Lee Chi Enterprises Company Ltd. and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of Lee Chi Enterprises Company Ltd. as of and for the year ended December 31, 2022, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements of Lee Chi Enterprises Company Ltd. and Subsidiaries. Consequently, we did not prepare a separate set of combined financial statements.

Very truly yours,

Lee Chi Enterprises Company Ltd.

By:

____
Lin, Yu-Hsin
President

March 14, 2024

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
110016 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 110016, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Lee Chi Enterprises Company Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Lee Chi Enterprises Company Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Revenue Recognition

The Company's operating revenue mainly comes from the manufacturing and sale of bicycle components. The operating revenue significantly decreased due to the changes in market demand for bicycle components in 2023 compared to the previous year. However, the revenue from specific customers was significant to the overall operating revenue. We identified the validity of recognition of the revenue from specific customers as a key audit matter. For the accounting policy on the revenue recognition, refer to Note 4 to the consolidated financial statements.

The main audit procedures that we performed with respect to revenue from the specific customers included the following:

1. We evaluated the design and implementation of the related internal controls on revenue recognition and tested the operating effectiveness of the related controls.

2. We selected samples from the specific customers' subsidiary ledger of sales revenue, verified related documents and receipts of payments and confirmed the validity of revenue recognition.

Other Matter

We have also audited the parent company only financial statements of Lee Chi Enterprises Company Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Li-Wei Liu and Ting-Chien Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

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

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,321,309	29	$ 1,213,645	22
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	213,921	5	206,842	4
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	103,113	2	58,678	1
Financial assets at amortized cost - current (Notes 4, 9 and 27)	7,792	-	-	-
Notes receivable (Notes 4, 10 and 19)	72,830	2	110,614	2
Trade receivables (Notes 4, 10 and 19)	332,671	8	903,358	17
Other receivables (Note 4)	9,715	-	3,152	-
Current tax assets (Note 4)	-	-	3,392	-
Inventories (Notes 4 and 11)	956,042	21	1,380,778	25
Other current assets	33,937	1	29,525	1
Total current assets	3,051,330	68	3,909,984	72
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	35,467	1	39,157	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	45,140	1	69,343	1
Financial assets at amortized cost - non-current (Notes 4, 9 and 27)	70,950	1	6,082	-
Property, plant and equipment (Notes 4 and 13)	1,095,451	24	1,197,534	22
Right-of-use assets (Notes 4 and 14)	42,871	1	47,903	1
Other intangible assets (Notes 4 and 15)	30,584	1	33,173	1
Goodwill (Note 4)	56,031	1	56,012	1
Deferred tax assets (Notes 4 and 21)	41,779	1	36,669	1
Net defined benefit assets - non-current (Notes 4 and 17)	16,375	-	10,884	-
Other non-current assets	26,391	1	19,477	-
Total non-current assets	1,461,039	32	1,516,234	28
TOTAL	$ 4,512,369	100	$ 5,426,218	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 19)	$ 8,581	-	$ 16,550	-
Notes payable	7,099	-	-	-
Trade payables	233,254	5	498,311	9
Other payables (Note 16)	158,651	4	267,112	5
Current tax liabilities (Note 4)	7,596	-	133,794	3
Lease liabilities - current (Notes 4 and 14)	3,093	-	2,904	-
Deferred revenue - current (Notes 4 and 16)	20,436	1	20,814	-
Other current liabilities (Notes 4 and 16)	12,846	-	13,691	-
Total current liabilities	451,556	10	953,176	17
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 21)	96,367	2	131,538	3
Lease liabilities - non-current (Notes 4 and 14)	4,673	-	7,766	-
Deferred revenue - non-current (Notes 4 and 16)	143,618	3	167,085	3
Guarantee deposits	172	-	132	-
Total non-current liabilities	244,830	5	306,521	6
Total liabilities	696,386	15	1,259,697	23
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	2,256,850	50	2,256,850	42
Capital surplus	67,084	2	67,084	1
Retained earnings				
Legal reserve	389,031	8	328,978	6
Special reserve	121,257	3	99,652	2
Unappropriated earnings	997,258	22	1,446,017	26
Other equity	(116,583)	(3)	(121,257)	(2)
Treasury shares	(20,676)	-	(20,676)	-
Total equity attributable to owners of the Company	3,694,221	82	4,056,648	75
NON-CONTROLLING INTERESTS	121,762	3	109,873	2
Total equity	3,815,983	85	4,166,521	77
TOTAL	$ 4,512,369	100	$ 5,426,218	100

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 19)	$ 1,892,415	100	$ 5,084,564	100
OPERATING COSTS (Notes 11 and 20)	1,841,625	97	4,079,617	80
GROSS PROFIT	50,790	3	1,004,947	20
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	122,773	6	156,096	3
General and administrative expenses	162,127	9	182,765	4
Research and development expenses	76,819	4	69,088	1
Expected credit gain (Notes 4 and 10)	(2,419)	-	(957)	-
Total operating expenses	359,300	19	406,992	8
PROFIT (LOSS) FROM OPERATIONS	(308,510)	(16)	597,955	12
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Finance costs	(264)	-	(343)	-
Interest income (Note 20)	31,073	2	8,114	-
Dividend income	5,806	-	11,824	-
Other income (Notes 16 and 20)	52,779	3	61,670	1
Foreign exchange gain, net (Note 20)	19,886	1	113,847	2
Gain (loss) on fair value changes of financial assets and liabilities at fair value through profit or loss	27,051	1	(57,425)	(1)
Other expenses (Note 20)	(632)	-	(35,787)	-
Total non-operating income and expenses	135,699	7	101,900	2
PROFIT (LOSS) BEFORE INCOME TAX	(172,811)	(9)	699,855	14
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 21)	(14,470)	(1)	144,650	3
NET PROFIT (LOSS) FOR THE YEAR	(158,341)	(8)	555,205	11

(Continued)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	$ (1,326)	-	$ 37,383	1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	26,624	1	(24,439)	(1)
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 21)	265	-	(7,477)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(16,789)	(1)	(705)	-
Other comprehensive income for the year, net of income tax	8,774	-	4,762	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ (149,567)	(8)	$ 559,967	11
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ (166,734)	(9)	$ 568,713	11
Non-controlling interests	8,393	1	(13,508)	-
	$ (158,341)	(8)	$ 555,205	11
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ (161,456)	(9)	$ 578,921	11
Non-controlling interests	11,889	1	(18,954)	-
	$ (149,567)	(8)	$ 559,967	11
EARNINGS (LOSS) PER SHARE (Note 22)				
Basic	$ (0.75)		$ 2.55	
Diluted	$ (0.73)		$ 2.53	

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company(Note 18)										
			Retained Earnings			Other Equity					
	Share Capitals	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income (Note 4)	Treasury Shares	Total	Non-controlling Interests (Note 12)	Total Equity
BALANCE AT JANUARY 1, 2022	$ 2,278,250	$ 64,235	$ 284,080	$ 123,882	$ 1,044,799	$ (138,101)	$ 38,449	$ (39,227)	$ 3,656,367	$ 146,827	$ 3,803,194
Appropriation of 2021 earnings											
Legal reserve	-	-	44,898	-	(44,898)	-	-	-	-	-	-
Special reserve reversed	-	-	-	(24,230)	24,230	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(178,640)	-	-	-	(178,640)	-	(178,640)
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	568,713	-	-	-	568,713	(13,508)	555,205
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	29,906	(705)	(18,993)	-	10,208	(5,446)	4,762
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	598,619	(705)	(18,993)	-	578,921	(18,954)	559,967
Cancelation of treasury shares	(21,400)	2,849	-	-	-	-	-	18,551	-	-	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,907	-	(1,907)	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(18,000)	(18,000)
BALANCE AT DECEMBER 31, 2022	2,256,850	67,084	328,978	99,652	1,446,017	(138,806)	17,549	(20,676)	4,056,648	109,873	4,166,521
Appropriation of 2022 earnings											
Legal reserve	-	-	60,053	-	(60,053)	-	-	-	-	-	-
Special reserve	-	-	-	21,605	(21,605)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(200,971)	-	-	-	(200,971)	-	(200,971)
Net loss for the year ended December 31, 2023	-	-	-	-	(166,734)	-	-	-	(166,734)	8,393	(158,341)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(1,061)	(16,789)	23,128	-	5,278	3,496	8,774
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(167,795)	(16,789)	23,128	-	(161,456)	11,889	(149,567)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,665	-	(1,665)	-	-	-	-
BALANCE AT DECEMBER 31, 2023	$ 2,256,850	$ 67,084	$ 389,031	$ 121,257	$ 997,258	$ (155,595)	$ 39,012	$ (20,676)	$ 3,694,221	$ 121,762	$ 3,815,983

