

Biostar Microtech Int'L Corp.

**Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Biostar Microtech Int'L Corp.

Opinion

We have audited the accompanying financial statements of Biostar Microtech Int'L Corp. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022 and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the other matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

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 for the year ended December 31, 2023. 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.

Key audit matters of the Company's financial statements for the year ended December 31, 2023 are stated as follows:

Estimation Uncertainty on Write-down of Inventories

The Company is primarily engaged in sales of computer motherboards, industrial computer and other computer peripheral products. The industrial characteristic and frequent releases of products resulting in the slow-moving (unmarketable) and obsolescence. The estimation of inventories net realisable value involved management uncertainty. The actual result might differ from the estimates. The estimation uncertainty on write-down of inventories is critical to financial statements as of December 31, 2023. Therefore, it was identified as a key audit matter. Please refer to Notes 4, 5 and 11 to the financial statements for detailed information related to the estimation uncertainty on write-down of inventories' accounting policies, estimation uncertainty and disclosures.

Our main audit procedures we performed to address the above key audit matter were as follows:

1. We obtained an understanding of the Company's inventories evaluation policies and the design of internal controls related to inventories evaluation and tested the operating effectiveness of such control.
2. We selected the sales and purchase documentation and tested the book value of inventories to check whether they were measured at lower of cost and net realisable value.
3. We tested and recalculated the data used by the management to calculate the allowance for inventory impairment losses and we compared the amount of the allowance for inventory impairment losses recognized by Biostar Microtech Int'L Corp. Afterwards, we confirmed the scrap inventory and whether it was listed in accordance with the inventory policy of the Company.
4. We observed the annual inventory count, and observed whether there were sluggish or obsolete inventories.

Other Matter

As disclosed in first paragraph to financial statements, we did not audit the financial statements of Biostar Microtech (U.S.A.) Corp. and Biostar Microtech Europe Holding B.V. accounted for using the equity method included in the financial statements of the Company, but such statements were audited by other auditors. Our opinion, insofar as it relates to the investments and the share of profit (loss) of the investees accounted for using the equity method audited by other auditors, was based solely on the reports of the other auditors. The total investments in investees accounted for using the equity method were NT\$58,591 thousand and NT\$49,252 thousand, which constituted 2.11% and 1.60% of total assets as of December 31, 2023 and 2022, respectively; and the share of the other comprehensive income of the subsidiaries and associates accounted for using the equity method was NT\$(15,354) thousand and NT\$(9,555) thousand, which constituted 15.07% and (32.13%) of the total comprehensive income for the years ended December 31, 2023 and 2022, respectively.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Han-Ni Fang and Shih-Chieh Chou.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 20, 2024

Notice to Readers

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

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

BIOSTAR MICROTECH INT'L CORP.

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 667,274	24	\$ 703,149	23
Financial assets at fair value through profit or loss - current (Note 7)	333,114	12	219,536	7
Financial assets at fair value through other comprehensive income - current (Note 8)	204,443	7	205,657	7
Financial assets at amortized cost - current (Note 9)	29,000	1	29,000	1
Trade receivables, net (Notes 10 and 22)	147,078	5	78,521	3
Trade receivables from related parties (Notes 10, 22 and 28)	144,976	5	226,674	7
Other receivables (Notes 10 and 28)	10,536	1	15,189	1
Current tax assets (Note 24)	10,675	1	2,866	-
Inventories, net (Notes 5 and 11)	631,301	23	692,043	22
Other current assets (Note 16)	<u>6,529</u>	<u>-</u>	<u>5,423</u>	<u>-</u>
Total current assets	<u>2,184,926</u>	<u>79</u>	<u>2,178,058</u>	<u>71</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	119,217	4	172,615	6
Investments accounted for using the equity method (Note 12)	98,332	3	344,228	11
Property, plant and equipment (Notes 13 and 29)	129,795	5	131,750	4
Investment properties, net (Notes 15 and 29)	195,792	7	197,799	6
Deferred tax assets (Note 24)	31,215	1	38,359	1
Other non-current assets (Notes 16 and 20)	<u>20,332</u>	<u>1</u>	<u>16,477</u>	<u>1</u>
Total non-current assets	<u>594,683</u>	<u>21</u>	<u>901,228</u>	<u>29</u>
TOTAL	<u>\$ 2,779,609</u>	<u>100</u>	<u>\$ 3,079,286</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable (Note 17)	\$ 1,886	-	\$ 2,631	-
Trade payables (Notes 17 and 28)	465,781	17	358,991	12
Other payables (Notes 18 and 28)	88,292	3	374,338	12
Current tax liabilities (Note 24)	-	-	16,782	1
Provision - current (Note 19)	30,000	1	30,000	1
Other current liabilities (Note 18)	<u>10,874</u>	<u>1</u>	<u>13,871</u>	<u>-</u>
Total current liabilities	<u>596,833</u>	<u>22</u>	<u>796,613</u>	<u>26</u>
NON-CURRENT LIABILITIES				
Provisions - non-current (Note 19)	20,000	1	20,000	1
Deferred tax liabilities (Note 24)	13,901	-	11,910	-
Other non-current liabilities (Note 18)	<u>3,336</u>	<u>-</u>	<u>3,336</u>	<u>-</u>
Total non-current liabilities	<u>37,237</u>	<u>1</u>	<u>35,246</u>	<u>1</u>
Total liabilities	<u>634,070</u>	<u>23</u>	<u>831,859</u>	<u>27</u>
EQUITY (Note 21)				
Share capital				
Ordinary shares	<u>1,781,000</u>	<u>64</u>	<u>1,781,000</u>	<u>58</u>
Capital surplus	<u>66,778</u>	<u>2</u>	<u>66,778</u>	<u>2</u>
Retained earnings				
Legal reserve	267,955	10	265,837	9
Special reserve	4,374	-	12,935	-
Unappropriated earnings	<u>22,391</u>	<u>1</u>	<u>125,251</u>	<u>4</u>
Total retained earnings	<u>294,720</u>	<u>11</u>	<u>404,023</u>	<u>13</u>
Other equity	<u>3,041</u>	<u>-</u>	<u>(4,374)</u>	<u>-</u>
Total equity	<u>2,145,539</u>	<u>77</u>	<u>2,247,427</u>	<u>73</u>
TOTAL	<u>\$ 2,779,609</u>	<u>100</u>	<u>\$ 3,079,286</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 20, 2024)

BIOSTAR MICROTECH INT'L CORP.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 22 and 28)	\$ 2,266,047	100	\$ 2,222,219	100
OPERATING COSTS (Notes 11, 23 and 28)	<u>2,178,829</u>	<u>96</u>	<u>1,974,855</u>	<u>89</u>
GROSS PROFIT	<u>87,218</u>	<u>4</u>	<u>247,364</u>	<u>11</u>
OPERATING EXPENSES (Notes 10, 23 and 28)				
Selling and marketing expenses	111,434	5	113,756	5
General and administrative expenses	43,521	2	43,248	2
Research and development expenses	71,088	3	69,812	4
Expected credit loss	<u>83</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total operating expenses	<u>226,126</u>	<u>10</u>	<u>227,816</u>	<u>11</u>
PROFIT/(LOSS) FROM OPERATIONS	<u>(138,908)</u>	<u>(6)</u>	<u>19,548</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	23,458	1	14,384	1
Other income (Notes 23 and 28)	32,299	2	36,026	2
Other gains and losses (Notes 23 and 30)	(43,289)	(2)	(40,199)	(2)
Finance costs (Note 23)	(83)	-	(20)	-
Share of profit of subsidiaries	<u>9,074</u>	<u>-</u>	<u>(12,670)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>21,459</u>	<u>1</u>	<u>(2,479)</u>	<u>-</u>
PROFIT/(LOSS) BEFORE INCOME TAX	(117,449)	(5)	17,069	-
INCOME TAX EXPENSE (BENEFIT) (Note 24)	<u>(4,089)</u>	<u>-</u>	<u>4,218</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>(113,360)</u>	<u>(5)</u>	<u>12,851</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	5,071	-	10,415	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(1,014)</u>	<u>-</u>	<u>(2,083)</u>	<u>-</u>
	<u>4,057</u>	<u>-</u>	<u>8,332</u>	<u>-</u>

(Continued)

BIOSTAR MICROTECH INT'L CORP.**STATEMENTS OF COMPREHENSIVE INCOME****FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022****(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)**

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (910)	-	\$ 36,731	2
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	8,143	1	(20,824)	(1)
Income tax related to items that may be reclassified subsequently to profit or loss	<u>182</u>	<u>-</u>	<u>(7,346)</u>	<u>-</u>
	<u>7,415</u>	<u>1</u>	<u>8,561</u>	<u>1</u>
Other comprehensive loss for the year, net of income tax	<u>11,472</u>	<u>1</u>	<u>16,893</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ (101,888)</u>	<u>(4)</u>	<u>\$ 29,744</u>	<u>1</u>
EARNINGS (LOSS) PER SHARE (Note 25)				
Basic	<u>\$ (0.64)</u>		<u>\$ 0.07</u>	
Diluted	<u>\$ (0.64)</u>		<u>\$ 0.07</u>	

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

(With Deloitte & Touche auditors' report dated March 20, 2024)

(Concluded)

BIOSTAR MICROTECH INT'L CORP.

