

**Solar Applied Materials Technology Corp.
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 companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Solar Applied Materials Technology Corp.

By

Chii-Feng Huang
Chairman
March 6, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Solar Applied Materials Technology Corp.

Opinion

We have audited the accompanying consolidated financial statements of Solar Applied Materials Technology Corp. (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 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 (ROC).

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 of the Group's consolidated financial statements for the year ended December 31, 2023 is described as follows:

The Authenticity of Sales Revenue from Specific Customers

As revenue from specific customers is material to the consolidated financial statements, and considering that there is a presumed significant risk in revenue recognition, the authenticity of revenue recognition from specific customers and other specific characteristics has a significant impact on the consolidated financial statements. Therefore, the authenticity of revenue recognition from specific customers and other specific characteristics was identified as a key audit matter for the year ended December 31, 2023. For the relevant accounting policies for revenue recognition, refer to Note 4(o).

The main audit procedures performed with respect to the above-mentioned key audit matter are as follows:

1. We obtained an understanding of and tested internal controls related to the revenue cycle and evaluated the effectiveness of the design and implementation.
2. We selected samples from the sales details of the above-mentioned specific customers, and we examined the external sales orders, external shipping documents, invoices and receipts of payments.

Other Matter

We have also audited the parent company only statements of Solar Applied Materials Technology Corp. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion and an unmodified opinion with other matter paragraph, respectively.

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 Chao-Chin Yang and Chi-Chen Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 6, 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.

Solar Applied Materials Technology Corp. and Subsidiaries

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

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,362,456	9	\$ 2,206,839	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	110,125	1	242,041	1
Financial assets at amortized cost - current (Notes 4, 7, 9 and 36)	1,129,734	4	989,874	4
Contract assets - current (Note 26)	-	-	50,640	-
Notes receivable (Notes 4, 10 and 26)	59,332	-	77,883	-
Accounts receivable, net (Notes 4, 10, 26 and 35)	1,793,116	7	1,651,305	6
Other receivables (Notes 4, 10 and 35)	42,166	-	51,498	-
Current tax assets (Notes 4 and 28)	38,542	-	38,517	-
Inventories (Notes 4 and 11)	11,566,686	44	11,434,438	43
Prepayments (Notes 12 and 35)	302,623	1	334,541	1
Total current assets	<u>17,404,780</u>	<u>66</u>	<u>17,077,576</u>	<u>64</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	91,824	1	85,755	1
Financial assets at amortized cost - non-current (Notes 4, 9, and 36)	44,000	-	63,190	-
Investments accounted for using the equity method (Notes 4 and 14)	306,993	1	270,995	1
Property, plant and equipment (Notes 4, 15, 35 and 36)	7,733,439	29	8,091,518	31
Right-of-use assets (Notes 4 and 16)	106,665	1	216,349	1
Investment properties (Notes 4, 17, 34, 35 and 36)	326,233	1	316,113	1
Intangible assets (Notes 4, 19 and 35)	24,127	-	37,601	-
Goodwill (Notes 4 and 18)	9,295	-	17,337	-
Deferred tax assets (Notes 4 and 28)	260,452	1	228,435	1
Prepayments for equipment (Note 35)	85,585	-	81,257	-
Refundable deposits (Note 4)	58,572	-	69,156	-
Other non-current assets	7,718	-	14,261	-
Total non-current assets	<u>9,054,903</u>	<u>34</u>	<u>9,491,967</u>	<u>36</u>
TOTAL	<u>\$ 26,459,683</u>	<u>100</u>	<u>\$ 26,569,543</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	\$ 2,842,587	11	\$ 1,445,145	5
Financial liabilities for hedging - current (Notes 4 and 34)	2,576	-	125,504	1
Contract liabilities - current (Note 26)	97,398	-	226,957	1
Accounts payable (Notes 22 and 35)	943,246	4	1,083,630	4
Other payables (Notes 23 and 35)	1,208,199	5	1,314,808	5
Current tax liabilities	102,086	-	123,071	-
Lease liabilities - current (Notes 4 and 16)	1,373	-	19,276	-
Advance receipts	18,297	-	14,736	-
Current portion of long-term borrowings (Notes 20 and 36)	1,418,269	5	1,019,937	4
Total current liabilities	<u>6,634,031</u>	<u>25</u>	<u>5,373,064</u>	<u>20</u>
NON-CURRENT LIABILITIES				
Corporate bonds payable (Note 21)	787,933	3	780,312	3
Long-term borrowings (Notes 20 and 36)	5,726,080	22	6,770,952	26
Deferred tax liabilities (Notes 4 and 28)	296,614	1	285,212	1
Lease liabilities - non-current (Notes 4 and 16)	193	-	83,647	-
Long-term deferred revenue (Note 23)	29,808	-	31,424	-
Net defined benefit liabilities - non-current (Notes 4 and 24)	22,826	-	38,547	-
Guarantee deposits received	3,586	-	2,906	-
Total non-current liabilities	<u>6,867,040</u>	<u>26</u>	<u>7,993,000</u>	<u>30</u>
Total liabilities	<u>13,501,071</u>	<u>51</u>	<u>13,366,064</u>	<u>50</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 25)				
Ordinary shares	5,964,432	22	5,971,372	22
Capital surplus	4,112,769	16	4,148,886	16
Retained earnings				
Legal reserve	503,718	2	363,689	1
Special reserve	173,416	1	198,708	1
Unappropriated earnings	2,442,507	9	2,380,821	9
Total retained earnings	3,119,641	12	2,943,218	11
Other equity	(250,212)	(1)	(273,752)	(1)
Total equity attributable to owners of the Company	<u>12,946,630</u>	<u>49</u>	<u>12,789,724</u>	<u>48</u>
NON-CONTROLLING INTERESTS	<u>11,982</u>	<u>-</u>	<u>413,755</u>	<u>2</u>
Total equity	<u>12,958,612</u>	<u>49</u>	<u>13,203,479</u>	<u>50</u>
TOTAL	<u>\$ 26,459,683</u>	<u>100</u>	<u>\$ 26,569,543</u>	<u>100</u>

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

Solar Applied Materials Technology Corp. and Subsidiaries

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 26 and 35)	\$ 22,629,192	100	\$ 25,790,594	100
OPERATING COSTS (Notes 11, 27 and 35)	<u>19,906,133</u>	<u>88</u>	<u>22,317,563</u>	<u>86</u>
GROSS PROFIT	<u>2,723,059</u>	<u>12</u>	<u>3,473,031</u>	<u>14</u>
OPERATING EXPENSES (Notes 10, 27 and 35)				
Selling and marketing expenses	230,054	1	292,638	1
General and administrative expenses	745,292	3	1,107,693	4
Research and development expenses	371,394	2	458,295	2
Expected credit loss (gain)	<u>10,482</u>	<u>-</u>	<u>(16,054)</u>	<u>-</u>
Total operating expenses	<u>1,357,222</u>	<u>6</u>	<u>1,842,572</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>1,365,837</u>	<u>6</u>	<u>1,630,459</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES (Notes 7, 27 and 35)				
Interest income	60,066	-	18,763	-
Other income	69,257	-	62,188	-
Other gains and losses	166,183	1	212,399	1
Finance costs	(366,952)	(1)	(259,119)	(1)
Share of profit or loss of associates	<u>(5,730)</u>	<u>-</u>	<u>5,218</u>	<u>-</u>
Total non-operating income and expenses	<u>(77,176)</u>	<u>-</u>	<u>39,449</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FOR THE YEAR	1,288,661	6	1,669,908	7
INCOME TAX EXPENSE (Notes 4 and 28)	<u>222,243</u>	<u>1</u>	<u>240,887</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,066,418</u>	<u>5</u>	<u>1,429,021</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(547)	-	13,691	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	6,069	-	(8,346)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	109	-	(2,739)	-

(Continued)

Solar Applied Materials Technology Corp. and Subsidiaries

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

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ (52,834)	-	\$ 41,434	-
Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method	(866)	-	1,631	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>10,740</u>	<u>-</u>	<u>(8,724)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(37,329)</u>	<u>-</u>	<u>36,947</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME, FOR THE YEAR	<u>\$ 1,029,089</u>	<u>5</u>	<u>\$ 1,465,968</u>	<u>6</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,084,941	5	\$ 1,389,338	6
Non-controlling interests	<u>(18,523)</u>	<u>-</u>	<u>39,683</u>	<u>-</u>
	<u>\$ 1,066,418</u>	<u>5</u>	<u>\$ 1,429,021</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,047,612	5	\$ 1,425,583	6
Non-controlling interests	<u>(18,523)</u>	<u>-</u>	<u>40,385</u>	<u>-</u>
	<u>\$ 1,029,089</u>	<u>5</u>	<u>\$ 1,465,968</u>	<u>6</u>
EARNINGS PER SHARE (New Taiwan Dollars; Note 29)				
Basic	<u>\$ 1.83</u>		<u>\$ 2.35</u>	
Diluted	<u>\$ 1.82</u>		<u>\$ 2.34</u>	

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

(Concluded)

Solar Applied Materials Technology Corp. and Subsidiaries

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

	Equity Attributable to Owners of the Company						Other Equity				Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements Foreign Operations	Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Compensation	Total Other Equity	Total		
BALANCE AT JANUARY 1, 2022	\$ 5,919,312	\$ 3,963,821	\$ 237,910	\$ 189,674	\$ 2,005,791	\$ (125,397)	\$ (73,310)	\$ -	\$ (198,707)	\$ 12,117,801	\$ 320,188	\$ 12,437,989
Appropriation of 2021 earnings (Note 25)	-	-	125,779	-	(125,779)	-	-	-	-	-	-	-
Legal reserve	-	-	125,779	-	(125,779)	-	-	-	-	-	-	-
Special reserve	-	-	-	9,034	(9,034)	-	-	-	-	-	-	-
Cash dividends (Note 30)	-	-	-	-	(890,447)	-	-	-	-	(890,447)	-	(890,447)
Net profit for the year ended December 31, 2022	-	-	-	-	1,389,338	-	-	-	-	1,389,338	39,683	1,429,021
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	10,952	33,639	(8,346)	-	25,293	36,245	702	36,947
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,400,290	33,639	(8,346)	-	25,293	1,425,583	40,385	1,465,968
Issuance of restricted stock (Notes 25 and 30)	54,780	-	-	-	-	-	-	-	-	54,780	-	54,780
Restricted stock written off (Note 30)	(2,720)	-	-	-	-	-	-	-	-	(2,720)	-	(2,720)
Compensation costs of share-based payment arrangements (Note 30)	-	170,002	-	-	-	-	-	(100,338)	(100,338)	69,664	9,336	79,000
Change in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	-	24,783	24,783
Change in share of profit in associates and joint ventures (Note 25)	-	15,063	-	-	-	-	-	-	-	15,063	19,063	34,126
BALANCE AT DECEMBER 31, 2022	5,971,372	4,148,886	363,689	198,708	2,380,821	(91,758)	(81,656)	(100,338)	(273,752)	12,789,724	413,755	13,203,479
Appropriation of 2022 earnings (Note 25)	-	-	140,029	-	(140,029)	-	-	-	-	-	-	-
Legal reserve	-	-	140,029	-	(140,029)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(895,278)	-	-	-	-	(895,278)	-	(895,278)
Reversal of special reserve	-	-	-	(25,292)	25,292	-	-	-	-	-	-	-
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	1,084,941	-	-	-	-	1,084,941	(18,523)	1,066,418
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(438)	(42,960)	6,069	-	(36,891)	(37,329)	-	(37,329)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	1,084,503	(42,960)	6,069	-	(36,891)	1,047,612	(18,523)	1,029,089
Change in capital surplus in subsidiaries (Note 25)	-	1,085	-	-	-	-	-	-	-	1,085	(1,085)	-
Disposal of investments accounted for using the equity method and lost of control of subsidiaries (Notes 25 and 31)	-	(22,802)	-	-	-	-	-	-	-	(22,802)	(407,205)	(430,007)
Restricted stock written off (Note 30)	(6,940)	-	-	-	-	-	-	-	-	(6,940)	-	(6,940)
Compensation costs of share-based payment arrangements (Note 30)	-	(14,400)	-	-	-	-	-	60,431	60,431	46,031	2,132	48,163
Change in share of profit in associates and joint ventures	-	-	-	-	(12,802)	-	-	-	-	(12,802)	-	(12,802)
Change in non-controlling interests (Note 25)	-	-	-	-	-	-	-	-	-	-	22,908	22,908
BALANCE AT DECEMBER 31, 2023	\$ 5,964,432	\$ 4,112,769	\$ 503,718	\$ 173,416	\$ 2,442,507	\$ (134,718)	\$ (75,587)	\$ (39,907)	\$ (250,212)	\$ 12,946,630	\$ 11,982	\$ 12,958,612

