Stock Code: 3450

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

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

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Elite Advanced Laser Corporation as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Elite Advanced Laser Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

ELITE ADVANCED LASER CORPORATION
By

Chu-Liang, Cheng
Chairman
March 14, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Elite Advanced Laser Corporation:

Opinion

We have audited the accompanying consolidated financial statements of Elite Advanced Laser Corporation and its subsidiaries (the "Group"), which comprise the consolidated balances sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

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

<u>The veracity of the sales revenue of specific customers</u>

The Group's operating income in 2023 was NT$5,399,197 thousand, a decrease of 20% from 2022. Among them, customers with transaction of a material amount with on-going growth for 26% the overall operating income, which has a significant impact on consolidated financial statements. Thus, we have considered sales authenticity related to the aforementioned specific customers as a key audit matter in the consolidated financial statements in 2023. Please refer to Note 4 (16) of the Consolidated Financial Statements for the description of the income recognition policy.

Our audit procedures for this include:

1. By understanding the relevant internal control systems and operating procedures of the sales transaction cycle, we design the internal control auditing procedures according to the veracity of the sales revenue and confirm and evaluate the relevant internal control procedure during the sales transactions for whether the design and implementation are effective.
2. We obtain the list of the above-mentioned customers in 2023, and evaluate whether their relevant background, transaction amount, credit line and company size are reasonable.
3. We select samples from the above-mentioned customer sales details, examine the sales slips, customs declarations, bills of lading, sales invoices, payment collections, and major sales returns after the balance sheet date to confirm the veracity of the sales revenue.

Other Matter

We have also audited the parent company only financial statements of Elite Advanced Laser Corporation as of and for the years ended December 31, 2023 and 2022, on which we have issued an unqualified audit opinion

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive

to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the reviews resulting in this independent auditors' review report are Keng-Hsi, Chang and Chien-Hsin, Hsieh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from 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' review report and consolidated financial statements shall prevail.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022 (Restated amount)	
Code	ASSETS	Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4, 6 and 30)	$ 1,967,987	22	$ 2,542,423	25
1136	Financial assets measured at amortized cost - Current (Notes 4, 5, 7, 8, 30 and 36)	17,000	-	12,500	-
1140	Current contract assets (Notes 4, 5 and 24)	156,433	2	151,762	1
1150	Notes receivable (Notes 4, 5, 9 and 24)	-	-	-	-
1170	Accounts receivable (Notes 4, 5, 9, 24 and 30)	1,009,538	11	986,290	10
1180	Accounts receivable due from related parties (Notes 4, 5, 24 and 35)	9,885	-	9,583	-
1200	Other receivables (Notes 4, 5 and 9)	236,212	3	164,211	2
1210	Accounts receivable due from related parties (Notes 4, 5 and 35)	45	-	43	-
1220	Current tax asset (Notes 4 and 26)	2,104	-	10,086	-
130X	Inventories (Notes 4, 10 and 30)	379,895	4	527,241	5
1410	Prepayments (Notes 18 and 30)	250,555	3	222,693	2
11XX	Total current assets	4,029,654	45	4,626,832	45
	NON-CURRENT ASSETS				
1540	Financial assets measured at amortized cost - Non-current (Notes 4, 5, 7, 8, 30 and 36)	751	-	741	-
1550	Investments accounted for using equity method (Notes 4 and 12)	116,704	1	101,489	1
1600	Property, plant and equipment (Notes 4, 13, 29, 30 and 36)	4,450,664	50	4,670,386	46
1755	Right-of-use assets (Notes 4 and 14)	113,472	1	154,230	2
1760	Investment property (Notes 4 and 15)	48,811	1	57,214	1
1805	Goodwill (Notes 4, 16 and 30)	32,577	-	32,577	-
1821	Intangible assets (Notes 4, 17 and 30)	5,670	-	6,176	-
1840	Deferred tax assets (Notes 3, 4 and 26)	108,622	1	113,291	1
1990	Other non-current assets (Notes 4, 5, 9, 18 and 30)	35,850	1	423,071	4
15XX	Total non-current assets	4,913,121	55	5,559,175	55
1XXX	TOTAL	$ 8,942,775	100	$ 10,186,007	100
Code	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 4, 19, 30 and 36)	$ -	-	$ 71,170	1
2130	Current contract liabilities (Notes 4, 24, 30 and 35)	51,369	1	16,019	-
2170	Accounts payable (Note 30)	689,382	8	874,883	9
2180	Accounts payable to related parties (Note 35)	-	-	1,907	-
2200	Other payables (Notes 20, 30 and 32)	836,098	9	1,199,217	12
2220	Other payable to related parties (Notes 30 and 35)	-	-	15,014	-
2230	Current tax liabilities (Notes 4 and 26)	53,606	1	128,967	1
2250	Current provisions (Notes 4 and 21)	37,849	-	36,419	-
2280	Current lease liabilities (Notes 4 and 14)	41,956	-	42,745	-
2300	Other current liabilities (Notes 20, 30 and 32)	160,271	2	146,192	2
2320	Long-term borrowings due within 1 year (Notes 4, 19 and 36)	24,709	-	37,732	-
21XX	Total current liabilities	1,895,240	21	2,570,265	25
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Notes 4, 19 and 36)	180,291	2	367,268	4
2570	Deferred tax liabilities (Notes 3, 4 and 26)	312,841	4	364,744	4
2580	Lease liabilities (Notes 4 and 14)	35,497	-	73,709	1
2640	Net defined benefit liabilities (Notes 4 and 22)	32,845	-	31,562	-
2670	Other non-current liabilities (Notes 20 and 35)	530,253	6	540,041	5
25XX	Total non-current liabilities	1,091,727	12	1,377,324	14
2XXX	Total liabilities	2,986,967	33	3,947,589	39
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 3, 4 and 23)				
	Capital stock				
3110	Common stock	1,456,814	17	1,456,814	14
3200	Capital surplus	455,236	5	452,294	5
	Retained earnings				
3310	Legal reserve	793,144	9	773,432	7
3320	Special capital reserve	67,718	1	65,301	1
3350	Unappropriated earnings	1,117,865	12	1,289,555	13
3300	Total retained earnings	1,978,727	22	2,128,288	21
3400	Others	(86,025)	(1)	(67,718)	(1)
31XX	Total equity attributable to owners of the Company	3,804,752	43	3,969,678	39
36XX	NON-CONTROLLING INTERESTS (Notes 4, 23, 28, 30 and 31)	2,151,056	24	2,268,740	22
3XXX	Total equity	5,955,808	67	6,238,418	61
	TOTAL	$ 8,942,775	100	$ 10,186,007	100

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

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

		2023		2022	
Code		Amount	%	Amount	%
	OPERATING REVENUE (Notes 4, 24, 30 and 35)				
4100	Sales revenue	$ 5,125,589	95	$ 6,469,775	95
4800	Other operating revenue	273,608	5	306,006	5
4000	Total revenue	5,399,197	100	6,775,781	100
	OPERATING COSTS (Notes 10, 25, 29 and 35)				
5110	Cost of goods sold	(4,553,209)	(84)	(5,449,641)	(80)
5800	Other operating costs	(40,685)	(1)	(34,151)	(1)
5000	Total operating costs	(4,593,894)	(85)	(5,483,792)	(81)
5900	GROSS PROFIT	805,303	15	1,291,989	19
	OPERATING EXPENSES (Notes 4, 9, 24, 25 and 28)				
6100	Selling and distribution expense	(55,460)	(1)	(42,439)	(1)
6200	General and administrative expense	(383,191)	(7)	(440,494)	(7)
6300	Research and development	(178,529)	(4)	(142,626)	(2)
6450	Gain on reversal of expected credit loss (impairment loss)	860	-	(26,458)	-
6000	Total operating expenses	(616,320)	(12)	(652,017)	(10)
6500	OTHER GAINS AND LOSSES (Notes 4, 13 and 25)	(7,609)	-	(31,481)	-
6900	INCOME FROM OPERATIONS	181,374	3	608,491	9
	NON-OPERATING INCOME AND EXPENSES (Notes 4, 12, 25 and 35)				
7100	Interest income	42,807	1	16,972	1
7010	Other income	19,668	-	15,030	-
7020	Other gains and losses	9,491	-	255,587	4
7050	Finance costs	(7,680)	-	(8,039)	-
7060	Share of profit of subsidiaries and joint ventures accounted for using equity method	21,650	1	14,635	-
7000	Total non-operating income and expenses	85,936	2	294,185	5

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Code		2023 Amount	2023 %	2022 Amount	2022 %
7900	INCOME BEFORE INCOME TAX	$ 267,310	5	$ 902,676	14
7950	INCOME TAX EXPENSES (Notes 4 and 26)	(135,509)	(2)	(254,355)	(4)
8200	NET INCOME	131,801	3	648,321	10
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22, 23 and 26)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation	(705)	-	6,615	-
8349	Income tax benefit (expense) related to item that will not be reclassified subsequently	141	-	(1,323)	-
8360	Items that will not be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign operations	(44,873)	(1)	(5,925)	-
8399	Income tax benefit related to items that will be reclassified subsequently	4,577	-	604	-
8300	Other comprehensive income(loss) for the period, net of income tax	(40,860)	(1)	(29)	-
8500	TOTAL COMPREHENSIVE INCOME	$ 90,941	2	$ 648,292	10
	NET INCOME(LOSS) ATTRIBUTABLE TO:				
8610	Owners of the Company	($ 76,156)	(2)	$ 191,824	3
8620	Non-controlling interests	207,957	4	456,497	7
8600		$ 131,801	2	$ 648,321	10
	TOTAL COMPREEHENSIVE INCOME ATTRIBUTABLE TO				
8710	Owners of the Company	($ 95,027)	(2)	$ 194,699	3
8720	Non-controlling interests	185,968	4	453,593	7
8700		$ 90,941	2	$ 648,292	10
	EARNINGS (LOSS) PER SHARE (Note 27)				
9710	Basic earnings per share	($ 0.52)		$ 1.32	
9810	Diluted earnings per share	($ 0.52)		$ 1.31	

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

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		Equity attributable to owners of the Company								
				Retained earnings			Other equity			
		Capital stock	Capital surplus	Legal reserve	Special capital reserve	Unappropriated earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
A1	BALANCE AT JANUARY 1, 2022	$ 1,456,814	$ 452,272	$ 736,221	$ 66,339	$ 1,390,838	($ 65,301)	$ 4,037,183	$ 2,023,445	$ 6,060,628
	Distribution of 2021 earnings (Note 23)									
B1	Legal reserve	-	-	37,211	-	(37,211)	-	-	-	-
B3	Special capital reserve	-	-	-	(1,038)	1,038	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	(262,226)	-	(262,226)	-	(262,226)
		-	-	37,211	(1,038)	(298,399)	-	(262,226)	-	(262,226)
D1	Net income in 2022	-	-	-	-	191,824	-	191,824	456,497	648,321
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	5,292	(2,417)	2,875	(2,904)	(29)
D5	Total comprehensive income (loss) in 2022	-	-	-	-	197,116	(2,417)	194,699	453,593	648,292
N1	Remuneration costs of employee stock options by subsidiaries (Notes 23, 25, and 28)	-	22	-	-	-	-	22	15	37
O1	Cash dividends issued from subsidiaries (Note 23)	-	-	-	-	-	-	-	(347,809)	(347,809)
O1	Increase in non-controlling interests (Notes 23 and 30)	-	-	-	-	-	-	-	139,496	139,496
Z1	BALANCE AT DECEMBER 31, 2022	1,456,814	452,294	773,432	65,301	1,289,555	(67,718)	3,969,678	2,268,740	6,238,418
	Distribution of 2022 earnings (Note 23)									
B1	Legal reserve	-	-	19,712	-	(19,712)	-	-	-	-
B3	Special reserve	-	-	-	2,417	(2,417)	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	(72,841)	-	(72,841)	-	(72,841)
		-	-	19,712	2,417	(94,970)	-	(72,841)	-	(72,841)
D1	Net income in 2023	-	-	-	-	(76,156)	-	(76,156)	207,957	131,801
D3	Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	(564)	(18,307)	(18,871)	(21,989)	(40,860)
D5	Total comprehensive income (loss) in 2023	-	-	-	-	(76,720)	(18,307)	(95,027)	185,968	90,941
M7	Changes in subsidiaries' ownership (Notes 11, 23 and 31)	-	2,734	-	-	-	-	2,734	(2,734)	-
N1	Remuneration costs of employee stock options by subsidiaries (Notes 23, 25, and 28)	-	208	-	-	-	-	208	153	361
O1	Cash dividends issued from subsidiaries (Note 23)	-	-	-	-	-	-	-	(347,809)	(347,809)
O1	Ordinary shares issued under subsidiary's employee stock option plan (Note 23)	-	-	-	-	-	-	-	3,300	3,300
O1	Increase in non-controlling interests (Note 23)	-	-	-	-	-	-	-	43,438	43,438
Z1	BALANCE AT DECEMBER 31, 2023	$ 1,456,814	$ 455,236	$ 793,144	$ 67,718	$ 1,117,865	($ 86,025)	$ 3,804,752	$ 2,151,056	$ 5,955,808

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

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	$ 267,310	$ 902,676
A20010	Adjustments for:		
A20100	Depreciation expense	873,666	801,627
A20200	Amortization expense	3,939	4,546
A20300	Expected credit impairment losses (gain on reversal of expected credit impairment losses)	(860)	26,458
A20900	Finance costs	7,680	8,039
A21200	Interest income	(42,807)	(16,972)
A21900	Stock option compensation cost of subsidiary	361	37
A22300	Share of the other comprehensive income of associates accounted for using the equity method	(21,650)	(14,635)
A22500	Losses (gains) on disposal of property, plant and equipment	239	(2,846)
A23500	Impairment loss on property, plant and equipment	7,609	31,481
A23700	Inventory loss (reversal of write-down of inventories)	68,842	32,241
A24100	Loss (gain) on foreign exchange	12,166	(158,510)
A29900	Liability provisions	3,000	2,962
A29900	Gains from lease modification	(1)	(19)
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	(4,513)	32,963
A31130	Notes receivables	-	13,309
A31150	Accounts receivable	(99,670)	303,786
A31160	Accounts receivable due from related parties	(473)	(734)
A31180	Other receivables	(72,882)	14,698
A31200	Inventories	75,617	113,713
A31230	Prepayments	(28,352)	100,192
A32125	Contract liabilities	35,416	(19,844)
A32150	Accounts payable	(180,898)	(254,453)
A32160	Accounts payable - related parties	(1,914)	1,918
A32180	Other payables	7,411	(814)
A32200	Provisions	(1,570)	(666)
A32230	Other current liabilities	(564)	(1,157)
A32240	Net defined benefit liabilities	578	465
A33000	Net cash generated by operating activities	907,680	1,920,461
A33100	Interest received	41,154	15,753
A33300	Interest paid	(7,753)	(8,061)
A33500	Income taxes paid	(245,731)	(311,872)
AAAA	Net cash generated from operating activities	695,350	1,616,281

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Code		2023	2022
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00040	Acquisition of financial assets at amortized cost	($ 17,010)	$ -
B00050	Proceeds from disposal of financial assets at amortized cost	12,500	-
B02200	Net cash inflow on acquisition of subsidiaries (Note 30)	-	42,163
B02700	Acquisition of property, plant and equipment	(594,600)	(520,544)
B02800	Disposal of property, plant and equipment	761	12,302
B03700	Increase in refundable deposits	(1,035)	(355)
B03800	Decrease in refundable deposits	15	612
B04300	Increase in other receivables - from related parties	(2)	-
B04400	Decrease in other receivables - from related parties	-	68
B04500	Acquisition of intangible assets	(3,502)	(1,336)
B07100	Increase in prepayments for equipment	(17,015)	(402,692)
B07600	Dividends received	4,387	3,398
BBBB	Net cash used in investing activities	(615,501)	(866,384)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Decrease in short-term borrowings	(71,170)	-
C01600	Long-term borrowings	370,000	405,000
C01700	Repay long-term borrowings	(570,000)	(358,990)
C03000	Guarantee deposits received	61,445	178,352
C03100	Guarantee deposits refunded	-	(89)
C03800	Decrease in other receivable due rom related parties	(15,000)	-
C04020	Repayment of the principal portion of lease liabilities	(42,662)	(39,021)
C04500	Dividends to owners of the Company	(72,841)	(262,226)
C04800	Employees stock options exercised by subsidiaries	3,300	-
C05800	Cash dividends to non-controlling interests	(347,849)	(347,749)
C05800	Cash-refunding capital reduction of non-controlling interest shares	-	(713)
C05800	Changes in non-controlling interests	43,438	-
CCCC	Net cash used in financing activities	(641,339)	(425,436)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	(12,946)	146,885
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(574,436)	471,346
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,542,423	2,071,077
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,967,987	$ 2,542,423

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

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Amount In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

a. Elite Advanced Laser Corporation (the "Company" or "eLaser") was established in New Taipei City in September 2000 and started operation in September of the same year. The registered capital of establishment was $5,000 thousand. After years of capital increase and decrease, the current total capital is $1,456,814 thousand. eLaser's business affairs consists of 1. optical information and optical communication products; 2. power semiconductor packaging and testing.

b. eLaser's stock has been listed on the Taiwan Stock Exchange since April 2006.

c. eLaser has no ultimate parent company due to dispersed shareholding.

d. The consolidated financial statements are expressed in New Taiwan Dollars, eLaser's functional currency.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 14, 2024.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING

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, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except as stated below, the application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC does not have a significant effect on the accounting policies of the Company and its subsidiaries (collectively as the "the Group"):

1) Amendments to IAS 1 - Disclosure of Accounting Policies

When this amendment is applied, the Group should determine the material accounting policy information that should be disclosed according to the definition of materiality. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements In addition:

- The Group is not required to disclose accounting policy information related to immaterial transactions, other events or circumstances that is immaterial.
- The Group may judge the relevant accounting policy information to be material due to the nature of the transaction, other event or circumstance, even if the amount is immaterial.
- Not all accounting policies relating to material transactions, other events or conditions are themselves material.