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ (172,811)	$ 699,855
Adjustments for:		
Depreciation expenses	161,070	172,484
Amortization expenses	4,297	4,496
Expected credit loss reversed on trade receivables	(2,419)	(957)
Net loss (gain) on fair value changes of financial assets designated at fair value through profit or loss	(27,051)	57,425
Finance costs	264	343
Interest income	(31,073)	(8,114)
Dividend income	(5,806)	(11,824)
Gain on disposal of property, plant and equipment	(898)	(476)
Write-down of inventories	5,830	850
Net loss on foreign currency exchange	1,820	1,790
Deferred revenue	(20,885)	(20,998)
Reversal of provisions	(437)	(2,766)
Changes in operating assets and liabilities		
Notes receivable	36,637	(454)
Trade receivables	567,653	393,612
Other receivables	(1,375)	11,171
Inventories	415,472	199,825
Other current assets	(4,508)	21,371
Contract liabilities	(7,969)	(15,212)
Notes payable	7,209	-
Trade payables	(260,818)	(554,861)
Other payables	(104,370)	(48,164)
Provisions	(79)	(386)
Other current liabilities	(208)	(2,447)
Net defined benefit assets / liabilities	(6,817)	(9,863)
Cash generated from operations	552,728	886,700
Interest received	25,809	19,867
Dividends received	5,806	11,824
Interest paid	(264)	(343)
Income tax paid	(148,773)	(78,668)
Net cash generated from operating activities	435,306	839,380
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(9,484)	(465)
Proceeds from sale of financial assets at fair value through other comprehensive income	11,622	4,367
Proceeds from return of capital from financial assets at fair value through other comprehensive income	3,552	1,558
Purchase of financial assets at amortized cost	(77,238)	-

(Continued)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from sale of financial assets at amortized cost	$ 3,386	$ 110,650
Purchase of financial assets at fair value through profit or loss	(733,738)	(1,674,501)
Proceeds from sale of financial assets at fair value through profit or loss	757,563	1,639,636
Payments for property, plant and equipment	(50,597)	(82,353)
Proceeds from disposal of property, plant and equipment	2,109	1,222
Increase in refundable deposits	(33)	(28)
Decrease in refundable deposits	25	21
Payments for intangible assets	(1,230)	(1,311)
Increase in prepayments for equipment	(21,203)	(68,919)
Net cash used in investing activities	(115,266)	(70,123)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in deposits received	44	-
Repayments of the principal portion of lease liabilities	(2,894)	(2,792)
Dividends paid to owners of the Company	(200,971)	(178,640)
Dividends paid to non-controlling interests	-	(18,000)
Net cash used in financing activities	(203,821)	(199,432)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(8,555)	(25,257)
NET INCREASE IN CASH AND CASH EQUIVALENTS	107,664	544,568
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,213,645	669,077
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,321,309	$ 1,213,645

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

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

1. GENERAL INFORMATION

Lee Chi Enterprises Company Ltd. (the "Company") was incorporated in May 1973. It mainly manufactures and sells bike components and general machinery.

The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since November 1995.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 14, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

New, Amended and Revised Standards and Interpretations	**Effective Date Announced by IASB (Note 1)**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 -Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 12, Table 7 and Table 8 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

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

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company and its foreign operations are translated into the presentation currency, the New Taiwan dollars, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

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

g. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees. Such assets before reaching its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those goods and the cost of those goods are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

h. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units or groups of cash-generating units (referred to as “cash-generating units”) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

i. Intangible assets

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

j. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

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

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

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

k. Financial instruments

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

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

Financial assets

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

1) Measurement categories

   Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

   a) Financial assets at FVTPL

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

      A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

      Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 25.

   b) Financial assets at amortized cost

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

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

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

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

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

      i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

      ii. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

i. Significant financial difficulty of the issuer or the borrower;

ii. Breach of contract, such as a default;

iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 12 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

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

a) Internal or external information shows that the debtor is unlikely to pay its creditors.

b) Financial asset is more than 150 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

3) Derecognition of financial assets

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

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

Financial liabilities

1) Subsequent measurement

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

2) Derecognition of financial liabilities

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

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that sales contracts are recognized on the date of sale of the relevant products at the best estimate by the management of the Group of the expenditures required to settle the Group's obligation.

m. Revenue recognition

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

For contract where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

The Group recognizes revenue when customers obtain control of the promised goods which is when the goods are delivered to the customers' specified locations. Transaction price received is recognized as a contract liability until performance obligations are satisfied. Revenue from sale of goods is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Estimated sales returns and other allowances are generally made and adjusted based on historical experience and the consideration of varying contractual terms.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

n. Leases

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

<u>The Group as lessee</u>

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee’s incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. The Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and technology, research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. If a temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized.

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

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

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers the possible impact of climate change, related government policies and regulations, inflation, interest rate fluctuations, volatility in financial, energy and foreign currency markets on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 1,207	$ 1,499
Checking accounts and demand deposits	156,566	366,530
Cash equivalents		
Time deposits	1,163,536	845,616
	$ 1,321,309	$ 1,213,645
Interest rate per annum (%)		
Demand deposits	0.00-1.45	0.00-1.05
Time deposits	0.015-5.44	0.002-5.00

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets - current		
Financial assets held for trading		
Non-derivative financial assets		
Mutual funds	$ 109,475	$ 98,469
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	104,446	108,373
	$ 213,921	$ 206,842
Financial assets at FVTPL - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	$ 30,874	$ 39,157
Overseas unlisted shares	4,593	-
	$ 35,467	$ 39,157

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
Investments in Equity Instruments	2023	2022
Current		
Domestic listed shares	$ 103,113	$ 58,678
Non-current		
Overseas limited partnership	$ 38,250	$ 36,860
Domestic unlisted shares	6,890	32,483
	$ 45,140	$ 69,343

These investments in equity instruments are held for medium- to long-term strategic purposes, and the Group is expected to generate profit from its long-term investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

In accordance with the Q&A issued by the FSC, for the investments in the limited partnership held before June 30, 2023 in which the investment contract stipulates that the limited partnership has a limited duration and whether the duration can be extended is subject to the resolution of partners in the partners' meeting, the Group elected not to retrospectively apply the Q&A "Classification of Investments in a Limited Partnership" issued by the Accounting Research and Development Foundation (ARDF), and therefore the abovementioned investments are still classified as investments in equity instruments at FVTOCI.

The Company has signed a securities trust agreement with ChinaTrust Commercial Bank in September 2008, and deposited the securities in a trust account for lending and borrowing services. The period of agreement is 1 year. If either party fails to express the intent of modifying the agreement or terminating it in one month before expiration arrives, the agreement will be extended for 1 year automatically.