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

	Retained Earnings						Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Total				
BALANCE AT JANUARY 1, 2022	\$ 1,781,000	\$ 66,778	\$ 229,550	\$ 3,271	\$ 363,739	\$ 596,560	\$ (20,132)	\$ 7,197	\$ (12,935)	\$ 2,431,403
Appropriation of 2021 earnings										
Legal reserve	-	-	36,287	-	(36,287)	-	-	-	-	-
Special reserve	-	-	-	9,664	(9,664)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(213,720)	(213,720)	-	-	-	(213,720)
	-	-	36,287	9,664	(259,671)	(213,720)	-	-	-	(213,720)
Net profit for the year ended December 31, 2022	-	-	-	-	12,851	12,851	-	-	-	12,851
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	8,332	8,332	29,385	(20,824)	8,561	16,893
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	21,183	21,183	29,385	(20,824)	8,561	29,744
BALANCE AT DECEMBER 31, 2022	1,781,000	66,778	265,837	12,935	125,251	404,023	9,253	(13,627)	(4,374)	2,247,427
Appropriation of 2022 earnings										
Legal reserve	-	-	2,118	-	(2,118)	-	-	-	-	-
Special reserve reversed	-	-	-	(8,561)	8,561	-	-	-	-	-
	-	-	2,118	(8,561)	6,443	-	-	-	-	-
Net loss for the year ended December 31, 2023	-	-	-	-	(113,360)	(113,360)	-	-	-	(113,360)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	4,057	4,057	(728)	8,143	7,415	11,472
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(109,303)	(109,303)	(728)	8,143	7,415	(101,888)
BALANCE AT DECEMBER 31, 2023	\$ 1,781,000	\$ 66,778	\$ 267,955	\$ 4,374	\$ 22,391	\$ 294,720	\$ 8,525	\$ (5,484)	\$ 3,041	\$ 2,145,539

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

(With Deloitte & Touche auditors' report dated March 20, 2024)

BIOSTAR MICROTECH INT'L CORP.

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before income tax	\$ (117,449)	\$ 17,069
Adjustments for:		
Depreciation expense	4,602	4,661
Expected credit loss recognized on trade receivables	83	1,000
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	46,185	83,932
Finance costs	83	20
Interest income	(23,458)	(14,384)
Dividend income	(11,218)	(14,717)
Share of the profit of subsidiaries	(9,074)	12,670
Net loss on disposal of financial assets	106	6,715
Write-down of inventories	-	51,073
Reversal of inventories	(10,761)	-
Unrealized net gain on foreign currency exchange	(8,895)	(9,315)
Changes in operating assets and liabilities		
Trade receivables	(68,640)	26,172
Trade receivables from related parties	81,698	(57,537)
Other receivables	4,603	(2,888)
Inventories	71,503	114,590
Other current assets	(1,106)	216
Other operating assets	1,262	(5,017)
Notes payable	(745)	(588)
Trade payables	106,790	(144,640)
Other payables	(286,046)	(35,033)
Provisions	-	(50,000)
Other current liabilities	(2,997)	(7,347)
Net defined benefit liabilities	(8)	5,005
Cash used in operations	(223,482)	(18,343)
Interest paid	(83)	(20)
Income taxes paid	(12,199)	(38,842)
Net cash used in operating activities	(235,764)	(57,205)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(118,860)
Proceeds from sale of financial assets at fair value through other comprehensive income	15,463	51,747
Purchase of financial assets at fair value through profit or loss	(140,823)	(307,882)
Proceeds from sale of financial assets at fair value through profit or loss	37,141	723,109
Payments for property, plant and equipment	(640)	(1,777)
Capital reduction refund of subsidiary accounted for using equity method	254,060	-

(Continued)

BIOSTAR MICROTECH INT'L CORP.

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

	2023	2022
Decrease in refundable deposits	\$ -	\$ 200
Increase in refundable deposits	(38)	-
Interest received	23,508	13,755
Dividends received	<u>11,218</u>	<u>14,717</u>
Net cash generated from investing activities	<u>199,889</u>	<u>375,009</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	-	70
Dividends paid to owners of the Company	<u>-</u>	<u>(213,720)</u>
Net cash used in financing activities	<u>-</u>	<u>(213,650)</u>
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	(35,875)	104,154
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>703,149</u>	<u>598,995</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 667,274</u>	<u>\$ 703,149</u>

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

(With Deloitte & Touche auditors' report dated March 20, 2024)

(Concluded)

BIOSTAR MICROTECH INT'L CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. GENERAL INFORMATION

Biostar Microtech Int'L Corp. (the "Company") was incorporated in the Republic of China (ROC) in August 1990 and commenced business in November 1990. The Company mainly manufactures and sells computer motherboards, industrial computer and other computer peripheral products.

The Company's shares have been listed on the Taipei Exchange (TPEX) mainboard since December 1998. In December 1999 the Company increased its share capital, which are listed on Taiwan Stock Exchange (TWSE).

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 1, 2024.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

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

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

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

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

As of the date the financial statements were authorized for issue, the Company has the application of other standards and interpretations will not have material impact on the Company's financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the Company's financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries, and the related equity items, as appropriate, in the Company's financial statements.

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

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

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

For the purposes of presenting the financial statements, the assets and liabilities of the Company and its foreign operations (including of the subsidiaries in other countries or those that use currencies that are different from the Company) are translated into New Taiwan dollars using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

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

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

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

h. Investment properties

Investment properties are properties held to earn rental or for capital appreciation.

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

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

i. Impairment of property, plant and equipment and investment properties

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments at fair value through other comprehensive income.

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, is recognized in profit or loss.

k. Provisions

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

Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

l. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electronic equipment. Company are recognized as revenues and trade receivables when control of the merchandise is transferred to the customer.

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

2) Revenue from the rendering of services

Revenue from the rendering of services is recognized when information verification service is rendered.

m. Leases

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

1) The Company as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Company as lessee

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

o. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for the acquisition of a subsidiary, the tax effect is included in the accounting for the investments in a subsidiary.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 161	\$ 236
Checking accounts and demand deposits	272,723	308,464
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>394,390</u>	<u>394,449</u>
	<u>\$ 667,274</u>	<u>\$ 703,149</u>

The market rate intervals of cash in the bank at the end of the year were as follows:

	December 31	
	2023	2022
Demand deposits	0.001%-5.5%	0.001%-4%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 132,907	\$ 126,995
Preference shares	20,367	18,661
Domestic listed shares	<u>179,840</u>	<u>73,880</u>
	<u>\$ 333,114</u>	<u>\$ 219,536</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	\$ 55,976	\$ 111,210
Domestic unlisted preference shares	<u>63,241</u>	<u>61,405</u>
	<u>\$ 119,217</u>	<u>\$ 172,615</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Debt Instruments at FVTOCI

	December 31	
	2023	2022
<u>Current</u>		
Foreign investments		
Government bonds	<u>\$ 204,443</u>	<u>\$ 205,657</u>

The Company adopted a policy of only investing only in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Company's exposure and the external credit ratings are continuously monitored. The Company reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 29,000</u>	<u>\$ 29,000</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.16% and 0.785% per annum as of December 31, 2023 and 2022, respectively.

10. TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 151,078	\$ 82,521
Less: Allowance for impairment loss	<u>(4,000)</u>	<u>(4,000)</u>
	<u>\$ 147,078</u>	<u>\$ 78,521</u>
Trade receivables from related parties	<u>\$ 144,976</u>	<u>\$ 226,674</u>
<u>Other receivables</u>		
Discount receivable	\$ 8,725	\$ 12,591
Other receivables from related parties	1,188	1,925
Interest receivables	<u>623</u>	<u>673</u>
	<u>\$ 10,536</u>	<u>\$ 15,189</u>

a. Trade receivables

The average credit period of sales of goods is 30-180 days. The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables (include trade receivables from related parties) based on the Company's provision matrix.

December 31, 2023

	Not Past Due	1 to 30 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.06%	4.35%	18.76%	-	
Gross carrying amount	\$ 207,133	\$ 88,911	\$ 10	\$ -	\$ 296,054
Loss allowance (Lifetime ECLs)	<u>(126)</u>	<u>(3,872)</u>	<u>(2)</u>	<u>-</u>	<u>(4,000)</u>
Amortized cost	<u>\$ 207,007</u>	<u>\$ 85,039</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 292,504</u>

December 31, 2022

	Not Past Due	1 to 30 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.01%	5.47%	-	100%	
Gross carrying amount	\$ 237,495	\$ 71,636	\$ -	\$ 64	\$ 309,195
Loss allowance (Lifetime ECLs)	<u>(15)</u>	<u>(3,921)</u>	<u>-</u>	<u>(64)</u>	<u>(4,000)</u>
Amortized cost	<u>\$ 237,480</u>	<u>\$ 67,715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,195</u>

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 4,000	\$ 3,000
Add: Net remeasurement of loss allowance	83	1,000
Less: Net remeasurement of loss allowance	<u>(83)</u>	<u>-</u>
Balance at December 31	<u>\$ 4,000</u>	<u>\$ 4,000</u>

b. Other receivables

The Company measures the loss allowance for other receivables at an amount equal to actual credit losses of customers; therefore, there is no uncertain recovery in addition to the amount as follows.