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

Solar Applied Materials Technology Corp. 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 before income tax	\$ 1,288,661	\$ 1,669,908
Adjustments for:		
Depreciation expenses	570,689	485,809
Amortization expenses	10,430	8,686
Expected credit loss recognized (reversed) on trade receivables	10,482	(16,054)
Net loss on financial assets and liabilities at fair value through profit or loss	164,808	25,460
Interest Expense	366,952	259,119
Interest income	(60,066)	(18,763)
Share based payments compensations	48,163	79,000
Share of profit of associates	5,730	(5,218)
Loss arising from lease modifications	-	588
Loss (gain) on disposal of property, plant and equipment	10,677	(34,159)
Gain on disposal of investment properties	-	(222,247)
Impairment loss recognized on property, plant and equipment	203	-
Gain on disposal of investments	(116,364)	-
Write downs (reversal) of inventories	57,747	(145,153)
Net loss (gain) on foreign currency exchange	(77,730)	76,896
Changes in operating assets and liabilities		
Contract assets	15,897	(50,640)
Notes receivable	18,372	34,940
Accounts receivable	(309,097)	351,366
Other receivables	9,828	(4,380)
Inventories	(318,942)	(1,740,557)
Prepayments	18,100	238,142
Contract liabilities	(126,973)	14,041
Accounts payable	(111,214)	460,336
Other payables	98,744	(22,965)
Advance receipts	5,508	(2,119)
Net defined benefit liabilities - non-current	(16,268)	(2,459)
Long-term deferred revenue	(1,616)	(1,617)
Cash generated from operations	1,562,721	1,437,960
Interest received	59,519	18,626
Dividends received	-	2,308
Interest paid	(289,734)	(224,141)
Income tax paid	(251,520)	(224,927)
Net cash generated from operating activities	<u>1,080,986</u>	<u>1,009,826</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	11,000
Acquisition of financial assets at amortized cost	(154,156)	-
Proceeds from sale of financial assets at amortized cost	-	182,502
Acquisition of financial assets at fair value through profit or loss	(32,891)	-
Acquisition of associates	-	(48,578)
Proceeds from disposal of associates	138,492	-
Loss of control of a subsidiary	(167,856)	-
Payments for property, plant and equipment	(565,465)	(1,107,599)
Proceeds from disposal of property, plant and equipment	112	36,405

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Solar Applied Materials Technology Corp. and Subsidiaries

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

	2023	2022
Decrease (increase) in refundable deposits	\$ 5,302	\$ (1,249)
Acquisition of intangible assets	(8,430)	(15,493)
Proceeds from disposal of investment properties	-	313,205
Increase in prepayments for equipment	(267,498)	(265,939)
Decrease in other non-current assets	<u>6,543</u>	<u>10,600</u>
Net cash used in investing activities	<u>(1,045,847)</u>	<u>(885,146)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	4,877,774	1,695,145
Repayments of short-term borrowings	(3,392,705)	(1,379,405)
Issuance of corporate bonds	-	777,136
Proceeds from long-term borrowings	8,085,550	266,140
Repayments of long-term borrowings	(8,511,060)	(1,632,089)
Increase in refundable deposits	680	1,285
Repayment of the principal portion of lease liabilities	(10,011)	(22,778)
Cash dividends distributed	(895,278)	(890,447)
Issuance of employee restricted shares	-	54,780
Restricted stock written off	(6,940)	(2,720)
Increase in non-controlling interests	<u>22,908</u>	<u>24,783</u>
Net cash generated from (used in) financing activities	<u>170,918</u>	<u>(1,108,170)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(50,440)</u>	<u>41,803</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	155,617	(941,687)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,206,839</u>	<u>3,148,526</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,362,456</u>	<u>\$ 2,206,839</u>

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

(Concluded)

Solar Applied Materials Technology Corp. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Solar Applied Materials Technology Corp. (the “Company”) was incorporated in August 1978. The Company, formerly Solar Chemical Co., Ltd., was renamed Solar Applied Material Technology Corp. in October 1999. The Company is primarily engaged in manufacturing, processing, recycling, refining and trading of sputtering targets for thin film, precious metal materials and specialty chemicals for automobiles.

The Company’s shares have been listed on Taipei Exchange (TPEX) Mainboard since January 31, 2005.

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the “Group”, are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on March 6, 2024.

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

- a. Initial application of 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 any 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 “Leases 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 are 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 other 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 (Note1)
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 that 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 the 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. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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).

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

Refer to Note 13, Table 6 and Table 7 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, 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 measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was 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 case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries and associates in other countries or those that use currencies different from the Company) are translated into the New Taiwan dollar using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting exchange differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, materials, finished goods, merchandise and work in progress 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. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant, and equipment

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for 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. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation 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.

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

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of an item of property for subsequent accounting is its face value at the commencement of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. 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 is 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 when 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.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired are initially measured at cost and subsequently measured at cost less accumulated amortization. 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.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of property, plant and equipment, right-of-use assets, investment properties and 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 assets, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any 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.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

m. 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 fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 34.

ii. Financial assets at amortized cost

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

- i) The financial asset is 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, accounts receivable at amortized cost, notes receivable, other receivables, and refundable deposits, are measured at amortized cost, which equals the 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.

Cash equivalents include time deposits and repurchase agreement with original maturities within three 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.

iii. 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.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) at the end of each reporting period.

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. 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 determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 120 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.

c) 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. However, 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.

2) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) 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.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to precious metal price risks, including precious metal future contracts, precious metal forward spot transactions and precious metal forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets

that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

n. Hedge accounting

The Group designates certain hedging instruments as fair value hedges.

Fair value hedges

Changes in the designated fair value of derivatives that qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged assets or liabilities attributed to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

o. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of precious metal materials and non-precious metal materials. Sales of the aforementioned goods are recognized as revenue when the terms of trading are met or the goods are received by the buyers since the significant risks and rewards of ownership of the goods are transferred to the buyers and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Accounts receivable are recognized concurrently.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the processing services, and it is recognized when the services is provided.

p. Leasing

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

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

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 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, and are subsequently measured at cost less accumulated depreciation 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. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise 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 Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, 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.

q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. 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 life of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

s. 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 defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current 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.

t. Share-based payment arrangements

Restricted shares for employees

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in other equity-unearned employee benefits. The expense is recognized in full at the grant date if the grants are vested immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in retained earnings and capital surplus - restricted shares for employees.

At the end of each reporting period, the Group revises its estimate of the number of restricted shares for employees that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - restricted shares for employees.

u. Taxation

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

1) Current tax

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

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for 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 to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

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 profit against which to utilize the benefits of the temporary differences and they 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 profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred 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 for the year

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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The Group has no material accounting judgments and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 193	\$ 564
Checking accounts and demand deposits	1,868,258	1,585,324
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	401,890	467,401
Repurchase agreements collateralized by bonds	<u>92,115</u>	<u>153,550</u>
	<u>\$ 2,362,456</u>	<u>\$ 2,206,839</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Futures contracts	\$ 19,594	\$ 158,564
Forward spot transactions	<u>90,531</u>	<u>83,477</u>
	<u>\$ 110,125</u>	<u>\$ 242,041</u>

- a. At the end of the reporting period, outstanding precious metal future contracts not under hedge accounting were as follows:

December 31, 2023

Financial Instrument	Transaction Amount (Ounce)	Maturity Date	Notional Amount (In Dollars)	Notional Principal (In Thousands)
Sell futures contracts - Gold	6,100	February, 2024	USD 1,964 ~ 2,037	USD 12,263
Sell futures contracts - Silver	555,000	March, 2024	USD 22.75 ~ 25.5	USD 13,264
Sell futures contracts - Platinum	68,900	April, 2024	USD 901.20 ~ 981.50	USD 64,514
Sell futures contracts - Palladium	2,200	March, 2024	USD 969.60 ~ 1,101.80	USD 2,270

December 31, 2022

Financial Instrument	Transaction Amount (Ounce)	Maturity Date	Notional Amount (In Dollars)	Notional Principal (In Thousands)
Sell futures contracts - Gold	900	February, 2023	USD 1,786.5 ~ 1,786.7	USD 1,608
Sell futures contracts - Silver	300,000	March, 2023	USD 20.92 ~ 23.63	USD 6,616
Sell futures contracts - Platinum	16,250	April, 2023	USD 1,003.8 ~ 1,053.5	USD 16,778
Sell futures contracts - Palladium	2,200	March, 2023	USD 1,915 ~ 2,060	USD 4,472

- b. At the end of the reporting period, outstanding precious metal forward spot transactions not under hedge accounting were as follows:

December 31, 2023

Financial Instrument	Transaction Amount (In Gram)	Maturity Date	Notional Amount (In Dollars)	Notional Principal (In Thousands)
Buy forward spot transactions - Silver	40,000	January, 2024	RMB 5.74 ~ 6.20	RMB 238
Sell forward spot transactions - Gold	297,000	January, 2024	RMB 448.50 ~ 479.80	RMB 137,715
Sell forward spot transactions - Silver	1,374,000	January, 2024	RMB 5.68 ~ 6.20	RMB 8,034

December 31, 2022

Financial Instrument	Transaction Amount (In Gram)	Maturity Date	Notional Amount (In Dollars)	Notional Principal (In Thousands)
Buy forward spot transactions - Gold	10,000	January, 2023	RMB 410.25	RMB 4,103
Sell forward spot transactions - Gold	32,000	January, 2023	RMB 404.2 ~ 410.48	RMB 13,009
Sell forward spot transactions - Silver	3,141,000	January, 2023	RMB 5.09 ~ 5.37	RMB 16,322

The Group entered into precious metal future contracts, forward contracts and forward spot transactions to manage exposures to fluctuations of inventory prices. However, those contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting. The financial assets and liabilities designated as at FVTPL for the years ended December 31, 2023 and 2022 were net gain (loss) of \$60,642 thousand and (\$116,688) thousand, respectively, which were recognized in other gains or losses under consolidated statements of comprehensive income.

The amounts of guarantee reserved for transactions were \$877,800 thousand and \$265,680 thousand as of December 31, 2023 and 2022, which were recognized under financial assets at amortized cost - current, of which the excess margin amounted to \$594,285 thousand and \$157,046 thousand, respectively.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	\$ <u>91,824</u>	\$ <u>85,755</u>

These investments in equity instruments are held for medium to long-term strategic purposes. 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.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Refundable deposits	\$ 991,644	\$ 723,121
Pledged time deposits	76,000	173,531
Pledged demand deposits	49,390	82,522
Time deposits with original maturities of more than 3 months	<u>12,700</u>	<u>10,700</u>
	<u>\$ 1,129,734</u>	<u>\$ 989,874</u>
<u>Non-current</u>		
Pledged time deposits	\$ -	\$ 4,000
Pledged demand deposits	<u>44,000</u>	<u>59,190</u>
	<u>\$ 44,000</u>	<u>\$ 63,190</u>

- a. The interest rates for time deposits (including both time deposits with original maturities of more than three months and pledged time deposits) were approximately 0.56%-1.575% and 0.1%-1.04% as of December 31, 2023 and 2022, respectively.
- b. Refer to Note 36 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
At amortized cost		
Notes receivable - operating	<u>\$ 59,332</u>	<u>\$ 77,883</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 1,809,052	\$ 1,657,273
Less: Allowance for impairment loss	<u>15,936</u>	<u>5,968</u>
	<u>\$ 1,793,116</u>	<u>\$ 1,651,305</u>
<u>Other receivables</u>	<u>\$ 42,166</u>	<u>\$ 51,498</u>

a. Accounts receivable

The average credit period of the sale of goods was 7-120 days. No interest was charged on accounts receivable. 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 or its own trading records to rate its customers. The Group's exposures and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty credit limits that are reviewed and approved by the Group annually. 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 actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk is significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. 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 for notes receivable and the provision for loss allowance based on invoice date for accounts receivable are not further distinguished according to the Group's different customer base.

The Group writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable 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 Group assessed that the notes receivable were not past due based on the past due status; thus, the Group did not recognize an expected credit loss for notes receivable as of December 31, 2023 and 2022.

The following tables detail the loss allowance of accounts receivable based on the Group's provision matrix.

Accounts receivable

December 31, 2023

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 120 Days Past Due	Over 120 Days Past Due	Total
Expected credit loss rate	0%-0.31%	0.01%-1.90%	0.09%-9.05%	0.61%-36.95%	7.17%-54.90%	92.27%-100%	
Gross carrying amount	\$ 1,471,250	\$ 300,520	\$ 26,106	\$ 1,599	\$ 478	\$ 9,099	\$ 1,809,052
Loss allowance (Lifetime ECLs)	(2,577)	(1,535)	(2,226)	(283)	(256)	(9,059)	(15,936)
Amortized cost	<u>\$ 1,468,673</u>	<u>\$ 298,985</u>	<u>\$ 23,880</u>	<u>\$ 1,316</u>	<u>\$ 222</u>	<u>\$ 40</u>	<u>\$ 1,793,116</u>

December 31, 2022

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 120 Days Past Due	Over 120 Days Past Due	Total
Expected credit loss rate	0.03%	0.12%-0.38%	6.83%-6.89%	18.93%-20.18%	37.05%-48.11%	81.82%-100%	
Gross carrying amount	\$ 1,486,832	\$ 137,920	\$ 28,520	\$ 1,841	\$ 581	\$ 1,579	\$ 1,657,273
Loss allowance (Lifetime ECLs)	(377)	(313)	(3,198)	(381)	(179)	(1,520)	(5,968)
Amortized cost	<u>\$ 1,486,455</u>	<u>\$ 137,607</u>	<u>\$ 25,322</u>	<u>\$ 1,460</u>	<u>\$ 402</u>	<u>\$ 59</u>	<u>\$ 1,651,305</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 5,968	\$ 25,364
Add (Less): Net remeasurement of loss allowance	10,482	(16,054)
Add (Less): Amounts written off / recovered	(148)	(3,341)
Loss of control over subsidiaries	(228)	-
Foreign exchange gains and losses	(138)	(1)
	<u>15,936</u>	<u>5,968</u>
Balance at December 31	<u>\$ 15,936</u>	<u>\$ 5,968</u>

b. Other receivables

The Group's historical credit loss experience does not show significant loss patterns due to the high recoverability of other receivables that were past due; therefore, the Group did not recognize an allowance for loss on other receivables as of the date of this report.