	December 31			
	2023		2022	
Listed Shares	**Number of Shares (In Thousands)**	**Carrying Amount**	**Number of Shares (In Thousands)**	**Carrying Amount**
CTBC Financial Holding Co., Ltd.	1,234	$ 34,975	1,234	$ 27,264

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Current		
Pledged time deposits	$ 7,792	$ -
Non-current		
Time deposits with original maturities of more than 12 months	$ 64,935	$ -
Pledged time deposits	6,015	6,082
	$ 70,950	$ 6,082
Interest rate per annum (%)		
Current	1.50	-
Non-current	0.02-3.58	0.01-3.58

Refer to Note 27 for information relating to investments in financial assets at amortized cost pledged as collateral.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2023	2022
Notes receivable		
Notes receivable - operating	$ 72,830	$ 110,614
Less: Allowance for impairment loss	-	-
	$ 72,830	$ 110,614
Trade receivables		
At amortized cost		
Gross carrying amount	$ 342,979	$ 916,382
Less: Allowance for impairment loss	(10,308)	(13,024)
	$ 332,671	$ 903,358

a. Notes receivable

The aging of notes receivable for the Group was as follows:

	December 31	
	2023	2022
Not past due	$ 72,830	$ 110,614
Past due	-	-
	$ 72,830	$ 110,614

b. Trade receivables

The average credit period of sales of goods is 90 to 150 days. No interest was charged on trade receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group adopts the simplified practice of IFRS 9 and measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off trade receivables when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

	Not Past Due	Less than 60 Days	61 to 150 Days	Over 150 Days	Total
December 31, 2023					
Expected credit loss rate	0%-0.06%	1%-5%	5%-50%	100%	
Gross carrying amount	$ 324,771	$ 6,046	$ 3,387	$ 8,775	$ 342,979
Loss allowance (Lifetime ECLs)	(51)	(125)	(1,357)	(8,775)	(10,308)
Amortized cost	$ 324,720	$ 5,921	$ 2,030	$ -	$ 332,671

	Not Past Due	Less than 60 Days	61 to 150 Days	Over 150 Days	Total
December 31, 2022					
Expected credit loss rate	0%-0.06%	1%-5%	5%-50%	100%	
Gross carrying amount	$ 836,199	$ 64,886	$ 5,980	$ 9,317	$ 916,382
Loss allowance (Lifetime ECLs)	(1,561)	(1,359)	(787)	(9,317)	(13,024)
Amortized cost	$ 834,638	$ 63,527	$ 5,193	$ -	$ 903,358

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 13,024	$ 13,916
Impairment loss reversed	(2,419)	(957)
Less: Amounts written off	(217)	(20)
Foreign exchange gains and losses	(80)	85
Balance at December 31	$ 10,308	$ 13,024

11. INVENTORIES

	December 31	
	2023	2022
Raw materials	$ 113,450	$ 125,513
Work in progress	424,118	619,113
Semi-finished goods	291,664	423,492
Finished goods	120,130	209,392
Inventory in transit	6,680	3,268
	$ 956,042	$ 1,380,778

The following table details the cost of inventories recognized as cost of goods sold:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	$ 1,693,399	$ 4,040,900
Unallocated production overhead	142,396	37,867
Inventory write-downs	5,830	850
	$ 1,841,625	$ 4,079,617

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Proportion of Ownership (%) December 31 2023	2022
The Company	Lee Chi International Holding Limited (B.V.I.) (“Lee Chi International”)	100	100
	Chief Venture Capital Corp. (“Chief Venture”)	55	55
	THE Cycle Group, Inc. (“CGI”)	100	100
Lee Chi International	Ever Glory Machinery (K.S.) Co., Ltd. (“Ever Glory”)	100	100

The Company increased its share capital on CGI by $30,570 thousand (USD 1,000 thousand) in April 2023.

Refer to Tables 7 and 8 for information on the nature of business for each subsidiary.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%) December 31 2023	2022
Chief Venture	45	45

Summarized financial information with respect to Chief Venture that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	December 31 2023	2022
Current assets	$ 249,888	$ 187,785
Non-current assets	42,358	71,639
Current liabilities	(21,663)	(15,262)
Equity	$ 270,583	$ 244,162
Equity attributable to:		
Owners of Chief Venture	$ 148,821	$ 134,289
Non-controlling interests of Chief Venture	121,762	109,873
	$ 270,583	$ 244,162

	For the Year Ended December 31	
	2023	2022
Net income (loss) for the year	$ 18,651	$ (30,017)
Other comprehensive income for the year	7,770	(12,103)
Total comprehensive income for the year	$ 26,421	$ (42,120)
Net income (loss) attributable to:		
Owners of Chief Venture	$ 10,258	$ (16,509)
Non-controlling interests of Chief Venture	8,393	(13,508)
	$ 18,651	$ (30,017)
Total comprehensive income (loss) attributable to:		
Owners of Chief Venture	$ 14,532	$ (23,166)
Non-controlling interests of Chief Venture	11,889	(18,954)
	$ 26,421	$ (42,120)
Cash inflow (outflow) from:		
Operating activities	$ 783	$ (16,438)
Investing activities	34,010	(11,076)
Financing activities	-	(40,000)
Net cash inflow (outflow)	$ 34,793	$ (67,514)
Dividends paid to non-controlling interests Chief Venture	$ -	$ 18,000

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Property in Construction	Total
Cost								
Balance at January 1,2023	$ 258,793	$ 15,277	$ 952,546	$ 967,065	$ 27,278	$ 171,080	$ 14,341	$ 2,406,380
Additions	-	336	265	14,829	348	13,990	17,541	47,309
Disposals	-	-	(2,804)	(86,222)	(885)	(17,366)	-	(107,277)
Reclassification	-	-	-	10,636	-	3,198	(25)	13,809
Effects of foreign currency exchange differences	-	-	(9,424)	(6,852)	(96)	(1,353)	-	(17,725)
Balance at December 31, 2023	$ 258,793	$ 15,613	$ 940,583	$ 899,456	$ 26,645	$ 169,549	$ 31,857	$ 2,342,496
Accumulated depreciation								
Balance at January 1,2023	$ -	$ 6,358	$ 490,279	$ 606,181	$ 11,554	$ 94,474	$ -	$ 1,208,846
Disposals	-	-	(2,804)	(85,020)	(885)	(17,357)	-	(106,066)
Depreciation expense	-	1,335	42,764	81,995	4,121	26,492	-	156,707
Effects of foreign currency exchange differences	-	-	(5,473)	(5,888)	(74)	(1,007)	-	(12,442)
Balance at December 31, 2023	$ -	$ 7,693	$ 524,766	$ 597,268	$ 14,716	$ 102,602	$ -	$ 1,247,045
Carrying amount at December 31, 2023	$ 258,793	$ 7,920	$ 415,817	$ 302,188	$ 11,929	$ 66,947	$ 31,857	$ 1,095,451

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Property in Construction	Total
Cost								
Balance at January 1,2022	$ 216,900	$ 15,277	$ 931,685	$ 913,293	$ 21,884	$ 158,049	$ 9,246	$ 2,266,334
Additions	-	-	570	48,897	5,088	19,548	7,117	81,220
Disposals	-	-	(1,589)	(42,634)	(1,345)	(15,694)	-	(61,262)
Reclassification	41,893	-	14,594	39,830	1,587	7,794	(2,022)	103,676
Effects of foreign currency exchange differences	-	-	7,286	7,679	64	1,383	-	16,412
Balance at December 31, 2022	$ 258,793	$ 15,277	$ 952,546	$ 967,065	$ 27,278	$ 171,080	$ 14,341	$ 2,406,380
Accumulated depreciation								
Balance at January 1,2022	$ -	$ 5,120	$ 444,029	$ 549,394	$ 8,786	$ 83,318	$ -	$ 1,090,647
Disposals	-	-	(1,589)	(41,888)	(1,345)	(15,694)	-	(60,516)
Depreciation expense	-	1,238	44,336	92,712	4,068	25,759	-	168,113
Effect of foreign currency exchange differences	-	-	3,503	5,963	45	1,091	-	10,602
Balance at December 31, 2022	$ -	$ 6,358	$ 490,279	$ 606,181	$ 11,554	$ 94,474	$ -	$ 1,208,846
Carrying amount at December 31, 2022	$ 258,793	$ 8,919	$ 462,267	$ 360,884	$ 15,724	$ 76,606	$ 14,341	$ 1,197,534

For the demand of future business expansion, the Company purchased agricultural land of Kuaiguan, Changhua City. Due to restrictions of law, the Company was not able to register under the name of Lee Chi Enterprises Company Ltd. Therefore, the land is registered under the name of the chairman of the Company, Lin, Yu-Hsin, or the president, Lin, Yi-Hsien. The land was mortgaged to the Company in full amount.

