Winbond Electronics Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

WINBOND ELECTRONICS CORPORATION

By

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YU-CHENG CHIAO
Chairman

February 6, 2024

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Winbond Electronics Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Occurrence of Sales Revenue from Specific Series of Flash Memory Products

The sales revenue of Winbond Electronics Corporation and its subsidiaries is mainly from the sale of DRAM IC products, Flash Memory products and Logic IC products.

As the gross profit margin and the proportion of sales revenue from the specific series of flash memory products are higher than those of other product series, and given that the gross profit of the specific series is significant to the net income for the year ended December 31, 2023, we considered the occurrence of sales revenue from the specific series of products as a key audit matter of the Company's consolidated financial statements for the year ended December 31, 2023.

The audit procedures that we performed in response to the abovementioned key audit matter included understanding the design and implementation of the key internal controls and testing the effectiveness of the relevant controls over sales revenue and selecting samples of revenue items to verify the occurrence of the transactions.

Other Matter

We have also audited the parent company only financial statements of Winbond Electronics Corporation as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partners on the audits resulting in this independent auditors' report are Kuo-Tyan Hong and Wen-Yea Shyu.

Wen-yea Shyu

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 6, 2024

<u>*Notice to Readers*</u>

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

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 16,962,598	9	$ 20,402,936	11
Current financial assets at fair value through profit or loss (Notes 4 and 7)	408,987	-	223,532	-
Current financial assets at fair value through other comprehensive income (Notes 4 and 8)	12,760,052	7	14,587,832	8
Accounts receivable, net (Notes 4 and 9)	9,738,820	5	9,137,746	5
Accounts receivable due from related parties, net (Note 32)	44,707	-	735,659	-
Finance lease receivables - current (Notes 4, 10 and 32)	92,088	-	96,731	-
Other receivables (Notes 11 and 32)	710,059	-	558,836	-
Inventories (Notes 4, 5 and 12)	23,869,969	13	21,448,078	12
Other current assets	1,918,109	1	1,346,173	1
Total current assets	66,505,389	35	68,537,523	37
NON-CURRENT ASSETS				
Non-current financial assets at fair value through profit or loss (Notes 4 and 7)	76,763	-	121,775	-
Non-current financial assets at fair value through other comprehensive income (Notes 4 and 8)	3,117,125	2	3,056,829	2
Investments accounted for using equity method (Notes 4 and 13)	10,951,997	6	9,971,440	5
Property, plant and equipment (Notes 4 and 14)	102,147,688	53	93,806,639	51
Right-of-use assets (Notes 4 and 15)	2,050,173	1	2,224,481	1
Investment properties (Notes 4 and 16)	1,549,000	1	1,798,160	1
Intangible assets (Notes 4 and 17)	603,829	-	782,603	1
Deferred income tax assets (Notes 4 and 25)	2,116,898	1	1,191,547	1
Finance lease receivables - non-current (Notes 4, 10 and 32)	23,289	-	123,451	-
Other non-current assets (Notes 6 and 32)	1,645,793	1	2,550,545	1
Total non-current assets	124,282,555	65	115,627,470	63
TOTAL	$ 190,787,944	100	$ 184,164,993	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 1,064,280	1	$ 1,069,040	-
Current financial liabilities at fair value through profit or loss (Notes 4 and 7)	786	-	7,412	-
Notes and accounts payable	5,983,415	3	5,202,743	3
Accounts payable due to related parties (Note 32)	1,314,474	1	1,188,928	1
Payables on machinery and equipment	9,282,165	5	3,535,586	2
Other payables (Note 32)	7,619,337	4	9,735,007	5
Current tax liabilities (Notes 4 and 25)	805,011	-	2,123,413	1
Provisions - current (Notes 4 and 20)	-	-	132,473	-
Lease liabilities - current (Notes 4 and 15)	255,282	-	276,015	-
Long-term borrowings - current portion (Note 18)	8,980,184	5	3,171,429	2
Other current liabilities	727,825	-	1,334,708	1
Total current liabilities	36,032,759	19	27,776,754	15
NON-CURRENT LIABILITIES				
Bonds payable (Note 19)	9,980,978	5	9,968,462	5
Long-term borrowings (Notes 18 and 28)	36,024,538	19	34,278,073	19
Provisions - non-current (Notes 4 and 20)	2,402,789	1	2,733,351	2
Lease liabilities - non-current (Notes 4 and 15)	1,895,615	1	2,052,762	1
Net defined benefit liabilities - non-current (Notes 4 and 21)	1,683,585	1	1,892,594	1
Other non-current liabilities (Note 32)	2,307,502	1	2,729,281	1
Total non-current liabilities	54,295,007	28	53,654,523	29
Total liabilities	90,327,766	47	81,431,277	44
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 4 and 22)				
Share capital	41,800,002	22	39,800,002	22
Capital surplus	10,135,865	5	7,785,918	4
Retained earnings				
Legal reserve	4,772,874	3	3,434,165	2
Unappropriated earnings	22,702,753	12	28,780,952	15
Exchange differences on translation of the financial statements of foreign operations	(1,007,855)	-	(654,652)	-
Unrealized gains on financial assets measured at fair value through other comprehensive income	13,893,178	7	15,016,611	8
Total equity attributable to owners of the parent	92,296,817	49	94,162,996	51
NON-CONTROLLING INTERESTS (Note 22)	8,163,361	4	8,570,720	5
Total equity	100,460,178	53	102,733,716	56
TOTAL	$ 190,787,944	100	$ 184,164,993	100

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

WINBOND ELECTRONICS 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 (Losses) Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 23 and 32)	$ 75,006,078	100	$ 94,529,790	100
OPERATING COSTS (Notes 12 and 32)	52,610,352	70	51,478,707	54
GROSS PROFIT	22,395,726	30	43,051,083	46
OPERATING EXPENSES (Note 32)				
Selling expenses	2,128,764	3	2,547,825	3
General and administrative expenses	4,915,171	6	8,301,233	9
Research and development expenses	16,957,826	23	15,818,706	17
Expected credit (gain) loss (Note 9)	24,197	-	(151,262)	-
Total operating expenses	24,025,958	32	26,516,502	29
INCOME (LOSS) FROM OPERATIONS	(1,630,232)	(2)	16,534,581	17
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 32)	334,058	-	154,580	-
Dividend income (Note 32)	548,920	1	634,979	1
Other income (Notes 15, 28 and 32)	341,761	-	540,182	1
Share of profit (loss) of associates	456,040	1	512,295	1
Gains (losses) on disposal of property, plant and equipment (Note 32)	716,701	1	357,146	-
Gains (losses) on disposal of intangible assets (Note 32)	(591)	-	91	-
Gains (losses) on disposal of non-current assets held for sale	-	-	36,181	-
Gains (losses) on foreign exchange (Note 35)	170,900	-	968,662	1
Gains (losses) on financial instruments at fair value through profit or loss	(276,176)	-	(962,983)	(1)
Interest expense (Notes 15, 28 and 32)	(991,919)	(1)	(94,874)	-
Other expenses (Notes 14 and 32)	(367,125)	(1)	(634,668)	(1)
Total non-operating income and expenses	932,569	1	1,511,591	2
INCOME (LOSS) BEFORE INCOME TAX	(697,663)	(1)	18,046,172	19
INCOME TAX (BENEFIT) EXPENSE (Notes 4 and 25)	(732,112)	(1)	3,059,620	3
NET INCOME (LOSS)	34,449	-	14,986,552	16

(Continued)

WINBOND ELECTRONICS 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 (Losses) Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
Gains on remeasurement of defined benefit plans (Note 21)	$ 139,302	-	$ 215,816	-
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	(1,592,356)	(2)	2,811,664	3
Share of other comprehensive income (loss) of associates accounted for using equity method	774,469	1	(529,691)	-
Income tax expense related to remeasurement of defined benefit plans	(4,206)	-	(5,812)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(621,874)	(1)	225,926	-
Other comprehensive income (loss)	(1,304,665)	(2)	2,717,903	3
TOTAL COMPREHENSIVE INCOME (LOSS)	$ (1,270,216)	(2)	$ 17,704,455	19
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the parent	$ (1,146,522)	(2)	$ 12,927,165	14
Non-controlling interests	1,180,971	2	2,059,387	2
	$ 34,449	-	$ 14,986,552	16
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the parent	$ (2,236,126)	(3)	$ 15,699,089	17
Non-controlling interests	965,910	1	2,005,366	2
	$ (1,270,216)	(2)	$ 17,704,455	19
EARNINGS (LOSSES) PER SHARE (Note 26)				
Basic	$ (0.29)		$ 3.25	
Diluted	$ (0.29)		$ 3.23	

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Parent								
			Retained Earnings		Other Equity				
	Share Capital	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2022	$ 39,800,002	$ 7,786,124	$ 2,074,570	$ 20,733,450	$ (861,389)	$ 12,911,356	$ 82,444,113	$ 7,589,399	$ 90,033,512
Appropriation of 2021 earnings									
Legal reserve appropriated	-	-	1,359,595	(1,359,595)	-	-	-	-	-
Cash dividends	-	-	-	(3,980,000)	-	-	(3,980,000)	-	(3,980,000)
Total appropriations	-	-	1,359,595	(5,339,595)	-	-	(3,980,000)	-	(3,980,000)
Net income for the year ended December 31, 2022	-	-	-	12,927,165	-	-	12,927,165	2,059,387	14,986,552
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	159,408	206,737	2,405,779	2,771,924	(54,021)	2,717,903
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	13,086,573	206,737	2,405,779	15,699,089	2,005,366	17,704,455
Changes in ownership interests in subsidiaries	-	8	-	-	-	-	8	8	16
Changes in equity of associates accounted for using equity method	-	(214)	-	-	-	-	(214)	-	(214)
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Note 8)	-	-	-	300,524	-	(300,524)	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	(1,024,053)	(1,024,053)
BALANCE AT DECEMBER 31, 2022	39,800,002	7,785,918	3,434,165	28,780,952	(654,652)	15,016,611	94,162,996	8,570,720	102,733,716
Appropriation of 2022 earnings									
Legal reserve appropriated	-	-	1,338,709	(1,338,709)	-	-	-	-	-
Cash dividends	-	-	-	(3,980,000)	-	-	(3,980,000)	-	(3,980,000)
Total appropriations	-	-	1,338,709	(5,318,709)	-	-	(3,980,000)	-	(3,980,000)
Net income (loss) for the year ended December 31, 2023	-	-	-	(1,146,522)	-	-	(1,146,522)	1,180,971	34,449
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	116,035	(353,203)	(852,436)	(1,089,604)	(215,061)	(1,304,665)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	(1,030,487)	(353,203)	(852,436)	(2,236,126)	965,910	(1,270,216)
Issuance of ordinary shares for cash	2,000,000	2,389,599	-	-	-	-	4,389,599	-	4,389,599
Share-based payment (Notes 24 and 27)	-	70,017	-	-	-	-	70,017	-	70,017
Changes in ownership interests in subsidiaries	-	(97,592)	-	-	-	-	(97,592)	60,405	(37,187)
Changes in equity of associates accounted for using equity method	-	(12,077)	-	-	-	-	(12,077)	-	(12,077)
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Notes 8 and 13)	-	-	-	270,997	-	(270,997)	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	(1,433,674)	(1,433,674)
BALANCE AT DECEMBER 31, 2023	$ 41,800,002	$ 10,135,865	$ 4,772,874	$ 22,702,753	$ (1,007,855)	$ 13,893,178	$ 92,296,817	$ 8,163,361	$ 100,460,178

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ (697,663)	$ 18,046,172
Adjustments for:		
Depreciation expense	11,469,317	9,195,254
Amortization expense	387,093	354,103
Carbon offset	42	174
Expected credit (gain) loss recognized on accounts receivable	24,197	(151,262)
(Gains) losses on financial assets and liabilities at fair value through profit or loss	(81)	10,041
Interest expense	991,919	94,874
Interest income	(334,058)	(154,580)
Dividend income	(548,920)	(634,979)
Share-based payment	70,017	-
Share of (profit) loss of associates	(456,040)	(512,295)
(Gains) losses on disposal of property, plant and equipment	(716,701)	(357,146)
(Gains) losses on disposal of non-current assets held for sale	-	(36,181)
(Gains) losses on disposal of intangible assets	591	(91)
Impairment loss on property, plant and equipment	-	112,266
(Gains) on lease modification	(26,036)	(111,231)
Other income under government grants	(56,527)	(47,599)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets and liabilities at fair value through profit or loss	(218,431)	51,928
(Increase) decrease in accounts receivable	(1,140,548)	2,452,548
(Increase) decrease in accounts receivable due from related parties	690,952	(96,397)
(Increase) decrease in other receivables	(212,685)	540,209
(Increase) decrease in inventories	(2,966,122)	(5,507,390)
(Increase) decrease in other current assets	44,861	(221,754)
(Increase) decrease in other non-current assets	(260,421)	(1,904,413)
Increase (decrease) in notes and accounts payable	1,361,016	(1,038,754)
Increase (decrease) in accounts payable due to related parties	125,546	(155,267)
Increase (decrease) in other payables	(1,982,214)	140,930
Increase (decrease) in other current liabilities	(158,514)	308,338
Increase (decrease) in other non-current liabilities	(283,693)	(917,350)
Cash flows generated by (used in) operations	5,106,897	19,460,148
Interest received	321,487	150,955
Dividends received	768,329	726,400
Interest paid	(1,126,230)	(552,169)
Income taxes paid	(1,469,010)	(4,031,232)
Net cash flows generated by (used in) operating activities	3,601,473	15,754,102

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WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investments accounted for using equity method	$ (89,586)	$ (568,772)
Acquisitions of financial assets at fair value through profit or loss	-	(96,958)
Proceeds from disposal of financial assets at fair value through profit or loss	26,418	-
Acquisitions of financial assets at fair value through other comprehensive income	(69,086)	(1,521,393)
Proceeds from disposal of financial assets at fair value through other comprehensive income	287,024	18,535
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	2,000	1,000
Proceeds from disposal of non-current assets held for sale	-	55,200
Acquisitions of property, plant and equipment	(13,786,982)	(42,164,653)
Proceeds from disposal of property, plant and equipment	767,554	369,674
Increase in unearned receipts - disposal of assets	95,862	-
Acquisitions of right-of-use assets	-	(2,167)
(Increase) decrease in refundable deposits	(75,799)	(29,160)
(Increase) decrease in other receivables - time deposits	48,830	128,267
Acquisitions of intangible assets	(327,194)	(380,405)
Acquisitions of intangible assets - carbon credits	(5,083)	(937)
Proceeds from disposal of intangible assets	-	356
Increase (decrease) in investment payable	-	(362,643)
(Increase) decrease in finance lease receivables	94,491	71,848
Net cash flows generated by (used in) investing activities	(13,031,551)	(44,482,208)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	70,080	(361,377)
Proceeds from long-term borrowings	12,239,430	23,150,000
Repayments of long-term borrowings	(4,700,000)	-
Cash dividends paid	(3,980,000)	(3,980,000)
Change in non-controlling interests	(1,433,674)	(1,024,053)
Proceeds from issuance of ordinary shares	4,389,599	-
Repayments of lease liabilities	(300,051)	(339,177)
Increase (decrease) in guarantee deposits	64,943	433,932
Net cash flows generated by (used in) financing activities	6,350,327	17,879,325
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(360,587)	337,290

(Continued)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	2023	2022
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (3,440,338)	$ (10,511,491)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	20,402,936	30,914,427
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 16,962,598	$ 20,402,936

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

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

1. GENERAL INFORMATION

Winbond Electronics Corporation (the "Company") was incorporated in the Republic of China (ROC) in September 1987 and is engaged in the design, development, manufacture and marketing of very large scale integration (VLSI) integrated circuits (ICs) used in a variety of microelectronic applications.