It is likely to be considered material to its financial statements if that accounting policy relates to material transactions, other events or conditions and:

(1) was changed during the reporting period because the entity was required to or chose to change its policy and this change resulted in a material change to the amounts included in the financial statements;
(2) was chosen from one or more alternatives in an IFRS Standard;
(3) was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS Standard that specifically applies;
(4) relates to an area for which an entity is required to make significant judgments or assumptions in applying an accounting policy; or
(5) applies the requirements of an IFRS Standard in a way that reflects the entity's specific circumstances, for example, by explaining how the requirements of a Standard are applied to the facts and circumstances of a material class of transactions, other events or conditions.

Please refer to Note 4 for the disclosure of relevant accounting policies.

2) Amendments to IAS 8 - Definition of Accounting Estimates

The Group has applied the amendment since January 1, 2023, and under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". When applying accounting policies, the Group may be required to measure financial statement items by monetary amounts that cannot be directly observed but must be estimated, and therefore must use a measurement technique or to develop an accounting estimate for this purpose. The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

3) Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations will be retrospectively adjusted on January 1, 2022. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. When the amendment of IAS 12 is applied, the Group shall restate the comparative information retrospectively and recognize the cumulative effect on January 1, 2022.

The impact of adjustment on the relevant items and balances of the Group in 2023 with the IAS 12 amendment is as follows:

Impact of assets, liabilities, and equity items in the 2023 financial statement

	December 31, 2023
Increase in deferred tax assets	$ 8,587
Increase in assets	$ 8,587
Increase in deferred tax liabilities	$ 8,589
Increase in liabilities	$ 8,589
Decrease in retained earnings	($ 2)
Decrease in equity	($ 2)

When the amendment of IAS 12 is applied, the impact on 2022 financial statement is summarized as follows:

Impact on assets and liabilities in the 2022 financial statement

	Amount before restatement	Adjustment for initial application	Restated amount
December 31, 2022			
Deferred tax assets	$ 96,860	$ 16,431	$ 113,291
Impact on assets	$ 96,860	$ 16,431	$ 113,291
Deferred tax liabilities	$ 348,313	$ 16,431	$ 364,744
Impact on liabilities	$ 348,313	$ 16,431	$ 364,744
January 1, 2022			
Deferred tax assets	$ 67,985	$ 23,043	$ 91,028
Impact on assets	$ 67,985	$ 23,043	$ 91,028
Deferred tax liabilities	$ 325,885	$ 23,043	$ 348,928
Impact on liabilities	$ 325,885	$ 23,043	$ 348,928

b. Applicable FSC - approved IFRSs in 2024

New IFRS	Effective date issued by IASB (Note 1)
Amendments to IFRS 16 - Lease liability in a Sale and Leaseback	January 1, 2024 (Note 2)
Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current	January 1, 2024
Amendments to IAS 1 - Non-current Liabilities with Covenants	January 1, 2024
Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above new/revised/amended standards or interpretations are effective for annual reporting periods beginning on their respective effective dates.

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

Note 3: When the amendments apply for the first time, some requirements for disclosure are exempted.

As of the publication date of this consolidated financial statement, the Group has concluded that there is no material impact of amendments of above standards and interpretations on the consolidated financial position and consolidated financial performance.

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

New, revised or amended standards and interpretations	Effective date issued 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	NA
IFRS 17 - Insurance Contracts	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - 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/revised/amended standards or interpretations are effective for annual reporting periods beginning on their respective effective dates.

Note 2: The amendments apply to the annual reporting periods beginning on or after January 1, 2025. When the amendments apply for the first time, the effects will be recognized in retained earnings on the initial application date. When the Group adopts a non-functional currency as the presentation currency, the effects will be reclassified as the exchange differences arising from the translation of the financial statements of foreign operations under equity on the initial application date.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. 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 consolidated financial statements shall prevail.

a. Statement of compliance

The consolidated financial statement has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed and issued by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the net defined benefit liability recognized at the present value of the defined benefit obligation less the fair value of the plan assets.

Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable and its significance:

1) Level 1 Inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
2) Level 2 Inputs: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly (including market-corroborated data).
3) Level 3 Inputs: unobservable inputs and are used when relevant observable inputs are not available.

c. Criteria for classifying assets and liabilities into current and non-current.

Current assets:

1) Assets held primarily for the purpose of trading;
2) Assets expected to be realized within 12 months after the balance sheet date; and
3) Cash and cash equivalents (unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the balance sheet date).

Current liabilities:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities expected to be settled within 12 months of the balance sheet date, and
3) Liabilities for which does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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

d. Basis of consolidation

This consolidated financial statement includes the financial statement of eLaser and the entities (subsidiaries) controlled by the Company. Comprehensive income of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. The financial statements of subsidiaries have been adjusted to ensure the accounting policies are line with those of the Group. Transactions between entities, account balances, profit and losses have been fully eliminated in preparing the consolidated financial statements. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

For details of subsidiaries, shareholding ratio and business activities, please refer to Note 11 and Table 4 and Table 5 of Note 39.

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest’ proportionate share of the recognized amounts of the acquiree’s identifiable net assets.

As the measurement of the identifiable assets acquired and liabilities assumed due to the business combination has not been completed, it is recognized as provisions on the balance sheet date because the measurement of the identifiable assets acquired, and the liabilities assumed by the business combination has not yet been completed. Retrospective adjustments are made or additional assets or liabilities on acquisitions is recognized in subsequent measurement periods to reflect new information acquired about facts and circumstances existing at the acquisition date.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity’s functional currency (foreign currency) 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 translated at the rates prevailing at that date. Exchange differences arising on monetary items or on translating 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 a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company’s foreign operations (including subsidiaries, associates or branches in other countries that use currencies that are different from the currency of the Company) that are prepared using functional currencies which are different from the currency of the Company are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss.

g. Inventories

Inventories include raw materials, supplies, work in progress and finished goods. Inventories shall be measured at the lower of cost and net realizable value, and the comparison between cost and net realizable value is based on individual items except for inventories of the same category. Net realizable value is the estimated selling price under normal circumstances less the estimated cost to complete the project and the estimated cost to complete the sale. The Company's inventory is recorded at standard cost during daily operation and adjusted to approximate weighted-average cost at the end of the reporting period.

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is not subsidiary.

The Group adopts the equity method when accounting for investments in associates.

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

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

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

i. Property, plant and equipment

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately portion with a straight-line method over their useful lives. The Group shall review the estimated useful life, residual value and depreciation method at least at each financial year-end, and the impact of changes in accounting estimates shall be applied prospectively.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

j. Investment property

Investment property is property (including right-of-use assets that meet the definition of investment property) held to earn rentals or for capital appreciation or both.

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.

Property, plant and equipment and right-of-use assets is transferred to investment property at the carrying amount at the end of owner-occupation.

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

k. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

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

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

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

l. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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

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

The Group assess at the date of statement property, plant and equipment, right-of-use assets, investment property and intangible assets (other than goodwill) for whether there is any indication of impairment. If there is any indication that an asset may be impaired, the recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the cash-generating unit to which the asset belongs. If groups of assets can be allocated to cash-generating units on a reasonable and consistent basis, they will be allocated to individual cash-generating units; otherwise, they will be allocated to the smallest group of cash-generating units that can be allocated on a reasonable and consistent basis.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its 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. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. (net of amortization or depreciation) A reversal of an impairment loss is recognized immediately in profit or loss.

n. Financial instruments

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

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) 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

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

(1) Category of financial assets and measurement

The types of financial assets held by the Group are financial assets measured at amortized cost.

Financial assets measured 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, notes receivable at amortized cost, accounts receivable (including related parties), other receivables (including related parties; excluding income tax refund receivables), overdue receivables and refundable deposit, are measured at amortized cost, which equals to gross carrying amount determined by 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 asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

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

A financial asset is credit impaired when significant financial difficulty of the issuer or the borrower; breach of contract; it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and certificates of deposits investments 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.

(2) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable, other receivables and deposits) and contract assets at amortized cost.

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

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

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

(i) Internal or external information show that the debtor is unlikely to pay its creditors.

(ii) When a financial asset is due longer than 180 days, unless the Consolidated Company has reasonable and corroborative information to support a more lagged default criterion.

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

(3) Derecognition of financial assets

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

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.

2) Financial liabilities

(1) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method, except where the recognition of interest on short-term payables is not material.

(2) Derecognition of financial liabilities

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

o. 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

The warranty obligation to ensure that the product conforms to the agreed specifications is recognized when the relevant product is recognized as revenue based on the management's best estimate of the expense required to settle the obligations of the Group.

p. Revenue recognition

When a performance obligation is satisfied, the Group shall recognize as revenue the amount of the transaction price that is allocated to that performance obligation.

Operating revenue

1) Service revenue

Revenue from packaging and testing

The Group's packaging service creates or enhances an asset that the customer controls as the asset is created or enhanced; the customer simultaneously receives and consumes the benefits from the testing services provided by the Group's performance as the Group performs.

The relevant revenue will be transferred to the customer with the promised goods or services, and the sales revenue will be recognized when the performance obligations are met over time. The revenue received before meeting the above-mentioned performance obligations are recognized as contract liabilities.

2) Sales revenue

When merchandise sold is shipped out or delivered, a customer has the right to set a price, use the merchandise, and has the main responsibility for resale, while bearing the risk of obsolescence of the merchandise, at which the Group recognizes it in sales revenue and accounts receivable. The revenue received before meeting the above-mentioned performance obligations are recognized as contract liabilities.

3) Other services revenue

Other service revenue is recognized as revenue when the service contract conditions are met in accordance with the relevant contract when the economic benefits are likely to flow into the Group and the revenue can be measured reliably. The revenue received before meeting the above-mentioned performance obligations are recognized as contract liabilities.

q. Lease

The Group assesses whether the contract is a lease on the contract establishment date.

1) The Group as lessor

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

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

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.

2) The Group as lessee

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

The right-of-use asset is initially measured at cost (including the original measurement amount of the lease liability and the lease payment paid before the lease commencement date), and subsequently measured at the cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Right-of-use assets shall be recognized separately in the consolidated balance sheet.

The lessee shall depreciate the right-of-use asset on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. liabilities shall be recognized separately in the consolidated balance sheet.

r. Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

s. Government grant

A government grant is not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to it, and that the grant will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the related assets and recognized as a reduced depreciation or amortization charge in profit or loss over the contract period or useful lives of the related assets.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognized in profit or loss of the period in which it becomes receivable.

t. 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 service rendered by employees.

2) Post-employment benefits

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

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

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

u. Share-based payment arrangements

Employee stock options

Employee stock options are based on the fair value of equity instruments on the grant date and the best estimated amount expected to be acquired. Expenses are recognized on a straight-line basis during the acquired period, and capital surplus - employee stock options is adjusted at the same time. If it is immediately acquired on the grant date, the full amount of the fee shall be recognized on the grant date. When the Group issues employee stock options at cash capital increase, the date of notification to the employees shall be the grant date.

The Group revises the estimated number of expected vested employee stock options on each balance sheet date. If there is a revision to the original estimated quantity, the influence number is recognized as profit and loss, so that the accumulated expenses reflect the revised estimate, and the capital surplus - employee stock options is relatively adjusted.

v. Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1) Current income tax

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

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

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

2) Deferred income tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

When the Group adopts accounting policies, the management must make relevant judgments, estimates and assumptions based on experience and other relevant factors for the information that is not easily obtained from other sources. Actual results may differ from estimates.

The Group will take the possible impact on the economic environment, inflation, and market interest rate fluctuations into consideration when making major accounting estimates such as cash flow estimates, growth rates, discount rates, and profitability. The management will continue to review the estimates and the basic assumptions.

Main sources of uncertainty in estimates and assumptions

Estimated impairment of financial assets and contract assets

The estimated impairment of notes receivable, accounts receivable, uncollectible receivables, other receivables, contract assets and Investments in debt instruments is based on the Group’s assumptions about the loss given default and probability of default. The Group takes experience, current market conditions and forward-looking information into account to develop assumptions and inputs for impairment assessments.

Please refer to Note 8, Note 9 and Note 24 for the key assumptions and inputs used. If the actual future cash flow is less than the Group's expectations, there may be significant impairment losses.

6. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash on hand and working fund	$ 343	$ 1,519
Demand deposit in banks	1,436,447	2,004,046
Cash equivalent (Investments with original maturities of less than 3 months)		
Bank fixed deposit	531,197	536,858
	$ 1,967,987	$ 2,542,423

As of December 31, 2023 and 2022, the interest rate ranges for bank deposits were 0.001% to 5.45%, and 0.001% to 4.60%, respectively.

7. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	December 31, 2023	December 31, 2022
Current		
Term deposit with an initial maturity of more than three months (1)	$ 17,000	$ -
Restricted assets – demand deposit (2)	-	12,500
	$ 17,000	$ 12,500
Non-current		
Restricted assets – time deposit (3)	$ 751	$ 741

a. As of December 31, 2023, the annual rate of interest for time deposits with the initial duration of more than three months is 1.565%.

b. As of December 31, 2022, the restricted demand deposit interest rate was 0.425% per annum.

c. As of December 31, 2023 and 2022, the restricted time deposit interest rates were 1.565% and 1.44% per annum.

d. For credit risk management and impairment assessment related to financial assets measured at amortized cost, please refer to Note 8.

e. For pledge of financial assets measured at amortized cost, please refer to Note 36.

f. The Group acquired subsidiaries on December 24, 2022, and transferred them to financial assets measured at amortized cost - current and non-current NT$12,500 thousand and NT$741 thousand, please refer to Note 30.

8. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

The debt instruments invested by the Group are financial assets measured at amortized cost (including current and non-current):

	December 31, 2023	December 31, 2022
At amortized cost		
Total amount	$ 17,751	$ 13,241
Loss allowances	-	-
Amortized cost	$ 17,751	$ 13,241

The Group adopts the policy to invest only in debt instruments issued by creditworthy entities. The Group continues to track changes in the credit risk of the invested debt instruments, and reviews other information such as significant information of the debtor to assess whether the credit risk of the debt instrument investment has increased significantly since the original recognition.

To mitigate credit risk, the management of the Group will collect relevant information to assess the default risk of debt instrument investment. The Group gives appropriate internal ratings with reference to publicly available financial information.