In addition, the land in Shipai Section, Changhua City is registered under the name of the chairman of the Company, Lin, Yu-Hsin due to law restrictions. The Company has signed an agreement with him that he is not allowed to transfer or set other rights without the Company’s consent. As of December 31, 2023 and 2022, the carrying amount of land registered under the name of other individuals were $145,689 thousand.

No impairment loss was recognized or reversed for the years ended December 31, 2023 and 2022.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets:

Land improvements	5-20 years
Buildings	
Main buildings	16-36 years
Others	2-20 years
Machinery and equipment	1-10 years
Transportation equipment	3-6 years
Other equipment	1-16 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land	$ 35,470	$ 37,528
Buildings	7,401	10,375
	$ 42,871	$ 47,903

	For the Year Ended December 31	
	2023	2022
Depreciation charge for right-of-use assets		
Land	$ 1,399	$ 1,407
Buildings	2,964	2,964
	$ 4,363	$ 4,371

Except for recognition for depreciation expenses, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 3,093	$ 2,904
Non-current	$ 4,673	$ 7,766

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	2.82%	2.82%

c. Material leasing activities and terms

Ever Glory has land use rights for assets which are located at south side of Honghu Road and east side of Xinxing Road, Kunshan Development Area, Jiangsu Province, mainland China. The rights were acquired in August 2009, and the period of the land use rights is 38 years. The acquired lots are used for building factories, office buildings and staff dormitory. The Company also leases buildings for the use of plants with lease term of 5 years.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 63	$ 63
Expenses relating to low-value asset leases	$ 840	$ 688
Total cash outflow for leases	$ (4,061)	$ (3,886)

The Group’s leases of certain office qualify as short-term leases and leases of certain office equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

15. OTHER INTANGIBLE ASSETS

	Patents	Computer Software	Others	Total
Cost				
Balance at January 1, 2023	$ 41,273	$ 17,361	$ 1,582	$ 60,216
Additions	-	1,230	-	1,230
Reclassification	-	474	-	474
Effect of foreign currency exchange differences	-	1	1	2
Balance at December 31, 2023	$ 41,273	$ 19,066	$ 1,583	$ 61,922
Accumulated amortization				
Balance at January 1, 2023	$ 14,102	$ 12,308	$ 633	$ 27,043
Amortization expenses	2,063	2,127	107	4,297
Effect of foreign currency exchange differences	-	(1)	(1)	(2)
Balance at December 31, 2023	$ 16,165	$ 14,434	$ 739	$ 31,338
Carrying amount at December 31, 2023	$ 25,108	$ 4,632	$ 844	$ 30,584
Cost				
Balance at January 1, 2022	$ 41,273	$ 15,632	$ 1,426	$ 58,331
Additions	-	1,311	-	1,311
Effect of foreign currency exchange differences	-	418	156	574
Balance at December 31, 2022	$ 41,273	$ 17,361	$ 1,582	$ 60,216

(Continued)

	Patents		Computer Software		Others		Total	
Accumulated amortization								
Balance at January 1, 2022	$	12,038	$	9,580	$	476	$	22,094
Amortization expenses		2,064		2,330		102		4,496
Effects of Foreign Currency Exchange Differences		-		398		55		453
Balance at December 31, 2022	$	14,102	$	12,308	$	633	$	27,043
Carrying amount at December 31,2022	$	27,171	$	5,053	$	949	$	33,173

(Concluded)

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Patents	20 years
Computer software	2-10 years
Others	15 years

	For the Year Ended December 31			
	2023		2022	
An analysis of amortization by function				
Operating costs	$	387	$	461
Selling and marketing expenses		30		32
General and administrative expenses		1,172		1,226
Research and development expenses		2,708		2,777
	$	4,297	$	4,496

16. OTHER LIABILITIES

	December 31			
	2023		2022	
Other payables				
Payables for salaries	$	54,167	$	78,179
Payables for purchases of equipment		10,868		14,098
Payables for commission		6,814		8,066
Payables for remuneration of directors		580		3,319
Payables for compensation of employees		19		25,073
Payables for indemnifications		-		35,226
Others		86,203		103,151
	$	158,651	$	267,112

	December 31	
	2023	2022
Other current liabilities		
Provisions	$ 1,775	2,291
Others	11,071	11,400
	$ 12,846	$ 13,691

The provisions for warranty claims represent the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties. The estimate had been made on the basis of historical warranty trends.

	December 31	
	2023	2022
Deferred revenue		
Current	$ 20,436	$ 20,814
Non-current	143,618	167,085
	$ 164,054	$ 187,899

The movements of deferred revenue were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 187,899	$ 205,814
Additions	122	-
Reclassified as other revenue	(20,885)	(20,998)
Foreign exchange gains and losses	(3,082)	3,083
Balance at December 31	$ 164,054	$ 187,899

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of Ever Glory participate in the social insurance plan, which is managed and coordinated by Chinese government. The defined contribution plans provide the government with endowment insurance expenses to manage the social insurance plan.

Chief Venture and Lee Chi International are investments or holding companies; therefore, these companies are not required to establish a retirement policy.

CGI has not established a retirement plan.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 3% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets with respect to the Group's defined benefit plan were as follows:

	December 31	
	2023	**2022**
Present value of defined benefit obligation	$ 143,209	$ 145,822
Fair value of plan assets	(159,584)	(156,706)
Net defined benefit assets	$ (16,375)	$ (10,884)

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2023	$ 145,822	$ (156,706)	$ (10,884)
Service cost			
Current service cost	422	-	422
Net interest expense (income)	1,822	(2,010)	(188)
Recognized in profit or loss	2,244	(2,010)	234
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,286)	(1,286)
Actuarial loss			
- Experience adjustments	2,612	-	2,612
Recognized in other comprehensive income	2,612	(1,286)	1,326
Contributions from the employer	-	(7,051)	(7,051)
Benefits paid	(7,469)	7,469	-
Balance at December 31, 2023	$ 143,209	$ (159,584)	$ (16,375)
Balance at January 1, 2022	$ 173,356	$ (136,994)	$ 36,362
Service cost			
Current service cost	664	-	664
Net interest expense (income)	1,084	(893)	191
Recognized in profit or loss	1,748	(893)	855

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (10,627)	$ (10,627)
Actuarial gain			
- Changes in financial assumptions	(7,787)	-	(7,787)
- Experience adjustments	(18,969)	-	(18,969)
Recognized in other comprehensive income	(26,756)	(10,627)	(37,383)
Contributions from the employer	-	(10,718)	(10,718)
Benefits paid	(2,526)	2,526	-
Balance at December 31, 2022	$ 145,822	$ (156,706)	$ (10,884)

(Concluded)

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

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

2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

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

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

	December 31	
	2023	2022
Discount rate	1.25%	1.25%
Expected rate of salary increase	2.00%	2.00%

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

	December 31	
	2023	**2022**
Discount rate		
0.25% increase	$ (2,736)	$ (2,946)
0.25% decrease	$ 2,821	$ 3,040
Expected rate of salary increase		
0.25% increase	$ 2,751	$ 2,965
0.25% decrease	$ (2,682)	$ (2,887)

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

	December 31	
	2023	**2022**
Expected contributions to the plans for the next year	$ 6,945	$ 8,219
Average duration of the defined benefit obligation	7.8 years	8.2 years