The Company's shares have been listed on the Taiwan Stock Exchange Corporation since October 18, 1995.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on February 6, 2024.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Basis of Consolidation

a. Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

<u>Attribution of total comprehensive income to non-controlling interests</u>

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.

<u>Changes in the Group's ownership interests in existing subsidiaries</u>

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

b. Subsidiaries included in consolidated financial statements

			% of Ownership December 31	
Investor	**Investee**	**Main Business**	**2023**	**2022**
The Company	Winbond International Corporation ("WIC")	Investment holding	100.00	100.00
The Company	Landmark Group Holdings Ltd. ("Landmark") (Note 1)	Investment holding	-	100.00
The Company	Winbond Electronics Corporation Japan ("WECJ") (Note 2)	Research, development, sales and after-sales service of semiconductor	100.00	100.00
The Company	Winbond Electronics (HK) Limited ("WEHK")	Sales of semiconductor and investment holding	100.00	100.00
The Company	Pine Capital Investment Limited ("PCI") (Note 3)	Investment holding	-	100.00
The Company	Winbond Technology Ltd. ("WTL")	Design and service of semiconductor	100.00	100.00
The Company	Callisto Holding Limited ("Callisto")	Electronic commerce and investment holding	100.00	100.00
The Company	Winbond Electronics Germany GmbH ("WEG")	Marketing service of semiconductor	100.00	100.00
The Company	Great Target Development Ltd. ("GTD") (Note 4)	Investment holding	-	100.00
The Company	Winbond Electronics India Private Limited ("WEIL") (Note 4)	Sales and service of semiconductor	99.99	-
The Company	Atfields Manufacturing Technology Corporation ("AMTC") (Note 5)	Manufacture of semiconductor and smart factory solutions	100.00	-
The Company	Miraxia Edge Technology Corporation ("METC")	Software and hardware integration design of semiconductor	100.00	100.00
The Company	Nuvoton Technology Corporation ("NTC")	Research, design, development, manufacture and marketing of Logic IC, 6 inch wafer product, test, and OEM	51.21	51.21
WIC	Winbond Electronics Corporation America ("WECA")	Design, sales and service of semiconductor	100.00	100.00
WEHK	Winbond Electronics (Suzhou) Limited ("WECN")	Design, development and marketing of VLSI integrated ICs	100.00	100.00
Callisto	Callisto Technology Limited ("CTL")	Electronic commerce and investment holding	100.00	100.00
GTD	Winbond Electronics India Private Limited ("WEIL") (Note 4)	Sales and service of semiconductor	-	99.99

(Continued)

Investor	Investee	Main Business	% of Ownership December 31 2023	2022
METC	Miraxia Technology Taiwan Corporation ("MTTC") (Note 6)	Development of software and services for automotive and industrial control	100.00	100.00
NTC	Marketplace Management Limited ("MML")	Investment holding	100.00	100.00
NTC	Nuvoton Technology Corporation America ("NTCA")	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Investment Holding Ltd. ("NIH")	Investment holding	100.00	100.00
NTC	Nuvoton Electronics Technology (H.K.) Limited ("NTHK")	Sales of semiconductor	100.00	100.00
NTC	Song Yong Investment Corporation ("SYI")	Investment holding	100.00	100.00
NTC	Nuvoton Technology India Private Limited ("NTIPL")	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Technology Singapore Pte. Ltd. ("NTSG")	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Technology Korea Limited ("NTKL")	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Technology Holdings Japan ("NTHJ")	Investment holding	100.00	100.00
NTC	Nuvoton Technology Germany GmbH ("NTG") (Note 7)	Customer service and technical support of semiconductor	100.00	-
MML	Goldbond LLC ("GLLC")	Investment holding	100.00	100.00
GLLC	Nuvoton Electronics Technology (Shanghai) Limited ("NTSH")	Provide projects for sale in China and repairing, testing, consulting of software and equipment leasing business	100.00	100.00
GLLC	Winbond Electronics (Nanjing) Ltd. ("WENJ") (Note 8)	Computer software service (except I.C. design)	-	100.00
NTSH	Song Zhi Electronics Technology (Suzhou) ("Song Zhi Suzhou")	Provide development of semiconductor and technology, consult service and equipment leasing business	100.00	100.00
NIH	Nuvoton Technology Israel Ltd. ("NTIL")	Design and service of semiconductor	100.00	100.00
NTHK	Nuvoton Electronics Technology (Shenzhen) Limited ("NTSZ")	Computer software service (except I.C. design), wholesale business for computer, supplement and software	100.00	100.00
NTHJ	Nuvoton Technology Corporation Japan ("NTCJ")	Design, sales and service of semiconductor	100.00	100.00
NTCJ	Atfields Manufacturing Technology Corporation ("AMTC") (Note 5)	Manufacture of semiconductor and smart factory solutions	-	100.00

(Concluded)

Note 1: Landmark completed the liquidation and legal procedures in June 2023.

Note 2: The company acquired 100% of ownership interest of WECJ from its subsidiary, Landmark, in November 2022. The transaction was a reorganization under common control. Refer to Note 29 to the consolidated financial statements.

Note 3: PCI completed the liquidation and legal procedures in September 2023.

Note 4: GTD completed the liquidation and legal procedures in October 2023. Due to the dissolution of GTD, the company changed its 99.99% ownership interest in WEIL (former GLMTD Technology Private Limited) from indirect to direct. The transaction was a reorganization under common control. Refer to Note 29 to the consolidated financial statements.

Note 5: The Company acquired 100% of ownership interest of AMTC from its sub-subsidiary, NTCJ, in January 2023. The transaction was a reorganization under common control. Refer to Note 29 to the consolidated financial statements.

Note 6: MTTC was established in November 2022.

Note 7: NTC established NTG in Germany in December 2023 and acquired 100% of ownership.

Note 8: WENJ completed the liquidation and legal procedures in May 2023.

Classification of Current and Non-current Assets and Liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized, sold or consumed within twelve months after the reporting period, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Current liabilities are obligations incurred for trading purposes or to be settled within twelve months after the reporting period and liabilities that the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Except as otherwise mentioned, assets and liabilities that are not classified as current are classified as non-current.

Business Combinations Involving Reorganization under Common Control

The Group adopt the carrying amount method for business combinations involving reorganization under common control.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's foreign currencies are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement are recognized in profit or loss in the period they arise.

Exchange differences arising on the retranslation of non-monetary items measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, and exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

Cash Equivalents

Cash equivalents include time deposits and investments, which are highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

Financial Instruments

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

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

a. Financial assets measurement category

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis, except derivative financial assets which are recognized and derecognized on settlement date basis.

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

1) Financial asset at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 31 to the consolidated financial statements.

2) Financial assets at amortized cost

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

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

b) 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 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 a financial asset, except for:

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

b) Financial assets that are not credit-impaired on purchase or origination but have 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.

3) Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets

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

The Group always recognizes lifetime Expected Credit Loss (ECL) on accounts receivable. On all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the 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 ECL.

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

The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account.

c. Derecognition of financial assets

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

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

d. Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

e. Financial liabilities

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses

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

f. Derecognition of financial liabilities

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

g. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and cross currency swaps.

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

Inventories

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

Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses equity method to recognize investments in associates. Under the equity method, an investment in an associate is 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 equity of associates.

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

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

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

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

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

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.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss.

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

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

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.

The Group's property, plant and equipment with residual values were depreciated straight-line basis over the estimated useful life of the asset:

Buildings	7-50 years
Machinery and equipment	3-14 years
Other equipment	3-5 years

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss, and depreciated over 20 years useful lives after considered residual values, using the straight-line method. Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

Intangible Assets

a. 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.

b. 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.

Impairment of Property, Plant and Equipment, Right-of-use Asset, Investment Properties, Intangible Assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

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

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

Non-current Assets Classified as Held for Sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event and at the best estimate 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.

For potential product risk, the Group accrues reserve for products guarantee based on commitment to specific customers.

Revenue Recognition

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

Revenue from sale of goods is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Provision for estimated sales returns and other allowances is generally made and adjusted based on historical experience and on the consideration of varying contractual terms affecting the recognition of a provision, which is classified under other non-current liabilities.

Leasing

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

a. 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.

Under financing leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

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

b. The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, 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. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, and there is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

Borrowing Costs

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

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

Government Grants

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

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

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

Government grants that take the form of a transfer of a non-monetary asset for the use of the entity are recognized and measured at the fair value of the non-monetary asset.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

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

Share-based Payment Arrangements

The fair value at the grant date of the equity-settled share-based payment/employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

Taxation

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

a. Current tax

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

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit and it is remeasured at the end of each reporting period and recognized to the extent that it has become probable that there will be future taxable profit.

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 and liabilities 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.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers possible impact on relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revisions affect only that year or in the year of the revisions and future years if the revisions affect both current and future years.

The Group's material accounting judgments and key sources of estimation uncertainty is valuation of inventory. Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and the historical experience from selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022**
Cash and deposits in banks	$ 16,199,098	$ 18,642,936
Repurchase agreements collateralized by bonds	763,500	1,760,000
	$ 16,962,598	$ 20,402,936

a. The Group has time deposits pledged to secure land and building leases and customs tariff obligations which are reclassified to "other non-current assets". The amounts were as follows:

	December 31	
	2023	**2022**
Time deposits	$ 301,821	$ 236,938

b. The Group has partial time deposits which were not held for the purpose of meeting short-term cash commitments and are reclassified to "other receivables". These partial time deposits at the end of the reporting period were as follows (refer to Note 11 to the consolidated financial statements):

	December 31	
	2023	**2022**
Time deposits	$ 7,384	$ 56,214

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2023	December 31 2022
Financial assets at FVTPL - current		
Derivative financial assets		
Forward exchange contracts	$ 218,979	$ 7,173
Non-derivative financial assets		
Domestic listed and emerging shares	14,994	44,433
Overseas unlisted shares	61,410	61,420
Mutual funds	113,604	110,506
	$ 408,987	$ 223,532
Financial assets at FVTPL - non-current		
Mandatorily measured at FVTPL		
Foreign currency warrants	$ 76,763	$ 121,775
Financial liabilities at FVTPL - current		
Derivative financial liabilities		
Forward exchange contracts	$ 786	$ 7,412

a. At the date of balance sheet, the outstanding derivative foreign exchange contracts not under hedge accounting were as follows:

	Currencies	Maturity Date	Contract Amount (In Thousands)
December 31, 2023			
Sell forward exchange contracts	USD to NTD	2024.01.03-2024.03.15	USD300,000/NTD9,412,386
Sell forward exchange contracts	USD to JPY	2024.01.12-2024.02.14	USD28,200/JPY4,041,691
Buy forward exchange contracts	NTD to USD	2024.01.05-2024.03.07	NTD4,063,899/USD131,000
Buy forward exchange contracts	NTD to EUR	2024.01.22-2024.01.25	NTD2,406,005/EUR71,412
December 31, 2022			
Sell forward exchange contracts	USD to NTD	2023.01.06-2023.03.17	USD244,500/NTD7,492,601
Sell forward exchange contracts	USD to JPY	2023.01.23-2023.02.21	USD17,400/JPY2,300,582
Buy forward exchange contracts	NTD to USD	2023.01.13-2023.02.17	NTD1,552,375/USD50,500

b. The Group entered into derivative financial instruments contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The derivative financial instruments contracts entered into by the Group did not meet the criteria of hedge accounting; therefore, the Group did not apply hedge accounting treatment.

c. NTC acquired 5,625 thousand preference shares of Allxon Inc. through the conversion of share warrants in June 2023. The investment in equity instruments is held for long-term strategic purposes and expected profitability. Accordingly, these preference shares were recorded in financial assets at FVTOCI.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity Instruments at FVTOCI

	December 31	
	2023	**2022**
Domestic listed and emerging shares	$ 12,894,135	$ 14,705,736
Domestic unlisted shares	1,184,259	1,081,708
Overseas unlisted shares	625,180	625,340
Beneficiary certificates	1,173,603	1,231,877
	$ 15,877,177	$ 17,644,661
Current	$ 12,760,052	$ 14,587,832
Non-current	3,117,125	3,056,829
	$ 15,877,177	$ 17,644,661

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

For the years ended December 31, 2023 and 2022, the Group disposed partial shares for the investment position adjustment. The unrealized gain and loss on financial assets at fair value through other comprehensive income of NT$188,513 thousand and NT$300,524 thousand were transferred to retained earnings, respectively, refer to Note 22 to the consolidated financial statements.

9. ACCOUNTS RECEIVABLE

	December 31	
	2023	**2022**
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 9,908,308	$ 9,283,776
Less: Allowance for impairment loss	(169,488)	(146,030)
	$ 9,738,820	$ 9,137,746

The average credit period of sales of goods was 30 to 60 days. No interest was charged on accounts receivable. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually.

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

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group estimates expected credit losses based on past due days. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

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

The following table details the loss allowance of accounts receivable based on the overdue aging ratio and individual customer evaluation method.