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ -	\$ 4,351
Less: Amounts written off	<u>-</u>	<u>(4,351)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ -</u>

11. INVENTORIES

	December 31	
	2023	2022
Raw materials	\$ 269,564	\$ 324,030
Work-in-process	67,281	61,514
Finished goods	<u>294,456</u>	<u>306,499</u>
	<u>\$ 631,301</u>	<u>\$ 692,043</u>

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

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	\$ 2,189,590	\$ 1,923,782
Inventory write-downs (reversed)	<u>(10,761)</u>	<u>51,073</u>
	<u>\$ 2,178,829</u>	<u>\$ 1,974,855</u>

The Company cost of goods sold related to inventories included the Inventory write-downs (reversed) as a result of selling the slow moving inventories.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31	
	2023	2022
Unlisted equity investments		
Garnet International Corp.	\$ 30,330	\$ 285,177
Biostar Microtech (U.S.A.) Corp.	2,832	2,260
Biostar Microtech Europe Holding B.V.	55,759	46,992
Immense Wealth International Limited	<u>9,411</u>	<u>9,799</u>
	<u>\$ 98,332</u>	<u>\$ 344,228</u>

At the end of the reporting period, the proportion of ownership and voting rights in subsidiaries held by the Company were as follows:

	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
Garnet International Corp.	100.00%	100.00%
Biostar Microtech (U.S.A.) Corp.	100.00%	100.00%
Biostar Microtech Europe Holding B.V.	100.00%	100.00%
Immense Wealth International Limited	100.00%	100.00%

Refer to Note 31 for the details of the subsidiaries indirectly held by the Company.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 97,344	\$ 86,877	\$ 2,079	\$ 81,008	\$ 267,308
Additions	-	490	-	1,287	1,777
Disposals	-	(3,772)	(1,435)	(23,631)	(28,838)
Balance at December 31, 2022	<u>\$ 97,344</u>	<u>\$ 83,595</u>	<u>\$ 644</u>	<u>\$ 58,664</u>	<u>\$ 240,247</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2022	\$ -	\$ 53,167	\$ 2,079	\$ 79,434	\$ 134,680
Depreciation expense	-	1,707	-	948	2,655
Disposals	-	(3,772)	(1,435)	(23,631)	(28,838)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 51,102</u>	<u>\$ 644</u>	<u>\$ 56,751</u>	<u>\$ 108,497</u>
Carrying amount at December 31, 2022	<u>\$ 97,344</u>	<u>\$ 32,493</u>	<u>\$ -</u>	<u>\$ 1,913</u>	<u>\$ 131,750</u>
<u>Cost</u>					
Balance at January 1, 2023	\$ 97,344	\$ 83,595	\$ 644	\$ 58,664	\$ 240,247
Additions	-	205	-	435	640
Disposals	-	-	-	(2,708)	(2,708)
Balance at December 31, 2023	<u>\$ 97,344</u>	<u>\$ 83,800</u>	<u>\$ 644</u>	<u>\$ 56,391</u>	<u>\$ 238,179</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2023	\$ -	\$ 51,102	\$ 644	\$ 56,751	\$ 108,497
Depreciation expense	-	1,751	-	844	2,595
Disposals	-	-	-	(2,708)	(2,708)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 52,853</u>	<u>\$ 644</u>	<u>\$ 54,887</u>	<u>\$ 108,384</u>
Carrying amount at December 31, 2023	<u>\$ 97,344</u>	<u>\$ 30,947</u>	<u>\$ -</u>	<u>\$ 1,504</u>	<u>\$ 129,795</u>

No impairment assessment was performed for the years ended December 31, 2023 and 2022 as there was no indication of impairment.

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

Building	
Main buildings	28-55 years
Air-conditioning units	3-6 years
Machinery and equipment	3 years
Other equipment	2-4 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 29.

14. LEASE ARRANGEMENTS

	December 31	
	2023	2022
Expenses relating to short-term leases	\$ <u>1,387</u>	\$ <u>1,387</u>
Total cash outflow for leases	\$ <u>(1,387)</u>	\$ <u>(1,387)</u>

The Company's leases of building qualify as short-term asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022 and December 31, 2023	\$ <u>142,300</u>	\$ <u>104,069</u>	\$ <u>246,369</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ -	\$ 46,564	\$ 46,564
Depreciation expense	-	<u>2,006</u>	<u>2,006</u>
Balance at December 31, 2022	\$ -	\$ <u>48,570</u>	\$ <u>48,570</u>
Carrying amount at December 31, 2022	\$ <u>142,300</u>	\$ <u>55,499</u>	\$ <u>197,799</u>
<u>Cost</u>			
Balance at January 1, 2023 and December 31, 2023	\$ <u>142,300</u>	\$ <u>104,069</u>	\$ <u>246,369</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ -	\$ 48,570	\$ 48,570
Depreciation expense	-	<u>2,007</u>	<u>2,007</u>
Balance at December 31, 2023	\$ -	\$ <u>50,577</u>	\$ <u>50,577</u>
Carrying amount at December 31, 2023	\$ <u>142,300</u>	\$ <u>53,492</u>	\$ <u>195,792</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	
Main buildings	55 years
Air-conditioning units	3-8 years
Other equipment	3-8 years

The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Company determined that the fair value of the investment property is not reliably measurable.

The investment properties are leased out for 1 year. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2023	2022
Year 1	<u>\$ 9,629</u>	<u>\$ 9,483</u>

All of the Company's investment properties are proprietary owned. The investment properties pledged as collateral for bank borrowings are set out in Note 29.

16. OTHER ASSETS

	December 31	
	2023	2022
<u>Current</u>		
Prepayments	\$ 5,933	\$ 5,104
Others	<u>596</u>	<u>319</u>
	<u>\$ 6,529</u>	<u>\$ 5,423</u>
<u>Non-current</u>		
Refundable deposits	\$ 422	\$ 384
Net defined benefit assets (Note 20)	16,155	11,076
Others	<u>3,755</u>	<u>5,017</u>
	<u>\$ 20,332</u>	<u>\$ 16,477</u>

17. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2023	2022
<u>Notes payable</u>		
Operating	<u>\$ 1,886</u>	<u>\$ 2,631</u>
<u>Trade payables</u>		
Operating	<u>\$ 465,781</u>	<u>\$ 358,991</u>

The average credit period on purchases of raw materials was 30-120 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER LIABILITIES

	December 31	
	2023	2022
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 44,393	\$ 44,162
Payables for processing fee	42,935	65,260
Others payables - related parties (Note 28)	<u>964</u>	<u>264,916</u>
	<u>\$ 88,292</u>	<u>\$ 374,338</u>
Other liabilities		
Advance receipts	\$ 9,772	\$ 12,741
Receipts under custody	<u>1,102</u>	<u>1,130</u>
	<u>\$ 10,874</u>	<u>\$ 13,871</u>
<u>Non-current</u>		
Guarantee deposits	<u>\$ 3,336</u>	<u>\$ 3,336</u>

19. PROVISIONS

	December 31	
	2023	2022
<u>Current</u>		
Warranties	<u>\$ 30,000</u>	<u>\$ 30,000</u>
<u>Non-current</u>		
Warranties	<u>\$ 20,000</u>	<u>\$ 20,000</u>

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties under contracts for the sale of goods. The estimate has been made on the basis of historical warranty trends.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 85,890	\$ 88,843
Fair value of plan assets	<u>(102,045)</u>	<u>(99,919)</u>
Net defined benefit (assets) liability	<u>\$ (16,155)</u>	<u>\$ (11,076)</u>

Movements in net defined benefit liability (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 86,601</u>	<u>\$ (92,267)</u>	<u>\$ (5,666)</u>
Service cost			
Past service cost	5,041	-	5,041
Net interest expense (income)	<u>541</u>	<u>(577)</u>	<u>(36)</u>
Recognized in profit or loss	<u>5,582</u>	<u>(577)</u>	<u>5,005</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,075)	(7,075)
Actuarial (gain) loss			
Changes in financial assumptions	(4,278)	-	(4,278)
Experience adjustments	<u>938</u>	<u>-</u>	<u>938</u>
Recognized in other comprehensive income	<u>(3,340)</u>	<u>(7,075)</u>	<u>(10,415)</u>
Contributions from the employer	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 88,843</u>	<u>\$ (99,919)</u>	<u>\$ (11,076)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	<u>\$ 88,843</u>	<u>\$ (99,919)</u>	<u>\$ (11,076)</u>
Service cost			
Past service cost	130	-	130
Net interest expense (income)	<u>1,111</u>	<u>(1,249)</u>	<u>(138)</u>
Recognized in profit or loss	<u>1,241</u>	<u>(1,249)</u>	<u>(8)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(877)	(877)
Actuarial (gain) loss			
Changes in financial assumptions	806	-	806
Experience adjustments	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>
Recognized in other comprehensive income	<u>(4,194)</u>	<u>(877)</u>	<u>(5,071)</u>
Contributions from the employer	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 85,890</u>	<u>\$(102,045)</u>	<u>\$ (16,155)</u> (Concluded)

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2023	2022
Discount rate(s)	1.125%	1.25%
Expected rate(s) of salary increase	2.50%	2.50%

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

	December 31	
	2023	2022
Discount rate		
0.25% increase	\$ (1,600)	\$ (1,618)
0.25% decrease	\$ 1,649	\$ 1,670
Expected rate of salary increase		
0.25% increase	\$ 1,601	\$ 1,623
0.25% decrease	\$ (1,562)	\$ (1,581)

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

	December 31	
	2023	2022
Expected contributions to the plan for the next year	\$ -	\$ -
Average duration of the defined benefit obligation	7.6 years	7.4 years

21. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	300,000	300,000
Shares authorized	\$ 3,000,000	\$ 3,000,000
Shares issued and fully paid (in thousands of shares)	178,100	178,100
Shares issued	\$ 1,781,000	\$ 1,781,000

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

The capital surplus generated from the excess of the issuance price over the par value of capital stock (including the stock issued for new capital), may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the Company's paid-in capital.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 23 (h).