The Group considers the debtor’s historical record, current market conditions and business outlook to measure the 12-month expected credit loss or lifetime expected credit loss of the debt investment paid. As of December 31, 2023 and 2022, the Group assessed that it was not necessary to report expected credit losses for debt investment paid.

9. NOTES RECEIVABLES, ACCOUNT RECEIVABLES, UNCOLLECTIBLE RECEIVABLES AND OTHER RECEIVABLES

	December 31, 2023	December 31, 2022
Notes receivables		
At amortized cost		
Total amount	$ -	$ -
Less: Loss allowances	-	-
	$ -	$ -

	December 31, 2023	December 31, 2022
Accounts receivable		
At amortized cost		
Total amount	$ 1,010,713	$ 987,082
Less: Loss allowances	(1,175)	(792)
	$ 1,009,538	$ 986,290
Uncollectible receivables		
At amortized cost		
Total amount	$ 6,936	$ 6,936
Less: Loss allowances	(6,936)	(6,936)
	$ -	$ -
Other receivables		
OEM collection and payment	$ 217,461	$ 149,927
Income tax refund receivable	14,186	10,277
Interest receivable	2,924	1,271
Others	1,641	2,736
	$ 236,212	$ 164,211

a. Notes receivables

When determining the recoverability of notes receivable, the Group considers any changes in the quality of notes receivable from the original credit date to the balance sheet date. The Group continues to monitor and refer to the counterparty's past default records and analyze its current financial position to assess whether the credit risk of the notes receivables has increased significantly since the original recognition and to measure expected credit losses. In 2022, due to the default of the customer, uSenlight Corporation, the Group set its expected credit loss ratio at 100%. As of December 31, 2022, the Group recognized an allowance for all losses on the customer's notes receivable in the amount of NT$6,936 thousand and reclassified all notes receivable in default as overdue notes receivable (accounted for under other non-current assets).

Movement of the loss allowance for notes receivable

	2023	2022
Balance, beginning of period	$ -	$ -
Impairment losses for the current period	-	6,936
Uncollectible receivable transferred	-	(6,936)
Balance, end of period	$ -	$ -

b. Accounts receivable

The Group's average credit period for commodity sales is 30 to 90 days, and the collection policy does not add interest to overdue accounts receivable. When determining the recoverability of accounts receivable, the Group considers any changes in the quality of notes receivable from the original credit date to the balance sheet date. Experience shows that most accounts receivable are recovered well.

To mitigate credit risk, the management of the Group performs credit limit determination, credit approval and other monitoring procedures for each counterparty to ensure appropriate actions have been taken to recover overdue accounts receivable. In addition, the Group will review the recoverable amount of accounts receivable one by one on the balance sheet date to ensure the unrecoverable accounts receivable are recognized as impairment losses. Accordingly, the management of the Group believes that the credit risk of the Company has been significantly reduced.

The Group recognizes loss allowance for accounts receivable based on lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix, which considers experience, current market conditions and business outlook. As the Group's credit loss experience shows that there is no significant difference in the provision matrix of different customer groups, the provision matrix does not further differentiate customer groups, and only sets the expected credit loss rate based on the number of days overdue for accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Group cannot reasonably expect the recoverable amount, the Group will write off the relevant accounts receivable, but will continue to pursue account recovery, and the amount recovered due to pursuit and recovery will be recognized in profit or loss.

The Group measures the loss allowance of accounts receivable according to the provision matrix as follows:

December 31, 2023

	Not past due	Past due within 60 days	Past due 61~90 days	Past due 91~120 days	Past due over 120 days	Total
Expected credit loss rate	0.01%～1.77%	0.05%～45.53%	6.33%～80.47%	16.71%～100%	39.23%～100%	
Total amount	$ 950,574	$ 59,865	$ 67	$ 175	$ 32	$ 1,010,713
Loss allowance (lifetime expected credit losses)	(553)	(582)	(15)	-	(25)	(1,175)
Amortized cost	$ 950,021	$ 59,283	$ 52	$ 175	$ 7	$ 1,009,538

December 31, 2022

	Not past due	Past due within 60 days	Past due 61~90 days	Past due 91~120 days	Past due over 120 days	Total
Expected credit loss rate	0.0022%~0.72%	0.06%~13.2%	0.02%~9.29%	1.52%~14.25%	7.29%~100%	
Total amount	$ 923,273	$ 58,949	$ 4,306	$ 4	$ 550	$ 987,082
Loss allowance (lifetime expected credit losses)	(102)	(66)	(377)	(1)	(246)	(792)
Amortized cost	$ 923,171	$ 58,883	$ 3,929	$ 3	$ 304	$ 986,290

Movements of the loss allowance for accounts receivable

	2023	2022
Balance, beginning of period	$ 792	$ 7,269
Impairment losses for the current period	383	-
Acquired by business combinations (Note)	-	77
Reversal	-	(6,563)
Exchange differences on translation of foreign currency	-	9
Balance, end of period	$ 1,175	$ 792

Note: The Group acquired the subsidiary on December 24, 2022, and transferred into accounts receivable of NT$7,210 thousand and loss allowance of NT$77 thousand, please refer to Note 30.

Uncollectible receivables

The Group recognizes loss allowance for uncollectible receivable based on lifetime expected credit losses. Lifetime expected credit losses considers experience, current market conditions and business outlook. As of December 31, 2023 and 2022, the expected credit loss ratio for overdue notes receivable was 100%.

Movements of the loss allowance for uncollectible receivable

	2023	2022
Balance, beginning of period	$ 6,936	$ -
Transferred from notes receivable in the current period	-	6,936
Balance, end of period	$ 6,936	$ 6,936

c. Other receivables

The Group accounts for other receivables such as OEM collection and payment, income tax refund receivable and interest receivable. The Group's policy is to only conduct business with customers with good credit. The Group continues to track and refer to the past default records of the counterparty and analyze its current financial position to assess whether the credit risk of other receivables has increased significantly since the original recognition and to measure the expected credit loss. If there is evidence that the counterparty has signs of default or the recoverable amount cannot be reasonably expected due to termination of the contract, the Group will write off the relevant other receivables, but will continue to pursue recovery where the amount recovered will be recognized in profit or loss. As of December 31, 2023 and 2022, the Group assessed that there was no need to recognize expected credit losses for other receivables.

10. INVENTORIES

	December 31, 2023	December 31, 2022
Finished goods	$ 26,391	$ 36,258
Work in process	33,292	75,334
Raw materials	318,799	410,051
Inventory in transit	1,413	5,598
	$ 379,895	$ 527,241

The nature of cost of goods sold is as follows:

	2023	2022
Cost of inventories sold	$ 4,460,178	$ 5,408,410
Unapportioned manufacturing overhead	15,980	-
Lease cost	8,209	8,990
Inventory loss (reversal of write-down of inventories)	68,842	32,241
	$ 4,553,209	$ 5,449,641

The Group acquired the subsidiary on December 24, 2022, and transferred into the inventory of NT$273,721 thousand and the allowance for inventory valuation and obsolescence losses of NT$78,080 thousand, please refer to Note 30.

11. SUBSIDIARY COMPANY

a. Subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

Investment Company	Subsidiary	Main Activities	% of Ownership December 31, 2023	% of Ownership December 31, 2022	Remark
eLaser	eLaser Technologies Co., Ltd.	Manufacture and sales of electronic parts	-	100%	Note 3
eLaser	Centera Photonics Inc.	Manufacture and sales of electronic parts	56.41%	57.97%	Notes 4, 5 and 6
eLaser	GEM Services, Inc.	Holding company business	51%	51%	Note 1
GEM Services, Inc.	GEM Electronics Company Limited	Holding company business	100%	100%	Note 1
GEM Services, Inc.	GEM Tech Ltd.	Sales of electronic parts	100%	100%	Note 1
GEM Electronics Company Limited	GEM Electronics (Shanghai) Co., Ltd.	Manufacture and sales of electronic parts	100%	100%	Note 2
GEM Electronics (Shanghai) Co., Ltd.	GEM Electronics (Hefei) Co., Ltd.	Manufacture and sales of electronic parts, factory leasing	100%	100%	Note 2

Note 1: The main business risk is currency risk.

Note 2: The main business risks are political risks and currency risks faced by government decrees and the changes between Taiwan and Mainland China.

Note 3: The Board of Directors, on December 22, 2022, approved eLaser Technologies Co., Ltd.’s dissolution and liquidation by resolution (on behalf of the shareholders' meeting), and the liquidation of the company was completed on August 10, 2023.

Note 4: The Company’s Board of Directors approved on December 22, 2022, and purchased 57.97% of the shares of Centera Photonics Inc. for NT$225,000 thousand, a total of 22,500,000 shares. The reference date of the share exchange was December 24, 2022. Please refer to Note 30 of the Consolidated Financial Statement.

Note 5: Centera Photonics Inc. issued 330,000 new shares on May 9, 2023 due to the exercise of stock options by its employees, causing the Company's shareholding in the subsidiary to fall from 57.97% to 57.48%. As the aforementioned transaction did not change the Company's control over this subsidiary, the change is treated as an equity transaction. The effect recognized by the Company for 2023 due to the aforementioned transaction was for the adjustment of the capital surplus by NT$566 thousand. Please refer to Note 31 for details of equity transactions with non-controlling interests.

Note 6: In November 2023, the Company did not participate in the cash capital increase of NT$46,562 thousand of subsidiary, Centera Photonics Inc., in proportion to its shareholding, causing the Company's shareholding in the subsidiary to fall from 57.48% to 56.41%. As the aforementioned transaction did not change the Company's control over this subsidiary, the change is treated as an equity transaction. The effect recognized by the Company for 2023 due to the aforementioned transaction was for the adjustment of the capital surplus by NT$2,168 thousand. Please refer to Note 31 for details of equity transactions with non-controlling interests.

b. Information on subsidiaries with material non-controlling interests

	% of Non-controlling interests	
Subsidiary	December 31, 2023	December 31, 2022
GEM Services, Inc.	49%	49%
Centera Photonics Inc.	43.59%	42.03%

Please refer to Table 4 for the country information of the principal business site and company registration.

	Net income(loss) distribution to non-controlling interests		Non-controlling interests	
Subsidiary	2023	2022	December 31, 2023	December 31, 2022
GEM Services, Inc.	$ 277,407	$ 455,893	$ 2,036,234	$ 2,128,625
Centera Photonics Inc.	($ 69,450)	$ 604	$ 114,822	$ 140,115

The consolidated financial information for the following subsidiaries has been prepared at balances before intercompany transactions are eliminated:

GEM Services, Inc.

	December 31, 2023	December 31, 2022 (Restated amount)
Current assets	$ 2,949,942	$ 3,279,230
Non-current assets	3,197,037	3,651,545
Current liabilities	(1,441,079)	(1,991,013)
Non-current liabilities	(550,631)	(595,953)
Equity	$ 4,155,269	$ 4,343,809
Equity attributable to:		
Owners of the Company	$ 2,119,035	$ 2,215,184
Non-controlling interests	2,036,234	2,128,625
	$ 4,155,269	$ 4,343,809

	2023	2022
Operating revenue	$ 4,418,989	$ 5,221,467
Net income	$ 566,094	$ 930,323
Other comprehensive	(44,873)	(5,925)

	2023	2022
income		
Total comprehensive income	$ 521,221	$ 924,398
Net income attributable to:		
Owners of the Company	$ 288,687	$ 474,430
Non-controlling interests	277,407	455,893
	$ 566,094	$ 930,323
Total comprehensive income attributable to		
Owners of the Company	$ 265,803	$ 471,409
Non-controlling interests	255,418	452,989
	$ 521,221	$ 924,398
Financing cash flow		
From operating activities	$ 1,022,145	$ 1,588,337
From investing activities	(572,216)	(841,788)
From financing activities	(679,452)	(562,705)
Effect of exchange rate changes	(12,621)	137,144
Net cash generated (used in)	($ 242,144)	$ 320,988
Dividends to non-controlling interests GEM Services, Inc.	$ 347,849	$ 347,749

Centera Photonics Inc.

	December 31, 2023	December 31, 2022
Current assets	$ 285,849	$ 501,359
Non-current assets	29,488	35,732
Current liabilities	(51,925)	(203,665)
Non-current liabilities	-	(34)
Equity	$ 263,412	$ 333,392
Equity attributable to:		
Owners of the Company	$ 148,590	$ 193,277
Non-controlling interests	114,822	140,115
	$ 263,412	$ 333,392

	2023	Acquisition date to December 31, 2022
Operating revenue	$ 37,965	$ 15,254
Net profit (loss) for the year	($ 163,642)	$ 1,437
Other comprehensive income	-	-
Total comprehensive income	($ 163,642)	$ 1,437
Net (loss) profit attributable to:		
Owners of the Company	($ 94,192)	$ 833
Non-controlling interests	(69,450)	604
	($ 163,642)	$ 1,437
Total comprehensive income attributable to		
Owners of the Company	($ 94,192)	$ 833
Non-controlling interests	(69,450)	604
	($ 163,642)	$ 1,437
Financing cash flow		
From operating activities	($ 184,118)	$ 9,448
From investing activities	(12,868)	(239)
From financing activities	3,066	(4,081)
Effect of exchange rate changes	56	88
Net cash generated (used in)	($ 193,864)	$ 5,216

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates

	December 31, 2023	December 31, 2022
Associates that are not individually material		
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	$ 116,704	$ 101,489

Shareholding and voting rights of the Group in the associates at the balance sheet date are as follows:

Name of Company	Main Activities	Location	% of Ownership December 31, 2023	% of Ownership December 31, 2022
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Production, design, packaging and testing of power management electronic accessories	Hefei City, Anhui Province, China	20%	20%

Aggregate information of associates that are not individually material

	2023	2022
Attributable to the Group		
Net income	$ 21,650	$ 14,635
Other comprehensive income	-	-
Total comprehensive income	$ 21,650	$ 14,635

Share of profit of associates accounted for using equity method is recognized based on the financial statements of the associates that have been audited by CPA during the same period.

13. PROPERTY, PLANT AND EQUIPMENT - SELF-USE

	Self-owned land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Miscellaneous equipment	Property under construction and equipment to be inspected	Total
Cost									
Balance at January 1, 2023	$ 743,384	$ 1,014,002	$ 7,013,234	$ 10,543	$ 72,523	$ 180,847	$ 130,900	$ 112,158	$ 9,277,591
Additions	-	13,777	63,616	-	3,887	8,903	7,927	131,303	229,413
Reclassification (Note)	-	673	454,964	-	261	-	4,221	(54,220)	405,899
Disposal	-	-	(235,837)	-	(1,800)	(8,960)	(23,855)	-	(270,452)
Effect of exchange rate changes	-	(8,928)	(56,575)	(64)	(1,007)	(1,386)	(1,552)	(2,934)	(72,446)
Balance at December 31, 2023	$ 743,384	$ 1,019,524	$ 7,239,402	$ 10,479	$ 73,864	$ 179,404	$ 117,641	$ 186,307	$ 9,570,005
Accumulated depreciation and impairment									
Balance at January 1, 2023	$ -	$ 275,939	$ 4,082,198	$ 8,188	$ 58,433	$ 85,777	$ 96,670	$ -	$ 4,607,205
Depreciation expense		49,684	702,689	843	6,013	47,191	15,859	-	822,279
Impairment losses	-	-	7,609	-	-	-	-	-	7,609
Disposal	-	-	(234,841)	-	(1,800)	(8,960)	(23,851)	-	(269,452)
Effect of exchange rate changes	-	(2,731)	(42,464)	(62)	(928)	(870)	(1,245)	-	(48,300)
Balance at December 31, 2023	$ -	$ 322,892	$ 4,515,191	$ 8,969	$ 61,718	$ 123,138	$ 87,433	$ -	$ 5,119,341
Carrying amount at December 31, 2023	$ 743,384	$ 696,632	$ 2,724,211	$ 1,510	$ 12,146	$ 56,266	$ 30,208	$ 186,307	$ 4,450,664
Cost									
Balance at January 1, 2022	$ 743,384	$ 664,703	$ 6,004,593	$ 10,484	$ 66,793	$ 105,177	$ 124,113	$ 925,928	$ 8,645,175
Acquired by business combinations (Note 30)	-	-	49,897	-	800	3,960	41,037	-	95,694
Additions	-	61,777	179,332	-	3,602	72,122	7,445	180,872	505,150
Reclassification (Note)	-	312,003	1,259,837	-	1,954	-	654	(1,019,712)	554,736
Disposal	-	(25,310)	(491,494)	-	(1,479)	-	(44,498)	-	(562,781)
Effect of exchange rate changes	-	829	11,069	59	853	(412)	2,149	25,070	39,617
Balance at December 31, 2022	$ 743,384	$ 1,014,002	$ 7,013,234	$ 10,543	$ 72,523	$ 180,847	$ 130,900	$ 112,158	$ 9,277,591
Accumulated depreciation and impairment									
Balance at January 1, 2022	$ -	$ 256,041	$ 3,807,536	$ 6,682	$ 52,469	$ 63,202	$ 96,881	$ -	$ 4,282,811
Acquired by business combinations (Note 30)	-	-	35,320	-	800	3,960	28,875	-	68,955
Depreciation expense	-	43,156	663,533	1,456	5,893	18,660	13,718	-	746,416
Impairment losses	-	-	31,481	-	-	-	-	-	31,481
Disposal	-	(25,310)	(482,040)	-	(1,479)	-	(44,496)	-	(553,325)
Effect of exchange rate changes	-	2,052	26,368	50	750	(45)	1,692	-	30,867
Balance at December 31, 2022	$ -	$ 275,939	$ 4,082,198	$ 8,188	$ 58,433	$ 85,777	$ 96,670	$ -	$ 4,607,205
Carrying amount at December 31, 2022	$ 743,384	$ 738,063	$ 2,931,036	$ 2,355	$ 14,090	$ 95,070	$ 34,230	$ 112,158	$ 4,670,386

Note: It was transferred from other non-current assets - prepaid equipment.