December 31, 2023

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Overdue Over 180 Days	Total
Expected credit loss rate	0.1-2%	2%	10%	20%	50%	
Gross carrying amount	$ 9,639,669	$ 250,866	$ 9,717	$ 8,056	$ -	$ 9,908,308
Loss allowance (lifetime ECL)	(153,572)	(4,976)	(815)	(395)	-	(159,758)
Loss allowance (individual customer ECL)	-	(2,083)	(1,564)	(6,083)	-	(9,730)
Amortized cost	$ 9,486,097	$ 243,807	$ 7,338	$ 1,578	$ -	$ 9,738,820

December 31, 2022

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Overdue Over 180 Days	Total
Expected credit loss rate	0.1-2%	2%	10%	20%	50%	
Gross carrying amount	$ 9,038,364	$ 226,155	$ 7,407	$ 11,850	$ -	$ 9,283,776
Loss allowance (lifetime ECL)	(138,396)	(4,523)	(741)	(2,370)	-	(146,030)
Amortized cost	$ 8,899,968	$ 221,632	$ 6,666	$ 9,480	$ -	$ 9,137,746

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

	For the Year Ended December 31 2023	2022
Balance at January 1	$ 146,030	$ 303,792
Recognized (reversal of) impairment loss	24,197	(151,262)
Effect of exchange rate changes	(739)	(6,500)
Balance at December 31	$ 169,488	$ 146,030

10. FINANCE LEASE RECEIVABLES

	December 31	
	2023	2022
Undiscounted lease payments		
Year 1	$ 93,586	$ 100,135
Year 2	23,397	100,135
Year 3	-	25,034
	116,983	225,304
Less: Unearned finance income	(1,606)	(5,122)
Finance lease receivables	$ 115,377	$ 220,182
Current	$ 92,088	$ 96,731
Non-current	23,289	123,451
	$ 115,377	$ 220,182

NTC leased out its property, plant and equipment and intangible assets to its associate, TPSCo., under finance leases with an average lease term for 3 years. In 2023 and 2022, the average implied interest rates were both 1.85% per annum. Refer to Note 32 to the consolidated financial statements for details of finance lease contracts.

11. OTHER RECEIVABLES

	December 31	
	2023	2022
Business tax refund receivable	$ 508,712	$ 229,680
Interest receivable	21,516	12,262
Income tax refund receivable (Note 25)	15,293	38,037
Time deposits (Note 6)	7,384	56,214
Others	157,154	222,643
	$ 710,059	$ 558,836

12. INVENTORIES

	December 31	
	2023	2022
Finished goods	$ 3,413,806	$ 3,095,173
Work-in-process	18,163,933	16,393,699
Raw materials and supplies	2,281,194	1,958,690
Inventories in transit	11,036	516
	$ 23,869,969	$ 21,448,078

The detail of the operating costs related to inventories was as follows:

	For the Year Ended December 31	
	2023	2022
The operating cost of goods sold	$ 44,348,640	$ 48,535,925
Recognition of inventory write-downs (reversed) and scrap of inventories, etc.	3,166,060	650,800
Unallocated production overhead	5,095,652	2,291,982
Operating costs	$ 52,610,352	$ 51,478,707

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	December 31	
	2023	2022
Associates that are not individually material		
Chin Xin Investment Co., Ltd. (“Chin Xin”)	$ 8,842,850	$ 7,996,268
Tower Partners Semiconductor Co., LTD. (“TPSCo.”)	1,824,673	1,710,869
Theaceae Conservation Corporation (“ThCC”)	284,474	264,303
	$ 10,951,997	$ 9,971,440

On December 15, 2022 (the capital increase was completed at the end of May 2023) and May 27, 2022, the board of directors of ThCC resolved to issue 100,000 thousand and 60,000 thousand ordinary shares, respectively. The Company subscribed for 3,000 thousand and 21,000 thousand ordinary shares in total, with a par value of NT$10. As of December 31, 2023, the Company held 27,000 thousand shares of ThCC, which equals 15% ownership interest, and adopted the equity method.

As of December 31, 2023, the Company held 182,841 thousand shares of Chin Xin with a 38% ownership interest.

Under the business acquisition agreement, if TPSCo. turns a net profit for the period from the acquisition date (September 1, 2020) to March 31, 2022, NTCJ is required to return Panasonic Corporation’s share of profit based on its ownership interest. Thus, NTCJ had no significant influence over TPSCo. during the period, and the investment in TPSCo. was recognized as non-current financial assets at fair value through other comprehensive income. Starting in April 2022, the restriction is no longer effective, and hence NTCJ has significant influence over TPSCo. Therefore, TPSCo. has been accounted for using equity method. On December 31, 2022, NTCJ owned 45,619 shares of TPSCo. During the first quarter of 2023, NTCJ subscribed for 3,920 shares issued in the cash capital increase by TPSCo. As of December 31, 2023, NTCJ owned 49,539 shares of TPSCo. with an ownership percentage of 49%.

In June 2022, NTCJ transferred the right-of-use assets contract to TPSCo. The related deferred benefit will be recognized in accordance with the remaining lease term of the contract, refer to Note 32 to the consolidated financial statements.

For the year ended December 31, 2023, the associates disposed partial shares for the investment position adjustment. The unrealized gain and loss on financial assets at fair value through other comprehensive income of NT$82,484 thousand was transferred to retained earnings, refer to Note 22 to the consolidated financial statements.

The Group's investments accounted for using equity method and the shares of profit or loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 were based on the associates' financial statements audited by independent auditors.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Equipment under Installation	Total
Cost						
Balance at January 1, 2023	$ 3,086,647	$ 47,711,881	$ 177,689,968	$ 8,354,654	$ 53,686,085	$ 290,529,235
Additions	34,120	660,862	16,240,891	395,281	2,416,177	19,747,331
Disposals	-	(28,437)	(9,553,666)	(335,712)	-	(9,917,815)
Transfer to non-current assets held for sale	-	-	(5,706,116)	-	-	(5,706,116)
Reclassified	-	18,769,796	34,511,965	882,940	(54,163,328)	1,373
Effect of exchange rate changes	(123,687)	(1,096,237)	(2,830,374)	(196,802)	(1,354)	(4,248,454)
Balance at December 31, 2023	$ 2,997,080	$ 66,017,865	$ 210,352,668	$ 9,100,361	$ 1,937,580	$ 290,405,554
Accumulated depreciation and impairment						
Balance at January 1, 2023	$ -	$ 37,412,680	$ 152,515,222	$ 6,794,694	$ -	$ 196,722,596
Depreciation expense	-	2,276,837	8,108,994	646,386	-	11,032,217
Disposals	-	(27,464)	(9,507,311)	(332,187)	-	(9,866,962)
Transfer to non-current assets held for sale	-	-	(5,702,110)	-	-	(5,702,110)
Reclassified	-	(4,557)	-	4,557	-	-
Effect of exchange rate changes	-	(986,474)	(2,755,723)	(185,678)	-	(3,927,875)
Balance at December 31, 2023	$ -	$ 38,671,022	$ 142,659,072	$ 6,927,772	$ -	$ 188,257,866
Carrying amount at December 31, 2023	$ 2,997,080	$ 27,346,843	$ 67,693,596	$ 2,172,589	$ 1,937,580	$ 102,147,688
Cost						
Balance at January 1, 2022	$ 3,069,658	$ 47,939,867	$ 177,909,476	$ 7,586,418	$ 16,799,212	$ 253,304,631
Additions	61,407	162,805	9,245,321	799,415	31,497,094	41,766,042
Disposals	-	(23,611)	(2,177,698)	(173,299)	-	(2,374,608)
Reclassified	12,248	181,258	(5,818,573)	232,207	5,392,860	-
Effect of exchange rate changes	(56,666)	(548,438)	(1,468,558)	(90,087)	(3,081)	(2,166,830)
Balance at December 31, 2022	$ 3,086,647	$ 47,711,881	$ 177,689,968	$ 8,354,654	$ 53,686,085	$ 290,529,235
Accumulated depreciation and impairment						
Balance at January 1, 2022	$ -	$ 36,156,742	$ 149,511,902	$ 6,556,382	$ -	$ 192,225,026
Depreciation expense	-	1,774,774	6,528,059	425,455	-	8,728,288
Disposals	-	(22,100)	(2,167,485)	(99,962)	-	(2,289,547)
Impairment loss	-	-	112,266	-	-	112,266
Reclassified	-	-	(3)	3	-	-
Effect of exchange rate changes	-	(496,736)	(1,469,517)	(87,184)	-	(2,053,437)
Balance at December 31, 2022	$ -	$ 37,412,680	$ 152,515,222	$ 6,794,694	$ -	$ 196,722,596
Carrying amount at December 31, 2022	$ 3,086,647	$ 10,299,201	$ 25,174,746	$ 1,559,960	$ 53,686,085	$ 93,806,639

a. As of December 31, 2023 and 2022, the carrying amounts of NT$61,427,153 thousand and NT$52,365,644 thousand of property, plant and equipment were pledged to secure long-term borrowings and corporate bonds.

b. Information about capitalized interest

	For the Year Ended December 31	
	2023	2022
Capitalized interest amounts	$ 213,770	$ 528,129
Interest rates under capitalization	2.43%-2.78%	1.89%-1.92%

c. In 2022, NTC disposed of other equipment for finance lease amounted to NT$72,533 thousand. Refer to Note 32 to the consolidated financial statements for details of finance lease contracts.

d. For the year ended December 31, 2022, the Group recognized an impairment loss of NT$112,266 thousand for certain machinery and equipment which will not be used in the future after evaluation.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Land	$ 1,559,391	$ 1,667,604
Buildings	323,814	383,165
Machinery and equipment	118,495	139,758
Other equipment	48,473	33,954
	$ 2,050,173	$ 2,224,481

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 185,283	$ 369,518
Depreciation charge for right-of-use assets		
Land	$ 111,059	$ 110,896
Buildings	149,815	153,474
Machinery and equipment	12,398	32,999
Other equipment	25,894	28,925
	$ 299,166	$ 326,294
Income from the subleasing of right-of-use assets (recorded in "other income")	$ 2,115	$ 1,999

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts		
Current	$ 255,282	$ 276,015
Non-current	$ 1,895,615	$ 2,052,762

Range of discount rate for lease liabilities are as follows:

	December 31	
	2023	2022
Land	1.76%-2.47%	1.76%-2.47%
Buildings	0.14%-5.24%	0.14%-3.55%
Machinery and equipment	0.48%-0.80%	0.48%-0.80%
Other equipment	0.14%-5.10%	0.14%-3.62%

For the years ended December 31, 2023 and 2022, the interest expense under lease liabilities amounted to NT$49,697 thousand and NT$51,349 thousand, respectively.

c. Material lease-in activities and terms

The Company and NTC leased lands from Science Park Bureau, and the lease term will expire in 2027, 2037 and 2043, respectively, which can be extended after the expiration of the lease periods.

NTC leased a land from Taiwan Sugar Corporation under a twenty-year term from October 2014 to September 2034, which can be extended after expiration of the lease periods. The chairman of NTC is a joint guarantor of such lease, refer to Note 32 to the consolidated financial statements.

The Group leased office spaces in the United States, China, Hong Kong, Japan, Israel, India, Korea and part in Taiwan, and the lease terms will expire between 2024 and 2028.

d. Subleases

In addition to those disclosed in Notes 10 and 16 to the consolidated financial statements, NTC also subleases its right-of-use assets for buildings under operating leases. The maturity analysis of lease payments receivable under operating subleases is as follows:

	December 31	
	2023	2022
Year 1	$ 2,105	$ 1,988
Year 2	2,105	1,326
	$ 4,210	$ 3,314

To reduce the residual asset risk related to the subleased asset at the end of the relevant sublease, the lease contract between NTC and the lessee includes the receipt of the deposits and the compensation for damage due to the lack of management and maintenance.

e. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 262,751	$ 191,498
Expenses relating to low-value asset leases	$ 654	$ 1,941
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 11,395	$ 11,660
Total cash outflow for leases	$ 622,795	$ 597,501

The Group leases certain building, machinery and equipment, transportation equipment qualify as short-term leases and certain other equipment qualify as low-value lease. The Group has selected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

Lease-out arrangements under operating leases for investment properties are set out in Note 16 to the consolidated financial statements.

16. INVESTMENT PROPERTIES

	December 31	
	2023	2022
Investment properties, net	$ 1,549,000	$ 1,798,160

As of December 31, 2022, the fair values of investment properties held by NTC were NT$2,443,494 thousand, and the fair values of NT$2,243,494 thousand were evaluated by independent appraisal agencies, others were evaluated based on Level 3, a commonly used evaluation model, by NTC’s management. As of December 31, 2023, NTC’s management team evaluated the fair value of investment properties and determined that the fair value of the investment properties had not changed significantly.

	For the Year Ended December 31	
	2023	2022
Cost		
Balance at January 1	$ 7,662,122	$ 7,924,196
Effect of exchange rate changes	(496,392)	(262,074)
Balance at December 31	7,165,730	7,662,122
Accumulated depreciation and impairment		
Balance at January 1	5,863,962	5,918,598
Depreciation expense	136,023	138,763
Effect of exchange rate changes	(383,255)	(193,399)
Balance at December 31	5,616,730	5,863,962
Investment properties, net	$ 1,549,000	$ 1,798,160

The investment properties were leased out for 3 to 12 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of NTC's lease payments receivable under operating leases of investment properties is as follows:

	December 31	
	2023	2022
Year 1	$ 146,532	$ 171,129
Year 2	143,790	152,691
Year 3	143,872	149,898
Year 4	143,894	149,898
Year 5	140,886	149,898
More than five years	455,304	637,067
	$ 1,174,278	$ 1,410,581

To reduce the residual asset risk related to the subleased asset at the end of the relevant sublease, the lease contract between NTC and the lessee includes the receipt of the deposits and the compensation for damage due to the lack of management and maintenance.

As of December 31, 2023 and 2022, the carrying amounts of NT$324,873 thousand and NT$381,219 thousand of investment properties of NTC were pledged to secure long-term borrowings, respectively.