The Company is in a steadily growing information industry. In order to meet the Company's long-term business development, future capital needs, long-term financial planning and shareholders' needs for cash inflows, the issuance of cash dividends takes precedence over the payment of share dividends. The aforementioned distribution ratio of cash dividends and share dividends are 50% to 100% and 0% to 50% of the total dividend, respectively.

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

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meeting on June 21, 2023 and June 23, 2022, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ 2,118	\$ 36,287
Special reserve	\$ -	\$ 9,664
Reversal of special reserve	\$ 8,561	\$ -
Cash dividends	\$ -	\$ 213,720
Cash dividends per share (NT\$)	\$ -	\$ 1.20

The Company's shareholders also resolved in the shareholders' meeting on March 1, 2024 for the Loss make-up proposal, respectively, were as follows:

	For the Year Ended December 31
	2023
Reversal of special reserve	\$ 1,881

d. Special reserve

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 12,935	\$ 3,271
Appropriations in respect of		
Debits to other equity items	-	9,664
Reversals:		

Reversal of the debits to other equity items	<u>(8,561)</u>	<u>-</u>
Balance at December 31	<u>\$ 4,374</u>	<u>\$ 12,935</u>

On the first-time adoption of IFRSs, the Company appropriated for a special reserve of \$2,493 thousand, the same amount as the exchange differences on translating the financial statements of foreign operations transferred to retained earnings.

If a proportionate share of the special reserve appropriated on the first-time adoption of IFRSs relates to exchange differences on translating the financial statements of foreign operations (including the subsidiaries of the Company) will be reversed on the Company's disposal of foreign operations; on the Company's loss of significant influence, however, the entire special reserve will be reversed. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

e. Other equity items

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 9,253	\$ (20,132)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	<u>(728)</u>	<u>29,385</u>
Balance at December 31	<u>\$ 8,525</u>	<u>\$ 9,253</u>

The exchange differences arising on translation of foreign operation's net assets from its functional currency to the Company's presentation currency are recognized directly in exchange differences on the translation of the financial statements of foreign operations under other comprehensive income.

2) Unrealized valuation gain/(loss) on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ (13,627)	\$ 7,197
Recognized for the year		
Unrealized gain/(loss) - debt instruments	8,037	(27,539)
Net remeasurement of loss allowance		
Reclassification adjustments		
Disposal of investments in debt instruments	<u>106</u>	<u>6,715</u>
Balance at December 31	<u>\$ (5,484)</u>	<u>\$ (13,627)</u>

22. REVENUE

	<u>For the Year Ended December 31</u>	
	2023	2022
Revenue from the sale of goods	<u>\$ 2,266,047</u>	<u>\$ 2,222,219</u>

Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables (Note 10)	<u>\$ 296,054</u>	<u>\$ 309,195</u>	<u>\$ 277,830</u>

23. NET (LOSS) PROFIT

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ 13,432	\$ 5,115
Investments in financial assets at FVTOCI	<u>10,026</u>	<u>9,269</u>
	<u>\$ 23,458</u>	<u>\$ 14,384</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income		
Investment properties (Note 15)	\$ 12,420	\$ 12,270
Dividends	11,218	14,717
Others	<u>8,661</u>	<u>9,039</u>
	<u>\$ 32,299</u>	<u>\$ 36,026</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ (46,185)	\$ (83,932)
Net foreign exchange gains	5,817	53,512
Loss on disposal of financial assets		
Investments in debt instruments at FVTOCI	(106)	(6,715)
Others	<u>(2,815)</u>	<u>(3,064)</u>
	<u>\$ (43,289)</u>	<u>\$ (40,199)</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank overdrafts and loans	\$ 57	\$ -
Other finance costs	<u>26</u>	<u>20</u>
	<u>\$ 83</u>	<u>\$ 20</u>

e. Impairment losses recognized (reversed)

	For the Year Ended December 31	
	2023	2022
Inventories (included in operating costs)	\$ <u>10,761</u>	\$ <u>(51,073)</u>
Trade receivables	\$ <u>(83)</u>	\$ <u>(1,000)</u>

f. Depreciation

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 11	\$ 13
Operating expenses	2,584	2,642
Other expenses	<u>2,007</u>	<u>2,006</u>
	<u>\$ 4,602</u>	<u>\$ 4,661</u>

g. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2023	2022
Direct operating expenses of investment properties generating rental income	\$ <u>2,816</u>	\$ <u>2,818</u>

h. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 6,041	\$ 6,007
Defined benefit plans (see Note 20)	<u>(8)</u>	<u>5,005</u>
	6,033	11,012
Other employee benefits	<u>155,099</u>	<u>152,955</u>
Total employee benefits expense	<u>\$ 161,132</u>	<u>\$ 163,967</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 18,133	\$ 17,423
Operating expenses	<u>142,999</u>	<u>146,544</u>
	<u>\$ 161,132</u>	<u>\$ 163,967</u>

i. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors and supervisors at the rates 5%-15% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors.

The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2022, which were approved by the Company's board of directors on March 24, 2022, respectively, are as follows:

Accrual rate

	<u>For the Year Ended December 31</u> <u>2022</u>
Compensation of employees	12.5%
Remuneration of directors and supervisors	2.0%

Amount

	<u>For the Year Ended December 31</u> <u>2022</u> <u>Cash</u>
Compensation of employees	\$ 2,495
Remuneration of directors and supervisors	399

Due to the loss before income tax for the years ended December 31, 2023, the Company did not accrue Compensation of employees and remuneration of directors and supervisors.

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

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

j. Gains or losses on foreign currency exchange

	<u>For the Year Ended December 31</u> <u>2023</u>	<u>2022</u>
Foreign exchange gains	\$ 52,926	\$ 104,549
Foreign exchange losses	<u>(47,109)</u>	<u>(51,037)</u>
	<u>\$ 5,817</u>	<u>\$ 53,512</u>

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ -	\$ 24,365
Income tax on unappropriated earnings	-	5,160
Adjustments for prior year	<u>(12,392)</u>	<u>(25,729)</u>
	<u>(12,392)</u>	<u>3,796</u>
Deferred tax		
In respect of the current year	<u>8,303</u>	<u>422</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (4,089)</u>	<u>\$ 4,218</u>

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

	For the Year Ended December 31	
	2023	2022
Profit (loss) before tax	<u>\$ (117,449)</u>	<u>\$ 17,069</u>
Income tax expense (benefit) calculated at the statutory rate	\$ (23,490)	\$ 3,414
Tax-exempt income	8,065	16,928
Income tax on unappropriated earnings	-	5,160
Unrecognized deductible temporary difference	23,728	4,445
Adjustments for prior years' tax	<u>(12,392)</u>	<u>(25,729)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (4,089)</u>	<u>\$ 4,218</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
Effect of change in tax rate		
In respect of the current year		
Translation of foreign operations	\$ (182)	\$ 7,346
Remeasurement of defined benefit plans	<u>1,014</u>	<u>2,083</u>
Total income tax recognized in other comprehensive income	<u>\$ 832</u>	<u>\$ 9,429</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	<u>\$ 10,675</u>	<u>\$ 2,866</u>
Current tax liabilities		
Income tax payable	<u>\$ -</u>	<u>\$ 16,782</u>

d. Deferred tax assets and liabilities

The movements of deferred tax liabilities are as follows:

For the year ended December 31, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized write down of inventories	\$ 26,496	\$ (2,152)	\$ -	\$ 24,344
Unrealized provision	5,000	-	-	5,000
Impairment loss	-	13	-	13
Unrealized gross profit on associates and joint ventures	5,772	(4,933)	-	839
Defined benefit obligations	-	1,019	-	1,019
Unrealized loss on foreign currency exchange	<u>1,091</u>	<u>(1,091)</u>	<u>-</u>	<u>-</u>
	<u>\$ 38,359</u>	<u>\$ (7,144)</u>	<u>\$ -</u>	<u>\$ 31,215</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Defined benefit obligations	\$ 985	\$ 2,004	\$ 1,014	\$ 4,003
Exchange differences on translating the financial statements of foreign operations	7,857	-	(182)	7,675
Unrealized gain on foreign currency exchange	-	1,895	-	1,895
Other	<u>3,068</u>	<u>(2,740)</u>	<u>-</u>	<u>328</u>
	<u>\$ 11,910</u>	<u>\$ 1,159</u>	<u>\$ 832</u>	<u>\$ 13,901</u>

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized write down of inventories	\$ 16,281	\$ 10,215	\$ -	\$ 26,496
Unrealized provision	10,000	(5,000)	-	5,000
Impairment loss	329	(329)	-	-
Unrealized gross profit on associates and joint ventures	5,971	(199)	-	5,772
Defined benefit obligations	16	1,082	(1,098)	-
Unrealized loss on foreign currency exchange	<u>4,214</u>	<u>(3,123)</u>	<u>-</u>	<u>1,091</u>
	<u>\$ 36,811</u>	<u>\$ 2,646</u>	<u>\$ (1,098)</u>	<u>\$ 38,359</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Defined benefit obligations	\$ -	\$ -	\$ 985	\$ 985
Exchange differences on translating the financial statements of foreign operations	511	-	7,346	7,857
Other	<u>-</u>	<u>3,068</u>	<u>-</u>	<u>3,068</u>
	<u>\$ 511</u>	<u>\$ 3,068</u>	<u>\$ 8,331</u>	<u>\$ 11,910</u>

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2023	2022
Loss carryforwards		
Expiry in 2033	<u>\$ 108,303</u>	<u>\$ -</u>
Deductible temporary differences		
Unrealized loss on investment	165,008	149,420
Impairment loss on financial asset	42,799	44,870
Unrealized provision	<u>25,000</u>	<u>25,000</u>
	<u>232,807</u>	<u>219,290</u>
	<u>\$ 341,110</u>	<u>\$ 219,290</u>

- f. Income tax assessments

As of December 31, 2021, the tax returns have been assessed by the tax authorities.

