Stock Code: 3038

Emerging Display Technologies Corp.

Annual Report 2023

Notes to Readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

- **Annual Report is available at:**
  Taiwan Stock Exchange Market Observation Post System: https://mops.twse.com.tw
  edt's website: https://www.edtc.com
- **Printed on April 19, 2024**

Spokesperson and Deputy Spokesperson

Name:	Hsieh, Wen-Hsiung	Kuo, Kun-He
Title:	Vice President of Chairman's Office	Deputy Manager of Finance Dept.
Tel:	886-7-812-4832 ext. 1689	886-7-812-4832 ext. 3005
E-mail:	frank@edt.com.tw	ryankuo@edt.com.tw

Headquarters, Branches and Plant

Headquarters: No. 5, Central 1st Road, Cianjhen Dist., Kaohsiung, Taiwan, R.O.C.
Plant: No. 5, South 3rd Road, Cianjhen Dist., Kaohsiung, Taiwan, R.O.C.
Tel: 886-7-812-4832

Stock Transfer Agent

Yuanta Securities - Stock Transfer Agent
Address: B1F, No. 210, Sec. 3, Chengde Rd., Taipei, Taiwan
Tel: 886-2-2586-5859
Website: https://www.yuanta.com.tw/eyuanta/securities/en/index

Auditors

KPMG
Auditors: Yung Hsiang, Chen / Yen Ta, Su
Address: 12F.-6, No. 211, Chung Cheng 4th Rd., Kaohsiung, Taiwan
Tel: 886-7-213-0888
Website: https://kpmg.com/tw/en/home.html

Overseas Securities Exchange

Not Applicable.

Corporate Website

https://www.edtc.com

Contents

I. Letter to Shareholders

Dear Shareholders,

First and foremost, I would like to thank you for taking time from your busy schedule to attend this shareholders' meeting. On behalf of edt, I would like to express my upmost appreciation for your support and encouragement.

The results of our operating performance in 2023 and outlook for the future are as following:

2023 Business Report

1. Operating performance

Thanks to the long-term effect of the imbalance in the global supply chain caused by the COVID-19 epidemic, our revenue and profits have both grown. However, after the European market began to weaken in the second half of 2023, shipment momentum also had a certain impact. "Smart home" central control products have been shipped steadily as they target high-end customer groups. Our consolidated net operating income in 2023 was NT$4,386,724 thousand, a slight decrease of 6.52% from the previous year's NT$4,692,706 thousand. Coupled with the fact that the exchange rate in 2023 is not as favorable as the previous year, our consolidated net profit slightly decreased by 0.33% compared with the previous year, with earnings per share (EPS) of NT$2.81, which is similar to the previous year.

In individual products, LCD modules (LCM) represented about 30% of sales, the demand for Capacitive Touch Panel (CTP) and modules increased relatively, and their shipment amount was close to 70%. Aided by the adjustment of the product mix, there was a positive growth in revenue, and together with stabilized material costs, the performance of gross profit margin was brilliant than the previous year. We expect to keep increasing profitability performance through the improvement of cost and operational efficiency in the years to come.

Looking back on the past year, although there were still many unfavorable macro-environmental elements, we continued to enhance and improve the touch function of Capacitive Touch Panel (CTP) for diverse small niche markets to service the market demand of various emerging applications that accompany the growth of the "Internet of Things" and expect to achieve stable profit growth.

Combining CTP and TFT-LCD were generally called "Touch Display" which had the diverse development of touch function and will be deepened with the growth of emerging application markets. Encouraged by the improvement of various wireless information transmission technologies and medium-high end mobile computing products, aesthetically simple and intuitive user interface design has become the mainstream for interactive information display system. Innovation in projected capacitive technology still awaits the touch panel industry to research and develop.

In the competitive environment of the diversified customized demand market, we have corresponded material application and software design with manufacturing process innovation, implemented professional and technical services, and is committed to the improvement of production yield rate and efficiency as well as effective operating cost control. Holding up to the support of our shareholders, we facilitate the best allocation of company resources and strive to achieve the set operating goals.

2. Consolidated financial results & profitability analysis

Unit: NT$ thousands

	2023	2022
Operating profit	449,918	384,168
Non-operating income and expenses	55,065	116,593
Profit before tax	504,983	500,761
Net profit	418,595	419,976
Return on assets	10.15%	10.87%
Return on shareholders’ equity	16.89%	19.08%
Pre-tax income to paid-in capital	32.08%	31.81%
Profit ratio	9.54%	8.94%
Earnings per share (NT$)	2.81	2.83

3. Research and development Status

(1) From the establishment of edt, the research and development of new technology has been highly valued. We spare no effort in improving product quality and developing new varieties. Research and development results of 2023 are as following:

Item	R&D Results	Description of Benefits
1	Development of projected capacitive touch display module + mmWave radar sensor fusion interactive technology	Integrate the 60G millimeter wave radar into the projected capacitive space gesture module and use aforementioned two signals for sensor fusion design to enable users to experience a very natural interaction when approaching the display from far to near.
2	Development of virtual and real information interaction technology for projected capacitive touch display module	Develop to identify the data content in physical objects through mutual capacitance sensing technology, so that objects in the real world can interact with data in the virtual world in real time through users’ actions on projected capacitive touch modules, which are the most frequently used in life.
3	Development of switchable privacy display technology	Develop active viewing angle control to enable users switch between privacy mode and wide-view mode actively when integrated with our existing touch display panels. Users can freely choose the display mode based on their privacy needs in different usage scenarios and conditions, and address the limitation of traditional passive privacy screens that only maintain a privacy mode.

4	Development of Near Field Communication (NFC) function on the glass substrate	Precisely control the air pressure and measure the substrate thickness by laser technology at X-Y table to achieve accurate control of the weight of Ag glue, which can apply to development of NFC function on glass substrate.
5	Development of color distortion elimination technology for optical bonding	Develop to improve the accuracy of optical bonding, avoid of seeing the light leakage at the edge of the C/L window or the bright lines on the polarizer edge, and keep the flatness of optical bonding to avoid the occurrence of bonding bubbles or poor adhesion. Furthermore, we can eliminate the phenomenon of the stress mura caused by uneven structure after optical bonding. During the startup or dark picture, users will not see the mura phenomenon due to lamination stress.
6	Integration and development of smart embedded platforms with energy-saving functions	Research and integrate various energy-saving technologies and mechanisms to develop smart embedded platforms with energy-saving and meet the needs of carbon reduction. Our research contains both hardware and software. Hardware can be optimized for different application scenarios, such as using low-power chips, energy-saving sensors and other technologies, to reduce energy consumption. The software of energy-saving algorithms and power management mechanisms can be used to optimize our system for energy-saving and minimize energy consumption of the system through sleep mode, dynamic frequency adjustment, and so on.
7	Development of capacitive touch display module with the resistance to composite waveform interference	Modifications were made to the FPC and the lower frame structure, including enlarging the grounding area, to rapidly diversify excess interference when composite waveform interference occurs, so as to prevent abnormalities within the module.
8	Intellectual Property Rights (include Patents and Trade Secret)	Number of intellectual property right proposals totaled 27, which include 13 patent proposals and 14 trade secret proposals. Number of intellectual property rights granted totaled 17 (proposals accumulated in the previous years).

(2) Future research and development projects and corresponding budget

In addition to sparing no effort in the research and development of existing areas, we are also quite prepared for new application related software / hardware technologies, such as touch function, somatosensory technology, and embedded system software in response to the vast market of increasingly popular interaction displays. We plan on investing NT$150,000 thousand for below research and development projects in 2024:

- ◆ Development of Night Vision Imaging System (NVIS) display
- ◆ Development of projected capacitive touch display module with pressure sensing and vibration feedback functions
- ◆ Development of touch display integrated with NFC technology
- ◆ Development of touch display modules with arbitrary dielectric materials and undulating surfaces

◆ Development of interactive guidance technology for flat panel displays by applying AI edge computing to embedded platforms
◆ Development of device for separation of Tin welding situation by applying AI deep learning knowledge

Summary of Business Plan for 2024

1. Business objectives

(1) Develop new technologies to expand market.
①Develop sensor integration control.
②Optimize the integration efficacy of touch display.
(2) Develop innovative business model for touch display solution.
①Promote new channel for smart embedded product.
②Enhance the service ability of software / firmware.
(3) Upgrade digital production information and construct intelligent factory.
①Intellectualization of manufacturing process to lower human factors.
②Make good use of data for process backtracking and early management.
(4) Enhance efficacy of research and development.
①Develop human-machine interaction technology.
②Promote the development ability of machine learning technology.

2. Expected sales numbers and its basis

(1) Expected sales numbers for 2024:
①LCD modules 2,100 thousand units
②CTP and its modules 1,600 thousand units
(2) Basis for expected sales numbers of 2024:
①With the emerging trend of various pan-intelligent products, applications for internet of things, smart home, and wearable devices, the future market demand and application of touch panels will continue to grow.
②The considerable growth potential for various small and medium size TFT panels in intelligent application and pan-industrial electronic products will drive up the sale of TFT modules.
③Integrated touch display design has become the mainstream gradually with various application market and the customization requirements are relatively high. We believe that there will be a yearly double-digit growth for solutions of touch function combined with display panel.

3. Key sales strategies

(1) Continuous technological development of the CTP manufacturing process and its material, as well as lamination technology / surface treatment / free form cutting technology of related touch sensors and display panels. Also, continuous developing and optimizing the optical bonding technology of touch module and display module.

(2) Actively develop new high value-added products and markets, such as large size products and small and medium size displays with embedded systems, and combined with optical bonding, UV resistance for outdoors, water tolerance, antibacterial touch, 3D gesture control and so on.
(3) Both business model of low-volume high-mix and high-volume low-mix has pros and cons. Under the principle of 50/50, we will adopt the sales strategy with most appropriate percentage of above two business models according to supply chain and new technology appliance.

Future Development Strategies

1. Focus on the innovative technology development of Capacitive Touch Panel (CTP) and continuous proportional increase of niche type Capacitive Touch Panel product structure.
2. Enhance differentiation design ability of TFT-LCD module, actively seek out sales orders for TFT, and satisfy the different customized needs of clients.
3. Continuously enhance design development of pan-industrial control and medical application products to maintain future growth and profitability. Develop embedded system solution, assist the customer in integrated software, firmware and hardware design, and further differentiate and provide high value-added.
4. Actively build IP strategies and invest in research and development to develop futuristic product technology such as 3D gesture, water / conductive liquid tolerance touch and intelligent algorithm, so as to seize prior opportunity into high margin markets.
5. Improve the localized and immediate service quality for major clients via the technical service function of overseas channels.

The Impact of the External Competitive Environment, Regulatory Environment and Macroeconomic Conditions

1. In an attempt to cope with the global climate changes and the international net-zero tendency, we spare no efforts to replace low-energy-consuming equipment, select low-carbon materials and manufacturing processes, and evaluate energy-saving and carbon-reducing measures such as renewable energy, energy management systems and energy storage. With reference guidelines and relevant regulations of the “Sustainable Development Roadmap for TWSE/TPEx Listed Companies” issued by the Financial Supervision Commission in March 2022, we continue to control the completion status of our greenhouse gas inventory and verification disclosure schedule. By doing this, we expect to learn where reduction can be improved, so as to upgrade energy efficiency, reduce greenhouse gas emissions, and strive towards the commitment and goals of net-zero carbon emission.
2. In response to geopolitics and trade war, we will effectively readjust and reallocate production line in each area to lower related influence to zero.

3. Facing the continuously changing market environment such as the impact of the global epidemic, trade barriers from major countries, and supervision of trade policies, we still maintain long-term and stable cooperative relationships with our customers. In addition, by providing an optimized product sales mix, improving manufacturing processes, strengthening the supply chain communication and effective management, our revenue and profit growth are just around the corner.
4. Over 90% of our operating revenue is export in 2023. Since exchange rate fluctuations have a significant impact on us, efficient and stable financial operations will be used for risk aversion.

With dedication to becoming the leading brand with the most complete solutions of interactive user-machine interface displays, edt stride to hold up to shareholders' expectations and achieve the basis for sustainability and stable development.

Chairman Ray Tseng

II. Company Profile

2.1 Date of incorporation: September 23, 1994.

2.2 Company history:

Year	Milestones
1994	◆ Invested USD250,000 for the merger and acquisition of US distributor EMERGING DISPLAY TECHNOLOGIES CORP., leading to 100% shareholdings ownership of the subsidiary.
1996	◆ Achieved ISO 9002 Quality Certification.
1997	◆ Achieved ISO 9001 Quality Certification.
1999	◆ Achieved QS 9000 Quality Certification, the first LCD manufacturer in Taiwan to obtain such status.
2001	◆ Company stock listed TPEx.
2002	◆ Converge from TPEx listed company to TWSE listed company.
2003	◆ Corporate headquarters moved to No.5, Central 1st Road, K.E.P.Z. Kaohsiung.
2005	◆ Manufacturing headquarters moved to No.5, South 3rd Road, K.E.P.Z. Kaohsiung. ◆ First stage expansion of China Dong Guan factory completed.
2006	◆ Achieved TS16949 Quality Certification.
2012	◆ Achieved OHSAS 18001 Quality Certification. ◆ Full lamination optical bonding manufacturing process of Thin Film Transistor Liquid Crystal Display (TFT) and Capacitive Touch Panel (CTP) modules development completed.
2013	◆ Mass production of TFT and CTP full lamination, shipments totaled 100,000 pieces for one month.
2014	◆ Import of laser etching dry process to manufacture Film Sensor. ◆ Development of embedded touch technology application for manufacturing process to strengthen the application competitiveness of future products.
2015	◆ Mass production and shipment of touch module designed for an internationally renowned robot, thus elevating the company’s visibility and expanding into market applications of relevant products for Internet of Things (IoT).
2016	◆ Mass production of monitor module supplied for internationally renowned large plants, confirming the capability of strict quality level in medical market and long-term supply guarantee. ◆ Obtained AVN touch module design of international brands, improving the market visibility for the capability of supplying on-vehicle products.

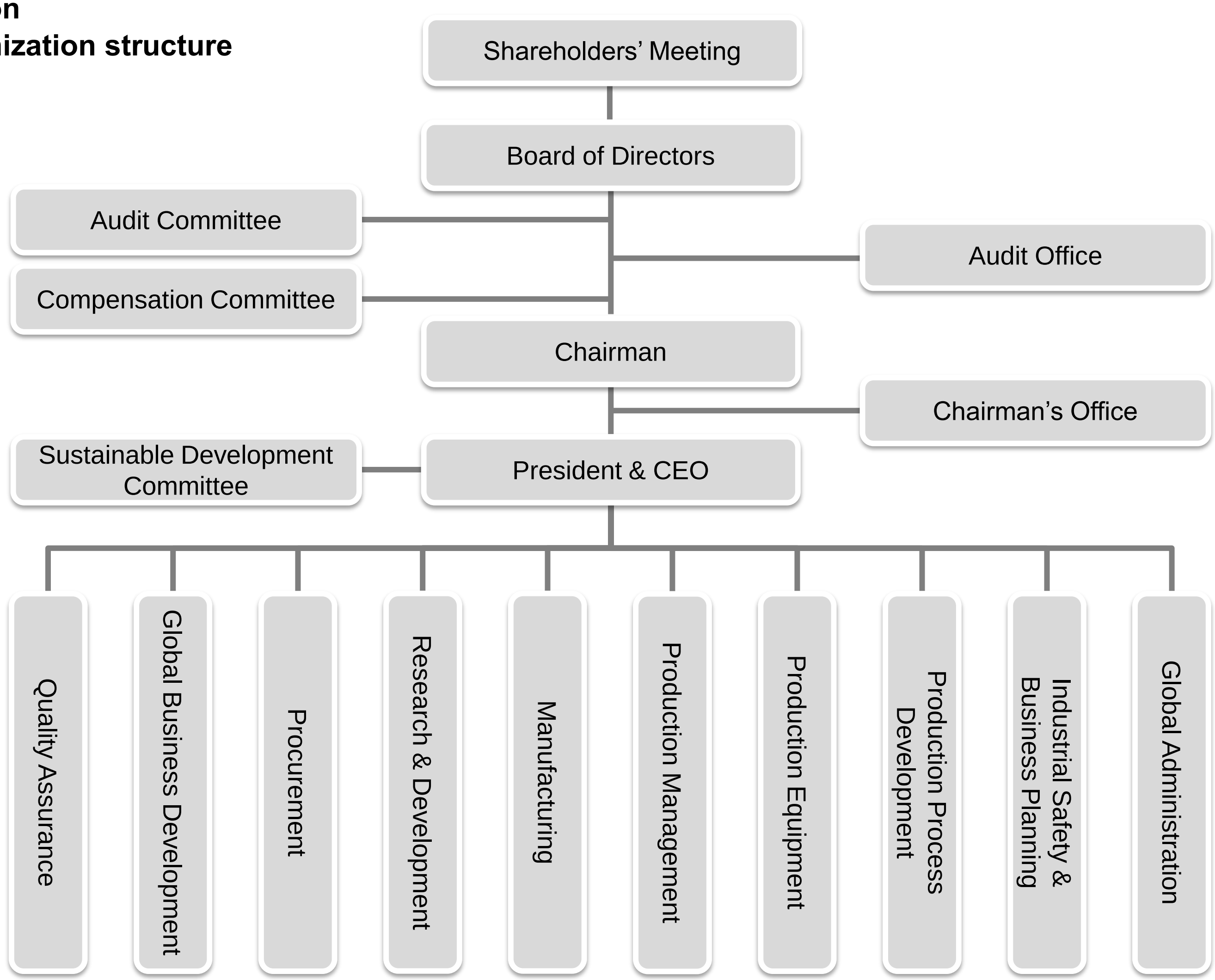
Year	Milestones
2017	◆ Successfully developed the renowned white goods case, implemented automatic equipment of optical bonding assemble, and further elevated and expanded the customized service. ◆ Successfully obtained the cases of hardware and software embedded design in netcom phone brand to expand the appliance in the Embedded Display market.
2018	◆ Participated the partnership with the tier one IC supplier for UI software to enhance the software capability and service support to Embedded products. ◆ Succeeded to get the electric car charging station project, which edt achieves to provide high value added Embedded product including the display with touch, assembly, and software design.
2019	◆ Dual-touch design for car dashboard application moved to mass production successfully, way to penetrate the high-end automobile display/touch market. ◆ Won 2019 Smart Innovation Application Award by integration of “floating touch” and “smart window” energy saving technology through hand gesture or blue-tooth remote control design. ◆ Established regional sales branch in Frankfurt of Germany, aim to expand and raise the pan European market share.
2020	◆ Achieved ISO 13485: 2016 Quality Certification for medical application. ◆ Provided the embedded solution to US COVID-19 rapid tester company, which awarded by National Institutes of Health(NIH), Rapid Acceleration of Diagnostics(RADx^{SM}).
2021	◆ Started the “Employee Stock Ownership Trust” to improve employee benefits. ◆ Won the smart-payment application project by integration of RF antenna to touch panel which performed much better cost advantage and friendly user experience.
2022	◆ Embedded the smart heating device, our patented invention, in the touch display, we can provide excellent display effect in extremely cold environment, and successfully win the mass production orders of displays in US’ high-end transportation vehicle. ◆ Awarded the “Design Partner” certification by Microchip, US’ touch IC manufacturer, so as to enhance the international visibility of the products of both parties. ◆ Succeeded to develop the capacitive floating gesture sensing technology (SpaceGesture), combined with the Embedded touch display module to demonstrate the HMI interaction solution at Electronica 2022 in Europe and get to well response and feedback.

Year	Milestones
	◆ Succeeded to develop the capacitive water-tolerance touch technology, which can normally perform touch operation functions when the shower head is flushing with strong water to the screen. It has won the favor of major European bathroom manufacturers and has entered sample development stage. ◆ Introduced the AOI automatic inspection into several production processes to start the comprehensive automatic inspection process, a move to eliminate human misjudgments and improve the quality of shipments.
2023	◆ Completed the development of “LiquidUX water-resistant touch display module”, which can provide 2-finger Zoom in/out gestures and various glove touch functions under water interference situations. At this stage, it has obtained design-in development plans from a major American sanitary ware manufacturer and European measuring instrument manufacturers, and has begun sample development. ◆ A “zeolite rotor regenerative incinerator” was built to improve the processing efficiency of volatile organic compounds generated in our manufacturing processes, effectively reduce greenhouse gases, avoid air pollution, and fulfill the Company’s commitment to ESG.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organization structure



3.1.2 Major corporate functions

- Chariman: Overall management of all company affairs in accordance with the resolutions of Shareholders' Meetings and meetings of the Board of Directors.
- Audit Office: Audit and improvement proposals for the internal control systems of sales, finance, accounting, and general affairs.
- Audit Committee: To assist the Board of Directors in supervising a fair presentation of the Company's financial statements, the selection (dismissal), independence, and performance of CPAs (certified public accountants), the effective implementation of internal controls, compliances with relevant laws and regulations, and the management and control of existing or potential risks, and so on.
- Compensation Committee: Policy and structure evaluation of salaries to directors and managerial personnel. Also, suggestions to the board of directors may be references for decisions.
- Chairman's Office: Corporate governance affairs, public relations, organization communication and coordination.
- President & CEO: By order of the Board of Directors and the chairman to engage and manage all company policies, systems, and decisions, as well as strategy planning and integration of technical units.
- Sustainable Development Committee: Coordination of overall sustainable development policy and strategy goal settings, matters such as follow up of progress in action and performance improvements, and preparation as well as issuance of annual sustainability report.
- Global Administration: It has jurisdiction over Finance Department, Administration Department, Management Informantion System Department, Legal Affairs & Market Department, and take charge of the operation management of overseas subsidiaries.
  - Finance: Financial planning, capital allocation, interaction with banks, budget preparation and control, cost control, accounting, and major investments.
  - Administration: Overall matters such as company personnel, general affairs, documentation, on-the-job training, and stock-related affairs.

- Management Informantion System: Provision of software and hardware equipment as well as support and backup of relevant system.
- Legal Affairs & Market: Domestic and foreign regulation compliance, contract review, IPRs management, litigation, as well as collection and analysis of industry information.

- Quality Assurance: Quality assurance and control as well as reliability evaluation and assurance.
- Global Business Development: Development and expansion of demand market as well as technical support of business development.
- Procurement: Purchase of materials, assets and miscellaneous goods, supplier management.
- Research & Development: Design and development of new products and new technologies.
- Manufacturing: Manufacturing of various products.
- Production Management: Overall production and processing schedule planning, resources planning management, and warehouse management.
- Production Equipment: Evaluating / planning / examining production equipments.
- Production Process Development: Introducing the mass production, setting and improving the production process, developing and introducing new process.
- Industrial Safety & Business Planning: Industrial safety and hygiene, waste disposal, and regular maintenance of environmental and electronic facilities.

3.2 Directors and management team

3.2.1 Information on directors

As of April 15, 2023

Job Title	Nationality or Place of Registration	Name	Gender, Age (Years)	Date of Election / Appointment to current term	Term of Office (Years)	Commencement Date of First Term	No. of Shares Held at Time of Election		No. of Shares Currently Held		Shares Currently Held by Spouse & Minor Children		Shares Held Through Nominees		Principal Work Experience and Academic Qualifications	Positions Held Concurrently in the Company and/or in Any Other Company	Other Officer(s) or Director(s) with which the Person Has a Relationship of Spouse or Relative within the Second Degree			Remarks (Note 2)
							No. of Shares	Shareholding Ratio	No. of Shares	Shareholding Ratio	No. of Shares	Shareholding Ratio	No. of Shares	Shareholding Ratio			Job Title	Name	Relationship	
Chairman	R.O.C.	Tseng, Jui-Ming	Male 61~70	Jul. 26, 2021	3	Sep. 14, 1994	11,043,723	6.80%	11,043,723	7.02%	256,759	0.16%	0	0.00%	MBA, CSU, Taiwan / Hitachi / Sharp	None	Director	Hsieh, Hui-Tai	In-law Siblings	None
Director	R.O.C.	Hsieh, Hui-Tai	Female 61~70	Jul. 26, 2021	3	Jun. 8, 2006	6,321,867	3.89%	6,097,867	3.87%	0	0.00%	0	0.00%	San Sin High School, Taiwan / Director of Jen Da Transportation	None	Chairman	Tseng, Jui-Ming	In-law Siblings	None
Director	R.O.C.	Wang, Tai-Kuang (Note 1)	Male 61~70	Jul. 26, 2021	3	Jul. 26, 2021	1,666,487	1.03%	1,666,487	1.06%	1,802,813	1.15%	0	0.00%	Master, Physics and Astronomy, NCU, Taiwan / Business Manager class of Taiwan AI Academy / Solomon Technologies Corp.	President & CEO of the Company	None	None	None	None
Director	R.O.C.	Yu, Cheng-Chung	Male 51~60	Jul. 26, 2021	3	Jul. 26, 2021	1,002,000	0.62%	1,002,000	0.64%	0	0.00%	0	0.00%	Bachelor, International business, CYCU, Taiwan / Citizen Watch / Grand Pacific Optoelectronics Corp.	Executive Vice President of the Company	None	None	None	None
Director	R.O.C.	Ying Dar Investment Development Corp.	None	Jul. 26, 2021	3	Jun. 8, 2006	5,346,672	3.29%	5,346,672	3.40%	0	0.00%	0	0.00%	None	None	None	None	None	None
Representative of Director	R.O.C.	Ying Dar Investment Development Corp.: Huang, Hsiu-Wen	Female 51~60	Jul. 26, 2021	3	Jul. 26, 2021	220,862	0.14%	220,862	0.14%	17,404	0.01%	0	0.00%	MBA, CUNY, Baruch College, USA / Yuanta Securities Corp.	Vice President & Financial Executive of the Company	None	None	None	None
Director	R.O.C.	Bae Haw Investment Development Corp.	None	Jul. 26, 2021	3	Jun. 8, 2006	3,447,716	2.12%	3,447,716	2.19%	0	0.00%	0	0.00%	None	None	None	None	None	None
Representative of Director	R.O.C.	Bae Haw Investment Development Corp.: Hsieh, Wen-Hsiung	Male 51~60	Jul. 26, 2021	3	May 2, 2013	261,253	0.16%	261,253	0.17%	0	0.00%	0	0.00%	Bachelor, Accounting, FCU, Taiwan / Yuanta Securities Corp.	Vice President & Corporate Governance Officer of the Company	None	None	None	None
Independent Director	R.O.C.	Huang, Hui-Ling	Female 51~60	Jul. 26, 2021	3	Jul. 26, 2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master, Accounting, NCCU, Taiwan / DBS Bank / Ta Chong Bank / KPMG / Deloitte / Partner of Legence Accounting Firm	None	None	None	None	None
Independent Director	R.O.C.	Li, Chi-Cheng	Male 61~70	Jul. 26, 2021	3	Jun. 2, 2015	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D, MBA, NCKU, Taiwan / Professor of Cheng Shiu University / Representative of supervisor of Yung Chi Paint & Varnish Mfg. Co., Ltd.	None	None	None	None	None
Independent Director	R.O.C.	Huang, Fu-Di	Male 61~70	Jul. 26, 2021	3	Jun. 2, 2015	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor, Statistics, FCU, Taiwan / KPMG / Representative of supervisor of Taiwan Fushing Industry Corp.	None	None	None	None	None

Note 1: Wang, Tai-Kuang has served as the representative of Ying Dar Investment Development Corp. during June 8, 2006 to July 25, 2021.

Note 2: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.

Form 1: Major shareholders of corporate shareholders

Name of Institutional Shareholders	Major Shareholders of the Corporate Shareholder
Ying Dar Investment Development Corp.	Emerging Display Technologies Corp. (100%)
Bae Haw Investment Development Corp.	Emerging Display Technologies Corp. (100%)

Form 2: If any major shareholder listed in Form 1 is a corporate / juristic person, list its major shareholders in this form

Name of Corporate / Juristic Person	Major Shareholders of the Corporate / Juristic Person
Emerging Display Technologies Corp.	Please refer to 4.1.4 List of major shareholders (page 72 in this report).

Disclosure of information regarding the professional qualifications and experience of directors and the independence of independent directors:

Qualification / Name	Professional Qualifications and Experience	Independence Analysis	No. of Other Public Companies at which the Person Concurrently Serves as An Independent Director
Tseng, Jui-Ming	● Once worked at Hitachi and Sharp, then established the Company. Continuously served as the Chairman until now, and has more than five years of experience in manufacturing and operation management. ● Not having any of the conditions defined in Article 30 of the Company Law.	● Not an employee of the Company nor any of its related companies. ● Not a director, supervisor or employees of other companies controlled by the same person had shares over half of the Company's director seats or voting rights. ● Not a director, supervisor or employees of other companies or institutions whom or his/her spouse is also the chairman, general manager or employee of equivalent position in the Company. ● Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution that has financial or business relations with the Company. ● Not a professional individual, sole proprietor, partner, owner of a company or institution, director, supervisor, manager or a spouse thereof of a sole proprietorship, partnership, company, or institution providing auditing or services including commercial, legal, financial, accounting or consultation services to the Company or its related companies withcumulative remuneration less than NT$500,000 in the past two years.	0
Hsieh, Hui-Tai	● Graduated from San Sin High School in Taiwan. Served as the Director of Jen Da Transportation for many years, and has more than five years of experience in financial accounting. ● Not having any of the conditions defined in Article 30 of the Company Law.	● Not an employee of the Company nor any of its related companies. ● Not a director, supervisor, or employee of a corporate shareholder that directly holds 5 percent or more of the total number of issued shares of the Company or that ranks among the top-5 in shareholding or the representatives served as directors or supervisors appointed in accordance with Article 27, Paragraph 1 or 2 of the Company Act. ● Not a director, supervisor or employees of other companies controlled by the same person had shares over half of the Company's director seats or voting rights. ● Not a director, supervisor or employees of other companies or institutions whom or his/her spouse is also the chairman, general manager or employee of equivalent position in the Company. ● Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution that has financial or business relations with the Company. ● Not a professional individual, sole proprietor, partner, owner of a company or institution, director, supervisor, manager or a spouse thereof of a sole proprietorship, partnership, company, or institution providing auditing or services including commercial, legal, financial, accounting or consultation services to the Company or its related companies withcumulative remuneration less than NT$500,000 in the past two years.	0

<table>
<tr>
<td>Wang, Tai-Kuang</td>
<td>● Once worked at Solomon, and served as the Marketing Executive for many years after the Company was established. Also advanced study in Business Manager class of Taiwan AI Academy. Concurrently the Company’s President and CEO, and has more than five years of experience in marketing, manufacturing and operation management.
● Not having any of the conditions defined in Article 30 of the Company Law.</td>
<td>● Not a spouse, relative within the second-degree of kinship, of the employees, directors, supervisors of the Company nor any of its related companies.
● Not a director, supervisor, or employee of a corporate shareholder that directly holds 5 percent or more of the total number of issued shares of the Company or that ranks among the top-5 in shareholding or the representatives served as directors or supervisors appointed in accordance with Article 27, Paragraph 1 or 2 of the Company Act.
● Not a director, supervisor or employees of other companies controlled by the same person had shares over half of the Company’s director seats or voting rights.
● Not a director, supervisor or employees of other companies or institutions whom or his/her spouse is also the chairman, general manager or employee of equivalent position in the Company.
● Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution that has financial or business relations with the Company.
● Not a professional individual, sole proprietor, partner, owner of a company or institution, director, supervisor, manager or a spouse thereof of a sole proprietorship, partnership, company, or institution providing auditing or services including commercial, legal, financial, accounting or consultation services to the Company or its related companies withcumulative remuneration less than NT$500,000 in the past two years.
● Not a spouse or a relative within the second degree of kinship to any other director of the Company.</td>
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<tr>
<td>Yu, Cheng-Chung</td>
<td>● Once worked at Citizen Watch and Grand Pacific Optoelectronics Corp.. Concurrently the Company’s Executive Vice President in charge of the Global Business Development Dept. and has more than five years of experience in marketing and operation management.
● Not having any of the conditions defined in Article 30 of the Company Law.</td>
<td rowspan="3">● Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking as one of the top-10 shareholders. Nor a spouse, relative within the second-degree of kinship, of the aforementioned shareholder.
● Not a spouse, relative within the second-degree of kinship, of the employees, directors, supervisors of the Company nor any of its related companies.
● Not a director, supervisor, or employee of a corporate shareholder that directly holds 5 percent or more of the total number of issued shares of the Company or that ranks among the top-5 in shareholding or the representatives served as directors or supervisors appointed in accordance with Article 27, Paragraph 1 or 2 of the Company Act.
● Not a director, supervisor or employees of other companies controlled by the same person had shares over half of the Company’s director seats or voting rights.
● Not a director, supervisor or employees of other companies or institutions whom or his/her spouse is also the chairman, general manager or employee of equivalent position in the Company.
● Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution that has financial or business relations with the Company.
● Not a professional individual, sole proprietor, partner, owner of a company or institution, director, supervisor, manager or a spouse thereof of a sole proprietorship, partnership, company, or institution providing auditing or services including commercial, legal, financial, accounting or consultation services to the Company or its related companies withcumulative remuneration less than NT$500,000 in the past two years.
● Not a spouse or a relative within the second degree of kinship to any other director of the Company.</td>
<td>0</td>
</tr>
<tr>
<td>Ying Dar Investment Development Corp. Representative: Huang, Hsiu-Wen</td>
<td>● Once worked at Yuanta Securities in charge of underwriting, and has served as Internal Audit Supervisor of the Company for many years. Concurrently the Company’s Vice President and Financial Executive and has more than five years of experience in securities insurance, financial accounting, and operation management.
● Not having any of the conditions defined in Article 30 of the Company Law.</td>
<td>0</td>
</tr>
<tr>
<td>Bae Haw Investment Development Corp. Representative: Hsieh, Wen-Hsiung</td>
<td>● Once worked at Yuanta Securities in charge of underwriting, and has served as Financial Executive of the Company for many years. Concurrently the Company’s Vice President and Corporate Governance Officer, and has more than five years of experience in securities insurance, financial accounting, and operation management.
● Not having any of the conditions defined in Article 30 of the Company Law.</td>
<td>0</td>
</tr>
<tr>
<td>Huang, Hui-Ling (Independent Director / the convener of Audit Committee)</td>
<td>● Master of Accounting at NCCU in Taiwan.
● Once worked at DBS Bank, Ta Chong Bank, KPMG, Deloitte. Concurrently the partner of Legence Accounting Firm, and has more than five years of experience in financial accounting and operation management.
● Not having any of the conditions defined in Article 30 of the Company Law.</td>
<td rowspan="3">● The independent director or their spouse or any relative within the second degree did not serve as a director, supervisor, or employee of the Company or any of its affiliates.
● The independent director or their spouse or any relative within the second degree (or through nominees) did not held any share of the Company.
● The independent director or their spouse or any relative within the second degree did not serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).
● Not a professional individual, sole proprietor, partner, owner of a company or institution, director, supervisor, manager or a spouse thereof of a sole proprietorship, partnership, company, or institution providing auditing or services including commercial, legal, financial, accounting or consultation services to the Company or its related companies, so did not receive any pay from the Company or its related companies.</td>
<td>0</td>
</tr>
<tr>
<td>Li, Chi-Cheng (Independent Director / the member of Audit Committee)</td>
<td>● Ph.D of MBA at NCKU in Taiwan.
● Once served as Chair of Business Administration Dept. and Director of the Institute of Business Management of Cheng Shiu University. Concurrently a full-time professor of Business Administration Dept. (Institute) of Cheng Shiu University, and has more than five years of experience in operation management.
● Not having any of the conditions defined in Article 30 of the Company Law.</td>
<td>0</td>
</tr>
<tr>
<td>Huang, Fu-Di (Independent Director / the member of Audit Committee)</td>
<td>● Bachelor of Statistics at FCU in Taiwan.
● Once worked at Core Pacific Securities and KPMG, and has more than five years of experience in securities insurance and financial accounting.
● Not having any of the conditions defined in Article 30 of the Company Law.</td>
<td>0</td>
</tr>
</table>

Diversity and independence of the Board of Directors:

1. Diversity of the Board of Directors

The Company has set up the policy of diversified members of the Board under Article 20 of the “Corporate Governance Practice Principles”, including considerations of the basic condition and value of the members of the Board (e.g. gender, age, nationality, and culture) and the professional knowledge and skills (e.g. law, accounting, industry, finance, marketing, or technology). Also, the Board shall possess the ability to make operational judgments, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, an international market perspective, ability to lead, ability to make policy decisions, and so on. In accordance with the provisions of the Articles of Incorporation and considering the aforementioned diversity policy, the Company’s Board of Directors shall review the academic qualifications, professional ability, integrity, independence, etc. of each director candidate, and propose an appropriate list of director candidates, which will be then submitted to the Shareholders’ Meeting for election. This expects to strengthen the corporate governance and promote the sound development of composition and structure of the Board of Directors.

Of nine directors in the Company’s 10th session of Board of Directors, Chairman Tseng, Jui-Ming and President Wang, Tai-Kuang have served as chairman and general manager to lead the development of the Company for a long period of time, and are fully equipped with operational judgment, management, industry knowledge, international market outlook, and leadership decision-making skills, etc. Director Yu, Cheng-Chung has also been in charge of the Company’s Global Business Development Dept. for many years, not only has an international market view, but also has a solid understanding of product marketing and industrial development. Huang, Hsiu-Wen and Hsieh, Wen-Hsiung, two representatives of corporate directors, are the current and former Financial Executives of the Company, respectively. The latter also serves as the Corporate Governance Officer. Both of them have high accounting and financial analysis capabilities, crisis management, and leadership decision-making capabilities. Director Hsieh, Hui-Tai also has the financial accounting profession required for the Company’s business. Among the three independent directors, Huang, Hui-Ling is currently the partner of Legence Accounting Firm, and also worked as a financial consultant in the past. Independent Director Huang, Fu-Di has many years of working experience in large securities companies and accounting firms. Both of them have considerable accounting and financial analysis capabilities, business management and leadership, and decision-making capabilities. Independent Director Li, Chi-Cheng is a Ph.D of MBA, and served as Chair of the Business Management Dept. and Director of the Institute of Business Management of Cheng Shiu University. He is currently a full-time professor of Business Management Dept. (Institute), and has rich experiences in business management and leadership decision-making.

Currently, four directors with employee status (including their representatives) account for 44%, three independent directors whose terms are all less than nine years account for 33%, and three female directors account for 33%. All directors are 59 years old in average and in their prime of life. The Company pays attention to gender equality in the composition of the Board of Directors, and aims to account for 30% of the seats of female directors. In order to make a sound structure, the Company also aims for more than half of the independent directors serve less than three terms (nine years). After the re-election of the Board of Directors in 2021, there are three female directors (including representatives of corporate directors), an increase of two seats over the previous session, accounting for 33% and the set target is reached. In addition, the Company has actively sought candidates for independent directors who meet the Company’s diversity policy to join the 11th session of the Board of Directors so as to reach the target that more than half of the independent directors have served less than three terms (nine years).

The composition of members of the Board of Directors is listed as below:

Job title and name of director \ Core items of diversified policy		Basic composition								Professional knowledge and skills							
		Nationality	Gender	As employees concurrently	Age			Seniority of independent director		Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make policy decisions
					41~50 years old	51~60 years old	61~70 years old	Under 3 years	3~9 years								
Chairman	Tseng, Jui-Ming	R.O.C.	Male				✓			✓	✓	✓	✓	✓	✓	✓	✓
Director	Hsieh, Hui-Tai	R.O.C.	Female				✓				✓	✓					
Director	Wang, Tai-Kuang	R.O.C.	Male	✓			✓			✓		✓	✓	✓	✓	✓	✓
Director	Yu, Cheng-Chung	R.O.C.	Male	✓		✓						✓	✓	✓	✓	✓	✓
Director	Ying Dar Investment Development Corp. Representative: Huang, Hsiu-Wen	R.O.C.	Female	✓		✓					✓	✓	✓	✓		✓	✓
Director	Bae Haw Investment Development Corp. Representative: Hsieh, Wen-Hsiung	R.O.C.	Male	✓		✓					✓	✓	✓	✓		✓	✓
Independent director	Huang, Hui-Ling	R.O.C.	Female			✓		✓			✓	✓				✓	✓
Independent director	Li, Chi-Cheng	R.O.C.	Male				✓		✓			✓				✓	✓
Independent director	Huang, Fu-Di	R.O.C.	Male				✓		✓		✓	✓				✓	✓

2. Independence of the Board of Directors
   It has been stipulated by the Company in Article 21 of the "Corporate Governance Practice Principles" that, unless approved by the competent authority, more than half of the seats among directors shall not have spouses or relatives within the second degree of kinship. Currently there are three independent directors, accounting for 33% of all directors in compliance with the regulations of the Financial Supervisory Commission on independent directors at the time of election and during the term of office. Except for Chairman Tseng, Jui-Ming and Director Hsieh, Hui-Tai, who are second-degree relatives, all the other directors (including independent directors) are not spouses or relatives within the second degree, which complies with Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act. Therefore, the Board of Directors of the Company is independent. Regarding the independence and kinship of directors, please refer to the aforementioned descriptions of "Information on Directors" and "Disclosure of information regarding the professional qualifications and experience of Directors and the independence of Independent Directors".

3.2.2 Information on the management team

As of April 15, 2024

Job Title	Nationality	Name	Gender	Date of Appointment to Position	Shares held		Shares held by spouse and minor children		Shareholding by Nominee Arrangement		Principal Work Experience and Academic Qualifications	Positions Concurrently Held in Other Companies at Present	Other Managerial Officer(s) with which the Person Has a Relationship of Spouse or Relative within the Second Degree			Remarks (Note)
					No. of Shares	Share-holding Ratio	No. of Shares	Share-holding Ratio	No. of Shares	Share-holding Ratio			Job Title	Name	Relation-ship	
President & CEO	R.O.C.	Wang, Tai-Kuang	Male	Mar. 10, 2004	1,666,487	1.06%	1,802,813	1.15%	0	0.00%	Master, Physics and Astronomy, NCU, Taiwan / Business Manager class of Taiwan AI Academy / Solomon Technologies Corp.	None	None	None	None	None
Executive Vice President	R.O.C.	Yu, Cheng-Chung	Male	Mar. 1, 2014	1,002,000	0.64%	0	0.00%	0	0.00%	Bachelor, International Trade, CYCU, Taiwan / Citizen Watch / Grand Pacific Optoelectronics Corp.	None	None	None	None	None
Vice President & Corporate Governance Officer	R.O.C.	Hsieh, Wen-Hsiung	Male	Mar. 8, 2017	261,253	0.17%	0	0.00%	0	0.00%	Bachelor, Accounting, FCU, Taiwan / Yuanta Securities Corp.	None	None	None	None	None
Vice President	R.O.C.	Kao, Neng-Sen	Male	Mar. 1, 2018	43,459	0.03%	0	0.00%	0	0.00%	Master, Material Science and Engineering, ISU, Taiwan / Yu-Chun Corp.	None	None	None	None	None
Vice President	R.O.C.	Huang, Shih-Pin	Male	Mar. 1, 2022	5,000	0.00%	0	0.00%	0	0.00%	Bachelor, Mechanical Engineering, CSU, Taiwan / Hitachi	None	None	None	None	None
Vice President	R.O.C.	Chen, Chien-Lung	Male	Oct. 31, 2022	126,796	0.08%	0	0.00%	0	0.00%	Master, Material Science and Engineering, ISU, Taiwan / Indah Kiat Pulp & Paper Group / Formosa Plastics Corp.	None	None	None	None	None
Vice President & Financial Executive	R.O.C.	Huang, Hsiu-Wen	Female	Mar. 8, 2017	220,862	0.14%	17,404	0.01%	0	0.00%	MBA, CUNY, Baruch College, USA / Yuanta Securities Corp.	None	None	None	None	None
Accounting Supervisor	R.O.C.	Kuo, Kun-He	Male	Mar. 8, 2017	20,000	0.01%	0	0.00%	0	0.00%	Bachelor, Accounting, THU, Taiwan / Gallant Ocean International Inc.	None	None	None	None	None

Note 1: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.
Note 2: Huang, Hsiu-Wen was appointed as the Vice President on April 1, 2024.

3.3 Remuneration to ordinary directors, independent directors, general manager, and assistant general managers

3.3.1 Remuneration to ordinary directors and independent directors

Unit: NT$ thousands

Job Title		Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income (%)		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
			Base compensation (A)		Retirement pay and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)						
			The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
																	Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Director	Chairman	Tseng, Jui-Ming																					
	-	Hsieh, Hui-Tai																					
	-	Huang, Mao-Hsiung																					
	-	Wang, Tai-Kuang																					
	-	Yu, Cheng-Chung																					
	-	Ying Dar Investment Development Corp.																					
	Representative of Ying Dar Investment Development Corp.	Huang, Hsiu-Wen	9,063	11,863	None	None	10,850	10,850	240	240	20,153 4.82%	22,953 5.49%	18,985	18,985	411	411	3,692	None	3,692	None	43,241 10.34%	46,041 11.01%	None
	-	Bae Haw Investment Development Corp.																					
	Representative of Bae Haw Investment Development Corp.	Hsieh, Wen-Hsiung																					
Independent Director	-	Huang, Hui-Ling																					
	-	Li, Chi-Cheng	None	None	None	None	5,503	5,503	120	120	5,623 1.34%	5,623 1.34%	None	None	None	None	None	None	None	None	5,623 1.34%	5,623 1.34%	None
	-	Huang, Fu-Di																					

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: By Article 16 of Articles of Incorporation, the remuneration of independent directors is referred to the level of the related public companies, the Company's operation status, their value of contribution, and performance evaluations of the Board. Their remunerations were linked with the rationality and fairness of their performance and risk, then submitted to the Compensation Committee for review and to the Board of Directors for approval.
2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None.

Ranges of remuneration paid to each of the Company's directors	Name of directors			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	All consolidated entities	The Company	All consolidated entities
Less than NT$ 1,000,000	Huang, Hsiu-Wen / Hsieh, Wen-Hsiung	None	None	None
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	Hsieh, Hui-Tai / Wang, Tai-Kuang / Yu, Cheng-Chung / Ying Dar Investment Development Corp. / Bae Haw Investment Development Corp. / Huang, Hui-Ling / Li, Chi-Cheng / Huang, Fu-Di	Hsieh, Hui-Tai / Wang, Tai-Kuang / Yu, Cheng-Chung / Ying Dar Investment Development Corp. / Huang, Hsiu-Wen / Bae Haw Investment Development Corp. / Hsieh, Wen-Hsiung / Huang, Hui-Ling / Li, Chi-Cheng / Huang, Fu-Di	Hsieh, Hui-Tai / Ying Dar Investment Development Corp. / Bae Haw Investment Development Corp. / Huang, Hui-Ling / Li, Chi-Cheng / Huang, Fu-Di	Hsieh, Hui-Tai / Ying Dar Investment Development Corp. / Bae Haw Investment Development Corp. / Huang, Hui-Ling / Li, Chi-Cheng / Huang, Fu-Di
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	None	None	Huang, Hsiu-Wen / Hsieh, Wen-Hsiung	None
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	None	None	None	Huang, Hsiu-Wen / Hsieh, Wen-Hsiung
NT$5,000,001 (inclusive) ~ NT$10,000,000 (exclusive)	None	None	Yu, Cheng-Chung	Yu, Cheng-Chung
NT$10,000,001 (inclusive) ~ NT$15,000,000 (exclusive)	Tseng, Jui-Ming	Tseng, Jui-Ming	Tseng, Jui-Ming / Wang, Tai-Kuang	Tseng, Jui-Ming / Wang, Tai-Kuang
NT$15,000,001 (inclusive) ~ NT$30,000,000 (exclusive)	None	None	None	None
NT$30,000,001 (inclusive) ~ NT$50,000,000 (exclusive)	None	None	None	None
NT$50,000,001 (inclusive) ~ NT$100,000,000 (exclusive)	None	None	None	None
NT$100,000,000 or above	None	None	None	None
Total	11	11	11	11

3.3.2 Remuneration to general manager and assistant general managers

Unit: NT$ thousands

<table>
<tr><th rowspan="3">Job title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Retirement pay and pension (B)</th><th colspan="2">Rewards and special disbursements (C)</th><th colspan="4">Employee profit-sharing compensation (D)</th><th colspan="2">Sum of A+B+C+D and ratio to net income (%)</th><th rowspan="3">Remuneration received from investee enterprises other than subsidiaries or from the parent company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All consolidated entities</th><th rowspan="2">The Company</th><th rowspan="2">All consolidated entities</th><th rowspan="2">The Company</th><th rowspan="2">All consolidated entities</th><th colspan="2">The Company</th><th colspan="2">All consolidated entities</th><th rowspan="2">The Company</th><th rowspan="2">All consolidated entities</th></tr>
<tr><th>Amount in cash</th><th>Amount in stock</th><th>Amount in cash</th><th>Amount in stock</th></tr>
<tr><td>President & CEO</td><td>Wang, Tai-Kuang</td><td rowspan="6">15,867</td><td rowspan="6">15,867</td><td rowspan="6">551</td><td rowspan="6">551</td><td rowspan="6">8,527</td><td rowspan="6">8,527</td><td rowspan="6">4,297</td><td rowspan="6">None</td><td rowspan="6">4,297</td><td rowspan="6">無</td><td rowspan="6">29,242
6.99%</td><td rowspan="6">29,242
6.99%</td><td rowspan="6">None</td></tr>
<tr><td>Executive Vice President</td><td>Yu, Cheng-Chung</td></tr>
<tr><td>Vice President & Corporate Governance Officer</td><td>Hsieh, Wen-Hsiung</td></tr>
<tr><td>Vice President</td><td>Kao, Neng-Sen</td></tr>
<tr><td>Vice President</td><td>Huang, Shih-Pin</td></tr>
<tr><td>Vice President</td><td>Chen, Chien-Lung</td></tr>
</table>

Ranges of remuneration paid to each of the Company's general manager and assistant general managers	Names of general manager and assistant general managers	
	The Company	All consolidated entities
Less than NT$ 1,000,000	None	None
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	None	None
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	Hsieh, Wen-Hsiung / Kao, Neng-Sen / Huang, Shih-Pin / Chen, Chien-Lung	Hsieh, Wen-Hsiung / Kao, Neng-Sen / Huang, Shih-Pin / Chen, Chien-Lung
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	None	None
NT$5,000,001 (inclusive) ~ NT$10,000,000 (exclusive)	Yu, Cheng-Chung	Yu, Cheng-Chung
NT$10,000,001 (inclusive) ~ NT$15,000,000 (exclusive)	Wang, Tai-Kuang	Wang, Tai-Kuang
NT$15,000,001 (inclusive) ~ NT$30,000,000 (exclusive)	None	None
NT$30,000,001 (inclusive) ~ NT$50,000,000 (exclusive)	None	None
NT$50,000,001 (inclusive) ~ NT$100,000,000 (exclusive)	None	None
NT$100,000,000 or above	None	None
Total	6	6

Names and distributions of employee profit-sharing compensation to managerial officers

Unit: NT$ thousands

	Job title	Name	Amount in stock	Amount in cash	Total	As a % of net profit
Managerial officers	President & CEO	Wang, Tai-Kuang	None	5,084	5,084	1.22%
	Executive Vice President	Yu, Cheng-Chung				
	Vice President & Corporate Governance Officer	Hsieh, Wen-Hsiung				
	Vice President	Kao, Neng-Sen				
	Vice President	Huang, Shih-Pin				
	Vice President	Chen, Chien-Lung				
	Vice President & Financial Executive	Huang, Hsiu-Wen (Note)				
	Accounting Supervisor	Kuo, Kun-He				

Note: Huang, Hsiu-Wen was appointed as the Vice President on April 1, 2024.