18. EQUITY

a. Ordinary shares

	December 31	
	2023	**2022**
Shares authorized (in thousands of shares)	236,824	236,824
Shares authorized (in thousands of dollars)	$ 2,368,240	$ 2,368,240
Shares issued and fully paid (in thousands of shares)	225,685	225,685
Shares issued and fully paid (in thousands of dollars)	$ 2,256,850	$ 2,256,850

b. Capital surplus

	December 31	
	2023	**2022**
Issuance of ordinary shares	$ 37,245	$ 37,245
The difference between consideration received or paid and the carrying amount of subsidiaries' net assets during actual acquisition	26,225	26,225
Treasury share transactions	3,202	3,202
Donations	412	412
	$ 67,084	$ 67,084

The capital surplus from shares issued in excess of par, the difference between consideration received or paid and the carrying amount of subsidiaries' net assets during actual acquisition, treasury share transactions and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, except when the accumulated amount of such legal reserve equals to the Company's total issued capital, and setting aside or reversing a special reserve in accordance with the laws and regulations. Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

The Company's dividends policy is in accordance with current and future plans of development, taking into account of investment environment, demand of capital, domestic and international market competition and interest of shareholders. The appropriation of earnings is based on the Company's dividends policy. Shareholders' dividends can be distributed in the form of cash or shares and the cash dividends distributed shall not be less than 10% of the total dividends distributed. However, if cash dividends to be distributed is less than $0.5 per share, such cash dividends shall be distributed in the form of ordinary shares. The form and percentage of dividends distributed depend on actual earnings and situation of capital of current year and would be adjusted based on the resolution of shareholders' meeting.

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

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and, thereafter, distributed.

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

	For the Year Ended December 31	
	2022	**2021**
Legal reserve	$ 60,053	$ 44,898
Recognition (reversal) of special reserve	$ 21,605	$ (24,230)
Cash dividends	$ 200,971	$ 178,640
Cash dividends per share (NTD)	0.90	0.80

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

	For the Year Ended December 31, 2023
Special reserve reversed	$ (4,674)
Cash dividends	$ 44,660
Cash dividends per share (NTD)	0.20

The appropriation of earnings for 2023 is subject to resolution in the shareholders' meeting to be held in June 2024.

d. Treasury shares

Purpose of Buy-back	Number of Shares, Beginning of the Year (In Thousands)	Shares Cancelled (In Thousands)	Number of Shares, End of the Year (In Thousands)
For the Year Ended December 31, 2023			
Shares transferred to employees	2,385	-	2,385
For the Year Ended December 31, 2022			
Shares transferred to employees	4,525	(2,140)	2,385

On January 8, 2022, the Company's board of directors resolved to cancel 2,140 thousand treasury shares overdue for 3 years that had not been transferred to employees with the base date of January 8, 2023.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

19. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	$ 1,892,415	$ 5,084,564

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Contract balances			
Notes receivable and trade receivables	$ 405,501	$ 1,013,972	$ 1,400,417
Contract liabilities			
Sale of goods	$ 8,581	$ 16,550	$ 31,762

The changes in the contract balances primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment. Revenue that was recognized from the contract liability balance at the beginning of the year was $9,538 thousand and $28,882 thousand for the years ended December 31, 2023 and 2022, respectively.

b. Disaggregation of revenue

Details of disaggregation of revenue were disclosed in Note 31.

20. NET PROFIT FROM CONTINUING OPERATIONS

a. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
For the Year Ended December 31, 2023			
Employee benefits			
Salaries and wages	$ 289,267	$ 114,941	$ 404,208
Post-employment benefits			
Defined contribution plans	30,917	6,153	37,070
Defined benefit plans	176	58	234
Other employee benefits	71,008	25,542	96,550
Depreciation expenses	129,248	31,822	161,070
Amortization expenses	387	3,910	4,297
For the Year Ended December 31, 2022			
Employee benefits			
Salaries and wages	471,242	142,318	613,560
Post-employment benefits			
Defined contribution plans	38,878	6,769	45,647
Defined benefit plans	704	151	855
Other employee benefits	92,358	31,065	123,423
Depreciation expenses	139,816	32,668	172,484
Amortization expenses	461	4,035	4,496

b. Compensation of employees and remuneration of directors

The Company accrues compensation of employees and remuneration of directors at rates of no less than 2% to 10% and no higher than 10%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors were not accrued because of the pre-tax net loss of the years ended December 31, 2023. The compensation of employees and remuneration of directors for the years ended December 31, 2022, which have been approved by the Company's board of directors in March 2023, were as follows:

	For the Year Ended December 31, 2022	
	Accrual Rate	**Amount**
Cash		
Compensation of employees	3.40%	$ 25,073
Remuneration of directors	0.45%	3,319

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

c. Interest income

	For the Year Ended December 31	
	2023	**2022**
Bank deposits	$ 29,179	$ 6,592
Financial assets at amortized cost	1,894	1,522
	$ 31,073	$ 8,114

d. Other income

	For the Year Ended December 31	
	2023	**2022**
Government grants	$ 20,885	$ 20,998
Sale of samples	7,198	3,738
Scrap income	2,984	6,395
Others	21,712	30,539
	$ 52,779	$ 61,670

e. Other expenses

	For the Year Ended December 31	
	2023	**2022**
Losses on indemnifications	$ -	$ 35,226
Others	632	561
	$ 632	$ 35,787

f. Gain or loss on foreign exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	$ 105,976	$ 204,513
Foreign exchange losses	(86,090)	(90,666)
Net gains	$ 19,886	$ 113,847

21. INCOME TAXES

a. Major components of income tax expense (benefit) recognized in profit are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 2,133	$ 124,935
Income tax on unappropriated earnings	9,260	8,919
Adjustments for prior years	14,153	(546)
	25,546	133,308
Deferred tax		
In respect of the current year	(40,016)	9,693
Adjustments for prior years	-	1,649
	(40,016)	11,342
Income tax expense (benefit) recognized in profit or loss	$ (14,470)	$ 144,650

A reconciliation of accounting profit and income tax expense (benefit) is as follows:

	For the Year Ended December 31	
	2023	2022
Income tax expense (benefit) calculated at the statutory rate	$ (34,562)	$ 145,342
Nondeductible expenses in determining taxable income		
Tax-exempt income	2,958	16,957
Unrecognized deductible temporary differences and loss carryforwards	39,395	(8,137)
Usage of investment credit	-	(10,163)
Deferred tax effect of earnings of subsidiaries	(33,828)	-
Additional income tax under the Alternative Minimum Tax Act	72	-
Income tax on unappropriated earnings	9,260	8,919
Adjustments for prior years' tax	14,153	1,103
Income tax expense (benefit) recognized in profit or loss	$ (14,470)	$ 144,650

b. The movements of deferred tax assets and liabilities were as follows:

	For the Year Ended December 31, 2023			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Investment accounted for using the equity method	$ 24,479	$ 2,153	$ -	$ 26,632
Allowance for inventory devaluation	8,184	(2,246)	-	5,938
Others	4,006	1,894	-	5,900
	36,669	1,801	-	38,470
Loss carryforwards	-	3,309	-	3,309
	$ 36,669	$ 5,110	$ -	$ 41,779
Deferred tax liabilities				
Temporary differences				
Investment accounted for using the equity method	$ 118,447	$ (35,230)	$ -	$ 83,217
Defined benefit obligation	2,177	1,363	(265)	3,275
Land revaluation increment tax	9,875	-	-	9,875
Others	1,039	(1,039)	-	-
	$ 131,538	$ (34,906)	$ (265)	$ 96,367

	For the Year Ended December 31, 2022			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Investment accounted for using the equity method	$ 31,076	$ (6,597)	$ -	$ 24,479
Defined benefit obligations	7,272	(7,272)	-	-
Allowance for inventory devaluation	6,441	1,743	-	8,184
Others	9,584	(5,578)	-	4,006
	$ 54,373	$ (17,704)	$ -	$ 36,669
Deferred tax liabilities				
Temporary differences				
Investment accounted for using the equity method	$ 120,465	$ (2,018)	$ -	$ 118,447
Defined benefit obligations	-	(5,300)	7,477	2,177
Land revaluation increment tax	9,875	-	-	9,875
Others	83	956	-	1,039
	$ 130,423	$ (6,362)	$ 7,477	$ 131,538

c. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2023	2022
Loss carryforwards		
Expiry in 2024	$ 36,827	$ 37,827
Expiry in 2028	180,264	-
Expiry in 2031	7,006	7,006
Expiry in 2033	5,652	-
	$ 229,749	$ 44,833

d. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised of:

Unused Amount	Expiry Year
$ 36,827	2024
180,264	2028
7,006	2031
22,197	2033
$ 246,294	

e. Income tax assessments

Income tax returns through 2021 of the Company and Chief Venture have been assessed by the tax authorities.