25. EARNINGS PER SHARE (LOSS)

Net Profit (Loss) for the Year

	For the Year Ended December 31	
	2023	2022
Profit (loss) for the year attributable to owners of the Company	<u>\$ (113,369)</u>	<u>\$ 12,851</u>

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	178,100	178,100
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>-</u>	<u>831</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	<u>178,100</u>	<u>178,931</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. CAPITAL MANAGEMENT

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

The Company is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

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

Except for the following, management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual fund	\$ 132,907	\$ -	\$ -	\$ 132,907
Preference shares	20,367	-	63,241	83,608
Domestic unlisted shares	<u>179,840</u>	<u>-</u>	<u>55,976</u>	<u>235,816</u>
	<u>\$ 333,114</u>	<u>\$ -</u>	<u>\$ 119,217</u>	<u>\$ 452,331</u>

Financial assets at FVTOCI

Investment in debt instruments				
Bonds	<u>\$ 204,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,443</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual fund	\$ 126,995	\$ -	\$ -	\$ 126,995
Preference shares	18,661	-	61,405	80,066
Domestic unlisted shares	<u>73,880</u>	<u>-</u>	<u>111,210</u>	<u>185,090</u>
	<u>\$ 219,536</u>	<u>\$ -</u>	<u>\$ 172,615</u>	<u>\$ 392,151</u>

Financial assets at FVTOCI

Investment in debt instruments				
Bonds	<u>\$ 205,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,657</u>

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

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

December 31, 2023

Financial Assets	Financial Assets at FVTPL Equity Instruments
Balance at January 1, 2023	\$ 172,615
Recognized in profit or loss (included in other gains and losses)	(85,398)
Sales	<u>32,000</u>
Balance at December 31, 2023	<u>\$ 119,217</u>
Unrealized gain/(loss) for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ (85,398)</u>

December 31, 2022

	Financial Assets at FVTPL
	Equity Instruments
Financial Assets	
Balance at January 1, 2022	\$ 172,343
Recognized in profit or loss (included in other gains and losses)	2,072
Sales	<u>(1,800)</u>
Balance at December 31, 2022	<u>\$ 172,615</u>
Unrealized gain/(loss) for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 2,072</u>

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

The fair values of unlisted equity securities - ROC were determined using the asset method. Asset method were determined using unlisted equity securities – ROC net asset value.

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 452,331	\$ 392,151
Financial assets at amortized cost (1)	999,286	1,052,917
Financial assets at FVTOCI		
Debt instruments	204,443	205,657
<u>Financial liabilities</u>		
Amortized cost (2)	559,295	739,296

- 1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables, trade receivables from related parties, other receivables, financial assets at amortized cost, and refundable deposits.
- 2) The balances include financial liabilities measured at amortized cost, which comprise notes payable, trade payables, other payables, and guarantee deposits.

d. Financial risk management objectives and policies

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

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Company was mainly exposed to the USD and RMB.

The following table details the Company's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number indicates a decrease in pre-tax profit when the functional currency weakens by 5% against the relevant foreign currency.

	USD Impact		RMB Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Profit or loss	\$ 9,040	\$ 324	\$ 3,967	\$ 2,269
Equity	4,446	16,721	471	490

b) Interest rate risk

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

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 627,833	\$ 629,106
Cash flow interest rate risk		
Financial assets	270,239	305,519

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of each assets outstanding at the end of the year was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis point higher/lower and all other variables were held constant, the Company's pre-tax loss and profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$676 thousand and \$764 thousand, respectively.

The Company's sensitivity to interest rates increased during the current period mainly due to the increase in floating rate demand deposits.

c) Other price risk

The Company was exposed to equity price risk through its investments in bonds, stocks, and mutual funds. The Company manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

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

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$22,617 thousand and \$19,608 thousand, respectively, other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$10,222 thousand and \$10,283 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which would cause a financial loss to the Company due to failure of the counterparties to discharge its obligation and due to the financial guarantees provided by the Company could be equal to the total of the following:

The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral and factoring of trade receivables, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Company's credit risk was significantly reduced.

The Company transacts with a large number of unrelated customers; thus, no concentration of credit risk was observed.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized short-term bank loan facilities set out in below.

Financing facilities

	December 31	
	2023	2022
Unsecured bank overdraft facilities		
Amount used	\$ -	\$ -
Amount unused	<u>500,000</u>	<u>500,000</u>
	<u>\$ 500,000</u>	<u>\$ 500,000</u>

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this noted.

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Biostar Microtech (U.S.A.) Corp.	Subsidiary
Garnet International Corp.	Subsidiary
Immense Wealth International Limited.	Subsidiary
Biostar Microtech Netherlands BV	Sub-subsidiary
Dong Guan Bromax Technology Co., Ltd.	Sub-subsidiary

b. Sales of goods

Line Item	Related Party Category	For the Year Ended December 31	
		2023	2022
Sales	Sub-subsidiary		
	Biostar Microtech Netherlands BV	\$ 206,404	\$ 271,366
	Subsidiary		
	Biostar Microtech (U.S.A.) Corp.	202,824	318,392
	Other	<u>-</u>	<u>23</u>
		<u>\$ 409,228</u>	<u>\$ 589,781</u>

The terms of collection with the third parties, are 30-90 days; the terms of collection with the related parties are 90-180 days.

The sales prices and collection terms for transactions with related parties were not significantly difference from third parties.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2023	2022
Subsidiary	\$ <u>-</u>	\$ <u>4,015</u>

There was no significant difference between related parties and third parties regarding transaction terms of purchase prices and payment terms.

d. Receivables from related parties

Line Item	Related Party Category	December 31	
		2023	2022
Trade receivables from related parties	Subsidiary		
	Biostar Microtech (U.S.A.) Corp.	\$ 101,169	\$ 170,384
	Sub-subsidiary		
	Biostar Microtech Netherlands BV	<u>43,807</u>	<u>56,290</u>
		<u>\$ 144,976</u>	<u>\$ 226,674</u>
Other receivables	Other	<u>\$ 1,188</u>	<u>\$ 1,925</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category	December 31	
		2023	2022
Trade payables	Subsidiary	<u>\$ -</u>	<u>\$ 16,192</u>
Other payables	Subsidiary		
	Garnet International Corp.	\$ -	\$ 263,400
	Biostar Microtech (U.S.A.) Corp.	<u>-</u>	<u>169</u>
		<u>-</u>	<u>263,569</u>
	Sub-subsidiary		
	Biostar Microtech Netherlands BV	-	129
	Dong Guan Bromax Technology Co., Ltd.	<u>964</u>	<u>1,218</u>
		<u>964</u>	<u>1,347</u>
		<u>\$ 964</u>	<u>\$ 264,916</u>

The outstanding payables to related parties are unsecured.

f. Other transactions with related parties

- 1) The Company received salaries from expatriate for its sub-subsidiary Biostar Microtech Netherlands BV. for the year ended December 31, 2023 and 2022, the salary of \$1,412 thousand and \$1,504 thousand was listed as other income.
- 2) The Company entrusted products process service from its subsidiary Garnet International Corp. for the years ended December 31, 2022, the amounts of products processing fee was \$9,798 thousand, respectively.
- 3) The Company entrusted products process service from its sub-subsidiary Dong Guan Bromax Technology Co., Ltd. for the year ended December 31, 2023 and 2022, the amount of products processing fee were \$14,101 thousand and \$13,979 thousand, respectively.
- 4) The Company entrusted the other fee from product maintenance and other service for its subsidiary Garnet International Corp. for the years ended December 31, 2022, was \$952 thousand, respectively.

g. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	<u>\$ 30,353</u>	<u>\$ 30,940</u>

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings of property:

	December 31	
	2023	2022
Land and building (classified as Property, plant and equipment)	\$ 23,155	\$ 23,297
Land and building (classified as investment properties)	<u>195,792</u>	<u>197,799</u>
	<u>\$ 218,947</u>	<u>\$ 221,096</u>

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 22,300	30.705 (USD:NTD)	\$ 684,715
RMB	18,613	4,327 (RMB:NTD)	<u>80,538</u>
			<u>\$ 765,253</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	2,896	30.705 (USD:NTD)	\$ 88,921
RMB	2,175	4.327 (RMB:NTD)	9,411
Financial assets at fair value through profit of loss			
USD	4,992	30.705 (USD:NTD)	153,274
Financial assets at fair value through other comprehensive income			
USD	6,658	30.705 (USD:NTD)	<u>204,443</u>
			<u>\$ 456,049</u>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 16,412	30.705 (USD:NTD)	\$ 503,922
RMB	275	4.327 (RMB:NTD)	<u>1,188</u>
			<u>\$ 505,110</u>