3.3.3 Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

	Year 2023	Year 2022	The analysis of the ratio variation / The policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure
Ratio of total remuneration paid to directors, supervisors, general managers and assistant general managers to net income (%)	14.50%	14.13%	1. The total amount of remuneration paid by the Company in 2023 is similar to that in 2022. Since the net income in the parent-company-only financial report is slightly lower than that in 2022 by 0.44%, the proportion of total remuneration in the net income has increased slightly. 2. In accordance with Article 22-1 of the “Articles of Incorporation”, the Company shall allocate 5 percent or more as employees’ compensation and 3 percent or less as remuneration for directors when there is profit for the current year. The Company’s combination of remuneration shall be determined in accordance with the organizational regulations of the Compensation Committee, including cash remuneration, stock options, dividends, retirement benefits or resignation payments, various allowances and other measures with substantial incentives. Its scope is consistent with the remuneration of directors and managerial officers stated in “Regulations Governing Information to be Published in Annual Reports of Public Companies”. 3. On a regular basis, the Company evaluates the remuneration of directors, and authorizes the Board of Directors to negotiate in accordance with the degree of participation and contribution value of individual directors. It is also negotiated with reference to the industry standard, the Company’s operating conditions and performance evaluation results, and the performance evaluation is put into implementation in accordance with the Company’s “ Evaluation Regulations of the Board’s Performance”. The evaluation items include six major parts: alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director’s professionalism and continuing education, and internal control. The performance evaluation bases of chairman are operation performance, corporate governance and achievements of yearly KPI which include earnings per share, corporate governance evaluation, and so on. The general manager, assistance general managers and other managerial officers will use the performance evaluation results implemented by the “Codes for assessment” as a reference for bonus distribution. The evaluation project of manager performance is divided into four parts: leadership ability, team performance, innovation ability, and coordination and cooperation. It also comprehensively considers the industry standard, professional ability, goal achievement rate, contribution degree, company operation status, etc., and gives reasonable remuneration accordingly. Directors and managerial officers in the event of major negative events (such as improper internal management or personnel fraud, etc.) will also affect the measurement of remuneration. The important decision of the management level is made after balancing various risk factors, and the performance of relevant decision-making is reflected on the Company’s profitability. Thus, the remuneration of the management level is related to the performance of risk control. The performance appraisal and remuneration rationality of the aforementioned directors and managerial officers are all reviewed by the Compensation Committee and the Board of Directors, and this remuneration system is reviewed in a timely manner based on the actual operating conditions and relevant laws and regulations, an effort to seek the balance between the Company’s sustainable operation and risk control.

Note: In accordance with the laws, the Company has established the Audit Committee and repealed the setup of supervisors after re-electing the Board of Directors on July 26, 2021.

3.4 Implementation of corporate governance

3.4.1 Operation of the Board of Directors

The number of board meetings held in the most recent fiscal year was: 4 (A)

The attendance by the directors was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】	Remarks
Chairman	Tseng, Jui-Ming	4	0	100%	Re-elected on July 26, 2021
Director	Hsieh, Hui-Tai	4	0	100%	Re-elected on July 26, 2021
Director	Wang, Tai-Kuang	4	0	100%	Newly elected on July 26, 2021
Director	Yu, Cheng-Chung	4	0	100%	Newly elected on July 26, 2021
Director	Ying Dar Investment Development Corp. Representative: Huang, Hsiu-Wen	4	0	100%	Re-elected on July 26, 2021 and re-appointed Huang, Hsiu-Wen as representative
Director	Bae Haw Investment Development Corp. Representative: Hsieh, Wen-Hsiung	4	0	100%	Re-elected on July 26, 2021
Independent Director	Huang, Hui-Ling	4	0	100%	Newly elected on July 26, 2021
Independent Director	Li, Chi-Cheng	4	0	100%	Re-elected on July 26, 2021
Independent Director	Huang, Fu-Di	4	0	100%	Re-elected on July 26, 2021

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
   (1) Any matter under Article 14-3 of the Securities and Exchange Act.
   (2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution.

The dates of the meetings and sessions	Contents of motion and the company's responses	Matters under Article 14-3 of the Securities and Exchange Act	Matters involving objections or expressed qualified opinion by independent directors
March 9, 2023 10th of 10th session	◆ To discuss remuneration adjustments of 2023 for the Chairman and managerial officers.	✓	
	Independent directors' opinions: None. The company's responses: None. Resolution: The motion was passed unchanged by all directors present excluding those directors avoiding of motions in conflict of interest on above motion.		
November 2, 2023 13th of 10th session	◆ To discuss and review all remunerations of 2024 for directors and managerial officers.	✓	
	◆ To discuss year-end remunerations and bonuses to the Chairman and managerial officers for 2023.	✓	
	◆ To discuss the amendment of internal control system, version 22, and internal audit system and rules, version 11.	✓	
	Independent directors' opinions: None. The company's responses: None. Resolution: All motions were passed unchanged by all directors present excluding those directors avoiding of motions in conflict of interest on above 1st and 2nd motions.		

2. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest:

The dates of the meetings and sessions	Contents of motion	The directors' names	Causes for avoidance	Voting
March 9, 2023 10th of 10th session	◆ To discuss remuneration adjustments of 2023 for the Chairman and managerial officers.	Tseng, Jui-Ming / Wang, Tai-Kuang / Yu, Cheng-Chung / Bae Haw Investment Development Corp. Representative: Hsieh, Wen-Hsiung	Because the aforementioned directors served as the Chairman or managers of the Company, they should be avoidance in accordance with the "Rules of Procedure for Board of Directors Meetings".	This motion was approved by the remaining directors.
November 2, 2023 13th of 10th session	◆ To discuss and review all remunerations of 2024 for directors and managerial officers. ◆ To discuss year-end remunerations and bonuses to the Chairman and managerial officers for 2023.	Tseng, Jui-Ming / Wang, Tai-Kuang / Yu, Cheng-Chung / Bae Haw Investment Development Corp. Representative: Hsieh, Wen-Hsiung	Because the aforementioned directors served as the Chairman or managers of the Company, they should be avoidance in accordance with the "Rules of Procedure for Board of Directors Meetings".	This motion was approved by the remaining directors.

3. Implementation of evaluations of the Board of Directors:

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content
Once a year	January 1, 2023 ~ December 31, 2023	Overall Board	Internal evaluation of the Board	◆ Participation in the operation of the company ◆ Improvement of the quality of the board of directors' decision making ◆ Composition and structure of the board of directors ◆ Election and continuing education of the directors ◆ Internal control
		Each director	Self-evaluation by each director	◆ Alignment of the goals and missions of the company ◆ Awareness of the duties of a director ◆ Participation in the operation of the company ◆ Management of internal relationship and communication ◆ The director's professionalism and continuing education ◆ Internal control
		Compensation Committee	Self-evaluation by each Compensation Committee member	◆ Participation in the operation of the company ◆ Awareness of the duties of the compensation committee ◆ Improvement of quality of decisions made by the compensation committee ◆ Makeup of the compensation committee and election of its members ◆ Internal control
		Audit Committee	Self-evaluation by each Audit Committee member	◆ Participation in the operation of the company ◆ Awareness of the duties of the audit committee ◆ Improvement of quality of decisions made by the audit committee ◆ Makeup of the audit committee and election of its members ◆ Internal control

4. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof:

(1) Enhancement for function of the Board of Directors

After the re-election of directors on July 26, 2021, all directors have neither a spousal relationship nor a relationship within the second degree of kinship with any other director, with the exceptions of director Tseng, Jui-Ming and director Hsieh, Hui-Tai (in-laws siblings). Thus, the independence of the Board was improved.

"Procedures for Election of Directors" and "Rules of Procedure for Board of Directors Meetings" were adopted to elect the directors in accordance with the Company's diversity policy, then smooth the operation of the Board and follow the regulations. "Evaluation Regulations of the Board's Performance" was also continuously amended and the Corporate Governance Officer was appointed to implement corporate governance and enhance the Company's board functions.

Several members of the Board have attended continuing education courses that are related to corporate governance during their term in office. The courses are organized by institutions designated in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEx Listed Companies, and can enhance director's professional knowledge about corporate governance.

(2) Establishment of the Audit Committee
After the Company re-elected all directors at the Shareholders' Meeting on July 26, 2021, the three elected independent directors set up an audit committee to be responsible for reviewing both annual and quarterly financial statements, revisions of internal control systems, as well as major assets or derivative transactions, fund loans, and endorsements, or guarantees, etc. This committee also conducts adequate communicates with CPAs (certified public accountants) and Chief Internal Auditor, thus assisting the Board of Directors to improve the corporate governance performance.

3.4.2 Operation of the Audit Committee

The number of Audit Committee meetings held in the most recent fiscal year was: 4 (A)
The attendance by the independent directors was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】	Remarks
Independent Director	Huang, Hui-Ling	4	0	100%	Newly elected on July 26, 2021
Independent Director	Li, Chi-Cheng	4	0	100%	Re-elected on July 26, 2021
Independent Director	Huang, Fu-Di	4	0	100%	Re-elected on July 26, 2021

Other information required to be disclosed:
1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:
   (1) Any matter under Article 14-5 of the Securities and Exchange Act.
   (2) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors.

<table>
<tr><th>The dates of the meetings and sessions</th><th>Contents of motion and the company's responses</th><th>Matters under Article 14-5 of the Securities and Exchange Act</th><th>Matters that was not approved by the Audit Committee</th></tr>
<tr><td rowspan="3">March 9, 2023
7th of 1st session</td><td>◆ To review the Company's 2022 business report, parent-company-only financial statements and consolidated financial statements.</td><td>✓</td><td></td></tr>
<tr><td>◆ To review the Company's self-assessment result in 2022 and its statement on internal control.</td><td>✓</td><td></td></tr>
<tr><td colspan="3">Independent directors' opinions: None.
Resolution of the Audit Committee: All motions were passed unchanged by all members present.
The company's responses: None.</td></tr>
<tr><td rowspan="2">November 2, 2023
10th of 1st session</td><td>◆ To review the amendment of internal control system, version 22, and internal audit system and rules, version 11.</td><td>✓</td><td></td></tr>
<tr><td colspan="3">Independent directors' opinions: None.
Resolution of the Audit Committee: All motions were passed unchanged by all members present.
The company's responses: None.</td></tr>
</table>

2. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: None.

3. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.)

Date / Communication ways	Attendance	Communication points	Results of communication
March 9, 2023 Forum	Independent Director: Huang, Hui-Ling / Li, Chi-Cheng / Huang, Fu-Di CPA: Yung Hsiang, Chen Chief Internal Auditor : Liu, Ying-Lan	◆ The evaluation of independence. ◆ Auditors' responsibilities for auditing financial statements, audit opinions, scope of audit and audit findings. ◆ Important revision of audit principles and their influence. ◆ Important revision of laws and regulations.	No comment
November 2, 2023 Forum	Independent Director: Huang, Hui-Ling / Li, Chi-Cheng / Huang, Fu-Di CPA: Yung Hsiang, Chen Chief Internal Auditor : Liu, Ying-Lan	◆ Summary of reviewing the interim financial report. ◆ Important revision of audit principles. ◆ Annual audit plan. ◆ Important revision of laws and regulations.	No comment

3.4.3 Corporate governance – implementation status and deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has established the Corporate Governance Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies". The information has been disclosed on the Market Observation Post System website and the Company's website.	None.
2. Shareholding structure and shareholders' rights (1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	✓		The Company has designated a spokesperson and deputy spokesperson responsible for the handling of issues such as suggestions or dispute from shareholders.	None.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	✓		Stock related divisions handle related matters and accurately perceive significant shares transactions of shareholders.	None.
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	✓		The Company and its affiliated companies operate independently. Codes for the establishment and management of subsidiaries have been set forth. Regular and timely auditing will be conducted by audit office, finance department or CPA.	None.
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	✓		The “Codes for Ethical Management” and “Procedures for Preventing Insider Trading” implemented, regulates the Company’s employees to follow provision of the Securities and Exchange Act and not to use undisclosed information to engage in insider trading.	None.
3. Composition and responsibilities of the board of directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓		The Company has set up the policy of diversified members of the Board under Article 20 of the “Corporate Governance Practice Principles”, including considerations of the basic condition and value of the members of the Board (e.g. gender, age, nationality, and culture) and the professional knowledge and skills (e.g. law, accounting, industry, finance, marketing, or technology). In order to reach the ideal goal of corporate governance, the Board shall have the overall capability of operation management, leadership and decision making, knowledge in the industry, and financial accounting.	None.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			The management objective, achievement of objective and implementation of this policy are listed in “Diversity and independence of the Board of Directors”(page 16 in this report) and disclosed on the Company’s website.	
(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?		✓	The Company currently only has the Compensation Committee and the Audit Committee. There are no other functional committees.	Not in accordance with Article 27 of “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”. Considering the scale of the Company, there is no urgent need. Once business scale has expanded, establishment will be as required.
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	✓		“Evaluation Regulations of the Board’s Performance” were implemented and stated that evaluation of the Board’s performance shall be completed before the end of the first quarter of the following year, including the overall Board performance, each director, Compensation Committee and Audit Committee. Evaluation method includes self-evaluation of the Board, each director/Compensation Committee member/Audit Committee member. The deliberative unit of Board of Directors is responsible for the performance evaluation which was conducted by questionnaire survey. First, the deliberative unit collects information related to Board of Directors and conducts an overall evaluation, then each director/ Compensation Committee member/Audit Committee member would make a self-evaluation. The result of performance evaluation will also be a criterion for review and improvement of directors/Compensation Committee members/Audit Committee members, and a reference for remuneration, nomination and re-appointment.	None.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>2023 evaluation of the Board’s performance was completed in the beginning of 2024, and its result was proposed at the Board meeting on March 7, 2024. The measurement items and evaluation result are listed in Note 1 and disclosed on the Company’s website.</td><td></td></tr>
<tr><td>(4) Does the Company regularly evaluate its external auditors’ independence?</td><td>✓</td><td></td><td>On a regular basis, an evaluation for the independence and eligibility of certified public accountant is conducted once per year. Evaluation results will be submitted to the Audit Committee for review and then to the Board of Directors. The latest evaluation was completed on March 7, 2024, and after being reviewed by the Audit Committee , it was reported to the Board of Director for approval on the same day. The evaluation mechanism is as follows:
A. To confirm that the certified public accountant is not a related party of the Company.
B. To confirm that the rotation of certified public accountant complies with the requirements of “Corporate Governance Practice Principles”.
C. To obtain the “Declaration of Independence” issued by the certified public accountant.
D. To obtain the audit quality indicators (AQIs) report provided by certified public accountant, and refer to the “Guidelines for Interpretation of Audit Quality Indicators by the Audit Committee” issued by the competent authority to evaluate the audit quality of the accounting firm and the audit team.
According to the Company’s recent evaluation, both accountants Chen, Yung-Hsiang and Su, Yen-Ta have met the independence and eligibility requirements in 2024. Main evaluation results are as follows:</td><td>None.</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			A. Except for the fees of certification and financial/tax cases, the two certified public accountants have no other financial interests or business relationship with the Company, and their family members do not violate the independence requirements. B. The auditing experience of accountants and accounting firm and the proportion of professional hours spent on cases involving TWSE/TPEx Listed Companies are higher than the average level of other peers. C. The continuous certification of accountants did not exceed 5 years. D. The accounting firm has successively optimized the audit methodology and introduced digital audit tools and procedures to improve its audit efficiency and quality.	
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	✓		The Board of Directors approved to appoint Hsieh, Wen-Hsiung, Vice President, as the ”Corporate Governance Officer” who is mainly responsible for below items: A. Handling matters relating to board meetings and shareholders’ meetings according to laws. B. Producing minutes of board meetings and shareholders’ meetings. C. Furnishing information required for business execution by directors. D. Assisting directors with onboarding, continuous development and legal compliance. E. Reporting to the Board of Directors whether the qualification of independent directors is in accordance with relevant laws and regulations when independent directors are nominated, elected or during their tenure. F. Dealing with related affairs about the change of directors.	None.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			That officer was with a minimum of three year experience in financial management in a public company, and has participated in appropriate educational training courses to comply with the stipulations of the regulations (as Note 3). Another corporate governance personnel was not deployed yet. The corporate governance operation status of year 2023 was listed below and proposed at the Board meeting on March 7, 2024: A. Assisting directors for business execution, furnishing information required by them, and assisting them for continuous education. ・Irregularly revising the internal procedures in accordance with the latest corporate governance-related laws and regulations and furnishing those to directors as references when they took office. ・Furnishing information required for business execution by directors. Keeping a smooth communication channel between directors and the Company's staff. ・Arranging communication forums with independent directors, chief internal auditor and CPAs. (Communication status is disclosed on the Company's website and "3.4.2 Operation of the Audit Committee" in this report.) ・Furnishing education information to directors. B. Handling matters relating to board meetings and shareholders' meetings. ・Confirming the convention of board meetings and shareholders' meetings in accordance with related laws and Corporate Governance Practice Principles. ・Preparing the meeting notice, handbook, and meeting minutes of shareholders' meeting before the deadline.	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			• Planning the agenda for a Board meeting and send notice to all Board members seven days before the meeting. Conducting the meeting and provide meeting data. Sending notice ahead on proposal items with conflicts of interest and completing the meeting minutes with twenty days after the meeting. • Reporting corporate governance operation status to directors. C. Performance evaluation of the Board for year 2023. D. Noticing the Board members immediately after releasing important message to make sure the Board members were informed immediately of the Company's important message. E. Purchasing the "Directors Liability Insurance" for directors. F. Assisting directors with legal compliance by irregularly sending related laws and regulations.	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		The Company respects the rights of the stakeholders. By identifying the stakeholders and with proper communication and involvement of stakeholders, the Company can understand the reasonable expectations and needs and therefore response properly to the major corporation social responsibility issue that concerned the stakeholders. The Company has set up a section for the stakeholders on the official website to disclose and communicate the major issues that concerned the stakeholders, and submitted the communication status with stakeholders to the Board meeting periodically. The recent report to the Board of Directors is scheduled before the end of April 2024, and its details is in Note 2.	None.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			Besides, the Company has posted phone number and email contact information of the spokesperson and deputy spokesperson on the Market Observation Post System and the Company's website for communication with the stakeholders. Also yearly prepare the "Sustainability Report" (named "Corporate Social Responsibility Report" before year 2020) on the Company's website of reference for the stakeholders.	
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		The Company has commissioned the professional stock affairs agent - Yuanta Securities Stock Transfer Agent to handle matters of shareholders' meetings.	None.
7. Information disclosure (1)Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	✓		The Company has established a website where information on financial operations and corporate governance is disclosed timely.	None.
(2)Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	✓		The Company has websites in Chinese and English. In addition to a designated specialist responsible for the collection and disclosure of company information, persons with comprehensive understanding of the company's finance and business or are able to coordinate departments to provide relevant information are chosen as the spokesperson and deputy spokesperson and provide statements on behalf of the Company. Besides, the movie of investor conference was put on the Company's website. All above measures are to insure the timely and full disclosure of information that may influence the decisions of shareholders and stakeholders.	None.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>(3)Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?</td><td></td><td>✓</td><td>The Company did not announce and report the annual financial report within two months after the end of the fiscal year, but already announced and reported the first, second and third quarter financial reports and operation of each month in advance before the prescribed period.</td><td>Not in accordance with Article 55 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies due to the complicated process of preparing annual consolidated financial report. The Company will continuously improve it.</td></tr>
<tr><td>8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?</td><td>✓</td><td></td><td>A. Suitable educational courses are selected by directors and managerial officers (including corporate governance officer) according to their time and professional background. Status of continuing education in recent years is listed in Note 3.
B. The Company's risk management policy and procedure are listed as "7.7 Other important matters" in this report and disclosed on the Company's website.
C. The Company annually purchased liability insurance for directors. Current insurance has a compensation limit of US$5 million, and its period is one year starts from January 18, 2024. The details of liability insurance has been submitted to the Board meeting held on March 7, 2024.</td><td>None.</td></tr>
<tr><td colspan="5">9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.)</td></tr>
</table>

Index	Evaluation results	Improvement instructions
Whether the company has adopted internal rules prohibiting company insiders from trading securities using information not disclosed to the market. Measures include, without limitation, those prohibiting a director from trading its shares during the closed period of 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report, and explain its implementation status?	It has been found that the "Procedures for Preventing Insider Trading" formulated by the Company do not include that directors are not allowed to trade the Company's stocks during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report.	It is expected that the Company's "Procedures for Preventing Insider Trading" will be revised in the 3rd quarter of 2024, and the revised procedures and implementation status will be disclosed on the Company's website.

Note 1: The measurement items and evaluation result of the Board's performance in year 2023 are listed as below:

<table>
<tr><th>Evaluation scope</th><th>Measurement items</th><th>Evaluation result</th><th>Items to be improved</th><th>Improvement plan or actions</th></tr>
<tr><td rowspan="5">Overall Board</td><td rowspan="5">◆ Participation in the operation of the company
◆ Improvement of the quality of the board of directors' decision making
◆ Composition and structure of the board of directors
◆ Election and continuing education of the directors
◆ Internal control</td><td rowspan="5">The achieving rate is 96%. It still looks good.</td><td>All directors make effective contributions on the board.</td><td>Major proposals related to the Company's development will be solicited in advance for the professional opinions of directors, and directors are encouraged to put forward specific suggestions through their own professions so that each proposal can be fully discussed.</td></tr>
<tr><td>Board members have a deep understanding of the company, its management team and the industry in which it operates.</td><td>The Company provides directors with industry information from time to time through annual operating plans, quarterly operating reports, and arranges for directors to participate in company industry-related training courses to enhance their understanding of the Company.</td></tr>
<tr><td>Directors can truly assess and supervise existing or potential risks of the company, and discuss the implementation and tracking status of the internal control system.</td><td>The Company adopts a preventive policy towards risks. In addition to formulating strict internal control systems in accordance with laws and regulations and conducting inspections by internal auditors, The deliberative unit of Board of Directors also provides directors with information related to the Company's operations and assists in communicating with the management team, so that they can effectively grasp and respond to various risk assessments and controls.</td></tr>
<tr><td>The Board of Directors conducts regular and thorough reviews of the performance of the management team and provides timely rewards and punishments.</td><td>The Board of Directors and management team are committed to improving management performance and reflecting operating results in annual salary increases and employee compensation amounts.</td></tr>
<tr><td rowspan="2">Directors have participated in diversified training courses in areas beyond their professional competence and completed appropriate training hours each year.</td><td rowspan="2">◆ Actively provide board members with diversified course information and class channels (such as online video teaching or physical courses), strengthen advance notification and planning of education and training, and increase willingness and hours of further study.
◆ Evaluate the hiring of external lecturers to teach within the company to facilitate the participation of board members.</td></tr>
<tr><td>Individual director</td><td>◆ Alignment of the goals and missions of the company
◆ Awareness of the duties of a director
◆ Participation in the operation of the company
◆ Management of internal relationship and communication
◆ The director's professionalism and continuing education
◆ Internal control</td><td>The achieving rate is 98%. It looks great.</td></tr>
<tr><td>Compensation Committee</td><td>◆ Participation in the operation of the company
◆ Awareness of the duties of the compensation committee
◆ Improvement of quality of decisions made by the compensation committee
◆ Makeup of the compensation committee and election of its members
◆ Internal control</td><td>The achieving rate is 99%. It looks great.</td><td rowspan="2">None.</td><td rowspan="2">None.</td></tr>
<tr><td>Audit Committee</td><td>◆ Participation in the operation of the company
◆ Awareness of the duties of the audit committee
◆ Improvement of quality of decisions made by the audit committee
◆ Makeup of the audit committee and election of its members
◆ Internal control</td><td>The achieving rate is 100%. It looks great.</td></tr>
</table>

Note 2: The major issues that concerned the stakeholders, main communication channels and response method are listed as below:

Stakeholders	Major issues	Main communication channels, response method and frequency	Communication with the stakeholders in year 2022
Employees	• Economic performance • Market presence • Employment • Occupational health and safety	• Employee Welfare Committee (ad hoc) • Labor-management Meeting (quarterly) • Occupational Safety and Health Committee (quarterly) • Company internal and external website (ad hoc) • Cafeteria Committee (once every two to three months) • Sustainability Report (annually) • Contact person: Ms. Lo, Administration Dept. (E-mail: may@edt.com.tw)	• Encouraged employees to appreciate the arts and cultural performances, and there were 258 people who were subsidized for this purpose with a total amount of NT$200 thousand. • Subsidized employees for leisure travel activities with a total of 1,535 people, or an amount of NT$810 thousand. • Issued consolation money for COVID-19 to employees with a total of 80 people, or an amount of NT$180 thousand.
Customers	• Economic performance • Procurement practices • Supplier environmental assessment • Materials • Energy • Water and effluents • Emissions • Employment • Labor/management relations • Occupational health and safety	• Customer Satisfaction Survey (annually) • Email, meetings, and audits (ad hoc) • Company external website (ad hoc) • Sustainability Report (annually) • Contact person: Mr. Wu, Global Business Development Division (E-mail: service@edt.com.tw)	• Participated "Embedded World", held Japan and Europe Distributor Conference and America Rep. Conference. Also held regional product traveling exhibitions at each market to adequately communicate with customers. • Customer satisfaction acceptance index reached 4.4 (full mark is 5).
Suppliers	• Economic performance • Procurement practices • Supplier environmental assessment • Emissions • Waste • Occupational health and safety • Diversity and equal opportunity • Supplier social assessment	• Supplier evaluation and on-site audit (ad hoc) • Company external website (ad hoc) • Sustainability Report (annually) • Contact person: Mr. Sheng, Procurement Division (E-mail: kenny@edt.com.tw)	• Total 263 suppliers have signed "edt Supplier Quality and Transportation Agreement", which contains responsibility of society and environment, and compliance of laws and regulations requested by the Company. 95.29% of main suppliers have signed this agreement.
Government	• Economic performance • Market presence • Anti-corruption • Energy • Emissions • Waste • Employment • Labor/management relations • Diversity and equal opportunity	• Report relevant data as required by government agencies (ad hoc) • Audit the compliance of regulations • Participate related union or association (ad hoc) • Sustainability Report (annually) • Contact person: Mr. Tan, Administration Dept. (E-mail: thomas@edt.com.tw)	• Participated in the on-line forums held by the competent authority, including the Prevention of Insider-Trading Conference, the Corporate Governance Evaluation Conference, etc. • Irregularly cooperated with the TWSE to check the routine requirements according to laws and regulations. • Irregularly met the request of the TWSE to fill in various online questionnaire.
Stockholders / Investors	• Economic performance • Market presence • Energy • Emissions • Waste • Employment • Labor/management relations • Occupational health and safety	• Stockholders' Meeting and investor conference (annually) • Hotline and email of spokesperson (ad hoc) • Market Observation Post System (ad hoc) • Company external website (ad hoc) • Sustainability Report (annually) • Contact person: Mr. Hsieh, spokesperson (E -mail: frank@edt.com.tw), Mr. Kuo, deputy spokesperson (E-mail: ryankuo@edt.com.tw), and Ms. Liu, stock affairs (E-mail: molly@edt.com.tw)	• Total 18 announcements of material information in Chinese and English. • Held an investor conference. • Received over 50 analysts from domestic institution.
Community residents	• Economic performance • Market presence • Emissions • Employment • Labor/management relations • Occupational health and safety	• Telephone (ad hoc) • Company external website (ad hoc) • Sustainability Report (annually) • Contact person: Mr. Tan, Administration Dept. (E-mail: thomas@edt.com.tw)	• A blood donation event and a charitable event on Moon Festival Holiday were held. There were total 141 employees participated and 350 gifts and NT$700 thousand donated. • Participated in the ASUS Cultural and Educational Foundation's "The Second Life for Computers" project and donated 83 computer hosts. At the same time, the recycled information products will be reorganized and donated to disadvantaged groups to eliminate the digital gap.

Note 3: Continuing education of directors and managerial officers (including Corporate Governance Officer):

Job title	Name	Time of education	Sponsoring organization	Name of course	Hours
Chairman	Tseng, Jui-Ming	May 24, 2023	Taiwan Institute of Directors	SAP NOW Taiwan – Sustainable practice wins the future	3
Representative of Director / Vice President / Financial Executive	Huang, Hsiu-Wen	Jul. 4, 2023	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit Forum	6
Representative of Director / Vice President / Corporate Governance Officer	Hsieh, Wen-Hsiung (Note)	Apr. 10, 2023	Taiwan Investor Relations Institute	2023 KPMG Taiwan Leadership Academy Forum – Business Opportunities and Challenges under the Net Zero Boom	3
		Apr. 11, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3
		Jul. 4, 2023	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit Forum	6
		Oct. 27, 2023	Securities and Futures Institute	Sustainable Development Practice Seminar	3
Independent Director	Huang, Hui-Ling	Apr. 13, 2023	Taiwan Institute of Directors	2023 KPMG Taiwan Leadership Academy Forum – Business Opportunities and Challenges under the Net Zero Boom	3
		Oct. 13, 2023	Securities and Futures Institute	Propaganda for preventing insider trading 2023	3
Independent Director	Li, Chi-Cheng	Apr. 11, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3
		Oct. 20, 2023	Securities and Futures Institute	Propaganda for preventing insider trading 2023	3
Independent Director	Huang, Fu-Di	Apr. 10, 2023	Taiwan Investor Relations Institute	2023 KPMG Taiwan Leadership Academy Forum – Business Opportunities and Challenges under the Net Zero Boom	3
		Jul. 4, 2023	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit Forum	6
Accounting Supervisor	Kuo, Kun-He	Nov. 20, 2023	Accounting Research and Development Foundation	The latest "Questions and Answers on Accounting Laws and Standards" and "Analysis of Common Defects in Financial Reports"	3
		Nov. 20, 2023	Accounting Research and Development Foundation	Analysis and corresponding practices of the latest "Sustainable Development Action Plan for Listed/OTC Companies (2023)"	3
		Nov. 21, 2023	Accounting Research and Development Foundation	Analysis of legal responsibilities and practical cases related to corporate "trademark rights"	3
		Nov. 21, 2023	Accounting Research and Development Foundation	FinTech and Emerging Money Laundering Techniques – Analysis of Legal Liability Cases	3

Note: In compliance with the regulation of "corporate governance office" that must attend at least 12 hours of advanced study per year.

3.4.4 Composition, responsibilities and operations of the Compensation Committee

A. Approved by the Company's Board of Directors on August 4, 2021, independent directors Mr. Li, Chi-Cheng, Ms. Huang, Hui-Ling, and Mr. Hung, Kuang-Te were appointed as members of the 5th Compensation Committee. After the board meeting on that day, Mr. Li, Chi-Cheng was mutually recommended by the members as the convener of the committee.

B. The responsibility of the Compensation Committee is to evaluate the payment policies and systems of the Company's directors and managerial officers in a professional and objective position, and makes recommendations to the Board of Directors for its decision making references.

C. Information on Compensation Committee members

As of April 15, 2024

Position	Qualifications / Name	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as compensation committee member
Independent Director (Convener)	Li, Chi-Cheng	Please refer to "Disclosure of information regarding the professional qualifications and experience of directors and the independence of independent directors"(page 15 in this report).	● The independent director or their spouse or any relative within the second degree did not serve as a director, supervisor, or employee of the Company or any of its affiliates. ● The independent director or their spouse or any relative within the second degree (or through nominees) did not held any share of the Company. ● The independent director or their spouse or any relative within the second degree did not serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange). ● Not a professional individual, sole proprietor, partner, owner of a company or institution, director, supervisor, manager or a spouse thereof of a sole proprietorship, partnership, company, or institution providing auditing or services including commercial, legal, financial, accounting or consultation services to the Company or its related companies, so did not receive any pay from the Company or its related companies.	0
Independent Director	Huang, Hui-Ling			0
Other	Hung, Kuang-Te	Once worked at Calderys Taiwan Co., Ltd. as factory manager and manager of export dept. more than 15 years, and has experience required for the Company's business.		0

D. Operation of the Compensation Committee

(1) The Company's Compensation Committee has a total of 3 members.

(2) The term of the current members is from July 26, 2021 to July 25, 2024. The number of Compensation Committee meetings held in the most recent fiscal year was: 3 (A). The attendance by the members was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】	Remarks
Convener	Li, Chi-Cheng	3	0	100%	Re-elected on August 4, 2021
Member	Hung, Kuang-Te	3	0	100%	Re-elected on August 4, 2021
Member	Huang, Hui-Ling	3	0	100%	Newly elected on August 4, 2021

Other information required to be disclosed:

1. If the board of directors does not accept, or amends, any recommendation of the Compensation Committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the Compensation Committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the Compensation Committee, specify the difference(s) and the reasons): None.
2. With respect to any matter for resolution by the Compensation Committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the Compensation Committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.
3. The contents of motion, resolutions, and the Company's responses to Compensation Committee were listed as below:

The dates of the meetings and sessions	Contents of motion	Resolutions	The Company's responses
March 9, 2023 6th of 5th session	◆ To discuss the distribution of 2022 employees' compensation and remuneration for directors.	Passed unchanged by all members present.	Submitted to the Board meeting and passed unchanged by all directors present.
	◆ To discuss remuneration adjustments of 2023 for the Chairman and managerial officers.	Passed unchanged by all members present.	Submitted to the Board meeting and passed unchanged by all directors present excluding 4 directors avoiding of motions in conflict of interest.
August 3, 2023 7th of 5th session	◆ To discuss the distribution details of 2022 employees' compensation and remuneration for directors.	Passed unchanged by all members present.	Submitted to the Board meeting and passed unchanged by all directors present.
November 2, 2023 8th of 5th session	◆ To review all remunerations of 2024 for directors and managerial officers.	Passed unchanged by all members present.	Submitted to the Board meeting and passed unchanged by all directors present excluding 4 directors avoiding of motions in conflict of interest.
	◆ To discuss year-end remunerations and bonuses to the Chairman and managerial officers for 2023.	Passed unchanged by all members present.	Submitted to the Board meeting and passed unchanged by all directors present excluding 4 directors avoiding of motions in conflict of interest.

3.4.5 Promotion of sustainable development – implementation status and deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	✓		The Company has established "Sustainable Development Committee" with President & CEO serving as the highest principal to irregularly hold meetings with ranking executives of different fields from several departments, including Chairman's Office, Finance, Administration, Industrial Safety & Business Planning, Procurement, and the Employee Benefits Committee so as to review the company's core operation ability together, and map out a medium and long-term sustainable development plan. Through irregular meetings and setting up of ad hoc groups based on issues, the Sustainable Development Committee identifies sustainable issues related to the company operations and concerns of stakeholders and formulates its strategies and work guidelines accordingly. This committee integrates each department's resources and budgets to promote various sustainable development operations. Meanwhile, it tracks the implementation effect to ensure that the sustainable development strategy is fulfilled in the daily operations of the Company. The duties of the Committee are as following: A. Set the goal and implementation plan for sustainable development of the Company. B. In the beginning of every year, propose the execution plan of the year on sustainable development and the execution result of the previous year to the Board of Directors. C. Identify the sustainable issues need to be concerned, then set the adaptive strategies. D. Consolidate comments of the stakeholders and assist in communication with them. E. Compile the "Sustainability Report" (The Sustainability Reports for 2022 in Chinese and English were made public on the Company's website. The Sustainability Report for 2023 is expected to complete in the 3rd quarter of 2024 and submitted to the Board meeting. Its English version will be issued before the end of 2024.)	None.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			At the beginning of each year, the Sustainable Development Committee holds a meeting to discuss and proposes the implementation plan for the current year. It then summarizes the implementation results after the end of the year, and reports the implementation results of sustainable development and future work plans to the Board of Directors at least once per year. The most recent report to the Board of Directors was made on March 7, 2024. Directors offered suggestions and guidance on the implementation of the Company's sustainable development and future strategies, cared about the implementation progress, and urged the management team to make adjustments, if needed.	
2. Does the Company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		The Company's business base was mainly the operational headquarters located in Kaohsiung, Taiwan. The subsidiaries, include Dong Guan Emerging Display Limited, Emerging Display Technologies Corp., U.S.A., EDT-Europe ApS, Emerging Display Technologies Korea, and EDT-Japan Corp., were also incorporated into the risk assessment boundary. However, considering the operational scale of each base and the overall impact on the Company's operations, only Dong Guan Emerging Display Limited was disclosed in the scope of "Sustainability Report". According to the materiality principle of the "Sustainability Report", the Company's Sustainable Development Committee conducts analyses and communicates with internal and external stakeholders. Through the review of domestic and foreign research reports, literature and the integration of evaluation data from various departments and subsidiaries, it evaluates the material ESG issues and formulates effective identifications, measurement, evaluation, supervision, and control of risk management policies. It also takes specific action plans in order to reduce the impact of related risks. The details were listed as Note 1.	None.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
3. Environmental issues				
(1) Has the Company set an environmental management system designed to industry characteristics?	✓		To do the best of corporation responsibilities for the environmental protection and caring for employee's safety and health, the Company's Kaohsiung factory has certified by the ISO14001 on November 4, 2005, then certified by the ISO14001 2015 revision on 2017 (validity period is from October 22, 2023 to October 21, 2026). Includes RoHS cleaner production in IECQ QC080000 system on 2006, so it can set up goals for sustainable environment and review regularly. To be in line with the international net-zero trend and the requirements of the competent authority's "Sustainable Development Roadmap for TWSE/TPEx Listed Companies", the Company started carrying out the ISO 14064-1: 2018 version inspection guidance in 2022, and completed its 2022 greenhouse gas inventory in October 2023.	None.
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		The Company has continuously introduced energy-saving equipment, extensively used LED lighting fixtures, and controlled temperature of air-conditioning equipment. In 2023, the Company's Taiwan headquarters invested a total of NT$8,402 thousand, which is estimated to save 734 kilowatt-hours of electricity and reduce 364 metric tons of carbon annually, mainly including: equipment replacement (dryer, ice water host, box air conditioner), lowering the cooling water pressure difference in the process and replacing traditional lamps with LED lamps. The detailed information about energy usage status and energy-saving plan will be disclosed in the Company's Sustainability Report.	None.
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓		Ranked as the Company's highest organization for climate change management, the Sustainable Development Committee entitles President & CEO as the top leader. According to the framework of the TCFD proposal published by the Financial Stability Board, the committee assesses the risks and opportunities of climate change to the Company, and takes measures to respond to related issues.	None.

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>It also reviews the Company’s climate change strategies and goals, manages climate change risks/opportunities/actions, and reviews the implementation status and discusses future plans every year, and a full assessment is restarted every three years thereafter. Details are disclosed in the Company’s Sustainability Report.</td><td></td></tr>
<tr><td>(4) Did the Company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?</td><td>✓</td><td></td><td>The Company has collected statistics on the greenhouse gas emission, water consumption and total waste weight of the main business bases - headquarters located in Kaohsiung, Taiwan and Dong Guan Emerging Display Limited (hereinafter referred to as Dong Guan factory) in the past two years, and formulated relevant management policies. Details are disclosed in the Company’s Sustainability Report. An overview is as follows:
A. Greenhouse gas: The greenhouse gas emissions in 2023 and 2022 are shown in the table below. If Scope 3 is not considered, most of the emissions come from electricity emissions in Scope 2, accounting for over 99% of the emissions.
<table>
<tr><th>Item / Year</th><th>2023</th><th>2022</th></tr>
<tr><td>Scope 1 (mt)</td><td>98.00</td><td>111.82</td></tr>
<tr><td>Scope 2 (mt)</td><td>10,492.69</td><td>11,336.95</td></tr>
<tr><td>Total of Scope 1&2</td><td>10,590.69</td><td>11,448.77</td></tr>
<tr><td>mtCO2e/Kpcs</td><td>1.01</td><td>1.04</td></tr>
<tr><td>Scope 3 (mt)</td><td>50,520.01</td><td>56,244.35</td></tr>
<tr><td>Total emissions</td><td>61,110.70</td><td>67,693.12</td></tr>
<tr><td>mtCO2e/Kpcs</td><td>5.85</td><td>6.13</td></tr>
</table>
Taiwan headquarters produced 9,011 metric tons and 9,598 metric tons of carbon in 2023 and 2022 respectively, a decrease of 6.12% in two-year comparison. The target of carbon production in 2023 reduced by 2% compared with the previous year, and the target was achieved. The annual carbon production of Dong Guan factory in 2023 and 2022 were 1,579 metric tons and 1,851 metric tons respectively, a decrease of 14.69% in two-year comparison. The target of carbon production in 2023 reduced by 0.5% compared with the previous year, and the target was achieved.</td><td>None.</td></tr>
</table>

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			Specific reduction measures adopted: equipment replacement (dryer, ice water host, box air conditioner), lowering the cooling water pressure difference in the process and replacing traditional lamps with LED lamps. Based on 2020, Taiwan headquarters and Dong Guan factory set their targets to achieve 10% and 2.5% carbon reduction respectively in 2025. B. Water consumption: The statistical water consumption in 2023 and 2022 is shown as follows. (see table below) Taiwan headquarters consumed 246,397 and 261,249 metric tons of water in 2023 and 2022 respectively, a decrease of 5.68% in two-year comparison. As it set the target of water consumption to reduce by 0.5% in 2023 compared with the previous year, so it achieved the target. The water consumption of Dong Guan factory were 32,839 and 34,621 metric tons in 2023 and 2022 respectively, a decrease of 5.15% in two-year comparison. This Dong Guan factory's water consumption was set to reduce by 0.5% in 2023 compared with the previous year, and the target achieved accordingly. Specific reduction measures adopted:pure water system membrane tube replacement, toilet installation of water savers, dormitory replacement of energy-saving faucets. Based on 2020, both Taiwan headquarters and Dong Guan factory set a target to reduce water by 2.5% in 2025. C. Wastes: The statistical wastes in 2023 and 2022 are shown as follows. (see table below)	

Item / Year	2023	2022
Total water consumption (mt)	279,236	295,870
The water consumption per thousand units of output (mt/Kpcs)	43.94	45.39

Item / Year	2023	2022
Hazardous waste (mt)	38	32
Non-hazardous waste (mt)	215	211
Total	253	243
The wastes per thousand units of output (mt/Kpcs)	0.024	0.022

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			Taiwan headquarters turned out 199 and 185 metric tons of waste in 2023 and 2022 respectively, an increase of 7.57% in two-year comparison. In 2023, the target of waste output set to reduce by 0.5% compared with the previous year, and the target was not achieved. This is mainly because some of the waste glass to be scrapped in 2022 were only scrapped and cleared in January 2023, resulting in an increase of 14 tons of waste in 2023. Dong Guan factory turned out 54 and 48 metric tons of waste in 2023 and 2022 respectively, a decrease of 6.90% in two-year comparison. In 2023, the target was set to reduce waste by 0.5% compared with the previous year, and the target achieved accordingly. Specific reduction measures adopted: To continuously improve the production process, and to strengthen the promotion of touch products that use less raw materials, an effort to reduce waste output relatively. Based on 2020, both Taiwan headquarter and Dong Guan factory set a target to reduce water by 2.5% in 2025.	
4. Social issues (1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		The Company strictly observes all local laws and regulations in each global location, and sets up human rights policy in reference to the recognized standards such as Universal Declaration of Human Rights (UDHR), International Labour Organization (ILO), and Ethical Trading Initiative (ETI). This policy applies to all workers including temporary, migrant, student, contract, direct employees, and any other type of worker. It covers six sections: prohibition of forced labor, young workers, working hours, wages and benefits, non-discrimination/non-harassment/humane treatment, and freedom of association and collective bargaining. The Company has minutely disclosed the human-rights policy, human-rights assessment, human rights risk mitigating measures and other related educational training on the Company's website.	None.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/ compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		The Company has complied with the “Labor Standards Act” and the relevant laws and regulations to establish and implement the provisions such as the Codes for Salary, Codes for Performance Assessment, and Codes for Work Attendance. There is an Employee Welfare Committee with an expenditure of more than NT$9 million in 2023 to provide employees with various welfare measures that are reasonable or even better than those stipulated by laws and regulations, including employee travel subsidies, cultural appreciation subsidies, birthday gift coupons, marriage allowances, maternity allowances, and funeral allowances, etc. In addition, there is a free health check program to take care of the health of employees. Details are disclosed in the Company’s Sustainability Report. The Company pays attention to workplace diversity and equality, insists on equal pay and equal promotion for men and women, and maintains more than 17% of female supervisor positions. In 2023, the average proportion of female employees was 64.35%, and the average proportion of female supervisors was 17.14%. In an attempt to attract and keep outstanding talented employees to share the operating results, the Company has combined with various business objectives and personal performances and reflected the achievement of actual operating results in the remuneration of employees through a comprehensive salary structure, including a fixed monthly salary and performance bonus, year-end bonus, employees’ compensation, and other variable salaries. Among this, the monthly salary is mainly awarded by the past experience of employees, abilities possessed, and job values. The performance bonus is granted according to the work contribution and absence status of individuals in each month, and year-end bonus is awarded according to the Company’s operating performances and individual annual assessment performance of employees.	None.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			Pursuant to Article 22-1 of the Company's "Articles of Incorporation", the Company shall allocate 5 percent or more as employees' compensation to share the profit results with the employees when there is profit for the current year. Meanwhile, the salary is adjusted every year according to the profit level. As far as the Taiwan region is concerned, the average salary increase for both supervisory and non-supervisory positions ranged between 3% and 5% in 2023, with the highest individual salary increase standing at 15% during the same year. As an attempt to improve employee benefits, the Company launched the "Employee Stock Ownership Trust" beginning in 2021. For the employees who join the trust, the Company relatively contributes 50% of their monthly withdrawal to the trust account. The Company has not yet established a labor union and only holds a labor-management meeting once a quarter. Since the labor side has not made any request for a group agreement to the Company so far, the two parties have not signed any group agreement.	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		The Company has established the "Industrial Safety and Business Planning Department" to regularly review the implementation of environmental, safety, and fire prevention of all internal divisions. Please refer to "5.5.4 Protection measures for the work environment and personal safety of employees" in this report. "Regulations on Employee Physical Examination Management" and "Regulations for Emergency Response Procedures" have been adopted to regularly holds physical examinations for employees and to minimize damage in the event of an emergency situation. The Company infirmary is equipped with on-site nurses and occupational doctors to provide the appropriate medical assistance. The work safety education, training, and publicity for employees were 915 people /2,856 hours and 995 people/3,027 hours in 2023 and 2022, respectively.	None.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			In 2023, there were four occupational accidents, involving four employees or accounting for 0.46% of the total number of employees at the end of same year. The frequency of incapacitating injuries was 0.55. After a thorough review, improvement measures were formulated, including: installing protective strips on door gaps (to prevent personnel from being pinched by door gaps), changing production work procedures and wearing protective gloves (to avoid cuts caused by falling glass), and strengthening education on sitting properly in chairs, and setting up slippery warning signs and rain gear hanging areas in rainy days (to prevent people from falling), thus ensuring the safety of colleagues during work. In 2023, no fire incidents occurred in the Company and all its subsidiaries. The Company's Taiwan factory has obtained ISO45001: 2018 certification for occupational safety and health. The latest certificate is valid from February 23, 2024 to February 22, 2027.	
(4) Has the Company established effective career development training programs for employees?	✓		The "Codes for Employee Education and Training" have been adopted to offer complete functional training for supervisors and employees at all levels, including new employee training, management training, professional functional training, and quality promotion training, etc. Internal speeches lectured by senior staff are irregularly held to share experiences and elevate knowledge. Employees are encouraged to participate in education and training courses organized by external institutions to gain new knowledge, enhance skills, and continue to grow through multiple learning methods. In 2023, a total of 864 people underwent career training, with a total of 3,056 hours.	None.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(5) Does the Company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		The Company complies with related laws and regulations as well as quality certifications such as ISO9001 and IECQ QC080000. The use of environmentally hazardous substances is prohibited in all company products. Restrictions of dangerous substances and other hazardous substances follow EU standards for product regulation to suppress the environmental and social harm caused in the product life cycle. To ensure the consumer rights of clients, company products are all passed by quality inspection before being shipped to clients. The Company has signed employment contracts with all employees, the contents of which include the employee's confidentiality agreement at work in order to protect customer privacy and intellectual property rights. "Codes for the Management of External Communication" have been adopted to improve customer service satisfaction levels and regulate the procedures of product complaint, suggestions or dissatisfaction from clients and take care of the problems encountered by clients. In addition, a customer satisfaction survey is conducted annually to understand the level of affirmation for the Company from clients as well as to receive opinions and issues from clients to understand the gap between customer needs and expectations. This is used as the basis for improving the quality system, thus achieving a more harmonious relation between the Company and its client and a win-win situation.	None.
(6) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		The Company has adopted "Codes for Management of Contractors" and "edt Social and Environmental Responsibility (SER) Code of Conduct", which contains labor rights, occupational safety and health, environment, corporate ethics, prohibitions of conflict minerals, anti-corruption, etc. Before interacting with suppliers, the Company will conduct evaluations based on "Codes for Management of Contractors" and assess the environmental and social impact of the supplier. Once qualified, the materials supplier must sign a "edt Supplier Quality and Transportation Agreement" and commit to strictly follow request from "edt Social and Environmental Responsibility (SER) Code of Conduct" / Responsible Business Alliance(RBA) Code of Conduct / Responsible Minerals Initiative(RMI) to jointly preserve human rights and protect the environment.	None.