22. EARNINGS (LOSS) PER SHARE

	Net profit (Loss)	Number of Shares Denominator (In Thousands)	Earnings (Loss) Per Share (NTD)
For the year ended December 31, 2023			
Basic and Diluted loss per share			
Net loss available to ordinary shareholders of the parent	$ (166,734)	223,300	$ (0.75)
For the year ended December 31, 2022			
Basic EPS			
Net income available to ordinary shareholders of the parent	$ 568,713	223,300	$ 2.55
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	1,444	
Diluted EPS			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	$ 568,713	224,744	$ 2.53

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. Because of the net loss after tax in 2023, they are anti-dilutive and excluded from the computation of diluted earnings per share if employee compensation is added potential common stock impact.

23. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

			Non-cash Changes	
	Opening Balance	Cash Flows	Leases Modification	Closing Balance
For the year ended December 31, 2023				
Lease liabilities	$ 10,670	$ (2,894)	$ (10)	$ 7,766
For the year ended December 31, 2022				
Lease liabilities	$ 13,462	$ (2,792)	$ -	$ 10,670

24. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

Key management personnel of the Group review the capital structure regularly. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

25. FINANCIAL INSTRUMENTS

a. Fair value information

1. Fair value of financial instruments measured at fair value on recurring basis

a) Fair value hierarchy

The following analysis details measurement of financial instruments since initial recognition. The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs, are observable.

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Financial assets at FVTPL				
Domestic listed shares	$ 104,446	$ -	$ -	$ 104,446
Mutual funds	109,475	-	-	109,475
Domestic unlisted shares	-	-	30,874	30,874
Overseas unlisted shares	-	-	4,593	4,593
	$ 213,921	$ -	$ 35,467	$ 249,388
Financial assets at FVTOCI				
Domestic listed shares	$ 103,113	$ -	$ -	$ 103,113
Overseas limited partnership	-	-	38,250	38,250
Domestic unlisted shares	-	-	6,890	6,890
	$ 103,113	$ -	$ 45,140	$ 148,253
December 31, 2022				
Financial assets at FVTPL				
Domestic listed shares	$ 108,373	$ -	$ -	$ 108,373
Mutual funds	98,469	-	-	98,469
Domestic unlisted shares	-	-	39,157	39,157
	$ 206,842	$ -	$ 39,157	$ 245,999
Financial assets at FVTOCI				
Domestic listed shares	$ 58,678	$ -	$ -	$ 58,678
Overseas limited partnership	-	-	36,860	36,860
Domestic unlisted shares	-	-	32,483	32,483
	$ 58,678	$ -	$ 69,343	$ 128,021

There were no transfers between Level 1 and Level 2 in 2023 and 2022.

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

	Equity Instruments		
	Financial Assets at FVTPL	**Financial Assets at FVTOCI**	**Total**
For the Year Ended December 31, 2023			
Balance at January 1, 2023	$ 39,157	$ 69,343	$ 108,500
Recognized in profit or loss	(2,952)	-	(2,952)
Recognized in other comprehensive income	-	9,399	9,399
Reclassification	(5,371)	(17,734)	(23,105)
Purchases	4,634	-	4,634
Sales	(1)	(11,614)	(11,615)
Capital reduction	-	(3,552)	(3,552)
Effects on exchange rate changes	-	(702)	(702)
Balance at December 31, 2023	$ 35,467	$ 45,140	$ 80,607
For the Year Ended December 31, 2022			
Balance at January 1, 2022	$ 75,093	$ 81,401	$ 156,494
Recognized in profit or loss	(6,425)	-	(6,425)
Recognized in other comprehensive income	-	(11,522)	(11,522)
Reclassification	(36,392)	-	(36,392)
Purchases	6,881	465	7,346
Capital reduction	-	(1,558)	(1,558)
Effects on exchange rate changes	-	557	557
Balance at December 31, 2022	$ 39,157	$ 69,343	$ 108,500

c) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of equity investments were determined by using market approach and asset-based approach. The significant unobservable inputs were the discount rate for lack of marketability. If the discount rate for lack of marketability to the valuation model increased to reflect reasonably possible alternative assumptions while all other variables held constant, the fair value of the abovementioned investments would have decreased.

2. Fair value of financial instruments not measured at fair value

The future value of cash and cash equivalents, financial assets at amortized cost, notes receivable, notes payable, trade receivables and payables, other receivables and payables, and refundable deposits are close to their carrying amounts. The fair values have been estimated based on the carrying amounts on the balance sheet date.

b. Categories of financial instruments

	December 31	
	2023	**2022**
<u>Financial assets</u>		
Financial assets at amortized cost (1)	$ 1,819,378	$ 2,241,008
Financial assets at FVTPL	249,388	245,999
Financial assets at FVTOCI	148,253	128,021
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	344,410	658,984

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, financial assets at amortized cost and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise notes payable, trade payables, other payables and guarantee deposits received.

c. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, debt and equity investments, mutual funds, trade receivables, trade payables and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency denominated sales and purchases, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation), and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 29.

<u>Sensitivity analysis</u>

The Group is mainly exposed to the USD, EUR and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. A positive number below indicates an increase (decrease) in pre-tax profit (loss) with the functional currency weakening 1% against the relevant currency. For a 1% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit (loss) and the balances below would be negative.

	For the Year Ended December 31	
Functional Currency	**2023**	**2022**
USD	$ 8,972	$ 12,487
EUR	3,211	2,239
RMB	138	141

The results were mainly attributable to the exposures on outstanding cash and cash equivalents, financial assets at FVTPL, receivables and payables denominated in USD, EUR and RMB without applying cash flow hedges at the end of the year. The Group's sensitivity to foreign currency decreased during the current year mainly due to decreased trade receivables denominated in USD.

b) Interest rate risk

The Group is exposed to interest rate risk because of deposits at both fixed and floating interest rates, cash equivalents, financial assets at FVTPL, financial assets at amortized cost and lease liabilities.

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

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 1,142,036	$ 765,334
Financial liabilities	7,766	10,670
Cash flow interest rate risk		
Financial assets	250,967	451,187

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. A 0.25% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% higher and all other variables were held constant, the Group's pre-tax profit, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits, for the years ended December 31, 2023 and 2022 would have increased by $627 thousand and $1,128 thousand, respectively. The Group's sensitivity to interest rates decreased during the current year mainly due to the decrease in variable-rate bank deposits.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities and mutual funds. If equity or mutual funds prices had been 1% higher/lower, pre-tax profit (loss) for the years ended December 31, 2023 and 2022 would have increased/decreased by $2,494 thousand and $2,460 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by $1,483 thousand and $1,280 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and its own historical trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

The Group transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants. The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized bank loans facilities of $400,000 thousand.

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

Non-derivative Financial Liabilities	**On Demand or Less than 3 Month**	**3 Months to 1 Year**	**1-5 Years**
December 31, 2023			
Non-interest bearing	$ 344,238	$ -	$ 172
Lease liabilities	796	2,403	4,854
	$ 345,034	$ 2,403	$ 5,026

Non-derivative Financial Liabilities	On Demand or Less than 3 Month	3 Months to 1 Year	1-5 Years
December 31, 2022			
Non-interest bearing	$ 658,852	$ -	$ 132
Lease liabilities	789	2,379	8,053
	$ 659,641	$ 2,379	$ 8,185

26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as below.