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 22,371	30.710 (USD:NTD)	\$ 687,013
RMB	10,736	4.408 (RMB:NTD)	<u>47,325</u>
			<u>\$ 734,388</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	10,890	30.710 (USD:NTD)	\$ 334,429
RMB	2,223	4.408 (RMB:NTD)	9,799
Financial assets at fair value through profit of loss			
USD	4,743	30.710 (USD:NTD)	145,656
Financial assets at fair value through other comprehensive income			
USD	6,697	30.710 (USD:NTD)	<u>205,657</u>
			<u>\$ 695,541</u>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 22,160	30.710 (USD:NTD)	\$ 680,528
RMB	440	4.408 (RMB:NTD)	<u>1,939</u>
			<u>\$ 682,467</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Functional Currency	For the Year Ended December 31			
	2023		2022	
	Exchange Rate	Net Foreign Exchange Loss	Exchange Rate	Net Foreign Exchange Loss
USD	31.155 (USD:NTD)	\$ 6,151	29.805 (USD:NTD)	\$ 53,929
RMB	4.396 (RMB:NTD)	<u>(334)</u>	4.422 (RMB:NTD)	<u>(417)</u>
		<u>\$ 5,817</u>		<u>\$ 53,512</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (None).
- 2) Endorsements/guarantees provided (None).

- 3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities) (Table 1).
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None).
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None).
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None).
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 2).
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3).
 - 9) Trading in derivative instruments (None).
- b. Information on investees (Table 4).
- c. Information on investment in mainland China:
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (None).

TABLE 1

BIOSTAR MICROTECH INT’L CORP.

**MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Biostar Microtech Int’L Corp	Bonds							
	AMXLMM 5 3/8 04/04/32 - REGS - 5/8% 04 Apr 2032	None	Financial assets at fair value through other comprehensive income - current	300	\$ 8,562	-	\$ 8,562	
	ARGENTUM NETHERLANDS B.V. FRN 5 3/4% 15 August 2050	None	Financial assets at fair value through other comprehensive income - current	400	12,100	-	12,100	
	BARCLAYS 5.2% 12 May 2026	None	Financial assets at fair value through other comprehensive income - current	300	9,155	-	9,155	
	C 4.14 05/24/25 FRN 4, 14% 24 May 2025	None	Financial assets at fair value through other comprehensive income - current	300	9,156	-	9,156	
	HSBC 5.21 08/11/28 FRN 5.21% 11 August 2028	None	Financial assets at fair value through other comprehensive income - current	300	9,210	-	9,210	
	HYSAN 4.1 PERP FRN 4.1% 03 March 2169	None	Financial assets at fair value through other comprehensive income - current	300	8,069	-	8,069	
	JPM 3.9 07/15/25 3.9% 15 July 2025	None	Financial assets at fair value through other comprehensive income - current	300	9,069	-	9,069	
	MQGAU 1.201 10/14/25 FRN - REGS - 1.201% 14 October 2025	None	Financial assets at fair value through other comprehensive income - current	300	8,888	-	8,888	
	MS 3.62 04/17/25 FRN 3,62% 17 April 2025	None	Financial assets at fair value through other comprehensive income - current	300	9,156	-	9,156	
	MUFG 2.193 02/25/25 2,193% 25 February 2025	None	Financial assets at fair value through other comprehensive income - current	300	8,898	-	8,898	
	NSANY 4.81 09/17/30 - REGS - 4.81% 17 September 2030	None	Financial assets at fair value through other comprehensive income - current	700	20,095	-	20,095	
	ORACLE CORP 2.95% 15 May 2025	None	Financial assets at fair value through other comprehensive income - current	300	8,942	-	8,942	
	QBE INSURANCE GROUP 6 3/4% 02 December 2044	None	Financial assets at fair value through other comprehensive income - current	400	12,250	-	12,250	
	SCGAU 5 1/8 09/24/2080 FRN - REGS - 5 1/8% 24 September 2080	None	Financial assets at fair value through other comprehensive income - current	500	13,669	-	13,669	
	SOCGEN 6.221 06/15/33 FRN - REGS - 6.221% 15 June 2033	None	Financial assets at fair value through other comprehensive income - current	300	9,207	-	9,207	
	STANLN 3.785 05/21/25 FRN - REGS - 3,785% 21 May 2025	None	Financial assets at fair value through other comprehensive income - current	300	9,130	-	9,130	
	STANLN 3.971 03/30/26 FRN - REGS - 3.971% 30 March 2026	None	Financial assets at fair value through other comprehensive income - current	300	8,981	-	8,981	
	T-MOBILE USA INC 4 3/4% 01 February 2028	None	Financial assets at fair value through other comprehensive income - current	300	9,179	-	9,179	
	TRPCN 5 7/8 08/15/2076 FRN - 16-A - 5 7/8% 15 August 2076	None	Financial assets at fair value through other comprehensive income - current	350	10,159	-	10,159	
	VOD 4 1/8 06/04/2081 FRN 4 1/8% 04 June 2081	None	Financial assets at fair value through other comprehensive income - current	400	<u>10,568</u>	-	<u>10,568</u>	
					<u>\$ 204,443</u>		<u>\$ 204,443</u>	
	Mutual funds							
	BLACKROCK ASIA TIGER BD USD DIS A3	None	Financial assets at fair value through profit or loss - current	40	\$ 11,953	-	\$ 11,953	
	BLACKROCK CHINA BOND USD HDG DIS A6	None	Financial assets at fair value through profit or loss - current	49	12,219	-	12,219	
	JPM GLB BOND OPPS FD USD DIST C MTH	None	Financial assets at fair value through profit or loss - current	5	14,981	-	14,981	
	JPM GLB HI YLD USD BD FD DIST - C-	None	Financial assets at fair value through profit or loss - current	6	17,398	-	17,398	
	JPM INCOME USD DIV C	None	Financial assets at fair value through profit or loss - current	5	13,312	-	13,312	
	MZNCH ENHANCEDYIELD ST USDHDGACC R	None	Financial assets at fair value through profit or loss - current	4	17,309	-	17,309	
	PIMCO GLBL IG CREDIT USD ACC INV	None	Financial assets at fair value through profit or loss - current	22	14,836	-	14,836	
	PIMCO INCOME FUND USD ACC INV	None	Financial assets at fair value through profit or loss - current	41	17,362	-	17,362	
	PIMCO INCOME FUND USD INC INV	None	Financial assets at fair value through profit or loss - current	47	<u>13,537</u>	-	<u>13,537</u>	
					<u>\$ 132,907</u>		<u>\$ 132,907</u>	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Preference shares							
	ATHENE HOLDING LTD PFD PERP FRN A	None	Financial assets at fair value through profit or loss - current	15	\$ 10,354	-	\$ 10,354	
	AEGON FUNDING CORP II PFD	None	Financial assets at fair value through profit or loss - current	15	<u>10,013</u>	-	<u>10,013</u>	
					<u>\$ 20,367</u>		<u>\$ 20,367</u>	
	Domestic listed shares							
	United Microelectronics Corporation	None	Financial assets at fair value through profit or loss - current	1,000	\$ 52,600	-	\$ 52,600	
	Arcadyan Technology Corporation	None	Financial assets at fair value through profit or loss - current	200	34,100	-	34,100	
	K. S. Terminals Inc.	None	Financial assets at fair value through profit or loss - current	200	14,380	-	14,380	
	ChipMOS TECHNOLOGIES INC.	None	Financial assets at fair value through profit or loss - current	700	29,575	-	29,575	
	NIKO SEMICONDUCTOR CO., LTD.	None	Financial assets at fair value through profit or loss - current	250	15,525	-	15,525	
	GENIUS ELECTRONIC OPTICAL CO., LTD.	None	Financial assets at fair value through profit or loss - current	40	16,820	-	16,820	
	FOXSEMICON INTEGRATED TECHNOLOGY INC.	None	Financial assets at fair value through profit or loss - current	80	<u>16,840</u>	-	<u>16,840</u>	
					<u>\$ 179,840</u>		<u>\$ 179,840</u>	
	Domestic unlisted shares							
	Gunitech Corp.	None	Financial assets at fair value through profit or loss - non-current	1,250	\$ 4,216	12.50	\$ 4,216	
	Phansco Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	1,250	-	13.82	-	
	Ostar Meditech Corp.	None	Financial assets at fair value through profit or loss - non-current	660	-	10.59	-	
	AMIC TECHNOLOGY CORPORATION	None	Financial assets at fair value through profit or loss - non-current	79	-	-	-	
	HODAD ELECTRONIC CO., LTD.	None	Financial assets at fair value through profit or loss - non-current	309	-	1.93	-	
	GenkiTek Technology Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	500	-	15.63	-	
	BE Epitaxy Semiconductor Technology Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	7,721	41,330	11.33	41,330	
	Best Epitaxy Manufacturing Company Ltd.	None	Financial assets at fair value through profit or loss - non-current	2,000	<u>10,430</u>	2.98	<u>10,430</u>	
					<u>\$ 55,976</u>		<u>\$ 55,976</u>	
	Domestic unlisted preference shares							
	Element III Venture Capital Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	2,820	\$ 28,892	5.39	\$ 28,892	
	Element IV Venture Capital Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	3,000	<u>34,349</u>	11.45	<u>34,349</u>	
					<u>\$ 63,241</u>		<u>\$ 63,241</u>	

(Concluded)

TABLE 2

BIOSTAR MICROTECH INT’L CORP.