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>Total 263 suppliers (including 95.29% of main suppliers) has signed “edt Supplier Quality and Transportation Agreement” as of December 31, 2023.</td><td></td></tr>
<tr><td>5. Does the Company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?</td><td>✓</td><td></td><td>The Company’s “Sustainability Report” was compiled in accordance with GRI Standards set up by Global Reporting Initiative(GRI) and disclosed on the Company’s website, but was not verified by external certification institutions yet.</td><td>None.</td></tr>
<tr><td colspan="5">6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company’s operations: “Sustainable Development Practice Principles” has been adopted and continuously revised. There is no significant departure between implementation and the principles.</td></tr>
<tr><td colspan="5">7. Other important information to facilitate better understanding of the Company’s promotion of sustainable development: In response to environmental protection and reduce the waste of resources, the Company requests employees to use digital documents whenever possible, use tablets instead of paper in the cleanroom, reuse the blank backside of obsolete documents, and also encourages employees to bring their own tableware. The Company’ headquarters is located in the Cianjhen District, Kaohsiung, and regularly gives back to the public. Activities in 2023 were as follows:
(1) The Company called on 119 colleagues to raise a total of NT$100,000 to purchase 334 boxes of Mid-Autumn Festival gifts from JOYWELL CAKE STORE CO., LTD., and then donate them to the Social Affairs Bureau of the Kaohsiung City Government to be passed on to citizens in need of care in response to the subscription of social welfare groups Mid-Autumn Festival gift charity event.
(2) The Company enthusiastically participated in the blood donation event hosted by the Kaohsiung Cianjhen Science and Technology Industrial Park Kaohsiung Branch and provided 350 exquisite gifts, including 22 blood donations from colleagues. It attracted 300 people to donate blood, and a total of nearly 100,000 c.c. of blood were donated. The Company hopes that this move can inspire others to show their love and join the ranks of helping others.
(3) Participated in the ASUS Cultural and Educational Foundation’s “The Second Life for Computers” project and donated 83 computer hosts. At the same time, the recycled information products will be reorganized and donated to disadvantaged groups to eliminate the digital gap and achieving a win-win situation for environmental protection and social welfare.
(4) In response to the Eden Foundation’s 2023 “Believe in Love and Slow Flying” charity concert, the Company donated NT$100,000 to gather the power of love and become the love captain of the “Slow Flying Angels”.
(5) The Company donated NT$500,000 to the Kaohsiung City Marathon Association to combine road running with charity and promote public health.</td></tr>
</table>

Climate-Related Information of TWSE/TPEx Listed Company

1. Implementation of Climate-Related Information

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td>1. Describe the board of directors’ and management’s oversight and governance of climate-related risks and opportunities.</td><td>The Board of Directors serves as the highest climate governance decision-making body in the organization. The directors are responsible for overseeing the company’s governance performance and goal achievements on climate-related issues.

The “Sustainable Development Committee” is responsible for promoting and executing sustainability initiatives. It is headed by the President & CEO, along with high-level executives from various departments, such as Finance, Administration, Industrial Safety & Business Planning, Procurement, and Employee Welfare Committee. They hold irregular meetings, integrate resources from different departments, drive various sustainability projects, and formulate medium and long-term sustainability development plans. Committee members are responsible for gathering and consolidating trends related to climate issues both domestically and internationally. They regularly develop and implement the company’s overall climate risk and opportunity management policies and response strategies. This ensures that the company’s climate governance aligns with appropriate practices, and they report on climate-related risk and opportunity management performance to the Board of Directors annually.

In addition, The “Greenhouse Gas Inventory Management Committee” established by the Company is mainly responsible for collecting greenhouse gas activity data, proposing energy conservation and carbon reduction plans, completing greenhouse gas inventory reports, and regularly reporting the implementation results of relevant work to the “Sustainable Development Committee”.</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</td><td>The Company follows the climate risk and opportunity factors recommended by TCFD, evaluate short-, medium-, and long-term risk values and opportunity values based on occurrence probability, frequency, and possible impact, and identify physical risks and transition risks which have priority to be concerned. Then, based on the professional experience of each department, the potential operational and financial impacts of the identified climate-related risks and opportunities on the Company are evaluated.

<table>
<tr><th colspan="2">Risk and opportunity categories</th><th>Short term
(0 to 3 years)</th><th>Medium term
(3 to 10 years)</th><th>Long term
(over 10 years)</th><th>Countermeasures</th></tr>
<tr><td>Risks</td><td>Transition risks: Focus on the risks arising from the transition to a low-carbon economy, including policies and regulations, market trends and technological innovation risks.</td><td>Operating costs have increased due to the introduction of different system certifications and the investment of additional promotion and management costs to ensure that customer and regulatory requirements are met.</td><td>R&D technological innovation cannot keep up with market demand, and products will be replaced by other innovative technologies with higher energy efficiency and lower environmental footprint.</td><td>If the degree of carbon reduction does not meet customer standards, it may affect the investment willingness of stakeholders or cancel orders.</td><td>• To set energy and carbon reduction targets that meet customer requirements.
• To set up solar power generation and energy storage devices at the Company’s headquarters.
• To understand market trends and customer needs to develop products, such as low-power products.
• Products are introduced into the green cycle (including design, procurement, manufacturing, packaging, and transportation) to reduce the impact on the environment.</td></tr>
</table>
</td></tr>
</table>

Item	Implementation status					
		Immediate physical risk: Weather-related events such as storms, floods, droughts or heat waves are increasing in severity and frequency.	Production bases or suppliers may experience power outages, flooding, and equipment and facilities may be damaged by strong winds or flooding. This will lead to increased maintenance costs at the operating base, operational interruptions, or production shortages.	Increased floods and droughts disrupt supply chains.	-	• Continuous investment in disaster prevention equipment and drainage system maintenance. • Formulate "Disaster Recovery Plan Management Measures" so that the Company can quickly and effectively resume operations after an accident occurs. • Continue to promote dual-sourcing for critical material and actively evaluate alternative suppliers to reduce the risk of material shortages.
	Opportunities	Resource utilization efficiency: Use more efficient production and distribution processes, more efficient buildings and equipment, and recycle resources.	To conduct equipment-based production process assessments for processes that consume labor or experienced labor to reduce resource consumption and waste caused by manual errors, while improving production efficiency and reducing operating costs. It is also necessary to replace or improve old and high-energy-consuming equipment, install renewable energy facilities, and improve energy efficiency. In addition, packaging materials and waste resource are recycled to reduce waste disposal costs or increase revenue.	Incorporating "green design" elements into factories or warehouses reduces energy use and pollution emissions. In addition to reducing operating costs, it also increases asset value.	-	• To continue to introduce automated production equipment. • To implement lean management of production bases and optimize production processes. • To use common materials for product development and adjust material usage parameters to achieve optimization and minimization. • To optimize packaging methods and reduce packaging materials. • To install solar power generation and energy storage devices at the headquarters. • To strengthen waste management, properly classify and recycle, increase reuse and reduce the rate of landfill.
		Products and services: To develop or expand energy-saving and low-carbon products and services.	Continuous investment in research and development of innovative technologies will enable products to meet customer needs, improve energy-saving efficiency, increase product competitiveness, respond to market demand, and increase company revenue at the same time.	The Company has gained a reputation for responding appropriately to climate change. ◦	-	• To master market trends and customer needs for technology development, implement patent applications, and ensure the Company's R&D results. • To establish the department with embedded product core technology to prepare for future trends in advance and deepen R&D technology and talent training. • In line with international trends and the country's "net-zero policy".

Item	Implementation status
	| | | | | | • To actively evaluate the possibility of deploying more diversified “renewable energy” development. |
3. Describe the financial impact of extreme weather events and transformative actions.	**<u>The financial impact of extreme weather events</u>** Imagine a drought caused by no rainfall for several consecutive days. The Company needs to carry water by truck, or the water supply is insufficient and production is reduced or suspended. This not only causes operational losses, but also greatly affects annual revenue due to insufficient production capacity. In addition, strong typhoons and floods may cause damage to the Company’s equipment, or suspension of work due to typhoons and heavy rains may increase the Company’s losses. **<u>The financial impact of transformative actions</u>** Under the transition risks, the low-carbon economic transformation needs to face more extensive changes in policies and regulations, technology and market. The Company has introduced the “Energy Saving and Carbon Reduction” project to reduce the impact of energy consumption, water consumption and waste on the climate. At the same time, it meets customer needs by improving energy efficiency, investing in green energy equipment, and developing and innovating green products. and responding to transition risks. However, due to the implementation of energy conservation and carbon reduction projects, the Company’s capital expenditures and operating costs increased.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The Company has established a “Risk Management Policies and Procedures” to address uncertainties that may threaten our business operations, including procedures related to climate change. These procedures have been submitted for approval by the Board of Directors. • Risk Identification: The Company annually identifies climate risks and opportunities in accordance with the TCFD official disclosure items, taking into account climate-related risks and opportunities mentioned in industry peers’ or suppliers’ sustainability reports, considering international trends, and incorporating relevant issues that are being faced by each department. The Company integrates these into climate risks and opportunities relevant to its operations and business. • Risk Assessment: In-depth interviews are conducted to assess the impact of each climate risk and opportunity on each department’s business development strategies and financial planning. This assessment forms the basis for determining the extent of financial impact. Considering the likelihood of risk and opportunity occurrences, a risk and opportunity matrix analysis is performed to rank major climate risks and opportunities for the Company. • Risk Mitigation: After identifying major climate risks and opportunities, relevant departments formulate control measures for individual items to reduce the likelihood and impact on the company. The Company’s response strategies fall into the following types: (1) Risk Avoidance: Ceasing activities that pose risks; (2) Risk Reduction: Reducing the likelihood and impact of risks; (3) Risk Transfer: Transferring losses when risks occur; (4) Risk Acceptance: Accepting the losses when risks occur. • Risk Monitoring: The “Sustainable Development Committee” compiles risk identification content, major risk and opportunity items identified in the risk assessment, and the response strategies developed. This forms the basis for developing policies, monitoring indicators, and goals for the Company’s overall climate risks and opportunities. Annual corporate sustainable governance performance reports are submitted to the Board of Directors.

Item	Implementation status
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	**Transformation Risk Scenario Analysis** To assess the impact on the company and its adaptive and responsive capacity under a scenario in which the global temperature rise is limited to below 1.5°C, the Company employs strategies to mitigate risk impacts through improved operational efficiency, additional green energy installations, the replacement of high-energy-consumption equipment, and collaboration with customers and suppliers on developing low-carbon and energy-efficient products to meet the demand for green products in the market. **Physical Risk Scenario Analysis** The global temperature rise resulting from climate change is expected to increase the risk of heavy precipitation and flooding at all operational sites of the Company. The Kaohsiung factory has assessed these risks using the National Science and Technology Center for Disaster Reduction's (NCDR) Hazard-Vulnerability Assessment. The assessment was conducted based on the baseline period (1976-2005) and a future scenario of temperature rise at 4.3°C under RCP 8.5 (projected for 2036-2065). According to the analysis, the Kaohsiung factory's geographical location was identified as having a moderate hazard-vulnerability level for flooding during the baseline period, classified as a Level 3 flood hazard potential. However, it is projected to escalate to a Level 5 flood hazard potential 30 years from now. Despite experiencing heavy rainfall exceeding the capacity of the urban drainage system within the last three years, the Kaohsiung factory has not experienced any flooding incidents causing operational losses. Other production bases were also assessed and found to have no immediate risks. Therefore, the current short-term management objectives include implementing emergency response measures, strengthening disaster prevention facilities, and procuring property insurance to mitigate potential risks.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Based on a matrix analysis of the impact and likelihood of climate-related risks, the Company has formulated three transition plans, as follows: • Policies and regulations: (1) The Company started coaching on the "ISO14064-1 Greenhouse Gas Inventory Management System" in 2022, and completed the parent company's greenhouse gas inventory in accordance with the ISO14064-1 specification for the first time in October 2023. The Company plans to complete all greenhouse gas inventories and verifications earlier than the schedule required by the "Sustainable Development Roadmap for TWSE/TPEx Listed Companies" at least one year. (2) Actively expanded solar power generation and energy storage devices in the Company's factories and repurchased them based on actual needs to increase the use of "green electricity". (3) Officially introduced the energy management system (EMS), accurately analyzed the causes of energy consumption, and formulated energy-saving management strategies and confirmed the benefits after implementation through long-term monitoring of system performance. • Market trends: The Company's important customers require that the assessment on EcoVadis platform for business sustainability ratings be completed every year, and the score must reach 65 points by 2025. Therefore, the Company's "Sustainable Development Committee" reviews the assessment content every year to implement the EcoVadis requirements and improve audit scores. • Technological innovation: Refers to meeting customers' requirements for the development of low-power products, identifying factors related to energy consumption in early development, proposing the best solutions, and introducing a pre-diagnosis system for product structure and power consumption to reduce error rates during the development.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company has not yet used internal carbon pricing as a planning tool.

Item	Implementation status
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Please refer to points 1-1 and 1-2 below.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	Please refer to points 1-1 and 1-2 below.

1-1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1. Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NT$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

According to the regulations of the Financial Supervisory Commission's "Sustainable Development Roadmap for TWSE/TPEx Listed Companies", the Company is a company with a paid-in capital of less than NT$5 billion, and its individual companies must complete a greenhouse gas inventory in 2026. Each subsidiary of the consolidated entity must complete the inventory in 2027.

The Company is implementing the ISO 14064-1: 2018 version inspection guidance. As of the printing date of this annual report, the greenhouse gas inventory of the individual company and subsidiary - Dong Guan Emerging Display Limited (hereinafter referred to as the Dong Guan factory) has been completed. In addition to understanding the usage and emission status of greenhouse gases, it has also verified the effectiveness of reductions. The following is a summary of the Company's individual and Dong Guan factory's greenhouse gas emissions: the Dong Guan factory has not yet started the Scope 3 inventory, and all data has not yet to be verified by a third party.

		2023		2022	
		Emission volume (metric tons CO2e)	Intensity (metric tons CO2e/NT$ million)	Emission volume (metric tons CO2e)	Intensity (metric tons CO2e/NT$ million)
The individual company (Taiwan headquarters)	Scope 1	88.94		90.84	
	Scope 2	8,922.30		9,507.07	
	Scope 3	50,520.01		56,244.35	
	Subtotal	59,531.25		65,842.26	
Dong Guan factory	Scope 1	9.06		20.98	
	Scope 2	1,570.39		1,829.88	
	Subtotal	1,579.45		1,850.86	
Total		61,110.70	13.93	67,693.12	14.43

Note 1: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2: The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Other indirect emissions information may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT$ 1 million) shall be disclosed.

1-1-2. Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.
The Company expects to complete the 2025 greenhouse gas verification of the individual company in June 2026 and the 2028 greenhouse gas verification of the consolidated entities in June 2029.

1-2. Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

Greenhouse gas reduction base year and reduction targets

Since the Company has only completed the greenhouse gas inventory of the individual company (Taiwan headquarters) and Dong Guan factory, and has not completed the overall inventory of the consolidated entities, in order to plan the greenhouse gas reduction strategy, it is planned to first use 2020 as the base year. The total Scope 1 and Scope 2 emissions of the individual company and Dong Guan factory are 10,463.92 metric tons CO2e and 1,644.27 metric tons CO2e respectively, and the Company has set a target to reduce the individual company's greenhouse gas emissions by 10% by 2025 compared with the base year (an annual reduction of 2%). The Dong Guan factory decreased by 2.5% compared with the base year (an annual decrease of 0.5%). The Company hope to achieve aforementioned goals through a series of specific actions. In addition, based on the overall inventory results of the consolidated entities in the future, the target will be appropriately adjusted and reduced year by year to fully cooperate with the "2050 Net-zero Emissions" goal promulgated by the government.

Greenhouse gas reduction strategies and concrete action plans

The Company's greenhouse gas emissions are largely accounted for by the individual company (Taiwan headquarters), so the headquarters is the main focus to formulate specific reduction strategies, as follows:

	Short term goals	Medium-term goals	Long-term goals
Time	2025	2030	2050
Carbon reduction target	10% less than the 2020 base year	25% less than the 2020 base year	To strive to achieve carbon neutrality goals
Reduction strategies and specific plans	• To stop production of energy-consuming and low-efficiency processes • To optimize the performance of air conditioning and cooling water systems • To replace energy-saving equipment • To replace traditional lamps with LED lamps • To install solar power generation devices in the factory • Other feasible solutions	• To introduce Energy management system (EMS) • To replace energy-saving equipment • To develop low energy consumption products • To purchase "green electricity" certificates • To repurchase solar power generation in the factory • Other feasible solutions	• To purchase "green electricity" certificates • To use factory space for the establishment of renewable energy power generation devices

The status of achievement of the reduction targets

The emission data and target achievement status for 2023 are as follows:

Item	The individual company (Taiwan headquarters)	Dong Guan factory	Total
Scope 1 (metric tons)	88.94	9.06	98.00
Scope 2 (metric tons)	8,922.30	1,570.39	10,492.69
Total of Scope 1 and 2	9,011.24	1,579.45	10,590.69
Base year (2020) emissions	10,463.92	1,644.27	12,108.19
Carbon reduction rate	-13.88%	-3.94%	-12.53%
Target achievement status	To achieve annual carbon reduction of 2%	To achieve annual carbon reduction of 0.5%	

In order to present the Company's carbon reduction performance, data for the past four years are also disclosed. The following is the inventory information compiled by the individual company (Taiwan headquarters) and the Dong Guan factory, which is not to be verified by a third party yet.

- Statistical table of carbon emission intensity per unit output in the past 4 years

Item	Unit	2023	2022	2021	2020
Total Scope 1 and 2 emissions	metric tons	10,590.69	11,448.77	12,139.25	12,108.19
Changes in Scope 1 and 2 emissions compared with the previous year	%	-7.49	-5.69	0.26	-
Carbon reduction rate compared with base year (2020)	%	-12.53	-5.45	0.26	-
Greenhouse gas emission intensity	metric tons/output (thousand units)	1.01	1.04	1.02	1.11
Carbon reduction rate of emission intensity compared with the base year (2020)	%	-9.01	-6.31	-8.11	-

- Statistical table of greenhouse gas emission in the past 4 years

Locations	Scope / Emissions	2023		2022		2021		2020	
		metric tons	%	metric tons	%	metric tons	%	metric tons	%
The individual company (Taiwan headquarters)	Scope 1 (direct emissions)	88.94	0.15	90.84	0.13	73.37	0.61	81.03	0.67
	Scope 2 (indirect emissions)	8,922.30	14.60	9,507.07	14.05	10,356.11	85.31	10,382.89	85.75
	Scope 3 (other indirect)	50,520.01	82.67	56,244.35	83.09	-	-	-	-
Dong Guan factory	Scope 1 (direct emissions)	9.06	0.01	20.98	0.03	50.03	0.41	7.17	0.06
	Scope 2 (indirect emissions)	1,570.39	2.57	1,829.88	2.70	1,659.74	13.67	1,637.10	13.52
Total		61,110.70	100	67,693.12	100	12,139.25	100	12,108.19	100

Note: The individual company (Taiwan headquarters) conducted an inventory and statistics of Scope 3 carbon emissions for the first time in 2022. Dong Guan factory has not conducted an inventory of Scope 3 yet.

Note 1: The Company set up the related risk management policies according to those assessed risks. The details were listed as below:

Major issues	Risk assessment items	Risk management department	Risk description	Risk management policies
Environment	Climate change and environment	Industrial Safety & Business Planning / Procurement	Environmental pollution or energy waste	■ Reduce greenhouses gas and lower energy usage continuously. ■ Has set up the IECQ QC080000 hazardous substance management system, thus complying with laws and international specifications. ■ Use low-toxicity materials so as to meet RoHS standards.
		Industrial Safety & Business Planning	Occurrence of climate disasters	■ Both "Emergency Response Management Measures" and "Disaster Recovery Plan Management Measures" are available to quickly respond to emergencies and effectively perform after-treatments. This move expects to minimize personnel injuries, finance, and equipment losses at a lowest level. ■ An all-round emergency escape drill in each factory area is held once per year. Many occupational safety and health education trainings are also implemented to make employees becoming more familiar with emergency responses and enhance their post-disaster capabilities.
Society	Occupational safety	Industrial Safety & Business Planning / Administration / Procurement	Unsafe working conditions or endangered employee health	■ Certified for ISO45001: 2018 Occupational Safety and Health Management System. ■ The "Occupational Safety and Health Committee" is established with President & CEO serving as its chairman. At least one time per quarter, this committee will discuss on environmental safety and health issues, and map out relevant projects considerably. ■ Promote the "Responsible Business Alliance (RBA) Code of Conduct" to commit to the health and safety of employees. ■ Arrange safety and health training courses for both new staff and in-service employees, an effort to increase the awareness of hazard prevention and bring down the occurrence of industrial safety accidents. ■ In addition to the regular employee health check every year, irregular trainings, and/or announcements are implemented to promote the awareness of employee health. On a regular basis, expertise doctors are stationed at the factory to offer health consultancies.
Corporate governance	Legal risk	Audit Office / Finance / Legal Affairs & Market / Administration / Industrial Safety & Business Planning / Employee Welfare Committee	Illegal punishment	■ Legal personnel to provide legal consultation and handling advices on internal systems, compliances with laws/regulations, commercial disputes, and intellectual property rights management. ■ A "Codes for Compliance with Laws/Regulations" is implemented so that the Company's three business fields in production, sales, and management is complied with the Company's operation-related laws and regulations. ■ Both "Antitrust and Fair Competition Principles" and "Procedures for Preventing Insider Trading" are formulated for employees to specifically regulate precautions in performing business and trading stocks of the Company.
		Legal Affairs & Market	Transaction risk	■ The "Codes for the Use of Seals" is made to control the signing of various types of contracts and related risks, and stipulate the application, use, storage, and cancellation of seals to reduce overall legal risks of the Company.
		Administration	Personal information leakage	■ The "Codes for Personal Data Protection" is formulated aiming to standardize the planning, implementation, operation, supervision, inspection, maintenance, and improvement of the personal information management system.
		Audit Office	Improper employee behaviors	■ Both "Ethical Management Principles" and "Codes for Ethical Management" are implemented to ensure the values of ethical corporate management, and prevent employees from engaging in improper behaviors, thus improving the entire corporate governance.
	Company image	Chairman's Office	Bad company image	■ Build up a good crisis management and response mechanism during the ordinary days, and in the very first time activate the response system needed to cope with any operational risks that may affect the Company's image. The spokesperson speaks to the outside world in an unified manner, or clarifies false information through significant information platforms, as well as to maintain the Company's image and communicate well with all stakeholders.

3.4.6 Ethical corporate management – implementation status and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the Company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	✓		The Company has adopted "Ethical Management Principles" and "Codes for Ethical Management" which were passed by the Board of Directors, and disclosed those via the Market Observation Post System and the Company's website. In addition, the Company has compiled the "Sustainability Report" (Before 2020, it was called the "Corporate Social Responsibility Report") each year since 2014 to highlight the Company's ethical corporate management and contribution efforts for the stakeholders. The Company's business philosophy is "quality, honor, sincerity, creativity". All members of the Board of Directors and senior management are honest and responsible for supervision to create a sustainable business environment.	None.
(2) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	✓		The Company has established the assessment system for the risks of unethical behaviors, and adopted "Codes for Ethical Management" to prohibit those behaviors in Article 7, Paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies". Both a concrete reporting and rewards system has been regulated in above codes. In addition, the Company has established an effective accounting system and internal control system with internal auditors periodically verifying the compliance of the aforementioned systems for implementing ethical management.	None.
(3) Does the company clearly establish and implement operating procedures, code of conduct, penalties for violation and complaint system in the prevention programs against unethical behaviors as well as reviewed and revised the aforementioned programs regularly?	✓		The Company has established the "Codes for Ethical Management" and disclosed it on the Company's website. The codes provide the operating procedures, code of conduct, penalties for violation, and whistleblowing methods; fully regulated employee business operation precautionary items; and strengthened education, training, and guidance for new employees.	None.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			In addition, the need for revision is regularly reviewed based on the actual company operation status and the revision of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”.	
2. Ethical Management Practice (1) Does the Company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	✓		The Company embraces the principle of integrity in trading with a business partner. The Company will look into the integrity status of the partner and include the compliance of ethical corporate management in a contract, which will include the following: A. If either party involves with any unethical behaviors in business activity, the other party may unconditionally terminate the contract at anytime. B. If either party discovers any personnel violating contract articles about prohibitions of commission, brokerage, or any other benefit, it shall inform the other party of the personnel’s identification, methods of offer, promise, request or receive, and the amount or other benefit. Relevant evidence shall be provided and cooperate on the investigation. If it causes damage in one party, the other party shall request for compensation for the damage.	None.
(2) Has the Company set up a dedicated unit to promote ethical corporate management under the Board of Directors, and does it regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	✓		The Company has established the concurrent unit - “Business Integrity Promotion Team” responsible for promoting of ethical corporate management affiliated to the Board of Directors, which should help directors and management level to set up the ethical corporate management policy and prevention plan, and monitor their implementation. This unit should also report the implementation status to the Board of Directors at least once a year. The recent proposal to the Board meeting was on March 7, 2024. The implementation status of ethical corporate management policies in 2023 are listed in Note 1 and disclosed on the Company’s website.	None.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(3) Has the Company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	✓		Mutual reviews between departments and multi-layered decision approval is used in the internal control system to avoid malpractice and intentional manipulation. The Company has adopted “Codes for Ethical Management” to regulate the methods of informing unethical behaviors and related handling procedures. To prevent interest conflict, the Company has established the channel of “improper conduct complaint” on the official website externally for the manu-facturers, customers and employees. Internally, the Administration Dept. and Audit Office of the Company provided hotline, e-mail and special mailbox as the statement channels for the employees. However, no event of improper conduct was complained in 2023.	None.
(4) Does the Company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	✓		The Company has established a complete and effective control mechanism for the accounting and internal control systems to target business activities and operating procedures with high potential risks of unethical behaviors. The internal auditors shall list high-risk operations as the top audit items in the annual audit plan according to the risk assessment in order to strengthen preventive measures, and regularly report the implementation status of audit plan to the Board of Directors. In addition, the Company and our key subsidiaries must perform internal control self-assessment each year to examine the internal control system design and implementation effectiveness.	None.
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	✓		To implement ethical corporate management, the Company has held “Responsible Business Alliance (RBA) Code of Conduct” training internally. The content includes ethical management, no dishonest profit, identification protection, retaliation preventing, and so on. In 2023, 903 trainees participated the training with 1,806 training hours in total. In the part of law safety, it opened a total of 63 classes.	None.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
3. Implementation of complaint procedures				
(1) Has the Company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?	✓		The Company has adopted “Regulations on Reflecting Employee Complaint and Opinion” and placed a comment box in the cafeteria. Employees may fill a complaint via the comment box, e-mail to the Administration Dept. or directly notify the Audit Office, and provide supporting information. Besides, the Company has established the channel of “improper conduct complaint” on the official website externally for the manu-facturers, customers and employees, which was managed by the Audit Office. The “Codes for Ethical Management” formulated by the Company include the reporting and handling procedures for unethical behavior, and encourage internal and external personnel to report dishonest behavior, and bonuses will be awarded according to the severity of the case. Company insiders who make malicious accusations should be punished, and if the circumstances are serious, they should be dismissed. Penalties for violation of ethical management have been stated in the “Codes for Ethical Management” and “Employee Handbook”. The Company’s whistle-blowing channels are as follows: A. Telephone number of the Audit Office: +886-7812-4812 ext. 1695 & 1697 B. On-line reporting mailbox: EDT-CSR@edt.com.tw	None.
(2) Has the Company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	✓		The “Codes for Ethical Management” formulated by the Company include provisions on handling procedures for whistle-blowing cases, follow-up measures for investigation reports, and protection of whistle-blowers. Reporting matters will be handled by the Audit Office in accordance with the following procedures: A. Within 5 work days, notify the informant on receipt of the report and carry out the investigation.	None.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			B. The department head shall be reported to if involving general employees. Independent directors and supervisors shall be reported to if involving directors or senior executives. C. The Audit Office and aforementioned department head or personnel being reported to shall immediately verify the facts, and where necessary, with the assistance of legal compliance or other related departments. The investigation shall be expected to be completed within 3 months, depending on the severity and complexity of the matter, and the results of the investigation provided to the informant. D. If the accused is confirmed to have indeed violated the applicable laws and regulations or the ethical management policy and regulations of the Company, the person shall be immediately required to cease all relevant conduct and an appropriate disposition (such as suspension of rights and duties until end of investigation) shall be made. When necessary, the Company will institute legal proceedings and seek compensation to safeguard its reputation, rights, and interests. E. Documentation of report acceptance, investigation processes and results shall be retained for 5 years and may be retained electronically. In the event of a lawsuit in respect of the informed case before the expiration of retention period, the relevant information shall continue to be retained until the conclusion of the litigation. F. With respect to a confirmed report, the Company shall charge related units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence. G. The Audit Office shall submit to the Board of Directors a report on the informed case, actions taken, subsequent reviews, and corrective measures.	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			The Company shall keep the identity of the informant and contents of information confidential. Unless specified otherwise in the law and regulations, the Company shall not disclose the identity of the informant to internal and external persons of the Company without the prior consent of the informant. The Company shall assure the responsibility of confidentiality and protection for employees whom refuse to participate in unethical conduct and prevent any unfair treatment or retaliation to the aforementioned employees. All personnel in contact with the aforementioned shall sign a "Declaration of Confidentiality" to protect informants and employees whom refuse to participate in unethical conduct.	
(3) Has the Company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	✓		The "Codes for Ethical Management" formulated by the Company state that the Company has a zero tolerance policy for retaliation and prohibits retaliation towards any personnel, in accordance with these Codes, reporting unethical conduct or participating in investigation of misconduct. The Company shall actively investigate any known retaliation and personnel whom are found to carry out retaliation shall be subjected to disciplinary action and, if the circumstance concerned is severe, terminated of employment. With consent from the informants, the Company shall provide further protection for informants whose identities have been disclosed. The Company shall also follow-up regularly and respond to situations that are reasonably suspected to be retaliation. In 2023, no improper conduct was reported.	None.
4. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	✓		"Ethical Management Principles" and "Codes for Ethical Management" have been disclosed on the Company's website and the MOPS. Also, the implementation status of Business Integrity Promotion Team has been disclosed on the Company's website.	None.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
5. If the Company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: “Ethical Management Principles” and “Codes for Ethical Management” have been adopted and continuously revised. There is no significant deviation between implementation and the principles.				
6. Other important information to facilitate a better understanding of the status of operation of the company’s ethical corporate management policies (e.g., the company’s reviewing and amending of its ethical corporate management best practice principles): The Company irregularly revises related ethical management regulations according to the latest laws and regulations as well as the state of implementation. The recent revision was “Ethical Management Principles” revised on November 4, 2021.				

Note 1: The implementation status of ethical corporate management policies were listed as below:

Items	The implementation status
Educational trainings	The Company has held “Responsible Business Alliance (RBA) Code of Conduct” training for all employees. The content includes ethical management, no dishonest profit, identification protection, retaliation preventing, and so on. In 2023, 903 trainees participated the training with 1,806 training hours in total. In the part of law safety, it opened a total of 63 classes.
Annual test	The Company has administered the annual test to all employees, and the range of the tests includes “Ethical Management Principles” and “Codes for Ethical Management”. The key point of the annual test in 2023 was to keep integrity in operation, prohibit dishonest profit and damage to the interests of stakeholders, respect to intellectual property rights of the Company and secure the customer’s data in business activities.
Compliance propaganda	The Company has set up a “legal compliance zone” on internal website to integrate the laws related to business activities. Also, the Company has promoted advocacy education for ethical management to remind new employees and active employees of precautions when they are doing the business through teaching materials.
Regular check	The Company has assessed the risk of corruption to the operational activities of important operating bases. The internal audit and the compliance-based self-evaluation were leaded by the Audit Office every year to achieve effective control and implementation, jointly manage and prevent the occurrence of unethical behaviors. There is no corruption and anti-competition activity in 2023.
Communication channel	The employees may respond to the Administration Dept. via multiple and smooth channels. The Company has also actively announced the ethical corporate management policies and implementation status of that by the external documents or activities such as the Company’s website, annual report and investor conference. There is no response from employees in 2023.
Reporting system / whistleblower protection	The Company has adopted “Codes for Ethical Management” which regulate the whistleblowing methods to prevent unethical behaviors actively and to encourage internal and external persons to report unethical behaviors or improper conduct. Also, the Audit Office is appointed to accept the report. The Company has established the channel of “improper conduct complaint” on the official website externally for the manufacturers, customers and employees. Internally, the Administration Dept. and Audit Office has provided hotline, e-mail and special mailbox as the statement channels for employees. The Company has established a whistleblower protection system to keep confidential the whistleblowers and their reports, and promise to protect the whistleblowers from any retaliation due to reporting unethical behaviors. However, no improper conduct was reported in 2023.

3.4.7 If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched

Please refer to the Company’s website at https://www.edtc.com/

3.4.8 Other significant information that will provide a better understanding of the state of the company’s implementation of corporate governance: None.

3.4.9 Internal control system

3.4.9.1 Statement on internal control

Emerging Display Technologies Corp.
Statement on Internal Control

Date: March 7, 2024

Based on the findings of a self-assessment, Emerging Display Technologies Corp. (edt) states the following with regard to its internal control system during the year 2023:

1. edt's Board of Directors and Management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability of our financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and edt takes immediate remedial actions in response to any identified deficiencies.
3. edt evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring.
4. edt has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, edt believes that on December 31, 2023, it has maintained, in all material respects an effective internal control system (that includes the supervision and management of our subsidiaries) to provide reasonable assurance over our operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations.
6. This Statement will be an integral part of edt's Annual Report for the year 2023 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement has been passed by the Board of Directors in their meeting held on March 7, 2024, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Emerging Display Technologies Corp.

Chairman Ray Tseng

President & CEO Paul Wang

3.4.9.2 Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report:

The Company did not hire a CPA to carry out a special audit of the internal control system.

3.4.10 If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

3.4.11 Material resolutions of a shareholders' meeting or a board of directors meeting:

Shareholders' meeting

Date	Description	Resolutions	Implementation
Jun 13, 2023	1. Adoption of the Business Report and Financial Statements of 2022.	Passed without objection by all shareholders present.	Not applicable.
	2. Adoption of the proposal for distribution of 2022 profits.	Passed without objection by all shareholders present.	The profit to be distributed among shareholders shall be NT$251,852,165 in cash dividends. The ex-dividend date was July 16, 2023 resoluted by the Chairman. The cash dividend was NT$1.6 per share and fully paid on July 28, 2023.

Board of Directors meeting

Date	Description	Resolution
Mar. 9, 2023 10^{th} of 10^{th} session	1. To discuss business plan for 2023.	Passed unchanged by all directors present.
	2. To discuss business report, financial statements, and consolidated financial statements for 2022.	Passed unchanged by all directors present.
	3. To discuss the distribution of 2022 employees' compensation and remuneration for directors.	Planned compensation for employees totals NT$27,018,029 and remuneration for directors totals NT$16,210,818. Total amounts will be paid in cash.
	4. To discuss the proposal for distribution of 2022 profits.	The profit to be distributed among shareholders shall be NT$251,852,165 in cash dividends (NT$1.6 per share).
	5. To discuss time, date, location and agenda of shareholders' meeting for 2023, submission period of proposals from shareholders with 1% or more shares, and related matters.	Shareholders' meeting is set to be held on June 13, 2023 at 9^{am} in the 1F conference hall. Submission of proposals from shareholders with 1% or more shares will be accepted from April 7 to April 17.
	6. To discuss self-assessment and statement on internal control for 2022.	Passed unchanged by all directors present.
	7. To discuss the amendment of "Corporate Governance Principles".	Passed unchanged by all directors present.
	8. To discuss the assessment of the attesting CPAs' independence and eligibility.	After the Company refers to the audit quality indicators (AQIs) and obtains the "Declaration of Independence" from accountants, the assessment of both certified public accountants Chen, Yung-Hsiang and Su, Yen-Ta in 2023 has met the independence and eligibility requirements.
	9. To discuss remuneration adjustments of 2023 for the Chairman and managerial officers.	Passed unchanged by directors present excluding four directors avoiding vote in conflict of interest.
	10. To discuss additional amounts and annual renewal of financing from financial institutions.	Passed unchanged by all directors present.
May 5, 2023 11^{th} of 10^{th} session	1. To discuss the consolidated financial statements for 1^{st} quarter of 2023.	Passed unchanged by all directors present.
	2. To discuss additional amounts and annual renewal of financing from financial institutions.	Passed unchanged by all directors present.
Aug. 3, 2023 12^{th} of 10^{th} session	1. To discuss the consolidated financial statements for 2^{nd} quarter of 2023.	Passed unchanged by all directors present.
	2. To discuss the distribution details of 2022 employees' compensation and remuneration for directors.	The compensation for employees totals NT$27,018,029 and remuneration for directors totals NT$16,210,818. The distribution details were passed unchanged by all directors present.
	3. To discuss additional amounts and annual renewal of financing from financial institutions.	Passed unchanged by all directors present.
Nov. 2, 2023 13^{th} of 10^{th} session	1. To discuss the consolidated financial statements for 3^{rd} quarter of 2023.	Passed unchanged by all directors present.
	2. To discuss and review of all remunerations of 2024 for directors and managerial officers.	Passed unchanged by directors present excluding four directors avoiding vote in conflict of interest.
	3. To discuss year-end remunerations and bonuses to the Chairman and managerial officers for 2023.	Passed unchanged by directors present excluding four directors avoiding vote in conflict of interest.
	4. To discuss the amendment of internal control system, version 22, and internal audit system with its implementing regulations, version 11.	Passed unchanged by all directors present.
	5. To discuss the proposed audit plan for 2024.	Passed unchanged by all directors present.
	6. To discuss the amendment of "Risk Management Policies and Procedures".	Passed unchanged by all directors present.
	7. To discuss additional amounts and annual renewal of financing from financial institutions.	Passed unchanged by all directors present.

Mar. 7, 2024 14th of 10th session	1. To discuss business plan for 2024.	Passed unchanged by all directors present.
	2. To discuss business report, financial statements, and consolidated financial statements for 2023.	Passed unchanged by all directors present.
	3. To discuss the distribution of 2023 employees' compensation and remuneration for directors.	Planned compensation for employees totals NT$27,254,958 and remuneration for directors totals NT$16,352,975. Total amounts will be paid in cash.
	4. To discuss the proposal for distribution of 2023 profits.	Net profit of 2023 was NT$418,152,624. By adding previous years' retained earnings of NT$350,321,314, proceeds from disposal of equity instruments at fair value through other comprehensive income of NT$117,679,890, reversal of special reserve for equity deduction of NT$29,115,125, and deducting changes of remeasurement from defined benefit plans of NT$4,395,000, total distributable earnings for year amounted to NT$910,873,953. After setting aside 10% of net profit as legal reserve of NT$53,143,751, the Board of Directors has determined the profit to be distributed among shareholders shall be NT$251,852,165 in cash dividends (NT$1.6 per share).
	5. Election of all directors the Company.	Nine directors (including three independent directors) shall be elected. Newly elected directors will take office from the election date, the term of office from June 13, 2024 to June 12, 2027 for a term of three years.
	6. Dismissal of the prohibition of non-competition obligation of the new directors and its representatives.	Passed unchanged by all directors present.
	7. To discuss time, date, location and agenda of shareholders' meeting for 2024, submission period of proposals and nominations from shareholders with 1% or more shares, and related matters.	Shareholders' meeting is set to be held on June 13, 2024 at 9am in the 1F conference hall. Submission of proposals and nominations from shareholders with 1% or more shares will be accepted from April 5 to April 18.
	8. To discuss self-assessment and statement on internal control for 2023.	Passed unchanged by all directors present.
	9. To discuss the assessment of the attesting CPAs' independence and eligibility for 2024.	After the Company refers to the audit quality indicators (AQIs) and obtains the "Declaration of Independence" from accountants, the assessment of both certified public accountants Chen, Yung-Hsiang and Su, Yen-Ta in 2024 has met the independence and eligibility requirements.
	10. To discuss remuneration adjustments of 2024 for the Chairman and managerial officers.	Passed unchanged by directors present excluding four directors avoiding vote in conflict of interest.
	11. To discuss additional amounts and annual renewal of financing from financial institutions.	Passed unchanged by all directors present.

3.4.12 A director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

3.4.13 A summary of resignations and dismissals of the company's chairperson, general manager, chief Accounting Supervisor, chief Financial Executive, chief internal auditor, chief corporate governance officer, and chief research and development officer: None.

3.4.14 Certification of employees whose jobs are related to the release of the company's financial information: Certified Public Accountants(CPA) – Audit Office: 1 person.

3.5 Information on CPA (external auditor) professional fees

Unit: NT$ Thousands

Name of accounting firm	Name of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
KPMG	Chen, Yung-Hsiang Su, Yen-Ta	Year 2023	3,940	1,642	5,582	Non-audit fees included: ● Transfer pricing report NT$802 ● Tax certification NT$680 ● Certification of bonding account book and inventory NT$130 ● Non-supervisory full-time employee salary check NT$30
KPMG	Chen, Yung-Hsiang Su, Yen-Ta	Year 2022	3,940	1,690	5,630	Non-audit fees included: ● Transfer pricing report NT$850 ● Tax certification NT$680 ● Certification of bonding account book and inventory NT$130 ● Non-supervisory full-time employee salary check NT$30

3.5.1 The company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year: Not applicable.

3.5.2 The audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more: Not applicable.

3.6 Information on replacement of CPA: Not applicable.

3.7 The company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: Not applicable.

3.8 Changes in shareholding of directors, managerial officers, and major shareholders

Unit: Shares

Job title	Name	Year 2023		As of April 15, 2024	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Chairman	Tseng, Jui-Ming	0	0	0	0
Director	Hsieh, Hui-Tai	(204,000)	0	0	0
Director	Wang, Tai-Kuang	0	0	0	0
Director	Yu, Cheng-Chung	0	0	0	0
Director	Ying Dar Investment Development Corp. Representative: Huang, Hsiu-Wen	0	0	0	0
Director	Bae Haw Investment Development Corp. Representative: Hsieh, Wen-Hsiung	0	0	0	0
Independent Director	Huang, Hui-Ling	0	0	0	0
Independent Director	Li, Chi-Cheng	0	0	0	0
Independent Director	Huang, Fu-Di	0	0	0	0
President & CEO	Wang, Tai-Kuang	0	0	0	0
Executive Vice President	Yu, Cheng-Chung	0	0	0	0
Vice Presidnet & Corporate Governance Officer	Hsieh, Wen-Hsiung	0	0	0	0
Vice President	Kao, Neng-Sen	0	0	0	0
Vice President	Huang, Shih-Pin	0	0	0	0
Vice President	Chen, Chien-Lung	0	0	0	0
Vice Presidnet & Financial Executive	Huang, Hsiu-Wen (Note)	0	0	0	0
Accounting Supervisor	Kuo, Kun-He	0	0	0	0

Note: Was promoted to the Vice President on April 1, 2024.

3.8.1 Information on transfers of shareholding

Name	Reason for transfer	Date of transaction	Counterparty	Relationship between the counterparty and the Company, directors, managerial officers, and major shareholders	No. of shares	Transaction price
None						

3.8.2 Information on pledges of shareholding

Name	Reason for change in pledge status	Date of change	Counterparty	Relationship between the counterparty and the Company, directors, managerial officers, and major shareholders	Shares	Share-holding ratio	Pledge ratio	Amount borrowed under pledges (or redeemed)
None								

3.9 Relationship among the top 10 shareholders

As of April 15, 2024

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
Tseng, Jui-Ming	11,043,723	7.02%	256,759	0.16%	0	0.00%	Hsieh, Hui-Tai	In-law siblings	None
							Ying Dar Investment Development Corp.	Responsible person	None
							Bae Haw Investment Development Corp.	Responsible person	None
Hsieh, Hui-Tai	6,097,867	3.87%	0	0.00%	0	0.00%	Tseng, Jui-Ming	In-law siblings	None
Ying Dar Investment Development Corp.	5,346,672	3.40%	0	0.00%	0	0.00%	Tseng, Jui-Ming	Responsible person of the company	None
							Wang, Tai-Kuang	Representative of corporate director of the company	None
Representative of Ying Dar Investment Development Corp.: Huang, Hsiu-Wen	220,862	0.14%	17,404	0.01%	0	0.00%	Ying Dar Investment Development Corp.	Representative of corporate supervisor	None
							Bae Haw Investment Development Corp.	Representative of corporate supervisor	None
Employee Stock Ownership Trust Account of Taishin International Bank Entrusted by edt	4,179,683	2.66%	0	0.00%	0	0.00%	None	None	None
Bae Haw Investment Development Corp.	3,447,716	2.19%	0	0.00%	0	0.00%	Tseng, Jui-Ming	Responsible person of the company	None
							Wang, Tai-Kuang	Representative of corporate director of the company	None
Representative of Bae Haw Investment Development Corp.: Hsieh, Wen-Hsiung	261,253	0.17%	0	0.00%	0	0.00%	Bae Haw Investment Development Corp.	Representative of corporate director	None
Lin, Yu-Fen	1,802,813	1.15%	1,666,487	1.06%	0	0.00%	Wang, Tai-Kuang	Spouse	None
Wang, Tai-Kuang	1,666,487	1.06%	1,802,813	1.15%	0	0.00%	Lin, Yu-Fen	Spouse	None
The investment account of Construction Association pension fund entrusted by J.P. Morgan Chase Bank of America, Taipei Branch	1,377,000	0.87%	0	0.00%	0	0.00%	None	None	None

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
The investment account of Arcadia Emerging Markets entrusted by HSBC (Taiwan) Commercial Bank Co., Ltd.	1,126,000	0.72%	0	0.00%	0	0.00%	None	None	None
Yu, Cheng-Chung	1,002,000	0.64%	0	0.00%	0	0.00%	Ying Dar Investment Development Corp.	Representative of corporate director	None

3.10 Total ownership of shares in investee enterprises

Unit: Shares; %

Investee enterprise (Note)	Investment by the Company		Investment by the directors, supervisors, managerial officers and directly or indirectly controlled entities of the Company		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Emerging Display Technologies Corp., U.S.A.	3,500,000	100.00%	0	0.00%	3,500,000	100.00%
Emerging Display International (Samoa) Corp.	5,984,071	78.49%	1,320,000	17.31%	7,304,071	95.80%
EDT-Europe ApS	2,000,000	100.00%	0	0.00%	2,000,000	100.00%
Emerging Display Technologies Korea	58,212,500	100.00%	0	0.00%	58,212,500	100.00%
EDT-Japan Corp.	5,000	100.00%	0	0.00%	5,000	100.00%
Ying Dar Investment Development Corp.	8,900,000	100.00%	0	0.00%	8,900,000	100.00%
Bae Haw Investment Development Corp.	8,900,000	100.00%	0	0.00%	8,900,000	100.00%
Ying Cheng Investment Corp.	8,400,000	52.50%	0	0.00%	8,400,000	52.50%

Note : This refers to investee enterprises in which the Company makes long-term investment calculated according to the equity method.

IV. Capital Overview

4.1 Capital and shares

4.1.1 Source of capital

Month/ Year	Issued price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares (Thousand)	Amount (NT$ thousand)	Shares (Thousand)	Amount (NT$ thousand)	Sources of capital (NT$ thousand)	Capital paid in by assets other than cash	Other
09/1994	10	1,800	18,000	1,800	18,000	Set up initial cash capital injection	None	None
12/1996	10	2,573	25,725	2,573	25,725	Cash capital injection NT$7,725	None	None
11/1997	10	4,579	45,791	4,579	45,791	Cash capital injection NT$20,066	None	None
03/1998	10	19,990	199,896	19,990	199,896	Cash capital injection NT$142,200 Retained earnings capital injection NT$11,905	None	None
07/1998	10	60,000	600,000	30,000	300,000	Cash capital injection NT$100,104	None	Approval No. 58863 issued by FSC on 23/07/1998
07/1999	10	60,000	600,000	43,500	435,000	Retained earnings capital injection NT$60,000 Employee bonus capital injection NT$15,000 Capital surplus injection NT$60,000	None	Approval No. 59752 issued by FSC on 01/07/1999
07/2000	10	80,000	800,000	65,000	650,000	Retained earnings capital injection NT$61,770 Employee bonus capital injection NT$15,442.5 Capital surplus injection NT$60,030 Cash capital increased NT$77,757.5	None	Approval No. 59505 issued by FSC on 12/07/2000
11/2000	10	80,000	800,000	80,000	800,000	Cash capital increased NT$150,000	None	Approval No. 95331 issued by FSC on 21/11/2000
07/2001	10	200,000	2,000,000	98,200	982,000	Retained earnings capital injection NT$88,000 Employee bonus capital injection NT$14,000 Capital surplus injection NT$80,000	None	Approval No. 144159 issued by FSC on 12/07/2001
07/2002	10	200,000	2,000,000	114,000	1,140,000	Retained earnings capital injection NT$49,100 Employee bonus capital injection NT$10,700 Capital surplus injection NT$98,200	None	Approval No. 0910141489 issued by FSC on 25/07/2002
10/2003	10	200,000	2,000,000	131,520	1,315,198	Employee bonus capital injection NT$900 Capital surplus injection NT$109,100 Capital injection by CB NT$65,198	None	Approval No. 0920130747 issued by FSC on 09/07/2003
12/2003	10	200,000	2,000,000	143,870	1,438,700	Capital injection by CB NT$123,502	None	Approval No. 09300300090 issued by K.E.P.Z.
04/2004	10	200,000	2,000,000	147,704	1,477,044	Capital injection by CB NT$38,343	None	Approval No. 09300300660 issued by K.E.P.Z.
07/2004	10	200,000	2,000,000	148,825	1,488,246	Capital injection by CB NT$11,201	None	Approval No. 09300301350 issued by K.E.P.Z.
09/2004	10	200,000	2,000,000	175,004	1,750,036	Retained earnings capital injection NT$74,410 Employee bonus capital injection NT$38,560 Capital surplus injection NT$148,820	None	Approval No. 0930132882 issued by FSC on 22/07/2004
10/2004	10	200,000	2,000,000	175,433	1,754,329	Capital injection by CB NT$4,293	None	Approval No. 09300302220 issued by K.E.P.Z.
01/2005	10	200,000	2,000,000	175,490	1,754,900	Capital injection by CB NT$571	None	Approval No. 09400300130 issued by K.E.P.Z.
04/2005	10	200,000	2,000,000	175,501	1,755,014	Capital injection by CB NT$114	None	Approval No. 09400300660 issued by K.E.P.Z.