17. INTANGIBLE ASSETS

	Deferred Technical Assets	Other Intangible Assets	Carbon Credits	Total
Cost				
Balance at January 1, 2023	$ 19,977,381	$ 1,327,601	$ 763	$ 21,305,745
Additions	29,588	155,509	5,083	190,180
Disposals	-	(71,955)	-	(71,955)
Carbon offset	-	-	(42)	(42)
Reclassified	41,255	(42,628)	-	(1,373)
Effect of exchange rate changes	(8,161)	(69,487)	-	(77,648)
Balance at December 31, 2023	$ 20,040,063	$ 1,299,040	$ 5,804	$ 21,344,907
Accumulated amortization and impairment				
Balance at January 1, 2023	$ 19,418,642	$ 1,104,500	$ -	$ 20,523,142
Amortization expenses	268,435	91,658	-	360,093
Disposals	-	(71,364)	-	(71,364)
Effect of exchange rate changes	(5,011)	(65,782)	-	(70,793)
Balance at December 31, 2023	$ 19,682,066	$ 1,059,012	$ 5,804	$ 20,741,078
Carrying amount at December 31, 2023	$ 357,997	$ 240,028	$ 5,804	$ 603,829

(Continued)

	Deferred Technical Assets	Other Intangible Assets	Carbon Credits	Total
Cost				
Balance at January 1, 2022	$ 19,801,638	$ 1,495,795	$ -	$ 21,297,433
Additions	170,807	91,340	937	263,084
Disposals	-	(206,865)	-	(206,865)
Carbon offset	-	-	(174)	(174)
Reclassified	-	(763)	-	(763)
Effect of exchange rate changes	4,936	(51,906)	-	(46,970)
Balance at December 31, 2022	$ 19,977,381	$ 1,327,601	$ 763	$ 21,305,745
Accumulated amortization and impairment				
Balance at January 1, 2022	$ 19,184,777	$ 1,039,671	$ -	$ 20,224,448
Amortization expenses	228,037	99,066	-	327,103
Disposals	-	(1,743)	-	(1,743)
Effect of exchange rate changes	5,828	(32,494)	-	(26,666)
Balance at December 31, 2022	$ 19,418,642	$ 1,104,500	$ -	$ 20,523,142
Carrying amount at December 31, 2022	$ 558,739	$ 223,101	$ 763	$ 782,603

(Concluded)

The amounts of deferred technical assets were the technical transfer fees in connection with certain technical transfer agreements. The above technical assets pertained to different products or process technology. The assets were depreciated on a straight-line basis from the commencement of production or over the estimated useful lives of the assets. The estimated useful lives of technical assets were based on the economic benefits generated from the assets or the terms of the technical asset contracts.

The Company’s carbon credits were purchased from the TCX platform in Taiwan and the CIX platform in Singapore, which were certified by third parties regarding forest carbon rights, etc. The carbon credits are used to offset carbon emissions to achieve a net-zero emission plan.

In 2022, NTC disposed of intangible assets for finance leases amounted to NT$204,857 thousand. Refer to Note 32 to the consolidated financial statements for details of finance lease contracts.

18. BORROWINGS

a. Short-term borrowings

	December 31			
	2023		2022	
	Interest Rate %	Amount	Interest Rate %	Amount
Secured borrowings				
Bank loans	1.17%-1.18%	$ 847,080	1.15%	$ 952,840
Unsecured borrowings				
Bank lines of credit	1.00%-1.01%	217,200	1.02%	116,200
		$ 1,064,280		$ 1,069,040

On May 17, 2021, NTCJ signed a syndicated loan with CTBC and a group of financial institutions to pay outstanding debt and enrich operating capital, and the line of credit amounted to JPY30 billion. This syndicated loan requires the Company to act as a joint guarantor and hold ownership of NTCJ with NTC by no less than 100% with maintenance operational control as stated in the agreement. According to the financial covenants, NTCJ and the Company are required to maintain their financial ratios not lower than a specific threshold over the effective period, and there is no breach of the terms of the contract. The financial ratios mentioned above are computed based on the audited (reviewed) consolidated financial statements.

b. Long-term borrowings

			December 31	
	Period	Interest Rate	2023	2022
Secured borrowings				
Bank of Taiwan syndicated loan (V)	2019.09.19-2026.09.19	2.78%	$ 37,800,000	$ 31,000,000
Bank of Taiwan syndicated loan (VI)	2023.12.15-2030.12.15	2.72%	1,300,000	-
Unsecured borrowings				
The Export - Import Bank of ROC	2019.09.20-2026.09.21	-	-	500,000
The Export - Import Bank of ROC	2020.08.25-2027.08.25	0.92%-1.94%	1,000,000	1,000,000
Government grants (Note 28)	2020.12.28-2028.11.15	1.25%-1.45%	5,131,600	5,131,600
			45,231,600	37,631,600
Less: Current portion			(8,980,184)	(3,171,429)
Less: Syndication agreement management fee			(80,820)	(47,250)
Less: Government loan discount (Note 28)			(146,058)	(134,848)
			$ 36,024,538	$ 34,278,073

1) Bank of Taiwan Syndicated Loan (V)

a) On January 14, 2019, the Company entered into a syndicated loan with a group of financial institutions to build up and procure equipment for its fab. The credit line amounted to NT$42 billion. The principal will be repaid every six months from September 19, 2023 until maturity.

b) The amounts of 12-inch building, fab facilities, machinery and equipment and related ancillary equipment pledged as collateral for bank borrowings are disclosed in Note 14 to the consolidated financial statements.

c) The Company is required to maintain certain financial covenants, including current ratio, debt ratio, interest coverage ratio, and total equity, on June 30 and December 31 during the tenors of the loans. The Company was in compliance with the agreed financial ratio requirements. The computations of financial ratios mentioned above are done based on the audited (reviewed) consolidated financial statements.

2) Bank of Taiwan Syndicated Loan (VI)

a) On April 12, 2023, the Company entered into a syndicated loan with a group of financial institutions to procure equipment and related ancillary equipment for its fab. The credit line was divided into parts A and B, which amounted to NT$15 billion and NT$20 billion, respectively; the total line of credit should not exceed NT$20 billion.

b) Part A will be repaid every month from December 15, 2026 until maturity; part B will be repaid every six months from December 15, 2026 until maturity.

c) The amounts of 12-inch building, fab facilities, machinery and equipment and related ancillary equipment pledged as collateral for bank borrowings are disclosed in Note 14 to the consolidated financial statements.

d) The Company is required to maintain certain financial covenants, including current ratio, debt ratio, interest coverage ratio, and total equity, on June 30 and December 31 during the tenors of the loans. The Company was in compliance with the agreed financial ratio requirements. The computations of financial ratios mentioned above are done based on the audited (reviewed) consolidated financial statements.

3) The proceeds of the unsecured borrowings from the Export-Import Bank of ROC were provided NTC for investing in Autotalks Ltd. and acquiring Panasonic Semiconductor Solutions., Co., Ltd. One of the loan was early repaid in the third quarter of 2023.

The loan is secured by property, plant and equipment of NTC, refer to Note 14 to the consolidated financial statements.

19. BONDS PAYABLE

	December 31	
	2023	2022
Domestic secured bonds	$ 9,980,978	$ 9,968,462

On July 10, 2018, the Company was approved by the FSC to offer and issue the first secured corporate bonds of 2018, with an aggregate principal amount of NT$10 billion. The terms of issuance, amounts and interest rate as follows:

Issuance Date	Period	Amount	Coupon Rate	Repayment and Interest Payment
2018.07.17	7 years	$10 billion	1%	The principal will be repaid upon maturity. The interest is payable once a year at the coupon rate accrued annually on a simple basis starting from the issue date.

Refer to Note 14 to the consolidated financial statements for collateral of 12-inch Fab Manufacturing facilities on corporate bonds.

20. PROVISIONS

	December 31	
	2023	2022
Current		
Decommissioning liabilities	$ -	$ 132,473
Non-current		
Employee benefits	$ 1,360,661	$ 1,485,268
Warranties	564,722	737,268
Decommissioning liabilities	477,406	510,815
	$ 2,402,789	$ 2,733,351

	Decommissioning Liabilities	Employee Benefits	Warranties	Total
Balance at January 1, 2023	$ 643,288	$ 1,485,268	$ 737,268	$ 2,865,824
Decreased	(133,148)	(27,208)	(142,519)	(302,875)
Effects of foreign currency exchange differences	(32,734)	(97,399)	(30,027)	(160,160)
Balance at December 31, 2023	$ 477,406	$ 1,360,661	$ 564,722	$ 2,402,789

NTC purchased the semiconductor business of Panasonic Corporation in September 2020. The expected decommissioning costs and personnel costs from shutting down some fabs were recognized as the decommissioning liabilities and employee benefits provisions.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

The employees of the Group's subsidiaries in the United States, Japan, Hong Kong, Germany, Israel, Korea, Singapore and China are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plan

The defined benefit plans adopted by the Company and NTC in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average of monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages; NTC contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee of the Company. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The payables for employee turnover of WTL and NTIL are calculated on the basis of the length of service and the last month's salary under a defined benefit plan.

The amount included in the consolidated balance sheet in respect of the Group's obligation to its defined benefit plan was as follows:

	December 31	
	2023	**2022**
Present value of the defined benefit obligation	$ 4,174,363	$ 4,306,648
Fair value of the plan assets	(2,490,778)	(2,414,054)
Net defined benefit liabilities, non-current	$ 1,683,585	$ 1,892,594

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

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2023	$ 4,306,648	$ (2,414,054)	$ 1,892,594
Service cost			
Current service cost	80,772	-	80,772
Net interest expense (income)	78,071	(54,792)	23,279
Others	-	872	872
Recognized in profit or loss	158,843	(53,920)	104,923
Remeasurement			
Actuarial (gain) loss			
- realized rate greater than the discounted rate	-	(27,902)	(27,902)
- changes in financial assumptions	60,198	26	60,224
- experience adjustments	(130,896)	(40,728)	(171,624)
Recognized in other comprehensive income	(70,698)	(68,604)	(139,302)
Contributions from the employer	-	(91,036)	(91,036)
Benefits paid	(119,055)	117,152	(1,903)
Effect of exchange rate changes	(101,375)	19,684	(81,691)
Balance at December 31, 2023	$ 4,174,363	$ (2,490,778)	$ 1,683,585

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	$ 4,500,536	$ (1,879,521)	$ 2,621,015
Service cost			
Current service cost	93,035	-	93,035
Net interest expense (income)	40,834	(26,586)	14,248
Others	(3,204)	602	(2,602)
Recognized in profit or loss	130,665	(25,984)	104,681
Remeasurement			
Actuarial (gain) loss			
- realized rate greater than the discounted rate	-	(54,752)	(54,752)
- changes in demographic assumptions	(28,724)	-	(28,724)
- changes in financial assumptions	(328,218)	21,261	(306,957)
- experience adjustments	169,198	5,419	174,617
Recognized in other comprehensive income	(187,744)	(28,072)	(215,816)
Contributions from the employer	-	(572,037)	(572,037)
Benefits paid	(80,740)	79,423	(1,317)
Effect of exchange rate changes	(56,069)	12,137	(43,932)
Balance at December 31, 2022	$ 4,306,648	$ (2,414,054)	$ 1,892,594

(Concluded)

Amounts recognized in profit or loss in respect of these defined benefit plans analyzed by function were as follows:

	For the Year Ended December 31	
	2023	2022
Operating costs	$ 19,470	$ 16,830
Selling expenses	1,892	2,028
General and administrative expenses	17,435	21,134
Research and development expenses	66,126	64,689
	$ 104,923	$ 104,681

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

1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets 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 principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	**2022**
Discount rates	1.40%-3.30%	1.25%-2.62%
Expected rates of salary increase	1.00%-3.50%	1.00%-3.50%

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 would increase (decrease) as follows:

	December 31	
	2023	**2022**
Discount rates		
0.25%-0.50% increase	$ (68,893)	$ (82,728)
0.25%-0.50% decrease	$ 76,088	$ 90,773
Expected rates of salary increase/decrease		
0.25%-0.50% increase	$ 73,121	$ 86,317
0.25%-0.50% decrease	$ (67,829)	$ (80,577)

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

	December 31	
	2023	**2022**
The expected contribution to the plan for the next year	$ 125,194	$ 135,886
The average duration of defined benefit obligation	7.00-11.60 years	7.35-11.84 years

22. EQUITY

a. Share capital

<u>Ordinary shares</u>

	December 31	
	2023	**2022**
Number of shares authorized (in thousands)	6,700,000	6,700,000
Shares authorized	$ 67,000,000	$ 67,000,000
Number of shares issued and fully paid (in thousands)	4,180,000	3,980,000
Shares issued	$ 41,800,002	$ 39,800,002

On August 18, 2023, the Company’s board of directors resolved to issue 200,000 thousand shares with a par value of NT$10 for cash capital increase, and the price of the issue at premium was set at NT$22. The issuance of shares was approved by the Financial Supervisory Commission, Taiwan, R.O.C. on September 25, 2023. The record date of the cash capital increase, which was determined by the chairman, was set for November 9, 2023. The relevant issuance costs amounted to NT$10,401 thousand and were recognized as the deduction of capital surplus - arising from the issuance of share capital.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Arising from issuance of share capital	$ 7,486,489	$ 5,026,873
Arising from treasury share transactions	2,342,036	2,342,036
Arising from conversion of bonds	136,352	136,352
May only be used to offset a deficit		
Arising from changes in percentage of ownership interest in subsidiaries	154,142	251,734
Arising from share of changes in capital surplus of associates	16,846	28,923
	$ 10,135,865	$ 7,785,918

The capital surplus generated from the excess of the issuance price over the par value of share capital (including the shares issued for new capital, mergers and convertible bonds) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or share dividends up to a certain percentage of the Company's paid-in capital. The capital surplus from share of changes in equities of subsidiaries and associates may be used to offset a deficit; however, when generated from issuance of restricted shares for employees, such capital surplus may not be used for any purpose.

c. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, the Company's dividend distribution policy is as follows:

From the pre-tax net profit of the current year, before deducting remuneration of employees and remuneration of directors, no more than 1% shall be allocated as remuneration of directors and no less than 1% as remuneration of employees. The remuneration of employees may be distributed in stock or cash upon resolution of the board of directors and may be distributed to the employees of subsidiaries of the Company meeting certain criteria.

However, if the Company has accumulated losses, the Company shall first set aside an amount for making up losses, and then allocate remuneration of employees and remuneration of directors according to the percentage set forth in the preceding paragraph.

The Company purchases its shares for transferring such treasury shares, issues employee options, provides pre-emptive right for employees' subscription upon issuing new shares, issues new restricted employee shares, and distributes employee remuneration, to employees of the Company's controlling or subordinated companies who meet certain criteria, which shall be determined and resolved by the board of directors.

If the Company has pre-tax profits at the end of the current fiscal year, after paying all taxes and covering all accumulated losses, the Company shall set aside 10% of said earnings as legal reserve. However, legal reserve need not be made when the accumulated legal reserve equals the paid-in capital of the Company. After setting aside or reversing special reserve pursuant to applicable laws and regulations and orders of competent authorities or based on the business needs of the Company, if there is any balance, the board of directors may submit a proposal for allocation of the remaining balance and the accumulated undistributed earnings to the shareholders meeting for resolution of distributing bonuses and dividends to shareholders.

The board of directors shall be authorized to distribute the profit, the legal reserve and the capital reserve mentioned in the preceding paragraph in cash upon resolution by a majority vote at a board meeting attended by two-thirds or more of the directors, and shall report the same to the shareholders' meeting.