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

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Biostar Microtech Int’L Corp.	Biostar Microtech (U.S.A.) Corp. Biostar Microtech Netherlands B.V.	Subsidiary Subsidiary	Sales	\$ (202,824)	8.95	About 120 days	Normal	Normal	\$ 101,169	34.07	
			Sales	(206,404)	9.11	About 120 days	Normal	Normal	43,807	14.75	

TABLE 3

BIOSTAR MICROTECH INT’L CORP.

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Biostar Microtech Int’L Corp.	Biostar Microtech (U.S.A.) Corp.	Subsidiary	\$ 101,169	-	\$ -	-	\$ 8,196	\$ -

TABLE 4

BIOSTAR MICROTECH INT’L CORP.

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
Biostar Microtech Int’L Corp.	Garnet International Corp.	British Virgin Islands	Manufacture and sale of mainboard, industrial computers, and display card	\$ 73,463 (US\$ 2,400)	\$ 327,523 (US\$ 10,700)	2,400	100	\$ 30,300	\$ 101	\$ 101	Subsidiary
	Biostar Microtech (U.S.A.) Corp.	USA	Manufacture and sale of mainboard, industrial computers, and display card	93,990 (US\$ 3,000)	93,990 (US\$ 3,000)	3,000	100	2,832	(13,984)	372	Subsidiary
	Biostar Microtech Europe Holding B.V.	Netherlands	Investment business	47,270 (EUR 1,000)	47,270 (EUR 1,000)	10	100	55,759	(1,494)	8,812	Subsidiary
	Immense Wealth International Limited.	Samoa	Investment business	20,659 (US\$ 700)	20,659 (US\$ 700)	1,000	100	9,411	(211)	(211)	Subsidiary
Biostar Microtech Europe Holding B.V.	Biostar Microtech Netherlands B.V.	Netherlands	Manufacture and sale of mainboard, industrial computers, and display Card	47,270 (EUR 1,000)	47,270 (EUR 1,000)	10	100	57,990 (US\$ 1,904)	(1,494) (US\$ -47)	(1,494) (US\$ -47)	Sub-subsubsidiary

TABLE 5

BIOSTAR MICROTECH INT’L CORP.

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

1. The name of investee company, main business and products, paid-in capital, investment method, remittance of funds, shareholding ratio, investment gain (loss), carrying amount, and repatriation of investment income of mainland China.

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee (Note 1)	% Ownership of Direct or Indirect Investment	Investment Profit (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Dong Guan Biomax Technology Co., Ltd.	Electronic technology consulting services	US\$ 125 (RMB 764)	Indirect investment in mainland China through companies registered in a third region. (Notes 2 and 3)	\$ -	\$ -	\$ -	\$ -	\$ (151) (RMB -34)	100	\$ (151) (RMB -34)	\$ 2,820 (RMB 651)	\$ -
Hong Ren Ren Yi Medical Equipment (Dongguan) Co., Ltd.	Manufacture and sale of medical supplies and equipments	RMB 4,500	Indirect investment in mainland China through companies registered in a third region. (Note 4)	20,043 (RMB 4,500)	-	-	20,043 (RMB 4,500)	(17) (RMB -3)	100	(17) (RMB -3)	-	-

2.

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
US\$655 (RMB4,500) \$20,043	US\$780 (RMB5,264) \$23,950 (Note 5)	60% of net equity is \$1,287,323 (Note 6)

- Note 1: Calculated based on the financial statement audited by the accountant in the same period and shareholding percentage.
- Note 2: Investment capital are from the investment in the third region, not remitted from Taiwan.
- Note 3: The investment company in the third region is Garnet International Corp.
- Note 4: The investment company in the third region is Immense Wealth International Limited.
- Note 5: The investment amount approved by the Investment Review Committee of the Ministry of Economic Affairs is converted from the exchange rate of NT\$30.705 to US\$1 on December 31, 2023.
- Note 6: Calculated according to the third point of the Ministry of Economic Affairs’ review principles for investment and technical cooperation in the mainland, the higher one between the company’s net income and the combined net income is used.
- Note 7: Hong Ren Ren Medical Equipment (Dongguan) Co., Ltd. completed the deregistration registration on March 22, 2023, and the remaining liquidation funds were remitted back to Immense Wealth International Limited on October 17, 2023

BIOSTAR MICROTECH INT'L CORP.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

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BIOSTAR MICROTECH INT'L CORP.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Description	Amount
Cash		
Cash on hand		\$ 161
Demand deposits		
Checking and demand deposits		173,951
Foreign demand deposits	Including US\$1,885 thousand @30.705, EUR53 thousand @33.98 and RMB8,984 thousand @4.327.	98,772
Cash equivalents		
Time deposits	Note	<u>394,390</u>
		<u>\$ 667,274</u>

Note: Including NT\$29,000 thousand, US\$11,900 thousand with exchange rate of US\$1=NT\$30.705.

BIOSTAR MICROTECH INT’L CORP.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOST - CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Shares)

Name	Name of Financial Assets	Shares	Par Value	Total Amount	Interest Rate	Acquisition Cost	Fair Value		Remark
							Unit Price	Total Amount	
Mutual fund	BLACKROCK ASIA TIGER BD USD DIS A3	40	-	\$ -		\$ 15,513	9.81	\$ 11,953	Note
	BLACKROCK CHINA BOND USD HDG DIS A6	49	-	-		14,841	8.19	12,219	Note
	JPM GLB BOND OPPS FD USD DIST C MTH	5	-	-		15,292	91.45	14,981	Note
	JPM GLB HI YLD USD BD FD DIST - C-	6	-	-		17,010	97.06	17,398	Note
	JPM INCOME USD DIV C	5	-	-		14,841	84.90	13,312	Note
	MZNCH ENHANCEDYIELD ST USDHDGACC R	4	-	-		15,270	139.64	17,309	Note
	PIMCO GLBL IG CREDIT USD ACC INV	22	-	-		15,613	22.13	14,836	Note
	PIMCO INCOME FUND USD ACC INV	41	-	-		15,493	13.91	17,362	Note
	PIMCO INCOME FUND USD INC INV	47	-	-		14,296	9.47	13,537	Note
Stocks	United Microelectronics Corporation	1,000	10	10,000		50,481	52.60	52,600	
	Arcadyan Technology Corporation	200	10	2,000		24,741	170.50	34,100	
	K. S. Terminals Inc.	200	10	2,000		14,512	71.90	14,380	
	ChipMOS TECHNOLOGIES INC.	700	10	7,000		29,323	42.25	29,575	
	NIKO SEMICONDUCTOR CO., LTD.	250	10	2,500		16,136	62.10	15,525	
	GENIUS ELECTRONIC OPTICAL CO., LTD.	40	10	400		16,010	420.50	16,820	
	FOXSEMICON INTEGRATED TECHNOLOGY INC.	80	10	800		16,420	210.50	16,840	
Preference stock	ATHENE HOLDING LTD PFD PERP FRN A	15	25	375		12,313	22.48	10,354	Note
	AEGON FUNDING CORP II PFD	15	25	375		11,630	21.74	10,013	Note
				\$ 25,450		\$ 330,095		\$ 333,114	

Note: Unit price and par value in USD.

BIOSTAR MICROTECH INT’L CORP.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars and Shares)

Name	Name of Financial Assets	Shares	Acquisition Cost	Fair Value		Remark
				Unit Price	Total Amount	
Bonds	AMXLMM 5 3/8 04/04/32 - REGS - 5 3/8% 04 Apr 2032	300	\$ 8,424	28.54	\$ 8,562	
	ARGENTUM NETHERLANDS B.V. FRN 5 3/4% 15 Aug 2050	400	13,079	30.25	12,100	
	BARCLAYS 5.2% 12 May 2026	300	9,079	30.52	9,155	
	C 4.14 05/24/25 FRN 4,14 % 24 May 2025	300	8,614	30.52	9,156	
	HSBC 5.21 08/11/28 FRN 5.21 % 11 Aug 2028	300	8,786	30.70	9,210	
	HYSAN 4.1 PERP FRN 4.1% 03 Mar 2169	300	8,691	26.90	8,069	
	JPM 3.9 07/15/25 3.9 % 15 Jul 2025	300	8,926	30.23	9,069	
	MQGAU 1.201 10/14/25 FRN - REGS - 1.201% 14 Oct 2025	300	8,352	29.63	8,888	
	MS 3.62 04/17/25 FRN 3,62 % 17 Apr 2025	300	8,570	30.52	9,156	
	MUFG 2.193 02/25/25 2,193% 25 Feb 2025	300	8,164	29.66	8,898	
	NSANY 4.81 09/17/30 - REGS - 4.81% 17 Sep 2030	700	19,715	28.71	20,095	
	ORACLE CORP 2.95 % 15 May 2025	300	8,651	29.81	8,942	
	QBE INSURANCE GROUP 6 3/4% 02 Dec 2044	400	12,842	30.62	12,250	
	SCGAU 5 1/8 09/24/2080 FRN - REGS - 5 1/8% 24 Sep 2080	500	14,879	27.34	13,669	
	SOCGEN 6.221 06/15/33 FRN - REGS - 6.221% 15 Jun 2033	300	8,102	30.69	9,207	
	STANLN 3.785 05/21/25 FRN - REGS - 3,785% 21 May 2025	300	8,451	30.43	9,130	
	STANLN 3.971 03/30/26 FRN - REGS - 3.971% 30 Mar 2026	300	8,556	29.94	8,981	
	T-MOBILE USA INC 4 3/4% 01 Feb 2028	300	8,743	30.60	9,179	
	TRPCN 5 7/8 08/15/2076 FRN - 16-A - 5 7/8% 15 Aug 2076	350	11,741	29.02	10,159	
	VOD 4 1/8 06/04/2081 FRN 4 1/8% 04 Jun 2081	400	<u>11,351</u>	26.42	<u>10,568</u>	
			<u>\$ 203,716</u>		<u>\$ 204,443</u>	

BIOSTAR MICROTECH INT'L CORP.**STATEMENT OF TRADE RECEIVABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Non-related party		
A Corporation	Payment	\$ 40,966
B Corporation	Payment	21,243
C Corporation	Payment	17,978
Others (Note)	Payment	<u>70,891</u>
		151,078
Less: Allowance for impairment loss		<u>(4,000)</u>
		<u>\$ 147,078</u>
Related party		
Biostar Microtech (U.S.A.) Corp.	Payment	\$ 101,169
Biostar Microtech Netherlands B.V.	Payment	<u>43,807</u>
		<u>\$ 144,976</u>

Note: The amount of individual clients does not exceed 5% of the account balance.