Due to the influence of the industry and market environment, the Group's sales failed to meet the expected target. It was assessed that future cash inflows would be reduced, resulting in its recoverable amount being less than the carrying amount. Therefore, impairment losses of NT$7,609 thousand and NT$31,481 thousand were recognized for 2023 and 2022, respectively. The impairment loss has been accounted for under other income and expenses and losses in the consolidated statement of comprehensive income. The Group adopts value in use as the recoverable amount of such machinery and equipment, and the discount rates used were 18.33% and 17.16%, respectively.

Depreciation expense is accrued on a straight-line basis for the following economic life:

Buildings	
Factory main building	20 to 50 years
Building improvement	5 to 20 years
Machinery and equipment	3 to 15 years
Transportation equipment	5 years
Office equipment	3 to 7 years
Leasehold improvements	2.5 to 10 years
Miscellaneous equipment	2 to 10 years

Please refer to Note 36 for the amount of property, plant and equipment pledged as collateral.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount		
Land (Note)	$ 38,639	$ 40,442
Buildings	70,341	108,256
Office equipment	4,492	5,532
	$ 113,472	$ 154,230

	2023	2022
Addition of right-of-use assets	$ 4,528	$ 23,055
Depreciation of right-of-use assets		
Land	$ 1,145	$ 1,148
Buildings	41,628	44,616
Office equipment	1,021	1,075
	$ 43,794	$ 46,839

Note: For the land use right in mainland China, the Group has obtained the Land Use Certificates for State Owned Land, and the lease period is 50 years.

Part of the land leased by the Group in Hefei, Anhui Province, China has been sub-leased to Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd. under operational leasing from January 1, 2022, and the relevant right-of-use assets are presented as investment properties please refer to Note 15. The relevant amount of the above right-of-use assets does not include the right-of-use assets that meet the definition of investment properties.

No impairment losses were recognized or reversed for 2023 and 2022.

b. Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amounts		
Current	$ 41,956	$ 42,745
Non-current	$ 35,497	$ 73,709

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Buildings	0.99%～4.35%	0.99%～4.35%
Office equipment	1.36%～4.35%	0.99%～4.35%

c. Important lease activities and terms

The lease period of the buildings and office equipment leased by the Group is 1 to 10 years. Among them, the rent of the building is adjusted according to the fluctuation of the price indices and the terms are reviewed during the lease period. At the end of the lease period, the Group has no bargain purchase price option to purchase the leased buildings and office equipment.

d. Other lease information

	2023	2022
Expense relating to short-term leases	$ 5,531	$ 6,271
Total cash outflow for leases	($ 50,908)	($ 49,067)

The Group has chosen to apply the recognition exemption to building and other equipment leases that qualify as short-term leases and will not recognize the related right-of-use assets and lease liabilities.

15. INVESTMENT PROPERTY

	Buildings	Right-of-use assets - Land	Total
Cost			
Balance at January 1, 2023	$ 213,400	$ 5,546	$ 218,946
Effect of exchange rate changes	(3,592)	(93)	(3,685)
Balance at December 31, 2023	$ 209,808	$ 5,453	$ 215,261
Accumulated depreciation and impairment			
Balance at January 1, 2023	$ 161,169	$ 563	$ 161,732
Depreciation expense	7,452	141	7,593
Effect of exchange rate changes	(2,862)	(13)	(2,875)
Balance at December 31, 2023	$ 165,759	$ 691	$ 166,450
Carrying amount at December 31, 2023	$ 44,049	$ 4,762	$ 48,811
Cost			
Balance at January 1, 2022	$ 210,112	$ 5,461	$ 215,573
Effect of exchange rate changes	3,288	85	3,373
Balance at December 31, 2022	$ 213,400	$ 5,546	$ 218,946
Accumulated depreciation and impairment			
Balance at January 1, 2022	$ 150,628	$ 416	$ 151,044
Depreciation expense	8,231	141	8,372
Effect of exchange rate changes	2,310	6	2,316
Balance at December 31, 2022	$ 161,169	$ 563	$ 161,732
Carrying amount at December 31, 2022	$ 52,231	$ 4,983	$ 57,214

The right-of-use assets in the investment property is the subleasing of the leased land located in Hefei City, Anhui Province, China to Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd. under operational leasing.

The lease term of the investment property is 5 years with an option to extend the lease term for 2 years. The lessees do not have purchase options to acquire the assets at the expiration of the lease periods.

The maturity analysis of operating lease payments receivable from the investment property is as follows:

	December 31, 2023	December 31, 2022
Year 1	$ 47,420	$ 48,232
Year 2	47,420	48,232
Year 3	47,420	48,232
Year 4	-	48,232
Year 5	-	-
	$142,260	$192,928

The Group implements a general risk management policy to reduce the residual risk of the leased buildings and right-of-use assets upon expiry of the lease term.

Investment properties are depreciated on a straight-line basis over the following economic life:

Buildings	
Factory main building	20 years
Right-of-use assets - Land	50 years

The fair value of the investment properties is measured by the independent appraisal company Anhui Huateng Property Assessment Office as a Level 3 input on the balance sheet date. The evaluation is based on market evidence of similar property transaction prices and the cash flow method, and the important unobservable input used include discount rate. The fair value obtained from the evaluation is as follows:

	December 31, 2023	December 31, 2022
Fair value	$258,103	$283,872

16. GOODWILL

	2023	2022
Cost		
Balance, beginning of period	$ 32,577	$ -
Acquired by business combinations in the current period (Note 30)	-	32,577
Balance, end of period	$ 32,577	$ 32,577
Accumulated impairment losses		
Balance, beginning of period	$ -	$ -
Impairment losses recognized in the current period	-	-
Balance, end of period	$ -	$ -
Balance, end of year	$ 32,577	$ 32,577

The cost of the Group acquiring the subsidiary, Centera Photonics Inc., higher than the net value of the identifiable assets and liabilities assumed on the date of acquisition is recognized in goodwill.

The Group conducted an impairment assessment of the recoverable amount of goodwill and adopted value in use as the basis for calculating the recoverable amount. No impairment loss of goodwill was recognized for 2023 and 2022.

17. INTANGIBLE ASSETS

	Computer software
Cost	
Balance at January 1, 2023	$ 13,212
Additions	3,502
Disposal	(7,339)
Effect of exchange rate changes	(83)
Balance at December 31, 2023	$ 9,292
Accumulated amortization and impairment	
Balance at January 1, 2023	$ 7,036
Amortization expense	3,939
Disposal	(7,339)
Effect of exchange rate changes	(14)
Balance at December 31, 2023	$ 3,622
Carrying amount at December 31, 2023	$ 5,670
Cost	
Balance at January 1, 2022	$ 12,095
Additions	1,336
Acquired by business combinations (Note 30)	3,323
Disposal	(3,682)
Effect of exchange rate changes	140
Balance at December 31, 2022	$ 13,212
Accumulated amortization and impairment	
Balance at January 1, 2022	$ 5,572
Amortization expense	4,546
Acquired by business combinations (Note 30)	533
Disposal	(3,682)
Effect of exchange rate changes	67

Balance at December 31, 2022	$ 7,036
Carrying amount at December 31, 2022	$ 6,176

Amortization expenses are accrued on a straight-line basis over the economic life:

Computer software	2 to 5 years

18. OTHER ASSETS

	December 31, 2023	December 31, 2022
Current		
Prepayments		
Tax credit	$ 215,486	$ 200,801
Prepayments to suppliers	11,944	1,085
Others	23,125	20,807
	$ 250,555	$ 222,693
Non-current		
Prepayments for equipment	$ 24,356	$ 412,434
Refundable deposits paid (Note)	11,494	10,637
Uncollectible receivables (Note 9)	6,936	6,936
	42,786	430,007
Less: Loss allowances	(6,936)	(6,936)
	$ 35,850	$ 423,071

The Group acquired the subsidiary on December 24, 2022, and transferred in prepayment of NT$13,978 thousand, prepaid equipment payments of NT$560 thousand and refundable deposit of NT$833 thousand, please refer to Note 30.

Note: The Group considers the debtor's historical record, current market conditions and business outlook to measure the 12-month expected credit loss or lifetime expected credit loss of the refundable deposit paid. As of December 31, 2023 and 2022, the Group assessed that it was not necessary to report expected credit losses for refundable deposits paid.

19. BORROWINGS

a. Short-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings (Note 36)		
Bank borrowings (Note)	$ -	$ 71,170

The Group acquired the subsidiary on December 24, 2022, and transferred short-term bank borrowings of NT$71,170 thousand, please refer to Note 30.

Note: Among them, the used amount of NT$25,000 thousand is guaranteed by the Taiwan SMEG. The interest rate of the bank borrowing was 2.16% to 2.75% as of December 31, 2022.

b. Long-term bank borrowings

	December 31, 2023	December 31, 2022
Secured borrowings (Note 36)		
Bank borrowings	$ 205,000	$ 405,000
Less: Current portion	(24,709)	(37,732)
Long-term bank borrowings	$ 180,291	$ 367,268

The borrowings of the Group include:

	Due date	Material terms	December 31, 2023 Amount	December 31, 2023 Effective rate %	December 31, 2022 Amount	December 31, 2022 Effective rate %
Floating rate borrowing						
Taiwan Cooperative Bank						
Machinery and equipment secured borrowings	October 20, 2026	The borrowing amount of $80,000 thousand is divided into 36 monthly installments starting November 2023 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting November 2024.	$ 80,000	1.74	$ -	-
Machinery and equipment secured borrowings	October 20, 2026	The borrowing amount of $20,000 thousand is divided into 36 monthly installments starting November 2023 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting November 2024.	20,000	1.74	-	-
Secured borrowings for land and buildings	March 20, 2030	The borrowing amount of $135,000 thousand is divided into 84 monthly installments starting April 2023 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting April 2024. (An amount of $30,000 was repaid for the principal in advance in September 2023).	105,000	1.74	-	-
Secured borrowings for land and buildings	January 26, 2029	The borrowing amount of $135,000 thousand is divided into 84 monthly installments starting February 2022 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting February 2023. (Early repayment in February 2023).	-		135,000	1.49

	Due date	Material terms	December 31, 2023 Amount	Effective rate %	December 31, 2022 Amount	Effective rate %
Secured borrowings for land and buildings	February 25, 2029	The borrowing amount of $135,000 thousand is divided into 84 monthly installments starting March 2022 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting March 2023. (Early repayment in March 2023).	$ -		$ 135,000	1.49
Secured borrowings for land and buildings	December 19, 2029	The borrowing amount of $135,000 thousand is divided into 84 monthly installments starting January 2023 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting January 2024. (Early repayment in July 2023).	-		135,000	1.49
			205,000		405,000	
Less: Current portion			(24,709)		(37,732)	
Balance of long-term bank borrowings			$ 180,291		$ 367,268	

20. OTHER LIABILITIES

	December 31, 2023	December 31, 2022
Current		
Other payables		
Payable for equipment (Note 32)	$ 174,918	$ 540,105
Salaries payable and bonus	323,877	401,021
OEM collection and payment	185,486	80,756
Insurance premium	46,286	50,762
Processing fee	1,706	19,820
Pension	20,398	20,317
Repair and maintenance expense	5,861	6,080
Professional service fee	7,611	7,179
Contract service payment	1,277	1,277
Business tax	1,906	2,303
Interest	117	176
Cash dividends (Note 32)	131	171
Others	66,524	69,250
	$ 836,098	$ 1,199,217
Other current liabilities		
Guarantee deposit - payments received to retain capacity (Note 32) (Note)	$ 158,181	$ 143,542
Others	2,090	2,650
	$ 160,271	$ 146,192

Non-current		
Guarantee deposits and margins received		
Payments received to retain capacity (Note)	$ 510,561	$ 526,626
Others (Note 35)	19,692	13,415
	$ 530,253	$ 540,041

The Group acquired the subsidiary on December 24, 2022, and transferred NT$47,076 thousand to other payables and NT$ 645 thousand to receipts under custody, please refer to Note 30.

Note: To expand the production capacity in response to the increase in customer demand, the Group has signed a production capacity agreement with its customers and collected a production capacity deposit which the customers can offset the payment for shipments in phases during the production capacity guarantee period according to the conditions stipulated in the agreement.

21. PROVISIONS

	December 31, 2023	December 31, 2022
Current		
Warranties	$ 37,849	$ 36,419

	2023	2022
Balance, beginning of period	$ 36,419	$ 34,123
Additions	3,000	2,962
Usage	(1,570)	(666)
Balance, end of period	$ 37,849	$ 36,419

The warranties provision for liabilities is the present value of the best estimate of the future economic outflows due to the warranties obligations by the management of the Group according to the contract for the sale of goods. This estimate is based on historical warranties and adjusted by taking into account new raw materials, changes in the process or other factors that affect product quality.

22. RETIREMENT BENEFIT PLANS

a. Determined contribution plans

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

The employees of the subsidiaries of the Group in Mainland China are enrolled in the pension system operated by the local location government. These subsidiaries are required to contribute a specified percentage of payroll to fund the pension system. The Group's obligation to this government-operated pension system is only to contribute the specified amount.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the "Labor Standards Act" is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the Supervisory Committee of Business Entities' Labor Retirement Reserve. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, 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, Elite Advanced Laser Corporation 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 Company has no right to influence the investment policy and strategy.