The Company's dividend distribution policy is made in accordance with the Company Act and the Articles of Incorporation in consideration of factors including capital and financial structure, operating status, retained earnings, industry characteristics and economic cycle. The dividends shall be distributed in a steady manner. With respect to distribution of dividends, in consideration of future operation scale and cash flow needs, no less than 30% of the remaining amount of the net profit after tax of the current year, after covering the accumulative losses and setting aside the legal reserve and the special reserve, shall be distributed to shareholders as dividends (The Company shall not issue dividends if the dividends are less than NT$0.1.), which may be distributed in share dividend or cash dividend, and the distribution of cash dividend shall not be less than 50% of total dividends, so as to maintain continuous growth.

The Company may distribute its profit or make up its losses at the end of each half of a fiscal year. The business report, the financial statements, and the proposal for distribution of earnings or making up loss shall be prepared by and then resolved by the board of directors.

The Company, in distributing its profit according to the preceding paragraph, shall estimate and reserve employee and director remuneration and any taxes payable as well as cover any losses and set aside the legal reserve in accordance with the law; however, provided that the legal reserve amounts to the total paid-in capital, the legal reserve need not be set aside. Where the Company distributes the profit in cash, such distribution shall be resolved by the board of directors, but where the profit is distributed in the form of newly issued shares, such distribution shall be resolved by the shareholders' meeting.

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

Pursuant to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of shareholders' equity, such as the accumulated balance of foreign currency translation reserve, unrealized valuation gain (loss) from available-for-sale financial assets, net amount of fair value below the cost of the Company's ordinary shares held by subsidiaries, etc. For the subsequent decrease in the deduction amount to shareholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The appropriations of earnings and cash dividends per share for 2022 and 2021 were as follows:

	Appropriation of Earnings		Cash Dividends Per Share (NT$)	
	For Year 2022	For Year 2021	For Year 2022	For Year 2021
Legal reserve appropriated	$ 1,338,709	$ 1,359,595		
Cash dividends	3,980,000	3,980,000	$ 1.0	$ 1.0
	$ 5,318,709	$ 5,339,595		

The above 2022 and 2021 appropriations for cash dividends were resolved by the board of directors on March 14, 2023 and March 15, 2022, respectively; legal reserve appropriated for 2022 and 2021 were resolved by the shareholders meeting on May 30, 2023 and May 31, 2022, respectively.

The Company's board meeting on February 6, 2024 resolved not to distribute cash dividends. The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on May 9, 2024.

d. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (654,652)	$ (861,389)
Exchange differences arising on translating the financial statements of foreign operations	(353,203)	206,737
Balance at December 31	$ (1,007,855)	$ (654,652)

The exchange differences arising on translation of foreign operation's net assets from its functional currency to the Group's presentation currency are recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve.

2) Unrealized gains (losses) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 15,016,611	$ 12,911,356
Unrealized gains (losses) on revaluation of financial assets at FVTOCI	(1,626,905)	2,935,470
Share of unrealized gains (losses) on revaluation of financial assets at FVTOCI of associates accounted for using equity method	774,469	(529,691)
Disposal of investments in equity instruments designated at FVTOCI	(270,997)	(300,524)
Balance at December 31	$ 13,893,178	$ 15,016,611

Unrealized gains (losses) on financial assets at FVTOCI represents the cumulative gains or losses arising from the fair value measurement on financial assets at FVTOCI that are recognized in other comprehensive income. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

e. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 8,570,720	$ 7,589,399
Share attributable to non-controlling interests		
Profit for the year	1,180,971	2,059,387
Exchange differences on translation of the financial statements of foreign operations	(268,671)	19,189
Remeasurement of defined benefit plans	19,061	50,596
Unrealized gains (losses) on financial assets measured at FVTOCI	34,549	(123,806)
Cash dividends issued by subsidiaries to non-controlling interests	(1,433,674)	(1,024,053)
Changes in ownership interests in subsidiaries	60,405	8
Balance at December 31	$ 8,163,361	$ 8,570,720

23. REVENUE

Refer to Note 38 to the consolidated financial statements for the Group's revenue.

24. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION, AND AMORTIZATION

	For the Year Ended December 31, 2023			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	$ 4,381,219	$ 11,443,962	$ -	$ 15,825,181
Post-employment benefits	$ 205,622	$ 674,053	$ -	$ 879,675
Share-based payment	$ 32,141	$ 37,876	$ -	$ 70,017
Depreciation	$ 10,309,038	$ 1,015,150	$ 145,129	$ 11,469,317
Amortization	$ 6,815	$ 353,278	$ 27,000	$ 387,093

	For the Year Ended December 31, 2022			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	$ 4,479,421	$ 14,349,752	$ -	$ 18,829,173
Post-employment benefits	$ 158,664	$ 717,826	$ -	$ 876,490
Depreciation	$ 7,906,136	$ 1,143,992	$ 145,126	$ 9,195,254
Amortization	$ 5,362	$ 321,741	$ 27,000	$ 354,103

The remuneration policies of the Company were as follows:

a. Directors:

In accordance with the Article 22 of the Company's Articles of Incorporation, the distribution of the remuneration of directors shall be appropriated at the rates no more than 1% of net profit before income tax before deducting remuneration to employees and directors. The Remuneration Committee will recommend remuneration to directors in accordance with the Company's Articles of Incorporation, the internal Rules for Remuneration of Directors and Performance Assessment of The Board of Directors, board members' self-assessment results, and annual profit deduct the accumulative losses. The remuneration was resolved by the board of directors and reported to the shareholders' meeting.

b. Managers:

The remuneration of the managers, which depends on responsibilities and performance of individuals to encourage managers to take responsibilities and achieve performance, shall be competitive to attract external talent and stabilize internal talent. The managers have the responsibilities for operating performance, the encouragement shall be taken both short-term and long-term performance into account.

c. Employees:

Employees' compensation, including fixed and variable compensation, was taken both internal fairness and external competitiveness into consideration. The Company gives bonus immediately and shares operating performance with the employees to attract, encourage and retain the talent. In accordance with the Articles of Incorporation, it stipulates distribution of the compensation of employees at the rates no less than 1% of net profit before income tax before deducting remuneration to employees and directors. The remuneration of employees may be distributed in shares or cash upon resolution of the board of directors and reported to the shareholders' meeting. Personal salary is determined by responsibilities and professional skills. Bonus and compensation are in relation to individual's performance and contribution.

For the year ended December 31, 2022, the employees' compensation and remuneration of directors were as follows: (There was no estimation of employees' compensation and remuneration to the directors in 2023 due to a net loss before income tax.)

	For the Year Ended December 31, 2022	
	Amounts	**Accrual Rate**
Employees' compensation	$ 307,880	2%
Remuneration of directors	$ 153,940	1%

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

The compensation to employees and remuneration to the directors of 2022 and 2021 were approved by the Company's board of directors on March 14, 2023 and March 15, 2022, respectively, were as below:

	For the Year Ended December 31	
	2022	**2021**
Employees' compensation in cash	$ 307,880	$ 330,737
Remuneration of directors	$ 153,940	$ 165,369

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

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

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

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

	For the Year Ended December 31	
	2023	**2022**
Current income tax expense (benefit)		
Current tax expense and others	$ 153,623	$ 3,476,330
Adjustment for prior years	(25,128)	24,139
Deferred income tax		
Change in current year	(860,607)	(440,849)
Income tax (benefit) expense recognized in profit or loss	$ (732,112)	$ 3,059,620

Reconciliation of accounting profit and income tax (benefit) expense were as follows:

	For the Year Ended December 31	
	2023	**2022**
Income tax (benefit) expense from continuing operations at the statutory rate	$ 340,720	$ 4,435,666
Tax effect of adjustment item		
Permanent differences	(445,580)	(732,576)
Others	(300,319)	(358,609)
Income tax on unappropriated earnings	383,566	428,283
Loss carryforwards, investment credits and deductible temporary differences	(684,015)	(737,283)
Adjustment for prior years' income tax expense	(25,128)	24,139
Others	(1,356)	-
Tax (benefit) expense recognized in profit or loss	$ (732,112)	$ 3,059,620

Based on the Income Tax Act in the ROC, the corporate income tax rate is 20%. For Group entities in Japan, the corporate income tax rate ranges from 30.04% to 30.60%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Current tax assets and liabilities

	December 31	
	2023	**2022**
Current tax assets		
Income tax refund receivable (Note 11)	$ 15,293	$ 38,037
Current tax liabilities		
Income tax payables	$ 805,011	$ 2,123,413

c. Deferred tax assets

As of December 31, 2023 and 2022, deferred income tax assets of NT$2,116,898 thousand and NT$1,191,547 thousand, respectively, were mainly generated from idle capacity, unrealized inventory losses and asset impairment losses.

d. Deferred tax liabilities

As of December 31, 2023 and 2022, deferred income tax liabilities of NT$77,953 thousand and NT$13,209 thousand, respectively, were mainly generated from unrealized valuation gains or losses on financial assets at FVTOCI.

e. Tax return assessments

The tax returns of the Company and NTC through 2021 have been assessed by the tax authorities.

f. Income tax act of Pillar Two

In March 2023, the Japanese government, where some of the subsidiaries of the Company are incorporated, substantively legislated the Pillar Two income tax legislation, effective from April 1, 2024. Since the Pillar Two income tax legislation was not effective at the reporting date, the Group has no related current tax exposure.

Under the legislation, the Company's Japanese subsidiaries are required to pay a top-up tax in Japan on the profits of each of their subsidiaries that are taxed below the effective tax rate of 15%. As of December 31, 2023, no country has enforced the Pillar Two income tax legislation, so the Group has no related current tax exposure. However, the Group continues to assess the impact of the Pillar Two income tax legislation on future financial performance.

26. EARNINGS (LOSSES) PER SHARE

	For the Year Ended December 31					
	2023			2022		
	Amounts (Numerator) Net Loss After Income Tax (Attributable to Owners of the Parent)	Shares (Denominator) (In Thousands)	Losses Per Share (NT$) Net Loss After Income Tax (Attributable to Owners of the Parent)	Amounts (Numerator) Net Income After Income Tax (Attributable to Owners of the Parent)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT$) Net Income After Income Tax (Attributable to Owners of the Parent)
Basic earnings (losses) per share						
Net income (loss) attributed to ordinary shareholders	$ (1,146,522)	4,009,041	$ (0.29)	$ 12,927,165	3,980,000	$ 3.25
Effect of dilutive potential ordinary shares						
Employees' compensation	-	-		-	17,642	
Diluted earnings (losses) per share						
Net income (loss) attributed to ordinary shareholders	$ (1,146,522)	4,009,041	$ (0.29)	$ 12,927,165	3,997,642	$ 3.23

The issuance of ordinary shares for cash was included in the computation of the weighted average number of shares outstanding, which was 4,009,041 thousand shares. The Company may settle the compensation or bonuses paid to employees by cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonuses will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share (EPS), if the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted EPS until the number of shares to be distributed to employees is resolved in the following year.

For the year ended December 31, 2023, the Company had a net loss. If the effects of the compensation or bonuses paid to employees were included in the computation of diluted EPS, there will be an anti-dilutive effect; therefore, the compensation or bonuses paid to employees were excluded from the computation of diluted losses per share.

27. SHARE-BASED PAYMENT ARRANGEMENTS

The Company was approved by the FSC on September 25, 2023 to issue 20,000 thousand shares for cash capital increase. The board of directors resolved to retain 10% of the issued shares for employees' subscription (including NTC's employees). The number of shares retained for employees' subscriptions was confirmed on November 2, 2023. The fair value of such share options subscribed for by the Company's employees on the grant date was measured using the Black-Scholes Option Pricing Model and amounted to NT$70,017 thousand which was recorded as compensation costs with a corresponding increase in capital surplus.

a. The Company's share-based payment agreements were as follows:

Agreement	Grant Date	Number of Shares Confirmed on Grant Date	Vesting Conditions
Cash capital increase reserved for employee share options	2023.11.2	19,723 thousand shares	Vested immediately

b. The fair value of share options acquired by employees on grant day, November 2, 2023, was measured using the Black-Scholes Option Pricing Model. Relevant information is as follows:

Share Price (NT$)	Exercise Price (NT$)	Expected Price Volatility	Expected Vesting Period	Risk-free Interest Rate	Fair Value Per Share (NT$)
$25.55	$22	34.57%	2 days	0.98%	$3.55

28. GOVERNMENT GRANTS

As of December 31, 2023, the Company received government loan of NT$5,131,600 thousand at a below-market interest rate. It will be used in the purchase of machinery and equipment and for supporting working capital. The first installment will be made in the 36th-37th month of the principal, and each month thereafter, the principal will be repaid in 48-49 equal installments. Using the prevailing market interest rates of 1.79%-1.89% for an equivalent loan, the fair value of the loan was estimated at NT$4,837,630 thousand on initial recognition. The difference of NT$293,970 thousand between the proceeds and the fair value of the loan is the benefit derived from the below-market rate of interest which has been recognized as deferred revenue. The deferred revenue will be recognized as other income over time. For the years ended December 31, 2023 and 2022, the other income under government grants were amounts of NT$56,527 thousand and NT$47,599 thousand, respectively, and the interest expense under loans were amounts of NT$125,251 thousand and NT$94,824 thousand, respectively.

29. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
WECJ	Research, development, sales and after-sales service of semiconductor	November 2022	100.00	$ 190,070
AMTC	Manufacture of semiconductor and smart factory solutions	January 2023	100.00	$ 237,052
WEIL	Sales and service of semiconductor	September 2023	99.99	$ 106,939

The Company acquired 100% ownership interest in WECJ and AMTC from the subsidiary Landmark and the sub-subsidiary NTCJ, respectively. Also, the Company acquired a 99.99% ownership interest of WEIL due to the liquidation of subsidiary GTD. The transaction was a reorganization under common control and was recognized as an equity transaction.

b. Assets acquired and liabilities assumed

	WECJ	AMTC	WEIL
Current assets			
Cash and cash equivalents	$ 76,255	$ 197,863	$ 22,027
Accounts receivable and other receivables	797,517	104,826	515
Inventories	-	11,310	-
Other current assets	6,328	3,235	294
Non-current assets			
Financial assets at FVTOCI	-	-	11,644
Property, plant and equipment	4,064	1,976	-
Right-of-use assets	17,505	-	-
Intangible assets	1,934	540	-
Deferred income tax assets	37,709	13,798	-
Other non-current assets	6,270	-	72,939
Total assets	$ 947,582	$ 333,548	$ 107,419
Current liabilities			
Accounts payable and other payables	$ 716,492	$ 86,298	$ 115
Current tax liabilities	18,329	-	365
Other current liabilities	14,261	10,198	-
Other non-current liabilities	8,430	-	-
Total liabilities	$ 757,512	$ 96,496	$ 480
Net assets	$ 190,070	$ 237,052	$ 106,939

c. Equity transaction difference under common control

	WECJ	AMTC	WEIL
Fair value of identifiable net assets acquired	$ 190,070	$ 237,052	$ 106,939
Less: Consideration transferred	(190,070)	(394,661)	(106,939)
Equity transaction difference	$ -	$ (157,609)	$ -
Equity transaction difference adjustment account			
Investments accounted for using equity method - NTC	$ -	$ 80,709	$ -
Capital surplus - changes in ownership interests in subsidiaries	-	76,900	-
Equity transaction difference	$ -	$ 157,609	$ -

30. CAPITAL MANAGEMENT

The Group's capital management objective is to ensure it has the necessary financial resources and operational plan so that it can cope with the next twelve months working capital requirements, capital expenditures, research and development activities, debt repayments and dividends payments.