11. INVENTORIES

	December 31	
	2023	2022
Raw materials	\$ 10,130,913	\$ 10,310,439
Materials	7,001	14,213
Work in process	488,335	427,254
Finished goods	905,020	561,557
Merchandise	7,179	1,723
Raw materials in transit	28,238	119,252
	<u>11,566,686</u>	<u>11,434,438</u>
	<u>\$ 11,566,686</u>	<u>\$ 11,434,438</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	\$ 19,888,908	\$ 22,519,159
Inventory write – downs (reversed)	57,747	(145,153)
Revenue from sale of scraps	(40,522)	(56,443)
	<u>19,906,133</u>	<u>22,317,563</u>
	<u>\$ 19,906,133</u>	<u>\$ 22,317,563</u>

12. PREPAYMENTS

	December 31	
	2023	2022
Prepayments for supplies	\$ 194,256	\$ 267,028
Temporary payments	66,159	7,162
Prepaid expenses	27,126	24,913
Other prepayments	8,761	20,783
Prepaid sales tax	2,702	9,724
Others	<u>3,619</u>	<u>4,931</u>
	<u>\$ 302,623</u>	<u>\$ 334,541</u>

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were summarized as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			December 31		
			2023	2022	
The Company	Solar Applied Materials Technology (Singapore) Pte. Ltd.	Service and material supply of electronic and petrochemical industries as well as recycle of precious metals	100%	100%	
	Solar Applied Materials Technology (Cayman) Corp.	Investment as well as import and export business	100%	100%	
	Solar Applied Materials Technology USA, Inc.	Import and export business	100%	100%	
	Forever Reach International Co., Ltd.	Investment as well as import and export business	100%	100%	
	Gold Tech Precious Metals Co., Ltd.	Importing and exporting as well as material trading and processing of precious metals	100%	100%	
	Precision Packaging Materials Corp.	Manufacturing of metal line products	100%	100%	
	Universal Inspection & Certification Technology Co., Ltd.	Services of non-destructive testing, systems management certification, environmental testing etc.	100%	100%	
	HTC & Solar Tech Service Limited	Cleaning, coating, reengineering and managing of components etc.		38.67%	Notes 1 and 2
	Guangrui Precision Co., Ltd.	Electronic apparatus and electronic equipment	40%	-	Note 3
Solar Applied Materials Technology (Cayman) Corp.	Solaric Applied Materials Technology (Cayman) Corp.	Investment as well as import and export business	100%	100%	
Forever Reach International Co., Ltd.	Solar Green Materials Technology Co., Ltd.	Manufacturing of sputtering targets for thin film, alloy and recycling of precious metals	100%	100%	
Solaric Applied Materials Technology (Cayman) Corp.	Solar International Technology (HK) Limited	Investment as well as import and export business, recycling of targets and precious metals	100%	100%	
Solar International Technology (HK) Limited	Solar Chemical Applied Materials Technology (Kunshan) Co., Ltd.	Manufacturing and selling of IC and photovoltaic sputtering targets for thin film, electroplating chemicals, specialty chemicals for automobile and electroplating processing	100%	100%	
Solar Green Materials Technology Co., Ltd.	Solar Applied Materials Technology Shanghai Co., Ltd.	Trading of high-performance non-ferrous metals and alloy materials, metal products, chemical products and parts of mechanical equipment, etc.	100%	100%	

Note 1: As a result of the October 2022 and April 2023 exercise of the share options by employees, interest held by the Group decreased from 40.97% to 38.67% and 37.34%, respectively.

Note 2: The Company has control over HTC & Solar Tech Service Limited as it holds more than half of the seats on the board of directors of HTC & Solar Tech Service Limited. However, the Company lost control over HTC & Solar Tech Service Limited as it did not hold more than half of the seats on the board of directors of HTC & Solar Tech Service Limited since June 2023 and did not have substantial control over the Company to lead its relevant activities.

Note 3: The present incumbent of the presidential chair of this company has been a the chairman of Guangrui Precision Co., Ltd. since June 2023 and has substantial control over the company to lead its relevant activities.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Associates that are not individually material	\$ <u>306,993</u>	\$ <u>270,995</u>

Aggregate information of associates that are not individually material

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
The Group's share of:		
Net profit for the year	\$ (5,730)	\$ 5,218
Other comprehensive income (loss)	<u>(866)</u>	<u>1,631</u>
Total comprehensive income for the year	<u>\$ (6,596)</u>	<u>\$ 6,849</u>

Refer to Table 6 "The information on Investees" and Table 7 "Information on investments in mainland China" for the nature of activities, principal places of business, and country of incorporation of the associates.

The Group acquired the share equity of Toplus Energy Corporation in June 2022, and served on the board of director of directors Toplus. Since the Group had a significant influence over Toplus, it was accounted for using the equity method.

From January to June 2022, Huangshi Quanyang Photoelectric Technology Co., which was invested by Solar Applied Materials Technology (Shanghai) Co., Ltd., issued capital by cash twice. However, Solar Applied Materials Technology (Shanghai) Co., Ltd., which was Htc & Solartech Service (Samoa) Corporation, also known as the Company's associate, did not evolved in this investment that led to the increase of share of changes in capital surplus of associates or joint venture by \$29,462 thousand.

The Group disposed of all the shares of Forcera Materials Co., Ltd. in April 2023 and recognized a gain or loss of \$67,434 thousand on the disposal.

The Group is the largest single shareholder of HTC & Solar Tech Service Limited, holding 37.34% of the voting shares. After June 2023, the number of seats on the board of directors of HTC & Solar Tech Service Limited was reduced from two to one, and the shareholdings of the other top ten shareholders (not related parties) exceeded those of the Group. Considering that the shareholdings of the other shareholders were not

dispersed in proportion to the voting power held by the other shareholders and the distribution of their shareholdings and the shareholders' failure to consult with each other or collectively formulate decisions, the Group did not have any actual ability to dominate the relevant policies and therefore concluded that the Group did not exercise any control, but rather only exercised significant influence on the company, and treated it as if it were a company that was an investment company accounted for under the equity method, and recognized a gain or loss of NT\$48,930 on the disposal, and classified it as an associate to the consolidated company.

15. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are used by the Group. Refer to Table 1 for two-period movements of property, plant and equipment.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	5-50 years
Machinery and equipment	4-15 years
Development equipment	5-15 years
Office equipment	5-6 years
Transportation equipment	2-15 years
Other equipment	2-15 years

Refer to Note 36 for the carrying amount of property, plant and equipment pledged as collateral for bank borrowings.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 103,921	\$ 108,757
Buildings	-	78,146
Transportation equipment	<u>2,744</u>	<u>29,446</u>
	<u>\$ 106,665</u>	<u>\$ 216,349</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 828</u>	<u>\$ 78,157</u>
Depreciation charge for right-of-use assets		
Land	\$ 3,210	\$ 3,202
Buildings	4,205	9,317
Transportation equipment	6,607	13,757
Office equipment	<u>32</u>	<u>-</u>
	<u>\$ 14,054</u>	<u>\$ 26,276</u>

The Group lost control over its subsidiary, HTC & Solar Tech Service Limited, since June 2023 (Note 31), which resulted in the transfer of \$93,686 thousand and \$92,158 thousand of right-of-use assets and lease liabilities, respectively.

Except for the aforementioned addition and depreciation, 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
<u>Carrying amount</u>		
Current	\$ 1,373	\$ 19,276
Non-current	\$ 193	\$ 83,647

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2023	2022
Buildings	-	1.32%-2.4%
Transportation equipment	2.13%-2.37%	1.28%-2.65%

c. Material leasing activities and terms

The Group also leases transportation equipment with a lease term of 3-5 years.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 15,954	\$ 21,593
Total cash outflow for leases	\$ (26,840)	\$ (45,664)

The Group's leases of certain assets qualify as short-term 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.

17. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 327,775	\$ 114,107	\$ 441,882
Disposal	(90,958)	-	(90,958)
Reclassified	(21,089)	-	(21,089)
Balance at December 31, 2022	<u>\$ 215,728</u>	<u>\$ 114,107</u>	<u>\$ 329,835</u>
<u>Accumulated Depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 11,440	\$ 11,440
Depreciation expenses	-	2,282	2,282
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 13,722</u>	<u>\$ 13,722</u>
Balance at December 31, 2022, net	<u>\$ 215,728</u>	<u>\$ 100,385</u>	<u>\$ 316,113</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 215,728	\$ 114,107	\$ 329,835
Reclassified	-	13,055	13,055
Balance at December 31, 2023	<u>\$ 215,728</u>	<u>\$ 127,162</u>	<u>\$ 342,890</u>
<u>Accumulated Depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 13,722	\$ 13,722
Depreciation expenses	-	2,935	2,935
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 16,657</u>	<u>\$ 16,657</u>
Balance at December 31, 2023, net	<u>\$ 215,728</u>	<u>\$ 110,505</u>	<u>\$ 326,233</u>

Except for land, other investment properties shall be calculated with useful life of 10-50 years on a straight-line basis.

In November 2018, the Group entered into a property trading contract with Xinnotec Environmental Technology Co., Ltd. and contracted that Xinnotec disposed the land in Liou-ying Technology Industrial Park first period development area. The proceeds from disposal of land were \$313,187 thousand. However, because Xinnotec signed a real estate supplementary contract with the Group on September 6, 2022, the Group revised the price to \$313,205 thousand based on the land area that was actually divided and combined by Household Affairs Office. The Group had recognized gain on disposal for \$222,247 thousand after collected all the rest amounts and finished the transference of land ownership in September 2022.

The fair value of the investment properties of the Group as of December 31, 2022 was \$620,000 thousand. The determination of fair value was performed by independent qualified professional valuers, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair value was assessed by the management of the Group as of December 31, 2023 and has not declined. The fair value has not been evaluated by an independent evaluator and was only evaluated by the management of the Group using valuation models commonly used by market participants. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The maturity analysis of lease payment receivable under operating leases of investment properties as of December 31, 2023 and 2022 was as follows:

	December 31	
	2023	2022
Year 1	\$ 21,824	\$ 21,421
Year 2	22,235	21,824
Year 3	20,733	22,234
Year 4	<u>-</u>	<u>20,734</u>
	<u>\$ 64,792</u>	<u>\$ 86,213</u>

Refer to Note 36 for the carrying amount of investment properties pledged as collateral for bank borrowings.

18. GOODWILL

	December 31	
	2023	2022
Solar Applied Material Technology (Cayman) Corp.	\$ 6,731	\$ 6,731
Solar Applied Material USA, Inc.	1,628	1,628
Precision Packaging Materials Corp.	292	292
Gold Tech Precious Metals Co. Ltd.	644	644
HTC & Solar Tech Service Limited	<u>-</u>	<u>8,042</u>
	<u>\$ 9,295</u>	<u>\$ 17,337</u>

The Group conducts impairment assessments on the recoverable amount of goodwill on a regular basis every year. Goodwill is apportioned to the cash-generating units of the Group identified by operating departments. The recoverable amount is evaluated based on the value-in-use, and the value-in-use is calculated based on the future financial budget of the cash-generating units. For the calculation of cash flow of the financial budget is based on the estimated future growth of income, gross profit and capital expenditure. The management determines the budgeted gross profit margin and growth rate based on past performance and market development expectations. The discount rate used reflects the specific risks of the relevant operating sector and the current market assessment of the time value of money.

The Group did not recognize any goodwill impairment loss for the years ended December 31, 2023 and 2022.

19. INTANGIBLE ASSETS

	December 31	
	2023	2022
Computer software	\$ 21,978	\$ 35,189
Patents	<u>2,149</u>	<u>2,412</u>
	<u>\$ 24,127</u>	<u>\$ 37,601</u>

	Computer software	Specific technology	Patents	Total
<u>Cost</u>				
Balance at January 1, 2022	\$ 25,632	\$ 1,260	\$ 2,939	\$ 29,831
Additions	15,493	-	-	15,493
Reclassified	9,505	-	-	9,505
Write-off	<u>(1,258)</u>	<u>(1,260)</u>	<u>-</u>	<u>(2,518)</u>
Balance at December 31, 2022	<u>\$ 49,372</u>	<u>\$ -</u>	<u>\$ 2,939</u>	<u>\$ 52,311</u>
<u>Accumulated Amortization</u>				
Balance at January 1, 2022	\$ 7,214	\$ 1,064	\$ 264	\$ 8,542
Amortization Expense	8,227	196	263	8,686
Write-off	<u>(1,258)</u>	<u>(1,260)</u>	<u>-</u>	<u>(2,518)</u>
Balance at December 31, 2022	<u>\$ 14,183</u>	<u>\$ -</u>	<u>\$ 527</u>	<u>\$ 14,710</u>
Balance at December 31, 2022, net	<u>\$ 35,189</u>	<u>\$ -</u>	<u>\$ 2,412</u>	<u>\$ 37,601</u>
<u>Cost</u>				
Balance at January 1, 2023	\$ 49,372	\$ -	\$ 2,939	\$ 52,311
Additions	8,430	-	-	8,430
Disposal of subsidiary	(20,820)	-	-	(20,820)
Write-off	<u>(2,363)</u>	<u>-</u>	<u>-</u>	<u>(2,363)</u>
Balance at December 31, 2023	<u>\$ 34,619</u>	<u>\$ -</u>	<u>\$ 2,939</u>	<u>\$ 37,558</u>
<u>Accumulated Amortization</u>				
Balance at January 1, 2023	\$ 14,183	\$ -	\$ 527	\$ 14,710
Amortization Expense	10,167	-	263	10,430
Disposal of subsidiary	(9,346)	-	-	(9,346)
Write-off	<u>(2,363)</u>	<u>-</u>	<u>-</u>	<u>(2,363)</u>
Balance at December 31, 2023	<u>\$ 12,641</u>	<u>\$ -</u>	<u>\$ 790</u>	<u>\$ 13,431</u>
Balance at December 31, 2023, net	<u>\$ 21,978</u>	<u>\$ -</u>	<u>\$ 2,149</u>	<u>\$ 24,127</u>

The Group lost control over its subsidiary, HTC & Solar Tech Service Limited in June 2023 (Note 31), resulting in a corresponding transfer out of intangible assets of \$11,474 thousand.