Remuneration of key management personnel

The remuneration of directors and other key management personnel was as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 9,296	$ 12,436
Post-employment benefits	133	131
	$ 9,429	$ 12,567

The remuneration of directors and key management personnel, as determined by the remuneration committee, is based on the performance of individuals and market trends.

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been provided as security for the use of vapour performance bonds and banker's acceptances:

	December 31	
	2023	2022
Financial assets at amortized cost - current	$ 7,792	$ -
Financial assets at amortized cost - non-current	6,015	6,082
	$ 13,807	$ 6,082

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unrecognized commitments of the Group as of December 31, 2023 and 2022 were as follows:

	December 31	
	2023	2022
Acquisition of property, plant and equipment	$ 40,916	$ 18,491

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	December 31, 2023		
	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 29,235	30.71 (USD:NTD)	$ 897,807
USD	2,466	7.094 (USD:RMB)	75,731
EUR	9,627	34.01 (EUR:NTD)	327,414
RMB	3,182	4.329 (RMB:NTD)	13,775
Financial liabilities			
Monetary items			
USD	1,859	30.71 (USD:NTD)	57,090
USD	628	7.094 (USD:RMB)	19,286
EUR	187	34.01 (EUR:NTD)	6,360

	December 31, 2022		
	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 41,926	30.70 (USD:NTD)	$ 1,287,128
USD	10,599	6.963 (USD:RMB)	325,389
EUR	7,309	32.74 (EUR:NTD)	239,297
RMB	3,200	4.409 (RMB:NTD)	14,109
Financial liabilities			
Monetary items			
USD	10,100	30.70 (USD:NTD)	310,070
USD	1,751	6.963 (USD:RMB)	53,756
EUR	471	32.74 (EUR:NTD)	15,421

The realized and unrealized net foreign exchange gains were $19,886 thousand and $113,847 thousand for the years ended December 31, 2023 and 2022, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the various functional currencies of the foreign currency transactions and group entities.

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investments in subsidiaries and associates): Table 2

4) Marketable securities acquired and disposed of at costs or prices at least NTD 300 million or 20% of the paid-in capital: Table 3

5) Acquisitions of individual real estate at costs of at least NTD 300 million or 20% of the paid-in capital: None

6) Disposals of individual real estate at prices of at least NTD 300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NTD 100 million or 20% of the paid-in capital: Table 4

8) Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital: Table 5

9) Trading in derivative instruments: None

10) Intercompany relationships and significant intercompany transactions: Table 6

b. Information on investees: Table 7

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 8

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: Table 6

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 6

c) The amount of property transactions and the amount of the resultant gains or losses: None

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services: None

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

31. SEGMENT INFORMATION

Information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance focuses on location of operations. The Group focuses on the manufacture and sale of bike components. The manner of manufacturing and marketing strategy are the same; however, the Group manages its business by location due to regional difference from culture, economy environment and so on. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

1. Domestic operations - products manufactured and sold in Taiwan.

2. Operations in Asia - products manufactured and sold in China.

3. Operations in Americas- products of high-class bike designed, developed and sold in America.

4. Others - investment in domestic and international business, venture capital business.

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	For the Year Ended December 31			
	Segment Revenue		Segment Profit	
	2023	2022	2023	2022
Domestic operations	$ 1,353,556	$ 3,763,309	$ (79,538)	$ 635,517
Operations in Asia	444,987	1,192,277	(200,391)	(22,503)
Operations in America	93,872	128,978	(18,513)	(12,526)
Others	-	-	14,188	(48,640)
Total from continuing operations	$ 1,892,415	$ 5,084,564	(284,254)	551,848
Interest income			31,073	8,114
Dividend income			5,806	11,824
Gain (loss) on fair value changes of financial assets and liabilities at FVTPL			2,795	(11,318)
Finance costs			(264)	(343)
Foreign exchange gain (loss), net			19,886	113,847
Other revenue and gain			52,779	61,670
Other expenses and loss			(632)	(35,787)
Profit (loss) before tax			$ (172,811)	$ 699,855

Segment profit represented the profit before tax earned by each segment without interest income, dividend income, foreign exchange gain or loss, gain or loss on fair value changes of financial assets at FVTPL, finance costs and income tax expense. This was the measure reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance.

b. Total segment assets and liabilities

	December 31	
	2023	2022
Segment assets		
Continuing operations		
Domestic operations	$ 2,778,923	$ 3,598,695
Asia operations	1,281,990	1,417,464
America operations	117,431	113,966
Others	292,246	259,424
	4,470,590	5,389,549
Unallocated assets	41,779	36,669
Consolidated total assets	$ 4,512,369	$ 5,426,218
Segment liabilities		
Continuing operations		
Domestic operations	$ 224,773	$ 615,746
Asia operations	342,831	481,855
America operations	10,751	15,296
Others	21,664	15,262
	600,019	1,128,159
Unallocated liabilities	96,367	131,538
Consolidated total liabilities	$ 696,386	$ 1,259,697

All assets and liabilities were allocated to reportable departments other than deferred tax assets and deferred tax liabilities.

c. Revenue from major products

	For the Year Ended December 31	
	2023	2022
Stem	$ 357,624	$ 954,453
Seat post	293,669	882,864
Braking system	291,752	1,065,091
Hub	98,792	286,080
Others	850,578	1,896,076
	$ 1,892,415	$ 5,084,564

d. Information about major customers

Single customers contributing 10% or more to the Group’s revenue were as follows:

	For the Year Ended December 31			
	2023		2022	
	Amount	**%**	**Amount**	**%**
Customer A	$ 323,410	17	$ 805,838	16
Customer B	221,386	12	428,129	8

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars or Foreign Currencies)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Year	Ending Balance (Note 3)	Actual Borrowing Amount (Note 4)	Range of Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
0	The Company	Ever Glory	Other receivables	Yes	$ 7,130 (USD 220)	$ 6,756 (USD 220)	$ -	-	Short-term financing	$ -	Operating capital	$ -	-	$ -	$ 738,844	$ 1,477,688
		CGI	Other receivables	Yes	330,800 (USD 9,524) (NTD 22,143)	313,775 (USD 9,496) (NTD 22,143)	301,491 (USD 9,096) (NTD 22,143)	-	Short-term financing	-	Operating capital	-	-	-	738,844	1,477,688
1	Lee Chi International	Ever Glory	Receivables from related parties	Yes	7,130 (USD 220)	6,756 (USD 220)	6,268 (USD 204)	-	Short-term financing	-	Operating capital	-	-	-	360,843 (USD 11,750)	360,843 (USD 11,750)

Note 1: The financing amount of the Company should not exceed 20% of the Company's shareholders' equity; that of subsidiaries should not exceed 50% of the subsidiaries' shareholders' equity.

Note 2: The financing amount of the Company should not exceed 40% of the Company's shareholders' equity; that of subsidiaries should not exceed 50% of the subsidiaries' shareholders' equity.

Note 3: The ending balance amount has been approved by the board of directors.

Note 4: Significant intercompany accounts and transactions have been eliminated.