Month/ Year	Issued price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Shares (Thousand)	Amount (NT$ thousand)	Shares (Thousand)	Amount (NT$ thousand)	Sources of capital (NT$ thousand)	Capital paid in by assets other than cash	Other
07/2005	10	260,000	2,600,000	175,507	1,755,072	Capital injection by CB NT$58	None	Approval No. 09400301470 issued by K.E.P.Z.
08/2005	10	260,000	2,600,000	193,910	1,939,096	Retained earnings capital injection NT $84,587 Employee bonus capital injection NT $14,850 Capital surplus injection NT$84,587	None	Approval No. 0940126503 issued by FSC on 01/07/2005
10/2005	10	260,000	2,600,000	194,131	1,941,313	Capital injection by CB NT$2,217	None	Approval No. 09400302240 issued by K.E.P.Z.
07/2006	10	260,000	2,600,000	199,701	1,997,008	Capital injection by CB NT$55,695	None	Approval No. 09500301880 issued by K.E.P.Z.
08/2006	10	350,000	3,500,000	220,282	2,202,822	Retained earnings capital injection NT$93,907 Employee bonus capital injection NT$18,000 Capital surplus injection NT$93,907	None	Approval No. 0950128449 issued by FSC on 05/07/2006
07/2007	10	350,000	3,500,000	220,632	2,206,319	Capital injection by CB NT$3,497	None	Approval No. 09600301980 issued by K.E.P.Z.
08/2007	10	350,000	3,500,000	214,315	2,143,149	Treasury stocks cancellation NT$63,170	None	Approval No. 09600302080 issued by K.E.P.Z.
08/2007	10	350,000	3,500,000	225,013	2,250,132	Capital surplus injection NT$106,983	None	Approval No. 0960036230 issued by FSC on 12/07/2007
11/2007	10	350,000	3,500,000	225,157	2,251,569	Capital injection by CB NT$1,437	None	Approval No. 09600303090issued by K.E.P.Z.
01/2008	10	350,000	3,500,000	225,214	2,252,144	Capital injection by CB NT$575	None	Approval No. 09700300130 issued by K.E.P.Z.
08/2008	10	350,000	3,500,000	225,249	2,252,489	Capital injection by CB NT$345	None	Approval No. 09700302030 issued by K.E.P.Z.
08/2008	10	350,000	3,500,000	217,749	2,177,489	Treasury stocks cancellation NT$75,000	None	Approval No. 09700301230 issued by K.E.P.Z.
01/2009	10	350,000	3,500,000	211,108	2,111,076	Capital injection by CB NT$517 Treasury stocks cancellation NT$66,930	None	Approval No. 09800300100 issued by K.E.P.Z.
10/2010	10	350,000	3,500,000	241,108	2,411,076	Cash capital injection NT$300,000	None	Approval No. 0990047548issued by FSC on 28/09/2010
12/2010	10	350,000	3,500,000	234,108	2,341,076	Treasury stocks cancellation NT$70,000	None	Approval No. 09900303390 issued by K.E.P.Z.
02/2011	10	350,000	3,500,000	226,108	2,261,076	Treasury stocks cancellation NT$80,000	None	Approval No. 10000300470 issued by K.E.P.Z.
08/2015	10	350,000	3,500,000	221,108	2,211,076	Treasury stocks cancellation NT$50,000	None	Approval No. 10400301780 issued by K.E.P.Z.
10/2015	10	350,000	3,500,000	214,908	2,149,076	Treasury stocks cancellation NT$62,000	None	Approval No. 10400302130 issued by K.E.P.Z.
01/2016	10	350,000	3,500,000	200,908	2,009,076	Treasury stocks cancellation NT$140,000	None	Approval No. 10540010110 issued by K.E.P.Z.
12/2016	10	350,000	3,500,000	194,908	1,949,076	Treasury stocks cancellation NT$60,000	None	Approval No. 10540013030 issued by K.E.P.Z.
02/2017	10	350,000	3,500,000	189,408	1,894,076	Treasury stocks cancellation NT$55,000	None	Approval No. 10640010260 issued by K.E.P.Z.
05/2017	10	350,000	3,500,000	183,408	1,834,076	Treasury stocks cancellation NT$60,000	None	Approval No. 10640010950 issued by K.E.P.Z.
06/2018	10	350,000	3,500,000	179,408	1,794,076	Treasury stocks cancellation NT$40,000	None	Approval No. 10740011280 issued by K.E.P.Z.
11/2018	10	350,000	3,500,000	174,408	1,744,076	Treasury stocks cancellation NT$50,000	None	Approval No. 1074001202 issued by K.E.P.Z.
04/2019	10	350,000	3,500,000	162,408	1,624,076	Treasury stocks cancellation NT$120,000	None	Approval No. 1084100047 issued by K.E.P.Z.
02/2022	10	350,000	3,500,000	157,408	1,574,076	Treasury stocks cancellation NT$50,000	None	Approval No. 1114100026 issued by K.E.P.Z.

Type of stock	Authorized capital			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Common Stock	157,407,603	192,592,397	350,000,000	TWSE Listed Company

Note: Buyback shares are deducted.

4.1.2 Shareholder composition

As of April 15, 2024

Quantity \ Shareholder composition	Government agencies	Financial institutions	Other legal entities	Individuals	Foreign institutions and foreign individuals	Total
No. of shareholders	2	0	275	46,864	107	47,248
No. of shares held	194,440	0	18,070,379	127,977,005	11,165,779	157,407,603
Shareholding ratio	0.12%	0.00%	11.48%	81.30%	7.10%	100.00%

4.1.3 Distribution of shareholding

As of April 15, 2024

Range of no. of shares held	No. of shareholders	Shareholding (shares)	Shareholding (%)
1 to 999	27,394	944,727	0.60%
1,000 to 5,000	15,965	32,963,628	20.94%
5,001 to 10,000	2,161	17,514,379	11.13%
10,001 to 15,000	576	7,415,609	4.71%
15,001 to 20,000	414	7,808,780	4.96%
20,001 to 30,000	298	7,768,447	4.94%
30,001 to 40,000	133	4,886,089	3.10%
40,001 to 50,000	70	3,260,815	2.07%
50,001 to 100,000	135	9,761,573	6.20%
100,001 to 200,000	48	7,393,557	4.70%
200,001 to 400,000	25	6,970,496	4.43%
400,001 to 600,000	5	2,343,470	1.49%
600,001 to 800,000	7	5,128,667	3.26%
800,001 to 1,000,000	7	6,157,405	3.91%
Above 1,000,001	10	37,089,961	23.56%
Total	47,248	157,407,603	100.00%

4.1.4 List of major shareholders

As of April 15, 2024

Names of major shareholders \ Shares	Shareholding (shares)	Shareholding (%)
Tseng, Jui-Ming	11,043,723	7.02%
Hsieh, Hui-Tai	6,097,867	3.87%
Ying Dar Investment Development Corp.	5,346,672	3.40%
Employee Stock Ownership Trust Account of Taishin International Bank Entrusted by edt	4,179,683	2.66%
Bae Haw Investment Development Corp.	3,447,716	2.19%
Lin, Yu-Fen	1,802,813	1.15%
Wang, Tai-Kuang	1,666,487	1.06%
The investment account of Construction Association pension fund entrusted by J.P. Morgan Chase Bank of America, Taipei Branch	1,377,000	0.87%
The investment account of Arcadia Emerging Markets entrusted by HSBC (Taiwan) Commercial Bank Co., Ltd.	1,126,000	0.72%
Yu, Cheng-Chung	1,002,000	0.64%

4.1.5 Market price, net worth, earnings, and dividends per share

Item \ Fiscal year			Year 2023	Year 2022	Jan. 1, 2024~ Apr. 19, 2024
Market price per share	Highest		44.80	23.25	37.40
	Lowest		20.10	17.55	29.40
	Average		33.25	20.73	33.62
Net worth per share	Before distribution		17.42	15.24	(Note 4)
	After distribution		15.72	13.55	
Earnings per share	Weighted average shares (thousand shares)		148,614	148,614	(Note 4)
	Earnings per share	Before adjustment	2.81	2.83	(Note 4)
		After adjustment	2.81	2.83	
Dividends per share	Cash dividends		1.6	1.6	
	Stock dividends	Dividends from retained earnings	0	0	
		Dividends from capital surplus	0	0	
	Accumulated undistributed dividends		0	0	
Return on investment analysis	Price / earnings ratio (Note 1)		10.74	7.05	(Note 4)
	Price / dividend ratio (Note 2)		18.86	12.46	
	Cash dividend yield (Note 3)		5.30%	8.02%	

Note 1: Price / earnings ratio = average closing price per share for the year / earnings per share.
Note 2: Price / dividend ratio = average closing price per share for the year / cash dividends per share.
Note 3: Cash dividend yield = cash dividend per share / average closing price per share for the year.
Note 4: The financial statement of 1st quarter of 2024 was not reviewed by Certified Public Accountant yet.

4.1.6 Dividend policy and implementation status

4.1.6.1 Dividend policy

The Company, when allocating its surplus profits after having paid all taxes and dues and covered accumulated losses, shall first set aside legal reserve and special reserve in accordance with relevant laws, rules and regulations. The said special reserve shall require to be reversed before distribution of earnings. If there is a remaining balance, the Board of Directors shall propose an earning distribution plan which distribution amount is no more than 80 percent of retained earnings available for distribution for the current year, then summit it to the shareholders' meeting for concurrence.

The Company, in accordance with paragraph 5 of Article 240 of the Company Act, authorizes the distributable dividends and bonuses or legal reserve and special reserve stipulated in paragraph 1 of Article 241 of the Company Act in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting.

The Company is at the steady growth stage of its business development. Residual dividend policy shall be adopted for dividend distribution of the Company, taking into consideration the future capital budget plans and operational capital needs of the Company, as well as the extent of dilution on earnings per share and influence upon return on equity. Hence, future distribution of earnings shall be made priority by way of cash dividend over stock dividend, provided the ratio for cash dividend shall be fifty percent or more of the total annual distribution.

4.1.6.2 Proposed distribution of dividend

A. In Fiscal Year 2023, the Company made a net profit of NT$418,152,624. By adding previous years' retained earnings of NT$350,321,314, proceeds from disposal of equity instruments at fair value through other comprehensive income of NT$117,679,890, reversal of special reserve for equity deduction of NT$29,115,125, and deducting changes of remeasurement from defined benefit plans of NT$4,395,000, total distributable earnings for year amounted to NT$910,873,953. After setting aside 10% of net profit as legal reserve of NT$53,143,751, the Board of Directors has determined the profit to be distributed among shareholders shall be NT$251,852,165 in cash dividends (NT$1.6 per share). The cash dividends will be distributed according to the percent of shareholding on ex-dividend date and fully distributed until last integer and preclude fraction of dollar. The remainder of undistributed net earnings will be recorded as the Company's other income.

B. In the event that, the proposed dividend distribution ratio is affected due to share buyback program, transfer of treasury stocks to employees, reduction of shares or any other reasons affecting the number of outstanding shares, it is proposed that the Chairman be fully authorized to handle such distribution.

C. Upon reporting to the 2024 shareholders' meeting, it is proposed that the Chairman be authorized to resolve the ex-dividend date and payment date.

4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: None.

4.1.8 Employee bonus and directors' remuneration

4.1.8.1 Information relating to employee bonus and directors' remuneration in the articles of incorporation: In accordance with Article 22-1 of the Articles of Incorporation, the Company shall allocate 5 percent or more as employees' compensation and 3 percent or less as remuneration for directors when there is profit for the current year. By Articles 16 and 20 of Articles of Incorporation, the remuneration of the directors and managers are referred to the level of the related public companies, the Company's operation status, and their value of contribution.

4.1.8.2 The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: The Company has determined to allocate 3 percent as remuneration for directors and 5 percent as employees' bonus. The amount will be fully paid in cash. There is no difference between the amount proposed to be distributed and estimated figure.

4.1.8.3 Profit distribution for employee bonus and directors' remuneration for 2023 approved in board of directors meeting:

A. The amount of any employee compensation distributed in cash or stocks and compensation for directors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

Unit: NT$ thousands

Item		Amount Approved in BOD Meeting	Estimated Figure For The Fiscal Year	Discrepancy	Cause	Treatment
Employee Bonus	Cash	27,255	27,255	0	–	–
	Stock	0	0	0	–	–
Directors' Remuneration		16,353	16,353	0	–	–
Total		43,608	43,608	0	–	–

B. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation:

Unit: NT$ thousands

Item	Amount	Percentage of The Sum of The After-tax Net Income Stated in The Parent Company Only Financial Reports or Individual Financial Reports For The Current Period And Total Employee Compensation
Employee Bonus - Stock	0	0%

4.1.8.4 The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated:

Unit: NT$ thousands

Item		Actual Distribution	Estimated Figure For The Fiscal Year	Discrepancy	Cause	Treatment
Employee Bonus	Cash	27,018	27,018	0	–	–
	Stock	0	0	0	–	–
Directors' Remuneration		16,211	16,211	0	–	–
Total		43,229	43,229	0	–	–

4.1.9 Buyback of treasury stock: None.

4.2 Issuance of corporate bonds: None.

4.3 Preferred shares: None.

4.4 Global depository receipts: None.

4.5 Status of employee stock options: None.

4.6 Status of employee retricted stock: None.

4.7 Status of new shares issuance in connection with mergers and acquisitions: None.

4.8 Financing plans and implementation: None.

V. Operational Highlights

5.1 Business activities

5.1.1 Business scope

A. Main areas of business operations

a. Manufacturer of electronic components

b. Manufacturer of computer and related equipment

c. Distributor of electronic materials

B. Revenue distribution

Liquid crystal displays, capacitive touch panels and modules make up 100% of business operations.

C. Main products

The design, manufacturing, and application of liquid crystal displays and capacitive touch panels.

D. New products development

a. Capacitive touch panels (CTP).

b. TFT-LCD backend products.

c. Full lamination products of TFT modules, sensor and cover lens.

d. Embedded UI solutions.

5.1.2 Industry overview

A. Current status and future development of industry of the Company

Key products of the Company are the domains of liquid crystal displays (LCD) and capacitive touch panels (CTP). Respective illustrations are as follows:

a. LCD

LCD have different applied use for different specification requirements. With the advances in technology and consumer stimulated demand, display panels have gradually evolved, from the early monochrome TN / STN technology displays gradually to TFT LCD technology. The main technical difference of displays relies on the use of LED backlight or self-luminous characteristics. At present, TFT LCD technology is the most mature and the mainstream. In addition, there are mini-LEDs using smaller LED grains as backlights, and OLEDs and micro-LEDs using self-luminous materials. Different display technologies are already penetrating smartphones, high-end TVs, electric vehicles and XR wearables for the time being.

Mainland China panel manufacturers began expanding their production capacities and acquisitions and merges in recent years. It is anticipated that the global LCD panel production capacity will continue to focus on mainland China in the foreseeable future. According to DIGITIMES estimates, mainland China expects to account for 71.6% of the global LCD panel production capacity by 2025, while Taiwan’s share will slowly drop to 22.6%. The share of South Korea and Japan will rapidly shrink to be less than 10%. Korean panel makers lost the competition in production capacity with their Chinese counterparts, and will withdraw from the large-size LCD market and focus on the small and medium-size AMOLED market. This gradually forms a dominant situation for Chinese panel manufacturers.

b. CTP

Due to the consumer preference and formed habits for the intuitive operation of touch interface, smartphones and tablets not only have become the main operating interface, but they have also experienced rapid growth. The product development combined with the touch technique and panels has been over 10 years. The development of touch market is tending towards maturity, but with the changes in the communication mode between the new application market and the Internet of Things(IoT), artificial intelligence(AI), and smart home, the development of human-machine interface tends to be diverse. For example: the water tolerance touch could be applied in the field of medical institution, nautical ship or bathroom; while the 3D gesture recognition technology could be applied in automobile market, smart window with adaptive high-beam system, panels for vending machine and medical appliance based on the rules of public health. In conclusion, the touch technique is a basic for human-machine interface. With the continuous integration of technologies, a brand new human-machine communicating interface has been developed, and the assistance and mechanical learning of various AI algorithms have enabled the development of the overall human-machine communicating interface to present an infinite vision.

B. Relationship with up-, middle- and downstream companies

a. LCD

Upstream		Midstream		Downstream
Glass substrate				Video products
Conductive glass	→	TN-LCD	→	Consumer products
Color filter		STN-LCD		Information technology products
Polarizer		TFT-LCD		Communication products
Backlight module		T/P		Instrumentation products
Liquid crystal				Electronic products
Driver IC				Commercial products
				Automotive products

b. CTP

Upstream		Midstream		Downstream
Adhesive (liquid adhesive, optical adhesive)				Video products
				Consumer products
ITO target material	→	Capacitive touch panel / module	→	Information technology products
ITO film				Communication products
ITO glass				Instrumentation products
PET film				Electronic products
Surface glass				Commercial products
Flexible print circuit (FPC)				Automotive products
Driver IC				

C. Product trends

a. Small and medium size of LCD

Small and medium size of consumer displays are mainly applying for smart phones, tablets, NBs, smart home devices and screens of automobiles, etc. Niche non-consumer displays are applying for industrial equipment, instrument, medicine, etc. The Company focuses on customized niche displays, and the characteristic of the product’s size, weight, function, and even the brand all presents quite different customization features. The description as below:

◆ High resolution and wide viewing angle

Due to the technical demand of large size and high fidelity visual effects stimulated by LCD TVs, TFT panel prices have gradually come down with the large scale investments by several liquid crystal panel manufacturers. Owing to this, the development of small and medium size display panels is also in the direction of high resolution and wide viewing angle and shall lead to new end use application.

◆ High brightness and wide color gamut

React to the high-brightness demand of industrial control display and color accuracy of medical display, the industry has dispersed or coated fluorescent quantum dots in polymers to form film which so called “Quantum Dot Enhancement Film”(QDEF). The color accuracy of quantum dot could filter blue light into pure white light, and overcome the congenital defect of LCD to effectively reduce the dependence on color compensation to the filter layer. Thus, the luminance and color gamut all get an effective promotion. The actual performance is even comparable to OLED panels.

◆ Touch screen replace conventional keypad

As the smartphone market become mainstream for mobile phones, the conventional keypad has been gradually replaced by touch screen to make full use of the space on the phone. Recent launches of iPad seem to be on the trend of replacing small-size NB and prompt medium size LCD to become touch screen. Because of the popularization of the internet, networking has become more diverse and complex. The structure of resistive touch mode is no longer compatible with the demands of future development and the capacitive touch screen, with multi-touch function and high transmittance, gradually becomes the mainstream in the next wave of innovation.

b. CTP

Although projected CTP has already become mainstream, manufacturers continue to research and develop the technology to make touch panel lighter, thinner, cheaper, and less power consuming. With expectations to meet consumer preferences with product specifications and widen the gap with competitors, touch panel manufacturers must accelerate the pace of new generation material or structure to meet the rapidly growing demand of mobile devices. Key directions of research and development are as follows:

◆ Water tolerance touch

The applied field of water tolerance touch is considerably extensive. For example: the outdoor access security system, the garage switch, the bathroom, kitchen and medical equipment. When the screen accumulates a certain area of water drops, it will seriously interfere with the touch signal, and the correction and adjustment of the algorithm can effectively reduce the situation of touch misjudgment.

◆ Capacitive 3D gesture recognition technology

With the change between new application market and in the Internet of Things(IoT), artificial intelligence(AI), and visual communication modes, the development of human-machine interface tends to be diverse. The evolution of 2D touch turned into 3D gesture will become a trend. The 3D gesture technique is similar to capacitive touch technique, which detects gestures by electric field sensing to detect gesture move in three dimensional space. The electrode of capacitive sensing technique covers in the incrustation of equipment, compared with infrared sensing technique, the electrode of capacitive sensing technique could make a beautiful industrial design without additional cutouts.

c. Embedded user-machine interactive display

Due to the popularization of Internet of Things(IoT) technology and the continuous advancement of artificial intelligence(AI) technology, the requirements for smart device applications are increasing day by day. Brand manufacturers are paying more attention to the needs of users and hope to provide them with a more intuitive and personalized interactive experience. The market has increasingly higher performance requirements for display effects and sensing technologies that are directly related to user experience. High-brightness, high-contrast, wide-temperature and long-life-cycle displays have become the mainstream in the market, ensuring that users have a good experience in various environments. In response to this evolutionary trend, simple user-machine touch displays are gradually integrating more functions and features, and the current development has entered “embedded user-machine interactive displays”.

The embedded user-machine interactive display combines touch, display and embedded system technologies. And by combining multiple sensing interfaces to improve intelligence, enhanced interaction, diversified user-machine interaction methods, real-time feedback and prompts, and efficient data processing capabilities, the functionality is enriched. Currently, this type of display is widely used in industrial control panels, smart home equipment, medical equipment, automation equipment and systems to provide a more convenient and intuitive operating interface to handle more complex functions.

The development of “embedded user-machine interactive displays” is to meet the increasing application needs, integrate various software and hardware technologies, and provide a more intelligent and convenient user-machine interaction method to improve user experience and system functions while ensuring safety, high performance and good visual effects.

D. Product competition

Global supply and demand and product structure of small and medium size LCD have stabilized. Quality and prices of upstream and downstream critical components are integrated and transparent. Competitiveness lies the product design, marketing channels, cost control, production yield rates, and equipment utilization rate of manufacturers. Generally speaking, Taiwanese manufacturers still have a competitive advantage in automotive, industrial equipment, medical equipment, high-end communication products, and special niche products. Large scale standard consumer electronics markets and Chinese markets are less suitable for development of Taiwanese manufacturers, as they are primarily dominated by Hong Kong and Chinese manufacturers.

The OLED panel in consumer market especially the mobile phone panel will gradually replace LCD panel. Thus, many panel factories abandoned the attitude of massing capital in expanding of production in the past, and turned to make a technology investment which is more progressive than OLED, such as Mini LED and Micro LED. Especially the Micro LED are integrated the technical advantage of the existing semiconductor, LED and display by Taiwan factories. Once the mass production of Micro LED is successful, it will form the situation of industrial competition with OLED. The Company will intently pay attention to its long-term development, and would equip the module products with display technology required by the market. However, the major needs of industrial control and medical market are still LCD.

In addition, many traditional display-related companies are gradually abandoning the traditional thinking of component suppliers and instead emphasizing cross-domain integration of electronics, optics, mechanisms, communications, software and AI. According to customer needs, component manufacturers not only sell hardware specifications, but also turn to software and hardware integration of complete machines or partial stages to increase the added value of products and services. They have also become a provider of “user-machine touch display solutions”. “User-machine touch display solution” follows the evolving technological innovation and application and has now developed into “embedded user-machine interactive display solution”. Integrating touch and display technologies makes the display diversified and differentiated, and the embedded system further enhances the intelligence of the device, allowing customers to significantly save resource investment and related management costs. In addition, rapid verification of designs shortens the development time, creating a win-win situation.

By providing higher-level integrated solutions and services, the companies meet more customer needs and achieve the goal of increasing gross profit and sales unit price. At the same time, it enhances the technological content and added value, which is conducive to industrial upgrading and future development. With value transformation, technological innovation and smart manufacturing, it is more in line with the future development of smart life, Internet of Things(IoT) and Internet of Vehicles(IoV) and other industry trends.

5.1.3 Research and development

A. The Company has invested NT$147,382 thousand into research and development for 2023, and planned to invest NT$150,000 thousand for 2024.

B. Successfully developed technologies or products:

Item	R&D Results	Description of Benefits
1	Development of projected capacitive touch display module + mmWave radar sensor fusion interactive technology	Integrate the 60G millimeter wave radar into the projected capacitive space gesture module and use aforementioned two signals for sensor fusion design to enable users to experience a very natural interaction when approaching the display from far to near.
2	Development of virtual and real information interaction technology for projected capacitive touch display module	Develop to identify the data content in physical objects through mutual capacitance sensing technology, so that objects in the real world can interact with data in the virtual world in real time through users' actions on projected capacitive touch modules, which are the most frequently used in life.
3	Development of switchable privacy display technology	Develop active viewing angle control to enable users switch between privacy mode and wide-view mode actively when integrated with our existing touch display panels. Users can freely choose the display mode based on their privacy needs in different usage scenarios and conditions, and address the limitation of traditional passive privacy screens that only maintain a privacy mode.
4	Development of Near Field Communication (NFC) function on the glass substrate	Precisely control the air pressure and measure the substrate thickness by laser technology at X-Y table to achieve accurate control of the weight of Ag glue, which can apply to development of NFC function on glass substrate.
5	Development of color distortion elimination technology for optical bonding	Develop to improve the accuracy of optical bonding, avoid of seeing the light leakage at the edge of the C/L window or the bright lines on the polarizer edge, and keep the flatness of optical bonding to avoid the occurrence of bonding bubbles or poor adhesion. Furthermore, we can eliminate the phenomenon of the stress mura caused by uneven structure after optical bonding. During the startup or dark picture, users will not see the mura phenomenon due to lamination stress.
6	Integration and development of smart embedded platforms with energy-saving functions	Research and integrate various energy-saving technologies and mechanisms to develop smart embedded platforms with energy-saving and meet the needs of carbon reduction. Our research contains both hardware and software. Hardware can be optimized for different application scenarios, such as using low-power chips, energy-saving sensors and other technologies, to reduce energy consumption. The software of energy-saving algorithms and power management mechanisms can be used to optimize our system for energy-saving and minimize energy consumption of the system through sleep mode, dynamic frequency adjustment, and so on.
7	Development of capacitive touch display module with the resistance to composite waveform interference	Modifications were made to the FPC and the lower frame structure, including enlarging the grounding area, to rapidly diversify excess interference when composite waveform interference occurs, so as to prevent abnormalities within the module.
8	Intellectual Property Rights (include Patents and Trade Secret)	Number of intellectual property right proposals totaled 27, which include 13 patent proposals and 14 trade secret proposals. Number of intellectual property rights granted totaled 17 (proposals accumulated in the previous years).

5.1.4 Long-term and Short-term Development

A. Short-term development

a. Provide variation design of TFT-LCD module to satisfy different customized needs from customers, increase the proportion of niche-type display products in pan-industrial control and medical to diversify product types, and maintain the growth and earning power of the Company in the future.

b. Develop solutions of embedded system to help customers integrate development needs such as software, firmware, and hardware design, further to make it differentiate and high-added valuing. Increase gross profit and sale price through technical integration.

c. Import advanced engineering technology and new featured material, change product module configuration and enhance production technology to allow product design abilities of the Company to correspond with the trends of light, thin, short, small, and refined, as well as meet the standards of design required for the harsh operating environment of the pan-industrial control market.

d. Enhance function of technical services in overseas stronghold and increase business ratio of “total solution” to satisfy the quality of prompt service required by customers.

B. Long-term development

a. Enhance the Company’s R&D energy, cultivate developing potential of industries, build the R&D center of somatosensory technology, establish self-application capabilities of software and firmware development, and lock prospective advanced human-machine interaction technology for doing research and development.

b. Optimize the cost of optical bonding process and display technology such as surface treatment and free form laser cutting, strength the existing capacitive touch technique, develop water tolerance touch to utilize it in the outdoor access security system, the device in parking lot, the bathroom, kitchen and medical equipment.

c. Develop 3D gesture, intelligent algorithms and expand diversified technology of interactive human-machine interface display. Realize a smart home and take the preemptive opportunities of high gross profit market in the future.

5.2 Market and sales overview

5.2.1 Market analysis

A. Sales region

End customers of the Company are mainly located in North America and Europe. Geographic areas of ordering clients and the percentages are: Asia 10.38%, Europe 51.63%, Americas 26.36%, other areas and domestic sales 11.63%.

B. Market share

Small and medium-sized liquid crystal displays, capacitive touch panels, and modules are main product of the Company and components for liquid crystal display product. According to Photonics Industry & Technology Development Association(PIDA) and Industrial Technology Research Institute statistics, gross output value of Taiwan’s display industry for 2023 was US$30.4 billion. The operating revenue of the Company for that year was US$141 million, accounting for about 0.46% of Taiwan’s panel output value. Additionally, according to Industrial Technology Research Institute statistics, gross output of the global display industry for 2023 was US$113.8 billion. The operating revenue of the Company was accounting for about 0.12% of the total global panel output value.

C. Future demand, supply, and growth potential of the market

Research agency Sigmaintell estimates that global LCD panel shipments will reach 149 million units in 2024, a slight increase of 0.8% from 2023. It is expected that when the next rotation cycle comes in 2025-2026, the market will grow simultaneously. Sigmaintell also believes that the outlook for panel consumption demand in 2024 is not good, and the recovery of commercial demand is still unclear. Therefore, the overall supply chain confidence is insufficient, and the growth of panel shipments is limited, but price fluctuations are still moderate. In terms of long-term development, with the advent of AI and the replacement cycle, technological upgrades will be irreversible, and the competition model will also face the possibility of reshaping. “Display effect” will no longer be the only focus of competition in the future.

The rising awareness of green new energy has led to the rapid development of electric vehicles and self-driving cars over the past years. Meanwhile, consumers are starting to pursue entertainment and intelligent services related to car rides. This further evolves the in-car entertainment experience and increases the demand for car displays. The “smart cockpit” provides a diversified and intelligent driving experience, and it turns to be focus of competition layout for global luxury car manufacturers in the line. Among them, panels such as dashboards, rearview mirrors, head-up displays, central control panels, and rear-seat entertainment applications must have high-resolution, high brightness and other features, and AMOLED and mini-LED backlight technology are introduced at the same time. Thus, display-related manufacturers are actively developing the integration technology of their own vehicle entertainment systems in order to increase the added-value of displays. The potential of automotive panels will become the sixth largest application field in the display market in the long run.

By ushering in new business models and vertical applications, the Internet of Things(IoT) is driving the industrial ecosystem transformation. Related applications of IoT are including industrial control, automotive, smart speaker, smart home appliances, and so on. The IoT technology started from improving user experiences to gradually developing new solutions such as thin and light designs, flexible displays, and transparent screens to redefine the human-machine interface. The focus of the industry will also move from the previous scale competition to value competition. Because the mainstream size of tablets accelerates to large-scaled models, the demand for digital cameras continues to shrink, and smart phone panels continue to switch to AMOLED, enabling the automotive applications and IoT to become a main growth driver behind the global shipment of small and medium-sized TFT-LCDs in the future.

In terms of medical device products, the medical-related market will maintain long-term and continuous growth as the global population grows, the aging population increases, the economy for developing countries strengthens, and the influence of infectious diseases magnifies under the globalization trend. Market research firm IMARC Group estimates that the global smart medical equipment market will reach US$62.8 billion in 2028, showing a compound annual growth rate (CAGR) of 7.39% from 2023 to 2028. The Company has carefully cultivated the medical industry for many years, and is cautiously optimistic that the ratio of applications for medical products is expected to grow annually.

Under the trend of smart cars, interconnection of all things, metaverse industry and technologies, displays are about to develop towards high-level, diversified and integrated development, and to shoulder the long-term growth momentum of the overall display market in the future.

D. Competitive niche, advantages and disadvantages for future development, and corresponding policies

a. Competitive niche

◆ Strong management team

With over 25 years of experience in LCD related industries, the business team of the Company has seasoned technical and managerial personnel whom are highly sensitive to technology and market demands, and can therefore fully grasp LCD market trends. The Company not only values product research and development as well as quality improvement, but also innovates and expands into upstream and high added value products. Company employees have a strong sense of unity and stability. After the experience of recent financial turmoil, company policies have further foresight. The Company has successfully crossed into touch panel domain following existing pace of research and development, and become one of the leading manufacturers in the domestic LCD industry.

◆ Completed production and distribution system with major international company creating stable supply source and product channel
In aspect of quality, international quality certifications ISO 9001 and ISO 9002 have already been achieved in the early years. The Company is also the first manufacturer in the domestic LCD industry to achieve quality certification QS 9000 of the three major car manufacturers. In addition, upstream suppliers undergo strict selections to ensure the excellent quality of products.

In aspect of order delivery date, the Company has overcome LCD, LCM industry characteristics of numerous product range and specifications as well as short delivery date by relying flexible production process and good cooperating relations with critical material suppliers obtained over the years. Accurate delivery dates and stable quality from production lines has allowed the Company to obtain orders from major international companies and even become a long term cooperating strategic partner of these companies.

◆ Development towards vertical integration of applications, increase product added value, and enhance competitiveness
The Company has always expanded market and clients via quality, technology, and service and has very competitive performance in “Interactive Display Solution”, which derives from the integration of display and touch panel functions. Whether it is the optical bonding production capability and yield rate, which the product itself is high demanding, or the technical support of client application software compatibility testing, the Company performs far beyond average industry standards.

◆ Excellent quality and stable orders
In addition to company managerial personnel, who are all from well-known international and domestic manufacturers with years of technology experience, use of technically advanced equipment and strict control of product flow to improve yield rate from the very beginning has allowed the quality of company products to remain stable and achieve certification from international companies for niche products such as the internet phone, mobile clinic, high end servers, industrial human-machine interface, and home automated security systems. Once certified, entry to their long-term supplier system is allowed and along with opportunities for stable orders. Hence, performance of the Company is supported by a long term and stable client basis.

b. Advantages for future development

◆ Steady growth in demand for touch panel and modules
Driven by the emerging application products such as 2-in-1 tablet, on-vehicle and wearable devices, plus the increasing demands for automotive touch panels, it is estimated that the scale of touch panel market would keep stable growth. Moreover, applications of capacitive touch panels continue to increase, covering game machines, educational tablets, white goods, GPS, public information inquiry system (KIOSK), ATM, POS system, vending machines, and so on. Extensive use of capacitive touch panels shows that there is considerable growth potential in the pan-industrial control market for the touch panel industry.

◆ Rise of the Internet of Things(IoT) boosts development of smart wearable devices

With the rapid developments of the IoT and big data analysis technology, the demand for the smart wearable devices that are able to sense and collect data is getting obvious. Whether it is retail business, transportation and logistics, agricultural and stock farming, smart city developing, or medical service, they all need this data collecting and analysing process in order to make the best decision from the latest update. However, the smart wearable devices such as smart glasses, smart watch, and smart bracelet, are unable to go viral in the consumption market like smart phone did. Try to make its way into other niche markets is an important way out for the smart wearable devices in the future.

With the improving internet medical technology, the wearable devices with sensors for collecting human body related information make personalized accurate treatment achievable. In the aspects of disease prevention and care management, it enables long distance and home care services to improve life quality for the patient and lower medical burden, therefore found the blue ocean for the wearable devices. Smart wearable devices work effectively in medical appliance, and make the associated technology such as sensor and AMOLED panel develop rapidly. In response to the rise of the IoT, various devices are intelligently upgraded through chips to realize applications such as smart cities, smart transportation, and smart homes. The development of forward-looking technologies such as 5G and AI has driven the evolution into the AIoT. The COVID-19 epidemic in recent years has driven the growth of digital transformation, and companies have paid more attention to the development of related technologies and increased investment. Gartner research institute pointed out that the AIoT application market will see strong growth in software solutions and industry integration services from 2020 to 2025. The global AIoT industry market value will reach US$450 billion, or more than NT$12.5 trillion, in 2025. Therefore, the IoT is considered the biggest business opportunity followed by the mobile device, and will drive the continuing growth of small and medium-sized display market as well as broaden future development.

◆ Establishment and formation of upstream critical components and materials industry supply system

The key upstream components include chemicals (photoresist, ITO targets, etc.), backlight sources (light-emitting diodes, cold cathode tubes, etc.), backlight modules (referring to integrated modules comprised of backlight source, prismatic lens, brightness enhancement film, diffusion film, light guide plate, etc.), photomask, ITO conductive substrate, plastic frame, prismatic lens, diffusion film, brightness enhancement film, light guide plate, driver IC, and so on. At present, Taiwanese manufacturers have gained a place in the industrial supply chain for some components such as backlight modules, color filters, prismatic lens, brightness enhancement films, diffusion films, polarizers, and driver ICs. However, TFT-LCD industry upstream materials such as glass substrates, ITO targets, and PVA polarizer films still rely mainly on Japanese manufacturer supply.

c. Disadvantages for future development and corresponding policies

◆ Touch panel industry gradually enters the highly mature stage. Due to good prospects on applications, competitors continue expansion of new production lines and increasing the risk of imbalance between production and distribution

Diverse development of application product market stimulates continued growth in touch panel market demand. However, market competition has become increasingly fierce, especially over markets with lower technical threshold. Overall market price for products is pressured to go down.

Corresponding policies:

Actively improve and change the production process and design to increase the value of product portfolio and satisfy the diverse needs of clients. Also, enhance flexibility and efficiency of product assembly to shorten production schedule and enhance product competiveness. In addition, import of automated production equipment and improvement of production process as well as implementation of lean management and production division to fully achieve the complementary effect of compared interests, lower production costs and enhance company competiveness.

◆ Supply of critical materials is periodic unbalance

The supply of upstream materials such as the control IC and ITO conductive glass cannot meet the growth of the LCD and CTP industries, leading to tight supply of upstream materials and affecting the production and delivery time.

Corresponding policies:

Maintain at least two or more main material suppliers and establish close partnerships within the critical upstream supply chain.

5.2.2 Main uses and production processes of main products

A. Main uses of products

(1) Industrial equipment application
(2) Smart home device application
(3) Automotive related application
(4) Medical equipment application
(5) Commercial equipment & OA application

B. Production processes

LCD, LCM, and T/P are the Company's main products. The manufacturing processes are as follows:

a. LCD

- Front-end engineering

LCD Photo process → Insulator coating → PI coating → PI rubbing → Seal printing → Spacer spread → Assembly → Hard press → Curing inspection

- Back-end engineering

LCD cutting → LC sealing → Function inspection → Polarizer attachment → Cosmetic inspection → Warehousing

b. LCM

- Assembly

SMT process → LCM assembly process → Final inspection → OQC → Packing

SMT process → COB process → LCM assembly process → Final inspection → OQC → Packing

- COG

SMT process → COG process → LCM assembly process → Final inspection → OQC → Packing

- TAB

SMT process → TAB process → LCM assembly process → Final inspection → OQC → Packing

c. T/P

ITO Sputtering → Photo etching → OC coating → ITO Sputtering → Photo etching → Metal Sputtering → Metal etching → OC coating → ITO Sputtering → Sensor cutting → FPC bonding → C/L+Sensor lamination → Inspection → Warehousing

d. T/P+LCM

T/P+LCM lamination → Final inspection → OQC → Packing

5.2.3 Supply status of main materials

Main Materials	Source of Supply
Backlight Module	Taiwan / China
Driver IC & Touch IC	Taiwan
ITO Glass	Taiwan
Liquid Crystal	Japan / China
Polarizer	Taiwan / China
Panel	Taiwan / China
Cover Lens	Taiwan / China
TFT Module	Taiwan / China

5.2.4 Major suppliers and customers

A. Major suppliers for the most recent 2 fiscal years

Unit: NT$ thousands

	Year 2023				Year 2022			
Item	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relationship with the issuer
1	AAA	355,357	15.03	None	AAA	390,224	13.38	None
	Others	2,009,005	84.97		Others	2,526,102	86.62	
	Net purchases	2,364,362	100.00		Net purchases	2,916,326	100.00	

Purchased amount from supplier AAA decreased because the purchased amount from individual supplier was affected by the variation of sales product structure.

B. Major customers for the most recent 2 fiscal years

Unit: NT$ thousands

	Year 2023				Year 2022			
Item	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer
1	BBB	973,202	22.19	None	BBB	934,812	19.92	None
2	CCC	458,808	10.46	None	CCC	613,243	13.07	None
3	DDD	338,937	7.73	None	DDD	486,677	10.37	None
	Others	2,615,777	59.62		Others	2,657,974	56.64	
	Net sales	4,386,724	100.00		Net sales	4,692,706	100.00	

The sales to client CCC and DDD decreased but BBB increased because the demand from end customers changed.

5.2.5 Production volume and value in the most recent 2 fiscal years

Unit: NT$ thousands / thousand pcs

Year / Major products	Year 2023			Year 2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
LCM Module	30,480	2,300	1,034,629	30,480	2,240	943,824
T/P Sensor & Module	7,524	5,403	3,093,613	7,524	5,849	3,264,101
Total	(Note)	(Note)	4,128,242	(Note)	(Note)	4,207,925

Note: Can not be added up due to different kinds of units.

5.2.6 Sales volume and value in the most recent 2 fiscal years

Unit: NT$ thousands / thousand pcs

Year / Major Products	Year 2023				Year 2022			
	Local		Export		Local		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
T/P & LCD Module	160	386,081	3,965	3,952,311	172	364,063	4,934	4,234,814
Others	—	5,819	—	42,513	—	11,921	—	81,908
Total	160	391,900	3,965	3,994,824	172	375,984	4,934	4,316,722

5.3 Employee statistics

		Dec. 31, 2023	Dec. 31, 2022	Mar. 31, 2024
Number of employees	Management Employee	74	75	72
	Indirect Employee	291	301	285
	R&D Employee	131	128	133
	Operator	574	608	545
	Total	1,070	1,112	1,035
Average age		44.47	43.37	45.11
Average years of service		14.56	13.31	15.17
Education distribution percentage (%)	Ph.D.	0.10%	0.09%	0.10%
	Master's degree	5.51%	5.31%	5.70%
	College	34.95%	33.81%	35.46%
	Senior high school	41.03%	41.55%	41.06%
	Below senior high school	18.41%	19.24%	17.68%

5.4 Disbursements for environmental protection: any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

The Company produces and sales liquid crystal display panels, capacitive touch panels, and its modules. The waste and other hazardous materials generated during the production process are handled in accordance with related environmental protection laws and regulations. There is no issue of industrial pollution. Furthermore, there is no loss suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents. The Company will keep the spirit of sustainable development and comply with every environmental protection laws and regulations, thus there is slight possibility to disburse for environmental protection. Please refer to the Company's Sustainability Report for the actions of environmental protection.

5.5 Labor relations

5.5.1 Employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests

A. Employee benefits

Bonus / Subsidy	Insurance	Leave
● Year-end bonus ● Employee bonus ● Employee stock options ● KPI performance bonus ● Subsidy for marriage / childbirth ● Subsidy for hospitalization / funeral ● Gift for holiday and birthday ● Scholarship for employee / offspring of employee ● Subsidy for cafeteria meals ● Company-paid regular physical examination ● Subsidy for leisure travel ● Subsidy for enjoying artistic and cultural activities ● Bonus of employee stock ownership trust ● Consolation money for COVID-19	● Labor insurance ● National health insurance ● Appropriated labor pension ● Group insurance for employees and their dependents ● Endowment insurance ● Medical insurance ● Unemployment insurance ● Work injury insurance ● Maternity insurance ● Housing provident fund	● Paid annual leave ● Personal leave with pay ● Sick leave ● Menstrual leave ● Marriage leave ● Maternity leave ● Leave for prenatal visits ● Accompanying maternity leave ● Parental leave ● Bereavement leave

B. Education and training

a. Expenses for education and training of 2023 were NT$100 thousand. Education and training focused on course regarding the latest technology knowledge, environment / safety / health and specific equipment operation.

b. Human resources are the greatest asset in the sustainable company. The Company implements training for all employees and provides long term training of personnel to allow for continuous improvements and innovation. The main purpose of education and training is to enhance managerial ability and share professional skills. The most effective use of themed planning of education and training each year will cultivate employees more compatible with the corporate culture.

c. In addition to general professional training for new employees, managerial training for management of all levels, and professional training within departments, implementation of key courses planned in accordance with annual company strategies will enhance the abilities of employees and also achieve the annual goal.

C. Retirement system

a. The Company follow the government's related regulations to monthly allocate retirement preparation funds based on 2% of the total salary to a saving account in the Bank of Taiwan as retirement payment for the employee's seniority in old pension system of the Labor Standard Laws. For employee (including informal employee) with the Labor Pension Act in new pension system, 6% of the total salary will be allocated monthly to a personal account of retirement fund in the Bureau of Labor Insurance.

b. Labor pension supervisory committee has been established and government organizations notified in accordance with regulations. The committee is responsible for matters related to allocations of the employee retirement reserve funds.

c. The Company has adopted codes for employee retirement and full-time employees are all applicable from their date of employment. The conditions and procedures for employees applying for retirement are as follows:

◆An employee may apply for voluntary retirement under any of the following conditions:

・An employee attains the age of 55 and has worked for 15 years.

・An employee has worked for more than 25 years.

・An employee attains the age of 60 and has worked for 10 years.

◆An employer shall not force a worker to retire unless any of the following situations has occurred:

・An employee attains the age of 65. The Company may request the central competent authority to adjust the age prescribed if the specific job entails risk, requires substantial physical strength or otherwise of a special nature; provided, that the age shall not be reduced below 55.

・An employee who is unable to perform his/her duties due to disability.

◆The criteria for payment of employee pensions:

・According to old pension system of the Labor Standard Laws, two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The length of service is calculated as half year when it is less than six months and as one year when it is more than six months, however, an additional 20% on top of the amount calculated according to the preceding subparagraph shall be given to workers forced to retire due to disability incurred from the execution of their duties.

・According to new pension system of the Labor Pension Act, the Company allocates 6% of the monthly salary which according to Salary Grading Table as retirement benefit and this amount shall be deposited to the employee's pension account. An employee shall contribute voluntarily no more than 6% of his/her monthly salary to above account as retirement pension.

◆The procedure of pension payment:

The Company shall pay the pensions within 30 days from the day of retirement according to old pension system of the Labor Standard Laws. Employees claiming retirement benefits shall open a specific account with necessary documents at a financial institution for the deposit of retirement benefits.

d. Pension for overseas subsidiaries are of defined contribution plan and social security payments for pension and health care are made each month in accordance with local government regulations.

e. For the labors who are adapting to old pension system of the Labor Standard Laws, the Company has accumulated NT$141,941 thousand as retirement preparation funds by the end of 2023; while the Company totally allocates NT$27,511 thousand for the labors who are adapting to new pension system of the Labor Pension Act in 2023.
f. In 2023, four persons have retired and departed according to relevant retirement regulations.
g. Other important agreements: None.

5.5.2 List any losses suffered by the Company in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided

A. The Company pays close attention to the welfare of employees and emphasizes two-way communication between employers and employees to promote harmonious labor relations. There are no labor disputes during the most recent year or during the current fiscal year up to the date of printing of the annual report and no losses suffered from disputes. As the Company believes in mutual benefits for both parties, possibility of future labor disputes and losses are minute.
B. Estimated amount and corresponding measures for current and future possibilities: None.

5.5.3 Employee behavior or ethnic codes

The Company has adopted several codes and regulations regarding employee behavior and ethnics to allow employees to follow on for their ethnics, rights, obligations, and behaviors. The regulations are summarized as follows:

A. Codes of authorization: To improve work efficiency, strengthen level responsibility management, and effectively regulate the rights of all employees.
B. Job description of departments: Clear specification of the job description and organization function of each unit.
C. Rules of work: Reward or punishment based on employee behavior or action resulting in company gains or losses.
D. Regulations for new employee education and training: Arrangements for new employees will be made as soon as possible to eliminate the anxiety of an new environment and allow the new employees to become familiar with the work environment and colleagues as well as fulfill their productivity and lower departure rate of new employees.

E. Codes for attendance: Reference to follow for employee leave and absence.
F. Codes for assessment: To improve the assessment system and establish employee discipline. Annual assessment of employee performance will be used as basis for raise, promotion, bonuses, and the arrangement of education and training.
G. Sexual harassment prevention and measures: To prevent sexual harassment in the workplace and maintain gender equality as well as human dignity, the speech and behavior of employees are regulated.
H. Codes for intellectual property rights: To protect trade secrets, commercial interests and competitiveness of the Company as well as to prevent losses caused by leaks.
I. Codes for Ethical Management: To implement ethnical management policy and actively prevent misconduct, the code specifies and regulates employees when performing their duties.

5.5.4 Protection measures for the work environment and personal safety of employees

A. Adopt codes for environmental safety management.
B. Establish managerial unit and personal for safety and hygiene:
   a. Establish safety and hygiene managerial unit in accordance with the Occupational Safety and Health Act.
   b. Equip operating site with emergency personnel and arrange refresher training in accordance with the Occupational Safety and Health Act.
   c. Operators of organic solvents, specific chemicals, dangerous machinery and equipment, and high pressure gas equipment must be trained and has licensed certificate. Refresher training is to be arranged in accordance with the Occupational Safety and Health Act.
   d. Hold monthly environment safety meetings and discuss issues related to environment safety.
   e. Arrange fire and safely audit every month.
C. Fire prevention and facility safety
   a. Monthly maintenance and inspection of lift by commissioned maintenance company, annual review by qualified inspection agency.
   b. Fire and high pressure gas equipment inspection by industrial safety division, annual review by qualified inspection agency.
D. Health and hygiene
   a. Biannual operations environment check.
   b. Annual physical examinations and particular physical checkups for employees.
   c. Infirmary equipped with on-site nurses and occupational doctors to provide the appropriate medical assistance.
E. Achieved ISO45001: 2018 Certification for labor safety and health on February 23, 2021. The latest certificate is valid from February 23, 2024 to February 22, 2027

5.6 Cyber security management

5.6.1 Cyber security risk management framework

The Company appoints the top manager of the Management Information System Department as the head of cyber security, and establishes the “Cyber Security Committee” and a “Cyber Security Implementation Team” to consolidate the Company’s cyber security. The “Cyber Security Committee” is convened by the head of cyber security, and each unit within the Company: Audit Office, Management Information System Department, Administration Department, Legal Affairs and Market Department appoints one person as a committee member. The “Cyber Security Implementation Team” is assigned by the convener to serve as team members from the Management Information System Department, who are responsible for planning and implementing cyber security operations, mainly cyber security prevention and incident handling.

The cyber security policy is formulated by the “Cyber Security Implementation Team” and is approved by the “Cyber Security Committee”, and management review meetings are held regularly or the applicability of policies are re-evaluated when there are major changes in the organization (such as organizational adjustments, major business changes, etc.) Appropriate revisions of the cyber security policy will be made in accordance with latest assessment results, relevant laws, technologies, and business developments so as to be in compliance with actual needs. Meanwhile, the “Cyber Security Committee” makes regular reports of the cyber security risk management to the Board of Directors each year, thus strengthening supervision and management of directors to operations of the Company.

5.6.2 Cyber security policies

A. The Company shall implement the compliance of relevant laws and regulations, including intellectual property protection law, personal data protection law, and agreements and contracts signed with external units.

B. Both the Management Information System and Administration Department are responsible for promoting the planning, implementation, communication and coordination of relevant management systems, and actively handling education, training and publicity on cyber security and personal data protection to ensure that personnel are familiar with the security responsibilities of business execution.

C. The information assets held by employees for the execution of the Company’s business are based on the principle of public ownership, and are classified, graded, and risk assessed according to their needs to achieve effective controls. Information operations are planned according to the actual needs of business execution for continuous management of operations so as to ensure the availability of information operations.

D. The physical office environment and important information equipment rooms are subject to access control to maintain the safety of the environment.

E. To prevent computer viruses and malware affecting operations, except for legally authorized systems and application software, the use of other unauthorized software is prohibited.

F. To ensure the effectiveness of the management system, those who violate the relevant procedures and norms of the management system shall be reviewed and punished in accordance with relevant regulations.