31. FINANCIAL INSTRUMENT

a. Fair value of financial instruments

1) Valuation techniques and assumptions used in fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes publicly traded stock and mutual funds).

- The fair values of derivative foreign exchange contracts are measured using quoted middle and discount rates of foreign exchange contracts matching the foreign exchange rate on the maturity date of the contracts.

- Domestic and overseas unlisted equity instrument at FVTPL and FVTOCI were all measured based on Level 3. Fair values of the above equity instruments were determined using discounted cash flow of income approach and comparable listed company approach, refer to strike price of similar business at active market, implied value multiple of the price and relevant information. Significant unobservable inputs included PE ratio, value multiple and market liquidity discount.

2) Fair value measurements recognized in the consolidated balance sheets

The fair value of financial instruments is grouped into Levels 1 to 3 based on the degree to observability of inputs.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

3) Fair value of financial instruments that are not measured at fair value

Fair value hierarchy as of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities at amortized cost				
Bonds payable (secured)	$ -	$ 9,980,978	$ -	$ 9,980,978

Fair value hierarchy as of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities at amortized cost				
Bonds payable (secured)	$ -	$ 9,968,462	$ -	$ 9,968,462

4) Fair value of financial instruments that are measured at fair value on a recurring basis

Fair value hierarchy as of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 218,979	$ 76,763	$ 295,742
Non-derivative financial assets				
Domestic listed and emerging securities	14,994	-	-	14,994
Overseas unlisted securities	-	-	61,410	61,410
Mutual funds	113,604	-	-	113,604
	$ 128,598	$ 218,979	$ 138,173	$ 485,750
Financial assets at FVTOCI				
Equity securities				
Domestic listed and emerging securities	$ 12,894,135	$ -	$ -	$ 12,894,135
Domestic and overseas unlisted securities	-	23,460	1,785,979	1,809,439
Beneficiary certificates	-	-	1,173,603	1,173,603
	$ 12,894,135	$ 23,460	$ 2,959,582	$ 15,877,177
Financial liabilities				
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 786	$ -	$ 786

Fair value hierarchy as of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 7,173	$ 121,775	$ 128,948
Non-derivative financial assets				
Domestic listed and emerging securities	44,433	-	-	44,433
Overseas unlisted securities	-	-	61,420	61,420
Mutual funds	110,506	-	-	110,506
	$ 154,939	$ 7,173	$ 183,195	$ 345,307

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Equity securities				
Domestic listed and emerging securities	$ 14,705,736	$ -	$ -	$ 14,705,736
Domestic and overseas unlisted securities	-	22,560	1,684,488	1,707,048
Beneficiary certificates	-	-	1,231,877	1,231,877
	$ 14,705,736	$ 22,560	$ 2,916,365	$ 17,644,661
Financial liabilities				
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 7,412	$ -	$ 7,412

(Concluded)

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

The financial assets measured at Level 3 fair value were non-derivative financial assets classified as financial assets at FVTPL and equity investments classified as financial assets at FVTOCI. Reconciliations for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 3,099,560	$ 3,327,302
Additions	69,086	800,383
Recognized in other comprehensive income	(68,680)	190,439
Recognized in profit or loss	(12)	7,575
Reclassified to investments accounted for using equity method	-	(1,289,679)
Proceeds from capital reduction of investment	(2,000)	(1,000)
Effect of exchange rate changes	(199)	64,540
Balance at December 31	$ 3,097,755	$ 3,099,560

b. Categories of financial instruments

Fair values of financial assets and liabilities were summarized as follows:

	December 31			
	2023		2022	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
<u>Financial assets</u>				
Measured at amortized cost				
Cash and cash equivalents	$ 16,962,598	$ 16,962,598	$ 20,402,936	$ 20,402,936
Accounts receivable (included related parties)	9,783,527	9,783,527	9,873,405	9,873,405
Finance lease receivables (current and non-current)	115,377	115,377	220,182	220,182
Other receivables	710,059	710,059	558,836	558,836
Refundable deposits (recorded in other non-current assets)	580,508	580,508	573,743	573,743
Financial assets at FVTPL (current and non-current)	485,750	485,750	345,307	345,307
Financial assets at FVTOCI (current and non-current)	15,877,177	15,877,177	17,644,661	17,644,661
<u>Financial liabilities</u>				
Measured at amortized cost				
Short-term borrowings	1,064,280	1,064,280	1,069,040	1,069,040
Notes and accounts payable (included related parties)	7,297,889	7,297,889	6,391,671	6,391,671
Payable on equipment and other payables	16,901,502	16,901,502	13,270,593	13,270,593
Bonds payable	9,980,978	9,980,978	9,968,462	9,968,462
Long-term borrowings (included current portion)	45,004,722	45,004,722	37,449,502	37,449,502
Guarantee deposits (recorded in other non-current liabilities)	1,968,423	1,968,423	2,473,353	2,473,353
Financial liabilities at FVTPL	786	786	7,412	7,412

c. Financial risk management objectives and policies

The Group’s Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The use of financial derivatives was governed by the Group’s policies approved by the board of directors, which provide written principles on foreign exchange risk, and use of financial derivatives. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses forward foreign exchange contracts to hedge the foreign currency risk on export.

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

a) Foreign currency risk

The Group uses forward foreign exchange contracts to hedge the exchange rate risk within approved policy parameters utilizing forward foreign exchange contracts.

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and an increase in net income and equity if New Taiwan dollars strengthen by 1% against foreign currencies. For a 1% weakening of New Taiwan dollars against U.S. dollars, there would be impact on net income increase in the amounts of NT$37,917 thousand and NT$68,271 thousand for the years ended December 31, 2023 and 2022, respectively.

b) Interest rate risk

The Group's interest rate risk arises primarily from floating rate borrowings.

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

	December 31	
	2023	**2022**
Cash flow interest rate risk		
Financial assets	$ 8,413	$ 8,413
Financial liabilities	46,295,880	38,700,640

The sensitivity analyses below were determined based on the Group's exposure to interest rates for fair value of variable-rate derivatives instruments at the end of the reporting period. If interest rates had been higher by 1%, the Group's cash flows would increase by NT$462,875 thousand and NT$386,922 thousand for the years ended December 31, 2023 and 2022, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual accounts receivables at the end of the reporting period to ensure that adequate impairment losses are recognized for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk was significantly reduced.

3) Liquidity risk

The Group has enough operating capital to comply with loan covenants; liquidity risk is low.

The Group's non-derivative financial liabilities and their agreed repayment period were as follows:

	December 31, 2023			
	Within 1 Year	**1-2 Years**	**Over 2 Years**	**Total**
Non-interest bearing	$ 24,199,391	$ 1,968,423	$ -	$ 26,167,814
Lease liabilities	292,682	257,258	1,936,710	2,486,650
Variable interest rate liabilities	10,044,464	9,966,699	26,284,717	46,295,880
Fixed interest rate liabilities	-	10,000,000	-	10,000,000
	$ 34,536,537	$ 22,192,380	$ 28,221,427	$ 84,950,344

Additional information about the maturity analysis for lease liabilities:

	Less than 2 Years	**2-5 Years**	**Over 5 Years**
Non-derivative financial liabilities			
Lease liabilities	$ 549,940	$ 522,116	$ 1,414,594

	December 31, 2022			
	Within 1 Year	**1-2 Years**	**Over 2 Years**	**Total**
Non-interest bearing	$ 19,662,264	$ 2,473,353	$ -	$ 22,135,617
Lease liabilities	313,517	258,010	2,129,430	2,700,957
Variable interest rate liabilities	4,240,468	6,923,041	27,537,131	38,700,640
Fixed interest rate liabilities	-	-	10,000,000	10,000,000
	$ 24,216,249	$ 9,654,404	$ 39,666,561	$ 73,537,214

Additional information about the maturity analysis for lease liabilities:

	Less than 2 Years	**2-5 Years**	**Over 5 Years**
Non-derivative financial liabilities			
Lease liabilities	$ 571,527	$ 572,922	$ 1,556,508

32. RELATED PARTY TRANSACTIONS

a. The names and relationships of related parties are as follows:

Related Party	Relationship with the Group
Walsin Lihwa Corporation (“Walsin Lihwa”)	Investor that exercises significant influence over the Group
ThCC	Associate
Chin Xin	Associate
TPSCo.	Associate (Note)
Nyquest Technology Co., Ltd. (“Nyquest”)	Related party in substance
Walton Advanced Engineering Inc. (“Walton”)	Related party in substance
Walton Advanced Engineering Ltd. (Suzhou) (“Walton (Suzhou)”)	Related party in substance
Chin Cherng Construction Co., Ltd. (“Chin Cherng”)	Related party in substance
Walsin Technology Corporation (“Walsin Technology”)	Related party in substance
United Industrial Gases Co., Ltd. (“United Industrial Gases”)	Related party in substance
Hannstar Display Corporation (“Hannstar Display”)	Related party in substance
Waltech Advanced Engineering (Suzhou) Ltd. (“Waltech (Suzhou)”)	Related party in substance
CHIA-HO Green Energy Corporation (“CHIA-HO”)	Related party in substance
Taiwan Cement Corporation (“Taiwan Cement”)	Related party in substance

Note: The Group has significant influence over TPSCo. since April 2022, therefore TPSCo. has been reclassified from related party in substance to associate. Refer to Note 13 to the consolidated financial statements.

b. Operating activities

1) Operating revenue

	For the Year Ended December 31	
	2023	2022
Associate	$ 274,774	$ 251,640
Related party in substance	145,914	3,506,794
	$ 420,688	$ 3,758,434

Price and terms were determined in accordance with mutual agreements.

2) Purchases of goods

	For the Year Ended December 31	
	2023	2022
Associate		
TPSCo.	$ 3,822,301	$ 3,099,787
Related party in substance		
TPSCo.	-	1,498,020
	$ 3,822,301	$ 4,597,807

Price and terms were determined in accordance with mutual agreements.

	For the Year Ended December 31	
	2023	2022
3) Manufacturing expenses		
Related party in substance	$ 5,194,380	$ 4,964,320
Associate	1,865,936	1,408,002
	$ 7,060,316	$ 6,372,322
4) Operating expenses		
Associate	$ 278,254	$ 233,901
Related party in substance	31,028	125,172
Investor that exercises significant influence over the Group	11,139	14,078
	$ 320,421	$ 373,151
5) Dividend income		
Investor that exercises significant influence over the Group		
Walsin Lihwa	$ 445,550	$ 355,200
Related party in substance		
United Industrial Gases.	59,840	67,118
Others	38,436	207,818
	$ 543,826	$ 630,136
6) Other income and expenses		
Related party in substance		
Waltech (Suzhou)	$ (82,442)	$ (1,138)
Others	1,299	2,115
Associate	(2,488)	12,190
	$ (83,631)	$ 13,167

	December 31	
	2023	2022
7) Accounts receivable		
Associate	$ 24,082	$ 35,222
Related party in substance	20,625	700,437
	$ 44,707	$ 735,659
8) Accounts payable		
Related party in substance	$ 928,614	$ 936,286
Associate	385,860	252,642
	$ 1,314,474	$ 1,188,928

	December 31 2023	December 31 2022
9) Other receivables		
Associate	$ 36,518	$ 54,318
Other	555	340
	$ 37,073	$ 54,658
10) Other payables		
Related party in substance	$ 270,284	$ 155,132
Associate	100,102	188,807
Investor that exercises significant influence over the Group	2,614	-
	$ 373,000	$ 343,939
11) Refundable deposits (recorded in "other non-current assets")		
Related party in substance	$ 1,722	$ 1,722
Investor that exercises significant influence over the Group	203	203
	$ 1,925	$ 1,925
12) Guarantee deposits (recorded in "other non-current liabilities")		
Related party in substance		
Nyquest	$ 244,800	$ 250,594

The Group's transactions with the related party were conducted in accordance with bilateral contracts, covering transaction price and payment terms.

c. Acquisition of property, plant and equipment

	Purchase Price For the Year Ended December 31 2023	Purchase Price For the Year Ended December 31 2022
Associate	$ -	$ 112,128
Related party in substance	-	31,725
	$ -	$ 143,853

d. Disposal of property, plant and equipment

	Disposal Price For the Year Ended December 31		Gain (Loss) on Disposal For the Year Ended December 31	
	2023	2022	2023	2022
Related party in substance	$ 5	$ 68	$ 5	$ 68
Associate	-	127,949	-	36,336
	$ 5	$ 128,017	$ 5	$ 36,404

The prices of the above transactions were determined based on the acquisition cost of the machinery equipment and reference to the recent quoted market price.

Refer to Note 32 (g) to the consolidated financial statements for details of finance lease contracts.

e. Disposal of intangible assets

	Disposal Price		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Associate				
TPSCo.	$ -	$ 204,873	$ -	$ 16

The prices of the above transactions were determined based on the acquisition cost of the intangible asset and reference to the recent quoted market price.

Refer to Note 32 (g) to the consolidated financial statements for details of finance lease contracts.

f. Lease arrangements - the Group is lessee

	For the Year Ended December 31	
	2023	2022
1) Acquisition of right of use assets		
Investor that exercises significant influence over the Group	$ -	$ 8,672

	Disposal of Right-of-use Assets		Gain (Loss) on Disposal of Right-of-use Assets	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Investor that exercises significant influence over the Group	$ 5,845	$ -	$ 36	$ -

	December 31	
	2023	2022
2) Lease liabilities		
Investor that exercises significant influence over the Group	$ -	$ 5,845

	For the Year Ended December 31	
	2023	2022
3) Interest expense		
Investor that exercises significant influence over the Group	$ -	$ 89
Related party in substance	-	87
	$ -	$ 176

g. Lease arrangements - the Group is lessor/sublease arrangements

Lease arrangements - sublease arrangement under operating leases

NTC subleased its right-of-use asset to TPSCo. under operating lease with lease term of 12 years, and the rental is based on similar asset's market rental rates and fixed lease payments are received monthly.