TABLE 2

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	Ordinary shares						
	CTBC Financial Holding Co., Ltd	-	Financial assets at FVTOCI - current	2,143,455	$ 60,767	-	$ 60,767
	CHINA STEEL CORPORATION	-	Financial assets at FVTOCI - current	106,000	2,862	-	2,862
	YIEH PHUI ENTERPRISE CO., LTD.	-	Financial assets at FVTOCI - current	27,983	499	-	499
	YEM CHIO CO., LTD.	-	Financial assets at FVTOCI - current	20,615	365	-	365
	YANG MING MARINE TRANSPORT CORPORATION	-	Financial assets at FVTOCI - current	442	23	-	23
	Mutual funds						
	SinoPac TWD Money Market Fund	-	Financial assets at FVTPL - current	3,477,714	49,735	-	49,735
	Allianz Global Investors Taiwan Money Market Fund	-	Financial assets at FVTPL - current	963,575	12,419	-	12,419
	Fidelity Funds - Global Dividend Fund	-	Financial assets at FVTPL - current	13,427	11,960	-	11,960
	Eastspring Investments-US High Investment Grade Bond Fund	-	Financial assets at FVTPL - current	16,815	7,401	-	7,401
	JPM China Income Fund CNH Acc	-	Financial assets at FVTPL - current	115,465	7,095	-	7,095
	FUH HWA CSI 300 A SHARES EXCHANGE TRADED FUND	-	Financial assets at FVTPL - current	120,000	2,545	-	2,545
	Allianz Global Investors Taiwan Technology Fund	-	Financial assets at FVTPL - current	12,116	2,095	-	2,095
	Fuh Hwa Money Market Fund	-	Financial assets at FVTPL - current	140,810	2,082	-	2,082
	PineBridge Technology Multi-Asset Fund	-	Financial assets at FVTPL - current	200,000	2,016	-	2,016
	PineBridge ESG Quantitative Global Equity Fund	-	Financial assets at FVTPL - current	45,000	2,005	-	2,005
	Cathay High Dividend Taiwan Equity Fund	-	Financial assets at FVTPL - current	81,047	1,976	-	1,976
	Nomura Global Dyn Multi	-	Financial assets at FVTPL - current	29,963	1,888	-	1,888
	Cathay China Domestic Demand Growth Fund USD	-	Financial assets at FVTPL - current	109,870	1,713	-	1,713
	PineBridge China A-Shares Quantitative Equity Fund	-	Financial assets at FVTPL - current	25,000	1,041	-	1,041
	Cathay China Emerging Industries Fund	-	Financial assets at FVTPL - current	66,708	967	-	967
	Yuanta Great China TMT Fund	-	Financial assets at FVTPL - current	16,116	894	-	894
	Fuh Hwa China New Economy A Shares Eq	-	Financial assets at FVTPL - current	25,126	851	-	851
	Yuanta MSCI China A ETF	-	Financial assets at FVTPL - current	40,000	792	-	792
Ever Glory	Ordinary shares						
	CDIB Yida Private Equity (Kunshan) (Limited Partnership)	-	Financial assets at FVTOCI - non-current	-	38,250	-	38,250

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
Chief Venture	Ordinary shares						
	DEXIN CORP.	-	Financial assets at FVTPL - current	3,453,315	$ 59,569	9	$ 59,569
	POWERCHIP SEMICONDUCTOR MANUFACTURING CORPORATION	-	Financial assets at FVTPL - current	1,050,000	30,922	-	30,922
	G-TECH OPTOELECTRONICS CORPORATION	-	Financial assets at FVTPL - current	411,465	10,019	-	10,019
	VACTRONICS TECHNOLOGIES INC.	-	Financial assets at FVTPL - current	62,469	3,936	-	3,936
	POWERCHIP TECHNOLOGY CORPORATION	-	Financial assets at FVTPL - non-current	1,493,659	30,874	-	30,874
	Perserverance Fund LLC-Series 1	-	Financial assets at FVTPL - non-current	164,833	4,593	12	4,593
	RUBY TECH CORPORATION	-	Financial assets at FVTOCI - current	234,355	15,889	-	15,889
	VACTRONICS TECHNOLOGIES INC.	-	Financial assets at FVTOCI - current	206,281	12,996	-	12,996
	SOLAR APPLIED MATERIALS TECHNOLOGY CORP.	-	Financial assets at FVTOCI - current	250,000	9,712	-	9,712
	TERAWINS, INC.	-	Financial assets at FVTOCI - non-current	688,600	5,880	2	5,880
	SOLIDLITE CORPORATION	-	Financial assets at FVTOCI - non-current	200,000	1,010	1	1,010

(Concluded)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTD 300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
	Mutual funds													
The Company	Fuh Hwa Money Market Fund	FVTPL- current	-	-	3,626,408	$ 53,045	17,804,846	$ 260,980	21,290,444	$ 312,210	$ 311,943	$ 267	140,810	$ 2,082

TABLE 4

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTD 100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Purchaser or Seller	Related Party	Nature of the Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment/Collection Terms	Unit Price	Collection Terms	Ending Balance	% of Total	
The Company	Ever Glory	(Note 1)	Purchases	$ 217,865	43	T/T 150 days after the transaction date	The purchases are primarily by means of trilateral trades. The prices of these purchases were based on specific diversity of products and related market trends. There were no unrelated parties with similar trade.	There were no significant differences between other parties.	$ (59,380)	(37)	
Ever Glory	The Company	(Note 1)	Sales	(217,865)	(33)	T/T 150 days after the transaction date	Selling prices were lower than those of unrelated parties.	There were no significant differences between other parties.	59,380	30	

Note 1: See Note 12.

Note 2: Significant intercompany accounts and transactions have been eliminated.

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTD 100 MILLION OR 20% OF PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of the Relationship	Ending Balance	Turnover Rate (Note 1)	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Action Taken		
The Company	CGI	(Note 2)	$ 304,338 (Note 3)	0.20	$ -	-	$ 681	$ -

Note 1: The calculation of turnover rate did not take other receivables into account.

Note 2: See Note 12.

Note 3: It consists of trade receivables and other receivables.

Note 4: Significant intercompany accounts and transactions have been eliminated.

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statements Accounts	Amount	Payment Terms	Percentage of Consolidated Net Revenue or Total Assets (%)
0	The Company	Lee Chi International	1	Other receivables	$ 294	-	-
		Ever Glory	1	Sales	7,424	T/T 120 days after the transaction date	-
				Purchases	217,865	T/T150 days after the transaction date	12
				Trade receivables	3,980	T/T 120 days after the transaction date	-
				Trade payables	59,380	T/T 150 days after the transaction date	1
				Other receivables	263	-	-
		CGI	1	Sales	2,644	T/T 150 days after the transaction date	1
				Purchases	755	T/T 60 days after the transaction date	-
				Trade receivables	1,716	T/T 150 days after the transaction date	-
				Trade payables	105	T/T 60 days after the transaction date	-
				Other receivables	302,622	-	7
1	Ever Glory	Lee Chi International	2	Other payables	8,999	-	-
				Payables to related parties	6,268	-	-

Note: Relationships with counterparties: (1) parent company to subsidiary; and (2) subsidiary to subsidiary.

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
The Company	Lee Chi International	British Virgin Islands	Operating holding company and international investments	$ 667,823	$ 667,823	23,500,000	100	$ 994,001	$ (176,153)	$ (176,153)	Subsidiary
	Chief Venture	Taipei	Investment	107,886	107,886	11,000,000	55	148,821	18,651	10,258	Subsidiary
	CGI	California, USA	Development, manufacture and sale of high-class bikes and bike components	152,965	122,395	5,000,000	100	(197,552)	(10,766)	(10,766)	Subsidiary

Note : Significant intercompany accounts and transactions have been eliminated.

TABLE 8

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Ever Glory	Manufacture and sale of cars, bikes, bike components and related machine elements.	RMB 83,240 (USD 10,000)	The reinvestment was made through Lee Chi International	$ 472,610 (USD 16,190)	$ -	$ -	$ 472,610 (USD 16,190)	$ (165,186)	100%	$ (165,186)	$ 960,763	$ 300,781

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limited on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
The Company	$ 472,610 (USD 16,190)	$ 733,321 (USD 24,157)	$ 2,289,590

Note 1: Significant intercompany accounts and transactions have been eliminated.

Note 2: The investment gain (loss) recognized by the Group was based on the audited financial statements by the same accounting firm as parent company in Taiwan, as of and for the year ended December 31, 2023.

Note 3: The upper limit on investment was in accordance with the “Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China”.

TABLE 9

LEE CHI ENTERPRISES COMPANY LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023
(In Shares)

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Trust property account of Lee, Ye-Jung at the Taipei Branch of the United Bank of Switzerland	22,274,684	9.86
Le Wong Investment Co., Ltd.	22,047,000	9.76
Lin, Yu-Hsin	13,298,760	5.89

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.