5.6.3 Concrete management programs

The Company considers that cyber security insurance is still an emerging type of insurance, involving cyber security level testing agencies, claims identification agencies, and non-claim conditions and other related supporting facilities. Therefore, after the evaluation by the Cyber Security Committee, the purchase of cyber security insurance is temporarily not recommended. At present, the main measures for cyber security risk management are able to effectively protect cyber security. The latest report was submitted to the Board of Directors on November 2, 2023. Details are disclosed in “Cyber Information Security Management” on the Company’s website.

5.6.4 Investments in resources for cyber security management

A. The Management Information System Department set up a total of 3 people responsible for the management of cyber security.

B. Assisted by professional information security vendors to provide firewall connection rules backup and management consulting, anti-virus and backup system authorization and management consulting, and advanced integrated endpoint protection services, etc. Aforementioned expenditure totals NT$582 thousand each year. In addition, the Company purchased anti-virus software license totaling NT$304 thousand, back-up software license totaling NT$93 thousand and relevant hardware device including back-up servers totaling NT$140 thousand.

C. Relevant “information security education and training” is implemented to all employees for two hours each year, totaling 903 people and 1,806 training hours. The completion rate was 100% in 2023.

5.6.5 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

5.7 Important contracts

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
Syndicated loan	7 banks, including E.SUN Bank	May 15, 2020 ~ May 14, 2025	Syndicated loan totaling NT$800 million	Maintenance of specific financial ratio
Liability insurance for directors	Fubon Insurance	January 18, 2024 ~ January 18, 2025	Liability insurance for directors	None
Liability insurance of manufacturer’s errors & omissions	Hotai Insurance	November 1, 2023~ November 1, 2024	Errors & omissions insurance	None
Commercial general liability insurance	Hotai Insurance	November 1, 2023~ November 1, 2024	Product liability insurance	None
Transportation cargo insurance	First Insurance	January 1, 2024~ December 31, 2024	Transportation insurance	None

VI. Financial Information

6.1 Five-year financial summary

6.1.1 Consolidated condensed balance sheet

Unit: NT$ thousands

Item \ Year		Financial information for most recent 5 fiscal years				
		2023	2022	2021	2020	2019
Current assets		3,357,439	3,506,575	2,979,118	3,010,069	2,950,694
Property, plant and equipment		525,237	461,222	332,762	331,314	365,955
Intangible assets		4,980	5,247	3,685	4,111	3,777
Other assets		265,987	312,729	273,878	263,695	316,440
Total assets		4,153,643	4,285,773	3,589,443	3,609,189	3,636,866
Current liabilities	Before distribution	980,655	1,412,086	947,700	1,478,103	1,528,241
	After distribution	1,232,507	1,663,938	1,136,589	1,666,992	1,717,130
Non-current liabilities		544,952	545,844	569,360	150,521	156,644
Total liabilities	Before distribution	1,525,607	1,957,930	1,517,060	1,628,624	1,684,885
	After distribution	1,777,459	2,209,782	1,705,949	1,817,513	1,873,774
Equity attributable to shareholders of the parent		2,588,225	2,265,074	2,027,331	1,939,757	1,892,106
Capital stock		1,574,076	1,574,076	1,624,076	1,624,076	1,624,076
Capital surplus		50,291	35,840	25,980	15,423	4,397
Retained earnings	Before distribution	1,177,368	897,783	654,787	591,094	539,266
	After distribution	925,516	645,931	465,898	402,205	350,377
Other equity interest		(91,228)	(120,343)	(104,491)	(117,815)	(102,612)
Treasury stock		(122,282)	(122,282)	(173,021)	(173,021)	(173,021)
Non-controlling interest		39,811	62,769	45,052	40,808	59,875
Total equity	Before distribution	2,628,036	2,327,843	2,072,383	1,980,565	1,951,981
	After distribution	2,376,184	2,075,991	1,883,494	1,791,676	1,763,092

Note 1: Until the date of annual report issuance, the financial data of the latest period audited or reviewed by the CPA are fully disclosed.

Note 2: The “after distribution” figures above were based on the amount resolved by the board of directors or resolved in the next year’s shareholders’ meeting.

6.1.2 Consolidated condensed statement of comprehensive income

Unit: NT$ thousands

Item \ Year	Financial information for most recent 5 fiscal years				
	2023	2022	2021	2020	2019
Operating revenue	4,386,724	4,692,706	4,183,403	3,737,299	4,107,559
Gross profit	1,010,722	917,448	713,185	785,867	801,020
Income from operations	449,918	384,168	266,855	333,952	314,590
Non-operating income and expenses	55,065	116,593	1,069	(59,843)	(10,690)
Income before tax	504,983	500,761	267,924	274,109	303,900
Net income	418,595	419,976	236,535	232,996	257,047
Other comprehensive income (loss) (after tax)	118,999	13,774	33,615	(26,549)	10,820
Total comprehensive income	537,594	433,750	270,150	206,447	267,867
Net income attributable to shareholders of the parent	418,153	420,003	237,280	233,466	257,325
Net income (loss) attributable to non-controlling interest	442	(27)	(745)	(470)	(278)
Comprehensive income attributable to Shareholders of the parent	560,552	416,033	265,906	225,514	274,921
Comprehensive income (loss) attributable to non-controlling interest	(22,958)	17,717	4,244	(19,067)	(7,054)
Earnings per share (NT$)	2.81	2.83	1.60	1.57	1.73

Note 1: Until the date of annual report issuance, the financial data of the latest period audited or reviewed by the CPA are fully disclosed.

6.1.3 Parent-company-only condensed balance sheet

Unit: NT$ thousands

Item \ Year		Financial information for most recent 5 fiscal years				
		2023	2022	2021	2020	2019
Current assets		3,151,117	3,268,029	2,791,982	2,891,257	2,852,695
Property, plant and equipment		342,815	318,759	266,891	278,747	309,051
Intangible assets		4,980	5,247	3,666	4,091	3,760
Other assets		542,657	521,936	392,155	403,771	423,352
Total assets		4,041,569	4,113,971	3,454,694	3,577,866	3,588,858
Current liabilities	Before distribution	909,539	1,306,427	868,603	1,489,274	1,543,804
	After distribution	1,161,391	1,558,279	1,057,492	1,678,163	1,732,693
Non-current liabilities		543,805	542,470	558,760	148,835	152,948
Total liabilities	Before distribution	1,453,344	1,848,897	1,427,363	1,638,109	1,696,752
	After distribution	1,705,196	2,100,749	1,616,252	1,826,998	1,885,641
Capital stock		1,574,076	1,574,076	1,624,076	1,624,076	1,624,076
Capital surplus		50,291	35,840	25,980	15,423	4,397
Retained earnings	Before distribution	1,177,368	897,783	654,787	591,094	539,266
	After distribution	925,516	645,931	465,898	402,205	350,377
Other equity interest		(91,228)	(120,343)	(104,491)	(117,815)	(102,612)
Treasury stock		(122,282)	(122,282)	(173,021)	(173,021)	(173,021)
Total equity	Before distribution	2,588,225	2,265,074	2,027,331	1,939,757	1,892,106
	After distribution	2,336,373	2,013,222	1,838,442	1,750,868	1,703,217

Note 1: Until the date of annual report issuance, the financial data of the latest period audited or reviewed by the CPA are fully disclosed.

Note 2: The “after distribution” figures above were based on the amount resolved by the board of directors or resolved in the next year’s shareholders’ meeting.

6.1.4 Parent-company-only condensed statement of comprehensive income

Unit: NT$ thousands

Item \ Year	Financial information for most recent 5 fiscal years				
	2023	2022	2021	2020	2019
Operating revenue	4,378,867	4,624,510	4,085,202	3,642,433	3,991,472
Gross profit	880,316	809,404	619,107	681,192	674,877
Income from operations	427,618	361,683	264,308	323,241	298,793
Non-operating income and expenses	73,874	135,448	2,227	(53,072)	2,259
Income before tax	501,492	497,131	266,535	270,169	301,052
Net income	418,153	420,003	237,280	233,466	257,325
Other comprehensive income (loss) (after tax)	142,399	(3,970)	28,626	(7,952)	17,596
Total comprehensive income	560,552	416,033	265,906	225,514	274,921
Earnings per share (NT$)	2.81	2.83	1.60	1.57	1.73

Note: Until the date of annual report issuance, the financial data of the latest period audited or reviewed by the CPA are fully disclosed.

6.1.5 Auditors' opinions for most recent 5 fiscal years

Year	Accounting Firm	CPA	Audit Opinion
2019	KPMG	Po Jen, Yang / Yen Ta, Su	Unqualified
2020	KPMG	Po Jen, Yang / Yen Ta, Su	Unqualified
2021	KPMG	Po Jen, Yang / Yen Ta, Su	Unqualified
2022	KPMG	Yung Hsiang, Chen / Yen Ta, Su	Unqualified
2023	KPMG	Yung Hsiang, Chen / Yen Ta, Su	Unqualified

6.2 Five-year financial analysis

6.2.1 Consolidated financial analysis

Item	Year	2023	2022	2021	2020	2019
		Financial information for most recent 5 fiscal years				
Financial structure (%)	Debt to assets ratio	36.72	45.68	42.26	45.12	46.32
	Ratio of long-term capital to property, plant and equipment	604.10	623.05	793.88	643.22	576.19
Solvency (%)	Current ratio	342.36	248.32	314.35	203.64	193.07
	Quick ratio	252.69	169.96	197.62	139.26	136.81
	Times interest earned	4089.43	4928.00	3019.51	2512.29	2231.88
Operating performance	Accounts receivable turnover (times)	6.63	6.42	6.19	6.49	7.85
	Average collection days	55.05	56.85	58.96	56.24	46.49
	Inventory turnover (times)	3.40	3.44	3.44	3.31	3.74
	Accounts payable turnover (times)	6.61	6.61	7.22	7.08	7.41
	Average days in sales	107.35	106.10	106.10	110.27	97.59
	Property, plant and equipment turnover (times)	8.89	11.82	12.59	10.71	9.99
	Total assets turnover (times)	1.03	1.19	1.16	1.03	1.16
Profitability	Return on total assets (%)	10.15	10.87	6.77	6.68	7.63
	Return on equity (%)	16.89	19.08	11.67	11.84	13.66
	Ratio of income before tax to paid-in capital (%)	32.08	31.81	16.49	16.87	18.71
	Net profit margin (%)	9.54	8.94	5.65	6.23	6.25
	Earnings per share (NT$)	2.81	2.83	1.60	1.57	1.73
Cash flow	Cash flow ratio (%)	68.09	53.16	15.82	11.08	25.91
	Cash flow adequacy ratio (%)	140.62	125.37	75.58	133.30	215.11
	Cash reinvestment ratio (%)	6.78	9.39	(Note 2)	(Note 2)	6.16
Leverage	Operating leverage	1.16	1.17	1.24	1.23	1.27
	Financial leverage	1.03	1.03	1.04	1.04	1.05

Analysis of financial ratio differences for the last two years: (Not required if the difference does not exceed 20%)

1. The increase in current ratio, quick ratio, and cash flow ratio is mainly due to the repayment in 2023 of the new short-term borrowings of NT$270,000 thousand in 2022, resulting in a decrease in current liabilities of NT$431,431 thousand compared with 2022, a range of 30.55%.
2. The property, plant and equipment turnover decreased mainly due to the Company's prepayment for the zeolite runner regenerative incinerator and solar photovoltaic system in 2023, resulting in an increase of NT$64,015 thousand, a range of 13.88%, in the net amount of property, plant and equipment.
3. The cash reinvestment ratio decreased mainly due to the amount of cash dividends paid in 2023 increased by NT$59,445 thousand, or up 33.33%. In addition, the repayment of short-term borrowings resulted in an increase in working capital of NT$282,295 thousand compared with 2022, a range of 13.48%.

Note 1: Until the date of annual report issuance, the financial data of the latest period audited or reviewed by the CPA are fully disclosed.

Note 2: It is not applicable because net cash flows from operating activities minus cash dividends is negative.

6.2.2 Parent-company-only financial analysis

Item		Financial information for most recent 5 fiscal years (Year)				
		2023	2022	2021	2020	2019
Financial structure (%)	Debt to assets ratio	35.95	44.94	41.31	45.78	47.27
	Ratio of long-term capital to property, plant and equipment	913.62	880.77	968.96	749.27	661.72
Solvency (%)	Current ratio	346.45	250.15	321.43	194.13	184.78
	Quick ratio	272.41	177.92	207.24	135.87	135.50
	Times interest earned	4240.79	5466.26	3438.36	2589.34	2374.66
Operating performance	Accounts receivable turnover (times)	5.73	5.85	5.54	5.62	6.68
	Average collection days	63.69	62.39	65.88	64.94	54.64
	Inventory turnover (times)	4.15	3.86	3.75	3.68	4.27
	Accounts payable turnover (times)	8.23	7.64	8.04	7.97	8.41
	Average days in sales	87.95	94.55	97.33	99.18	85.48
	Property, plant and equipment turnover (times)	13.23	15.79	14.97	12.39	12.28
	Total assets turnover (times)	1.07	1.22	1.16	1.01	1.15
Profitability	Return on total assets (%)	10.49	11.29	6.92	6.75	7.72
	Return on equity (%)	17.23	19.56	11.96	12.18	14.16
	Ratio of income before tax to paid-in capital (%)	31.85	31.58	16.41	16.63	18.53
	Net profit margin (%)	9.54	9.08	5.80	6.40	6.44
	Earnings per share (NT$)	2.81	2.83	1.60	1.57	1.73
Cash flow	Cash flow ratio (%)	70.93	53.60	10.65	8.88	22.43
	Cash flow adequacy ratio (%)	135.02	118.30	68.10	129.18	226.85
	Cash reinvestment ratio (%)	6.87	9.35	(Note 2)	(Note 2)	5.67
Leverage	Operating leverage	1.13	1.13	1.18	1.19	1.23
	Financial leverage	1.03	1.03	1.03	1.03	1.05

Analysis of financial ratio differences for the last two years: (Not required if the difference does not exceed 20%)

1. The decrease in debt to assets ratio and the increase in current ratio, quick ratio, and cash flow ratio are mainly due to the repayment in 2023 of the new short-term borrowings of NT$270,000 thousand in 2022, resulting in a decrease in current liabilities of NT$396,888 thousand compared with 2022, a range of 30.38%.
2. The decrease in the times interest earned was mainly due to the increase in borrowing interest rates in 2023, which caused interest expenses to increase by NT$2,847 thousand compared with 2022, a range of 30.73%.
3. The cash reinvestment ratio decreased mainly due to the amount of cash dividends paid in 2023 increased by NT$62,963 thousand, or up 33.33%. In addition, the repayment of short-term borrowings resulted in an increase in working capital of NT$279,976 thousand compared with 2022, a range of 14.27%.

Note 1: Until the date of annual report issuance, the financial data of the latest period audited or reviewed by the CPA are fully disclosed.

Note 2: It is not applicable because net cash flows from operating activities minus cash dividends is negative.

6.3 Audit committee’s review report for the most recent year

Emerging Display Technologies Corp.
Audit Committee’s Review Report

The Board of Directors report the business report, consolidated financial statements, parent-company-only financial statements and profit allocation proposal of 2023. Of the said documents, the financial statements have been duly audited by Certified Public Accountants Yung Hsiang, Chen and Yen Ta, Su of KPMG Taiwan.

The above business report, consolidated financial statements, parent-company-only financial statements and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Emerging Display Technologies Corp.

Chairman of the Audit Committee: Huang, Hui-Ling

March 7, 2024

6.4 Consolidated financial statements for the years ended December 31, 2023 and 2022, and independent auditors' report

Representation Letter

The entities that are required to be included in the combined financial statements of Emerging Display Technologies Corp.as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements."

In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Emerging Display Technologies Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Emerging Display Technologies Corp.

By
Ray Tseng
Chairman
March 7, 2024

Independent Auditors' Report

To the Board of Directors of Emerging Display Technologies Corp.:

Opinion

We have audited the accompanying consolidated financial statements of Emerging Display Technologies Corp. and subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the Group's 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 cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards(IFRS), International Accounting Standards(IAS), IFRIC Interpretations(IFRIC), and SIC Interpretations(SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards. 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 Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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 matters we judged shall be presented in the consolidated financial report as follows:

1. Valuation of accounts receivable

Please refer to Note 4(g) for accounting policy of accounts receivable valuation and Note 5(a) for accounting assumption and estimation uncertainty of impairment of accounts receivable. Information regarding accounts receivable is shown in Note 6 (d) of the consolidated financial statements.

Description of key audit matters:

The Group's customers are the manufacturers of industrial equipment, smart home devices, handheld devices, and information appliance products. The customers' delayed payments were due to the need to clarify the responsibility of problematic products resulted from failure of process or usage of end products, and global economic turmoil. Because of the inherent credit risk of receivables, the financial statements users value the collection results. Since the accounts receivable is significant to the financial statements, they are one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding the process of account checking and collection with customers; analyzing the receivable aging report; reviewing the historical receipt and bad debt records; and understanding the forward-looking industrial economic status and concentration of credit risk of the customers. In addition, we also evaluated the appropriateness of related disclosures in the consolidated financial statements.

2. Valuation of obsolete inventory

Please refer to Note 4(g) for accounting policy of obsolete inventory and Note 5(b) for accounting assumption and estimation uncertainty of obsolete inventory valuation. Information regarding obsolete inventory valuation is shown in Note 6(f) of the consolidated financial statements.

Description of key audit matters:

Obsolete inventory is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Group is engaged in the manufacture and sale of liquid crystal displays and capacity touch panels. It focuses on the small and medium sized niche markets of non-consumable area. The products are used in industrial equipment, smart home devices, handheld devices, and information appliance products. The development strategy of the Group is diversifying and customizing its products which may result in having an impact on its obsolete inventory cost. As a consequence, there is a risk that the net realizable value of obsolete inventory may turn out to be lower than its carrying value. Therefore, the valuation of obsolete inventory is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included selecting samples to test the accuracy of inventory aging report; analyzing the changes of inventory aging, and examining the provision of inventory by reviewing the historical accuracy on provision. We assessed the changes of obsolescence inventory in the subsequent events and the basis of net realizable value to evaluate the accuracy of the Group's provisions. In addition, we also assessed the appropriateness of the provisions and disclosures made by the management.

Other Matters

We have also audited the parent company only financial statements of Emerging Display Technologies Corp. as of and for the year ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the 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 the management either intends to liquidate the Group or to cease its operations, there is no realistic alternative but to do so.

Those charged with governance including supervisors 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 misstatements, 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 auditing standards 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 auditing standards, 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, we have 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on this consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yung Hsiang, Chen and Yen Ta, Su.

KPMG

Taipei, Taiwan (Republic of China)
March 07, 2024

Notes to Readers

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

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

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets：				
1100	Cash and cash equivalents (Note 6(a))	$ 1,370,524	33	1,307,122	30
1110	Financial assets at fair value through profit or loss, current (Note 6(b))	112,981	3	399	-
1120	Financial assets at fair value through other comprehensive income, current (Note 6(c))	368,412	9	387,178	9
1170	Accounts receivable, net (Note 6(d) and (v))	615,871	15	698,482	16
1200	Other notes receivables and other receivables (Notes 6(e))	3,525	-	3,378	-
1220	Income tax assets	814	-	252	-
130X	Inventories (Note 6(f))	828,441	20	1,044,614	24
1470	Other current assets (Notes 6(g) and 8)	56,871	1	65,150	2
	Total current assets	3,357,439	81	3,506,575	81
	Non-current assets：				
1517	Financial assets at fair value through other comprehensive income, non-current (Note 6(c))	107,529	3	155,738	4
1600	Property, plant and equipment (Notes 6(i) ,8 and 9)	525,237	13	461,222	11
1755	Right-of-use assets (Notes 6(j))	52,124	1	64,786	2
1760	Investment property (Notes 6(k) and (q))	57,613	1	58,053	1
1780	Intangible assets (Note 6(l))	4,980	-	5,247	-
1840	Deferred income tax assets (Note 6(s))	39,161	1	24,559	1
1980	Refundable deposit	9,560	-	9,593	-
	Total non-current assets	796,204	19	779,198	19
	TOTAL	$ 4,153,643	100	4,285,773	100

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Notes 6(m))	$ -	-	270,000	6
2120	Financial liabilities at fair value through profit or loss, current (Notes 6(b))	-	-	1,933	-
2150	Notes payable	30	-	20	-
2170	Accounts payable	438,314	11	581,980	14
2200	Other payables (Note 6(n))	367,659	9	387,923	9
2230	Income tax liabilities	102,104	2	84,754	2
2280	Lease liabilities, current (Notes 6(p))	5,165	-	13,418	-
2300	Other current liabilities (Notes 6(v))	67,383	2	72,058	2
	Total current liabilities	980,655	24	1,412,086	33
	Non-current liabilities:				
2540	Long-term borrowings (Notes 6(o) and 8)	399,333	10	399,013	9
2570	Deferred income tax liabilities (Note 6(s))	1,044	-	-	-
2580	Lease liabilities, non-current (Notes 6(p))	50,806	1	55,052	1
2640	Net defined benefit liabilities, non-current (Note 6(r))	93,065	2	90,867	3
2645	Guarantee deposits received	600	-	600	-
2670	Other non-current liabilities	104	-	312	-
	Total non-current liabilities	544,952	13	545,844	13
	Total liabilities	1,525,607	37	1,957,930	46
	Equity attributable to shareholders of the parent (Note 6 (t):				
3100	Ordinary stock	1,574,076	38	1,574,076	37
3200	Capital surplus	50,291	1	35,840	1
3300	Retained earnings	1,177,368	28	897,783	21
3400	Other equity interest	(91,228)	(2)	(120,343)	(3)
3500	Treasury shares	(122,282)	(3)	(122,282)	(3)
	Total equity attributable to shareholders of the parent	2,588,225	62	2,265,074	53
36XX	**Non-controlling interests (Note 6(h))**	39,811	1	62,769	1
	Total equity	2,628,036	63	2,327,843	54
	TOTAL	$ 4,153,643	100	4,285,773	100

See accompanying notes to financial statements.

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (Note 6(v))**	$ 4,386,724	100	4,692,706	100
5000	**Operating cost (Note 6(f, l, r & w) and 12)**	3,376,002	77	3,775,258	80
	Gross profit	1,010,722	23	917,448	20
	Operating expenses (Note 6(d, l, r & w) 7 and 12):				
6100	Selling expenses	255,917	6	245,762	5
6200	Administrative expenses	161,728	4	162,964	4
6300	Research and development expenses	147,382	3	128,388	3
6450	Expected credit impairment loss	121	-	252	-
	Net operating income	565,148	13	537,366	12
6500	**Net other income (expenses) (Note 6(x))**	4,344	-	4,086	-
	Net operating income	449,918	10	384,168	8
	Non-operating income and expenses (Note 6(c, p & y)):				
7100	Interest income	42,596	1	9,010	-
7010	Other income	25,685	-	26,452	1
7020	Other gains and losses	(558)	-	91,503	2
7050	Finance cost	(12,658)	-	(10,372)	-
	Total non-operating income and expenses	55,065	1	116,593	3
7900	**Profit from continuing operations before tax**	504,983	11	500,761	11
7950	Less: Income tax expense (Note 6(s))	86,388	2	80,785	2
	Profit	418,595	9	419,976	9
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 6(r))	(4,395)	-	2,572	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 6(t))	119,924	3	(14,318)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(s))	-	-	(232)	-
		115,529	3	(11,514)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements (Note 6(t))	1,266	-	25,929	-
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income (Note 6(t))	2,595	-	(641)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(s))	391	-	-	-
		3,470	-	25,288	-
8300	**Other comprehensive income**	118,999	3	13,774	-
8500	**Comprehensive income**	$ 537,594	12	433,750	9
	Profit (loss) attributable to				
8610	Shareholders of the parent	$ 418,153	9	420,003	9
8620	Non-controlling interests	442	-	(27)	-
	Net profit (loss)	$ 418,595	9	419,976	9
	Comprehensive income attributable to				
8710	Shareholders of the parent	$ 560,552	13	416,033	9
8720	Non-controlling interests	(22,958)	(1)	17,717	-
	Total comprehensive income	$ 537,594	12	433,750	9
	Earnings per share (New Taiwan Dollars) (Note 6(u))				
9750	**Basic net income per share (New Taiwan Dollars)**	$	2.81		2.83
9850	**Diluted net income per share (New Taiwan Dollars)**	$	2.79		2.80

See accompanying notes to financial statements.

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to shareholders of parent										
			Retained earnings			Other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity attributable to shareholders of parent	Non-controlling interests	Total Equity
Balance on January 1, 2022	**$ 1,624,076**	**25,980**	**106,820**	**117,815**	**430,152**	**(29,998)**	**(74,493)**	**(173,021)**	**2,027,331**	**45,052**	**2,072,383**
Profit	-	-	-	-	420,003	-	-	-	420,003	(27)	419,976
Other comprehensive income	-	-	-	-	2,572	25,569	(32,111)	-	(3,970)	17,744	13,774
Total comprehensive income	-	-	-	-	422,575	25,569	(32,111)	-	416,033	17,717	433,750
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	25,258	-	(25,258)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(188,889)	-	-	-	(188,889)	-	(188,889)
Reversal of special reserve	-	-	-	(13,324)	13,324	-	-	-	-	-	-
Cash dividends to subsidiaries	-	10,553	-	-	-	-	-	-	10,553	-	10,553
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	9,310	-	(9,310)	-	-	-	-
Retirement of treasury shares	(50,000)	(739)	-	-	-	-	-	50,739	-	-	-
Return of employee stock ownership trust	-	46	-	-	-	-	-	-	46	-	46
Balance on December 31, 2022	**1,574,076**	**35,840**	**132,078**	**104,491**	**661,214**	**(4,429)**	**(115,914)**	**(122,282)**	**2,265,074**	**62,769**	**2,327,843**
Profit	-	-	-	-	418,153	-	-	-	418,153	442	418,595
Other comprehensive income	-	-	-	-	(4,395)	1,382	145,412	-	142,399	(23,400)	118,999
Total comprehensive income	-	-	-	-	413,758	1,382	145,412	-	560,552	(22,958)	537,594
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	43,188	-	(43,188)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(251,852)	-	-	-	(251,852)	-	(251,852)
Special reserve	-	-	-	15,852	(15,852)	-	-	-	-	-	-
Cash dividends to subsidiaries	-	14,071	-	-	-	-	-	-	14,071	-	14,071
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	117,679	-	(117,679)	-	-	-	-
Return of employee stock ownership trust	-	380	-	-	-	-	-	-	380	-	380
Balance on December 31, 2023	**$ 1,574,076**	**50,291**	**175,266**	**120,343**	**881,759**	**(3,047)**	**(88,181)**	**(122,282)**	**2,588,225**	**39,811**	**2,628,036**

See accompanying notes to financial statements.

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities		
Profit before tax	$ 504,983	500,761
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	72,200	65,096
Amortization expense	1,256	1,389
Expected credit impairment loss	121	252
Net gain (loss) on financial assets or liabilities at fair value through profit or loss	(6,615)	1,576
Interest expense	12,658	10,372
Interest income	(42,588)	(8,995)
Dividend income	(23,412)	(25,799)
Gain on disposal of property, plant, equipment	(368)	(626)
Unrealized foreign exchange loss	44,102	11,029
Gain on lease modification	(1)	-
Others	(208)	(162)
Total adjustments to reconcile profit	57,145	54,132
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in accounts receivable	67,813	72,361
Decrease in other receivable	1,420	468
Decrease in inventories	212,973	18,961
Decrease (increase) in other current assets	8,634	(12,570)
Total changes in operating assets	290,840	79,220
Changes in operating liabilities:		
Increase (decrease) in notes payable	10	(66)
(Decrease) increase in accounts payable	(129,281)	28,422
(Decrease) increase in other payable	(17,553)	84,298
(Decrease) increase in other current liabilities	(4,655)	16,176
Decrease in net defined benefit liability	(2,198)	(7,538)
Total change in operating liabilities	(153,677)	121,292
Total change in operating assets and liabilities	137,163	200,512
Total adjustments	194,308	254,644
Cash inflow generated from operations	699,291	755,405
Interest received	41,049	7,228
Dividends received	23,412	25,833
Interest paid	(12,477)	(8,976)
Income taxes paid	(83,543)	(28,786)
Net cash flows from operating activities	667,732	750,704
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(71,032)	(197,917)
Proceeds from disposal of financial assets at fair value through other comprehensive income	259,473	55,603
Acquisition of financial assets at fair value through profit or loss	(107,969)	(10,000)
Proceeds from disposal of financial assets at fair value through profit or loss	-	10,001
Acquisition of property, plant and equipment	(122,632)	(162,770)
Proceeds from disposal of property, plant, equipment	885	2,418
Acquisition of intangible assets	(989)	(2,951)
Decrease (increase) in refundable deposits	152	(979)
Net cash flows from (used in) investing activities	(42,112)	(306,595)
Cash flows from (used in) financing activities:		
Decrease (increase) in short-term borrowings	(270,000)	270,000
Cash dividends paid	(237,781)	(178,336)
Return of employee stock ownership trust	380	-
Repayments of lease liabilities	(13,653)	(13,372)
Net cash flows (used in) financing activities	(521,054)	78,292
Effect of exchange rate changes on cash and cash equivalents	(41,164)	(31,635)
Net increase in cash and cash equivalents	63,402	490,766
Cash and cash equivalents at beginning of period	1,307,122	816,356
Cash and cash equivalents at end of period	**$ 1,370,524**	**1,307,122**

See accompanying notes to consolidated financial statements.

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

For the years ended December 31, 2023 and 2022

(All amounts expressed in thousands of New Taiwan Dollars, unless otherwise specified)

(1) Organization and Business Scope

Emerging Display Technologies Corp. (the Company) and its subsidiaries was incorporated as a limited liability Group under the laws of the Republic of China (ROC) on September 23, 1994. The address of its registered office and principal place of business is No.5, Central 1st Rd., Qianzhen Dist., Kaohsiung City, Taiwan. The Consolidated financial statements comprise Emerging Display Technologies Corp. and its subsidiaries (jointly referred to as the Group). The Group is engaged in the manufacture and sale of Capacity Touch Panel and liquid crystal displays (LCDs).

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on March 07, 2024.

(3) Application of New and Revised International Financial Reporting Standards and Interpretations

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted. The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

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

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

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

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

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or contribution of Assets between an Investor and its Associate of Joint Venture"
- IFRS 17"Insurance Contracts"and amendments to IFRS 17" Insurance Contracts"
- Amendments to IAS 21"Lack of Exchangeability"

(4) Summary of significant accounting policies:

The accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language consolidated financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the financial statements are summarized as follows. Except for those specifically indicated in Note 3, the following accounting policies were applied consistently throughout the presented periods in the financial statements.

(a) Statement of compliance

These consolidated annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter, referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter, referred to as the IFRS endorsed by the FSC).

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following significant items:

1) Financial instruments measured at fair value through profit or loss are measured at fair value;
2) Fair value through other comprehensive income are measured at fair value;
3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(r).

(ii) Functional and presentation currency

The functional currency of each entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Group’s functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The Group consolidated financial statements include the accounts of the Company and all directly owned subsidiaries of the Company. The investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those return through its power over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that the Group’s control commences until the date that control ceases. Intergroup balances and transactions, and any unrealized income and expenses arising from intergroup transactions are eliminated in preparing the consolidated financial statements. Subsidiaries contribute total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Financial statements of subsidiaries had been adjusted to use uniform accounting policies as the Group.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. 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 parent.

(ii) Subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of the subsidiaries	Business activity	Percentage ownership December 31, 2023	Percentage ownership December 31, 2022	Remarks
The Company	Emerging Display Technologies Corp., U.S.A.	Sale of CTP and LCDs	100.00%	100.00%	Major Subsidiary
The Company	Emerging Display International (Samoa) Corp.	Investment holding	78.49%	78.49%	
The Company	EDT-Europe ApS	Customer service and business support	100.00%	100.00%	
The Company	Emerging Display Technologies Korea	Sale of CTP and LCDs	100.00%	100.00%	
The Company	EDT-Japan Corp.	Customer service and business support	100.00%	100.00%	
The Company	Ying Dar Investment Development Corp.	Investment	100.00%	100.00%	
The Company	Bae Haw Investment Development Corp.	Investment	100.00%	100.00%	
The Company	Ying Cheng Investment Corp.	Investment	52.50%	52.50%	
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	5.90%	5.90%	
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	11.41%	11.41%	
Emerging Display International (Samoa) Corp.	Dong Guan Emerging Display Limited	Manufacturing of CTP and LCDs	100.00%	100.00%	

(iii) Subsidiaries which are not included in the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Exchange differences are generally recognized in profit or loss, except for the following accounts which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;
2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that hedges is effective; or
3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustment arising on acquisition, are translated to New Taiwan dollar at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to New Taiwan dollar at the average rate. Foreign currency differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary, association or join venture that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to from part of a net investment in the foreign operation and are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

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

(i) The asset is expected to be realized or is intended to be sold or consumed in the normal operating cycle;

(ii) The asset is held primarily for the purpose of trading;

(iii) The asset is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

(i) The liability is expected to be settled in the normal operating cycle;

(ii) The liability is held primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period;

(iv) The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instrument

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal amount and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal amount and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment' s fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on the fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, or at FVTPL, if doing so eliminated or significantly reduces and accounting mismatch that would otherwise arise.

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

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, amount and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers that:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on its financial assets measured at amortized cost (including cash and cash equivalents, notes receivable and accounts receivable, other receivables, refundable deposits and other financial assets) and debt investment measured at fair value through other comprehensive income (FVOCI).

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

- debt instruments that are determined to have low credit risk at the reporting date; and
- other debt instruments and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets is always measured at an amount equal to lifetime ECL.

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

When the contract amount is past due or the borrower is unlikely to pay its credit obligations to the Group in full, the Group considers the credit risk on a financial asset has increased significantly or a financial asset to be in default.

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

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

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

ECLs are a probability-weighted estimate of the expected lifetime credit losses on financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flow due to the Group in accordance with the contracts and the cash flow the Group expects to receive). ECLs are discounted based on the effective rate of financial assets.

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being overdue;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amount due. Based on its experience, there have been no corporate customer recoveries after 365 day.

7) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury stock

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury stocks. When treasury stocks are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis when the Group has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments

The Group to held derivative financial instruments is held to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

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

(h) Inventories

Inventories are measured individually at the lower of cost and net realizable value. The cost of inventories includes all necessary costs of purchase, costs of conversion, and other costs in bringing the inventories to a salable and useable location and condition. The production overhead is allocated to the finished goods and work in progress based on the normal capacity of production facilities.

Net realizable value is determined based on the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses at the end of the period.

(i) Investment property

Investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and accumulated impairment loss.

Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

Land has an unlimited useful life, and therefore, is not depreciated.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

Buildings	2～50 years
Machinery and equipment	2～10 years
Office equipment	3～5 years
Other equipment	1～50 years

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

(iv) Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from private to investment property.

(k) Leases

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

(i) As a lessee

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

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

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

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

1) Fixed payments, including in-substance fixed payments;
2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) Amounts expected to be payable under a residual value guarantee; and

4) Payments or penalties for purchase or termination options that are reasonably certain to be exercised.

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

1) there is a change in future lease payments arising from the change in an index or rate;

2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee;

3) there is a change in the assessment regarding the purchase options;

4) there is a change of its assessment on whether it will exercise an extension or termination option;

5) there is any lease modifications in lease subject, scope of the lease or other terms.

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

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

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

For short-term lease of office equipment and low-value underlying asset lease, the Group chooses not to recognize the right-of-use asset and lease liability, and the related lease payments are recognized as expenses on a straight-line method over the lease term.

As a practical expedient, the Group elects not to assess whether property, plant and equipment rents that meets all the following conditions are lease modifications or not:

1) the rent concessions occurring as a direct consequence of the COVID 19 pandemic;

2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

3) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

4) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(l) Intangible assets

(i) Recognition and measurement

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

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

Other intangible assets that are acquired by the Group and have finite useful lives are measured at include patents and computer software, costs are measured at cost less accumulated amortization and any accumulated impairment losses. For the membership card with an indefinite useful life, if the intangible asset has any indication of impairment, the Group will review the differences between its recoverable amount and its carrying amount to determine whether the intangible asset with an indefinite useful life is impaired at each reporting date.

(ii) Subsequent expenditure

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

(iii) Amortization

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

The estimated useful life of intangible assets for the current and comparative periods is as follows:

Patents	9～20 years
Computer software cost	3 months～4 years

The intangible asset with an indefinite useful life is not amortized.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if it’s necessary.

(m) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

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

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

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

(n) Provision

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

(o) Revenue

(i) Revenue from contracts with customers

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

1) Sale of good

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group provides standard warranties for goods sold and has obligation to refund for the defective goods, in which the Group has recognized provisions for refund liabilities to fulfill the obligation.

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

Contract liability is primarily generated from advanced receipts of commodity sales contract. The Group will recognize revenue when deliver commodity to customers.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Contract cost with customers

1) Incremental cost of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(p) Government grants

The Group recognizes an unconditional government grant as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

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

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be pain under short-term cash bonus or profit-sharing plans if the Consolidated Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(r) Income taxes

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

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

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

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (1) affects neither accounting nor taxable profits (losses) and (2) does not give rise to equal taxable and deductible temporary differences;

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset shall be recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. At the end of each reporting period, an entity reassesses unrecognized deferred tax assets; such reductions are reversed when the probability of future taxable profits improves.

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

The Group shall offset deferred tax assets and deferred tax liabilities if, and only if:

(i) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levies by the same taxation authority on either;

1) The same taxable entity; or

2) Different taxable entities, but where each such entity intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or to realize the assets and settle the liabilities simultaneously.

(s) Earnings per share

The Group discloses the basic and diluted earnings per share attributable to common equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the common shareholders of the Company divided by the weighted-average number of common stocks outstanding. The calculation of diluted earnings per share is based on the profit attributable to common shareholders of the Company, divided by the weighted-average number of common shares outstanding after adjustment for the effects of all dilutive potential common stock, such as convertible bonds.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group. Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimates uncertainty:

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that may affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management is required to constantly examine the fairness of those estimates and assumptions. The effect of change in accounting estimate shall be recognized prospectively by including it the profit or loss in the current period or future periods.

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

(a) Impairment of accounts receivables

The Group has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Please refer to note 6(d) for relevant assumptions and input values.

(b) Valuation of obsolete inventories

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

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash and cash equivalents	$ 456	325
Demand deposits	407,082	404,178
Checking accounts	2	30
Time deposits	962,984	902,589
Total	**$ 1,370,524**	**1,307,122**

Please refer to Note 6(z) for the analysis of sensitivity and interest rate risk of the financial assets.

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

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss－current:		
Open-end mutual funds	$ 112,981	-
Swap contract	-	399
Total	**$ 112,981**	**399**

	December 31, 2023	December 31, 2022
Held-for-trading financial liabilities－current:		
Swap contract	$ -	1,933

Please refer to Note 6(y) for the recognition of gain or loss at fair.

The abovementioned financial assets were not pledged as collateral.

The Group entered into derivative instruments to manage exposure to currency risk arising from operating activities and doesn't applicable to hedge accounting. The Group's derivative instruments were as follows presented under financial assets mandatorily measured at FVTPL and financial liabilities held for trading:

	December 31, 2022		
	Contract amount (in thousands)	Currency	Maturity date
Swap contract	USD 6,000	TWD to USD	2023.01.11~2023.03.13

Please refer to note (z) for the market risk and credit risk.

(c) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Debt investments at fair value through other comprehensive income－current:		
Corporate bonds	$ 90,880	59,747
Equity investments at fair value through other comprehensive income－current:		
Common stocks listed on domestic markets	277,532	327,431
Total	**$ 368,412**	**387,178**
Equity investments at fair value through other comprehensive income－noncurrent:		
Common stocks unlisted on domestic markets	$ 106,700	154,942
Preference stocks listed on domestic markets	829	796
Total	**$ 107,529**	**155,738**

(i) Debt instruments at fair value through other comprehensive income

The Group has assessed that the above securities were held within a business model whose objective was achieved by both collecting contractual cash flows and selling securities. Therefore, they have been classified as debt instruments at fair value through other comprehensive income.

(ii) Equity instruments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for strategic purposes.。

For the years ended December 31, 2023 and 2022, the Group has recognized the dividend income of $23,412 and $25,799 from equity instruments designated at fair value through other comprehensive income, respectively.

For the years ended December 31, 2023 and 2022, the Group with the objective of investment and financial management had sold financial assets at fair value of $259,473 and $55,603, and accumulated gain on disposal of investments were $117,679 and $9,310, which had been reclassified from other equity interest to retained earnings, respectively.

Please refer to Note 6(z) for market risk.

The abovementioned financial assets were not pledged as collateral.

For the purpose of increasing investment profits, the Group entrusts partial listed companies as the beneficiary. According to the terms of the contract, the Group does not transfer risk and remuneration of these financial assets, and they had not been derecognized. As of December 31, 2023, and 2022, the carrying amount of the listed stocks which were entrusted to financial institutions for security lending amounted to $14,103 and $11,471, respectively.

(d) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable-measured at amortized cost	$ 617,289	704,601
Allowance for impairment	(1,418)	(6,119)
	$ 615,871	698,482

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on past default experience of the customers and shared credit risk characteristics, as well as incorporate forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	$ 533,503	0.12%	615
Overdue 1~90 days	58,981	1.32%	778
Overdue 91~180 days	24,805	0.10%	25
Overdue 181~270 days	-	-	-
Overdue 271~365 days	-	-	-
Overdue 365 days	-	-	-
	$ 617,289		1,418

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	$ 583,448	0.12%	677
Overdue 1~90 days	111,988	0.55%	617
Overdue 91~180 days	-	-	-
Overdue 181~270 days	4,343	0.07%	3
Overdue 271~365 days	-	-	-
Overdue 365 days	4,822	100%	4,822
	$ 704,601		6,119

The movement in the provision for impairment loss with respect to trade receivables was as follows:

	2023	2022
Balance on January 1	$ 6,119	5,842
Impairment losses recognized	121	252
Write-off of account due to irrecoverable	(4,822)	-
Effect of changes in foreign currency exchange rates	-	25
Balance on December 31	$ 1,418	6,119

The abovementioned financial assets were not pledged as collateral.

Please refer to Note 6(z) for credit risk.

(e) Other notes receivable and other receivables

	December 31, 2023	December 31, 2022
Loans to employee	$ 160	795
Interest receivable	3,321	1,782
Others	44	801
Loss allowance	-	-
	$ 3,525	3,378

Please refer to Note 6(z) for credit risk.

(f) Inventories

	December 31, 2023	December 31, 2022
Raw materials and supplies	$ 259,074	449,879
Work in process	200,170	287,408
Finished goods	341,508	279,878
Inventories in transit	27,689	27,449
	$ 828,441	1,044,614

The details of cost of sales are as follows:

	2023	2022
Reclassification to cost of sales and expenses	$ 3,249,888	3,648,918
Write-down of inventories	9,333	8,123
Unamortized manufacturing expenses	20,366	14,818
Loss on scrap	96,658	103,626
Others	(243)	(227)
	$ 3,376,002	3,775,258

During the year ended December 31, 2023 and 2022 write down of inventories due to the reduction of inventories cost to the net realizable value was recognized as an addition of operating costs.

Inventories were not pledged as collaterals.

(g) Other current assets

The details of other current assets are as follows：

	December 31, 2023	December 31, 2022
Income tax refund receivable	$ 6,768	3,347
Prepayment for purchases	7,001	11,649
Prepaid expense	6,062	5,974
Prepaid sales tax	34,692	36,779
Restricted time deposits	2,348	2,558
Others	-	4,843
	$ 56,871	65,150

The above mentioned restricted time deposits had been pledged as collateral. Please refer to note 8.

(h) Major non-controlling interests' share of subsidiaries

Significant to the Group of the non-controlling interest subsidiaries are as follows:

Name of subsidiaries	Principal place of business	Proportion of non-controlling interest voting equity December 31, 2023	Proportion of non-controlling interest voting equity December 31, 2022
Ying Cheng Investment Corp.	Taiwan	47.5%	47.5%
Emerging Display International (Samoa) Corp.	Samoa	4.2%	4.2%

Summarize above subsidiaries financial information as below which had prepared based on International Financial Reporting Standards endorsed by FSC. The below financial information was prior to the offset amount with Group:

Summarized financial information for Ying Cheng Investment Corp. is as follows:

	December 31, 2023	December 31, 2022
Current asset	$ 9,741	9,803
Non-current asset	65,760	114,780
Current liability	(50)	(50)
Net asset	$ 75,451	124,533
Non-controlling equity closing book amount	$ 35,839	59,153

	2023	2022
Operating revenue	$ -	-
Net profit (loss)	$ (62)	(99)
Other comprehensive income	(49,020)	36,600
Comprehensive income	$ (49,082)	36,501
Loss attributable to non-controlling interest	$ (30)	(47)
Comprehensive income attributable to non-controlling interest	$ (23,314)	17,338

		2023	2022
Cash flow from operating activities	$	(67)	(99)
Cash flow from investing activities		-	-
Cash flow from financing activities		-	-
Net increase(decrease) in cash and cash equivalents	$	(67)	(99)

Summarized financial information for Emerging Display International (Samoa) Corp. is as follows:

		December 31, 2023	December 31, 2022
Current asset	$	158,726	164,617
Non-current asset		34,427	36,515
Current liability		(98,594)	(113,663)
Non-current liabilities		-	(1,388)
Net asset	$	94,559	86,081
Non-controlling equity closing book amount	$	3,972	3,616

		2023	2022
Operating revenue	$	372,707	374,430
Net profit (loss)	$	11,242	478
Other comprehensive income		(2,765)	8,555
Comprehensive income	$	8,477	9,033
Profit attributable to non-controlling interest	$	472	20
Comprehensive income attributable to non-controlling interest	$	356	379

		2023	2022
Cash flow from operating activities	$	5,137	25,068
Cash flow from investing activities		(7,430)	(7,820)
Cash flow from financing activities		(8,001)	(7,553)
Effects of changes in foreign exchange rates		(422)	340
Net increase(decrease) in cash and cash equivalents	$	(10,716)	10,035

(i) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	Land	Building and construction	Machinery and equipment	Office equipment	Other	Total
Cost or deemed cost:						
Balance on January 1, 2023	$ 39,122	1,119,400	2,399,606	178,370	73,639	3,810,137
Additions	161	7,699	12,344	12,747	87,236	120,187
Reclassification	-	3,295	15,158	12,258	(30,711)	-
Disposals	-	(364)	(112,890)	(4,380)	(9,461)	(127,095)
Effect of movements in exchange rates	553	1,309	(3,663)	(73)	(126)	(2,000)
Balance on December 31, 2023	$ 39,836	1,131,339	2,310,555	198,922	120,577	3,801,229
Balance on January 1, 2022	$ 23,268	1,055,674	2,373,003	153,079	32,819	3,637,843
Additions	12,803	55,913	10,732	22,164	70,251	171,863
Reclassification	-	2,238	14,344	11,843	(28,425)	-
Disposals	-	(29)	(1,331)	(8,857)	(1,526)	(11,743)
Effect of movements in exchange rates	3,051	5,604	2,858	141	520	12,174
Balance on December 31, 2022	$ 39,122	1,119,400	2,399,606	178,370	73,639	3,810,137
Depreciation:						
Balance on January 1, 2023	$ -	844,100	2,339,498	138,634	26,683	3,348,915
Depreciation	-	14,402	18,513	22,778	2,250	57,943
Disposals	-	(242)	(112,869)	(4,006)	(9,461)	(126,578)
Effect of movements in exchange rates	-	(892)	(3,261)	(62)	(73)	(4,288)
Balance on December 31, 2023	$ -	857,368	2,241,881	157,344	19,399	3,275,992
Balance on January 1, 2022	$ -	830,811	2,319,409	127,668	27,193	3,305,081
Depreciation	-	12,172	18,761	18,704	619	50,256
Disposals	-	(19)	(1,331)	(7,839)	(1,526)	(10,715)
Effect of movements in exchange rates	-	1,136	2,659	101	397	4,293
Balance on December 31, 2022	$ -	844,100	2,339,498	138,634	26,683	3,348,915
Carrying amount:						
Balance on December 31,2023	$ 39,836	273,971	68,674	41,578	101,178	525,237
Balance on January 1, 2022	$ 23,268	224,863	53,594	25,411	5,626	332,762
Balance on December 31,2022	$ 39,122	275,300	60,108	39,736	46,956	461,222

Please refer to Note 6(y) for detail of disposal gain and loss.

Property, plant and equipment pledged as collateral for long-term loans and finance were disclosed in Note 8.

(j) Right-of-use assets

The movements in the cost and depreciation of the leased land, buildings, transportation equipment were as follows:

	Land	Building and construction	Transportation equipment	Total
Right-of-use assets cost:				
Balance on January 1, 2023	$ 61,840	51,857	2,239	115,936
Additions	-	-	1,297	1,297
Decrease			(356)	(356)
Effect of changes in foreign exchange rates	-	(916)	65	(851)
Balance on December 31, 2023	$ 61,840	50,941	3,245	116,026
Balance on January 1, 2022	$ 66,409	51,684	658	118,751
Additions	105	3,820	1,816	5,741
Decrease	(4,674)	(4,751)	(368)	(9,793)
Effect of changes in foreign exchange rates	-	1,104	133	1,237
Balance on December 31, 2022	$ 61,840	51,857	2,239	115,936
Depreciation:				
Balance on January 1, 2023	$ 10,742	39,447	961	51,150
Depreciation	2,521	9,952	1,347	13,820
Decrease	-	-	(337)	(337)
Effect of changes in foreign exchange rates	-	(770)	39	(731)
Balance on December 31, 2023	$ 13,263	48,629	2,010	63,902
Balance on January 1, 2022	$ 8,204	32,761	311	41,276
Depreciation	2,538	10,651	960	14,149
Decrease	-	(4,751)	(368)	(5,119)
Effect of changes in foreign exchange rates	-	786	58	844
Balance on December 31, 2022	$ 10,742	39,447	961	51,150
Carrying amount:				
Balance on December 31, 2023	$ 48,577	2,312	1,235	52,124
Balance on January 1, 2022	$ 58,205	18,923	347	77,475
Balance on December 31, 2022	$ 51,098	12,410	1,278	64,786

(k) Investment property

Investment property includes assets owned by the Group such as office buildings leased to third party.

Based on original lease terms of investment property, non-cancellable lease term is four years and the lessee has the right to extend lease term upon expiry. Subsequent lease term will consult with the lessee and didn't charge contingent rental. Please refer to Note 6(w) for information of the rental income.

Rental income of leased investment property has a fixed amount.