Except for the recognition of amortization expense, there were no significant additions, disposals and impairments of the Group's intangible assets during the period from January 1 to December 31, 2023 and 2022, respectively.

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

Computer software	3-5 years
Patents	20 years

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ <u>2,842,587</u>	\$ <u>1,445,145</u>

The interest rates of short-term borrowings at the end of the reporting period were as follows:

	December 31	
	2023	2022
Unsecured bank loans	1.1%-3%	1.3%-3.45%

b. Long-term borrowings

	December 31	
	2023	2022
Secured borrowings (Note 1)	\$ 4,206,048	\$ 4,420,033
Unsecured borrowings (Note 2)	<u>2,965,301</u>	<u>3,435,656</u>
	7,171,349	7,855,689
Less: Syndicated loan fees	27,000	64,800
Less: Current portions	<u>1,418,269</u>	<u>1,019,937</u>
	<u>\$ 5,726,080</u>	<u>\$ 6,770,952</u>

Note 1: The cash in bank, land, buildings, unfinished construction and development equipment were pledged as collateral for the Group's bank borrowings, (please refer to Note 36). The borrowings will expire in January 2029, and the effective annual interest rates for December 31, 2023 and 2022 were 1.35% to 2.53% and 1.2% to 2.66%, respectively.

Note 2: Such loans are due in June 2028, as of December 31, 2023 and 2022, the effective annual interest rates were 1.6% to 7.2% and 1.47% to 6.59%, respectively.

- 1) The Company entered into a syndicated loan agreement (credit facility of up to \$10.8 billion) with a syndicate of banks on June 23, 2020. The main purpose of the syndicated loan is to enhance operating revolving funds, which were settled in June 2023. The Company needs to maintain its financial ratio within the range below:
 - a) Current ratio (current assets divided by current liabilities) shall not be lower than 100%.
 - b) Net debt ratio not to exceed 200% (calculated as total liabilities divided by net assets).
 - c) The interest coverage ratio shall not be lower than 400% (calculated as the ratio of the sum of net profit before tax, finance cost, depreciation and amortization divided by finance cost).
 - d) Net tangible equity of not lower than \$7,000,000 thousand (net tangible equity equal to stockholders' equity less intangible assets).

The Company is required to comply with these financial covenants in each of its annual audited consolidated financial statements and semi-annually reviewed consolidated financial statements. As of December 31, 2022, the Company has complied with the above-stated requirements.

- 2) The Company entered into a syndicated loan agreement (credit facility of up to \$7.5 billion) with a syndicate of banks on June 21, 2023. The main purpose of the syndicated loan is to enhance operating revolving funds. During the contract period, the Company needs to maintain its financial ratio within the range below:
 - a) Current ratio (current assets divided by current liabilities) shall not be lower than 100%.
 - b) Net debt ratio shall not exceed 200% (calculated as total liabilities divided by net assets).
 - c) The interest coverage ratio shall not be lower than 400% (calculated as the ratio of the sum of net profit before tax, finance cost, depreciation and amortization divided by finance cost).
 - d) Net tangible equity shall not be less than \$7,000,000 thousand (net tangible equity equal to stockholders' equity less intangible assets).

The Company is required to comply with these financial covenants in each of its annual audited consolidated financial statements and semi-annually reviewed consolidated financial statements. As of December 31, 2023, the Company has complied with the above-stated requirements.

21. BONDS PAYABLE

	December 31	
	2023	2022
Secured domestic bonds	\$ 800,000	\$ 800,000
Less: Discounts	<u>12,067</u>	<u>19,688</u>
	<u>\$ 787,933</u>	<u>\$ 780,312</u>

The Group issued the first domestic secured ordinary bonds on August 18, 2022. The total amount of the issue is \$800,000 thousand, each with a face value of \$1,000 thousand. Annual interest rate is 1.75% with repayment of principal in a lump sum upon maturity, and the duration is 3 years.

The bonds are guaranteed by the bank guarantee contract.

22. ACCOUNT PAYABLE

Accounts payable resulted from operating activities. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

23. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Other payables		
Salary and incentive bonus	\$ 685,295	\$ 742,411
Remuneration of directors and employees	75,061	112,546
Payables for equipment	50,315	151,210
Others	<u>397,528</u>	<u>308,641</u>
	<u>\$ 1,208,199</u>	<u>\$ 1,314,808</u>
<u>Non-current</u>		
Long-term deferred revenue		
Government grants (Note)	<u>\$ 29,808</u>	<u>\$ 31,424</u>

Note: Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA). Under the LPA, the Group make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Group 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 Group contribute amounts equal to 4% 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 Group 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 Group 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 Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 34,476	\$ 47,002
Fair value of plan assets	<u>(11,650)</u>	<u>(8,455)</u>
Net defined benefit liabilities	<u>\$ 22,826</u>	<u>\$ 38,547</u>

Movements of net defined benefit liabilities (assets) 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, 2022	\$ 66,549	\$ (11,852)	\$ 54,697
Service cost			
Current service cost	264	-	264
Net interest expense (income)	<u>466</u>	<u>(94)</u>	<u>372</u>
Recognized in profit or loss	<u>730</u>	<u>(94)</u>	<u>636</u>
Remeasurement			
Return on plan assets	-	(823)	(823)
Actuarial gain - changes in financial assumptions	(2,785)	-	(2,785)
Actuarial gain - experience adjustments	(10,083)	-	(10,083)
Recognized in other comprehensive income	<u>(12,868)</u>	<u>(823)</u>	<u>(13,691)</u>
Contributions from the employer	<u>-</u>	<u>(3,095)</u>	<u>(3,095)</u>
Benefits paid	<u>(7,410)</u>	<u>7,410</u>	<u>-</u>
Balance at December 31, 2022	47,001	(8,454)	38,547
Service cost			
Current service cost	141	-	141
Net interest expense (income)	<u>611</u>	<u>(130)</u>	<u>481</u>
Recognized in profit or loss	<u>752</u>	<u>(130)</u>	<u>622</u>
Remeasurement			
Return on plan assets	-	(131)	(131)
Actuarial gain - changes in financial assumptions	378	-	378
Actuarial gain - experience adjustments	300	-	300
Recognized in other comprehensive income	<u>678</u>	<u>(131)</u>	<u>547</u>
Contributions from the employer	<u>-</u>	<u>(16,890)</u>	<u>(16,890)</u>
Benefits paid	<u>(13,955)</u>	<u>13,955</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 34,476</u>	<u>\$ (11,650)</u>	<u>\$ 22,826</u>

Through the defined benefit plans under the Labor Standards Act, the Company and its subsidiaries are exposed to the following risks:

1) Investment risk

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

2) Interest risk

A decrease in the government and corporate bond interest rates 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 by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2023	2022
Discount rate	1.2%	1.3%
Expected rate of salary increase	3%	3%

If possible reasonable changes in each of the significant actuarial assumptions were to occur and all other assumptions were to remain constant, the present value of the defined benefit obligation would have increased (decreased) as follows:

	December 31	
	2023	2022
Discount rate		
0.1% increase	\$ (378)	\$ (442)
0.1% decrease	\$ 382	\$ 448
Expected rate of salary increase/decrease		
0.1% increase	\$ 342	\$ 402
0.1% decrease	\$ (338)	\$ (398)

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Expected contributions to the plans for the next year	\$ <u>1,005</u>	\$ <u>3,120</u>
Average duration of the defined benefit obligation	11years	9.4 years

25. EQUITY

a. Ordinary shares

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of shares authorized (in thousands)	<u>800,000</u>	<u>800,000</u>
Shares authorized	\$ <u>8,000,000</u>	\$ <u>8,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>596,443</u>	<u>597,137</u>
Shares issued		
Public shares	\$ 5,930,512	\$ 5,319,312
Privately placed shares	-	600,000
Restricted shares	<u>33,920</u>	<u>52,060</u>
Ordinary shares	<u>\$ 5,964,432</u>	<u>\$ 5,971,372</u>

For the Company's long-term development needs, strengthening overall financial structure and improving operating efficiency, the shareholders adopted a resolution to raise additional cash through private placement at their annual shareholders' meeting on June 28, 2019. The number of shares to be issued through the private placement is 60 million shares at a subscription price of \$18.94 (in dollars) per share. The amount of capital raised through the private placement was \$1,136,400 thousand, and the difference between par value and issue price will be recognized as capital surplus-additional paid-in capital.

The rights and obligations of the privately placed shares are the same as those of the ordinary shares issued by the Company. However, the private shares are subjected to the transfer restrictions by the Securities Exchange Act, which says that private shares may not be transferred within 3 years from the transaction date.

The Company's private placement of common stock in fiscal 2019 was filed for a supplemental public offering pursuant to "the Regulations Governing the Offering and Issuance of Securities by Securities Issuers," among other things, because the delivery date had expired three years earlier, and the case has been declared effective by Taipei Exchange on May 29, 2023, under Letter No. 1120004889 of the Securities and Futures Commission.

On July 16, 2021, the Company's shareholders resolved to issue \$6,000 thousand restricted shares to employees, which was approved by the FSC on September 16, 2021.

The Company's board of directors resolved to issue \$1,700 thousand shares, \$3,472 thousand shares and \$306 thousand shares with a par value of NT\$10 on November 5, 2021, April 20, 2022 and June 10, 2022, and the settlement date of the new shares were February 21, 2022, June 1, 2022 and July 12, 2022, respectively.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ 4,000,112	\$ 3,957,167
<u>May only be used to offset a deficit</u>		
Changes in ownership interests in associates	-	21,717
<u>May not be used for any purpose</u>		
Restricted shares to employee	<u>112,657</u>	<u>170,002</u>
	<u>\$ 4,112,769</u>	<u>\$ 4,148,886</u>

Note: Such capital surplus 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 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 a legal reserve 10% of the remaining profit, unless the accumulated reserve is equal to the total capital of the Company; then set aside or reversing a special reserve in accordance with the laws and regulations, and then 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 the distribution of dividends and bonuses to shareholders. Where the Company distributes preceding surplus earning, legal reserve and capital reserve in the form of cash, such distribution is authorized by a special resolution of the board of directors; and in addition to a report of such distribution shall be submitted to the shareholders' meeting; if such distribution is in the form of new shares to be issued, it shall be approved by the shareholders in their meetings according to the regulations. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to Note 27(g) "Employees' compensation and remuneration of directors and supervisors for 2023 and 2022".

Under the Company's Article of Incorporation, the Company may have the surplus profit distributable as dividends in part or in whole considering the financial, business and operational factors. The ratio of share dividend shall exceed 40% of distributable earnings. Surplus distribution can be in the form of cash or stock dividends. For the measurement of future capital requirements and long-term financial planning, cash dividend shall be prior to share dividend, also, cash dividend shall not be less than 50% of the total amount of dividends in the future.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. 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.

Under Rule No.1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse a special reserve.

The appropriations of earnings for 2022 and 2021, approved in the shareholders' meetings on May 30, 2023 and May 31, 2022, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ 140,029	\$ 125,779
Provision (reversal) of special reserve	\$ (25,292)	\$ 9,034
Cash dividends on ordinary shares	\$ 895,278	\$ 890,447
Cash dividend per ordinary share (NT \$)	\$ 1.5	\$ 1.5

The appropriation of earnings for 2023 is subject to proposal by the Corporation's board of directors and to approval by the shareholders in their meeting.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (91,758)	\$ (125,397)
Exchange differences on translating the financial statements of foreign operations	<u>(42,960)</u>	<u>33,639</u>
Balance at December 31	<u>\$ (134,718)</u>	<u>\$ (91,758)</u>

2) Unrealized gain and losses on financial assets at fair value through other comprehensive income

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (81,656)	\$ (73,310)
Recognized for the year		
Unrealized gains and losses		
Equity instruments	<u>6,069</u>	<u>(8,346)</u>
Balance at December 31	<u>\$ (75,587)</u>	<u>\$ (81,656)</u>

3) Unearned employee compensation

In the meeting of shareholders on July 16, 2021, the shareholders approved a restricted share plan for employees (see Note 30).

e. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 413,755	\$ 320,188
Attributable to non-controlling interests:		
Share in profit (loss) for the year	(18,523)	39,683
Exchange differences on translating the financial statements of foreign operations	-	702
Changes in capital surplus from associates accounted for using the equity method	(1,085)	19,063
Non-controlling interests arising from acquisition of subsidiaries	12,000	-
Loss of control in subsidiaries	(407,205)	-
Compensation costs of employee share - based payments	2,132	9,336
Changes in non-controlling interests	<u>10,908</u>	<u>24,783</u>
Balance at December 31	<u>\$ 11,982</u>	<u>\$ 413,755</u>

26. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from precious metal materials	\$ 17,621,736	\$ 20,305,323
Revenue from non-precious metal and others	<u>5,007,456</u>	<u>5,485,271</u>
	<u>\$ 22,629,192</u>	<u>\$ 25,790,594</u>

Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable (Note 10)	<u>\$ 59,332</u>	<u>\$ 77,883</u>	<u>\$ 112,823</u>
Accounts receivable (Note 10)	<u>\$ 1,793,116</u>	<u>\$ 1,651,305</u>	<u>\$ 1,986,616</u>
Contract assets			
Cleaning service	<u>\$ -</u>	<u>\$ 50,640</u>	<u>\$ -</u>
Contract liabilities			
Sales of goods	<u>\$ 97,398</u>	<u>\$ 226,957</u>	<u>\$ 212,916</u>

27. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ 58,792	\$ 18,185
Financial assets at amortized cost	<u>1,274</u>	<u>578</u>
	<u>\$ 60,066</u>	<u>\$ 18,763</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	\$ 28,580	\$ 28,758
Others	<u>40,677</u>	<u>33,430</u>
	<u>\$ 69,257</u>	<u>\$ 62,188</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Foreign exchange gain (loss)	\$ (13,552)	\$ 85,261
Financial instruments at fair value through profit or loss	60,642	(116,688)
Gain (loss) on disposal of property, plant and equipment	(10,677)	34,159
Impairment loss on property, plant and equipment	(203)	-
Gain on disposal of investment properties	-	222,247
Gain on disposal of investments	116,364	-
Loss on a lease modification	-	(588)
Depreciation	(2,935)	(2,282)
Others	<u>16,544</u>	<u>(9,710)</u>
	<u>\$ 166,183</u>	<u>\$ 212,399</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 383,200	\$ 273,346
Interest on lease liabilities	875	1,293
Less: Capitalized interest amount	<u>(17,123)</u>	<u>(15,520)</u>
	<u>\$ 366,952</u>	<u>\$ 259,119</u>
Capitalization rate	2.52%-3.24%	2.04%-3.36%

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 378,106	\$ 310,988
Operating expenses	189,648	172,539
Other profit or loss	<u>2,935</u>	<u>2,282</u>
	<u>\$ 570,689</u>	<u>\$ 485,809</u>
 An analysis of amortization by function		
Operating costs	\$ 2,778	\$ 3,468
Operating expenses	<u>7,652</u>	<u>5,218</u>
	<u>\$ 10,430</u>	<u>\$ 8,686</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits		
Salaries	\$ 1,165,158	\$ 1,629,436
Labor and health insurance	103,582	132,100
Remuneration of directors	35,170	33,636
Others	<u>76,690</u>	<u>112,837</u>
	<u>1,383,600</u>	<u>1,908,009</u>
Post-employment benefits		
Defined contribution plans	60,128	71,966
Defined benefit plans (refer to Note 24)	<u>622</u>	<u>636</u>
	<u>60,750</u>	<u>72,602</u>
Share - based payments	<u>48,163</u>	<u>79,000</u>
	<u>\$ 1,492,513</u>	<u>\$ 2,059,611</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 827,237	\$ 1,011,925
Operating expenses	<u>665,276</u>	<u>1,047,686</u>
	<u>\$ 1,492,513</u>	<u>\$ 2,059,611</u>

g. Employees' compensation and remuneration of directors for 2023 and 2022

The Company accrued employees' compensation and remuneration of directors at the rates of no less than 2% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the year ended December 31, 2023 have not yet been decided, and for the year ended December 31, 2022 were approved by the Company's board of directors on April 14, 2023, as follows:

Accrual rate

	<u>For the Year Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Employees' compensation	3.0%	2.62%
Remuneration of directors and supervisors	2.1%	1.79%

Amount

	<u>For the Year Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Employees' compensation - cash	\$ 43,338	\$ 47,104
Remuneration of directors - cash	30,337	32,096

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.

The actual amount of allotment resolved by the board of directors on April 14, 2023 and April 20, 2022, respectively, was different from the amount recognized in the annual consolidated financial statements, and the difference was mainly due to estimation differences, which were adjusted to profit or loss in FY2023 and FY2022, respectively.

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Employees' Compensation</u>	<u>Remuneration of Directors</u>	<u>Employees' Compensation</u>	<u>Remuneration of Directors</u>
Amounts resolved in the board of directors' meetings	\$ 47,014	\$ 32,096	\$ 49,106	\$ 30,348
Amounts recognized in the financial statements	\$ 53,802	\$ 37,662	\$ 49,106	\$ 34,374

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

28. INCOME TAX

- a. Major components of income tax expense recognized in profit or loss

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Current tax		
In respect of the current year	\$ 206,651	\$ 202,422
Income tax on unappropriated earnings	-	633
Adjustments for prior years	23,860	(6,566)
Deferred tax		
In respect of the current year	<u>(8,268)</u>	<u>44,398</u>
Income tax expense recognized in profit or loss	<u>\$ 222,243</u>	<u>\$ 240,887</u>

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

	For the Year Ended December 31	
	2023	2022
Profit (loss) before tax	\$ 1,288,661	\$ 1,669,908
Income tax expense calculated at the statutory rate	\$ 277,354	\$ 340,355
Deductible expenses in determining taxable income	(8,183)	(30,407)
Nondeductible income in determining taxable income	(11,707)	(10,434)
Deductible income in determining taxable income	9,453	-
Tax-exempt income	(22,796)	(3,509)
Income tax on unappropriated earnings	-	633
Unrecognized investment credits	(33,553)	(48,310)
Unrecognized deductible temporary differences	(12,185)	(875)
Adjustments for prior years' tax	23,860	(6,566)
Income tax expense recognized in profit or loss	<u>\$ 222,243</u>	<u>\$ 240,887</u>

b. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
With holding Tan from China	\$ 38,542	\$ 38,517
Current tax liabilities		
Income tax payable	\$ 102,086	\$ 123,071

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Without control	Closing Balance
Temporary differences					
Loss allowance	\$ 888	\$ 1,829	\$ -	\$ (648)	\$ 2,069
Allowance for impairment loss on inventories	18,441	23,328	-	(195)	41,574
Difference between tax reporting and financial reporting on depreciation	-	64	-	-	64
Unrealized impairment loss on assets	1,599	41	-	-	1,640
Annual leave	6,787	423	-	(1,422)	5,788
Difference between tax reporting and financial reporting on pensions	7,935	(3,253)	109	-	4,791
Unrealized gain or loss on financial instrument valuation	30,183	9,811	-	-	39,994
Unrealized expenses	750	200	-	(950)	-
Exchange differences on translating the financial statement of foreign operations	8,153	-	10,740	(783)	18,110
Difference between tax reporting and financial reporting on cost of land	146,422	-	-	-	146,422
Tax losses	<u>7,277</u>	<u>(7,277)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 228,435</u>	<u>\$ 25,166</u>	<u>\$ 10,849</u>	<u>\$ (3,998)</u>	<u>\$ 260,452</u>

(Continued)

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Loss of control	Closing Balance
Temporary differences					
Gain on valuation of hedged inventories	\$ (23,959)	\$ 23,959	\$ -	\$ -	\$ -
Gain on investments - associates and joint ventures	(240,406)	(37,334)	-	5,474	(272,266)
Unrealized exchange gain	<u>(20,847)</u>	<u>(3,523)</u>	<u>-</u>	<u>22</u>	<u>(24,348)</u>
	<u>\$ (285,212)</u>	<u>\$ (16,898)</u>	<u>\$ -</u>	<u>\$ 5,496</u>	<u>\$ (296,614)</u>

(Concluded)

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Loss allowance	\$ 2,109	\$ (1,221)	\$ -	\$ 888
Allowance for impairment loss on inventories	59,784	(41,343)	-	18,441
Unrealized impairment loss on assets	1,606	(7)	-	1,599
Annual leave	7,046	(259)	-	6,787
Difference between tax reporting and financial reporting on pensions	11,166	(492)	(2,739)	7,935
Unrealized gain or loss on financial instrument valuation	11,107	19,076	-	30,183
Unrealized expenses	1,033	(283)	-	750
Exchange differences on translating the financial statement of foreign operations	16,877	-	(8,724)	8,153
Difference between tax reporting and financial reporting on cost of land	146,422	-	-	146,422
Tax losses	<u>10,166</u>	<u>(2,889)</u>	<u>-</u>	<u>7,277</u>
	<u>\$ 267,316</u>	<u>\$ (27,418)</u>	<u>\$ (11,463)</u>	<u>\$ 228,435</u>

Deferred Tax Liabilities

Temporary differences				
Gain on valuation of hedged inventories	\$ (10,188)	\$ (13,771)	\$ -	\$ (23,959)
Gain on investments - associates and joint ventures	(226,693)	(13,713)	-	(240,406)
Unrealized exchange gain	(31,350)	10,503	-	(20,847)
Difference between tax reporting and financial reporting on depreciation	(1)	1	-	-
	<u>(268,232)</u>	<u>(16,980)</u>	<u>-</u>	<u>(285,212)</u>

- d. Deductible temporary differences and 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	\$ 36,159	\$ 36,571
Expiry in 2025	64,331	64,989
Expiry in 2026	113,561	115,292
Expiry in 2027	79,564	80,483
Expiry in 2028	110,361	111,629
Expiry in 2029	71,134	71,794
Expiry in 2030	180,793	184,126
Expiry in 2031	229,156	233,309
Expiry in 2032	<u>245,712</u>	<u>-</u>
	<u>\$ 1,130,771</u>	<u>\$ 898,193</u>

- e. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year:		
Transaction of foreign operations	\$ 10,740	\$ (8,724)
Remeasurement of defined benefit plans	<u>109</u>	<u>(2,739)</u>
Total income tax recognized in other comprehensive income	<u>\$ 10,849</u>	<u>\$ (11,463)</u>

- f. Income tax assessments

The tax returns of the Company's domestic subsidiaries, Gold Tech Precious Metals Co., Ltd., Precision Packaging Materials Corp. and Universal Inspection & Certification Technology Co., Ltd., have been assessed by the tax authorities through 2021. The tax return of the company through 2020 has been assessed by the tax authorities.

29. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit (Loss) for the Year

	For the Year Ended December 31	
	2023	2022
Profit for the year attributable to owners of the Company	<u>\$ 1,084,941</u>	<u>\$ 1,389,338</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	592,680	591,931
Effect of potentially dilutive ordinary shares:		
Employee share options		
Employee restricted share	1,594	753
Employees' compensation	<u>1,476</u>	<u>1,973</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u><u>595,750</u></u>	<u><u>594,657</u></u>

The Company may settle compensation paid to employees in cash or shares; therefore, the Company 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.

30. SHARE - BASED PAYMENT ARRANGEMENTS

Employees restricted shares

The shareholders meeting of the Company, on July 16, 2021, resolved to issue employee's restricted shares amounting to \$60,000 thousand, consisting of 6,000 thousand shares and it has been approved by the FSC.

The board of directors resolved to issue 1,700 thousand, 3,472 thousand and 306 thousand shares of par value in \$10 on November 5, 2021, April 20, 2022 and June 10, 2022, respectively, and the issue price is \$10. The record date of issuance is February 21, 2022, June 1, 2022 and July 12, 2022. The information of the issued resolved by board of directors is as follows:

Grant date	Fair value per share (in NT\$)	Actual shares of issued (In Thousands of Shares)
January 14, 2022	\$ 39.10	\$ 1,700
May 3, 2022	\$ 38.40	\$ 3,472
June 17, 2022	\$ 32.65	\$ 306

An employee, after granted of the restricted stocks, can vest shares on an annual basis during a four-year period. An employee whose personal performance have met with the criteria listing, will be eligible for vesting of an installment of 25% of the shares.

The restrictions on the rights of the employees who acquire the restricted shares but have not met the resting conditions are as follows:

- a. Employees should transfer the granted shares to trustee appointed by the Company immediately. Before they are vested, the restricted shares should be kept in trustee and the employees cannot terminate the custodies with any reason.

- b. Employees are restricted to sell, pledge, transfer, donate or, in any way, dispose of any shares before vested.
- c. The rights of restricted shares are same as ordinary share including attendance, propose, speak, voting right and so on, including but not limited to, stock dividend, distribution from legal reserve and capital surplus, share options at cash capital increase, at the Company's shareholders' meeting before vested. The exercise of such rights shall be performed in accordance with the trust agreement or the securities custodies by the Company's prescribed.

The Company will buy back the restricted shares at issued price and revoke the shares if an employee fails to meet the vesting conditions.

Information regarding the Company's issuance of new shares with restricted employee rights is summarized as follows:

Employee Share Option	<u>2023</u>	<u>2022</u>
	Number of Shares (In Thousands)	Number of Shares (In Thousands)
Balance, beginning of period	\$ 5,206	\$ -
Issuance of stocks	-	5,478
Vested shares	(1,120)	-
Revoked shares	<u>(694)</u>	<u>(272)</u>
Balance, ending of period	<u>\$ 3,392</u>	<u>\$ 5,206</u>

The compensation cost recognized for the employee restricted shares during January 1 to December 31, 2023 and 2022 amounted to \$46,031 thousand and \$69,664 thousand, respectively. The Company recognized unearned compensation in the amount of \$39,907 thousand, which is a deduction item under other equity account and will be reclassified as compensation cost for employees in the rest of the vesting period.

31. DISPOSAL OF OVER SUBSIDIARIES

The Group is the largest single shareholder of HTC & Solar Tech Service Limited, holding 37.34% of the voting shares. After the reelection of directors in May 2023, HTC & Solar Tech Service Limited accounted for less than half of the board of directors, the number of seats was reduced from two to one and the shares held by the other top ten shareholders (not related parties) exceeded the Group's. Considering the number of shares held by other shareholders and the distribution of their voting rights, the other shareholdings were not extremely dispersed, and there was no agreement for the shareholders to consult with each other or to formulate decisions collectively, which demonstrated that the Group did not have any actual ability to dominate the relevant policies, and therefore, the Group was not judged to have any control, but rather, only significant influence, over the company.