	December 31	
	2023	**2022**
1) Operating lease receivables		
Associate		
TPSCo.	$ 12,842	$ 19,770
2) Future lease payment receivables		
Associate		
TPSCo.	$ 1,155,776	$ 1,402,999
3) Lease income		
Associate		
TPSCo.	$ 175,386	$ 155,271
Related party in substance		
TPSCo.	-	55,912
	$ 175,386	$ 211,183

Least arrangements under finance leases

NTCJ leased out equipment and intangible assets to its associate company, TPSCo., under finance leases with 3-year lease term from 2022. The net investment in leases was NT$277,390 thousand at the inception of the lease and the contract has average implicit interest rate of approximately 1.85% per year. The rental is based on similar asset's market rental rates and the fixed lease payment of JPY107,719 thousand is received quarterly.

As of December 31, 2023 and 2022, the balance of finance lease receivables were NT$115,377 thousand and NT$220,182 thousand, respectively. No impairment loss was recognized for the years ended December 31, 2023 and 2022, and no gain or loss on the disposal of equipment and intangible assets. The amounts of interest income under finance leases for the year ended December 31, 2023 and 2022 were NT$3,236 thousand and NT$3,552 thousand, respectively.

h. Transfer of right-of-use assets contract

In June 2022, NTCJ transferred lease agreement of machinery equipment originally recorded as a right-of-use assets to TPSCo. and generated a gain on lease modification of approximately NT$178,623 thousand. NTC recognized a deferred gain on lease modification of NT$87,526 thousand based on its 49% shareholding ratio, which will be recognized in accordance with the remaining term of the contract.

i. Acquisition of financial assets

For the year ended December 31, 2023

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Associate				
TPSCo.	Investments accounted for using equity method	3,920	Ordinary shares of TPSCo.	$ 59,586
ThCC	Investments accounted for using equity method	3,000,000	Ordinary shares of ThCC	30,000
				$ 89,586

For the year ended December 31, 2022

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Investor that exercises significant influence over the Group				
Walsin Lihwa	Current financial assets at FVTOCI	25,527,493	Ordinary shares of Walsin Lihwa	$ 765,825
Related party in substance				
CHIA-HO	Non-current financial assets at FVTOCI	55,500,000	Ordinary shares of CHIA-HO	555,000
Associate				
TPSCo.	Investments accounted for using equity method	30,919	Ordinary shares of TPSCo.	358,772
ThCC	Investments accounted for using equity method	21,000,000	Ordinary shares of ThCC	210,000
				$ 1,889,597

j. Guarantee

Acquisition of guarantee

The chairman of NTC is a joint guarantor of the land-leasing from Taiwan Sugar Corporation. Refer to Note 15 to the consolidated financial statements.

k. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employment benefits	$ 614,544	$ 964,014
Post-employment benefits	9,749	9,447
Share-based payment	12,652	-
	$ 636,945	$ 973,461

The remuneration of directors and key management personnel was suggested by the remuneration committee having regard to the performance of individuals and market trends. And the remuneration was resolved by the board of directors.

33. PLEDGED AND COLLATERALIZED ASSETS

Refer to Notes 6, 14 and 16 to the consolidated financial statements.

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingent liabilities and unrecognized commitments of the Group as of the end of the reporting period, excluding those disclosed in other notes, were as follows:

a. Amounts available under unused letters of credit as of December 31, 2023 and 2022 were approximately US$21,484 thousand and US$3,957 thousand, JPY302,640 thousand and JPY321,200 thousand, respectively.

b. Unrecognized commitments were as follows:

	December 31, 2023
Acquisition of property, plant and equipment	$ 9,926,602

c. The board of directors of NTC agreed to sell 4,500,553 preference shares (including the shares that were transferred from SAFE) of Autotalks. The transaction price of US$23,925 thousand would be adjusted by the function of the contract mentioned on the effective date. Settlement of this transaction will take effect within 5 working days or at a mutually agreed upon date by the parties and is subject to the fulfillment of the preconditions stipulated in the contract.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed.

The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31					
	2023			2022		
	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollars (In Thousands)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollars (In Thousands)
Financial assets						
Monetary items						
USD	$ 429,937	30.705	$ 13,201,226	$ 417,963	30.71	$ 12,835,638
USD	301,613	141.37 (Note2)	2,683,675	145,498	132.14 (Note 2)	1,794,970
EUR	6,614	33.98	224,727	1,546	32.72	50,594
JPY	11,489,304	0.2172	2,495,477	3,612,672	0.2324	839,585
RMB	21,947	4.327	94,967	13,695	4.408	60,366
ILS	10,874	8.4694	92,097	9,720	8.7301	84,860
Financial liabilities						
Monetary items						
USD	306,450	30.705	9,409,545	195,653	30.71	6,008,507
USD	38,058	141.37 (Note2)	1,091,184	31,253	132.14 (Note 2)	959,778
EUR	78,331	33.98	2,661,690	3,530	32.72	115,492
JPY	10,771,001	0.2172	2,339,461	3,615,868	0.2324	840,328
ILS	17,226	8.4694	145,895	14,046	8.7301	122,624

Note 1: Except as otherwise noted, exchange rate represents the number of New Taiwan dollars for which one unit of foreign currency could be exchanged.

Note 2: The exchange rate represents the number of JPY for which one U.S. dollar could be exchanged.

For the years ended December 31, 2023 and 2022, refer to the consolidated statements of comprehensive income for details on realized and unrealized net foreign exchange profit (loss). It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

36. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

A magnitude 7.6 earthquake occurred on the Noto Peninsula in Ishikawa Prefecture, Japan, on January 1, 2024. NTCJ's production plant in Toyama Prefecture, Hokuriku, Japan, including the front-end wafer fab TPSCo., a joint venture with Tower, and the back-end assembly and testing plant of NTC. The factory immediately initiated emergency safety procedures. It has been confirmed that all employees are safe, and the office and factory buildings have not been significantly damaged. Subsequent maintenance and other related costs are still being assessed.

37. ADDITIONAL DISCLOSURE

a. Following are the additional disclosures for material transactions, which the major transactions of parent and subsidiaries and their balances have been fully eliminated when preparing the consolidated financial report:

Number	Item	Index
1)	Financings provided	None
2)	Endorsements/guarantees provided	Table 1
3)	Marketable securities held (excluding investments in subsidiaries and associates)	Table 2
4)	Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital	Table 3
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	Table 4
8)	Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital	Table 5
9)	Information about the derivative financial instruments transaction	Note 7
10)	Intercompany relationships and significant intercompany transactions.	Table 8

b. Information on investments: Refer to Table 6 attached.

c. Information on investment in mainland China

Number	Item	Index
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.	Table 7
2)	Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports. a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. c) The amount of property transactions and the amount of the resultant gains or losses. d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds. f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.	Table 7

d. Information on major shareholders: Refer to Table 9 attached.

38. SEGMENT INFORMATION

a. Basic information about operating segment

1) Classification of operating segments

The Group’s reportable segments under IFRS 8 “Operating Segments” was as follows:

a) Segment of DRAM IC product

The DRAM IC product segment engages mainly in the manufacturing, selling, researching, designing and after-sales service of Mobile RAM and Specialty DRAM.

b) Segment of Flash Memory product

The Flash Memory product segment engages mainly in the manufacturing, selling, researching, designing and after-sales service of Flash Memory product.

c) Segment of Logic IC product

The Logic IC product segment engages mainly in the manufacturing, selling, researching, designing and after-sales service of Logic IC product.

2) Principles of measuring reportable segments, profit, assets and liabilities

The significant accounting principles of each operating segment are the same as those stated in Note 4 to the consolidated financial statements. The Group's operating segment profit or loss represents the profit or loss earned by each segment. The profit or loss is controllable by segment managers and is the basis for assessment of segment performance. Individual segment assets are disclosed as zero since those measures are not reviewed by the chief operating decision maker. Major liabilities are arranged based on the capital cost and deployment of the whole company, which are not controlled by individual segment managers.

b. Segment revenues and operating results

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

	Segment Revenue		Segment Profit and Loss	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
DRAM IC product	$ 14,036,814	$ 21,928,754	$ (3,400,903)	$ 7,071,962
Flash Memory product	24,047,796	29,863,054	7,253,619	13,294,130
Logic IC product	34,885,006	41,640,173	5,483,048	8,689,183
Total of segment revenue	72,969,616	93,431,981	9,335,764	29,055,275
Other revenue	2,036,462	1,097,809	2,036,462	1,097,809
Operating revenue	$ 75,006,078	$ 94,529,790		
Unallocated expenditure				
Administrative and supporting expenses			(4,915,171)	(8,301,233)
Sales and other common expenses			(8,087,287)	(5,317,270)
Income (loss) from operations			(1,630,232)	16,534,581
Non-operating income and expenses				
Interest income			334,058	154,580
Dividend income			548,920	634,979
Other income			341,761	540,182
Share of profit (loss) of associates			456,040	512,295
Gains (losses) on disposal of property, plant and equipment			716,701	357,146
Gains (losses) on disposal of intangible assets			(591)	91
Gains (losses) on disposal of non-current assets held for sale			-	36,181
Gains (losses) on foreign exchange			170,900	968,662
Gains (losses) on financial instruments at fair value through profit or loss			(276,176)	(962,983)

(Continued)

	Segment Revenue		Segment Profit and Loss	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Interest expense			$ (991,919)	$ (94,874)
Other expenses			(367,125)	(634,668)
Income (loss) before income tax			$ (697,663)	$ 18,046,172

(Concluded)

c. Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets (non-current assets exclude financial instruments, deferred income tax assets and post-employment benefit assets) by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Asia	$ 69,316,314	$ 85,135,882	$ 118,142,800	$ 110,330,939
America	2,236,890	5,412,842	199,683	203,979
Europe	3,286,593	3,584,558	-	-
Others	166,281	396,508	-	-
	$ 75,006,078	$ 94,529,790	$ 118,342,483	$ 110,534,918

d. Major customer information

For the years ended December 31, 2023 and 2022, the Group's operating revenue were NT$75,006,078 thousand and NT$94,529,790 thousand and single customer contacting 10% or more to the Group's operating revenue were NT$6,896,845 thousand and NT$14,393,996 thousand, respectively. For the years ended December 31, 2023 and 2022, there was no other individual customer exceeded 10% of the Group's operating revenue.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	WEC	NTCJ	NTC's indirect subsidiary with 100% ownership	$ 17,543,955 (Note 1)	$ 6,516,000 (Note 3)	$ 6,516,000 (Note 3)	$ 847,080	$ -	7.06	$ 46,148,408 (Note 5)	Y	N	N	
1	NTC	NTCJ	Subsidiary	16,731,044 (Note 2)	2,185,365 (Note 4)	2,185,365 (Note 4)	196,922	-	13.06	16,731,044 (Note 6)	Y	N	N	

Note 1: WEC's maximum amount endorsed are limited to 30% of the net equity in latest financial statements of WEC or 150% of the net value of the endorsee company, whichever is lower. WEC's limitation of maximum endorse amount as described are not limited to subsidiaries that directly or indirectly hold 100% of voting shares.

Note 2: NTC's maximum amount endorsed are limited to 20% of the net equity in latest financial statements of NTC or the net value of the endorsee company, whichever is lower. NTC's limitation of maximum endorse amount as described are not limited to subsidiaries that directly or indirectly hold more than 50% of voting shares.

Note 3: The ending balance is approved by the boards of directors of WEC.

Note 4: The ending balance is approved by the boards of directors of NTC.

Note 5: WEC's total maximum amount endorsed are limited to 50% of the net equity in the latest financial statements of WEC.

Note 6: NTC's maximum amount endorsed are based on the net equity in the latest financial statements of NTC.

TABLE 2

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
WEC	Shares							
	Walsin Lihwa Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman. As WEC's corporate director, the investee held 21.99% ownership interest in WEC	Current financial assets at FVTOCI	247,527,493	$ 9,566,938	6	$ 9,566,938	
	Hannstar Display Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	〃	150,000,210	1,777,502	5	1,777,502	
	Walsin Technology Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	〃	5,300,117	651,914	1	651,914	
	Walton Advanced Engineering Inc.	The investee's chairman are relatives within the second degree of relationship of WEC's chairman. WEC as the investee's director.	〃	50,062,641	763,455	10	763,455	
	Cathay Financial Holdings Co., Ltd.	None	〃	5,305	243	-	243	
	Shares							
	Hsin Chu Golf Country Club	None	Non-current financial assets at FVTOCI	3	12,660	-	12,660	
	Linkou Golf Course	None	〃	1	10,800	-	10,800	
	Intellectual Property Innovation Corporation	WEC as the investee's director	〃	1,000,000	8,292	10	8,292	
	Harbinger III Venture Capital Corp.	WEC as the investee's supervisor	〃	5,440	145	5	145	
	Smart Catch International Co., Ltd.	None	〃	4,000,000	-	16	-	
	CHIA-HO Green Energy Corporation	WEC's chairman as an independent director of the investee's parent company	〃	55,500,000	551,988	15	551,988	
	Preference shares							
	Fubon Financial Holding Co., Ltd. Preference Shares B (2881A)	None	Current financial assets at FVTPL	182,000	11,120	-	11,120	
	Cathay Financial Holding Co., Ltd. Preference Shares B (2882A)	None	〃	65,000	3,874	-	3,874	
WECA	Shares							
	Kneron Holding Company	None	Current financial assets at FVTPL	377,808	USD 2,000	1	USD 2,000	
	Funds							
	Vanguard Short-Term Corporate Bond ETF (VCSH)	None	Current financial assets at FVTPL	24,000	USD 1,857	-	USD 1,857	

(Continued)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
WECA	Funds							
	iShares National Muni Bond ETF (MUB)	None	Current financial assets at FVTPL	17,000	USD 1,843	-	USD 1,843	
	Beneficiary certificates							
	JVP VIII, L.P.	None	Non-current financial assets at FVTOCI	-	USD 23,086	7	USD 23,086	
	JVP X Funds	None	〃	-	USD 15,135	N/A	USD 15,135	
WECJ	Shares							
	Nihon Computer Co., Ltd.	None	Non-current financial assets at FVTOCI	10	JPY -	1	JPY -	
WEIL	Shares							
	TEGNA Electronics Private Limited	The held company as the investee’s director	Non-current financial assets at FVTOCI	3,001,000	INR 30,010	10	INR 30,010	
NTC	Shares							
	Yu-Ji Venture Capital Co., Ltd.	The held company as the investee’s director	Non-current financial assets at FVTOCI	375,000	7,324	5	7,324	
	Brightek Optoelectronic Co., Ltd.	None	〃	34,680	1,423	-	1,423	
	United Industrial Gases Co., Ltd.	The held company as the investee’s director	〃	8,800,000	536,800	4	536,800	
	Autotalks Ltd. - Preference E. Share	None	〃	3,932,816	614,100	9	614,100	
	Allxon Inc.	None	〃	5,625,000	56,250	15	56,250	
	Warrants							
	Autotalks Ltd.	None	Non-current financial assets at FVTPL	-	76,763	-	76,763	
SYI	Shares					-		
	Nyquest Technology Co., Ltd.	The held company as the investee’s director	Non-current financial assets at FVTOCI	1,650,000	132,660	5	132,660	
NTCJ	Shares							
	Symetrix Corporation	None	Non-current financial assets at FVTOCI	50,268	-	1	-	

Note: Refer to Tables 6 and 7 for information of investment in subsidiaries, investments in associates and investment in mainland China.