Investment property cost and depreciation of the Group were as follows:

	Land	Building and construction	Total
Cost or deemed cost:			
Balance on January 1, 2023	$ 48,882	16,714	65,596
Effect of changes in foreign exchange rates	(8)	(2)	(10)
Balance on December 31, 2023	$ 48,874	16,712	65,586
Balance on January 1, 2022	$ 44,059	15,065	59,124
Effect of changes in foreign exchange rates	6,479	6,479	6,472
Balance on December 31, 2022	$ 48,882	16,714	65,596
Depreciation:			
Balance on January 1, 2023	$ -	7,543	7,543
Depreciation	-	437	437
Effect of changes in foreign exchange rates	-	(7)	(7)
Balance on December 31, 2023	$ -	7,973	7,973
Balance on January 1, 2022	$ -	6,157	6,157
Depreciation	-	691	691
Effect of changes in foreign exchange rates	-	695	695
Balance on December 31, 2022	$ -	7,543	7,543
Carrying amount:			
Balance on December 31, 2023	$ 48,874	8,739	57,613
Balance on January 1, 2022	$ 44,059	8,908	52,967
Balance on December 31, 2022	$ 48,882	9,171	58,053
Fair value:			
Balance on December 31, 2023			$ 67,874
Balance on December 31, 2022			$ 68,201

When measuring the fair value of investment property, the Group considered the present value of net cash flows to be generated from leasing the property. The expected net cash flows were discounted using the yield to reflect the inherent risk of the net cash flows. As of December 31, 2023 and 2022, the yields applied to the net annual rentals to determine the fair value of investment property were both 5.5%, its fair value evaluation technology makes the input value belong level 3.

The investment property were not pledged as collateral.

(l) Intangible assets

The movements of intangible assets were as follows:

	Patent	Computer software cost	Membership card	Total amount
Initial cost:				
Balance as of January 1, 2023	$ 3,203	9,057	2,750	15,010
Individual acquisition	870	119	-	989
Disposals	(410)	-	-	(410)
Effects of changes in foreign exchange rates	-	(7)	-	(7)
Balance as of December 31, 2023	**$ 3,663**	**9,169**	**2,750**	**15,582**
Balance as of January 1, 2022	$ 3,029	8,991	-	12,020
Individual acquisition	174	27	2,750	2,951
Disposals	-	(29)	-	(29)
Effects of changes in foreign exchange rates	-	68	-	68
Balance as of December 31, 2022	**$ 3,203**	**9,057**	**2,750**	**15,010**
Amortization:				
Balance as of January 1, 2023	$ 1,831	7,932	-	9,763
Amortization	296	960	-	1,256
Disposals	(410)	-	-	(410)
Effects of changes in foreign exchange rates	-	(7)	-	(7)
Balance as of December 31, 2023	**$ 1,717**	**8,885**	**-**	**10,602**
Balance as of January 1, 2022	$ 1,494	6,841	-	8,335
Amortization	337	1,052	-	1,389
Disposals	-	(29)	-	(29)
Effects of changes in foreign exchange rates	-	68	-	68
Balance as of December 31, 2022	**$ 1,831**	**7,932**	**-**	**9,763**
Carrying amount:				
Balance as of December 31, 2023	**$ 1,946**	**284**	**2,750**	**4,980**
Balance as of January 1, 2022	**$ 1,535**	**2,150**	**-**	**3,685**
Balance as of December 31, 2022	**$ 1,372**	**1,125**	**2,750**	**5,247**

The amortization expenses of intangible assets included in statement of comprehensive income were as follows:

	2023	2022
Operating cost	$ 311	357
Operating expense	945	1,032
	$ 1,256	**1,389**

Intangible assets were not pledged as collateral.

(m) Short-term loans

The details of short-term loans were as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ -	270,000
Unused short-term credit lines	$ 1,925,640	1,565,680
Range of interest rates	-	1.21%~1.70%

Short-term loans were not pledged as collateral.

Please refer to note 6(z) for the interest rate risk and sensitivity analysis of the financial liabilities of the Group.

(n) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonus payables	$ 175,129	166,390
Employee remuneration payables	27,255	27,018
Directors' remuneration payables	12,841	12,786
Employee benefit liabilities	32,659	31,402
Payables on equipment	13,815	16,769
Others	105,960	133,558
	$ 367,659	387,923

(o) Long-term loans

The details of long-term loans were as follows:

	December 31, 2023	December 31, 2022
Secured bank loans	$ 400,000	400,000
Less: discount on long-term borrowings	667	987
Total	$ 399,333	399,013
Unused long-term credit lines	$ 400,000	400,000
Range of interest rates	2.0842%	1.8965%

The Group signed a 5-year syndicated loan contract with E-SUN bank and six other banks on May 15, 2020, with a revolving credit line of $800,000 from the first appropriation date to maturity date, wherein $800,000 can be appropriated by using the banks' own fund and $600,000 by using Group-issued commercial paper guaranteed by the banks, and the combined credit line should not exceed $800,000. According to the loan contract, 9 months after the date the contract was signed will be considered as the first appropriation date to calculate the revolving credit even if the credit line is unused after 9 months. The credit line, with a total of five phases, decreases every 6 months, beginning the 36th month after the first appropriation date. The first to fourth phases of the total credit line amounting to $800,000 will decrease by 12.5%, and the fifth phase will decrease by 50%. As the credit line decreases, the residual of the excess credit line will be repaid upon maturity.

The Group issued a total of $400,000 commercial paper on February 5, 2021, with restrictions related to the contract are as follows:

Pursuant to the loan contract, for the duration of the loan, the Group must conform to the predetermined financial covenants involving special financial ratios calculated based on the annual consolidated financial statements. If the special financial ratios cannot meet the requirement, the Group should improve within nine months after the end of the fiscal year. If the adjusted financial ratios reviewed by the certified accountant meet the requirements, it will not be regarded as breach of the contract. During the period for adjustment, unused lines of credit, excluding the revolving credit extension, will be suspended until such ratios are in compliance with the contract requirement. However, during the said period, the interest rate and the commercial paper guaranty fee would increase to 1.25% unless the majority of the consortium agreed the exemption. Before the final agreement is made by the majority of the consortium, the violation of financial ratios would not be viewed as breach. The financial covenants were as follows:

(i) A minimum current ratio of 100% should be maintained.

(ii) A maximum debt ratio of 150% should be maintained.

(iii) A minimum times interest earned ratio of 2.5 should be maintained.

(iv) Minimum net tangible assets of 140,000 should be maintained.

Assets pledged as collateral for long-term borrowings are disclosed in note 8.

(p) Lease liabilities

The details of lease liabilities were as follow:

	December 31, 2023	December 31, 2022
Current	$ 5,165	13,418
Non-Current	$ 50,806	55,052

For maturity analysis, please refer to Note 6 (z) Finanical Instruments.

The amounts recognized in profit or loss were as follow:

	2023	2022
Interest on lease liabilities	$ 2,279	2,837
Expenses relating to short-term leases	$ 1,524	951
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 356	383

The amounts recognized in the statement of cash flows for the Group were as follow:

	2023	2022
Total cash outflow for leases	$ 17,891	17,464

(i) Lease of land, building and construction

The Group leases land and buildings for its office use. The leases of land and buildings run for approximately 2 to 10 years, and the lease period of office premises is usually 2 to 3 years.

Lease payments for certain contracts are subject to changes in the local price index, which usually occur once a year.

Part of the lease includes an option to extend the same period of the original contract at the end of the lease term. The lease agreements for some of the equipment include the option to extend the lease or terminate the lease, which are managed separately by each region, and therefore the individual terms and conditions agreed upon are different within the Group. These options are only for the Group to have enforceable rights and the lessor does not have this right. In the event that it is not possible to reasonably determined the period of the extended lease that will be exercisable, the related payments over the period covered by the option are not included in the lease liability.

(ii) Other leases

The lease period for the Group leased transportation equipment is two to three years.

In addition, the lease term of the Group leased machinery and equipment is one to three years. These leases are short-term or low-value leases. The Group chooses to apply the exemption recognition requirement without recognizing its related right-of-use assets and lease liabilities.

(q) Operating lease

The Group rent out its investment property. Since almost all the risks associated with the ownership of the underlying assets are not transferred, this lease contract was classified as an operating lease. Please refer to Note 6 (k) Investment property.

The maturity analysis of lease payments was the total undiscounted lease payments to be received in the future disclosed as of December 31, 2023, as below:

	December 31, 2023	December 31, 2022
Less than one year	$ 4,250	3,947
1~2 years	4,377	4,065
2~3 years	3,356	4,188
3~4 years	-	3,211
Undiscounted total lease payments	**$ 11,983**	**15,411**

For the years ended December 31, 2023 and 2022, the investment property rental income recognized in other income amounting to $3,877 and $3,600, respectively. No significant maintenance and repair costs for investment property.

(r) Employee benefits

(i) Defined benefit plan

The defined benefit obligation was as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 235,006	229,233
Fair value of plan assets	(141,941)	(138,366)
Net liabilities of defined benefit obligations	**$ 93,065**	**90,867**

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plan (covered by the Labor Standards Law) entitles a retired employee to receive a lump-sum payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Group set aside pension funds in accordance with the legislation from the Ministry of Labor and managed by the Bureau of Labor Funds. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit in accordance with the legislation "Management and Utilization of the Labor Pension Funds".

The Group's labor pension reserve account balance in Bank of Taiwan amounted to $141,941 as of December 31, 2023. The utilization of the labor pension fund assets includes the asset allocation and yield of the fund. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

Changes in present value of the defined benefit obligation were as follows:

	2023	2022
Balance on January 1	$ 229,233	228,880
Current service and interest cost	5,184	2,328
Remeasurement of the net defined benefit liability		
—Actuarial loss (gain) on financial assumptions change	10,413	(966)
—Experience	(5,851)	8,087
Employee benefits paid	(3,973)	(4,683)
Employee benefits not paid from plan assets	-	(4,413)
Balance on December 31	**$ 235,006**	**229,233**

3) Movements of defined benefit plan assets

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

	2023	2022
Balance on January 1	$ 138,366	127,903
Plan expected return	2,780	967
Remeasurement of net defined benefit liability (assets)		
—Return on plan assets (excluding current interest cost)	167	9,693
Contributions made by employer	4,601	4,486
Employee benefit paid	(3,973)	(4,683)
Balance on December 31	**$ 141,941**	**138,366**

4) Expenses recognized in profit or loss

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

		2023	2022
Current service costs	$	632	620
Net interest costs on net defined benefit liabilities (assets)		1,772	741
	$	2,404	1,361
Operating cost	$	1,756	1,000
Selling expenses		126	67
General and administrative expenses		304	171
Research and development expenses		218	123
	$	2,404	1,361
Actual return on assets	$	2,947	10,660

5) Actuarial assumptions

The following are the Group's principal actuarial assumptions:

	December 31, 2023	December 31, 2022
Discount rate	1.625%	2.000%
Future salary increases	3.000%	3.000%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $4,608.

The weighted average lifetime of the defined benefits plans is 14.86 years.

6) Sensitivity analysis

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

		Present value of defined benefit obligation	
		Increased	Decreased
December 31, 2023			
Discount rate (change of 0.25%)	$	(7,028)	7,291
Future salary increasing rate (changed 0.25%)	$	7,059	(6,825)
December 31, 2022			
Discount rate (change of 0.25%)	$	(7,225)	7,545
Future salary increasing rate (changed 0.25%)	$	7,339	(7,054)

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

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

(ii) Defined contribution plan

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The pension benefit of Dong Guan Emerging Display Limited, Emerging Display Technologies Corp., U.S.A., EDT-Europe Aps, Emerging Display Korea and EDT-Japan Corp. are based on their respective local regulation of defined contribution plan. The accrued expenses should be recognized as current expenses. Besides, Ying Dar Investment Development Corp., Bae Haw Investment Development Corp., Ying Cheng Investment Corp., Emerging Display International (Samoa) Corp. do not have any employee and pension plan. Therefore, there is no pension benefit obligation required.

Details of the Group's pension costs under the defined contribution method were as follows:

	2023	2022
Operating cost	$ 27,562	28,888
Selling expenses	6,785	6,403
General and administrative expenses	2,538	2,440
Research and development expenses	3,179	2,958
	$ 40,064	40,689

(s) Income tax

(i) The amounts of income tax expense (benefit) were as follows:

	2023	2022
Current tax expense		
Current period	$ 102,235	86,274
Adjustment for prior periods	(1,896)	(2,674)
	100,339	83,600
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	(13,925)	(5,213)
Change in unrecognized deductible temporary differences	(26)	2,398
	(13,951)	(2,815)
Income tax expense	$ 86,388	80,785

No income tax was recognized directly in equity in 2023 and 2022.

The amount of income tax recognized in other comprehensive income for 2023 and 2022 was as follows:

	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains (losses) from investment in equity instruments measured at fair value through other comprehensive income	$ 391	(232)

Reconciliation of income tax and profit before tax is as follows:

		2023	2022
Income before income tax	$	504,983	500,761
Income tax calculated based on the Group's tax rate	$	100,997	100,152
Effect of overseas income tax differences		(2,327)	(32)
Tax-exempt income for dividend income		(4,732)	(5,136)
Tax-exempt income for derived from the securities transactions gain (loss)		173	100
Change in unrecognized temporary differences		(26)	2,398
Investment tax credits		(12,280)	(12,260)
Additional tax on undistributed earnings		4,281	683
Adjustment for prior periods		(1,896)	(2,674)
Others		2,198	(2,446)
Income tax expenses	$	86,388	80,785

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

		December 31, 2023	December 31, 2022
Pension expense	$	82,081	75,244
Temporary differences related to investment in subsidiaries		116,427	131,265
	$	198,508	206,509

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

Deferred tax liabilities:

		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Other	Total
Balance on January 1, 2023	$	-	-	-
Recognized in profit or loss		-	653	653
Recognized in other comprehensive income		391	-	391
Balance on December 31, 2023	$	391	653	1,044
Balance on January 1, 2022	$	232	8	240
Recognized in profit or loss		-	(8)	(8)
Recognized in other comprehensive income		(232)	-	(232)
Balance on December 31, 2022	$	-	-	-

Deferred tax assets:

	Inventory valuation loss	Unrealized sales profit	Unrealized foreign exchange loss	Employee benefits liabilities	Other	Total
Balance on January 1, 2023	$ 9,611	3,076	1,386	5,460	5,026	24,559
Recognized in profit or loss	1,609	4,803	6,651	60	1,481	14,604
Effect of exchange rate changes	-	-	-	-	(2)	(2)
Balance on December 31, 2023	**$ 11,220**	**7,879**	**8,037**	**5,520**	**6,505**	**39,161**
Balance on January 1, 2022	$ 7,794	1,961	612	5,147	6,223	21,737
Recognized in profit or loss	1,817	1,115	774	313	(1,212)	2,807
Effect of exchange rate changes	-	-	-	-	15	15
Balance on December 31, 2022	**$ 9,611**	**3,076**	**1,386**	**5,460**	**5,026**	**24,559**

(iii) Assessment of tax

The Group's tax returns for the years through 2021 were assessed by the R.O.C tax authority.

(t) Share capital and other equities

(i) Ordinary shares

As of December 31, 2023 and 2022, the authorized share capital of the Group amounted to $3,500,000, comprising 350,000 thousand shares with a par value of New Taiwan dollars (TWD) 10 per share. Issued shares were both 157,408 thousand shares.

Reconciliation of shares issued by the Company was as follows:

(Unit: thousand shares)

	Ordinary Shares	
	2023	**2022**
Balance on January 1	157,408	162,408
Retirement of treasury shares	-	(5,000)
Balance on December 31	**157,408**	**157,408**

The 5,000 thousand treasury shares repurchased in 2019 to transfer to employees had been overdue, and therefore they were regarded as unissued. The Company retired the treasury shares based on a resolution approved during the board meeting held on January 12, 2022. The related registration procedures had been completed.

The weighted-average numbers of shares of common stock outstanding excluded treasury stock and the common stock held by the Group's subsidiaries were both 148,614 thousand shares.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Treasury share transactions	$ 49,388	35,317
Disgorgement	473	473
Return of employee stock ownership trust	430	50
Total	**$ 50,291**	**35,840**

According to the Company Act, any realized capital surplus is initially used to cover any deficit, and the balance, if any, could be transferred to common stock as stock dividend or distributed as cash based on a resolution approved by the stockholders. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and endowments received by the Group. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the combined amount of any portions capitalized in any one year may not exceed 10% of paid-in capital.

(iii) Retained earning

The Company's article of incorporation stipulate that Company's net earnings, after paying any taxes, should first be used to offset the prior years' deficits, if any. Of the remaining balance, 10% is to be appropriated as legal reserve. Only if the legal reserve has attained to the paid-in capital could be the exception, besides, special reserves are supposed to set aside or reversed in accordance with the needs of the Company' s operations or the relevant regulations of the government. And then any remaining profit together with any undistributed retained earnings will be distributable earnings. No more than 80% of current year's distributable earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval. But cash-based dividends, including cash distribution from legal reserve and capital surplus, will first have to be approved by the Board of Directors and be reported at the shareholders' meeting.

The Company's industry is currently in a steady growth phase. The Company's dividend policy is to pay dividends from surplus considering the future capital budget requirement and cash requirements and taking into the account of dilution on earnings per share and influence upon returns on equity. Therefore, the future distribution of earnings shall be distributed in cash dividends and/or stock dividends. The ratio of cash dividends shall not be less than 50% of the Company's total dividends for the year.

1) Legal reserve

When a Company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2023 and 2022, the balance reclassified as a special earnings reserve through the resolutions passed by the shareholders' meeting were $120,343and $104,491, respectively.

3) Earnings distribution

According to the resolutions of the Board of Directors held on March 9, 2023 and March 10, 2022, the appropriations of dividend from the distributable retained earnings of 2022 and 2021 were as follows:

	2022	2021
Dividends distributed to ordinary shareholders (New Taiwan Dollar)		
Cash	$ 1.6	1.2

The amount of cash dividends on the appropriations of earnings for 2023 has been approved during the board meeting on March 7, 2024. The relevant dividend distributions to shareholders were $1.6 per share.

(iv) Other equity (net of tax)

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2023	$ (4,429)	(115,914)	(120,343)
－Changes of the Group	1,382	145,412	146,794
－Disposal of investments in equity instrument designated at FVOCI	-	(117,679)	(117,679)
Balance on December 31, 2023	$ (3,047)	(88,181)	(91,228)

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2022	$ (29,998)	(74,493)	(104,491)
－Changes of the Group	25,569	(32,111)	(6,542)
－Disposal of investments in equity instrument designated at FVOCI	-	(9,310)	(9,310)
Balance on December 31, 2022	$ (4,429)	(115,914)	(120,343)

(v) Treasury stock

The changes of treasury stocks were as follows:

(Unit: thousand shares)

Reason to repurchase 2022	January 1	Shares repurchase	Shares retired	December 31
To transfer shares to the Group's employee	5,000	-	(5,000)	-

In accordance with Article 28-2 of the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Group's retained earnings, share premium, and realized capital reserves. The aforementioned repurchased shares and amount did not exceed statutory limit.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Group should not be pledged, and do not hold any shareholder rights before their transfer.

Ying Dar Corp. and Bae Haw Corp., subsidiaries of the Group, held the Group's common stock. In 2023 and 2022, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose of any of the Group's shares. As of December 31, 2023 and 2022, Ying Dar Corp. and Bae Haw Corp. together held 8,794 thousand shares of the Group's common stock. The cost was $122,282 which was recognized in treasury shares. As of December 31, 2023 and 2022, their market values amounted to $265,591 and $178,526, respectively.

(u) Earnings per share

The calculation of basic earnings per share and diluted earnings per share were as follows:

	2023	2022
Basic earnings per share		
Profit attributable to ordinary shareholders of the Group	$ 418,153	420,003
Weighted-average number of ordinary shares (expressed in thousands of shares)	148,614	148,614
Expressed in New Taiwan dollars	$ 2.81	2.83
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Group	$ 418,153	420,003
Weighted-average number of ordinary shares (expressed in thousands of shares)	148,614	148,614
Effect of potentially dilutive ordinary stock－Employee share bonus (expressed in thousands of shares)	1,111	1,472
Weighted-average number of ordinary shares－diluted (expressed in thousands of shares)	149,725	150,086
Expressed in New Taiwan dollars	$ 2.79	2.80

In computing above earnings per share of ordinary shares, the weighted-average numbers of shares of ordinary shares outstanding excluded 8,794 thousand shares of ordinary shares held by the Group's subsidiaries as treasury shares.

(v) Revenue from Contracts with Customers

(i) Disaggregation of revenue

	2023			
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	$ 2,264,434	12	476	2,264,922
America	4,542	1,151,727	-	1,156,269
Others	705,228	260,049	256	965,533
Total	$ 2,974,204	1,411,788	732	4,386,724
Major products:				
Liquid crystal display modules	$ 791,787	551,126	-	1,342,913
Capacitive touch panel and capacitive touch panel module	2,154,281	841,198	-	2,995,479
Others	28,136	19,464	732	48,332
Total	$ 2,974,204	1,411,788	732	4,386,724

	2022			
	Domestic	**North America**	**Other operating department**	**Total**
Primary geographical markets:				
Europe	$ 2,546,967	-	795	2,547,762
America	17	1,140,946	-	1,140,963
Others	755,732	248,128	121	1,003,981
Total	**$ 3,302,716**	**1,389,074**	**916**	**4,692,706**
Major products:				
Liquid crystal display modules	$ 1,036,501	543,867	-	1,580,368
Capacitive touch panel and capacitive touch panel module	2,201,647	816,862	-	3,018,509
Others	64,568	28,345	916	93,829
Total	**$ 3,302,716**	**1,389,074**	**916**	**4,692,706**

(ii) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (including related parties)	$ 617,289	704,601	755,372
Less: Allowance for impairment	(1,418)	(6,119)	(5,842)
Total	$ 615,871	698,482	749,530
Contract liability－unearned revenue (recognized in other current liabilities)	$ 56,222	56,237	40,390

Please refer to Note 6(d) for accounts receivables and impairment.

The amount of revenue recognized for the year ended December 31, 2023 and 2022, that was included in the contract liability balance at the beginning of the period were 36,633 and 22,718, respectively.

(w) Employee remuneration and directors' and supervisors' remuneration

In accordance with the Articles of incorporation, the Company should contribute no less than 5% of the profit as employee remuneration and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the year ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $27,255 and $27,018, and directors' and supervisors' remuneration amounting to $16,353 and $16,211, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company' s articles. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. The aforementioned amounts, as stated in the parent-Group-only financial statements, are identical to those of the actual distributions approved by Board of Directors for 2023 and 2022. The previous distribution of compensation to employees, remuneration of directors approved by Board of Directors for related information, please go to website: https://mops.twse.com.tw.

(x) Net other income (expenses)

Net other income (expenses) consists of rental income from investment property and lending space.

(y) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

		2023	2022
Interest income from bank deposits	$	39,590	8,626
Other		3,006	384
	$	42,596	9,010

(ii) Other income

The details of other income were as follows:

		2023	2022
Dividend income	$	23,412	25,799
Other		2,273	653
	$	25,685	26,452

(iii) Other gains and losses

Details of other gains and losses were as follows:

		2023	2022
Foreign exchange gains (losses)	$	(7,368)	88,021
Net gains (losses) on disposal of financial assets (liabilities) measured at fair value through profit or loss		10,558	4,253
Net gains on disposal of property, plant and equipment		368	626
Others		(4,116)	(1,397)
	$	(558)	91,503

(iv) Finance costs

Details of finance costs were as follows:

		2023	2022
Interest expenses			
Bank loans	$	10,179	7,335
Lease liabilities		2,279	2,837
Management fee of syndicated loan		200	200
	$	12,658	10,372

(z) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The Group’s maximum exposure to credit risk was the carrying amount of financial assets.

2) Concentration of credit risk

As of December 31, 2023 and 2022, three customers accounted for 48% and two customers accounted for 39% of total accounts receivable, respectively.

3) Credit risk of accounts receivable

For credit risk exposure of accounts receivable, please refer to note 6(d).

Other financial assets at amortized cost include other notes receivable and other receivables, refundable deposits, and restricted time deposits, Debt investments at fair value through other comprehensive income include listed debt securities. All of these financial assets are considered to have low risk, and thus, the credit loss allowance recognized during the period was limited to 12 months expected credit losses. There was no loss allowance recognized. Please refer to notes 6 (c), (e) and 6(g).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contracted cash flows	Due within 6 months	Due in 6-12 months	Due in 1-2 years	Due in 2-5 year	Due in over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Secured long-term loans (including long term loans, current portion) (floating rate)	$ 399,333	(416,902)	(3,540)	(4,203)	(8,337)	(400,822)	-
Accounts payable (no interest)	438,314	(438,314)	(438,314)	-	-	-	-
Notes payable (no interest)	30	(30)	(30)	-	-	-	-
Other payable (no interest)	367,659	(367,659)	(367,659)	-	-	-	-
Lease liability (fixed interest)	55,971	(81,225)	(4,539)	(2,388)	(4,171)	(10,324)	(59,803)
Guarantee deposits received (no interest)	600	(600)	-	-	-	(600)	-
	$ 1,261,907	(1,304,730)	(814,082)	(6,591)	(12,508)	(411,746)	(59,803)
December 31, 2022							
Non-derivative financial liabilities							
Secured long-term loans (including long term loans, current portion) (floating rate)	$ 399,013	(423,506)	(3,741)	(3,824)	(7,607)	(408,334)	-
Unsecured short-term loans (floating rate)	270,000	(270,854)	(270,854)	-	-	-	-
Accounts payable (no interest)	581,980	(581,980)	(581,980)	-	-	-	-
Notes payable (no interest)	20	(20)	(20)	-	-	-	-
Other payable (no interest)	387,923	(387,923)	(387,923)	-	-	-	-
Lease liability (fixed interest)	68,470	(95,830)	(8,222)	(7,405)	(6,521)	(10,805)	(62,877)
Guarantee deposits received (no interest)	600	(600)	-	-	(34)	(566)	-
Derivative financial liabilities							
Swap contract:	1,933						
Cash in		93,835	93,835	-	-	-	-
Cash out		(92,130)	(92,130)	-	-	-	-
	$ 1,709,939	(1,759,008)	(1,251,035)	(11,229)	(14,162)	(419,705)	(62,877)

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

(iii) Foreign currency risk

1) Exposure to foreign currency risk

Significant financial assets and liabilities exposed to foreign currency risk were as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 63,995	30.705	1,964,977	70,108	30.71	2,153,031
JPY	29,873	0.2172	6,488	3,900	0.2324	906
CNY	4,470	4.327	19,342	5,426	4.408	23,916
Non-monetary items						
USD	2,093	30.705	64,281	3,000	30.71	92,130
Financial liabilities						
Monetary items						
USD	$ 15,478	30.705	475,241	20,382	30.71	625,933
JPY	10,368	0.2172	2,252	16,711	0.2324	3,884
Non-monetary items						
USD	-	-	-	3,000	30.71	92,130

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the cash and cash equivalents, accounts receivable, other receivables, financial assets and liabilities measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, loan, accounts payables, and other payables. As of December 31, 2023 and 2022, if the exchange rate of the variety kinds of functional currencies versus the foreign currency have increased or decreased by 1%, given no changes in other factors, profit after tax would have increased or decreased by $10,819 and $9,905, and other comprehensive income after tax would have increased or decreased by $727 and $478 respectively. The analysis is performed on the same basis of prior year.

3) Exchange gains and losses on monetary items

The Group has variety kinds of functional currencies, hence we use summarized method to disclose exchange gain (loss) of monetary items. For year 2023 and 2022, foreign exchange loss (including realized and unrealized) amounted to $7,368 and gain $88,021, respectively.

(iv) Interest rate analysis

Please refer to liquidity risk management for the detail of the Group's financial assets and financial liabilities' interest exposure.

The sensitivity analysis of interest was made based on the interest rate of derivative and non-derivative instruments at the reporting date. The analysis of liabilities bearing floating interest rates was prepared based on the assumption that the outstanding amount at the reporting date had existed for the whole year. The rate of change used by the Group as interest to report to the management lever is ±0.25% of the interest rate. This also represents the management's assessment of the reasonable scope of change.

If interest rates on loans had increased or decreased by 0.25% with all other variables held constant. Profit after tax for the years 2023 and 2022 would have been decreased or increased by $800 and $1,340, respectively, mainly as a result of liabilities bearing floating interest rates.

(v) Other price risk

If the prices of equity securities change at reporting date, with all other variables held constant, the influences were as follows:

Price of securities at reporting date	2023 Other comprehensive income after tax	2023 Net income after tax	2022 Other comprehensive income after tax	2022 Net income after tax
Increase 3%	$ 13,734	3,004	15,929	-
Decrease 3%	$ (13,734)	(3,004)	(15,929)	-

(vi) Fair value

1) Categories and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income, are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy are stated below; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Debt instrument with quoted market prices	$ 112,981	112,981	-	-	112,981
Financial assets at FVOCI					
Debt instrument with quoted market prices	90,880	90,880	-	-	90,880
Equity instrument with quoted market prices	278,361	278,361	-	-	278,361
Equity instrument at fair value without quoted market prices	106,700	-	-	106,700	106,700
Subtotal	475,941				
Financial assets at amortized cost					
Cash and cash equivalents	$ 1,370,524	-	-	-	-
Accounts receivable	615,871	-	-	-	-
Other account receivables	3,525	-	-	-	-
Restricted time deposits	2,348	-	-	-	-
Refundable deposits	9,560	-	-	-	-
Subtotal	2,001,828				
Total financial assets	$ 2,590,750				
Financial liabilities at fair value through profit or less					
Bank loans	$ 399,333	-	-	-	-
Notes payable	30	-	-	-	-
Accounts payable	438,314	-	-	-	-
Other payable	367,659	-	-	-	-
Lease liabilities	55,971	-	-	-	-
Guarantee deposits	600	-	-	-	-
Total financial liabilities	$ 1,261,907				

	December 31, 2022				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Swap contract	$ 399	-	399	-	399
Financial assets at FVOCI					
Debt instrument with quoted market prices	59,747	59,747	-	-	59,747
Equity instrument with quoted market prices	328,227	328,227	-	-	328,227
Equity instrument at fair value without quoted market prices	154,942	-	-	154,942	154,942
Subtotal	542,916				
Financial assets at amortized cost					
Cash and cash equivalent	1,307,122	-	-	-	-
Account receivables	698,482	-	-	-	-
Other notes receivable and other receivables	3,378	-	-	-	-
Restricted time deposit	2,558	-	-	-	-
Refundable deposits	9,593	-	-	-	-
Subtotal	2,021,133				
Total financial assets	**$ 2,564,448**				
Financial liabilities at FVTPL					
Swap contract	$ 1,933	-	1,933	-	1,933
Financial liabilities at amortized cost					
Bank loans	669,013	-	-	-	-
Notes payable	20	-	-	-	-
Accounts payable	581,980	-	-	-	-
Other payable	387,923	-	-	-	-
Lease liabilities	68,470	-	-	-	-
Guarantee deposits	600	-	-	-	-
Subtotal	1,708,006				
Total financial liabilities	**$ 1,709,939**				

The Group measures its assets and liabilities use input observable market data. The fair value hierarchy categorizes the inputs used in valuation techniques are as follows:

- Level 1: quoted prices (unadjusted) in the active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2) Valuation techniques and assumptions used in fair value determination

Non-derivative instruments

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. Quoted prices of major stock exchanges and quoted prices of government bonds are the basis for measuring the fair value of stocks listed on an exchange, stocks listed on the OTC, and debt instruments with quoted prices in an active market.

The fair values of the Group's listed securities and open-end funds with standard terms and conditions and traded in active markets are determined by the quoted market prices.

Measurements of fair value of financial instruments without active market are based on valuation technique or quoted price from competitor. Fair value measured by valuation technique can be extrapolated from similar financial instruments, discounted cash flow method or other valuation technique. Using discounted cash flow method to calculate fair value, the main assumption is to reflect monetary time value and return of invest risk to discount and measure based on investee's estimated future cash flow.

Derivative instruments

The fair value of Swap contracts and Forward exchange contract is based on quoted prices from the counterparty.

3) Transfer between Level 1 to Level 2

There was no transfer between the fair value hierarchy levels for the years ended December 31, 2023 and 2022.

4) Movement of financial assets measured at fair value through other comprehensive income categorized as Level 3

		Financial assets at fair value through other comprehensive income
		Unquoted equity instruments
Balance on January 1, 2023	$	154,942
Recognized in other comprehensive income		(48,242)
Balance on December 31, 2023	**$**	**106,700**
Balance on January 1, 2022	$	112,586
Recognized in other comprehensive income		42,356
Balance on December 31, 2022	**$**	**154,942**

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

The Group's financial instruments that use Level 3 inputs to measure fair value include fair value through other comprehensive income - equity investments.

The Group's equity investments without active market in Level 3 have more than one significant unobservable inputs. The significant unobservable inputs of equity investments without active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follow:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Discounted Cash Flow Method	• Continuing growth rate (1.44%, as of December 31, 2023 and 2022)	• The higher the continuing growth rate is, the higher the estimated fair value would be.
		• Weighted average cost of capital (15.4196% and 12.0298%, respectively, as of December 31, 2023 and 2022)	• The higher the weighted average cost of capital is, the lower the estimated fair value would be.
		• Market illiquidity discount rate (30.00% and 33.76%, respectively, as of December 31, 2023 and 2022)	• The higher the market illiquidity discount rate is, the lower the estimated fair value would be.
		• Non-controlling interests discount rate (29.48%, as of December 31, 2023 and 2022)	• The higher the non-controlling interests discount is, the lower the estimated fair value would be.
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	• Net Asset Value	N/A

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects on other comprehensive income:

		Changes in fair value reflected in OCI	
Inputs	**Fluctuation in inputs**	**Favorable**	**Unfavorable**
December 31, 2023			
Continuing growth rate 1.44%	0.1%	$ 490	490
Weighted average cost of capital 15.4196%	0.1%	840	840
Market illiquidity discount rate 30.00%	1%	1,120	1,050
Non-controlling interests discount rate 29.48%	1%	1,120	1,120

Inputs	Fluctuation in inputs	Changes in fair value reflected in OCI	
		Favorable	Unfavorable
December 31, 2022			
Continuing growth rate 1.44%	0.1%	$ 910	910
Weighted average cost of capital 12.0298%	0.1%	1,470	1,470
Market illiquidity discount rate 33.76%	1%	2,030	2,030
Non-controlling interests discount rate 29.48%	1%	1,890	1,890

The favorable and unfavorable effects represented the changes in fair value, and fair value was based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflected the effects of changes in a single input, and it did not include the interrelationships and variances with another input.

(aa) Financial risk management

(i) Overview

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

1) Credit risk
2) Liquidity risk
3) Market risk

In this note expressed the information of risk exposure and objectives, policies and process of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. Every department is responsible for planning and controlling the risk management of the Group's operation and reports it to the Board regularly.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The supervisor of the Group oversees how the management complies in monitoring the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The supervisor is assisted in its oversight role by an internal Audit. An Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group' s receivables from customers, bank deposits, derivative financial instruments, and investment securities.

1) Accounts receivable

The credit risk is impacted by the individual situation of each client. The Group continuously monitors the information concerning client credit risk factors, such as the default risk of the industries and countries in which the customers operate.

According to the credit policy, the Group has to evaluate the credit of each new customer before setting the payment and delivery terms. The evaluations include external credit ratings, if available, and bank references. The Group reviews credit limits periodically and requires customers to pay in advance when the customers' credit ratings did not meet the benchmark.

2) Investments

The credit risk exposure in the bank deposits and derivative financial instruments are measured and monitored by the finance department. Since the Group's transactions were with financial institutions with good credit ratings, there were no noncompliance issues, and therefore, there is no significant credit risk. Investments in other financial instruments are measured and monitored by the finance department with the instruction from the chairman to ensure each risk of investment target is under the Group's affordable level.

(iv) Liquidity risk

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

As of December 31, 2023 and 2022, the Group has unused credit facilities for short-term loan amounting to $2,325,640 and $1,965,680, respectively.

(v) Market risk

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

The Group engages in derivative financial instruments trading in order to manage the market risk, thus, generating financial liabilities or financial assets, all the execution of those transactions were under the Board's instruction.

1) Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan dollar TWD), US dollar (USD), Japan Yen (JPY), Danish Krone (DKK), China Yuan (CNY) and Korean Won (KRW). The currencies used in these transactions are the TWD, USD, JPY, EUR and CNY.

At any point of time, the Group's principle is to hedge using the net values after offsetting payables and receivables or assets and liabilities which are generated by business operation. The Group mainly hedges its currency risk using the foreign exchange agreements wherein the maturity date is less than 6 months.

2) Interest risk

The Group adopts a policy to ensure the exposure of changes in interest rates on borrowings is evaluated by the trend in market interest rates. The Group can manage its interest risk through maintaining an appropriate portfolio of floating interest rate and fixed interest rate.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity instruments and mutual funds that contain uncertainty of future prices risk. Therefore, the Group monitors and manages the equity investments by holding different investment portfolio and regularly updating the information of equity instruments and mutual funds investment.

(ab) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of common stocks, non-redeemable preference stocks, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to common shareholders.

The Group meets its objectives in managing its capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders and interest of other related parties and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage their capital. This ratio is the total net debt divided by the total capital. The net debts from the balance sheet are derived from the total liabilities, less cash and cash equivalents. The total capital and equity include stock capital, capital surplus, retained earnings, other equity, and non-controlling interest. In 2023, the Group's capital management strategy is consistent with the prior year. The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2023 and 2022, is as follows:

	December 31, 2023	**December 31, 2022**
Net debt	$ 155,083	650,808
Total equity	$ 2,628,036	2,327,843
Debt-to-equity ratio	5.90%	27.96%

The decrease in the debt-to-equity ratio as of December 31, 2023 was primarily due to the decrease in net debt caused by repayments of short-term borrowings, and the increase in cash and cash equivalents and retained earnings caused by the disposal of equity investments at fair value through other comprehensive income.

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

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

(i) Please refer to Note 6(j) for right of use assets.

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Amortization	Non-cash changes: Other (Note)	December 31, 2023
Short-term borrowings	$ 270,000	(270,000)	-	-	-	-
Long-term borrowings (including long term loans, current portion)	399,013	-	-	320	-	399,333
Lease liabilities	68,470	(13,653)	(123)	-	1,277	55,971
Guarantee deposits	600	-	-	-	-	600
Total liabilities from financing activities	$ 738,083	(283,653)	(123)	320	1,277	455,904

	January 1, 2022	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Amortization	Non-cash changes: Other (Note)	December 31, 2022
Short-term borrowings	$ -	270,000	-	-	-	270,000
Long-term borrowings (including long term loans, current portion)	398,349	-	-	664	-	399,013
Lease liabilities	80,374	(13,372)	401	-	1,067	68,470
Guarantee deposits	544	-	56	-	-	600
Total liabilities from financing activities	$ 479,267	256,628	457	664	1,067	738,083

Note: Increase (reduction) of right-of-use assets

(7) Related party transactions:

Compensation of key management personnel

The information on key management personnel compensation was as follows:

	2023	2022
Short-term employee benefits	$ 48,177	46,176
Post-employment benefits	656	632
	$ 48,833	46,808

(8) Pledged assets:

The details and carrying values of pledged assets were as follows:

Pledged Assets	Purpose	December 31, 2023	December 31, 2022
Restricted time deposits-current	Guarantee for customs	$ 2,348	2,558
Property, plant and equipment－buildings	Guarantee for long-term borrowings	173,282	169,893
		$ 175,630	172,451

(9) Commitments and contingencies:

As of December 31, 2023 and 2022, the Group has signed contracts for the purchase of equipment. The unrecognized contingencies of those contracts amounted to $55,500 and $27,801, respectively.

(10) Losses due to major disasters: None.

(11) Significant subsequent events: None.

(12) Other

The details of the Group's employee benefits, depreciation, and amortization were as follows:

	For the years ended December 31					
By function	2023			2022		
By item	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
Employee benefits						
Salary	495,863	293,944	789,807	523,967	273,701	797,668
Labor and health insurance	51,901	18,710	70,611	50,806	16,666	67,472
Pension expense	29,318	13,150	42,468	29,888	12,162	42,050
Others	6,005	2,450	8,455	6,458	2,076	8,534
Depreciation	56,543	15,657	72,200	51,588	13,508	65,096
Amortization	311	945	1,256	357	1,032	1,389

(13) Supplementary disclosure requirements

(a) Information on significant transactions:

In accordance with the ROC "Guidelines Governing the Preparation of Financial Reports by Securities Issuers", the required disclosures for the year ended December 31, 2023 were as follows:

(i) Loans extended to other parties: None.

(ii) Guarantees provided to other parties: None.

(iii) Securities owned as of December 31, 2023 (subsidiaries, associates and joint ventures not included):

Name of security holder	Name of security and type	Relationship between issuer of security and the security holder	Financial statement account	December 31, 2023				Highest percentage of ownership during the year	Remarks
				Units (shares)	Carrying value	Percentage of ownership	Fair value		
The Company	FTGF Western Asset Short Duration Blue Chip Bond Fund-A USD Acc USD	-	Financial assets at FVTPL－current	8,202.773	32,196	-	32,196	-	-
The Company	Franklin Templeton Investment Funds-Franklin Strategic Income Fund Class A (acc) USD	-	Financial assets at FVTPL－current	64,184.852	32,085	-	32,085	-	-
The Company	Yuanta Japan Leaders Equity Fund-TWD (A)	-	Financial assets at FVTPL－current	3,000,000	30,000	-	30,000	-	-
The Company	Yuanta/P-shares Taiwan Dividend Plus ETF	-	Financial assets at FVTPL－current	500,000	18,700	-	18,700	-	-
The Company	Corporate bonds-FORCAY	-	Financial assets at FVOCI－current	1,000,000	30,013	-	30,013	-	-
The Company	Corporate bonds-TAISEM	-	Financial assets at FVOCI－current	1,020,000	30,874	-	30,874	-	-
The Company	Corporate bonds-BAC	-	Financial assets at FVOCI－current	1,000,000	29,993	-	29,993	-	-
The Company	Ascendax Venture Capital Corp. stock	-	Financial assets at FVOCI－noncurrent	1,924,230	29,980	5.25 %	29,980	5.25%	-
The Company	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI－noncurrent	1,000,000	10,960	0.99 %	10,960	0.99%	-
The Company	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Financial assets at FVOCI－noncurrent	13,845	829	-	829	-	-
The Company	Innolux Corp. stock	-	Financial assets at FVOCI－current	986,209	14,103	0.01 %	14,103	0.01%	-
The Company	Pegatron Co., Ltd. stock	-	Financial assets at FVOCI－current	266,000	23,222	0.01 %	23,222	0.01%	-

Name of security holder	Name of security and type	Relationship between issuer of security and the security holder	Financial statement account	December 31, 2023				Highest percentage of ownership during the year	Remarks
				Units (shares)	Carrying value	Percentage of ownership	Fair value		
The Company	Mega Financial Holding Co., Ltd. stock	-	Financial assets at FVOCI－current	1,277,035	50,060	0.01 %	50,060	0.01%	-
The Company	Taiwan Cement Corp., Ltd. stock	-	Financial assets at FVOCI－current	868,943	30,283	0.01 %	30,283	0.01%	-
The Company	ASE Technology Holding Co., Ltd. stock	-	Financial assets at FVOCI－current	295,000	39,825	0.01 %	39,825	0.01%	-
The Company	Nan Ya Plastics Corporation. stock	-	Financial assets at FVOCI－current	300,000	19,950	-	19,950	-	-
The Company	China Development Financial Holding Corp. stock	-	Financial assets at FVOCI－current	2,500,000	31,375	0.01 %	31,375	0.01%	-
The Company	Evergreen Marine Corp. (Taiwan) Ltd. stock	-	Financial assets at FVOCI－current	84,000	12,054	-	12,054	-	-
The Company	United Microelectronics Corp. stock	-	Financial assets at FVOCI－current	400,000	21,040	-	21,040	-	-
The Company	CoAsia Microelectronics Corp. stock	-	Financial assets at FVOCI－current	472,239	7,627	0.32 %	7,627	0.32%	-
The Company	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI－current	480,000	15,624	0.78 %	15,624	0.78%	-
Ying Dar Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI－noncurrent	5,346,672	161,470	3.40 %	161,470	3.40%	(Note)
Bae Haw Investment Development Corp	Everest Technology Inc.	-	Financial assets at FVOCI－noncurrent	1,000,000	-	1.47 %	-	1.47%	-
Bae Haw Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI－current	380,000	12,369	0.62 %	12,369	0.62%	-
Bae Haw Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI－noncurrent	3,447,716	104,121	2.19 %	104,121	2.19%	(Note)
Ying Cheng Investment Corp.	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI－noncurrent	6,000,000	65,760	5.96 %	65,760	5.96%	-

Note: It was eliminated in the consolidation.

(iv) Accumulated trading amount of a single security in excess of $300 million or 20% of the Group's issued share capital: None.

(v) Acquisition of property, plant and equipment in excess of $300 million or 20% of issued share capital: None.

(vi) Disposal of property, plant and equipment in excess of $300 million or 20% of issued share capital: None.

(vii) Sales to and purchases from related parties in excess of $100 million or 20% of issued share capital was as follows:

Purchasing (selling) company	Related party	Nature of relationship	Detail of transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables (payables)		Remarks
			Purchase (sale)	Amount	Percentage of net Purchases (sales)	Credit line	Unit price	Payment terms	Balance	Percentage of notes and accounts receivable (payable)	
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Sale	1,403,315	32.05 %	3 months	Sales prices offered to Emerging Display Technologies Corp., U.S.A. was not significantly different from those offered to other customers	Considering the trading practices in North American market, the company set credit duration as three months for North American market, which is slightly longer than one to three months set in other markets.	348,263	46.05%	(Note)
Emerging Display Technologies Corp., U.S.A.	The Company	Subsidiary of the Company	Purchase	(1,403,315)	100.00%	3 months	The company is the major supplier for Emerging Display Technologies Corp., U.S.A.	The company is the major supplier for Emerging Display Technologies Corp., U.S.A.	(348,263)	100.00%	(Note)
The Company	Dong Guan Emerging Display Limited	Sub-subsidiary of the Company	Purchase (processing expense)	(372,707)	15.76 %	1~3 months	The company is the only entity the sub-subsidiary provides processing service to. There is no comparable transaction.	The company is the major entity the sub-subsidiary provides processing service to.	(44,981)	11.20%	(Note)
Dong Guan Emerging Display Limited	The Company	Sub-subsidiary of the Company	Sale (processing revenue)	372,707	100.00%	1~3 months	The company is the only entity the sub-subsidiary provides processing service to. There is no comparable transaction.	The company is the only entity the sub-subsidiary provides processing service to.	44,981	100.00%	(Note)

Note: It was eliminated in the consolidation.

(viii) Receivables from related parties in excess of $100 million or 20% of issued share capital were as follows:

Name of company That has the receivables	Counterparty	Relationship	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remarks
					Amount	Status			
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Account receivables of 348,263	4.44	-	-	230,099	-	(Note)

Note: It was eliminated in the consolidation.

(ix) Derivative financial instrument transactions:

Please refer to note 6(b).

(x) Significant inter-Group transactions:

No.	Name	Counterparty	Relationship (Note 1)	Details of transaction			
				Subject	Amount	Term of trading	% of total consolidated revenue or total asset
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Sales revenue	1,403,315	Considering the trading practices in North American market, the Group set credit duration as three months for North American market, which is slightly longer than one to three months set in other markets.	31.99%
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Accounts receivable	348,263	Considering the trading practices in North American market, the Group set credit duration as three months for North American market, which is slightly longer than one to three months set in other markets.	8.38%
0	The Company	EDT-Europe Aps	1	Selling expenses-Commission	73,981	No non-related-party transaction to compare to.	1.69%
0	The Company	EDT-Europe Aps	1	Other payable	8,864	No non-related-party transaction to compare to.	0.21%
0	The Company	Emerging Display Technologies Korea	1	Selling expenses-Commission	3,690	No non-related-party transaction to compare to.	0.08%
0	The Company	EDT- Japan Corp.	1	Selling expenses-Commission	12,126	No non-related-party transaction to compare to.	0.28%
0	The Company	EDT- Japan Corp.	1	other prepaid expenses	214	No non-related-party transaction to compare to.	0.01%
0	The Company	Dong Guan Emerging Display Limited	1	Processing cost	372,707	No non-related-party transaction to compare to.	8.50%
0	The Company	Dong Guan Emerging Display Limited	1	Accounts payable (Note 2)	44,981	No non-related-party transaction to compare to.	1.08%

Note 1: Relationship notes as follows:
1) Parent Group to subsidiary
2) Subsidiary to parent Group
3) Subsidiary to subsidiary

Note 2: The group's sales of raw material (including the group purchased on behalf of the related parties) and semi-finished products to Dong Guan Emerging Display Limited were considered as contracted processing. The relative resulting transactions listed in accounts receivable (payable).

(b) Information on investees:

Relevant information about investees is as follows: (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Business Scope	Original cost of investment		Held at the end of term			Highest percentage owned during the year	Net income (loss) of the investee	Investment income (loss) recognized	Remarks
				December 31, 2023	December 31, 2022	Shares owned	Percentage owned	Carrying value				
The Company	Emerging Display Technologies Corp., U.S.A.	USA	Trading	121,656	121,656	3,500,000	100.00%	85,471 (Note 1)	100.00%	3,864	3,612	Subsidiary (Note 3)
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	74,219	78.49%	11,242	8,824	Subsidiary (Note 3)
The Company	EDT-Europe Aps	Denmark	Customer service and business support	101,872	71,172	2,000,000	100.00%	114,867	100.00%	387	387	Subsidiary (Note 3)
The Company	Emerging Display Technologies Korea	Korea	Business support	1,677	1,677	58,212,500	100.00%	1,564	100.00%	(68)	(68)	Subsidiary (Note 3)
The Company	EDT- Japan Corp.	Japan	Customer service and business support	17,401	17,401	5,000	100.00%	6,257	100.00%	223	223	Subsidiary (Note 3)
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	39,327	100.00%	9,930	1,375 (Note 2)	Subsidiary (Note 3)
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	47,792	100.00%	8,061	2,545 (Note 2)	Subsidiary (Note 3)
The Company	Ying Cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	39,612	52.50%	(62)	(32)	Subsidiary (Note 3)
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	13,234	13,234	450,000	5.90%	5,579	5.90%	11,242	663	Subsidiary (Note 3)
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	10,789	11.41%	11,242	1,283	Subsidiary (Note 3)

Note 1: It was deducted unrealized profit from sales $39,397.
Note 2: Cash dividends to subsidiaries, which were reclassified as capital surplus, were deducted.
Note 3: It was eliminated in the consolidation.