- a. The Group has excluded the assets, liabilities and related equity components of the subsidiary and recognized the disposal benefits as follows:

	Amount
Fair value of remaining equity	\$ 285,221
Subsidiaries' net assets	(657,908)
Non-controlling interests	407,205
Capital reserves and accumulated exchange differences reclassified from equity to profit and loss due to loss of control over subsidiaries	14,412
	<hr/>
Gain on disposal	<u>\$ 48,930</u>

- b. Analysis of assets and liabilities on the date control was lost

	Amount
Current assets	
Cash and cash equivalents	\$ 167,856
Accounts receivable	156,942
Inventories	6,018
Other current assets	82,277
Non-current assets	
Property, plant and equipment	503,422
Investments accounted for using the equity method	152,112
Right-of-use assets	93,686
Intangible assets	11,474
Goodwill	8,042
Refundable deposits	5,282
Other non-current assets	10,252
Current liabilities	
Borrowings	(80,000)
Accounts payable	(29,170)
Other payables	(116,999)
Other current liabilities	(4,533)
Non-current liabilities	
Borrowings	(211,100)
Lease liabilities	(92,158)
Other non-current liabilities	<u>(5,495)</u>
Net assets on disposal date	<u>\$ 657,908</u>

- c. Net cash outflow for loss of control over subsidiaries

	HTC & Solar
Consideration received in cash and cash equivalents	\$ -
Less: Cash and cash equivalent balances out of control	<u>(167,856)</u>
	<u>\$ (167,856)</u>

32. INFORMATION OF CASH FLOW

Investment activities that only partially received and paid	For the Year Ended December 31	
	2023	2022
Increase in property, plant and equipment	\$ 475,314	\$ 1,096,439
Decrease in other payables	<u>90,151</u>	<u>11,160</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 565,465</u>	<u>\$ 1,107,599</u>

33. CAPITAL MANAGEMENT

The capital structure of the Group consists of net debt and equity of the Group.

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 stakeholders through the optimization of the debt and equity balance by adjusting the amount of dividends paid to shareholders, return capital to shareholders, issued new shares or sell assets to reduce debts.

34. FINANCIAL INSTRUMENTS

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

The carrying amounts of the Group's financial instruments that are not measured at fair value, such as cash and cash equivalents, financial assets at amortized cost, receivables, other receivables refundable deposits or guarantee deposit received long-term or short-term notes and bonds payable, accounts payable and other payables, approximate their fair values.

Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Futures contract	\$ 19,594	\$ -	\$ -	\$ 19,594
Forward spot contract	<u>90,531</u>	<u>-</u>	<u>-</u>	<u>90,531</u>
	<u>\$ 110,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,125</u>
Financial assets at FVTOCI				
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,824</u>	<u>\$ 91,824</u>
Financial liabilities for hedging				
Futures contract	<u>\$ 2,576</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,576</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Futures contract	\$ 158,564	\$ -	\$ -	\$ 158,564
Forward spot contract	<u>83,477</u>	<u>-</u>	<u>-</u>	<u>83,477</u>
	<u>\$ 242,041</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,041</u>
Financial assets at FVTOCI				
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,755</u>	<u>\$ 85,755</u>
Financial liabilities for hedging				
Futures contract	\$ 119,796	\$ -	\$ -	\$ 119,796
Forward spot contract	<u>5,708</u>	<u>-</u>	<u>-</u>	<u>5,708</u>
	<u>\$ 125,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,504</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Adjustment of financial instruments measured by Level 3 fair value

Financial assets at fair value through other comprehensive income

	<u>Equity instruments</u>	
	2023	2022
Beginning balance	\$ 85,755	\$ 105,101
Recognized in other comprehensive income recorded as unrealized (loss) gain on financial assets measured at fair value through other comprehensive income	6,069	(8,346)
Refund of capital reduction	<u>-</u>	<u>(11,000)</u>
Ending balance	<u>\$ 91,824</u>	<u>\$ 85,755</u>

3) Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

The fair value of domestic unlisted equity investments is evaluated based on the market approach, or based on the recent net worth of the target assets. When adopting the market approach, the selling prices of comparable companies were used to compare, analyze, adjust and derive the fair value of the target assets.

b. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 110,125	\$ 242,041
Financial assets at amortized cost (Note 1)	5,489,376	5,382,871
Financial assets at FVTOCI		
Equity instruments	91,824	85,755
<u>Financial liabilities</u>		
Financial liabilities for hedging	2,576	125,504
Financial liabilities at amortized cost (Note 2)	12,929,901	12,417,690

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost (current and non-current), notes receivable, accounts receivable, other receivables and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term and long-term loans (long-term loans due in one year included), accounts payable, other payables, bonds payable and guarantee deposit received.

c. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, notes receivable, net of accounts receivable, accounts payable, and borrowings financial risk management of the Group is carried out by its financial department based on the policies approved by the board of directors. Through cooperation with the Group's operating units, the financial department is responsible for identifying, evaluating and hedging financial risks. The board of directors has established written principles with respect to the overall risk management, and there are policies in writing for specified scope and matters, such as foreign exchange rate risk, interest rate risk, other price risks, credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (refer to (a) below), interest rates (refer to (b) below) and other price risk (refer to (c) below).

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which exposed 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 reporting period are set out in Note 38.

Sensitivity analysis

The Group was mainly exposed to the USD, RMB, JPY and EUR. The following table details the Group's sensitivity to an increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges. A positive number below indicates an increase in pre-tax profit associated with the functional currency strengthening 1% against the relevant currency. For a 1% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ 25,089	\$ 1,441
	RMB Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ 1,035	\$ 65
	JPY Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ 1,122	\$ 643
	EUR Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ 378	\$ 389

This was mainly attributable to the exposure on outstanding cash and cash equivalents, receivables, other receivables, other financial assets, payables and loans in foreign currencies, which were not hedged at the end of the year.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amount 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	\$ 582,705	\$ 809,182
Financial liabilities	1,282,086	1,328,380
Cash flow interest rate risk		
Financial assets	2,951,261	2,717,593
Financial liabilities	9,494,349	8,790,889

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. An increase or a decrease of 1% is 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 1% higher or lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased by \$65,431 thousand and \$60,733 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities which aimed to lower the impact of material price fluctuations on profitability.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to market price risks at the end of the year.

The sensitivity analysis below was conducted based on the Group's exposure to equity price risk at the end of the reporting period. If equity prices had been 1% higher/lower, other comprehensive income(loss) before income tax for the year ended December 31, 2023 and 2022 would have increased/decreased by NT\$918 thousand and NT\$858 thousand, respectively, as a result of the changes in the fair values of financial assets at fair value through other comprehensive income.

Hedging account

The Group engaged in the future contract transactions of precious metals in order to avoid the risks arising from fluctuations of inventory prices while holding the position of stocks of connected objects of derivatives, thus, it was not significant of the market price risk.

December 31, 2023

Hedging Instrument	Contract amount / Notional Amount (thousand)	Maturity	Line Item in Balance Sheet	Carrying Amount Liability	Change In Value Used for Calculating Hedge Ineffectiveness
Fair value hedge					
Sell futures contract - Gold	RMB 451.84 ~ 481.34 / RMB 40,815	January, 2024	Financial liabilities for hedging	\$ 2,040	\$ -
Sell futures contract - Silver	RMB 5.60 ~ 6.11 / RMB 4,401	January, 2024	Financial liabilities for hedging	536	-
				<u>\$ 2,576</u>	<u>\$ -</u>

Hedged Item	Carrying Amount Asset	Accumulated Amount of Fair Value Hedge Adjustments Asset	Change in Value Used for Calculating Hedge Ineffectiveness
Fair value hedge Precious metals inventories	<u>\$ 10,220,884</u>	<u>\$ 2,576</u>	<u>\$ -</u>

December 31, 2022

Hedging Instrument	Contract amount / Notional Amount (thousand)	Maturity	Line Item in Balance Sheet	Carrying Amount Liability	Change In Value Used for Calculating Hedge Ineffectiveness
Fair value hedge					
Sell futures contract - Gold	USD 1,791.8 ~ 1,792.3 / USD 9,139	February, 2023	Financial liabilities for hedging	\$ 5,356	\$ -
Sell futures contract - Silver	USD 22.25 / USD 2,114	March, 2023	Financial liabilities for hedging	5,213	-
Sell futures contract - Platinum	USD 982.8 ~ 1,055.9 / USD 54,216	April, 2023	Financial liabilities for hedging	109,227	222
Sell forward spot contract - Gold	RMB 391.11 ~ 409.62 / RMB 70,554	January, 2023	Financial liabilities for hedging	3,103	-
Sell forward spot contract - Silver	USD 4.86 ~ 5.35 / RMB 18,761	January, 2023	Financial liabilities for hedging	2,605	-
Sell forward contract - Platinum	USD 948.91 / RMB 2,733	February, 2022	Financial liabilities for hedging	-	160
				<u>\$ 125,504</u>	<u>\$ 382</u>

Hedged Item	Carrying Amount Asset	Accumulated Amount of Fair Value Hedge Adjustments Asset	Change in Value Used for Calculating Hedge Ineffectiveness
Fair value hedge Precious metals inventories	<u>\$ 2,225,786</u>	<u>\$ 125,504</u>	<u>\$ -</u>

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the 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 consolidated balance sheets.

Since the counterparties of the Group are all creditworthy business organizations, there is no anticipated material credit risk. Ongoing credit evaluations are performed on the financial condition of customers with accounts receivable.

The Group transacts with a 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. The Group had available unutilized short-term bank loan facilities as set out in (3) below.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table was 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 included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest rates are floating, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2023

	On Demand and Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Non-interest bearing liabilities	\$ 2,151,446	\$ -	\$ -	\$ 3,586
Lease liabilities	1,406	194	-	-
Floating interest rate bank loans	3,963,151	1,779,560	4,405,900	191
Fixed interest rate bank loans	<u>511,600</u>	<u>808,822</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,627,603</u>	<u>\$ 2,588,576</u>	<u>\$ 4,405,900</u>	<u>\$ 3,777</u>

December 31, 2022

	On Demand and Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Non-interest bearing liabilities	\$ 2,398,438	\$ -	\$ -	\$ 2,906
Lease liabilities	20,728	30,108	25,418	35,147
Floating interest rate bank loans	2,294,747	7,003,520	78,903	92,430
Fixed interest rate bank loans	<u>463,965</u>	<u>822,860</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,177,878</u>	<u>\$ 7,856,488</u>	<u>\$ 104,321</u>	<u>\$ 130,483</u>

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settled on a net basis. When the amount payable or receivable was not fixed, the amount disclosed was determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2023

	Less than 1 Year	1-5 Years
<u>Net settled</u>		
Futures contracts	\$ -	\$ -
Forward spot contracts	<u>2,576</u>	<u>-</u>
	<u>\$ 2,576</u>	<u>\$ -</u>

December 31, 2022

	Less than 1 Year	1-5 Years
<u>Net settled</u>		
Futures contracts	\$ 119,796	\$ -
Forward spot contracts	<u>5,708</u>	<u>-</u>
	<u>\$ 125,504</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2023	2022
Bank overdraft facilities		
Amount used	\$ 10,067,522	\$ 9,403,456
Amount unused	<u>12,086,086</u>	<u>13,199,811</u>
	<u>\$ 22,153,608</u>	<u>\$ 22,603,267</u>
Syndicated credit facilities		
Amount used	<u>\$ 6,104,855</u>	<u>\$ 7,337,892</u>

35. TRANSACTIONS WITH RELATED PARTIES

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

a. The names of the related parties and their relationships with the Group

Related Party Name	Relationship
Forcera Materials Co., Ltd. (Forcera Materials) (Note 6)	Associate
Cowin Semiconductor Materials (Ningbo) Co., Ltd. (Cowin)	Associate
HTC & Solar Tech Service Limited (HTC & Solar) (Note 5)	Associate
Xinnotec Environmental Technology Co., Ltd. (Xinnotec) (Note 1)	Other related party
Alanod-Xxentria Technology Materials Co., Ltd. (Alanod-Xxentria) (Note 1)	Other related party
Gloria Material Technology Corp. (Note 4)	Other related party
S-Tech Corp. (S) (Note 4)	Other related party
Dong-Shiann Engineering Enterprises Co., Ltd. (Dong Shiann Engineering) (Note 2)	Other related party
Shyhan-Jou Construction Co., Ltd. (Shyhan-Jou Construction) (Note 2)	Other related party
Shyhan-Jou Electrical Technology Consultant Co., Ltd. (Shyhan-Jou Electrical) (Note 2)	Other related party
G.S.R. Consulting Co., Ltd. (G.S.R. Consulting) (Note 3)	Other related party

Note 1: As a result of the reelection of the directors of the Company, Xxentria Chi Co., Ltd. has been the director of the Company since May 31, 2022. Since Xinnotec Environmental Technology Co., LTD., Alanod-Xxentria Technology Materials Co., LTD., and Xxentria Chi Co., Ltd., are all subsidiaries of Xxentria Technology Materials Co., LTD., Xinnotec Environmental Technology Co., LTD., and Alanod-Xxentria Technology Materials Co., LTD., are considered as other related parties.

Note 2: As a result of the reelection of the directors of the Company, Xxentria Chi Co., Ltd. has been the director of the Company since May 31, 2022. As Xxentria Chi Co., Ltd. is a subsidiary of Xxentria Technology Materials Co., LTD., and the chairmen of Dong Shiann Engineering Enterprises Co., LTD., Shyhan-Jou Construction Co., LTD., and Shyhan-Jou Electrical Technology Consulting Co., LTD., are also directors of Xxentria Chi Co., Ltd., Therefore, Dong Shiann Engineering Enterprises Co., LTD., Shyhan-Jou Construction Co., LTD., and Shyhan-Jou Electrical Technology Consulting Co., LTD., are considered as other related parties.

Note 3: As the representative of the director of the Company used to be the person in charge of G.S.R. Consulting Co., LTD., G.S.R. Consulting Co., LTD. is considered as other related party.

Note 4: Due to the resignation of the director of the company, Gloria Material Technology Corp. has ceased to be a related party since March 8, 2022.

Note 5: As a result of the reelection of the directors of HTC & Solar Tech Service Limited, the Company has lost control over HTC & Solar Tech Service Limited since June 2023, when the Company has served as a director up to more than half of the number of directorships of the company, and therefore HTC & Solar Tech Service Limited has been regarded as a related party since June 2023.

