareholding include their own shareholding, plus the shares delivered to the trust, and the right to use the trust property. For further information on relevant insider shares, please refer to the Market Observation Post System website.

14. Segment information

Please refer to the 2023 Consolidated Financial Statements.

Daxin Materials Corporation

Statement of Cash and Cash Equivalents

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Petty cash		$ 20
Demand deposits		145,686
Foreign currency deposits	JPY: 20,871 thousand、USD: 2,784 thousand、RMB: 1,865 thousand (Note)	98,097
		$ 243,803

Note: The exchange rates of foreign currencies converted into NTD at the balance sheet date were as follows:

JPY: 0.2182

USD: 30.705

RMB: 4.3190

Daxin Materials Corporation

Statement of Accounts Receivable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Client name	Description	Amount
Client F	Operating	$ 60,984
Client A	Operating	57,433
Client E	Operating	39,847
Client I	Operating	32,033
Client C	Operating	31,134
Client G	Operating	29,759
Client K	Operating	22,331
Client B	Operating	20,305
Others (The individual amount does not exceed 5% of the account balance)		108,158
Subtotal		401,984
Less: Loss allowance	Operating	(31,000)
Total		**$ 370,984**

Statement of Financial Assets Measured at Amortized Cost－Current

For related information, please refer to Note 6 (3) “Financial assets measured at amortized cost－current” of the parent-company-only financial statements.

Daxin Materials Corporation

Statement of Inventories

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

	Amount		
Item	Cost	Net Realizable Value	Notes
Finished goods and merchandise	$ 90,296		Please refer to Note 4 (7) of the parent-company-only financial statements for the determination of net realizable value of inventory.
Less: Allowance for inventory valuation	(697)		
Subtotal	89,599	163,026	
Work in progress and semi-finished products	81,281		
Less: Allowance for inventory valuation	(3,998)		
Subtotal	77,283	121,059	
Raw materials and supplies	176,217		
Less: Allowance for inventory valuation	(4,914)		
Subtotal	171,303	176,360	
	$ 338,185	**460,445**	

Statement of Other Current Assets

Item	Amount
Tax refund receivable	$ 17,155
Temporary payments	4,057
Prepaid insurance	3,889
Other prepaid expense	2,286
Others (The individual amount does not exceed 5% of the account balance)	1,816
	$ 29,203

Daxin Materials Corporation

Statement of Movement in Investments Accounted for Using Equity Method

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Decrease				Ending Balance			Net Assets Value	
Name of investee	Shares	Amount	Shares	Amount	Investment profits and losses	Conversion Adjustment	Shares	Amount	Percentage of Ownership	Amount	Collateral
LS Materials Corporation	1,500	$ 137	(1,500)	(124)	-	(13)	-	-	-	-	None

Daxin Materials Corporation

Statement of Movement in Property, Plant and Equipment

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

For related information, please refer to Note 6 (7) “Property, Plant and Equipment” of the parent-company-only financial statements.

Statement of Movement in Right-of-Use Assets

For related information, please refer to Note 6 (8) “Right-of-Use Assets” of the parent-company-only financial statements.

Statement of Movement in Intangible Assets

For related information, please refer to Note 6 (9) “Intangible Assets” of the parent-company-only financial statements.

Daxin Materials Corporation

Statement of Other Noncurrent Assets

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Line subsidies	$ 574
Others (The individual amount does not exceed 5% of the account balance)	103
	$ 677

Statement of Guarantee Deposits Paid

Item	Amount
Refundable deposits of investment	$ 2,400
Refundable deposits of office & dormitory	177
	$ 2,577

Daxin Materials Corporation

Statement of Accounts Payable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Vendor name	Description	Amount
Accounts Payable:		
Vendor T	Operating	$ 72,236
Vendor S	Operating	46,259
Others (The individual amount does not exceed 5% of the account balance)	Operating	288,800
Total		**$ 407,295**

Statement of Other Current Liabilities

Item	Amount
Freight payable	$ 32,094
Commission payable	16,027
Health insurance payable	9,444
Others (The individual amount does not exceed 5% of the account balance)	78,616
	$ 136,181

Daxin Materials Corporation

Statement of Long-Term Borrowings

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Bank	Amount	Term of Contract	Interest Rate	Collateral
E.SUN Commercial Bank	$ 94,417	August 2022~August 2027	1.25%	None
Mega International Commercial Bank	81,597	September 2020~September 2027	1.25%	None
E.SUN Commercial Bank	55,000	August 2023~August 2027	1.25%	None
E.SUN Commercial Bank	49,775	August 2021~August 2027	1.25%	None
Mega International Commercial Bank	48,711	August 2022~September 2027	1.25%	None
E.SUN Commercial Bank	25,392	August 2020~August 2027	1.25%	None
	354,892			
Less: current portion	(95,999)			
	$ 258,893			

Statement of Lease Liabilities

Item	Description	Lease term	Discount rate	Ending Balance	Note
Land	Mainly for the use of plants and offices	January 1, 2019~ January 31, 2043	1.5%	$ 169,255	
Machinery and equipment	For operation use	May 1, 2022~ April 30, 2025	1.5%	316	
				169,571	
Less: current portion				(8,617)	
				$ 160,954	

Note: The above leases with an option to renew the lease for an additional period after the end of the contract term.

Daxin Materials Corporation

Statement of Operating Revenue

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Quantity (kg)	Amount
Display materials	38,660,311	$ 3,967,875
Semiconductor materials and key raw materials	597,232	296,246
		$ 4,264,121

Daxin Materials Corporation

Statement of Operating Costs

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Beginning balance of raw materials	$ 183,027
Add: Purchase	1,695,010
Physical inventory gain	17
Less: Ending balance of raw materials	(176,217)
Sale of raw materials	(5,934)
Transferred to expense and others	(38,478)
Raw materials used	1,657,425
Semi-finished products	
Beginning balance of semi-finished products	44,030
Add: Transferred from finished goods for rework	825,851
Physical inventory gain	6
Less: Ending balance of semi-finished products	(52,684)
Transferred to expense and others	(6,775)
Sale of semi-finished products	(899)
Semi-finished products used	809,529
Direct labor	78,895
Manufacturing overhead	510,569
Costs of conversion	93,628
Manufacturing cost	3,150,046
Add: Beginning balance of work in progress	22,886
Less: Ending balance of work in progress	(28,597)
Cost of finished goods	3,144,335
Beginning balance of finished goods	124,245
Less: Transferred to semi-finished products for rework	(825,851)
Physical inventory loss	(2)
Transferred to expense and others	(6,603)
Ending balance of finished goods	(90,296)
Cost of sales－Finished goods	2,345,828
Cost of sales－Merchandise	413,638
Sale of raw materials and semi-finished products	6,833
Allowance for inventory valuation losses	15,121
Others	3,610
Operating costs	**$ 2,785,030**

Daxin Materials Corporation

Statement of Selling Expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Freight	$ 69,822
Salary	55,012
Commission	38,800
Others (The individual amount does not exceed 5% of the account balance)	22,152
	$ 185,786

Statement of Administrative Expenses

Item	Amount
Salary	$ 119,495
Remuneration of directors	16,907
Others (The individual amount does not exceed 5% of the account balance)	68,347
	$ 204,749

Daxin Materials Corporation

Statement of Research and Development Expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Salary	$ 320,915
Depreciation	44,396
Consumables	36,555
Others (The individual amount does not exceed 5% of the account balance)	78,902
	$ 480,768

Statement of Other Gains and Losses

For related information, please refer to Note 6 (19) “Other gains and losses” of the parent-company-only financial statements.