(c) Information on investments in Mainland China:

(i) Information on investments in Mainland China:

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of Jan. 1, 2023	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of Dec. 31, 2023	Net income of investee	The Group's direct or indirect investment ratio	Highest ratio during the year	Investment gain(loss) recognized by the Group	Book value of the investment as of Dec. 31, 2023	Accumulated investment income repatriated to Taiwan as of Dec. 31, 2023
					Remittance	Repatriation							
Dong Guan Emerging Display Limited	Manufacturing of LCDs and touch panel	248,516 (USD 7,625,300)	Investing through a third country by establishing a holding Group in a third country.	219,225 (USD 6,746,936) (Note1)	-	-	219,225 (USD 6,746,936)	10,913	95.80% (Note2)	95.80%	Gain of $10,455 based on the investee's financial statements audited by the same auditor as the Group (Note3)	80,860 (Note4)	-

(ii) Limitation on investment in Mainland China:

Accumulated investment amount remitted from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission, Ministry of Economic Affairs	Limit on investment in Mainland China set by the Investment Commission, Ministry of Economic Affairs
212,929 (Note 8) (USD 6,934,668) (Note5)	428,388 (Note 8) (USD 13,951,732) (Note6)	1,764,561 (Note7)

Note 1: The amount includes $13,234 which was invested by Ying Dar Investment Development Corp. and $25,488 which was invested by Bae Haw Investment Development Corp.

Note 2: The ratio includes 5.90% which was held by Ying Dar Investment Development Corp. and 11.41% which was held by Bae Haw Investment Development Corp.

Note 3: The amount includes a gain of $644 which was recognized by Ying Dar Investment Development Corp. and a gain of $1,245 which was recognized by Bae Haw Investment Development Corp.

Note 4: The amount includes $4,980 which was invested by Ying Dar Investment Development Corp. and $9,631 which was invested by Bae Haw Investment Development Corp.

Note 5: The amount includes the remaining capital amounting to US$187,732 of Emerging Technologies Int'l Trading (Shanghai) Co., Ltd. didn't remit back after it had completed liquidation in 2009 due to net loss.

Note 6: The approved amount includes US$637,732 obtained from Ying Dar Development Corp. and US$870,000 obtained from Bae Haw Investment Development Corp. The amount obtained from Ying Dar Investment Development Corp. includes the remaining capital amounting to US$187,732 of Emerging Technologies Int'l Trading (Shanghai) Co., Ltd. didn't remit back after it had completed liquidation in 2009 due to net loss.

Note 7: The amount includes $120,478 for Ying Dar Investment Development Corp. and $91,148 for Bae Haw Investment Development Corp.

Note 8: Transactions denominated in foreign currencies were recorded using the rate of exchange at December 31, 2023.

(iii) Significant transactions

The significant inter-Group transactions with the subsidiary in Mainland China, which were eliminated in the preparation of the consolidated financial statements, are disclosed in "Information on significant transactions" for the year ended December 31, 2023.

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Tseng, Jui-Ming	11,043,723	7.01%

Note1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note2: 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 declaration, refer to Market Observation Post System.

(14) Segment information

(a) General information

The Group has three reportable segments: the domestic segment, the North America segment and the mainland China segment. The domestic segment includes sales division, research develop division and manufacturing division. It engages in designing, manufacturing and selling of liquid crystal displays modules and capacitive touch panel, and functions as operating headquarters of the Group. The North America segment engages mainly in expanding the North American trading business and implements marketing function in North America. The North America segment engages in the sale of liquid crystal displays provided by the domestic segment. The mainland China segment engages in the manufacture of processing raw materials and supplies provided by the domestic segment and it deals mainly in the business of manufacturing liquid crystal display modules and capacitive touch panel.

(b) Information which should be reported includes the segment income, segment assets, and segment liabilities, and their measurement basis and reconciliation information

The reported amounts are consistent with the management reports adopted by decision makers. There was no material inconsistency between the accounting policies of reportable segments and the accounting policies described in Note 4. The reportable segments' income was measured using the operating income before tax, which was also used as the basis for performance evaluation.

Sales and other transactions among consolidated entities were considered as transactions with third parties and they are measured based on the market value.

Reportable segment information is as follows:

	For the year ended December 31, 2023					
	Domestic	North America	Mainland China	Other operating department	Adjustments and elimination	Total
Revenue						
Sales to customers other than consolidated entities	$ 2,974,204	1,411,788	-	732	-	4,386,724
Sales among consolidated entities	1,404,663	-	372,707	89,797	(1,867,167)	-
Interest revenue	42,294	-	89	213	-	42,596
Total revenue	$ 4,421,161	1,411,788	372,796	90,742	(1,867,167)	4,429,320
Interest expenses	$ 12,111	72	367	108	-	12,658
Depreciation and amortization	$ 54,230	1,694	13,042	4,490	-	73,456
Segment income	$ 511,558	4,890	11,733	1,070	(24,268)	504,983
Segment assets	$ 3,789,338	483,662	182,999	142,875	(445,231)	4,153,643
Segment liabilities	$ 1,453,866	358,795	98,594	20,186	(405,834)	1,525,607

	For the year ended December 31, 2022					
	Domestic	North America	Mainland China	Other operating department	Adjustments and elimination	Total
Revenue						
Sales to customers other than consolidated entities	$ 3,302,716	1,389,074	-	916	-	4,692,706
Sales among consolidated entities	1,321,794	-	374,430	80,943	(1,777,167)	-
Interest revenue	8,910	-	100	-	-	9,010
Total revenue	$ 4,633,420	1,389,074	374,530	81,859	(1,777,167)	4,701,716
Interest expenses	$ 9,264	10	865	233	-	10,372
Depreciation and amortization	$ 48,260	1,837	12,488	3,900	-	66,485
Segment income	$ 493,699	9,136	990	2,395	(5,459)	500,761
Segment assets	$ 3,907,668	417,953	191,306	110,272	(341,426)	4,285,773
Segment liabilities	$ 1,849,373	296,874	115,050	22,930	(326,297)	1,957,930

(c) Products and services information

Sales to customers other than consolidated entities, classified by products and services, were as follows:

Production	**2023**	**2022**
Liquid crystal display modules	$ 1,342,913	1,580,368
Capacitive touch panel and capacitive touch panel module	2,995,479	3,018,509
Others	48,332	93,829
Total	$ 4,386,724	4,692,706

(d) Geographic information

Sales to customers other than consolidated entities, classified by location of customers, were as follows:

Geographic Area	**2023**	**2022**
Sales to customers other than consolidated entities:		
Mainland China	$ 236,405	303,066
Europe	2,264,922	2,547,762
America	1,156,269	1,140,963
Japan	191,585	176,434
Taiwan	395,358	378,875
Korea	27,051	50,592
Others	115,134	95,014
Total	$ 4,386,724	4,692,706

Geographic Area	December 31, 2023	December 31, 2022
Non-current assets, classified by location of assets, were as follows:		
Taiwan	$ 396,372	375,104
Mainland China	30,888	32,910
USA	108,223	108,651
Denmark	103,405	69,877
Others	1,066	2,766
Total	$ 639,954	589,308

Non-current assets included in property, plant and equipment, investment property, intangible assets and other assets, excluding financial instrument and deferred income tax assets.

(e) Major customers' information

	2023	2022
A customer from domestic segment	$ 973,202	934,812
B customer from domestic segment	458,808	613,243
C customer from North America segment	338,937	486,677
	$ 1,770,947	2,034,732

6.5 Parent-company-only financial statements for the years ended December 31, 2023 and 2022, and independent auditors' report

Independent Auditors' Report

To the Board of Directors of Emerging Display Technologies Corp.:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

1. Valuation of accounts receivable

Please refer to Note 4(f) for accounting policy of accounts receivable valuation and Note 5(a) for accounting assumption and estimation uncertainty of impairment of accounts receivable. Information regarding accounts receivable is shown in Note 6 (d) of the parent company only financial statements.

Description of key audit matters:

The Company's customers are the manufacturers of industrial equipment, smart home control devices, healthcare equipment, handheld devices, and information appliance products. The customers' delayed payments were due to the need to clarify the responsibility of problematic products resulted from failure of process or usage of end products, and global economic turmoil. Because of the inherent credit risk of receivables, the financial statements users value the collection results. Since the accounts receivable is significant to the financial statements, they are one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding the process of account checking and collection between the Company and customers; analyzing the receivables aging report; reviewing the historical receipt and bad debt records; and understanding the forward-looking industrial economy status and concentration of credit risk of the customers. In addition, we also evaluated the accuracy of the allowance for losses on accounts receivable and the appropriateness of related disclosures in the parent company only financial statements.

2. Valuation of obsolete inventory

Please refer to Note 4(g) for accounting policy of obsolete inventory and Note 5(b) for accounting assumption and estimation uncertainty of obsolete inventory valuation. Information regarding obsolete inventory valuation is shown in Note 6(f) of the parent company only financial statements.

Description of key audit matters:

Obsolete inventory is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Company is engaged in the manufacture and sale of liquid crystal displays and capacity touch panels. It focuses on the small and medium sized niche markets of non consumable area. The products are used in industrial equipment, smart home control devices, healthcare equipment, handheld devices, and information appliance products. The development strategy of the Company is diversifying and customizing its products which may result in having an impact on its obsolete inventory cost. As a consequence, there is a risk that the net realizable value of obsolete inventory may turn out to be lower than its carrying value. Therefore, the valuation of obsolete inventory is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included selecting samples to test the accuracy of inventory aging report; analyzing the changes of inventory aging, and examining the provision of inventory by reviewing the historical accuracy on provision. We assessed the changes of obsolescence inventory in the subsequent events and the basis of net realizable value to evaluate the accuracy of the Company's provisions. In addition, we also assessed the appropriateness of the provisions and disclosures made by the management.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concernn.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yung Hsiang, Chen and Yen Ta, Su.

KPMG

Taipei, Taiwan (Republic of China)
March 7, 2024

Notes to Readers

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

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

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

EMERGING DISPLAY TECHNOLOGIES CORP.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,247,859	31	1,181,471	28
1110	Financial assets at fair value through profit or loss, current (note 6(b))	112,981	3	399	-
1120	Financial assets at fair value through other comprehensive income, current (note 6(c))	356,043	9	372,137	9
1170	Accounts receivable, net (notes 6(d) and (t))	406,784	10	481,150	12
1180	Accounts receivable ─ related parties, net (notes 6(d), (t), and 7)	348,263	9	283,487	7
1200	Other notes receivable and other receivables (note 6(e))	3,503	-	3,112	-
130X	Inventories (note 6(f))	659,910	16	921,262	22
1470	Other current assets (notes 6(g), 7 and 8)	15,774	-	25,011	1
	Total current assets	3,151,117	78	3,268,029	79
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income, non-current (note 6(c))	41,769	1	40,958	1
1550	Investments accounted for using the equity method (note 6(h) and 7)	409,109	10	401,284	10
1600	Property, plant and equipment (notes 6(i), 8 and 9)	342,815	9	318,759	8
1755	Right-of-use assets (note 6(j))	48,577	1	51,098	1
1780	Intangible assets (note 6(k))	4,980	-	5,247	-
1840	Deferred income tax assets (note 6(q))	38,836	1	24,255	1
1920	Refundable deposits	4,366	-	4,341	-
	Total non-current assets	890,452	22	845,942	21
	Total assets	$ 4,041,569	100	4,113,971	100

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(l))	$ -	-	270,000	7
2120	Financial liabilities at fair value through profit or loss, current (note 6(b))	-	-	1,933	-
2150	Notes payable	30	-	20	-
2170	Accounts payable	356,725	9	492,475	12
2180	Accounts payable ─ related parties (note 7)	44,981	1	26,634	1
2200	Other payables (note 6(m))	328,128	8	344,837	8
2220	Other payables ─ related parties (note 7)	12,376	-	14,828	-
2230	Income tax liabilities	100,174	3	83,077	2
2280	Lease liabilities, current (note 6(o))	2,019	-	1,954	-
2300	Other current liabilities (note 6(t))	65,106	2	70,669	2
	Total current liabilities	909,539	23	1,306,427	32
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(n) and 8)	399,333	10	399,013	10
2570	Deferred income tax liabilities (note 6(q))	1,044	-	-	-
2580	Lease liabilities, non-current (note 6(o))	50,225	1	52,244	1
2640	Net defined benefit liability, non-current (note 6(p))	93,065	2	90,867	2
2645	Guarantee deposits received	34	-	34	-
2670	Other non-current liabilities	104	-	312	-
	Total non-current liabilities	543,805	13	542,470	13
	Total liabilities	1,453,344	36	1,848,897	45
	Equity attributable to owners of parent (notes 6(r)):				
3100	Ordinary stock	1,574,076	39	1,574,076	38
3200	Capital surplus	50,291	1	35,840	1
3300	Retained earnings	1,177,368	29	897,783	22
3400	Other equity interest	(91,228)	(2)	(120,343)	(3)
3500	Treasury shares	(122,282)	(3)	(122,282)	(3)
	Total equity	2,588,225	64	2,265,074	55
	Total liabilities and equity	$ 4,041,569	100	4,113,971	100

See accompanying notes to financial statements.

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

EMERGING DISPLAY TECHNOLOGIES CORP.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(t) and 7)**	$ 4,378,867	100	4,624,510	100
5000	**Operating costs (notes 6(f), (k), (p), (u), 7 and 12)**	3,474,534	79	3,809,530	82
	Gross profit	904,333	21	814,980	18
5910	Less: Unrealized profit (loss) from sales (note 7)	39,397	1	15,380	-
5920	Add: Realized profit (loss) from sales (note 7)	15,380	-	9,804	-
	Gross profit	880,316	20	809,404	18
	Operating expenses (notes 6(d), (k), (p), (u), 7 and 12):				
6100	Selling expenses	180,772	4	198,961	4
6200	Administrative expenses	124,917	3	120,574	3
6300	Research and development expenses	147,382	3	128,388	3
6450	Expected credit impairment loss	129	-	318	-
	Net operating income	453,200	10	448,241	10
6500	**Net other income (expenses) (note 6(v))**	502	-	520	-
	Net operating income	427,618	10	361,683	8
	Non-operating income and expenses (notes 6(c), (o), (w) and 7):				
7100	Interest income	41,716	1	8,744	-
7010	Other income	22,894	1	25,175	1
7020	Other gains and losses	4,509	-	98,832	2
7050	Finance costs	(12,111)	-	(9,264)	-
7070	Share of profit (loss) of subsidiaries for using the equity method	16,866	-	11,961	-
	Total non-operating income and expenses	73,874	2	135,448	3
7900	**Profit from continuing operations before tax**	501,492	12	497,131	11
7950	Less: Income tax expenses (note 6(q))	83,339	2	77,128	2
	Profit	418,153	10	420,003	9
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(p))	(4,395)	-	2,572	-
316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(r))	161,246	4	(55,697)	(1)
8330	Share of other comprehensive income of subsidiaries, associates accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss (note 6(r))	(18,038)	(1)	23,995	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(q))	-	-	(232)	-
		138,813	3	(28,898)	(1)
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements (note 6(r))	1,860	-	24,088	1
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income (note 6(r))	2,595	-	(641)	-
8380	Share of other comprehensive income of subsidiaries, associates accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss (note 6(r))	(478)	-	1,481	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(q))	391	-	-	-
		3,586	-	24,928	1
8300	**Other comprehensive income**	142,399	3	(3,970)	-
8500	**Comprehensive income**	$ 560,552	13	416,033	9
	Earnings per share (New Taiwan Dollars) (note 6(s)):				
9750	**Basic net income per share (New Taiwan Dollars)**	$	2.81		2.83
9850	**Diluted net income per share (New Taiwan Dollars)**	$	2.79		2.80

See accompanying notes to financial statements.

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

EMERGING DISPLAY TECHNOLOGIES CORP.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Total other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity
Balance on January 1, 2022	$ 1,624,076	25,980	106,820	117,815	430,152	(29,998)	(74,493)	(173,021)	2,027,331
Profit	-	-	-	-	420,003	-	-	-	420,003
Other comprehensive income	-	-	-	-	2,572	25,569	(32,111)	-	(3,970)
Total comprehensive income	-	-	-	-	422,575	25,569	(32,111)	-	416,033
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	25,258	-	(25,258)	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(188,889)	-	-	-	(188,889)
Reversal of special reserve	-	-	-	(13,324)	13,324	-	-	-	-
Cash dividends to subsidiaries	-	10,553	-	-	-	-	-	-	10,553
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	7,795	-	(7,795)	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income in subsidiaries	-	-	-	-	1,515	-	(1,515)	-	-
Retirement of treasury shares	(50,000)	(739)	-	-	-	-	-	50,739	-
Return of employee stock ownership trust	-	46	-	-	-	-	-	-	46
Balance on December 31, 2022	1,574,076	35,840	132,078	104,491	661,214	(4,429)	(115,914)	(122,282)	2,265,074
Profit	-	-	-	-	418,153	-	-	-	418,153
Other comprehensive income	-	-	-	-	(4,395)	1,382	145,412	-	142,399
Total comprehensive income	-	-	-	-	413,758	1,382	145,412	-	560,552
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	43,188	-	(43,188)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(251,852)	-	-	-	(251,852)
Special reserve	-	-	-	15,852	(15,852)	-	-	-	-
Cash dividends to subsidiaries	-	14,071	-	-	-	-	-	-	14,071
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	112,083	-	(112,083)	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income in subsidiaries	-	-	-	-	5,596	-	(5,596)	-	-
Return of employee stock ownership trust	-	380	-	-	-	-	-	-	380
Balance on December 31, 2023	$ 1,574,076	50,291	175,266	120,343	881,759	(3,047)	(88,181)	(122,282)	2,588,225

See accompanying notes to financial statements.

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

EMERGING DISPLAY TECHNOLOGIES CORP.
Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	$ 501,492	497,131
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	53,000	46,917
Amortization expense	1,230	1,343
Expected credit impairment loss	129	318
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(6,615)	1,576
Interest expense	12,111	9,264
Interest income	(41,708)	(8,729)
Dividend income	(21,552)	(24,665)
Share of profit of subsidiaries for using the equity method	(16,866)	(11,961)
Gain on disposal of property, plant and equipment	(511)	(719)
Unrealized profit from sales	39,397	15,380
Realized profit from sales	(15,380)	(9,804)
Unrealized foreign exchange loss	40,184	6,929
Others	(208)	(162)
Total adjustments to reconcile profit	43,211	25,687
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in accounts receivable	59,487	6,461
(Increase) decrease in accounts receivable－related parties	(79,758)	23,096
Decrease in other receivable	1,170	242
Decrease in inventories	261,352	47,105
Decrease in other current assets	9,027	372
Total changes in operating assets	251,278	77,276
Changes in operating liabilities:		
Increase (decrease) in notes payable	10	(66)
Decrease in accounts payable	(123,219)	(6,418)
Increase in accounts payable－related parties	21,802	642
(Decrease) increase in other payable	(8,889)	95,173
(Decrease) increase in other payable－related parties	(2,323)	2,924
(Decrease) increase in other current liabilities	(5,563)	17,232
Decrease in net defined benefit liability	(2,198)	(7,538)
Total changes in operating liabilities	(120,380)	101,949
Total changes in operating assets and liabilities	130,898	179,225
Total adjustments	174,109	204,912
Cash inflow generated from operations	675,601	702,043
Interest received	40,169	6,962
Dividends received	21,552	24,699
Interest paid	(11,930)	(7,868)
Income taxes paid	(80,170)	(25,510)
Net cash flows from operating activities	645,222	700,326
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(61,080)	(197,366)
Proceeds from disposal of financial assets at fair value through other comprehensive income	239,150	44,524
Acquisition of financial assets at fair value through profit or loss	(107,969)	(10,000)
Proceeds from disposal of financial assets at fair value through profit or loss	-	10,001
Acquisition of investments accounted for using the equity method	(30,700)	(69,095)
Acquisition of property, plant and equipment	(82,014)	(88,300)
Proceeds from disposal of property, plant and equipment	885	1,738
Acquisition of intangible assets	(963)	(2,924)
Decrease (increase) in refundable deposits	185	(1,795)
Dividends received	13,139	8,966
Net cash flows used in investing activities	(29,367)	(304,251)
Cash flows from (used in) financing activities:		
Decrease (increase) in short-term borrowings	(270,000)	270,000
Cash dividends paid	(251,852)	(188,889)
Return of emplyee stock owhership trust	380	-
Repayments of lease liabilities	(1,954)	(1,904)
Net cash flows (used in) from financing activities	(523,426)	79,207
Effect of exchange rate changes on cash and cash equivalents	(26,041)	(5,677)
Net increase in cash and cash equivalents	66,388	469,605
Cash and cash equivalents at beginning of period	1,181,471	711,866
Cash and cash equivalents at end of period	$ **1,247,859**	**1,181,471**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

EMERGING DISPLAY TECHNOLOGIES CORP.

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history

Emerging Display Technologies Corp. (the “Company”) was incorporated as a limited liability company under the laws of the Republic of China (R.O.C.) on September 23, 1994. The address of its registered office and principal place of business is No. 5, Central 1st Rd, Qianzhen District, Kaohsiung City, Taiwan. The Company is engaged in the manufacture and sale of capacity touch panels and liquid crystal displays (LCDs).

(2) Approval date and procedures of the financial statements

These parent-company-only financial statements were authorized for issuance by the Board of Directors on March 7, 2024.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

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

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

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

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

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

(4) Summary of material accounting policies:

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

The material accounting policies presented in the parent-company-only financial statements are summarized as follows. Except for those specifically indicated in note 3, the following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent-company-only financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit liabilities (assets) are measured at the present value of the defined benefit obligation less fair value of the plan assets, limited as explained in note 4(p).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entities operate. The parent-company-only financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

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

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

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

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

(d) Classification of current and non-current assets and liabilities

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

(i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current. An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

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

(f) Financial Instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date on which the Company's right to receive payment is established, which in the case of quoted securities, is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on the fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, or at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes：

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated ─ e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

6) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on its financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivables, refundable deposits and other financial assets) and debt investments measured at FVOCI.

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

- debt securities that are determined to have low credit risk at the reporting date； and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information, as well as analysis, based on the Company's historical experience, informed credit assessment, and forward-looking information.

When the contract amount is past due or the borrower is unlikely to pay its credit obligations to the Company in full, the Company considers the credit risk on a financial asset has increased significantly or a financial asset to be in default.

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being overdue;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. Based on its experience, there have been no corporate customer recoveries after 365 days.

7) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

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

(g) Inventories

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

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

(h) Investment in subsidiaries

The Company evaluates a controlled investee company under the equity method when preparing its parent-company-only financial statements. Under the equity method, the profit and other comprehensive income in the parent-company-only financial statements are the same as the profit and other comprehensive income belonging to the parent company in the consolidated financial statements. Also, the equity in the parent-company-only financial statements is the same as equity belonging to parent company in the financial statements on a consolidated basis.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

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

Buildings and construction	2～50 years
Machinery and equipment	2～10 years
Office equipment	3～5 years
Other equipment	2～10 years

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

(j) Leases

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

(i) As a leasee

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

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

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

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

1) fixed payments, including in-substance fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

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

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

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

4) there is a change of its assessment on whether it will exercise a extension or termination option; or

5) there are any lease modifications.

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

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

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

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

As a practical expedient, the Company elects not to assess whether property, plant and equipment rents that meets all the following conditions are lease modifications or not:

1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

3) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

4) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(k) Intangible assets

(i) Recognition and measurement

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

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

Other intangible assets, including patent and computer software, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. For the golf membership card with an indefinite useful life, the Company will compare its recoverable amount with its carrying amount to determine whether the intangible asset with an indefinite useful life is impaired at each reporting date and when the intangible asset has any indication of impairment.

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

1)	Patents	9～20 years
2)	Computer software cost	3 months～4 years

The intangible asset with an indefinite useful life is not amortized.

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

(l) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

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

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

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

(m) Provisions

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

(n) Revenue

(i) Revenue from contracts with customers

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

1) Sale of goods

The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognized as a provision for warranty.

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

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognized when products are delivered to customers.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(o) Government grants

The Company recognizes an unconditional government grant as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

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

(q) Income taxes

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

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

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

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (1) affects neither accounting nor taxable profits (losses) and (2) does not give rise to equal taxable and deductible temporary differences;

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

(iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(s) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent-company-only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

(a) Impairment of accounts receivable

The Company has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Please refer to note 6(d) for relevant assumptions and input values.

(b) Valuation of obsolete inventories

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2023	December 31, 2022
Cash	$	372	207
Demand deposits		294,655	288,470
Checking accounts		2	30
Time deposits		952,830	892,764
Cash and cash equivalents in the statement of cash flows	$	1,247,859	1,181,471

Please refer to note 6(x) for the exchange rate risk and sensitivity analysis of the financial assets of the Company.

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

		December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss－current:			
Open-end mutual funds	$	112,981	-
Swap contract		-	399
	$	112,981	399

		December 31, 2023	December 31, 2022
Held-for-trading financial liabilities－current:			
Swap contract	$	-	1,933

Please refer to note 6(w) for the recognition of gain or loss at fair value.

The aforementioned financial assets were not pledged as collaterals.

The Company uses the derivative instruments to hedge the certain currency the Company is exposed to, arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as financial assets mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	December 31, 2022		
	Contract amount (in thousands)	Currency	Maturity Date
Swap contract	USD 6,000	TWD to USD	2023.01.11~2023.03.13

Please refer to note (x) for the market risk and credit risk.

(c) Financial assets at fair value through other comprehensive income

		December 31, 2023	December 31, 2022
Debt investments at fair value through other comprehensive income－current:			
Corporate bonds	$	90,880	59,747
Equity investments at fair value through other comprehensive income－current:			
Common stocks listed on domestic markets－current		265,163	312,390
Total	$	356,043	372,137
Equity investments at fair value through other comprehensive income－noncurrent:			
Common stocks unlisted on domestic markets－noncurrent	$	40,940	40,162
Preference stocks listed on domestic markets－noncurrent		829	796
Total	$	41,769	40,958

(i) Debt investments at fair value through other comprehensive income

The Company has assessed that the above securities were held within a business model whose objective was achieved by both collecting contractual cash flows and selling securities. Therefore, they have been classified as debt investments at fair value through other comprehensive income.

(ii) Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for strategic purposes.

During the years ended December 31, 2023 and 2022, the dividends of $21,552 and $24,665, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized.

During the years ended December 31, 2023 and 2022, the Company has sold part of equity investments at fair value through other comprehensive income as a result of financial management purpose. The shares were sold at fair value of $239,150 and $44,524, respectively; and the Company realized a gain of $112,083 and $7,795, respectively. The gain has been transferred from other equity interest to retained earnings.

Please refer to note 6(x) for the market risk and credit risk .

The aforementioned financial assets were not pledged as collaterals.

For the purpose of increasing investment benefits, the Company entrusted part of the listed stocks to banks. In accordance with the contract, the Company did not lose control of those financial assets. Therefore, those financial assets had not been derecognized. As of December 31, 2023 and 2022, the carrying amount of the listed stocks which were entrusted to financial institutions for security lending amounted to $14,103 and $11,471, respectively.

(d) Accounts receivable

		December 31, 2023	December 31, 2022
Accounts receivable－measured as amortized cost	$	407,993	487,052
Accounts receivable－subsidiaries－measured as amortized cost		348,263	283,487
Loss allowance		(1,209)	(5,902)
	$	755,047	764,637
Recognized in:			
Accounts receivable, net	$	406,784	481,150
Accounts receivable－related parties		348,263	283,487
	$	755,047	764,637

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

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	$ 741,383	0.06%	475
Overdue 1~90 days	14,873	4.94%	734
Overdue 91~180 days	-	-	-
Overdue 181~270 days	-	-	-
Overdue 271~365 days	-	-	-
Overdue 365 days	-	-	-
	$ 756,256		1,209

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	$ 715,063	0.08%	542
Overdue 1~90 days	50,654	1.06%	538
Overdue 91~180 days	-	-	-
Overdue 181~270 days	-	-	-
Overdue 271~365 days	-	-	-
Overdue 365 days	4,822	100.00%	4,822
	$ 770,539		5,902

The movement in the allowance for accounts receivable was as follows:

	2023	2022
Balance on January 1	$ 5,902	5,584
Impairment losses recognized	129	318
Accounts written off	(4,822)	-
Balance on December 31	$ 1,209	5,902

The aforementioned financial assets were not pledged as collaterals.

Please refer to note 6(x) for other credit risk information.

(e) Other receivables

	December 31, 2023	December 31, 2022
Loans to employee	$ 160	795
Interest receivable	3,321	1,782
Others	22	535
Loss allowance	-	-
	$ 3,503	3,112

Please refer to note 6(x) for other credit risk information.

(f) Inventories

	December 31, 2023	December 31, 2022
Raw materials and supplies	$ 239,359	436,098
Work in process	182,761	266,980
Finished goods	210,101	190,735
Inventories in transit	27,689	27,449
	$ 659,910	921,262

The details of the cost of sales were as follows:

	2023	2022
Inventory that has been sold	$ 3,371,632	3,703,718
Write-down of inventories	8,046	9,084
Unallocated production overheads	12,988	8,389
Scrap loss	82,082	88,548
Others	(214)	(209)
	$ 3,474,534	3,809,530

During the year ended December 31, 2023 and 2022, write-down of inventories due to the reduction of inventories cost to the net realizable value was recognized as an addition of operating costs.

The inventories of the Company were not pledged as collaterals.

(g) Other current assets

The details of other current assets were as follows:

	December 31, 2023	December 31, 2022
Tax refund receivables	$ 2,325	2,761
Prepayment for purchases	7,001	11,466
Prepaid expenses	4,100	3,682
Restricted time deposits	2,348	2,558
Others	-	4,544
	$ 15,774	25,011

The above-mentioned restricted time deposits had been pledged as collateral. Please refer to note 8.

(h) Investments accounted for using the equity method

A summary of the Company's financial information for equity-accounted investees at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	$ 409,109	401,284

During the years ended December 31, 2023 and 2022, cash dividends from above-mentioned subsidiaries were $13,139 and $8,966, respectively. For the related information, please refer to the consolidated financial statements for the year ended December 31, 2023.

The investments accounted for using the equity method of the Company were not pledged as collaterals.

(i) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company were as follows:

	Buildings and construction	Machinery and equipment	Office equipment	Others	Total
Cost or deemed cost:					
Balance on January 1, 2023	$ 983,737	2,218,730	171,387	60,522	3,434,376
Additions	7,530	7,845	12,725	46,809	74,909
Reclassification	3,295	7,950	12,258	(23,503)	-
Disposals	-	(98,593)	(4,255)	(7,666)	(110,514)
Balance on December 31, 2023	$ 994,562	2,135,932	192,115	76,162	3,398,771
Balance on January 1, 2022	$ 980,349	2,198,827	146,554	22,761	3,348,491
Additions	2,324	9,180	21,758	64,004	97,266
Reclassification	1,064	11,842	11,843	(24,749)	-
Disposals	-	(1,119)	(8,768)	(1,494)	(11,381)
Balance on December 31, 2022	$ 983,737	2,218,730	171,387	60,522	3,434,376
Depreciation:					
Balance on January 1, 2023	$ 790,980	2,173,319	132,906	18,412	3,115,617
Depreciation	11,016	15,401	22,482	1,580	50,479
Disposals	-	(98,593)	(3,881)	(7,666)	(110,140)
Balance on December 31, 2023	$ 801,996	2,090,127	151,507	12,326	3,055,956
Balance on January 1, 2022	$ 780,712	2,158,905	122,478	19,505	3,081,600
Depreciation	10,268	15,533	18,177	401	44,379
Disposals	-	(1,119)	(7,749)	(1,494)	(10,362)
Balance on December 31, 2022	$ 790,980	2,173,319	132,906	18,412	3,115,617
Carrying amounts:					
Balance on December 31, 2023	$ 192,566	45,805	40,608	63,836	342,815
Balance on January 1, 2022	$ 199,637	39,922	24,076	3,256	266,891
Balance on December 31, 2022	$ 192,757	45,411	38,481	42,110	318,759

Please refer to note 6(w) for gain (loss) on disposal of property, plant and equipment.

Property, plant and equipment pledged as collateral for long-term borrowings and finance as of December 31, 2023 and 2022, are disclosed in note 8.

(j) Right-of-use assets

The Company leases land. Information about leases for which the Company as a lessee was presented below：

		Amount
Cost:		
Balance on January 1, 2023	$	61,840
Balance on December 31, 2023	**$**	**61,840**
Balance on January 1, 2022	$	66,409
Additions		105
Write-off		(4,674)
Balance on December 31, 2022	**$**	**61,840**
Accumulated depreciation:		
Balance on January 1, 2023	$	10,742
Depreciation		2,521
Balance on December 31, 2023	**$**	**13,263**
Balance on January 1, 2022	$	8,204
Depreciation		2,538
Balance on December 31, 2022	**$**	**10,742**
Carrying amounts:		
Balance on December 31, 2023	**$**	**48,577**
Balance on January 1, 2022	**$**	**58,205**
Balance on December 31, 2022	**$**	**51,098**

(k) Intangible assets

The cost and accumulated amortization for intangible assets were as follows:

		Patent	Computer software cost	Golf membership card	Total amount
Cost:					
Balance on January 1, 2023	$	3,203	8,059	2,750	14,012
Individual acquisition		870	93	-	963
Disposals		(410)	-	-	(410)
Balance on December 31, 2023	**$**	**3,663**	**8,152**	**2,750**	**14,565**
Balance on January 1, 2022	$	3,029	8,059	-	11,088
Individual acquisition		174	-	2,750	2,924
Balance on December 31, 2022	**$**	**3,203**	**8,059**	**2,750**	**14,012**

		Patent	Computer software cost	Golf membership card	Total amount
Amortization:					
Balance on January 1, 2023	$	1,831	6,934	-	8,765
Amortization		296	934	-	1,230
Disposals		(410)	-	-	(410)
Balance on December 31, 2023	$	1,717	7,868	-	9,585
Balance on January 1, 2022	$	1,494	5,928	-	7,422
Amortization		337	1,006	-	1,343
Balance on December 31, 2022	$	1,831	6,934	-	8,765
Carrying amounts:					
Balance on December 31, 2023	$	1,946	284	2,750	4,980
Balance on January 1, 2022	$	1,535	2,131	-	3,666
Balance on December 31, 2022	$	1,372	1,125	2,750	5,247

The amortization expenses of intangible assets included in the statement of comprehensive income were as follows:

		2023	2022
Operating costs	$	311	357
Operating expenses		919	986
Total	$	1,230	1,343

The intangible assets of the Company were not pledged as collaterals.

(l) Short-term borrowings

The short-term borrowings were summarized as follows:

		December 31, 2023	December 31, 2022
Unsecured bank loans	$	-	270,000
Unused short-term credit lines	$	1,925,640	1,565,680
Range of interest rates		-	1.21%~1.70%

There were no collaterals for the short-term borrowings of the Company.

Please refer to note 6(x) for the interest rate risk, currency risk and sensitivity analysis of the financial liabilities of the Company.

(m) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonus payables	$ 161,852	154,305
Employee remuneration payables	27,255	27,018
Directors' remuneration payables	12,841	12,786
Employee benefits liabilities	27,601	27,299
Payables on equipment	9,294	16,490
Others	89,285	106,939
	$ 328,128	344,837

(n) Long-term borrowings

The long-term borrowings were summarized as follows:

	December 31, 2023	December 31, 2022
Secured bank loans	$ 400,000	400,000
Less: discount on long-term borrowings	667	987
Total	$ 399,333	399,013
Unused long-term credit lines	$ 400,000	400,000
Range of interest rates	2.0842%	1.8965%

The Company signed a 5-year syndicated loan contract with E-SUN bank and six other banks on May 15, 2020, with a revolving credit line of $800,000 from the first appropriation date to maturity date, wherein $800,000 can be appropriated by using the banks' own fund and $600,000 by using company-issued commercial paper guaranteed by the banks, and the combined credit line should not exceed $800,000. According to the loan contract, 9 months after the date the contract was signed will be considered as the first appropriation date to calculate the revolving credit even if the credit line is unused after 9 months. The credit line, with a total of five phases, decreases every 6 months, beginning the 36th month after the first appropriation date. The first to fourth phases of the total credit line amounting to $800,000 will decrease by 12.5%, and the fifth phase will decrease by 50%. As the credit line decreases, the residual of the excess credit line will be repaid upon maturity. The Company issued a total of $400,000 commercial paper on February 5, 2021, with restrictions related to the contract are as follows:

Pursuant to the loan contract, for the duration of the loan, the Company must conform to the predetermined financial covenants involving special financial ratios calculated based on the annual consolidated financial statements. If the special financial ratios cannot meet the requirement, the Company should improve within nine months after the end of the fiscal year. If the adjusted financial ratios reviewed by the certified accountant meet the requirements, it will not be regarded as breach of the contract. During the period for adjustment, unused lines of credit, excluding the revolving credit extension, will be suspended until such ratios are in compliance with the contract requirement. However, during the said period, the interest rate and the commercial paper guaranteed rate would increase to 1.25% unless the majority of the consortium agreed the exemption. Before the final agreement is made by the majority of the consortium, the violation of financial ratios would not be viewed as breach. The financial covenants were as follows:

(i) A minimum current ratio of 100% should be maintained.

(ii) A maximum debt ratio of 150% should be maintained.

(iii) A minimum times interest earned ratio of 2.5 should be maintained.

(iv) Minimum net tangible assets of 140,000 should be maintained.

Assets pledged as collateral for long-term borrowings are disclosed in note 8.

(o) Lease liabilities

	December 31, 2023	December 31, 2022
Current	$ 2,019	1,954
Non-current	$ 50,225	52,244

For the maturity analysis, please refer to note 6(x).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	$ 1,732	1,808
Expenses relating to short-term leases	$ 70	100
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 144	144

The amounts recognized in the statements of cash flows for the Company were as follows:

	2023	2022
Total cash outflow for leases	$ 3,900	3,881

(i) Lease of land

The Company leases land for its office space and factory. The leases of land typically run for a period of 10 years.

Lease payments for certain contracts are subject to changes in the local price index, which usually occur once a year.

The lease agreements of the Company include the options to extend the lease or terminate the lease. These options are only for the Company to have enforceable rights and the lessor does not have these rights. In the event that it is not possible to reasonably determined the period of the extended lease that will be exercisable, the related payments over the period covered by the option are not included in the lease liability.

(ii) Other leases

The Company leases office supplies and other equipment with lease terms of one to three years. These leases are short-term or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(p) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan asset at fair value are as follows:

	December 31, 2023	**December 31, 2022**
Present value of defined benefit obligations	$ 235,006	229,233
Fair value of plan assets	(141,941)	(138,366)
Net defined benefit liabilities	**$ 93,065**	**90,867**

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

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $141,941 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

	2023	2022
Defined benefit obligations at January 1	$ 229,233	228,880
Current service and interest cost	5,184	2,328
Remeasurement of the net defined benefit liabilities (assets)		
－Actuarial gain on financial assumptions change	10,413	(966)
－Experience adjustment	(5,851)	8,087
Employee benefits paid	(3,973)	(4,683)
Employee benefits not paid from plan assets	-	(4,413)
Defined benefit obligations at December 31	**$ 235,006**	**229,233**

3) Movements of defined benefit plan assets

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

	2023	2022
Fair value of plan assets at January 1	$ 138,366	127,903
Interest income	2,780	967
Remeasurement of the net defined benefit liabilities (assets)		
－Return on plan assets (excluding current interest cost)	167	9,693
Contributions made by employer	4,601	4,486
Employee pensions paid	(3,973)	(4,683)
Fair value of plan assets at December 31	**$ 141,941**	**138,366**

4) Expenses recognized in profit or loss

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

	2023	2022
Current service costs	$ 632	620
Net interest costs on net defined benefit liabilities (assets)	1,772	741
	$ 2,404	1,361
Operating costs	$ 1,756	1,000
Selling expenses	126	67
General and administrative expenses	304	171
Research and development expenses	218	123
	$ 2,404	1,361
Actual return on assets	$ 2,947	10,660

5) Actuarial assumptions

The following are the Company's principal actuarial assumptions:

	December 31, 2023	December 31, 2022
Discount rate	1.625%	2.000%
Future salary increases	3.000%	3.000%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $4,608.

The weighted-average lifetime of the defined benefits plans is 14.86 years.

6) Sensitivity analysis

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

	Influences of defined benefit obligations	
	Increased	Decreased
As of December 31, 2023		
Discount rate (changed 0.25%)	$ (7,028)	7,291
Future salary increasing rate (changed 0.25%)	$ 7,059	(6,825)

		Influences of defined benefit obligations	
		Increased	**Decreased**
As of December 31, 2022			
Discount rate (changed 0.25%)	$	(7,225)	7,545
Future salary increasing rate (changed 0.25%)	$	7,339	(7,054)

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

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

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

Details of the Company's pension costs under the defined contribution method were as follows:

		2023	**2022**
Operating cost	$	21,345	21,490
Selling expenses		1,611	1,501
General and administrative expenses		1,376	1,345
Research and development expenses		3,179	2,958
	$	**27,511**	**27,294**

(q) Income taxes

(i) Income tax expenses

The amount of income tax expenses was as follows:

		2023	**2022**
Current tax expense			
Current period	$	99,302	82,679
Adjustment for prior periods		(2,035)	(2,739)
		97,267	79,940

	2023	2022
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	(11,306)	(3,314)
Change in unrecognized deductible temporary differences	(2,622)	502
	(13,928)	(2,812)
Income tax expenses	$ 83,339	77,128

No income tax was recognized directly in equity in 2023 and 2022.

The amount of income tax recognized in other comprehensive income for 2023 and 2022 was as follows:

	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains (losses) from investment in debt instruments measured at fair value through other comprehensive income	$ 391	(232)

Reconciliation of income tax and profit before tax was as follows:

	2023	2022
Income before income tax	$ 501,492	497,131
Income tax calculated based on the Company's domestic tax rate	$ 100,298	99,426
Domestic investment gain under the equity method	(777)	(496)
Tax-exempt income－dividend income	(4,310)	(4,933)
Tax-exempt income－gains derived from the securities transactions	173	13
Change in unrecognized temporary differences	(2,622)	502
Investment tax credit	(12,280)	(12,260)
Additional tax on undistributed earnings	4,281	683
Adjustment for prior periods	(2,035)	(2,739)
Others	611	(3,068)
Income tax expenses	$ 83,339	77,128

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Pension expense	$ 82,081	75,244
Temporary differences related to investment in subsidiaries	116,427	131,265
	$ 198,508	206,509

As of December 31, 2023 and 2022, deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

Deferred tax liabilities:

	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Others	Total
Balance on January 1, 2023	$ -	-	-
Recognized in profit or loss	-	653	653
Recognized in other comprehensive income	391	-	391
Balance on December 31, 2023	**$ 391**	**653**	**1,044**
Balance on January 1, 2022	$ 232	8	240
Recognized in profit or loss	-	(8)	(8)
Recognized in other comprehensive income	(232)	-	(232)
Balance on December 31, 2022	**$ -**	**-**	**-**

Deferred tax assets:

	Inventory valuation loss	Unrealized sales profit	Unrealized exchange loss	Employee benefits liabilities	Others	Total
Balance on January 1, 2023	$ 9,611	3,076	1,386	5,460	4,722	24,255
Recognized in profit or loss	1,609	4,803	6,651	60	1,458	14,581
Balance on December 31, 2023	**$ 11,220**	**7,879**	**8,037**	**5,520**	**6,180**	**38,836**
Balance on January 1, 2022	$ 7,794	1,961	612	5,147	5,937	21,451
Recognized in profit or loss	1,817	1,115	774	313	(1,215)	2,804
Balance on December 31, 2022	**$ 9,611**	**3,076**	**1,386**	**5,460**	**4,722**	**24,255**

(iii) Assessment of tax

The Company's tax returns for the years through 2021 were assessed by the R.O.C tax authority.

(r) Capital and other equities

(i) Ordinary shares

As of December 31, 2023 and 2022, the authorized share capital of the Company amounted to $3,500,000, comprising 350,000 thousand shares with a par value of New Taiwan dollars (TWD) 10 per share. Issued shares were both 157,408 thousand shares.

Reconciliation of shares issued by the Company was as follows:

	Ordinary shares	
	2023	**2022**
Balance on January 1	157,408	162,408
Retirement of treasury shares	-	(5,000)
Balance on December 31	**157,408**	**157,408**

The 5,000 thousand treasury shares repurchased in 2019 to transfer to employees had been overdue, and therefore they were regarded as unissued. The Company retired the treasury shares based on a resolution approved during the board meeting held on January 12, 2022. The related registration procedures had been completed.

The weighted-average numbers of shares of common stock outstanding excluded treasury stock and the common stock held by the Company's subsidiaries were both 148,614 thousand shares.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Treasury share transactions	$ 49,388	35,317
Disgorgement	473	473
Return of employee stock ownership trust	430	50
Total	$ 50,291	35,840

According to the Company Act, any realized capital surplus is initially used to cover any deficit, and the balance, if any, could be transferred to common stock as stock dividend or distributed as cash based on a resolution approved by the stockholders. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and endowments received by the Company. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the combined amount of any portions capitalized in any one year may not exceed 10% of paid-in capital.

(iii) Retained Earning

The Company’s article of incorporation stipulate that Company’s net earnings, after paying any taxes, should first be used to offset the prior years’ deficits, if any. Of the remaining balance, 10% is to be appropriated as legal reserve. Only if the legal reserve has attained to the paid-in capital could be the exception, besides, special reserves are supposed to set aside or reversed in accordance with the needs of the Company’s operations or the relevant regulations of the government. And then any remaining profit together with any undistributed retained earnings will be distributable earnings. No more than 80% of current year’s distributable earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders’ meeting for approval. But cash-based dividends, including cash distribution from legal reserve and capital surplus, will first have to be approved by the Board of Directors and be reported at the shareholders’ meeting.

The Company’s industry is currently in a steady growth phase. The Company’s dividend policy is to pay dividends from surplus considering the future capital budget requirement and cash requirements, and taking into the account of dilution on earnings per share and influence upon returns on equity. Therefore, the future distribution of earnings shall be distributed in cash dividends and/or stock dividends. The ratio of cash dividends shall not be less than 50% of the Company’s total dividends for the year.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders’ meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders'equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2023 and 2022, the balance reclassified as a special earnings reserve through the resolutions passed by the shareholders' meeting were $120,343 and $104,491, respectively.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2022 had been approved during the board meeting on March 9, 2023. The amounts of cash dividends on the appropriations of earnings for 2021 had been approved during the board meeting on Marth 10, 2022. The relevant dividend distributions to shareholders were as follows:

	2022	2021
Dividends distributed to ordinary shareholders (New Taiwan Dollar)		
Cash	$ 1.6	1.2

The amount of cash dividends on the appropriations of earnings for 2023 had been approved during the board meeting on March 7, 2024. The relevant dividend distributions to shareholders is $1.6 per share.

(iv) Other equity (net of tax)

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2023	$ (4,429)	(115,914)	(120,343)
The Company	1,860	163,450	165,310
Subsidiaries	(478)	(18,038)	(18,516)
The Company－disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(112,083)	(112,083)
Subsidiaries－disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(5,596)	(5,596)
Balance on December 31, 2023	$ (3,047)	(88,181)	(91,228)
Balance on January 1, 2022	$ (29,998)	(74,493)	(104,491)
The Company	24,088	(56,106)	(32,018)
Subsidiaries	1,481	23,995	25,476
The Company－disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(7,795)	(7,795)
Subsidiaries－disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(1,515)	(1,515)
Balance on December 31, 2022	$ (4,429)	(115,914)	(120,343)

(v) Treasury shares

The movements of treasury shares of the Company were as follows:

(Unit: thousand shares)

Reason to repurchase 2022	January 1	Shares repurchase	Shares retired	December 31
To transfer shares to the Company’s employee	5,000	-	(5,000)	-

In accordance with Article 28-2 of the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company’s retained earnings, share premium, and realized capital reserves. The aforementioned repurchased shares and amount did not exceed statutory limit.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

Ying Dar Corp. and Bae Haw Corp., subsidiaries of the Company, held the Company's common stock. In 2023 and 2022, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose of any of the Company's shares. As of December 31, 2023 and 2022, Ying Dar Corp. and Bae Haw Corp. together held 8,794 thousand shares of the Company's common stock. The cost was $122,282 which was recognized in treasury shares. As of December 31, 2023 and 2022, their market values amounted to $265,591 and $178,526, respectively.

(s) Earnings per share

The calculation of basic earnings per share and diluted earnings per share were as follows:

	2023	2022
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	$ 418,153	420,003
Weighted-average number of ordinary shares (expressed in thousands of shares)	148,614	148,614
Expressed in New Taiwan dollars	$ 2.81	2.83
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company	$ 418,153	420,003
Weighted-average number of ordinary shares (expressed in thousands of shares)	148,614	148,614
Effect of potentially dilutive ordinary stock－Employee share bonus (expressed in thousands of shares)	1,111	1,472
Weighted-average number of ordinary shares－diluted (expressed in thousands of shares)	149,725	150,086
Expressed in New Taiwan dollars	$ 2.79	2.80

In computing above earnings per share of ordinary shares, the weighted-average numbers of shares of ordinary shares outstanding excluded 8,794 thousand shares of ordinary shares held by the Company's subsidiaries as treasury shares.

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023	2022
Primary geographical markets:		
Europe	$ 2,259,275	2,546,967
America	1,403,452	1,321,659
Others	716,140	755,884
Total	$ 4,378,867	4,624,510

		2023	2022
Major products:			
Liquid crystal display modules	$	1,343,039	1,529,266
Capacitive touch panel and capacitive touch panel module		2,988,364	2,984,345
Others		47,464	110,899
Total	$	4,378,867	4,624,510

(ii) Contract balances

		December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (including related parties)	$	756,256	770,539	808,996
Less: allowance for impairment		(1,209)	(5,902)	(5,584)
Total	$	755,047	764,637	803,412
Contract liabilities－unearned revenue (recognized in other current liabilities)	$	56,222	56,237	40,390

For details on accounts receivable and allowance for impairment, please refer to note 6 (d).

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were $36,633 and $22,718, respectively.

(u) Employee remuneration and directors' remuneration

In accordance with the Articles of incorporation, the Company should contribute no less than 5% of the profit as employee remuneration and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. For the year ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $27,255 and $27,018, respectively, and directors' remuneration amounting to $16,353 and $16,211, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. The aforementioned amounts, as stated in the parent- company-only financial statements, are identical to those of the actual distributions approved by Board of Directors for 2023 and 2022. Related information would be available at the Market Observation Post System website.

(v) Net other income (expenses)

Net other income (expenses) consists of income from lending space.