Note 6: As the Company disposed of all the shares of Forcera Materials in April 2023, there were also no directorships; the Company has not been a related party since May 2023.

b. Sales of goods

Related Party Category	For the Year Ended December 31	
	2023	2022
Associate	\$ 50,154	\$ 49,230
Other related parties	<u>-</u>	<u>2,783</u>
	<u>\$ 50,154</u>	<u>\$ 52,013</u>

The prices and credit terms to related parties were not different from transactions with third parties. The sales are usually made with a credit term of advance sales receipts, 7 to 180 days after the delivery and 30 to 180 days after monthly billings.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2023	2022
Associates	<u>\$ 157,696</u>	<u>\$ 7,458</u>

The purchase prices from related parties are similar to those with third parties.

The Group's payment term to related parties is 80 days from the invoice date and prepaid; and the payment term to third parties is prepaid, 7 to 180 days from the invoice date and 15 to 120 days after monthly billings.

d. Receivables from related parties

Line Item	Related Party Category / Name	December 31	
		2023	2022
Accounts receivable	Associate	<u>\$ 13,114</u>	<u>\$ 11,074</u>
Other receivables	Other related parties- HTC & Solar	<u>\$ 4,214</u>	<u>\$ -</u>

The outstanding accounts receivable from related parties are unsecured. No impairment loss was recognized for receivables from related parties for the years ended December 31, 2023 and 2022.

e. Payables to related parties

Line Item	Related Party Category	December 31	
		2023	2022
Accounts payable	Associate	<u>\$ 15,162</u>	<u>\$ 1,013</u>
Other payable	Associate	\$ 52	\$ 253
	Other related parties	<u>3,665</u>	<u>12,951</u>
		<u>\$ 3,717</u>	<u>\$ 13,204</u>

The outstanding accounts payable to related parties are unsecured and no interest was accrued.

f. Prepayments

Related Party Category	December 31	
	2023	2022
Other related parties	\$ <u>-</u>	\$ <u>111</u>

g. Acquisition of property, plant and equipment and prepayments for equipment

Related Party Category / Name	Purchase Price	
	2023	2022
Other related parties - G.S.R. Consulting	\$ 58,753	\$ 88,948
Other related parties - Dong-Shiann Engineering	35,290	85,558
Other related parties - Shyhan-Jou Construction	243	83,433
Other related parties	<u>1,602</u>	<u>338</u>
	\$ <u>95,888</u>	\$ <u>258,327</u>

1) As of December 31, 2023 and 2022, the unrecognized commitments of the Group to G.S.R. Consulting were \$9,524 thousand and \$68,468 thousand, respectively.

2) As of December 31, 2023 and 2022, the unrecognized commitments of the Group to Dong-Shiann Engineering were \$41,373 thousand and \$602 thousand, respectively.

h. Disposal of investment properties - 2022

Related Party Category / Name	Disposal amount	Gain on disposal
Other related parties - Xinnotec	\$ <u>313,205</u>	\$ <u>222,247</u>

For the details of the transaction with Xinnotec Environmental Technology Co., Ltd., refer to Note 17.

i. Acquisition of other assets

Related Party Category / Name	Line Item	Purchase Price	
		2023	2022
Other related parties - G.S.R. Consulting	Intangible asset	\$ <u>1,950</u>	\$ <u>8,500</u>

j. Other transactions with related parties

1) For the years ended December 31, 2023 and 2022, the Company paid consultant fees of \$10,500 thousand and \$9,650 thousand, respectively, to other related party - G.S.R. Consulting, which was recognized under management expense.

2) In 2023, the Group received rental income of \$1,887 thousand from associates.

k. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 61,840	\$ 59,094
Post-employment benefits	216	270
Share-based payment	<u>7,781</u>	<u>9,018</u>
	<u>\$ 69,837</u>	<u>\$ 68,382</u>

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for financing loans:

	December 31	
	2023	2022
Demand deposits (recognized as financial assets at amortized cost – current/non-current)	\$ 93,390	\$ 141,712
Time deposits (recognized as financial assets at amortized cost – current/non-current)	76,000	177,531
Refundable deposits (recognized as financial assets at amortized cost – current)	377,757	298,583
Land (recognized as property, plant and equipment and investment property)	694,247	1,750,928
Buildings and structures (recognized as property, plant and equipment and investment property)	2,395,910	3,595,332
Machinery and equipment (recognized as property, plant and equipment and investment property)	151	-
Research and development equipment (recognized as property, plant and equipment)	2,587	3,557
Construction in progress (recognized as property, plant and equipment)	<u>20,570</u>	<u>20,570</u>
	<u>\$ 3,660,612</u>	<u>\$ 5,988,213</u>

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2023 and 2022 were as follows:

Unrecognized commitments were as follows:

	December 31	
	2023	2022
Acquisition of property, plant and equipment	<u>\$ 224,886</u>	<u>\$ 447,830</u>

38. 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 and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 110,018	30.705 (USD:NTD)	\$ 3,378,111
USD	1,833	7.096 (USD:RMB)	56,278
RMB	23,921	4.327 (RMB:NTD)	103,507
JPY	520,787	0.2172 (JPY:NTD)	113,115
EUR	175	33.98 (EUR:NTD)	5,938
EUR	937	7.853 (EUR:RMB)	31,827

Non-monetary items

Investment accounted for using equity method JPY	4,122	0.2172 (JPY:NTD)	895
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Financial liabilities

<u>Monetary items</u>			
USD	30,141	30.705 (USD:NTD)	925,477
JPY	1,893	0.0502 (JPY:RMB)	411
JPY	2,221	0.2172 (JPY:NTD)	482

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 82,008	30.71 (USD:NTD)	\$ 2,518,454
USD	2,222	6.967 (USD:RMB)	68,234
RMB	14,108	4.408 (RMB:NTD)	62,186
JPY	332,817	0.23 (JPY:NTD)	77,347
EUR	611	32.72 (EUR:NTD)	19,979
EUR	578	4.408 (EUR:RMB)	18,902

Non-monetary items

Investment accounted for using equity method USD	5,123	30.71 (USD:NTD)	157,333 (Continued)
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	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 79,537	30.71 (USD:NTD)	\$ 2,442,595
RMB	12,642	4.408 (RMB:NTD)	55,727
JPY	56,133	0.23 (JPY:NTD)	13,045
			(Concluded)

The Group is mainly exposed to the foreign exchange risk of the USD, RMB and JPY. The following information was aggregated by the functional currencies of the Group, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2023		2022	
	Foreign Currency	Exchange Rate	Exchange Rate	Net Foreign Exchange Gain (Loss)
		Net Foreign Exchange Gain (Loss)		Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	\$ (16,495)	1 (NTD:NTD)	\$ 80,220
USD	31.155 (USD:NTD)	134	29.805 (USD:NTD)	(44)
RMB	4.396 (RMB:NTD)	<u>2,809</u>	4.422 (RMB:NTD)	<u>5,085</u>
		<u>\$ (13,552)</u>		<u>\$ 85,261</u>

39. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 2)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)

- 9) Trading in derivative instruments (Notes 7 and 34)
 - 10) Intercompany relationships and significant intercompany transactions (Table 9)
- b. Information on investees (Table 6)
- 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 period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)
 - 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 (Tables 2, 4, 5, 8, and 9):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
 - 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 receipt of services
- d. Information on major shareholders: the name, amount and proportion of shareholders who hold more than 5 % of the shares (Table 10).

40. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focus on focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

Solar is primarily engaged in waste recovery and refining, processing and manufacturing of sputtering targets for thin film and precious metal materials.

Solar (KunShan) is primarily engaged in producing photovoltaic sputtering targets for thin film, electroplating chemicals, specialty chemicals for automobiles and electroplating processing.

Other companies are the Company's reinvestment subsidiaries, and they are primarily engaged in waste recovery, basic industrial chemical and export and import.

a. Segment revenue and results

	Solar	Solar (KunShan)	Others	Adjustments and Eliminations	Total
<u>For the year ended December 31, 2023</u>					
Revenue from external customers	\$ 7,891,356	\$ 12,798,822	\$ 1,939,014	\$ -	\$ 22,629,192
Inter-segment revenue	<u>316,105</u>	<u>79,516</u>	<u>1,704,263</u>	<u>(2,099,884)</u>	<u>-</u>
Segment revenue	<u>\$ 8,207,461</u>	<u>\$ 12,878,338</u>	<u>\$ 3,643,277</u>	<u>\$ (2,099,884)</u>	<u>\$ 22,629,192</u>
Segment income	<u>\$ 1,083,329</u>	<u>\$ 144,756</u>	<u>\$ 117,688</u>	<u>\$ 20,064</u>	\$ 1,365,837
Interest income					60,066
Other incomes					69,257
Other gain or loss					166,183
Finance cost					(366,952)
Share of profit of associates					(5,730)
Profit before income tax					<u>\$ 1,288,661</u>
<u>For the year ended December 31, 2022</u>					
Revenue from external customers	\$ 10,605,120	\$ 13,043,067	\$ 2,142,407	\$ -	\$ 25,790,594
Inter-segment revenue	<u>475,946</u>	<u>673,211</u>	<u>2,092,878</u>	<u>(3,242,035)</u>	<u>-</u>
Segment revenue	<u>\$ 11,081,066</u>	<u>\$ 13,716,278</u>	<u>\$ 4,235,285</u>	<u>\$ (3,242,035)</u>	<u>\$ 25,790,594</u>
Segment income	<u>\$ 1,437,498</u>	<u>\$ 40,329</u>	<u>\$ 105,198</u>	<u>\$ 47,434</u>	\$ 1,630,459
Interest income					18,763
Other incomes					62,188
Other gain or loss					212,399
Finance cost					(259,119)
Share of profit of associates					<u>5,218</u>
Profit before income tax					<u>\$ 1,669,908</u>

Segment profit or loss represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, rental revenue, interest income, gains or losses on disposals of financial instruments, foreign exchange gains or losses, valuation gains or losses on financial instruments, 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. Revenue from major products and services

Please refer to Note 26 for analysis of the revenue from major products and services of the Group.

c. Geographical information

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from External Customers		Non-Current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Taiwan	\$ 4,908,411	\$ 5,826,973	\$ 7,622,460	\$ 8,077,073
China	14,640,434	14,672,131	670,510	697,266
Others	<u>3,080,347</u>	<u>5,291,490</u>	<u>92</u>	<u>97</u>
	<u>\$ 22,629,192</u>	<u>\$ 25,790,594</u>	<u>\$ 8,293,062</u>	<u>\$ 8,774,436</u>

d. Information about major customers

For the year ended December 31, 2023 and 2022, there was no revenue from external customers accounting for more than 10% of the Group's net operating revenue.

TABLE 1

SOLAR APPLIED MATERIALS TECHNOLOGY CORP. AND SUBSIDIARIES

**MOVEMENTS OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Land	Buildings	Machinery and Equipment	Research and Development Equipment	Office Equipment	Transportation and Other Equipment	Construction in Progress and Machinery Under Installation	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 1,696,405	\$ 5,304,475	\$ 3,433,940	\$ 711,035	\$ 163,282	\$ 2,196,314	\$ 538,586	\$ 14,044,037
Additions	-	28,247	82,365	19,982	20,320	138,399	807,126	1,096,439
Disposals	-	-	(69,317)	(38,049)	(5,039)	(27,067)	-	(139,472)
Reclassifications	21,089	165,582	165,896	95,835	20,554	248,961	(427,181)	290,736
Effects of foreign currency exchange differences	-	11,593	4,490	578	398	2,261	399	19,719
Balance at December 31, 2022	<u>\$ 1,717,494</u>	<u>\$ 5,509,897</u>	<u>\$ 3,617,374</u>	<u>\$ 789,381</u>	<u>\$ 199,515</u>	<u>\$ 2,558,868</u>	<u>\$ 918,930</u>	<u>\$ 15,311,459</u>
<u>Accumulated Depreciation and Impairment</u>								
Balance at January 1, 2022	\$ -	\$ 1,390,317	\$ 2,900,361	\$ 584,552	\$ 135,909	\$ 1,877,722	\$ -	\$ 6,888,861
Disposals	-	-	(67,476)	(37,644)	(5,039)	(27,067)	-	(137,226)
Depreciation expenses	-	142,335	162,677	38,191	9,550	104,498	-	457,251
Effects of foreign currency exchange differences	-	5,697	3,312	386	281	1,379	-	11,055
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 1,538,349</u>	<u>\$ 2,998,874</u>	<u>\$ 585,485</u>	<u>\$ 140,701</u>	<u>\$ 1,956,532</u>	<u>\$ -</u>	<u>\$ 7,219,941</u>
Carrying amounts at December 31, 2022	<u>\$ 1,717,494</u>	<u>\$ 3,971,548</u>	<u>\$ 618,500</u>	<u>\$ 203,896</u>	<u>\$ 58,814</u>	<u>\$ 602,336</u>	<u>\$ 918,930</u>	<u>\$ 8,091,518</u>
<u>Cost</u>								
Balance at January 1, 2023	\$ 1,717,494	\$ 5,509,897	\$ 3,617,374	\$ 789,381	\$ 199,515	\$ 2,558,868	\$ 918,930	\$ 15,311,459
Additions	-	24,444	44,580	6,788	8,566	95,867	295,069	475,314
Disposals	-	(3,980)	(57,595)	(54,509)	(22,068)	(18,825)	-	(156,977)
Reclassifications	-	136,037	264,517	66,387	7,685	376,614	(606,150)	245,090
Loss of control over subsidiaries	(153,940)	(16,493)	(108,289)	-	(13,392)	(215,867)	(100,705)	(608,686)
Effects of foreign currency exchange differences	-	(13,011)	(6,158)	(505)	(399)	(3,654)	(1,680)	(25,407)
Balance at December 31, 2023	<u>\$ 1,563,554</u>	<u>\$ 5,636,894</u>	<u>\$ 3,754,429</u>	<u>\$ 807,542</u>	<u>\$ 179,907</u>	<u>\$ 2,793,003</u>	<u>\$ 505,464</u>	<u>\$ 15,240,793</u>
<u>Accumulated Depreciation and Impairment</u>								
Balance at January 1, 2023	\$ -	\$ 1,538,349	\$ 2,998,874	\$ 585,485	\$ 140,701	\$ 1,956,532	\$ -	\$ 7,219,941
Disposals	-	(3,980)	(55,515)	(47,491)	(21,851)	(17,351)	-	(146,188)
Impairment losses recognized	-	96	-	-	-	107	-	203
Depreciation expenses	-	159,413	178,840	56,453	14,903	144,091	-	553,700
Reclassifications	-	-	-	-	-	100	-	100
Loss of control over subsidiaries	-	(1,917)	(38,759)	-	(3,017)	(61,571)	-	(105,264)
Effects of foreign currency exchange differences	-	(7,363)	(4,724)	(384)	(275)	(2,392)	-	(15,138)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 1,684,598</u>	<u>\$ 3,078,716</u>	<u>\$ 594,063</u>	<u>\$ 130,461</u>	<u>\$ 2,019,516</u>	<u>\$ -</u>	<u>\$ 7,507,354</u>
Carrying amounts at December 31, 2023	<u>\$ 1,563,554</u>	<u>\$ 3,952,296</u>	<u>\$ 675,713</u>	<u>\$ 213,479</u>	<u>\$ 49,446</u>	<u>\$ 773,487</u>	<u>\$ 505,464</u>	<u>\$ 7,733,439</u>