BIOSTAR MICROTECH INT'L CORP.**STATEMENT OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Cost	Net Realizable Value
Raw materials	\$ 306,472	\$ 269,564
Work in process	68,946	67,281
Finished goods	<u>377,602</u>	<u>294,456</u>
	753,020	<u>\$ 631,301</u>
Less: Allowance for inventory valuation losses	<u>(121,719)</u>	
	<u>\$ 631,301</u>	

BIOSTAR MICROTECH INT'L CORP.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars and Shares)

Investees	Balance, January 1, 2023		Additions		Decreases		Balance, December 31, 2023		Provide Guarantee or Pledge Situation	Remark
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Fair Value		
Gunitech Corp.	1,250	\$ 11,250	-	\$ -	-	\$ 7,034	1,250	\$ 4,216	No	Note
Phansco Co., Ltd.	1,250	-	-	-	-	-	1,250	-	No	
Ostar Meditech Corp.	660	-	-	-	-	-	660	-	No	
AMIC Technology Corporation	79	-	-	-	-	-	79	-	No	
Hodad Electronic Co., Ltd.	309	-	-	-	-	-	309	-	No	
Element III Venture Capital Co., Ltd.	2,820	28,701	-	191	-	-	2,820	28,892	No	Note
Element IV Venture Capital Co., Ltd.	3,000	32,704	-	1,645	-	-	3,000	34,349	No	Note
GenkiTek Technology Co., Ltd.	500	-	-	-	-	-	500	-	No	
BE Epitaxy Semiconductor Technology Co., Ltd.	19,978	99,960	-	-	-	58,630	19,978	41,330	No	Note
Best Epitaxy Manufacturing Company Ltd.	-	-	2,000	32,000	-	21,570	2,000	10,430	No	Note
		<u>\$ 172,615</u>		<u>\$ 33,836</u>		<u>\$ 87,234</u>		<u>\$ 119,217</u>		

Note: Additions are due to the changes in fair value, and decreased is due to redeemed of preference stocks and the changes in fair value.

BIOSTAR MICROTECH INT'L CORP.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars and Shares)

Investees	Balance, January 1, 2023		Additions		Decreases		Gain (Loss)	Balance, December 31, 2023			Provide Guarantee or Pledge Situation	Remark
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount	%		
Garnet International Corp.	10,700	\$ 285,177	-	\$ -	8,300	\$ 254,948	\$ 101	2,400	\$ 30,330	100	No	Note
Biostar Microtech (U.S.A.) Corp.	3,000	2,260	-	200	-	-	372	3,000	2,832	100	No	Note
Biostar Microtech Europe Holdings B.V.	-	46,992	-	-	-	45	8,812	-	55,759	100	No	Note
Immense Wealth International Limited	1,000	<u>9,799</u>	-	<u>-</u>	-	<u>177</u>	<u>(211)</u>	1,000	<u>9,411</u>	100	No	Note
		<u>\$ 344,228</u>		<u>\$ 200</u>		<u>\$ 255,170</u>	<u>\$ 9,074</u>		<u>\$ 98,332</u>			

Note: The changes this year are due to cumulative conversion adjustments.

BIOSTAR MICROTECH INT'L CORP.**STATEMENT OF TRADE PAYABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount
Non-related party		
World Peace Industrial Co., Ltd.	Payment	\$ 181,243
Lotes Co., Ltd.	Payment	43,139
Global Brands Manufacture Limited	Payment	29,443
Others (Note)	Payment	<u>211,956</u>
		<u>\$ 465,781</u>

Note: The amount of individual clients does not exceed 5% of the account balance.

BIOSTAR MICROTECH INT’L CORP.**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Numbers	Amount
Mainboard	989	\$ 1,389,127
Industrial computers	53	159,445
Display card	104	357,986
SSDs	44	19,745
Electronic parts	-	285,097
Others	-	<u>54,647</u>
		<u>\$ 2,266,047</u>

BIOSTAR MICROTECH INT'L CORP.**STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Direct materials	
Raw materials, beginning of year	\$ 393,033
Raw material purchased	1,921,206
Cost of raw materials sold	(388,111)
Transfer to finished goods	(323,021)
Others	(6,021)
Raw materials, end of year	<u>(306,472)</u>
	1,290,614
Manufacturing overhead	<u>206,759</u>
Manufacturing cost	1,497,373
Work in process, beginning of year	62,188
Work in process, end of year	<u>(68,946)</u>
Cost of finished goods	1,490,615
Finished goods, beginning of year	369,301
Raw material transfer	323,021
Finished goods, end of year	(377,602)
Others	<u>(8,447)</u>
Cost of manufacturing and sales	1,796,888
Cost of raw materials sold	388,111
Inventory valuation losses	(10,761)
Other operating costs	<u>4,591</u>
	<u>\$ 2,178,829</u>

BIOSTAR MICROTECH INT'L CORP.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Amount
Payroll expenses	\$ 52,194	\$ 25,537	\$ 45,014	\$ 122,745
Export expenses	16,837	-	-	16,837
Other expenses (Note)	<u>42,486</u>	<u>17,984</u>	<u>26,074</u>	<u>86,544</u>
	<u>\$ 111,517</u>	<u>\$ 43,521</u>	<u>\$ 71,088</u>	<u>\$ 226,126</u>

Note: The amount of each item does not exceed 5% of the account balance.

BIOSTAR MICROTECH INT'L CORP.

STATEMENT OF EMPLOYEE BENEFIT AND DEPRECIATION EXPENSE BY FUNCTION FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

Item	2023			2022		
	Classified as Operating Cost	Classified as Operating Expense	Total	Classified as Operating Cost	Classified as Operating Expense	Total
Employee benefit expenses						
Salary expenses	\$ 15,417	\$ 119,355	\$ 134,772	\$ 14,625	\$ 119,047	\$ 133,672
Labor and health insurance	1,400	10,458	11,858	1,429	10,279	11,708
Pension	663	5,370	6,033	685	10,327	11,012
Remuneration of directors	-	3,390	3,390	-	2,459	2,459
Others	<u>653</u>	<u>4,426</u>	<u>5,079</u>	<u>684</u>	<u>4,432</u>	<u>5,116</u>
	<u>\$ 18,133</u>	<u>\$ 142,999</u>	<u>\$ 161,132</u>	<u>\$ 17,423</u>	<u>\$ 146,544</u>	<u>\$ 163,967</u>
Depreciation expenses	<u>\$ 11</u>	<u>\$ 4,591</u>	<u>\$ 4,602</u>	<u>\$ 13</u>	<u>\$ 4,648</u>	<u>\$ 4,661</u>

Note:

- For the years ended December 31, 2023 and 2022, the Company had 145 and 149 employees, respectively. There were 5 non-employee directors in both years.
- For the year ended December 31, 2023, the average employee benefit expenses is \$1,127 thousand. (Total employee benefit expenses for this year minus total remuneration of directors) ÷ (Total employees for this year minus non-employee directors).
- For the year ended December 31, 2022, the average employee benefit expenses is \$1,122 thousand. (Total employee benefit expenses for this year minus total remuneration of directors) ÷ (Total employees for this year minus non-employee directors).
- For the year ended December 31, 2023, the average employee salary expense is \$963 thousand. (Total employee salary expenses for this year) ÷ (Total employees for this year minus non-employee directors).
- For the year ended December 31, 2022, the average employee salary expense is \$928 thousand. (Total employee salary expenses for this year) ÷ (Total employees for this year minus non-employee directors).
- The change in average employee salary expense was 3.77%. (The average of employee salary expenses for this year minus the average of employee salary expenses for last year) ÷ (The average of employee salary expenses for last year).
- The Company's remuneration of directors is reviewed and approved by the salary and compensation committee due to their contribution to the Company, performance, and the correlation between business and performance. The remuneration of general manager and vice general manager of the Company should be determined by the Human Resources Department of the Company in accordance with relevant regulations on performance appraisal, depending on individual performance and contribution to the Company's overall operations. The remuneration of employees is determined based on individual performance and contribution to the Company's overall operations.