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 48,385	$ 52,193
Fair value of plan assets	(15,540)	(20,631)
Deficit	32,845	31,562
Net defined benefit liabilities	$ 32,845	$ 31,562

Movements in net defined benefit liabilities (asset) were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (asset)
January 1, 2023	$ 52,193	($ 20,631)	$ 31,562
Service cost			
Current service cost	618	-	618
Interest expense (income)	586	(234)	352
Recognized in profit or loss	1,204	(234)	970
Remeasurement			
Return on plan assets (excluding the amounts included in net interest)	-	(179)	(179)
Actuarial (profit) loss - changes in financial assumptions	(419)	-	(419)
Actuarial (profit) loss - experience adjustment	1,303	-	1,303
Recognized in other comprehensive income	884	(179)	705
Contributions from the employer	-	(392)	(392)
Benefits paid	(5,896)	5,896	-
December 31, 2023	$ 48,385	($ 15,540)	$ 32,845
January 1, 2022	$ 56,783	($ 19,071)	$ 37,712
Service cost			
Current service cost	623	-	623
Interest expense (income)	356	(122)	234
Recognized in profit or loss	979	(122)	857
Remeasurement			
Return on plan assets (excluding the amounts included in net interest)	-	(1,494)	(1,494)
Actuarial (profit) loss - changes in financial assumptions	(1,773)	-	(1,773)
Actuarial (profit) loss - experience adjustment	(3,348)	-	(3,348)
Recognized in other comprehensive income	(5,121)	(1,494)	(6,615)
Contributions from the employer	-	(392)	(392)
Benefits paid	(448)	448	-
December 31, 2022	$ 52,193	($ 20,631)	$ 31,562

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

1) Investment risk: The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management which is invested in domestic and foreign equity and debt securities, bank deposits, etc. 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 by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31, 2023	December 31, 2022
Discount rate	1.250%	1.125%
Expected rates of salary increase	3.00%	3.00%

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

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.25%	($ 818)	($ 843)
Decrease by 0.25%	$ 845	$ 871
Expected rates of salary increase		
Increase by 0.25%	$ 819	$ 844
Decrease by 0.25%	($ 797)	($ 821)

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

	December 31, 2023	December 31, 2022
Expected contributions to the plan for the next year	$ 392	$ 392
Average duration of the defined benefit obligation	6.8 years	6.5 years

23. EQUITY

a. Capital stock

Common stock

	December 31, 2023	December 31, 2022
Authorized shares (in thousands)	300,000	300,000
Authorized capital (NTD in thousand)	$ 3,000,000	$ 3,000,000
Issued and paid shares (in thousands)	145,681	145,681
Issued capital (NTD in thousand)	$ 1,456,814	$ 1,456,814

The authorized shares include 10,000 thousand shares allocated for the exercise of employee stock options.

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

	December 31, 2023	December 31, 2022
May be used to offset a deficit, distributed as cash dividends or transferred to capital (Note 1)		
Additional paid-in capital	$ 322,130	$ 322,130
Treasury stocks	6,420	6,420
	$ 328,550	$ 328,550
May only be used to offset a deficit		
From share of changes in equities of subsidiaries (Note 2)	$ 126,686	$ 123,744

Note 1: Such capital surplus can 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 eLaser’s paid-in capital.

Note 2: This capital surplus is the amount of equity transaction impact recognized due to changes in the Company’s equity when the Company does not subscribe to the subsidiary's equity in proportion to its shareholding, or the adjusted amount recognized by eLaser using the equity method to recognize the subsidiary's capital surplus.

c. Retained earnings and dividend policy

On June 29, 2022, eLaser’s shareholders’ meeting approved a resolution to amend the earnings distribution policy of the Articles of Association.

In accordance with eLaser’s earnings distribution policy in the revised Articles of Association, if there is a surplus after the annual financial report, eLaser will pay taxes and make up for previous annual deficit and add items other than the after-tax net profit to the undistributed earnings for the current period. Also, 10% of legal reserve shall be set aside and if necessary, the special reserve shall be set aside in accordance with relevant laws or regulations, and the accumulated undistributed earnings of the previous year shall be added as the distributable surplus, which shall be reserved by the Board of Directors according to operation capital demand and distributed in accordance with the earnings distribution proposal submitted to the shareholder’s meeting for resolution. When the net amount of other equity deductions accumulated in the previous period is set aside as a special reserve, if the undistributed earnings in the previous period is insufficient to be set aside, items other than after-tax net profit plus after-tax net profit for the current period are included in the undistributed earnings for the current period. eLaser’s dividend policy is to evaluate the eLaser’s future capital needs, financial structure, and earnings. As eLaser is in the growth stage with the industry outlook and development trend changing rapidly, continuous investment, R&D and a sound financial structure are required to create a competitive advantage. Future earnings will be appropriately distributed in the form of stock dividends or cash dividends, depending on eLaser’s operation. The total amount of dividends shall be at least 5% of the distributable earnings for the current year, of which cash dividends shall not be less than 20% of the total dividends.

According to the provisions of the earnings distribution policy of eLaser’s Articles of Association before the amendment, if there is a surplus after the annual final accounts, the tax shall be paid according to the law and the losses of the previous years shall be made up, and then 10% of the statutory surplus reserve shall be allocated. When necessary, the special reserve shall be withdrawn or reversed in accordance with the law. The accumulated undistributed earnings of the previous year are added as distributable surplus, which is reserved by the Board of Directors according to operational needs, and a surplus distribution proposal is drawn up and submitted to the shareholders' meeting for distribution. eLaser's dividend policy is to evaluate the eLaser's future capital needs, financial structure, and earnings. As eLaser is in the growth stage with the industry outlook and development trend changing rapidly, continuous investment, R&D and a sound financial structure are required to create a competitive advantage. Future earnings will be appropriately distributed in the form of stock dividends or cash dividends, depending on eLaser's operation. The total amount of dividends shall be at least 5% of the distributable earnings for the current year, of which cash dividends shall not be less than 20% of the total dividends.

Please refer to Note 25 (9) Employee Remuneration and Director Remuneration for the employees and directors remuneration policy stipulated in the Articles of Association of the Company.

According to Article 237 of eLaser Act of the Republic of China, Act, when allocating surplus profits after having paid all taxes and dues, shall first set aside 10% of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. The legal reserve can be used to make up for losses. When the Company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in capital can be allocated in cash in addition to being accounted as share capital.

eLaser set aside the special reserve in accordance with the Official Letter Chin-Kuan-Cheng-Fa-Tzu No. 1090150022 and "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs".

eLaser held regular shareholders' meetings on June 6, 2023 and June 29, 2022, and the resolutions were passed respectively to approve the 2022 and 2021 annual earnings distribution proposals as shown below:

	2022	2021
Legal reserve	$ 19,712	$ 37,211
Special reserve	$ 2,417	($ 1,038)
Cash dividends	$ 72,841	$ 262,226
Cash dividend per share (NT$)	$ 0.5	$ 1.8

On March 12, 2024, the Company's Board of Directors put forth a 2023 loss compensation proposal. The details are as follows:

	2023
Legal reserve	$ -
Special reserve	$ 18,307
Cash dividends	$ -
Cash dividend per share (NT$)	$ -

The 2023 loss compensation proposal is still pending resolution by the general shareholders' meeting scheduled to be held on June 7, 2024.

d. Special reserve

	2023	2022
Balance, beginning of period	$ 65,301	$ 66,339
Appropriations in respect of debits to other equity items	2,417	-
(Reversal of) Reduction of other equity items	-	(1,038)
Balance, end of period	$ 67,718	$ 65,301

e. Others

Exchange differences on translation of foreign financial statements:

	2023	2022
Balance, beginning of period	($ 67,718)	($ 65,301)
Recognized in the current period		
Foreign operations – foreign currency translation differences	(22,884)	(3,021)
Related tax	4,577	604
Other comprehensive income	(18,307)	(2,417)
Balance, end of period	($ 86,025)	($ 67,718)

f. Non-controlling interests

	2023	2022
Balance, beginning of period	$ 2,268,740	$ 2,023,445
Net income	207,957	456,497
Other comprehensive income		
Foreign operations – foreign currency translation differences	(21,989)	(2,904)
Changes in subsidiaries' ownership (Notes 11 and 31)	(2,734)	-
Cash dividend issued from subsidiaries	(347,809)	(347,809)
Employee stock options recognized by subsidiaries (Note 28)	$ 153	$ 15
Non-controlling interests from acquiring subsidiaries	-	139,496
Cash capital increase by subsidiaries	43,438	-
Ordinary shares issued under subsidiary employee stock option plans	3,300	-
Balance, end of period	$ 2,151,056	$ 2,268,740

24. REVENUE

	2023	2022
Revenue from contracts with customers		
Packaging and testing	$ 5,000,440	$ 6,361,299
Other operating revenue		
Others (Note 35)	398,757	414,482
	$ 5,399,197	$ 6,775,781

a. Detail of customer contracts

1) Packaging and testing

The customer contract signed by the Group includes two performance obligations of packaging and testing services. The customer pays the contract transaction price after obtaining the packaged or tested product. Since the time interval between the transfer of labor services and the customer's payment is less than a year, the significant financial component of the contract transaction price will not be adjusted. The stand-alone selling prices for packaging and testing services are determined using the expected cost plus a margin approach and are used to allocate the transaction price to each performance obligation.

2) Lease and other services

Other service contracts signed by the Group were from electroplating processing services outsourced by customers, building leasing services, production equipment installation and testing services, and product research and development services. The prices of the services were determined in accordance with the contracts.

b. Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable (Note 9)	$ -	$ -	$ 20,245
Accounts receivable (Note 9)	1,009,538	986,290	1,328,772
Accounts receivable due from related parties (Note 35)	9,885	9,583	8,717
	$ 1,019,423	$ 995,873	$ 1,357,734
Contract assets			
Packaging and testing	$ 192,649	$ 190,216	$ 221,788
Less: Loss allowances	(36,216)	(38,454)	(12,330)
Current contract assets	$ 156,433	$ 151,762	$ 209,458
Contract liabilities (including related parties) (Note 35)			
Packaging and testing	$ 35,188	$ 16,000	$ 28,134
Merchandise sales	16,181	19	-
	$ 51,369	$ 16,019	$ 28,134

The Group acquired the subsidiary on December 24, 2022, and transferred contract liabilities of NT$7,671 thousand, please refer to Note 30.

Changes in contract assets and contract liabilities are due to the difference between the timing of meeting performance obligations and the timing of payment. Other major changes are as follows:

	2023	2022
Contract assets		
Balance at beginning of the period transfers to accounts receivable	($ 162,510)	($ 220,550)

The Group recognizes loss allowance for contract assets based on lifetime expected credit losses. The average process duration of the packaging and testing service contracts signed by the Group is 20 to 30 days. When determining the possibility of obtaining an unconditional right of payment for contract assets in the future, the policy adopted by the Group refers to the historical experience of the counterparty's relevant contract assets, current market conditions and business outlook, considers the contracts that are still under obligations on the balance sheet date, examines each contract for stagnation, and recognizes the loss allowance for contract assets according to the expected credit losses during the duration. If there is evidence that the obligation of the contract have been stagnant for more than 30 days, the Group will recognize the loss allowance at full amount, but will continue to pursuit the stagnation of the contract, and carry out the obligation when the stagnation has been eliminated. If there is evidence that the counterparty has signs of breach of contract or is facing serious debt difficulties where the recoverable amount cannot be reasonably estimated, the Group will directly write off the relevant contract assets and loss allowance, but will continue to pursue for recovery. The amount recovered by the pursuit will be recognized in profit or loss.

	December 31, 2023	December 31, 2022
Expected credit loss rate	19%	20%
Total amount	$ 192,649	$ 190,216
Loss allowance (lifetime expected credit losses)	(36,216)	(38,454)
	$ 156,433	$ 151,762

Movements of the loss allowance for contract assets

	2023	2022
Balance, beginning of period	$ 38,454	$ 12,330
Impairment losses for the current period	-	26,085
Reversal	(1,243)	-
Write-offs (Note)	(996)	-
Exchange differences on translation of foreign currency	1	39
Balance, end of period	$ 36,216	$ 38,454

Note: In 2023, as some orders have reached termination, the Group directly wrote off the relevant contract assets and loss allowance.

The amount recognized as revenue in the current year from the contract liabilities at the beginning of the period and the performance obligations that have been satisfied in the previous period is as follows:

	2023	2022
Contract liabilities at the beginning of the period	$ 12,946	$ 23,560

c. Detail of customer contracts

Please refer to Note 40 for detailed revenue information.

25. NET PROFIT FROM CONTINUING OPERATION

a. Other income and (losses)

	2023	2022
Impairment loss on property, plant and equipment	($ 7,609)	($ 31,481)

b. Interest income

	2023	2022
Bank deposit	$ 42,807	$ 16,972

c. Other income

	2023	2022
Government subsidy	$ 17,090	$ 5,521
Others	2,578	9,509
	$ 19,668	$ 15,030

d. Other gains and losses

	2023	2022
Gains (losses) on disposal of property, plant and equipment	($ 239)	$ 2,846
Foreign exchange gains	6,968	253,433
Gains from lease modification	1	19
Others	2,761	(711)
	$ 9,491	$ 255,587

e. Finance costs

	2023	2022
Bank borrowings interest	$ 4,949	$ 4,250
Interest expense on lease liability	2,715	3,775
Interest on borrowings from related parties (Note 35)	16	14
	$ 7,680	$ 8,039

f. Depreciation and amortization

	2023	2022
Depreciation expenses summarized by function		
Cost of revenue	$ 808,885	$ 741,968
Operating expenses	64,781	59,659
	$ 873,666	$ 801,627
Amortization expenses summarized by function		
Cost of revenue	$ 78	$ 581
General and administrative expense	3,748	3,885
Research and development expense	113	80
	$ 3,939	$ 4,546

g. Direct operating expenses of investment property

	2023	2022
Lease revenue		
Depreciation expense	$ 7,593	$ 8,372
Others	616	618
	$ 8,209	$ 8,990

h. Employee benefits expenses

	2023	2022
Share-based payment		
Equity-settled (Note 28)	$ 361	$ 37
Post-employment benefits		
Determined contribution plans	148,565	138,056
Defined benefit plans (Note 22)	970	857
	149,896	138,950
Others	1,599,721	1,865,865
Total employee benefits expenses	$ 1,749,617	$ 2,004,815
Summarized by function		
Cost of revenue	$ 1,373,560	$ 1,579,488
Operating expenses	376,057	425,327
	$ 1,749,617	$ 2,004,815

i. Remuneration to the employees and directors

According to the Articles of Association, eLaser allocates 8% to 15% of the employee's remuneration and no more than 3% of the director's remuneration according to the pre-tax profit before deducting the employee' and director's remuneration in the current year.

The Company's 2023 performance was in net loss before tax, so employee remuneration and director remuneration were not estimated. The estimated employee remuneration and director remuneration for 2022 as resolved by the Board of Directors on March 23, 2023 are as follows:

Estimated ratio

	2022
Remuneration to employees	12%
Compensation to directors	2.82%

Amount

	2022
	Cash
Remuneration to employees	$ 34,000
Compensation to directors	$ 8,000

If there is still a change in the amount after the annual consolidated financial statement is approved, it will be treated as a change in accounting estimates and adjusted and recorded in the following year.

There is no significant difference between the aforementioned approved amounts and the amounts charged against earnings of 2022 and 2021, respectively.