SOLAR APPLIED MATERIALS TECHNOLOGY CORP. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Notes 3)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Footnote
													Item	Value			
1	Solaric Applied Material Technology (Cayman) Corp.	Solar International Technology (HK) Limited	Other receivables	Y	\$ 50,663	\$ 27,327	\$ 27,327	-	2	\$ -	Operating capital	\$ -	None	\$ -	\$ 685,691	\$ 685,691	Note 3
		Solar Applied Materials Technology Corp.	Other receivables	Y	276,345	276,345	276,345	-	2	-	Operating capital	-	None	-	685,691	685,691	Note 3
2	Precision Packaging Materials Corp.	Solar Applied Materials Technology Corp.	Other receivables	Y	15,000	15,000	15,000	1.7	2	-	Operating capital	-	None	-	21,111	21,111	Note 3

Note 1: Types of total loan granted and limit on loans granted to a single party are as follows:

- 1) For the companies having business relationship for the Company, ceiling on total loans granted shall not exceed 5% of the company's net assets, while limit on loans granted to a single party shall not exceed the amount of business transactions occurred between the creditor and borrower for the most recent year. The amount of the business transactions is the higher value of purchasing or selling.
- 2) Ceiling on total loans granted with short-term financing shall not exceed 35% of the company's net assets; and limit on total loans to a single party shall not exceed 35% of the Company's net assets.

Note 2: The nature for financing is as follows:

- 1) Business transaction
- 2) The need for short-term financing

Note 3: The transactions were eliminated when preparing consolidated financial statements.

TABLE 3**SOLAR APPLIED MATERIALS TECHNOLOGY CORP. 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				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Solar Applied Materials Technology Corp.	Ordinary shares							
	New Future Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income -non - current	8,900,000	\$ 68,484	15.87	\$ 68,484	
	Yu Tay Vacuum Co., Ltd.	-	Financial assets at fair value through other comprehensive income -non - current	15,000	23,340	10	23,340	
	Archers Systems Inc.	-	Financial assets at fair value through other comprehensive income -non - current	2,700,000	-	14.82	-	
	Ji-Ee Industry Co., Ltd.	-	Financial assets at fair value through other comprehensive income -non - current	1,042,520	-	1.27	-	
					<u>\$ 91,824</u>		<u>\$ 91,824</u>	

Note1: The marketable securities in Table 3 refer to equity securities, debt securities, beneficiary certificates and securities derived from the list above.

Note2: Refer to Table 6 and Table 7 for information regarding investment in subsidiaries.

SOLAR APPLIED MATERIALS TECHNOLOGY CORP. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Solar Applied Materials Technology Corp.	Solar Green Materials Technology Co., Ltd.	Subsidiaries	(Sale)	\$ (115,498)	(1)	180 days after monthly billings	-	Note 1	\$ 9,488	1	-
Solar Green Materials Technology Co., Ltd.	Solar Chemical Applied Material Technology (KunShan) Co., Ltd.	Same ultimate parent company	(Sale)	(1,632,764)	(51)	180 days after monthly billings	-	Note 1	226,742	64	-

Note 1: The credit terms for general transactions are prepayments and advance sales receipts, 7 to 180 days after the 7 to 80 days from the invoice date as well as 15 to 180 days after monthly billings, mainly based on the customer credit management methods.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

SOLAR APPLIED MATERIALS TECHNOLOGY CORP. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 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	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Solar Green Materials Technology Co., Ltd.	Solar Chemical Applied Material Technology (KunShan) Co., Ltd.	Same ultimate parent company	\$ 226,742 (Accounts receivables)	9.23	\$ -	-	\$ 93,428	\$ -
Solaric Applied Materials Technology (Cayman) Corp.	Solar Applied Materials Technology Corp.	Parent Company	276,345 (Other receivables)	-	-	-	-	-

Note: The transactions were eliminated when preparing the consolidated financial statements.

TABLE 6**SOLAR APPLIED MATERIALS TECHNOLOGY CORP. AND SUBSIDIARIES**

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

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	%	Carrying Amount			
Solar Applied Materials Technology Corp.	Solar Applied Materials Technology (Singapore) Pte. Ltd.	Singapore	Service and material supply of electronic and petrochemical industries as well as recycle of precious metals	\$ 15,828	\$ 15,828	675,000	100	\$ 7,339	\$ 867	\$ 867	Subsidiaries
	Solar Applied Materials Technology (Cayman) Corp.	Cayman Islands	Investment as well as import and export business	1,193,705	1,193,705	38,519,000	100	1,977,462	57,866	57,866	Subsidiaries
	Solar Applied Materials Technology USA, Inc.	The United States of America	Import and export business	8,735	8,735	6,300	100	7,805	25	25	Subsidiaries
	Forever Reach International Co., Ltd.	Samoa Islands	Investment as well as import and export business	833,275	833,275	23,744,285	100	1,357,536	134,539	133,134	Subsidiaries
	Gold Tech Precious Metals Co., Ltd.	Taiwan	Importing and exporting as well as material trading and processing of precious metals	35,421	35,421	3,500,000	100	36,636	141	141	Subsidiaries
	Precision Packaging Materials Corp.	Taiwan	Manufacturing of metal line products	171,738	171,738	2,545,700	100	60,608	18,747	18,747	Subsidiaries
	Universal Inspection & Certification Technology Co., Ltd.	Taiwan	Services of non-destructive testing, systems management certification, environmental testing etc.	30,000	30,000	3,000,000	100	21,516	177	177	Subsidiaries
	Guangrui Precision Co., Ltd.	Taiwan	Wholesale of electronic apparatus, electronic equipment	8,000	-	800,000	40	7,988	(30)	(12)	Subsidiaries
	HTC & Solar Tech Service Limited	Taiwan	Cleaning, coating, reengineering and managing of components etc.	122,360	122,360	12,847,800	37.34	275,340	(39,087)	(7,926)	Associates
	Asaka Solar co., Ltd.	Japan	Importing and exporting as well as material trading and processing of precious metals	1,407	1,407	490	49	895	(31)	(4)	Associates
Forcera Materials Co., Ltd.	Taiwan	Installation of semiconductor materials and equipment, importing and exporting of optoelectronic materials, electronic materials and general-electric appliance	-	73,962	-	-	-	10,793	2,170	Associates	
			30,000	30,000	2,000,000	12.90	25,063	(25,368)	(3,693)	Associates	
Solar Applied Material Technology (Cayman) Corp.	Solaric Applied Materials Technology (Cayman) Corp.	Cayman Islands	Investment as well as import and export business	1,274,832 (USD 41,519)	1,274,832 (USD 41,519)	41,518,700	100	1,959,117	58,339		Sub - Subsidiaries
Solaric Applied Material Technology (Cayman) Corp.	Solar International Technology (HK) Limited	Hong Kong	Investment as well as import and export business, recycle of targets and precious metals	1,258,689 (USD 40,993)	1,258,689 (USD 40,993)	40,992,974	100	1,591,658	58,053		Sub - Subsidiaries

Note 1: Investment income (loss) only disclosed direct holding companies and the investments accounted for using the equity method.

Note 2: Refer to Table 7 for the lease information on investment in mainland China.

SOLAR APPLIED MATERIALS TECHNOLOGY CORP. 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(Note 4)	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023(Note 4)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023(Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Solar Chemical Applied Material Technology (KunShan) Co., Ltd.	Manufacturing and selling of IC and photovoltaic sputtering targets for thin film, electroplating chemicals, specialty chemicals for automobile and electroplating processing	\$ 1,136,085 (USD 37,000)	(2)Solar International Technology (HK) Limited	\$ 1,136,085 (USD 37,000)	\$ -	\$ -	\$ 1,136,085 (USD 37,000)	\$ 59,689	100	\$ 59,689 (NOTE 2)	\$ 1,617,935 (NOTE 2)	\$ -	
Solar Green Materials Technology Co., Ltd.	Manufacturing of sputtering targets for thin film, alloy and recycling of precious metals	1,074,675 (USD 35,000)	(2)Forever Reach International Co., Ltd.	795,386 (USD 25,904)	-	-	795,386 (USD 25,904)	134,965	100	134,539 (NOTE 3)	1,296,252 (NOTE 3)	-	
Solar Applied Materials Technology Shanghai Co., Ltd.	Trading of high-performance non-ferrous metals and alloy materials, metal products, chemical products and parts of mechanical equipment, etc.	25,962 (RMB 6,000)	(3)Solar Green Materials Technology Co., Ltd.	-	-	-	-	600	100	600 (NOTE 3)	31,300 (NOTE 3)	-	
Cowin Semiconductor Materials (Ningbo) Co., Ltd.	Manufacture and sale of colored metal, metal materials, specialized electronic materials	34,343 (RMB 7,937)	(3)Solar Green Materials Technology Co., Ltd.	-	-	-	-	(15,650)	16.67	(2,645) (NOTE 3)	5,706 (NOTE 3)	-	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023(Note 5)	Investment Amount Authorized by the Investment Commission, MOEA (Note 5)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 5)
\$ 1,946,823 (USD 63,404 thousand)	\$ 2,359,066 (USD 76,830 thousand)	\$ 7,767,978

Note 1: The methods of investment include:

1. Direct investment in Mainland China.
2. Investment in the companies in Mainland China via a company incorporated in the third region.
3. Others.

Note 2: Financial statements audit by the CPAs of the parent company in Taiwan.

Note 3: Financial statements for the year ended December 31, 2023 and 2022 were not audit by auditors.

Note 4: Calculated based on the USD to NTD exchange rate of 30.705 as at the end of period.
Calculated based on the RMB to NTD exchange rate of 4.327 as at the end of period.

Note 5: Calculated based on the limits stated in the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" amended by the MOEAIC on August 29, 2009 (\$12,946,630×60%=\$ 7,767,978).

SOLAR APPLIED MATERIALS TECHNOLOGY CORP. AND SUBSIDIARIES

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 FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Unrealized Gain (Loss)
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Solar Applied Materials Technology Corp.	Solar Chemical Applied Material Technology (KunShan) CO., Ltd.	Subsidiaries	Sale	\$ (115,498)	(1)	180 days after monthly billings	Same	Same	\$ 9,488	1	Note

Note: The transactions were eliminated when preparing the consolidated financial statements.

SOLAR APPLIED MATERIALS TECHNOLOGY CORP. AND SUBSIDIARIES

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Solar Applied Materials Technology Corp.	HTC & Solar Tech Service Limited	1	Sale	\$ 20,594	120 days after monthly billings	-
				Purchase	69,832	15 days after invoice date	-
		Precision Packaging Materials Corp.	1	Sale	74,220	120 days after monthly billings	-
		Solar International Technology (HK) Limited	1	Accounts receivable	22,063	-	-
			1	Sale	66,311	60 days after delivery	-
		Solar Green Materials Technology Co., Ltd.	1	Sale	115,498	180 days after monthly billings	1
		Solaric Applied Material USA, Inc.	1	Sale	25,392	90 days after monthly billings	-
		Solar Chemical Applied Materials Technology (Kunshan) Co., Ltd.	1	Outsourced manufacturing expense	31,135	80 days after monthly billings	-
		Solaric Applied Materials Technology (Cayman) Corp.	1	Other receivables	276,345	-	1
1	Solaric Applied Materials Technology (Cayman) Corp.	Solar International Technology (HK) Limited	3	Other receivables	27,327	-	-
2	Solar Green Materials Technology Co., Ltd.	Solar Chemical Applied Materials Technology (Kunshan) Co., Ltd.	3	Sale	1,632,764	180 days after monthly billings	7
				Purchase	27,831	180 days after monthly billings	-
				Accounts receivable	226,742	-	1
				Other gains and losses	21,497	-	-

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

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

Note 2: Relationship between transaction company and counterparty is classified into the following two categories; fill in the number of category each case belongs to, the transactions could be disclosed twice if the categories were labelled.

1. Parent company to subsidiary.
2. Subsidiary to parent company
3. Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

SOLAR APPLIED MATERIALS TECHNOLOGY CORP. AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Xxentria Chi Co., Ltd.	38,692,000	6.48

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 preference 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 trustee 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 declarations, refer to Market Observation Post System.