(w) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

		2023	2022
Interest income from bank deposits	$	38,710	8,360
Others		3,006	384
	$	**41,716**	**8,744**

(ii) Other income

The details of other income were as follows:

		2023	2022
Dividend income	$	21,552	24,665
Others		1,342	510
	$	**22,894**	**25,175**

(iii) Other gains and losses

The details of other gains and losses were as follows:

		2023	2022
Foreign exchange gains (losses)	$	(5,302)	95,027
Net gains on financial assets (liabilities) measured at fair value through profit or loss		10,558	4,253
Gains on disposal of property, plant and equipment		511	719
Others		(1,258)	(1,167)
	$	**4,509**	**98,832**

(iv) Finance costs

The details of finance costs were as follows:

		2023	2022
Interest expenses			
Bank loans	$	10,179	7,256
Lease liabilities		1,732	1,808
Management fee of syndicated loan		200	200
	$	**12,111**	**9,264**

(x) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The Company’s maximum amount exposed to credit risk was the carrying amount of financial assets and contract assets.

2) Concentration of credit risk

As of December 31, 2023 and 2022, two customers accounted for 71% and 60% of total accounts receivable, respectively.

3) Credit risk of accounts receivable

For credit risk exposure of accounts receivable, please refer to note 6(d).

Other financial assets at amortized cost include other notes receivable and other receivables, refundable deposits, and restricted time deposits. Debt investments at fair value through other comprehensive income include listed debt securities. All of these financial assets are considered to have low risk, and thus, the credit loss allowance recognized during the period was limited to 12 months expected credit losses. There was no loss allowance recognized. Please refer to notes 6(c),(e),(g).

(ii) Liquidity Risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Secured long-term borrowings (floating rate)	$ 399,333	(416,902)	(3,540)	(4,203)	(8,337)	(400,822)	-
Accounts payable (no interest)	356,725	(356,725)	(356,725)	-	-	-	-
Accounts payable－related parties	44,981	(44,981)	(44,981)	-	-	-	-
Notes payable (no interest)	30	(30)	(30)	-	-	-	-
Other payables (no interest)	328,128	(328,128)	(328,128)	-	-	-	-
Other payables－related parties (no interest)	12,376	(12,376)	(12,376)	-	-	-	-
Lease liabilities (fixed interest)	52,244	(77,368)	(1,843)	(1,843)	(3,687)	(10,192)	(59,803)
Guarantee deposits (no interest)	34	(34)	-	-	-	(34)	-
	$ 1,193,851	(1,236,544)	(747,623)	(6,046)	(12,024)	(411,048)	(59,803)

December 31, 2022							
Non-derivative financial liabilities							
Secured long-term borrowings (floating rate)	$ 399,013	(423,506)	(3,741)	(3,824)	(7,607)	(408,334)	-
Unsecured short-term borrowings (floating rate)	270,000	(270,854)	(270,854)	-	-	-	-
Accounts payable (no interest)	492,475	(492,475)	(492,475)	-	-	-	-
Accounts payable－related parties	26,634	(26,634)	(26,634)	-	-	-	-
Notes payable (no interest)	20	(20)	(20)	-	-	-	-
Other payables (no interest)	344,837	(344,837)	(344,837)	-	-	-	-
Other payables－related parties (no interest)	14,828	(14,828)	(14,828)	-	-	-	-
Lease liabilities (fixed interest)	54,198	(81,054)	(1,843)	(1,843)	(3,687)	(10,804)	(62,877)
Guarantee deposits (no interest)	34	(34)			(34)		
Derivative financial liabilities							
Swap Contract	1,933	-	-	-	-	-	-
Cash in		93,835	93,835	-	-	-	-
Cash out		(92,130)	(92,130)	-	-	-	-
	$ 1,603,972	(1,652,537)	(1,153,527)	(5,667)	(11,328)	(419,138)	(62,877)

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2023			December 31, 2022		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets						
Monetary items						
USD	$ 59,338	30.705	1,821,988	65,940	30.71	2,025,017
JPY	29,873	0.2172	6,488	3,900	0.2324	906
CNY	4,470	4.327	19,342	5,426	4.408	23,916
Non-Monetary items						
USD	2,093	30.705	64,281	3,000	30.71	92,130
Financial liabilities						
Monetary items						
USD	10,867	30.705	333,677	14,314	30.71	439,572
JPY	9,684	0.2172	2,103	16,711	0.2324	3,884
Non-Monetary items						
USD	-	-	-	3,000	30.71	92,130

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the cash and cash equivalents, accounts receivable, other receivables, financial assets and liabilities measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, accounts payable, and other payables. As of December 31, 2023 and 2022, if the exchange rate of the TWD versus foreign currency have increased or decreased by 1%, given no changes in other factors, profit after tax would have increased or decreased by $11,876 and $10,876, and other comprehensive income after tax would have increased or decreased by $727 and $478, respectively. The analysis is performed on the same basis of prior year.

3) Exchange gains and losses on monetary items

For the years 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $(5,302) and $95,027, respectively.

(iv) Interest rate analysis

For the Company's financial liabilities exposed to interest rate risk, please refer to the attached note about liquidity risk.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If interest rates had increased or decreased by 0.25% basis points, with all other variables held constant, the Company's profit after tax for the years ended 2023 and 2022 would have been decreased or increased by $800 and $1,340, respectively. This is mainly as a result of liabilities bearing floating interest rates.

(v) Other price risk

If the prices of equity securities change at reporting date, with all other variables held constant, the influences were as follows:

	2023		2022	
Prices of securities at reporting date	**Other comprehensive income after tax**	**Net income after tax**	**Other comprehensive income after tax**	**Net income after tax**
Increase 3%	$ 11,390	3,004	12,035	-
Decrease 3%	$ (11,390)	(3,004)	(12,035)	-

(vi) Fair value

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy are stated below; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Debt instrument with quoted market price	$ 112,981	112,981	-	-	112,981
Financial assets at FVOCI					
Debt instrument with quoted market prices	90,880	90,880	-	-	90,880
Equity instrument with quoted market prices	265,992	265,992	-	-	265,992
Equity instrument at fair value without quoted market prices	40,940	-	-	40,940	40,940
Subtotal	397,812				
Financial assets at amortized cost					
Cash and cash equivalents	1,247,859	-	-	-	-
Accounts receivable (including related parties)	755,047	-	-	-	-
Other notes receivable and other receivables	3,503	-	-	-	-
Restricted time deposits	2,348	-	-	-	-
Refundable deposits	4,366	-	-	-	-
Subtotal	2,013,123				
Total financial assets	**$2,523,916**				
Financial liabilities at amortized cost					
Bank loans	$ 399,333	-	-	-	-
Notes payable	30	-	-	-	-
Accounts payable (including related parties)	401,706	-	-	-	-
Other payables (including related parties)	340,504	-	-	-	-
Lease liabilities	52,244	-	-	-	-
Guarantee deposits	34	-	-	-	-
Total financial liabilities	**$1,193,851**				

	December 31, 2022				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Swap contract	$ 399	-	399	-	399

	December 31, 2022				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Debt instrument with quoted market prices	59,747	59,747	-	-	59,747
Equity instrument with quoted market prices	313,186	313,186	-	-	313,186
Equity instrument at fair value without quoted market prices	40,162	-	-	40,162	40,162
Subtotal	413,095				
Financial assets at amortized cost					
Cash and cash equivalents	1,181,471	-	-	-	-
Accounts receivable (including related parties)	764,637	-	-	-	-
Other notes receivable and other receivables	3,112	-	-	-	-
Restricted time deposits	2,558	-	-	-	-
Refundable deposits	4,341	-	-	-	-
Subtotal	1,956,119				
Total financial assets	**$2,369,613**				
Financial liabilities at FVTPL					
Swap contract	$ 1,933	-	1,933	-	1,933
Financial liabilities at amortized cost					
Bank loans	669,013	-	-	-	-
Notes payable	20	-	-	-	-
Accounts payable (including related parties)	519,109	-	-	-	-
Other payables (including related parties)	359,665	-	-	-	-
Lease liabilities	54,198	-	-	-	-
Guarantee deposits	34	-	-	-	-
Subtotal	1,602,039				
Total financial liabilities	**$1,603,972**				

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

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

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

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. Quoted prices of major stock exchanges and quoted prices of government bonds are the basis for measuring the fair value of stocks listed on an exchange, stocks listed on the OTC, and debt instruments with quoted prices in an active market.

The fair values of the Company's listed stocks and open-end funds with standard terms and conditions traded in an active markets were determined by the quoted market prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique. Fair value measured by a valuation technique can be extrapolated from similar financial instruments using the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date. Using discounted cash flow method to calculate fair value, the main assumption is to reflect monetary time value and return of invest risk to discount and measure based on investee's estimated future cash flow.

Derivative financial instruments

The fair value of swap contracts and forward exchange contracts is based on quoted prices from the counterparty.

3) Transfer between Level 1 to Level 2

There was no transfer between the fair value hierarchy levels for the years ended December 31, 2023 and 2022.

4) Movement of financial assets measured at fair value through other comprehensive income categorized as Level 3.

	Financial assets measured at FVOCI	
	Unquoted equity instruments	
Balance on January 1, 2023	$	40,162
Recognized in other comprehensive income		778
Balance on December 31, 2023	**$**	**40,940**
Balance on January 1, 2022	$	34,406
Recognized in other comprehensive income		5,756
Balance on December 31, 2022	**$**	**40,162**

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

The Company's financial instruments that use Level 3 inputs to measure fair value include fair value through other comprehensive income－equity investments".

The Company's equity investments without active market in Level 3 have more than one significant unobservable inputs. The significant unobservable inputs of equity investments without active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income －equity investments without an active market	Discounted Cash Flow Method	• Continuing growth rate (1.44% for both December 31, 2023 and 2022)	• The higher the continuing growth rate is, the higher the estimated fair value would be.
		• Weighted average cost of capital (15.4196% and 12.0298%, respectively, as of December 31, 2023 and 2022)	• The higher the weighted average cost of capital is, the lower the estimated fair value would be.
		• Market illiquidity discount rate (30.00% and 33.76%, respectively, as of December 31, 2023 and 2022)	• The higher the market illiquidity discount rate is, the lower the estimated fair value would be.
		• Non-controlling interests discount rate (29.48% for both December 31, 2023 and 2022)	• The higher the non-controlling interests discount is, the lower the estimated fair value would be.
Financial assets at fair value through other comprehensive income －equity investments without an active market	Net Asset Value Method	• Net Asset Value	N/A

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects on other comprehensive income:

Inputs	Fluctuation in inputs	Other comprehensive income Favorable	Other comprehensive income Unfavorable
December 31, 2023			
Continuing growth rate 1.44%	0.1%	$ 70	70
Weighted average cost of capital 15.4196%	0.1%	120	120
Market illiquidity discount rate 30.00%	1%	160	150
Non-controlling interests discount rate 29.48%	1%	160	160
December 31, 2022			
Continuing growth rate 1.44%	0.1%	$ 130	130
Weighted average cost of capital 12.0298%	0.1%	210	210
Market illiquidity discount rate 33.76%	1%	290	290
Non-controlling interests discount rate 29.48%	1%	270	270

The favorable and unfavorable effects represent the changes in fair value, which is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(y) Financial risk management

(i) Overview

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

1) Credit risk
2) Liquidity risk
3) Market risk

In this note expressed the information of risk exposure and objectives, policies and process of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. Every department is responsible for planning and controlling the risk management of the Company's operation and reports to the Board of Directors regularly.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

(iii) Credit risk

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

1) Accounts receivable

The credit risk is impacted by the individual situation of each client. The Company continuously monitors the information concerning client credit risk factors, such as the default risk of the industries and countries in which the customers operate.

According to the credit policy, the Company has to evaluate the credit of each new customer before setting the payment and delivery terms. The evaluations include external credit ratings, if available, and bank references. The Company reviews credit limits periodically and requires customers to pay in advance when the customers' credit ratings do not meet the benchmark.

2) Investment

The credit risk exposed in the bank deposits, derivative financial instruments, and other financial instruments is measured and monitored by the finance department. Since the Company's transactions were with financial institutions with good credit ratings, there were no noncompliance issues, and therefore, there is no significant credit risk. Investments in other financial instruments are measured and monitored by the finance department with the instruction from the chairman to ensure each risk of the investment target is under the Company's acceptable level.

(iv) Liquidity risk

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

As of December 31, 2023 and 2022, the Company had unused credit lines amounting to $2,325,640 and $1,965,680, respectively.

(v) Market risk

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

The Company engages in derivative financial instrument trading in order to manage the market risk, thus generating financial liabilities or financial assets. The execution of those transactions was under the Board of Directors' instruction.

1) Currency risk

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

At any point in time, the Company's principle is to hedge using the net values after offsetting payables and receivables or assets and liabilities which are generated by business operations. The Company mainly hedges its currency risk using foreign exchange agreements wherein the maturity date is less than six months.

2) Interest rate risk

The Company adopts a policy to ensure the exposure to changes in interest rates on borrowings is evaluated based on the trend in market interest rates. The Company can manage its interest rate risk through maintaining an appropriate portfolio of floating interest rates and fixed interest rates.

3) Other market price risk

The company is exposed to equity price risk due to the investments in equity instruments and mutual funds that contain unsure future prices. Therefore, the Company monitors and manages the equity investments by holding a varied investment portfolio and regularly updating the information on equity instruments and mutual funds investment.

(z) Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, and other equity of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company manages its capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, repurchase treasury shares, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company use the debt-to-equity ratio to manage their capital. This ratio is the total net debt divided by the total capital. The net debts from the balance sheet are derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity. As in 2023, the Company's capital management strategy is consistent with the prior year. The Company's debt-to-equity ratio at the end of the reporting period were as follows:

	December 31, 2023	December 31, 2022
Net debt	$ 205,485	667,426
Total equity	$ 2,588,225	2,265,074
Debt-to-equity ratio	7.94%	29.47%

The decrease in the debt-to-equity ratio as of December 31, 2023 was primarily due to the decrease in net debt caused by repayments of short-term borrowings, and the increase in cash and cash equivalents and retained earnings caused by the disposal of equity investments at fair value through other comprehensive income.

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

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

(i) Please refer to note 6(j) for right- of -use assets.

(ii) Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2023	Cash flows	Amortization	Others (Note)	December 31, 2023
Short-term borrowings	$ 270,000	(270,000)	-	-	-
Long-term borrowings (including current portion)	399,013	-	320	-	399,333
Lease liabilities	54,198	(1,954)	-	-	52,244
Total liabilities from financing activities	$ 723,211	(271,954)	320	-	451,577

			Non-cash changes		
	January 1, 2022	Cash flows	Amortization	Others (Note)	December 31, 2022
Short-term borrowings	$ -	270,000	-	-	270,000
Long-term borrowings (including current portion)	398,349	-	664	-	399,013
Lease liabilities	60,671	(1,904)	-	(4,569)	54,198
Total liabilities from financing activities	$ 459,020	268,096	664	(4,569)	723,211

Note: Increase (reduction) of right-of-use assets

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are subsidiaries and other entities that have had transactions with the Company during the periods covered in the parent-company-only financial statements.

Name of related party	Relationship with the Company
Emerging Display Technologies Corp., U.S.A. (EDTA)	Subsidiary
Emerging Display International (Samoa) Corp. (EDTS)	Subsidiary
EDT-Europe ApS (EDTE)	Subsidiary
Emerging Display Technologies Korea (EDTK)	Subsidiary
EDT-Japan Corp. (EDTJ)	Subsidiary
Ying Dar Investment Development Corp. (Ying Dar Corp.)	Subsidiary
Bae Haw Investment Development Corp. (Bae Haw Corp.)	Subsidiary
Ying Cheng Investment Development Corp. (Ying Cheng Corp.)	Subsidiary
Dong Guan Emerging Display Limited (EDT-Dong Guan)	Sub-subsidiary

(b) Significant transactions with related parties

(i) Operating revenue

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

	2023	2022
Subsidiaries－EDTA	$ 1,403,315	1,321,642

As of December 31, 2023 and 2022, the unrealized profit from sales to related parties amounted to $39,397 and $15,380, respectively, which were included in adjustment to investments accounted for using the equity method in the accompanying balance sheets.

The selling prices for sales to subsidiaries were not significantly different from those for third-party customers. The collection terms were three months, which were not significantly different from those of other customers.

(ii) The receivables from related parties were as follows:

Relationship	December 31, 2023	December 31, 2022
Subsidiaries－EDTA	$ 348,263	283,487

(iii) Consigned for processing

The Company’s sales of raw material (including the Company purchased on behalf of the related parties) and semi-finished products to EDT-Dong Guan were considered as contracted processing. The processing cost and material cost in 2023 and 2022 amounted to $372,707 and $374,430, respectively. The payables resulting from the above transactions were as follows, and were included in accounts payable－related parties in the accompanying balance sheets.

	December 31, 2023	December 31, 2022
Sub-subsidiary－EDT-Dong Guan	$ 44,981	26,634

(iv) Commission expenses

The details of commission expenses paid to subsidiaries was as follows:

	2023	2022
Subsidiaries		
EDTE	$ 73,981	65,603
EDTJ	12,126	11,851
Other subsidiaries	3,690	3,489
	$ 89,797	80,943

The details of commission expenses payables to subsidiaries, included in accounts payable－related parties in accompanying balance sheets, was as follows:

	December 31, 2023	December 31, 2022
Subsidiaries		
EDTE	$ 8,864	11,403

The details of prepaid commission to subsidiaries, included in other current assets in accompanying balance sheets, was as follows:

	December 31, 2023	December 31, 2022
Subsidiaries		
EDTJ	$ 214	-

(v) Others

Ying Dar Corp., Bae Haw Corp., and Ying Cheng Corp. have used the Company's address as their office addresses. In both 2023 and 2022, the Company received $12, from each of them, with a total of $36, which were included in other income in the accompanying statements of comprehensive income.

During the years ended December 31, 2023 and 2022, cash dividends paid to subsidiaries were $14,071 and $10,553, respectively. In addition, cash dividends received from subsidiaries were $13,139 and $8,966, respectively, which were recognized as the deduction of investments accounted for using the equity method in the accompanying balance sheets.

Ying Dar Corp. and Bae Haw Corp. are the directors of the Company. In 2023 and 2022, the estimated directors' remuneration amounted to $3,698 and $4,616, respectively. As of December 31, 2023 and 2022, the remuneration payable amounted to $3,512 and $3,425, respectively, which were recognized as other payables－related parties in the accompanying balance sheets.

In 2023 and 2022, the Company cash capital increase to its subsidiary, EDT-Europe Aps with $30,700 (US 1,000 thousand) and $69,095 (US $2,300 thousand), respectively, which were recognized as investments accounted for using the equity method in the accompanying balance sheets.

(c) Key management personnel compensation

Key management personnel compensation comprised:

		2023	2022
Short-term employee benefits	$	48,177	46,176
Post-employment benefits		656	632
	$	**48,833**	**46,808**

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Purpose		December 31, 2023	December 31, 2022
Restricted time deposits－current	Guarantee for customs	$	2,348	2,558
Property, plant and equipment －buildings	Guarantee for long-term borrowings		173,282	169,893
		$	**175,630**	**172,451**

(9) Commitments and contingencies:

As of December 31, 2023 and 2022, the Company has signed contracts for the purchase of equipment. The unrecognized contingencies of those contracts amounted to $55,068 and $27,501, respectively.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

The followings were the summary statement of current period employee benefits, depreciation and amortization expenses by function:

By function / By item	2023 Cost of sales	2023 Operating expenses	2023 Total	2022 Cost of sales	2022 Operating expenses	2022 Total
Employee benefits						
Salary	448,752	164,298	613,050	467,349	152,003	619,352
Labor and health insurance	50,002	10,647	60,649	49,310	9,598	58,908
Pension	23,101	6,814	29,915	22,490	6,165	28,655
Remuneration of directors	-	24,523	24,523	-	23,790	23,790
Others	4,015	758	4,773	4,506	806	5,312
Depreciation	46,832	6,168	53,000	42,173	4,744	46,917
Amortization	311	919	1,230	357	986	1,343

The additional information of number of employees and employee benefits was as follows:

	2023	2022
Number of employees	878	896
Number of non-employee directors	7	7
Average employee benefits	$ 813	802
Average employee salary	$ 704	697
Adjustment of average employee salary	1.0	
Remuneration of supervisors	$ -	-

The Company's remuneration policy including directors, managers, and employees is stated below:

1. Remuneration policy for directors

   Directors' remuneration includes salary, transportation allowance and the remuneration stipulated in the Company's articles. The transportation allowance is based on the number of attendance of the directors. In accordance with section 221 in the Articles of incorporation, the remuneration should be contributed no more than 3% of the profit. The amount is first proposed by the salary and remuneration committee, agreed by the Board of Directors, and then submitted during the shareholders' meeting for approval.

2. Remuneration policy for managers

   Managers' remuneration includes salary, bonus, and employee remuneration, which is calculated based on the position and responsibility of the individual. Industry level will also be taken into consideration.

(1) Salary:

The salary is based on personal experiences, performance, evaluation of work, market salary level, seniority, position, and contract.

(2) Year-end bonus:

Year-end bonus is paid based on the performance of the individual or the Company, historical experiences, and retention of professional employees.

(3) Employee remuneration:

Employee remuneration is distributed based on personal performance, overall contribution, and special achievements.

3. Remuneration policy for employees:

Considering the benefit level in same industry and personal ability, contribution, and performance, the employee's remuneration policy, which is enacted according to Salary Management Regulation of the Company, is positively correlated to business performance. The overall remuneration portfolio mainly contains basic salary, bonus, and dividends.

The standards of remuneration are the basic salary, which is decided based on the policy of the Company and the competitiveness of its position in the market, as well as bonus and dividends, which are paid according to the achievement of each employee and department goals along with business operation. The remuneration policy of the Company is in compliance with the law and regulations, taking into consideration the needs of employees and business operation goals to create a harmonious working relationship.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for 2023:

(i) Loans to other parties: none

(ii) Guarantees and endorsements for other parties: none

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of security holder	Name of security and type	Relationship between issuer of security and the security holder	Financial statement account	December 31, 2023				Remarks
				Units (shares)	Carrying value	Percentage of ownership	Fair value	
The Company	FTGF Western Asset Short Duration Blue Chip Bond Fund-A USD Acc USD	-	Financial assets at fair value through profit or loss-current	8,202.773	32,196	-	32,196	-
The Company	Franklin Templeton Investment Funds-Franklin Strategic Income Fund Class A (acc) USD	-	Financial assets at fair value through profit or loss-current	64,184.85	32,085	-	32,085	-
The Company	Yuanta Japen Leaders Equity Fund-TWD (A)	-	Financial assets at fair value through profit or loss-current	3,000,000.00	30,000	-	30,000	-
The Company	Yuanta/P-shares Taiwan Dividend Plus ETF	-	Financial assets at fair value through profit or loss-current	500,000.00	18,700	-	18,700	-
The Company	Corporate bonds- FORCAY		Financial assets at fair value through other comprehensive income–current	1,000,000	30,013	-	30,013	
The Company	Corporate bonds- TAISEM		Financial assets at fair value through other comprehensive income–current	1,020,000	30,874	-	30,874	
The Company	Corporate bonds-BAC	-	Financial assets at fair value through other comprehensive income-current	1,000,000	29,993	-	29,993	-
The Company	Ascendax Venture Capital Corp. stock	-	Financial assets at fair value through other comprehensive income–noncurrent	1,924,230	29,980	5.25%	29,980	-
The Company	Chenfeng Optronics Corp. stock	-	Financial assets at fair value through other comprehensive income–noncurrent	1,000,000	10,960	0.99%	10,960	-
The Company	Fubon Financial Holding Co., Ltd. preference stock	-	Financial assets at fair value through other comprehensive income–noncurrent	13,845	829	-	829	-
The Company	Innolux Co., Ltd. stock	-	Financial assets at fair value through other comprehensive income–current	986,209	14,103	0.01%	14,103	-
The Company	Pegatron Co., Ltd. stock	-	Financial assets at fair value through other comprehensive income–current	266,000	23,222	0.01%	23,222	-

Name of security holder	Name of security and type	Relationship between issuer of security and the security holder	Financial statement account	December 31, 2023				Remarks
				Units (shares)	Carrying value	Percentage of ownership	Fair value	
The Company	Mega Financial Holding Co., Ltd. stock	-	Financial assets at fair value through other comprehensive income–current	1,277,035	50,060	0.01%	50,060	-
The Company	Taiwan Cement Corp. stock	-	Financial assets at fair value through other comprehensive income–current	868,943	30,283	0.01%	30,283	-
The Company	ASE Technology Holding Co., Ltd. stock	-	Financial assets at fair value through other comprehensive income–current	295,000	39,825	0.01%	39,825	-
The Company	Nan Ya Plastics Corp. stock	-	Financial assets at fair value through other comprehensive income–current	300,000	19,950	-	19,950	-
The Company	China Development Financial Holding Corp. stock	-	Financial assets at fair value through other comprehensive income–current	2,500,000	31,375	0.01%	31,375	-
The Company	Evergreen Marine Co., (Taiwan) Ltd. stock	-	Financial assets at fair value through other comprehensive income-current	84,000	12,054	-	12,054	-
The Company	United Microelectronics Corp. stock	-	Financial assets at fair value through other comprehensive income-current	400,000	21,040	-	21,040	-
The Company	CoAsia Electronics Corp. stock	-	Financial assets at fair value through other comprehensive income-current	472,239	7,627	0.32%	7,627	-
The Company	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at fair value through other comprehensive income-current	480,000	15,624	0.78%	15,624	-
Ying Dar Investment Development Corp.	The Company's stock	Parent Company	Financial assets at fair value through other comprehensive income–noncurrent	5,346,672	161,470	3.40%	161,470	-
Bae Haw Investment Development Corp.	Everest Technology Inc. stock	-	Financial assets at fair value through other comprehensive income–noncurrent	1,000,000	-	1.47%	-	-
Bae Haw Investment Development Corp.	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at fair value through other comprehensive income–current	380,000	12,369	0.62%	12,369	-
Bae Haw Investment Development Corp.	The Company's stock	Parent Company	Financial assets at fair value through other comprehensive income–noncurrent	3,447,716	104,121	2.19%	104,121	-
Ying Cheng Investment Corp.	Chenfeng Optronics Corp. stock	-	Financial assets at fair value through other comprehensive income–noncurrent	6,000,000	65,760	5.96%	65,760	-

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD$300 million or 20% of the capital stock: none

(v) Acquisition of individual real estate with amount exceeding the lower of NTD$300 million or 20% of the capital stock: none

(vi) Disposal of individual real estate with amount exceeding the lower of NTD$300 million or 20% of the capital stock: none

(vii) Related-party transactions for purchases to and sales from with amount exceeding the lower of NTD$100 million or 20% of the capital stock:

Purchasing (selling) company	Related party	Nature of Relation-ship	Details of transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables (payables)		Remarks
			Purchase (sale)	Amount	Percentage of net Purchases (sales)	Credit line	Unit price	Payment terms	Balance	Percentage of notes and accounts receivable (payable)	
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Sale	1,403,315	32.05%	3 months	Sales prices offered to Emerging Display Technologies Corp., U.S.A. were not significantly different from those offered to other customers.	Considering the special trading practices in North American market, the Company set credit duration as three months for North American market, which is slightly longer than one to three months set in other markets.	348,263	46.05%	-
Emerging Display Technologies Corp., U.S.A.	The Company	Subsidiary of the Company	Purchase	(1,403,315)	100.00%	3 months	The Company is the major supplier for Emerging Display Technologies Corp., U.S.A. There is no comparable transaction.	The Company is the major supplier for Emerging Display Technologies Corp., U.S.A.	(348,263)	100.00%	-
The Company	Dong Guan Emerging Display Limited	Sub-subsidiary of the Company	Purchase (processing expense)	(372,707)	15.76%	1-3 months	The Company is the only entity the sub-subsidiary provides processing service to. There is no comparable transaction.	The Company is the major entity the sub-subsidiary provides processing service to.	(44,981)	11.20%	-
Dong Guan Emerging Display Limited	The Company	Sub-subsidiary of the Company	Sale (processing revenue)	372,707	100.00%	1-3 months	The Company is the only entity the sub-subsidiary provides processing service to. There is no comparable transaction.	The Company is the only entity the sub-subsidiary provides processing service to.	44,981	100.00%	-

(viii) Receivables from related parties with amounts exceeding the lower of NTD$100 million or 20% of the capital stock:

Name of company that has the receivables	Counterparty	Relationship	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remarks
					Amount	Status			
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Accounts receivable of $348,263	4.44	-	-	186,337	-	-

(ix) Trading in derivative instruments:

Please refer to note 6(b).

(b) Information on investees (excluding information on investees in Mainland China):

The following is the information on investees for the year 2023:

Name of investor	Name of investee	Location	Business scope	Original cost of investment		Balance as of December 31, 2023			Net income (loss) of the investee	Investment income (loss) recognized	Remarks
				December 31, 2023	December 31, 2022	Shares owned	Percentage owned	Carrying value			
The Company	Emerging Display Technologies Corp., U.S.A.	USA	Trading	121,656	121,656	3,500,000	100.00%	85,471 (Note 1)	3,864	3,612	Subsidiary
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	74,219	11,242	8,824	Subsidiary
The Company	EDT-Europe ApS	Denmark	Customer service and business support	101,872	71,172	2,000,000	100.00%	114,867	387	387	Subsidiary
The Company	Emerging Display Technologies Korea	Korea	Business support	1,677	1,677	58,212,500	100.00%	1,564	(68)	(68)	Subsidiary
The Company	EDT-Japan Corp.	Japan	Customer service and business support	17,401	17,401	5,000	100.00%	6,257	223	223	Subsidiary
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	39,327	9,930	1,375 (Note 2)	Subsidiary
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	47,792	8,061	2,545 (Note 2)	Subsidiary
The Company	Ying Cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	39,612	(62)	(32)	Subsidiary
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	13,234	13,234	450,000	5.90%	5,579	11,242	663	Subsidiary
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	10,789	11,242	1,283	Subsidiary

Note 1: Unrealized sales profit amounting to $39,397 was deducted.
Note 2: Cash dividends to subsidiaries, which were reclassified as capital surplus, were deducted.

(c) Information on investment in Mainland China:

(i) Information on investment in Mainland China:

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of January 1, 2023	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of December 31, 2023	Net income of investee	The Company's direct or indirect investment ratio	Investment gain (loss) recognized by the Company	Book value of the investment as of December 31, 2023	Accumulated investment income repatriated to Taiwan as of December 31, 2023
					Remittance	Repatriation						
Dong Guan Emerging Display Limited	Manufacturing of LCDs	248,516 (USD$7,625,300)	Investing through a third country by establishing a holding company, Emerging Display International (Samoa) Corp., in a third country.	219,225 (USD$6,746,936) (Note 1)	-	-	219,225 (USD$6,746,936)	10,913	95.80% (Note 2)	10,455 Based on the investee's financial statements audited by the same auditor of the Company (Note 3)	80,860 (Note 4)	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs	Upper Limit on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
212,929 (Note 8) (USD$6,934,668) (Note 5)	428,388 (Note 8) (USD$13,951,732) (Note 6)	1,764,561 (Note 7)

Note 1: The amount includes $13,234 which was invested by Ying Dar Investment Development Corp. and $25,488 which was invested by Bae Haw Investment Development Corp.

Note 2: The ratio includes 5.90% which was held by Ying Dar Investment Development Corp. and 11.41% which was held by Bae Haw Investment Development Corp.

Note 3: The amount includes a gain of $644 which was recognized by Ying Dar Investment Development Corp. and a gain of $1,245 which was recognized by Bae Haw Investment Development Corp.

Note 4: The amount includes $4,980 which was invested by Ying Dar Investment Development Corp. and $9,631 which was invested by Bae Haw Investment Development Corp.

Note 5: The amount includes the remaining capital amounting to US$187,732 of Emerging Technologies Int'l Trading (Shanghai) Co., Ltd. not remitted back after it had completed liquidation in 2009.

Note 6: The approved amount includes US$637,732 obtained from Ying Dar Investment Development Corp. and US$870,000 obtained from Bae Haw Investment Development Corp. The amount obtained from Ying Dar Investment Development Corp. includes the remaining capital amounting to US$187,732 of Emerging Technologies Int'l Trading (Shanghai) Co., Ltd. not remitted back after it had completed liquidation in 2009.

Note 7: The amount includes $120,478 for Ying Dar Investment Development Corp. and $91,148 for Bae Haw Investment Development Corp.

Note 8: Transactions denominated in foreign currencies were recorded using the rate of exchange at December 31, 2023.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China in 2023 are disclosed in “Information on significant transactions”.

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Tseng, Jui-Ming	11,043,723	7.01%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the 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 declaration, refer to Market Observation Post System.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2023.

6.6 If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

VII. Review of Financial Conditions, Operating Results, and Risk Management

7.1 Financial position

Unit: NT$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	3,357,439	3,506,575	(149,136)	-4.25%
Property, plant and equipment	525,237	461,222	64,015	13.88%
Intangible assets	4,980	5,247	(267)	-5.09%
Other assets	265,987	312,729	(46,742)	-14.95%
Total Assets	4,153,643	4,285,773	(132,130)	-3.08%
Current liabilities	980,655	1,412,086	(431,431)	-30.55%
Non-current liabilities	544,952	545,844	(892)	-0.16%
Total Liabilities	1,525,607	1,957,930	(432,323)	-22.08%
Equity attributable to shareholders of the parent	2,588,225	2,265,074	323,151	14.27%
Capital stock	1,574,076	1,574,076	0	0.00%
Capital surplus	50,291	35,840	14,451	40.32%
Retained earnings	1,177,368	897,783	279,585	31.14%
Other equity interest	(91,228)	(120,343)	29,115	24.19%
Treasury stock	(122,282)	(122,282)	0	0.00%
Non-controlling interest	39,811	62,769	(22,958)	-36.58%
Total Equity	2,628,036	2,327,843	300,193	12.90%

Analysis of changes in financial ratios:

A. Current liabilities and total liabilities decreased because of the repayment of short-term borrowings totalling NT$270,000 thousand in 2023.

B. Capital surplus increased because the dividend paid to the subsidiary was recorded as capital surplus.

C. Retained earnings increased because of the growing profit and the increase of the disposal of investments in equity instruments designated at fair value through other comprehensive income in 2023

D. Other equity interest increased because of the increase of unrealized gains from financial assets measured at fair value through other comprehensive income in 2023.

E. Non-controlling interest decreased because the evaluation of shares of domestic non-Listed or OTC companies indirectly held through subsidiaries decreased.

7.2 Financial performance

7.2.1 Analysis of financial performance

Unit: NT$ thousands

Year / Item	2023	2022	Difference	
			Amount	%
Operating revenue	4,386,724	4,692,706	(305,982)	-6.52%
Gross profit	1,010,722	917,448	93,274	10.17%
Operating income	449,918	384,168	65,750	17.11%
Non-operating income and expenses	55,065	116,593	(61,528)	-52.77%
Income before tax	504,983	500,761	4,222	0.84%
Tax expense	86,388	80,785	5,603	6.94%
Net income	418,595	419,976	(1,381)	-0.33%
Other comprehensive income (after tax)	118,999	13,774	105,225	763.94%
Total comprehensive income	537,594	433,750	103,844	23.94%

Analysis of changes over 20% in financial ratios:

A. Non-operating income and expenses decreased because foreign currency exchange losses caused by unfavorable exchange rate effects in 2023. Compared with the foreign exchange gains in 2022, the difference is NT$95,389 thousand, a range of 108.37%.

B. Other comprehensive income (after tax) increased because unrealized gains from financial assets measured at fair value through other comprehensive income increased in 2023.

7.2.2 Analysis of gross profit

Unit: NT$ thousands

Year / Item	2023	2022	Change %
Gross profit	1,010,722	917,448	10.17%

Analysis of change:

Gross profit increased because the product mix was continously optimized and material costs was stabilized in 2023.

7.2.3 Sales volume forecast and the basis therefor: Please refer to page 4.

7.3 Cash flows

7.3.1 Analysis of cash flows for 2023

Unit: NT$ thousands

Cash and cash equivalents, beginning of year (1)	Net cash flow from operating activities (2)	Net cash flow from investing activities (3)	Net cash flow from financing activities (4)	Effects of changes in foreign exchange rates (5)	Cash surplus (deficit) (1)+(2)+(3) +(4)+(5)	Leverage of cash deficit	
						Investment plans	Financing plans
1,307,122	667,732	(42,112)	(521,054)	(41,164)	1,370,524	–	–

A. Analysis of cash flow:

- Operating activities: Net cash inflow was mainly due to the increase of income before tax and the great decrease of inventories.
- Investing activities: Net cash outflow was mainly due to the acquisition of financial assets at fair value through other comprehensive income.
- Financing activities: Net cash outflow was mainly due to the repayment of short-term borrowings and the payment of cash dividends.

B. Corrective measures to be taken in response to illiquidity: Not applicable.

7.3.2 Analysis of liquidity for 2024

Unit: NT$ thousands

Cash and cash equivalents, beginning of year (1)	Estimated net cash flow from operating activities (2)	Estimated net cash used in investing and financing activities (3)	Cash surplus (deficit) (1)+(2)+(3)	Leverage of cash deficit	
				Investment plans	Financing plans
1,370,524	333,290	(201,434)	1,502,380	–	–

A. Liquidity analysis: It is estimated that the Company will generate cash inflow from operating activities NT$333,290 thousand in 2024. Further, it is estimated NT$201,434 thousand net cash used in investing activities and financing activities, are primarily for repayment of borrowings for materials and working capital, payment for cash dividends, and so on. The balance of cash at the end of year is estimated to be NT$1,502,380 thousand.

B. Remedial actions for liquidity shortfall: Not Applicable.

7.4 Major capital expenditure items: None.

7.5 Investment policy in the last year, main causes for profits or losses, improvement plans and investment plans for the coming year

The Company's investment strategy is mainly focus on vertical integration of flat display industry or related industry that is beneficial for the upgrade of technologies or management of production and sales. The Company will remain focus on the above said investment to upgrade production lines and enhance competitive advantages for the coming year. The increase of recent year's investment profit was due to the Company properly deployed the production capacity and resource. The Company will remain focus on investment that is beneficial to technology development or evaluate if it is beneficial to our industry before investment for unrelated industry.

7.6 Risk analysis and assessment

7.6.1 The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

A. Interest rate

The increase of interest rate will drive the higher capital cost, but its effect for short-term borrowing is smaller.

B. Exchange rate

The sales of the Company's products are mainly export abroad and the critical materials such as liquid crystal, driver IC, LCD or backlight modules are denominated primarily in foreign currencies. The Company receives net foreign currencies when export abroad, therefore, any significant fluctuation in such exchange rate would have an effect on the Company's revenue and profit.

To avoid the foreign exchange volatility, the Company takes protection steps as follows:

- Asset offset with liabilities of foreign currency: Foreign currencies received from sales directly pay off the import materials to lower the exchange rate exposure.
- Utilize hedged derivative financial instruments: Utilize currency forward contracts or options to avoid foreign currency risk of assets and liabilities due to its fluctuation.
- Collect exchange rate information at any time to monitor the trend of exchange rate and decide the best timing to convert from foreign currency to NTD or retain in foreign currency account.
- Enhance quality and added value of products to adjust cost and price in time during foreign currency fluctuation.

7.6.2 The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

The Company did not engage in any high-risk or high-leveraged investments. The transactions and procedures related to lending and endorsement are based on the Company's "Procedures for Lending" and "Procedures for Endorsement Guarantee". Furthermore, derivative transactions follow the "Regulations Governing the Acquisition and Disposal of Assets".

7.6.3 Research and development work to be carried out in the future, and further expenditures expected for research and development work:

Please refer to page 3 to 4.

7.6.4 Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response

The Company consistently pays close attention to any changes in local and foreign regulations and makes appropriate amendments to our systems such as Corporate Governance Practice Principles and Article of Corporation. During 2023 and as of the date of publication of this annual report, changes in related laws have not had a significant impact on our operations.

7.6.5 Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response

The package technologies of flat panel display have been upgraded for the recent years. Further, the global individual business operation system and the application of flat panel displays keep expanding. In an attempt to grasp market opportunities, the Company continues to pay attention to market changes and related technological development trends. Also, it is committed to developing new products and new customer sources in order to enhance the long-term competitiveness. In response to information security incidents such as frequent cyber-attacks and ransom ware in recent years, the Company also strengthens the risk control and protection of cyber security, and implements various control measures, including the construction of firewalls, and the appointment of external professionals to evaluate. The details were listed as "5.6 Cyber security management" in this report. During 2023 and as of the date of publication of this annual report, those changes have not had a significant impact on our operations.

7.6.6 Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response.

The Company has consistently maintained an ethical business philosophy and pay attention to corporate image and risk control. There is no foreseeable risk currently.

7.6.7 Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

7.6.8 Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

The Company has layout detail capital, technologies, source of customers, talented persons and site planning for factory expansion and management to expand CTP production lines and develop total solutions for flat display technologies. In this way, the Company can not only keep the competitive advantage within this industry but also meet customer's demand.

7.6.9 Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

The change of quantities demand from customers will affect the operation, so the Company had improved the risk of sales concentration and continue to develop new customers. As to the material purchase, the Company acquire multiple sources of suppliers to minimize suppliers' risk.

7.6.10 Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.

7.6.11 Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: Not applicable.

7.6.12 Litigious and non-litigious matters: None.

7.6.13 Other important risks, and mitigation measures being or to be taken: None.

7.7 Other important matters

7.7.1 Risk management

The Company formulated the "Risk Management Policies and Procedures" and approved by the Board of Directors on November 3, 2020. This expects to conduct risk management against uncertain factors that may threaten the enterprise's business operations, and is jointly implemented by the Board of Directors, Audit Office, President, all risk management departments, all units, and subsidiary companies.

The Company implements a risk assessment every year with the heads of each risk management department to be in charge of analyzing and monitoring the risks faced by their business jurisdictions. All risk management policies and major decisions have to report to the Board of Directors for approvals. In accordance with the results of risk assessment, an annual audit plan is mapped out by the Audit Office for this purpose. The President is in charge of coordinating and supervising the implementation and coordination of the entire risk management. Each unit and subsidiary companies must abide by the regulations when performing necessary operations and risk management, ensuring that the risks involved are controlled within the affordable range.

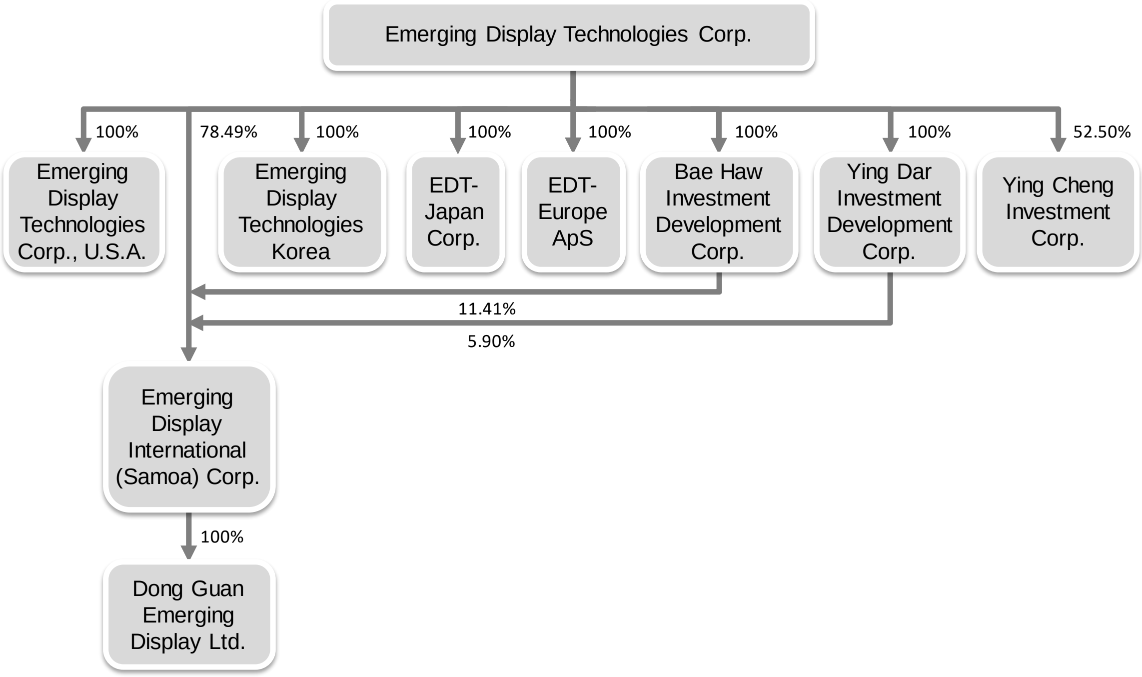
As an attempt to review business and operating characteristics, the Company has now included a total of 12 risk categories under management. They are: interest rate change risk, exchange rate change risk, climate change and environmental risk, occupational safety risk, raw material price and supply chain risk, information security risk, strategy and operation risk, investment risk, legal risk, technology risk, management risk, and corporate image risk. For more details of the risk control measures mentioned above, please refer to the contents of the Company regulations "Risk Management Policies and Procedures" under the "Corporate Governance" section of the Company's website.

VIII. Special Disclosure

8.1 Summary of affiliated companies

8.1.1 Consolidated business report of affiliated companies

A. Organization structure



B. The profile of affiliated companies:

Company Name	Date of Incorporation	Address	Paid-in Capital (NT$ thousands)	Main Areas of Business Operations
Emerging Display Technologies Corp., U.S.A.	Sep. 23, 1994	390 Goddard, Irvine, CA 92618, U.S.A.	116,731	Sales channel of North America
Emerging Display International (Samoa) Corp.	Feb. 7, 2000	Offshore Chambers,PO Box 217, Apia, Samoa	248,063	Investment holding
Dong Guan Emerging Display Ltd.	Aug 11, 2000	E2 Junda Industrial Park, Dong Keng Town Dong Guan City, Guang Dong, China	248,516	Manufacturing of CTP and LCDs
EDT-Europe ApS	Oct. 26, 2000	Dyregaardsvej 2, 2740 Skovlunde, Denmark	8,096	Sales channel of Pan-Europe
Bae Haw Investment Development Corp.	Jun. 6, 2001	3F, No. 5, Central 1st Road, Cianjhen Dist., Kaohsiung, Taiwan	89,000	Investment
Ying Dar Investment Development Corp.	Jun. 7, 2001	3F, No. 5, Central 1st Road, Cianjhen Dist., Kaohsiung, Taiwan	89,000	Investment
Emerging Display Technologies Korea	Jun. 11, 2004	A-1111, Pyungchon Acro Tower, 1591, Gwanyang-Dong, Dongan-Ku, Anyang-Si, Kyunggi-Do, Korea	1,677	Sales channel of Korea
EDT-Japan Corp.	Sep. 10, 2012	2-21-41 Takanawa Minatoku Tokyo, Japan108-0074 Takanawa No.1 Building	17,401	Sales channel of Japan
Ying Cheng Investment Corp.	Jul. 23, 2013	3F, No. 5, Central 1st Road, Cianjhen Dist., Kaohsiung, Taiwan	160,000	Investment

C. The particulars for companies presumed to have a relationship of control and subordination where the shareholders in common: Not applicable.

D. The industries covered by the business operated by the affiliated companies overall: Refer to “The profile of affiliated companies”.

E. Directors, supervisors and general manager of affiliated companies:

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
Emerging Display Technologies Corp., U.S.A.	Director	Emerging Display Technologies Corp. Representative: Tseng, Jui-Ming	3,500,000	100%
Emerging Display International (Samoa) Corp.	Director	Emerging Display Technologies Corp. Representative: Tseng, Jui-Ming	5,984,071	78.49%
Dong Guan Emerging Display Ltd.	Director	Emerging Display International (Samoa) Corp. Representative: Tseng, Jui-Ming	—	100%
EDT-Europe ApS	Director	Emerging Display Technologies Corp. Representative: Tseng, Jui-Ming	2,000,000	100%
Bae Haw Investment Development Corp.	Director	Emerging Display Technologies Corp. Representative: Tseng, Jui-Ming	8,900,000	100%
Ying Dar Investment Development Corp.	Director	Emerging Display Technologies Corp. Representative: Tseng, Jui-Ming	8,900,000	100%
Emerging Display Technologies Korea	Director	Emerging Display Technologies Corp. Representative: Tseng, Jui-Ming	58,212,500	100%
EDT-Japan Corp.	Director	Emerging Display Technologies Corp. Representative: Tseng, Jui-Ming	5,000	100%
Ying Cheng Investment Corp.	Director	Emerging Display Technologies Corp. Representative: Tseng, Jui-Ming	8,400,000	52.50%

8.1.2 Financial statement of affiliated companies

Unit: NT$ thousand

Company name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Income (loss) from operations	Net income (loss)	Earnings per share (NT$)
Emerging Display Technologies Corp., U.S.A.	116,731	483,662	358,795	124,867	1,411,788	1,084	3,864	1.10
Emerging Display International (Samoa) Corp.	248,063	193,153	98,594	94,559	372,707	15,330	11,242	1.88
Dong Guan Emerging Display Ltd.	248,516	182,999	98,594	84,405	372,707	15,330	10,913	—
EDT-Europe ApS	8,096	132,580	17,713	114,867	74,456	1,652	387	0.19
Bae Haw Investment Development Corp.	89,000	152,163	250	151,913	0	(1,120)	8,061	0.91
Ying Dar Investment Development Corp.	89,000	201,018	221	200,797	0	(1,923)	9,930	1.12
Emerging Display Technologies Korea	1,677	1,890	326	1,564	3,690	(47)	(68)	—
EDT-Japan Corp.	17,401	8,405	2,148	6,257	12,382	299	223	44.60
Ying Cheng Investment Corp.	160,000	75,501	50	75,451	0	(112)	(62)	(0.01)

8.1.3 Loans extended to other parties, guarantees provided to other parties and derivative financial instrument transactions of affiliated companies: None.

8.2 Private placement securities in the most recent years: None.

8.3 Shares in the company held or disposed of by subsidiaries in the most recent years:

Unit: NT$ thousand

Name of subsidiary	Paid-in capital	Fund source	Shareholding ratio of the Company	Date of acquisition or disposition	Shares and amount acquired	Shares and amountd disposed	Investment gain (loss)	Shareholdings and amount in most recent year	Mortgage	Endorsement amount made for the subsidiary	Amount loaned to the subsidiary
Ying Dar Investment Development Corp.	$89,000	Capital Increase by Cash	100%	–	–	–	–	5,346,672 shares $65,183	–	–	–
				As of Apr. 23, 2021	–	–	–	5,346,672 shares $65,183	–	–	–
Bae Haw Investment Development Corp.	$89,000	Capital Increase by Cash	100%	–	–	–	–	3,447,716 shares $45,210	–	–	–
				As of Apr. 23, 2021	–	–	–	3,447,716 shares $45,210	–	–	–

8.4 Other matters that require additional description: None.

IX. The situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report: None.