The information about the appropriations of the Company's remuneration to employees and directors in 2023 and 2022 is available at the Market Observation Post System website.

j. Gain (loss) on foreign exchange

	2023	2022
Foreign currency exchange gains	$ 282,759	$ 548,832
Foreign currency exchange losses	(275,791)	(295,399)
Net gain	$ 6,968	$ 253,433

26. INCOME TAX

a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	2023	2022
Current income tax		
Recognized in the current period	$ 195,880	$ 261,873
Levied undistributed surplus earnings	5,107	3,686
Income tax adjustments on prior years	(22,635)	(4,185)
	178,352	261,374
Deferred income tax		
Recognized in the current period	(42,843)	(7,019)
Income tax expense recognized in profit or loss	$ 135,509	$ 254,355

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

	2023	2022
Income before income tax	$ 267,310	$ 902,676
Income tax expense calculated at the statutory rate (20%)	$ 53,462	$ 180,535
Nondeductible expenses in determining taxable income	19,172	1,420
Tax exempt income	-	(298)

	2023	2022
Levied undistributed surplus earnings	5,107	3,686
Unrecognized deductible temporary differences/ loss deduction	28,305	(38,230)
Effect of different tax rates applicable to consolidated entities	59,395	119,642
Adjustments for prior years' tax	(22,635)	(4,185)
Investment credits	(7,297)	(8,215)
Income tax expense recognized in profit or loss	$ 135,509	$ 254,355

b. Income tax recognized in other comprehensive income

	2023	2022
Deferred income tax		
Recognized in the current period		
- Remeasurement of defined benefit plans	($ 141)	$ 1,323
- Foreign operations – foreign currency translation differences	(4,577)	(604)
	($ 4,718)	$ 719

c. Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax asset		
Income tax refund receivable	$ 2,104	$ 10,086
Current tax liabilities		
Income tax payable	$ 53,606	$ 128,967

d. Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2023

Deferred tax assets	Balance, beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Balance, end of period
Temporary difference					
Inventory loss (reversal of write-down of inventories)	$ 16,257	($ 2,271)	$ -	($ 81)	$ 13,905
Defined benefit retirement plan	4,543	-	141	-	4,684
Unrealized exchange loss	7,893	(2,420)	-	-	5,473
Allowance for losses - accounts receivable	3,132	51	-	-	3,183
Impairment loss on property, plant and equipment	6,296	932	-	-	7,228
Unrealized pension expense	1,016	116	-	-	1,132
Difference between consideration and carrying amount of subsidiaries acquired or disposed	9,900	-	-	-	9,900
Exchange differences on translating the financial statements of foreign operations	16,929	-	4,577	-	21,506
Revenue from contracts with customers	-	1,019	-	(20)	999
Allowance for losses - contract assets	7,781	(528)	-	1	7,254
Employee compensation payable	15,120	(1,381)	-	(227)	13,512
Unrealized sales allowance	168	3,029	-	-	3,197
Lease liabilities	16,972	(7,764)	-	(129)	9,079
Others	7,284	286	-	-	7,570
	$ 113,291	($ 8,931)	$ 4,718	($ 456)	$ 108,622

Deferred tax liabilities	Balance, beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Balance, end of period
Temporary difference					
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	$ 315,516	($ 48,338)	$ -	$ -	$ 267,178
Changes in subsidiaries' ownership	28,482	-	-	-	28,482
Revenue from contracts with customers	2,546	3,768	-	(6)	6,308
Right-of-use assets	16,431	(7,719)	-	(123)	8,589
Unrealized exchange profit	1,769	515	-	-	2,284
	$ 364,744	($ 51,774)	$ -	($ 129)	$ 312,841

2022

Deferred tax assets	Balance, beginning of period	Effect of retroactive application of amendments to IAS 12	Balance, beginning of period (Restated amount)	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Balance, end of period
Temporary difference							
Inventory loss (reversal of write-down of inventories)	$ 6,153	$ -	$ 6,153	$ 10,149	$ -	($ 45)	$ 16,257
Defined benefit retirement plan	5,866	-	5,866	-	(1,323)	-	4,543
Unrealized exchange loss	904	-	904	6,989	-	-	7,893
Allowance for losses - accounts receivable	2,674	-	2,674	458	-	-	3,132
Impairment loss on property, plant and equipment	-	-	-	6,296	-	-	6,296
Unrealized pension expense	923	-	923	93	-	-	1,016
Difference between consideration and carrying amount of subsidiaries acquired or disposed	9,900	-	9,900	-	-	-	9,900
Exchange differences on translating the financial statements of foreign operations	16,325	-	16,325	-	604	-	16,929
Allowance for losses - contract assets	2,506	-	2,506	5,267	-	8	7,781
Employee compensation payable	15,909	-	15,909	(1,044)	-	255	15,120
Unrealized sales allowance	-	-	-	168	-	-	168
Lease liabilities	-	23,043	23,043	(6,067)	-	(4)	16,972
Others	6,825	-	6,825	459	-	-	7,284
	$ 67,985	$ 23,043	$ 91,028	$ 22,768	($ 719)	$ 214	$ 113,291

Deferred tax liabilities	Balance, beginning of period	Effect of retroactive application of amendments to IAS 12	Balance, beginning of period (Restated amount)	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Balance, end of period
Temporary difference							
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	$ 293,021	$ -	$ 293,021	$ 22,495	$ -	$ -	$ 315,516
Changes in subsidiaries' ownership	28,482	-	28,482		-	-	28,482
Revenue from contracts with customers	3,153	-	3,153	(660)	-	53	2,546
Right-of-use assets	-	23,043	23,043	(6,612)	-	-	16,431
Unrealized exchange profit	1,229	-	1,229	526	-	14	1,769
	$ 325,885	$ 23,043	$ 348,928	$ 15,749	$ -	$ 67	$ 364,744

e. Deductible temporary difference and unused loss deduction amount not recognized in the consolidated balance sheet

	December 31, 2023	December 31, 2022
Deductible temporary difference		
Unrealized asset impairment loss	$ 129,546	$ 146,099
Inventory loss (reversal of write-down of inventories)	141,459	78,080
Allowance for losses - accounts receivable	133	77
Unrealized exchange loss	22	-
	$ 271,160	$ 224,256

Loss deduction	December 31, 2023	December 31, 2022
Expired in 2023	$ -	$ 43,379
Expired in 2025	7,082	7,082
Expired in 2026	51,189	51,189
Expired in 2027	51,882	51,882
Expired in 2028	71,733	71,733
Expired in 2029	94,744	94,744
Expired in 2030	90,683	100,936
Expired in 2031	119,896	133,910
Expired in 2032	64,782	64,782
Expired in 2033	100,050	-
	$ 652,041	$ 619,637

f. Income tax examination

The filings of the Company's profit-seeking enterprise income tax up to 2021 were approved by the tax collection authority and there is no significant difference between the approved number and the filed number. The Group had no pending tax litigation as of December 31, 2023.

27. EARNINGS (LOSS) PER SHARE

	2023	2022
Basic earnings (loss) per share	($ 0.52)	$ 1.32
Diluted earnings (loss) per share	($ 0.52)	$ 1.31

Earnings (loss) and the weighted average number of ordinary shares used to calculate earnings (loss) per share are as follows:

Net profit (loss) for the year

	2023	2022
Net income attributable to owners of the Company	($ 76,156)	$ 191,824
Net profit (loss) used to calculate basic earnings (loss) per share	($ 76,156)	$ 191,824
Effects of all dilutive potential common shares:		
Subsidiaries' stock option	-	-
Net profit (loss) used to calculate diluted earnings (loss) per share	($ 76,156)	$ 191,824

Common shares Unit: thousand shares

	2023	2022
Weighted average number of common shares used to calculate basic earnings (loss) per share	145,681	145,681
Effects of all dilutive potential common shares:		
Remuneration to employees	-	1,175
Weighted average number of common shares used to calculate diluted earnings (loss) per share	145,681	146,856

If the Group can choose to pay employee remuneration in shares or cash, when calculating diluted EPS, assumed that employee remuneration will be issued in shares, the weighted average number of outstanding shares shall be included in the potentially dilutive common shares to calculate the diluted EPS. When calculating the diluted EPS before deciding on the number of shares for employee remuneration in the following year, the potentially dilutive common shares will also be considered.

28. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee stock option plan by subsidiary, Centera Photonics Inc.

The Board of Directors, on May 17, 2018, approved Centera Photonics Inc.'s issuance of 2,000 thousand units of employee stock warrants by resolution, with each unit entitled to subscribe for one ordinary share. The total number of ordinary shares to be issued for the exercise of the stock warrants is 2,000 thousand, and the recipients are limited to employees at Centera Photonics Inc. According to the stock subscription regulations, the warrant holders can exercise a certain proportion of the warrants granted after half a year, one year, and one and a half years after the issuance. The duration of the warrants is seven years, the subscription price per share is NT$10, with a total of 2,000 thousand units. With the authorization of the Board of Directors, the chairman decided to issue 599 thousand units, 713 thousand units, 289 thousand units, and 99 thousand units on May 20, 2019, November 12, 2019, May 24, 2021, and May 11, 2023, respectively. As of December 31, 2023, the outstanding shares are 156,000 units.

Information relating to issued employee stock options is as follows:

	2023	
Employee stock option	Unit (thousand)	Weighted average exercise price (NT$)
Circulation at the beginning of the period	548	$ 40
Granted during this year	99	10 (Note)
Lost during this year	(161)	16.49
Exercised during this year	(330)	10
Circulation at the end of the period	156	10
Exercisable at the end of the period	87	
Weighted average fair value of the stock options in the current period (NT$)	$ 2.52	

	Acquisition date to December 31, 2022	
Employee stock option	Unit (thousand)	Weighted average exercise price (NT$)
Outstanding on acquisition date	548	$ 10
Offered in the period from the acquisition date	-	-
Exercised in the period from the acquisition date	-	-
Circulation at the end of the period	548	40
Exercisable at the end of the period	434	
Weighted average fair value of the stock options in the period from the acquisition date (NT$)	$ -	

Note: The Board of Directors, on March 21, 2023, approved Centera Photonics Inc.'s amendment to the employee stock subscription regulations on March 21, 2023 by resolution. According to the amended regulations, the subscription price per share is NT$10.

Information relating to outstanding employee stock options is as follows:

	December 31, 2023	December 31, 2022
Exercise price (NT$)	$ 10	$ 40
Weighted average remaining contractual life (years)	5.65 years	4.56 years

Centera Photonics Inc. granted its employees stock options on May 11, 2023, May 24, 2021, November 12, 2019, and May 20, 2019, respectively, using the Black-Scholes valuation model. The inputs used in the valuation model are as follows:

	May 11, 2023	May 24, 2021	November 12, 2019	May 20, 2019
Share price on grant day	NT$8.12	NT$4.75	NT$4.98	NT$5.73
Exercise price	NT$10	NT$10	NT$10	NT$10
Expected volatility	45.40%	39.66%	32.18%	32.08%
Duration	4.3 years	4.3 years	4.3 years	4.3 years
Expected dividend rate	0%	0%	0%	0%
Risk-free interest rate	1.0498%	0.1689%	0.5758%	0.5546%

The expected volatility is based on the historical stock price volatility of the same industry, and the annualized standard deviation is obtained based on the duration of the option.

b. Employee stock options retained by subsidiary, Centera Photonics Inc., from the cash capital increase

The Board of Directors, on October 17, 2023, approved Centera Photonics Inc.'s cash capital increase by issuing new shares by resolution and retained 10% in accordance with Article 267 of the Company Act, totaling 900 thousand shares to be subscribed for by employees. The aforementioned employee stock options have been fully vested on the grant date.

The grant date of the above employee stock options of the cash capital increase was October 17, 2023. Centera Photonics Inc. calculated the fair value of the stock options using the Black-Scholes option valuation model. The inputs used are as follows:

	October 17, 2023
Share price on grant day	NT$9.53
Exercise price	NT$10
Expected volatility	44.46%
Duration	0.0493 years
Expected dividend rate	0%
Risk-free interest rate	1.0026%
Fair value of stock options granted (NTD/share)	$ 0.1957

c. Share-based remuneration cost

The remuneration costs recognized for 2023 and from the acquisition date through December 31, 2022 were NT$361 thousand and NT$37 thousand, respectively.

29. GOVERNMENTS SUBSIDY

GEM Electronics (Hefei) Co., Ltd., a subsidiary of the Group, met the subsidy conditions of the local government and received a subsidy of $71,508 thousand after filing an application for the buildings built and the machinery and equipment purchased by the subsidiary.

This amount has been deducted from the relevant asset's carrying amount and carried forward to profit or loss over the asset's economic life by reducing the depreciation expense. As of December 31, 2023 and 2022, the depreciation expenses were reduced $7,606 thousand and $2,148 thousand, respectively.

30. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal activity	Date of acquisition	Proportion of voting equity interests acquired (%)	Consideration transferred
Centera Photonics Inc.	Manufacture and sales of electronic parts	December 24, 2022	57.97%	$ 225,000

b. Consideration transferred

	Centera Photonics Inc.
Cash	$ 225,000

c. Assets acquired and liabilities assumed at the date of acquisition

	Centera Photonics Inc.
Current assets	
Cash and cash equivalents	$ 267,163
Financial assets measured at amortized cost - Current	12,500
Accounts receivable	7,133
Inventories	195,641
Prepayments	13,978
Non-current assets	
Financial assets measured at amortized cost - Non-current	$ 741

Property, plant and equipment	26,739
Intangible assets	2,790
Other non-current assets	1,393
Current liabilities	
Short-term borrowings	(71,170)
Contract liabilities	(7,671)
Accounts payable	(54,597)
Other payables	(47,076)
Other payables - related parties	(15,000)
Other current liabilities	(645)
	$ 331,919

d. Non-controlling interests

The non-controlling interest in Centera Photonics Inc. (42.03% of total equity) is measured based on the identifiable net assets on the acquisition date and the shareholding ratio of the non-controlling interest.

e. Goodwill arising on an acquisition of a business

	Centera Photonics Inc.
Consideration transferred	$ 225,000
Non-controlling interest (42.03% of Centera Photonics Inc.'s total equity)	139,496
Fair value of identifiable net assets acquired	(331,919)
Goodwill arising on an acquisition of a business	$ 32,577

The goodwill generated by the Group's acquisition of Centera Photonics Inc. came from the control premium.

f. Net cash inflow on acquisition of subsidiary

	Centera Photonics Inc.
Consideration paid in cash	($ 225,000)
Cash and cash equivalents on acquisition of subsidiaries, assets and operations	267,163
	$ 42,163

g. Impact of acquisition on the results of the Company

Starting from the acquisition date, the operating results from the acquired company are as follows:

	Centera Photonics Inc.
Operating revenue from the acquisition date through December 31, 2022	$ 15,254
Net income from acquisition date to December 31, 2022	$ 1,437

31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

a. Stock options exercised by employees at subsidiary, Centera Photonics Inc.

Centera Photonics Inc. issued 330 thousand new shares on May 9, 2023 due to employees' exercise of stock options, causing the Company's shareholding in the subsidiary to fall from 57.97% to 57.48%.

b. Participation in the cash capital increase by subsidiary, Centera Photonics Inc.

In November 2023, the Company failed to participate in the cash capital increase by subsidiary, Centera Photonics Inc., in proportion to its shareholding, causing the Company's shareholding in the subsidiary to fall from 57.48% to 56.41%.

Since the above transactions did not change eLaser's control over these subsidiaries, they are treated as equity transactions.

	2023		
Centera Photonics Inc.	Exercise of stock options by subsidiary's employees	Cash capital increase not in proportion to shareholding	Total
Cash consideration paid	$ -	($ 46,562)	($ 46,562)
The amount of non-controlling interests that should be transferred out of the carrying amount of the subsidiary's net assets was calculated based on the change in relative equity.	566	48,730	49,296
Equity transaction difference	$ 566	$ 2,168	$ 2,734
Equity transaction difference adjustments			
Capital surplus - changes in ownership interests in subsidiaries recognized	$ 566	$ 2,168	$ 2,734

32. CASH FLOW INFORMATION

a. Non-cash transaction

The Group conducted the following non-cash investment and financing activities in 2023 and 2022:

1) As of December 31, 2023 and 2022, the purchase price of unpaid properties, plant and equipment acquired by the Group were $174,918 thousand and $540,105 thousand respectively, and were accounted as other payables.

2) Subsidiary GEM Services, Inc. as of December 31, 2023 and 2022, had announced cash dividends $131 thousand and $171 thousand respectively that have not been distributed and are listed under other payables.

3) The Group signed a production capacity guarantee agreement with the customer and offset the security deposit by offsetting the payment according to the conditions stipulated in the contract. In 2023 and 2022, NT$55,428 thousand and NT$45,449 thousand, respectively, were used to offset the accounts receivable to offset the security deposits.

b. Reconciliation of liabilities arising from financing activities

2023

			Non-cash changes						
	January 1, 2023	Financing cash flow	Lease addition	Lease modification	Finance costs	Payment refund	Foreign exchange movement	Others	December 31, 2023
Short-term borrowings	$ 71,170	($ 71,170)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other receivables - related parties	15,014	(15,000)	-	-	-	-	-	(14)	-
Long-term bank borrowings	405,000	(200,000)	-	-	-	-	-	-	205,000
Guarantee deposits and margins received	683,583	61,445	-	-	-	(55,428)	(1,166)	-	688,434
Lease liabilities	116,454	(42,662)	4,528	(346)	2,715	-	(521)	(2,715)	77,453
	$ 1,291,221	($ 267,387)	$ 4,528	($ 346)	$ 2,715	($ 55,428)	($ 1,687)	($ 2,729)	$ 970,887

2022

			Non-cash changes							
	January 1, 2022	Financing cash flow	Lease addition	Lease modification	Subsidiaries acquired	Finance costs	Foreign exchange movement	Payment refund	Others	December 31, 2022
Short-term borrowings	$ -	$ -	$ -	$ -	$ 71,170	$ -	$ -	$ -	$ -	$ 71,170
Other receivables - related parties	-	-	-	-	15,000	14	-	-	-	15,014
Long-term bank borrowings	358,990	46,010	-	-	-	-	-	-	-	405,000
Guarantee deposits and margins received	550,281	178,263	-	-	-	-	488	(45,449)	-	683,583
Lease liabilities	131,834	(39,021)	23,055	(1,004)	-	3,775	1,590	-	(3,775)	116,454
	$ 1,041,105	$ 185,252	$ 23,055	($ 1,004)	$ 86,170	$ 3,789	$ 2,078	($ 45,449)	($ 3,775)	$ 1,291,221

33. CAPITAL RISK MANAGEMENT

The Group conducts capital management to ensure that companies in the group can continue to operate, and maximize shareholder returns with the best mix of debt and equity.

The Group's capital structure is formed by its net debt (i.e., borrowings, less cash and cash equivalents) and equity (i.e., share capital, capital surplus, retained earnings, and other equity items).

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

34. FINANCIAL INSTRUMENTS

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

The management of the Group considers that the carrying amounts of financial instruments in the consolidated financial statements that are not measured at fair value approximate their fair values.

b. Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Amortized cost (Note 1)	$ 3,238,726	$ 3,716,151
Financial liabilities		
Amortized cost (Note 2)	1,357,574	2,106,032

Note 1: Including cash and cash equivalents, financial assets measured at amortized cost, note receivable, accounts receivable (including related parties), other receivables (including related parties; excluding income tax refund receivable), uncollectible receivables and refundable deposits and other financial assets.

Note 2: Including financial liabilities are measured at amortized cost such as short-term borrowings, accounts payable (including related parties), other payables (including related parties; excluding salaries and bonuses payable, insurance premiums payable, pensions payable, business taxes payable and dividends payable), long-term borrowings and guarantee deposit.

c. Financial risk management objectives and policies

The Group's main financial instruments include cash and cash equivalents, investments in debt instruments, receivables, payables, lease liabilities, and borrowings. Among the financial instruments held by the Group, financial risks related to operations include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The main financial risks borne by the Group's operating activities are the exchange rate risk (see 1) below) and the interest rate risk (see 2) below).

(1) Foreign currency risk

The Group is engaged in foreign currency-denominated sales and purchase transactions, thus causing the Company to be exposed to exchange rate risk. The Group regularly evaluates the net risk position of the sales amount and cost amount denominated in non-functional currency, and adjusts the cash holding position of the non-functional currency accordingly to achieve hedging.

For the carrying amounts of monetary assets and liabilities of the Group denominated in non-functional currencies on the balance sheet date (including those monetary items denominated in non-functional currencies that have been eliminated in the consolidated financial statements), please refer to Note 38.

Sensitivity analysis

The Group is mainly affected by fluctuations in the exchange rates of USD, JPY and NTD.

The table below details the sensitivity analysis of the Group when the exchange rate of each functional currency of each entity against each relevant foreign currency increases/decreases by 1%. 1% is the sensitivity rate used when reporting exchange rate risk within the Group to key management, and also represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. Sensitivity analysis only includes foreign currency monetary items in circulation which is translated at the end of the period with a 1% exchange rate adjustment.

When foreign currency monetary items are net assets, a positive number in the table below means that when the functional currency of each consolidated entity depreciates by 1% relative to each related currency (mainly USD, JPY and NTD), the pre-tax net profit or equity will increase by a number of the same amount; when the functional currency of each consolidated entity appreciates by 1% relative to each relevant currency, its impact on pre-tax net profit or equity will be a negative number of the same amount.

	The impact of USD		The impact of JPY		The impact of NTD	
	2023	2022	2023	2022	2023	2022
Gains or (losses)	$ 14,430 (i)	$ 17,142 (i)	$ 105 (ii)	$ 3 (ii)	($ 1,117)(iii)	($ 1,376)(iii)

(i) Mainly from the Group's USD-denominated cash and cash equivalents, receivables, and payables that were in circulation on the balance sheet date without cash flow hedging.

The Group's sensitivity to USD exchange rates decreased during this year, mainly due to a decrease in its bank deposits in USD.

(ii) Mainly from the Group's JPY-denominated cash and cash equivalents, receivables, and payables that were in circulation on the balance sheet date without cash flow hedging.

The Group's sensitivity to JPY exchange rates increased during this year, mainly due to an increase in its bank deposits in JPY.

(iii) Mainly from the Group's NTD-denominated payables that were still in circulation on the balance sheet date without cash flow hedging.

The Group's sensitivity to the NTD exchange rate decreased in the current period, which was due to the decrease in payables denominated in NTD.

(2) Interest rate risk

Interest rate risk exposure is incurred due to the bank deposits, lease liabilities and borrowings within the Group include fixed and floating interest rates.

The carrying amounts of financial assets and financial liabilities of the Group subject to interest rate risk exposure on the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
- Financial assets	$ 531,948	$ 537,599
- Financial liabilities	77,453	131,454
Cash flow interest rate risk		
- Financial assets	1,453,447	2,016,546
- Financial liabilities	205,000	476,170

Sensitivity analysis

The sensitivity analysis below is based on the interest rate exposure of non-derivative instruments at the balance sheet date. The analysis for floating rate liabilities assumes that the amounts of the liabilities outstanding at the balance sheet date were all outstanding during the reporting period. The rate of change used in reporting interest rates within the Group to key management is a 1% increase or decrease in interest rates, which represents management's assessment of the reasonably possible range of changes in interest rates.

If interest rates increased/decreased by 1% when all other variables are held constant, the Group's net profit before tax in 2023 and 2022 will increase/decrease by NT$12,484 thousand and NT$15,404 thousand respectively, mainly due to the risk of interest rate changes arising from the interest-bearing bank deposits and bank borrowings at floating rates.

The Group's sensitivity to interest rates decreased in the current period, which is due to the decrease in bank deposits with floating interest rates.

2) Credit risk

Credit risk refers to the risk that the counterparty defaults on its contractual obligations resulting in financial losses to the Group. As of the balance sheet date, the maximum credit risk exposure of the Group that may result in financial losses due to the counterparty's failure to perform its obligations is from the carrying amount of financial assets recognized in the consolidated balance sheet.

The policy adopted by the Group is to transact with reputable counterparties and to obtain adequate guarantees to mitigate the risk of financial loss due to default when necessary. The Group rates major customers by creating complete customer profiles, using publicly available financial and non-financial information, and referring to past transaction records with the Group. The Group continuously monitors the credit exposure and the credit rating of the counterparty and controls the credit exposure through the counterparty's credit limit which is reviewed and approved annually by the responsible supervisor.

The Group continuously evaluates the financial status of customers with accounts receivable and contract assets and reviews the recoverable amounts of accounts receivable and contract assets to ensure that unrecoverable accounts receivable and contract assets have been properly set aside for impairment losses. When necessary, receipts in advance will be adopted as a transaction term to reduce credit risk. Thus, the credit risk on accounts receivable and contract assets is expected to be limited.

The credit risk of the Group is concentrated in the top five customers. As of December 31, 2023 and 2022, the ratio for the total amount of accounts receivable and total contract assets came from the top five customers were 42% and 54%, respectively.

3) Liquidity risk

The Group manages and maintains a sufficient position of cash and cash equivalents to support the operations and mitigate the impact of fluctuations in cash flow. The management of the Group supervises the use of the bank's financing amount and ensures compliance with the terms of the borrowing agreement.

Bank borrowings are an important source of liquidity for the Group. Please refer to the description of 2) Financing amount for the unused financing amount of the Group as of December 31, 2023 and 2022.

(1) Liquidity and Interest Rate Risk for Non-Derivative Financial Liabilities

The analysis of the remaining contractual maturity of non-derivative financial liabilities is based on the earliest date on which the Group may be required to repay, and is prepared based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). The maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment date.

For interest cash flows paid at floating rates, the undiscounted interest amount is derived based on the average borrowing rate on the balance sheet date.

December 31, 2023

	Less than 1 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 245,565	$ 341,863	$ 545,585	$ 19,692	$ -
Floating rate instrument	298	596	27,288	164,975	22,070
Lease liabilities	8,910	2,108	32,226	30,601	6,280
	$ 254,773	$ 344,567	$ 605,099	$ 215,268	$ 28,350

December 31, 2022

	Less than 1 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 338,032	$ 518,554	$ 745,032	$ 13,415	$ -
Floating rate instrument	71,724	6,365	36,678	283,619	103,261
Fixed rate instrument	15,030	-	-	-	-
Lease liabilities	9,312	2,171	33,849	65,050	11,406
	$ 434,098	$ 527,090	$ 815,559	$ 362,084	$ 114,667

(2) Financing amount

	December 31, 2023	December 31, 2022
Unsecured borrowings		
- Utilized	$ -	$ -
- Unutilized	630,000	630,000
	$ 630,000	$ 630,000
Secured borrowings		
- Utilized	$ 205,000	$ 476,170
- Unutilized	350,000	153,830
	$ 555,000	$ 630,000

35. RELATED PARTY TRANSACTIONS

Transactions, account balances, income and expenses between eLaser and its subsidiaries (which are related parties of eLaser) are all eliminated upon consolidation, thus not disclosed in this note. Unless disclosed in other notes, the transactions between the Group and other related parties are as follows.

a. Related party name and categories

Related party name	Related party categories
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Associate
Chen-Chi, Liao	Substantive related party

b. Operating revenue

Item	Related party categories	2023	2022
Electroplating services	Associate	$ 97,371	$ 93,222
Lease revenue	Associate	$ 47,691	$ 47,807
Lease and other services	Associate	$ 6,830	$ 6,719

There is no other comparable transaction of the same sales price and conditions of the related parties. The income from electroplating services is determined by the cost-plus pricing, and the payment terms are monthly T/T 45 days. The lease income is based on the contract signed according to the general market conditions, and the rent is collected on a monthly basis; the other service income is collected on a monthly basis according to the contract content.

c. Purchase

Related party categories	2023	2022
Associate	$ -	$ 1,955

The transaction price refers to the market and is negotiated by both parties. The payment terms are monthly T/T 30 days, and the price is not significantly different from that of ordinary purchases.

d. Contract liabilities

Categories/ Related party	December 31, 2023	December 31, 2022
Associate		
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	$ 3,895	$ 3,961

e. Receivables from related parties

Item	Related party categories	December 31, 2023	December 31, 2022
Accounts receivable due from related parties	Associate	$ 9,885	$ 9,583
Other receivables - related parties	Associate	$ 45	$ 43

The outstanding receivables from related parties are not overdue, and no guarantee has been received. The amount receivable from related parties in 2023 and 2022 has not been recognized as loss provision.

f. Payables to related parties (excluding borrowings from related parties)

Item	Related party categories	December 31, 2023	December 31, 2022
Accounts payable - related parties	Associate	$ -	$ 1,907
Other receivables - related parties (interest)	Substantive related party	$ -	$ 14

The outstanding payables to related parties were unsecured.

g. Lease agreement

Operation lease/ sublease

The Group leases the buildings and subleases the land use rights related to the buildings to its associate, Mitsubishi Electric GEM Power Semiconductor (Hefei) Co., Ltd., for a lease period of 5 years. The rent is signed according to the general market condition which is paid monthly. At the end of the lease period, the lessee will not have the purchase price option to acquire the real estate. As of December 31, 2023 and 2022, the total lease payments to be received in the future are as follows:

	December 31, 2023	December 31, 2022
Year 1	$ 47,420	$ 48,232
Year 2	47,420	48,232
Year 3	47,420	48,232
Year 4	-	48,232
Year 5	-	-
	$142,260	$192,928

The lease income recognized in 2023 and 2022 was NT$47,691 thousand and NT$47,807 thousand respectively.

h. Borrowings from related parties

Related party categories	2023 Highest balance	December 31, 2023	2022 Highest balance	December 31, 2022
Other payables - related parties				
Substantive related party	$ 15,000	$ -	$ 15,000	$ 15,000

Interest expense

Related party categories	2023	2022 (Note)
Substantive related party	$ 16	$ 14

The Group acquired a subsidiary on December 24, 2022 and transferred NT$15,000 thousand to other payables - related parties. Please refer to Note 30.

The interest rate of the Group's borrowing from related parties is 4.2%, and it is an unsecured borrowing.

Note: It represents the estimated interest expense of NT$14 thousand for the Group's borrowings from related parties from the date of acquisition through December 31, 2022.

i. Other related party transactions

Item	Related party categories	December 31, 2023	December 31, 2022
Guarantee deposits and margins received	Associate	$ 1,679	$ 1,708

j. Remuneration for key managerial officers

	2023	2022
Short-term employee benefits	$ 100,709	$ 129,278
Post-employment benefits	841	864
Share-based payment	15	7
	$ 101,565	$ 130,149

The remuneration of directors and other key managerial officers is determined by the Remuneration Committee in accordance with individual performance and market trends.

36. PLEDGED ASSETS

The following assets have been provided as collateral for financing borrowings and customs guarantees for imported raw materials:

	December 31, 2023	December 31, 2022
Pledged demand deposits (financial assets measured at amortized cost - current)	$ -	$ 12,500
Pledged term deposits (financial assets measured at amortized cost - non-current)	751	741
Self-owned land	358,403	358,403
Net amount of property and building	105,235	107,746
Net amount of machinery and equipment	212,873	-
	$ 677,262	$ 479,390

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The unrecognized commitments of the Group are as follows:

Unit: Foreign currency (In thousands)

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment		
RMB	$ 2,752	$ 3,188
NTD	$ 12,884	$ 4,486
USD	$ 111	$ 1,139

38. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

The following information was summarized according to the foreign currencies other than the functional currency of the Group. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign currencies (in thousands)	Exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 50,055	30.7050 (USD: NTD)	$ 1,536,937
USD	40,795	7.0827 (USD: RMB)	1,252,608
JPY	189,845	0.2172 (JPY: NTD)	41,234
Foreign currency liabilities			
Monetary items			
USD	32,170	30.7050 (USD: NTD)	987,775
USD	11,685	7.0827 (USD: RMB)	358,782
JPY	141,414	0.2172 (JPY: NTD)	30,715
NTD	39,993	0.0326 (NTD: USD)	39,993
NTD	71,728	0.2307 (NTD: RMB)	71,728

December 31, 2022

	Foreign currencies (in thousands)	Exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 57,224	30.7100 (USD: NTD)	$ 1,757,356
USD	45,497	6.9646 (USD: RMB)	1,397,206
JPY	125,795	0.2324 (JPY: NTD)	29,235
Foreign currency liabilities			
Monetary items			
USD	$ 37,994	30.7100 (USD: NTD)	$ 1,166,809
USD	8,906	6.9646 (USD: RMB)	273,505
JPY	124,576	0.2324 (JPY: NTD)	28,951
NTD	53,784	0.0326 (NTD: USD)	53,784
NTD	83,856	0.2268 (NTD: RMB)	83,856

The Group’s foreign exchange gains (realized and unrealized) in 2023 and 2022 were NT$6,968 thousand and NT$253,433 respectively. Due to the wide variety of foreign currency transactions and functional currencies of the Company, it is not possible to disclose exchange gains and losses and significant impact for each currency.

39. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required by the Securities and Futures Bureau for the Company:

1) Financings provided: None
2) Endorsement/guarantee provided: None
3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): None
4) Marketable securities acquired and 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 properties at costs of at least NT$300 million or 20% of the paid-in capital: None
6) Disposal of individual real estate properties 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 of at least NT$100 million or 20% of the paid-in capital: See Table 1 attached

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 2 attached

9) Information about the derivative financial instruments transaction: None

10) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: See Table 3 attached

b. Information on investees (excluding information on investment in Mainland China): See Table 4 attached

c. Information on investment in mainland China:

1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 5 attached

2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gains or losses, and other related information which is helpful to understand the impact of investment in mainland China on financial reports:

(1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: See Table 1 and Table 3 attached

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None

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

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None

(5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None

(6) 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: Note 35

d. The notes appended to the consolidated financial statements of the affiliates shall disclose for the affiliates as a whole in accordance with the Criteria Governing

Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises:

1) The names of subordinate companies, a description of their relationship with the controlling company, the nature of their business, and the controlling company's shareholding or capital contribution ratio in each: Note 11, Tables 4 and 5
2) Increases, decreases, or changes in the subordinate companies included in the current consolidated financial statements of the affiliates: Note 11
3) The names and shareholding or capital contribution ratios of subordinate companies not listed in the current consolidated financial statements for affiliates and the reasons they are not included in the consolidated statements: None
4) The adjustment method and treatment adopted if the opening and closing dates of the subordinate company's accounting year are different from those of the controlling company: None
5) An explanation of any differences in accounting policies between the subordinate companies and the controlling company. The method and substance of adjustments adopted in the event of any non-conformity with the Generally Accepted Accounting Principles of the Republic of China: None
6) Special operational risks of overseas subordinate companies, such as exchange rate fluctuations: Note 11
7) Statutory or contractual restrictions on distribution of earnings by the various affiliates: Note
8) Amortization methods and period for consolidated borrowings (loans): None
9) Other matters of significance or explanations that would contribute to the fair presentation of the consolidated financial statements of the affiliates: None

Note: The Articles of Association of GEM Electronics (Shanghai) Co., Ltd. and GEM Electronics (Hefei) Co., Ltd. stipulate that reserve funds, employee rewards and benefit funds shall be withdrawn from the profits after income tax, and the specific ratio shall be in accordance with the Company Act and other relevant laws and regulations of Mainland China. Profit shall not be distributed before the loss of the previous year is made up, and the undistributed profit of the previous year may be included in the profit distribution of the current year.

e. The notes to the consolidated financial statements for affiliates shall disclose the below-listed particulars for the controlling company and subordinate company respectively in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises:

1) Transactions that have been eliminated between the controlling company and subordinate companies or between subordinate companies: See Table 3 attached
2) Information regarding financing, endorsements, and guarantees: None
3) Information regarding trading in derivative products: None
4) Significant contingent matters: None
5) Major subsequent events: None
6) Names of bills and securities held, and their quantities, cost, market value (or net par value if a bill or security does not have a market value), shareholding or capital contribution ratio, description of any pledges, and the highest amount of shareholding or capital contribution during the period: Tables 4 and 5
7) Other matters of significance or explanations that would contribute to the fair presentation of the consolidated financial statements of the affiliates: None

f. When subsidiaries hold shares in the parent, the names of the subsidiaries and the shareholdings, amounts, and reasons shall be separately presented: None

g. Information on major shareholders: List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: See Table 6 attached.

40. SEGMENTS INFORMATION

Information provided to the operation decision maker to allocate resources and measure segment performance, focusing on each type of product or service delivered or provided. The reportable segments of the Company are the optoelectronics industry and the semiconductor segment.

The operation decision maker regards the subsidiaries in optoelectronics industry and semiconductor foundry and sales in each region as individual operating segments, but when preparing financial statements, the Group considers the following factors and aggregates these operating segments as a single segment:

1. Similar product properties and process;
2. Similar product pricing strategy and sales model.

a. Revenue and operation results from each department

The revenue and operating results of the Group's continuing operation are analyzed as follows according to the reportable segment:

	Revenue from each segment		Profit and loss from each segment	
	2023	2022	2023	2022
Optoelectronics industry	$ 980,208	$ 1,554,314	($ 407,902)	($ 186,053)
Semiconductor	4,418,989	5,221,467	622,857	865,204
Total of continuing operations	$ 5,399,197	$ 6,775,781	214,955	679,151
Headquarters management cost and compensation to directors			(25,972)	(39,179)
Other income and losses			(7,609)	(31,481)
Interest income			42,807	16,972
Other income			19,668	15,030
Other gains and losses			9,491	255,587
Finance costs			(7,680)	(8,039)
Share of profit of subsidiaries and joint ventures accounted for using equity method			21,650	14,635
Income before income tax			$ 267,310	$ 902,676

The segment revenue reported above is generated from transactions with external customers.

Segment profit and loss refers to the profit earned by each segment, excluding the apportionable headquarters management costs and compensation to directors, other gains and losses, interest income, other income, other profits and losses, financial costs, share of profits and losses of affiliates and joint ventures accounted using the equity method, and income tax cost. This measured amount is provided to the decision maker for the purpose of allocating resources to segments and measuring their performance.

b. Segment total assets and liabilities

	December 31, 2023	December 31, 2022 (Restated amount)
Segment assets		
Optoelectronics industry	$ 2,727,575	$ 3,195,173
Semiconductor	5,976,276	6,755,331
Uncollected assets	238,924	235,503
Consolidated total assets	$ 8,942,775	$ 10,186,007
Segment liabilities		

Optoelectronics industry	$ 446,583	$ 491,713
Semiconductor	1,968,937	2,470,995
Uncollected liabilities	571,447	984,881
Consolidated total liabilities	$ 2,986,967	$ 3,947,589

For the purpose of monitoring segment performance and allocating resources between segments:

1) All assets were allocated to reportable segments other than investments using the equity method, refundable deposit and current and deferred income tax assets. Assets used jointly by reportable segments were allocated on the basis of the revenues earned by individual reportable segments; and

2) All liabilities, except borrowings, other payables - related parties, and current and deferred tax liabilities, are apportioned to reportable segments. Liabilities for which reportable segments are jointly liable were allocated in proportion to segment assets.

c. Other segment information

Other information reviewed by the chief operating decision maker or are otherwise regularly provided to the chief operating decision maker:

	Depreciation and amortization		Increase in non-current assets in the current period (Note)	
	2023	2022	2023	2022
Optoelectronics industry	$ 230,735	$ 257,388	$ 39,846	$ 127,179
Semiconductor	646,870	548,785	603,496	986,627
	$ 877,605	$ 806,173	$ 643,342	$ 1,113,806

Note: Non-current assets include property, plant and equipment, right-of-use assets and other intangible assets.

d. Revenue from major products and services

The Group's revenues from continuing operations from its major products and services are shown below.

	2023	2022
Optical Communication and Optical Information Products	$ 980,208	$ 1,554,314
Semiconductor products	4,418,989	5,221,467
	$ 5,399,197	$ 6,775,781

e. Region

The Group operates in two regions - Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and non-current assets was detailed below:

	Revenue from external customers		Non-current assets	
	2023	2022	December 31, 2023	December 31, 2022
Taiwan	$ 4,166,000	$ 5,401,558	$ 3,198,107	$ 3,693,428
China	1,233,197	1,374,223	1,478,194	1,640,330
	$ 5,399,197	$ 6,775,781	$ 4,676,301	$ 5,333,758

Non-current assets exclude investments using the equity method, refundable deposit and deferred income tax assets.

f. Information about major customers

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

Name	2023	2022
AC	$ 926,612	$ 1,115,607

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 1

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Remark
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Sales	($ 1,303,906)	(62%)	Net 90 days from invoice date	—	—	$ 423,412	78%	Notes 1, 2 and 4
GEM Tech Ltd., Taiwan Branch	GEM Electronics (Shanghai) Co., Ltd.	〃	Purchase	1,303,906	55%	〃	—	—	(423,412)	(71%)	Notes 1, 2 and 4
	GEM Electronics (Hefei) Co., Ltd.	〃	Purchase	1,049,106	45%	〃	—	—	(172,462)	(29%)	Notes 1, 2 and 4
GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	〃	Sales	(1,049,106)	(70%)	〃	—	—	172,462	78%	Notes 1, 2 and 4
	Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Subsidiaries to affiliates	Sales	(151,892)	(10%)	Electroplating services: monthly T/T 45 days; Lease and other services: collected on a monthly basis.	—	—	9,885	4%	Notes 2 and 3

Note 1: The transaction price is determined by the cost-plus pricing.

Note 2: There is no unrealized profit or loss for this period.

Note 3: The income from electroplating services is determined by the cost-plus method; the lease income is based on the contract signed according to the general market conditions; the income from other services is based on the content of the contract.

Note 4: It has been consolidated and written off in the preparation of this consolidated financial statement.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 2

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Accounts receivable $ 423,412	2.86	$ -	—	$ 215,249	$ -
GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Accounts receivable 172,462	8.11	-	—	172,462	-

Note 1: Amount recovered from January 1 to March 14, 2024.

Note 2: It has been consolidated and written off in the preparation of this consolidated financial statement.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND SIGNIFICANT TRANSACTIONS BETWEEN THEM:

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 3

No.	Company Name	Counterparty	Nature of Relationship	Transaction Details				
				Financial Statements Item	Amount (Note 1)		Terms	% of Total (Note 2)
1	eLaser	Centera Photonics Inc.	Note 3 (1)	Cash capital increase	$ 46,562		-	1%
2	GEM Services, Inc.	eLaser	Note 3 (2)	Earnings Distribution	361,952		-	4%
3	GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Note 3 (3)	Sales revenue	1,303,906	(Note 4)	Net 90 days from invoice date	24%
				Accounts receivable due from related parties	423,412		-	5%
				Contract assets - related parties	48,944		-	1%
4	GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Note 3 (3)	Sales revenue	1,049,106	(Note 4)	Net 90 days from invoice date	19%
				Accounts receivable due from related parties	172,462		-	2%
				Contract assets - related parties	29,062		-	-
5	GEM Tech Ltd.	GEM Services, Inc.	Note 3 (3)	Remittance of earnings	651,319		-	7%

The business relationship between the parent and the subsidiaries:

eLaser, Centera Photonics Inc., and GEM Electronics (Shanghai) Co., Ltd. are engaged in the manufacture and sale of electronic parts; GEM Electronics (Hefei) Co., Ltd. is engaged in the manufacture and sale of electronic parts and plant leasing; GEM Tech Ltd., Taiwan Branch and GEM Tech Ltd. are engaged in sales of electronic components; GEM Services, Inc. and GEM Electronics Company Limited are holding companies.

Note 1: This table discloses information on one-way transactions only, which have been written off in the preparation of the consolidated financial statements.

Note 2: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets is calculated by the closing balance for the consolidated total assets if it is an asset-liability account or calculated by the accumulated amount for the consolidated total revenue if it is a profit and loss account

Note 3: Relationship to the counterparty:

(1) Parent company to subsidiary

(2) Subsidiary to parent company

(3) Subsidiary to subsidiary

Note 4: There is no unrealized profit or loss for this period.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 4

Investment Company	Investee	Location	Main Business	Original Investment Amount (Note 1)		Holding of Investment at the End of the Period Balance as of December 31, 2023			Net Income (Losses) of the Investee	Share of Profits/Losses (Note 4)	Share price/net value per share (NT$)	Remark
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership (Note 3)	Carrying Amount (Note 3)				
eLaser	eLaser Technologies Co., Ltd.	Taiwan	Manufacture and sales of electronic parts	$ -	$ 81,996	-	-	$ -	($ 154)	($ 154)	$ -	Notes 2, 7 and 9
	Centera Photonics Inc.	Taiwan	Manufacture and sales of electronic parts	271,562	225,000	27,156,217	56.41%	181,167	(163,642)	(94,192)	5.5	Notes 2, 6, 8 and 9
	GEM Services, Inc.	Cayman Islands	Holding company business	568,965	568,965	65,809,451	51%	2,119,035	566,094	288,687	68.4	Notes 2, 6 and 10
GEM Services, Inc.	GEM Electronics Company Limited	British Virgin Islands	Holding company business	-	-	100	51%	1,391,429	244,965	124,923	27,284,880	Notes 2, 6 and 9
	GEM Tech Ltd.	Samoa	Sales of electronic parts	18,202	18,202	606,091	51%	719,783	348,072	177,504	2,329	Notes 2, 6 and 9

Note 1: The original investment amount does not include the investment amount of the investee company before the date of acquisition.

Note 2: The relevant investment profit and loss recognition are based on the financial statements of the investee company audited by accountants during the same period.

Note 3: The carrying amount held at the end of the period is based on the shareholding ratio of eLaser at the end of the period.

Note 4: The investment profit (loss) recognized in the current period is based on the weighted average shareholding ratio of eLaser.

Note 5: Please refer to Table 5 for relevant information on investment in Mainland China.

Note 6: The highest capital investment does not change in this period, and there is no pledge.

Note 7: The Board of Directors, on December 22, 2022, approved eLaser Technologies Co., Ltd.'s dissolution and liquidation by resolution (on behalf of the shareholders' meeting), and the liquidation of the company was completed on August 10, 2023. The highest capital contribution in this period is the same as that at the beginning of the period.

Note 8: The cost of the Company acquiring the subsidiary, Centera Photonics Inc., higher than the net value of the identifiable assets and liabilities assumed on the date of acquisition is recognized in goodwill of $32,577 thousand.

Note 9: Refers to the net value per share.

Note 10: Refers to the closing price.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars/ foreign currency)

Table 5

1. Name of the investee company in Mainland China, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, current profit or loss, recognized investment gains or losses, carrying amount of the investment, and repatriated investment gains:

Investee Company in China	Main Business	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Percentage of Ownership %	Net Income(Losses) of the Investee Company	Share of Profits/Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
GEM Electronics (Shanghai) Co., Ltd. (Note 4)	Manufacture and sales of electronic parts	$ 2,118,645 (USD 69,000) (Note 5)	Reinvested by GEM Electronics Company Limited (Note 1(2))	$ -	$ -	$ -	$ -	51%	$ 244,965	$ 124,923 (Note 2(2) 2.)	$ 1,391,429	$ -
GEM Electronics (Hefei) Co., Ltd. (Note 4)	Manufacture and sales of electronic parts, factory leasing	1,892,367 (RMB 436,511)	Reinvested by GEM Electronics (Shanghai) Co., Ltd. (Note 1(3))	-	-	-	-	51%	154,655	78,868 (Note 2(2) 2.)	608,130	-
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Production, design, packaging and testing of power management electronic accessories	153,525 (USD 5,000)	Reinvested by GEM Electronics (Shanghai) Co., Ltd. (Note 1(3))	-	-	-	-	10.2%	108,250	11,041 (Note 2(2) 1.)	59,515	-

Note 1: There are three types of investment methods, and they indicated below:

(1) Directly conduct investment in China.

(2) Reinvestment in Mainland China through a third regional company (GEM Electronics Company Limited).

(3) Other methods. (reinvestment through GEM Electronics (Shanghai) Co., Ltd.).

Note 2: Share of Profits/Losses

(1) It shall be indicated If it is under preparation without investment profit or loss.

(2) The basis for recognition of investment gains and losses is divided into the following three types, which should be indicated.

1. Financial statements audited by an international accounting firm that has a cooperative relationship with an accounting firm of Republic of China.
2. Financial statements audited by the certified accounting firm by the parent company in Taiwan.
3. Based on the financial statements of the invested company that have not been audited by accountants during the same period.

Note 3: Relevant figures in this table should be denominated in New Taiwan Dollars.

Note 4: It has been written-off in the preparation of these consolidated financial statements.

Note 5: Part of it is reinvested with surplus funds from the third region.

Note 6: The highest capital investment of Elite Advanced Laser Corporation and subsidiaries in the above table does not change in this period, and there is no pledge.

2. Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ (USD)	$ -	$ 3,573,485

Note 1: eLaser originally applied for an investment case of indirectly investing USD 9,000 thousand in GEM Electronics (Shanghai) Co., Ltd. in Mainland China according to the Official Letter Ching-Shen-Erh-Tzu No. 10100160030 dated May 16, 2012, and later, on August 15, 2013, the investment purpose of the case was changed to an overseas investment, which was approved by Official Letter Ching-Shen-Erh-Tzu No. 10200310550.

Note 2: eLaser originally applied for an indirect investment of USD 2,750 thousand in GEM Electronics (Hefei) Co., Ltd. in Mainland China according to the Official Letter Ching-Shen-Erh-Tzu No. 10100160040 dated May 16, 2012, and later, on August 15, 2013, the investment purpose of the case was changed to an overseas investment, which was approved by Official Letter Ching-Shen-Erh-Tzu No. 10200310550.

ELITE ADVANCED LASER CORPORATION

INFORMATION ON MAJOR SHAREHOLDERS

DECEMBER 31, 2023

Table 6

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Chu-Liang, Cheng	8,650,747	5.94%

Note: Major shareholders are defined as shareholders with more than 5% collective holding interest in common and preferred shares that have been delivered via book entry (including treasury stocks), as shown in the records of TDCC on the final business day of the current quarter. Share capital, as shown in the financial statements, may differ from the number of shares that have been delivered via book entry due to differences in the preparation basis.