(Concluded)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Cost Amount	Number of Shares	Cost Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Cost Amount
WEC	AMTC	Investments accounted for using equity method	NTCJ	Sub-subsidiary	-	$ -	4,000	$ 394,661 (Note 1) Investments accounted for using equity method - NTC (80,709) Capital surplus - changes in ownership interests in subsidiaries (76,900)	-	$ -	$ -	$ -	4,000	$ 237,052
NTCJ	AMTC	Investments accounted for using equity method	WEC	Parent company	4,000	233,534	-	-	4,000	394,661 (JPY 1,673,000)	237,052	(Note 2)	-	-

Note 1: The acquisition of 100% ownership of AMTC from NTCJ was approved by WEC's board meeting in November 2022. The acquisition date was set in January 2023.

Note 2: In January 2023, NTCJ sold 100% of its shares in AMTC to WEC for JPY1,673,000 thousand. The transaction was a reorganization under common control. Therefore, NTC increased the capital surplus of $120,401 thousand for the difference between consideration (purchase price less related income tax expense of $37,208 thousand) and carrying amount of TPSCo, and the cumulative translation adjustment of NT$3,518 thousand.

WINBOND ELECTRONICS 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
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
WEC	WEHK	Direct subsidiary with 100% ownership	Sales	$ 7,869,748	21	Net 90 days from invoice date	N/A	N/A	$ 717,591	16	
	WECJ	Direct subsidiary with 100% ownership	Sales	3,883,542	10	Net 90 days from invoice date	N/A	N/A	265,616	6	
	WECN	Indirect subsidiary with 100% ownership	Sales	2,061,742	5	Net 90 days from invoice date	N/A	N/A	(5,303)	Note	
	WECA	Indirect subsidiary with 100% ownership	Sales	1,241,952	3	Net 90 days from invoice date	N/A	N/A	114,601	3	
AMTC	TPSCo.	NTC's associate with 49% ownership	Sales	JPY 1,189,403	34	Net 15 days end of the month	N/A	N/A	JPY 103,855	21	
	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	JPY 1,153,575	33	Net 30 days end of the month	N/A	N/A	JPY 268,880	55	
NTC	NTHK	NTC's direct subsidiary with 100% ownership	Sales	7,952,135	42	Net 50 days from invoice date	N/A	N/A	1,213,476	50	
	NTCA	NTC's direct subsidiary with 100% ownership	Sales	125,605	1	Net 50 days end of the month	N/A	N/A	34,326	1	
	NTSG	NTC's direct subsidiary with 100% ownership	Sales	661,206	3	Net 10 days end of the month	N/A	N/A	88,124	4	
	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	908,377	5	Net 10 days end of the month	N/A	N/A	207,534	9	
	NTSZ	NTC's indirect subsidiary with 100% ownership	Sales	191,873	1	Net 50 days from invoice date	N/A	N/A	22,577	1	
	Nyquest Technology Co., Ltd.	Related party in substance	Sales	127,399	1	Net 45 days from invoice date	N/A	N/A	18,433	1	
	NTSG	NTC's direct subsidiary with 100% ownership	Purchases	596,847	7	Net 8 days end of the month	N/A	N/A	(47,516)	(3)	
	NTCJ	NTC's indirect subsidiary with 100% ownership	Purchases	6,372,549	70	Net 8 days end of the month	N/A	N/A	(600,655)	(33)	
NTSG	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	USD 174,949	65	Net 10 days end of the month	N/A	N/A	USD 9,991	49	
	NTHK	NTC's direct subsidiary with 100% ownership	Sales	USD 14,528	5	Net 10 days end of the month	N/A	N/A	USD 1,517	7	
NTCJ	NTSG	NTC's direct subsidiary with 100% ownership	Sales	JPY 23,048,973	25	Net 10 days end of the month	N/A	N/A	JPY 1,260,807	9	
	NTHK	NTC's direct subsidiary with 100% ownership	Sales	JPY 12,988,745	14	Net 10 days end of the month	N/A	N/A	JPY 1,098,239	8	
	TPSCo.	NTC's associate with 49% ownership	Purchases	JPY 17,287,331	41	Net 10 days end of the month	N/A	N/A	JPY (1,776,518)	(29)	

Note: The Company's unearned receipts.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
WEC	WEHK	Direct subsidiary with 100% ownership	$ 717,591	12.39	$ -	-	$ 626,066	$ -
	WECJ	Direct subsidiary with 100% ownership	265,616	10.68	-	-	-	-
	WECA	Indirect subsidiary with 100% ownership	114,601	9.73	-	-	-	-
WECA	WEC	Parent company	USD 5,345	(Note)	-	-	USD 1,894	-
NTC	NTHK	NTC’s direct subsidiary with 100% ownership	1,213,476	11.74	-	-	730,020	-
	NTCJ	NTC’s indirect subsidiary with 100% ownership	207,534	8.75	-	-	195,949	-
NTSG	NTCJ	NTC’s indirect subsidiary with 100% ownership	USD 9,991	13.01	-	-	USD 9,991	-
NTCJ	NTSG	NTC’s direct subsidiary with 100% ownership	JPY 1,260,807	14.72	-	-	JPY 1,260,807	-
	NTHK	NTC’s direct subsidiary with 100% ownership	JPY 1,098,239	23.65	-	-	JPY 1,098,239	-
	NTC	Parent company	JPY 2,767,586	16.77	-	-	JPY 2,767,586	-
NTIL	NTC	Parent company	ILS 16,642	(Note)	-	-	ILS 16,642	-

Note: Other receivables are not applicable to calculation of turnover rate.

TABLE 6

WINBOND ELECTRONICS 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
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
WEC	NTC	Taiwan	Research, design, development, manufacture and marketing of Logic IC, 6-inch wafer product, test, and OEM	$ 4,436,920	$ 4,436,920	214,954,635	51.21	$ 8,549,443	$ 2,420,434	$ 1,239,455	
	WIC	British Virgin Islands	Investment holding	2,758,517	2,758,517	87,960,000	100.00	1,961,148	34,213	34,213	
	WEHK	Hong Kong	Sales of semiconductor and investment holding	278,158	278,158	71,150,000	100.00	679,024	111,401	111,398	
	METC	Japan	Software and hardware integration design of semiconductor	167,660	167,660	4,000	100.00	296,766	75,019	75,019	
	AMTC	Japan	Manufacture of semiconductor and smart factory solutions	237,052	-	4,000	100.00	285,056	68,281	68,281	Note 1
	Landmark	British Virgin Islands	Investment holding	-	168,755	-	-	-	(21,983)	(21,983)	Note 2
	WECJ	Japan	Research, development, sales and after-sales service of semiconductor	190,070	190,070	2,970	100.00	346,194	55,369	55,369	
	GTD	Seychelles	Investment holding	-	155,663	-	-	-	(82)	(82)	Note 3
	WEIL	India	Sales and service of semiconductor	133,617	-	27,998,400	99.99	131,382	(62)	(23)	Note 3
	Callisto	Hong Kong	Electronic commerce and investment holding	156,292	156,292	40,000,000	100.00	76,792	(19,164)	(19,164)	
	WTL	Israel	Design and service of semiconductor	21,242	21,242	100,000	100.00	102,148	9,312	9,312	
	WEG	Germany	Marketing service of semiconductor	28,679	28,679	850,000	100.00	29,002	2,303	2,303	
	PCI	Hong Kong	Investment holding	-	2,967	-	-	-	19	19	Note 4
	Chin Xin	Taiwan	Investment holding	1,874,825	1,874,825	182,840,999	38.00	8,842,850	778,816	293,542	
	ThCC	Taiwan	Agriculture and forestry botanic conservation	270,000	240,000	27,000,000	15.00	284,474	4,480	228	Note 5
WIC	WECA	United States of America	Design, sales and service of semiconductor	1,683,207	1,683,207	3,067	100.00	2,003,939	34,345	34,345	
Callisto	CTL	Hong Kong	Electronic commerce and investment holding	30,895	30,895	1,000,000	100.00	30,725	385	385	
				USD 1,000	USD 1,000			USD 1,001	USD 12	USD 12	
GTD	WEIL	India	Sales and service of semiconductor	-	135,415	-	-	-	(62)	(39)	Note 3
METC	MTTC	Taiwan	Development of software and services for automotive and industrial control	3,000	3,000	300,000	100.00	2,838	(162)	(162)	
NTC	NTHK	Hong Kong	Sales of semiconductor	427,092	427,092	107,400,000	100.00	703,987	101,154	101,154	
	MML	British Virgin Islands	Investment holding	274,987	274,987	8,897,789	100.00	282,496	4,262	4,262	
	NIH	British Virgin Islands	Investment holding	515,251	590,953	15,633,161	100.00	370,049	71,938	71,938	Note 6
	SYI	Taiwan	Investment holding	38,500	38,500	3,850,000	100.00	161,693	11,260	11,260	
	NTIPL	India	Design, sales and service of semiconductor	30,211	30,211	600,000	100.00	21,564	30	30	
	NTCA	United States of America	Design, sales and service of semiconductor	190,862	190,862	60,500	100.00	219,309	8,827	8,827	
	NTSG	Singapore	Design, sales and service of semiconductor	1,319,054	1,319,054	45,100,000	100.00	2,021,289	59,001	59,001	
	NTKL	Korea	Design, sales and service of semiconductor	30,828	30,828	125,000	100.00	13,804	1,402	1,402	
	NTHJ	Japan	Investment holding	5,927,849	5,927,849	100	100.00	8,527,820	1,368,696	1,368,696	
	NTG	Germany	Customer service and technical support of semiconductor	67,980	-	2,000,000	100.00	67,960	-	-	Note 7
MML	GLLC	United States of America	Investment holding	1,473,559	1,473,559	-	100.00	282,622	4,661	4,661	
NIH	NTIL	Israel	Design and service of semiconductor	46,905	46,905	1,000	100.00	369,080	69,907	69,907	
NTHJ	NTCJ	Japan	Design, sales and service of semiconductor	111,520	111,520	9,480	100.00	11,695,970	1,368,454	1,368,454	
NTCJ	AMTC	Japan	Manufacture of semiconductor and smart factory solutions	-	55,760	-	-	-	-	-	Note 1
	TPSCo.	Japan	Foundry and sales of semiconductor	1,708,037	1,648,451	49,539	49.00	1,824,673	363,783	162,270	Note 8

Note 1: The acquisition of 100% ownership of AMTC from NTCJ was approved by WEC’s board meeting in November 2022. The acquisition date was set in January 2023.

Note 2: Landmark completed the liquidation and legal procedures in June 2023.

Note 3: GTD completed the liquidation and legal procedures in October 2023. Due to the dissolution of GTD, the Company changed its 99.99% of ownership interest in WEIL from indirect to direct.

Note 4: PCI completed the liquidation and legal procedures in September 2023.

Note 5: WEC participated in ThCC's cash capital increase of 100,000 thousand shares and subscribed for 3,000 thousand shares at a par value of NT$10 per share.

Note 6: The board of directors of NIH resolved to reduce capital by 2,327 thousand shares in an amount of NT$75,702 thousand in May 2023.

Note 7: NTC established NTG in Germany in December 2023, and acquired 100% of its ownership.

Note 8: NTCJ’s share of profit (loss) includes downstream and upstream transactions.

Note 9: Refer to Table 7 for information on investment in mainland China.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

1. Information on any investee company in mainland China, main businesses and procedures, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
WECN	Design, development and marketing of VLSI integrated ICs	$ 276,435 (USD 9,000)	Through investing in WEHK in the third area, which then invested in the investee in mainland China indirectly	$ 276,435 (USD 9,000)	$ -	$ -	$ 276,435 (USD 9,000)	$ 29,011	100.00	$ 29,011	$ 300,728	$ 35,880
NTSH	Provide project of sale in China and repairing, testing, consulting of software and equipment leasing business	68,036 (USD 2,000)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	68,036 (USD 2,000)	-	-	68,036 (USD 2,000)	165	51.21	84	144,822	-
WENJ	Computer software service (except I.C. design)	- (Note 2)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	16,429 (USD 500)	-	-	16,429 (USD 500)	(47)	-	(24)	-	-
NTSZ	Computer software service (except I.C. design), wholesale business for computer, supplement and software	197,670 (USD 6,000)	Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly	197,670 (USD 6,000)	-	-	197,670 (USD 6,000)	6,366	51.21	3,260	117,644	-
Song Zhi Suzhou	Provide development of semiconductor and technology, consult service and equipment leasing business	8,688 (CNY 2,000) (Note 3)	Through investing in NTSH in the third area, which then invested in the investee in mainland China indirectly	- (Note 3)	-	-	- (Note 3)	(271)	51.21	(139)	3,988	-

Note 1: The gain or loss on investment for the year ended December 31, 2023 was recognized on the basis of the financial statements audited by the auditor.

Note 2: WENJ completed the liquidation and legal procedures in May 2023.

Note 3: NTSH directly injected the capital in Song Zhi Suzhou.

2. Information on any investee company in mainland China, main businesses and procedures, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income:

Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
WEC	$ 276,435 (USD9,000)	$ 276,435 (USD9,000)	$ 55,378,090
NTC	282,135 (USD8,500)	282,135 (USD8,500)	10,038,626

Note 4: Upper limit on the amount of 60% of the investee's net carrying amount.

3. Refer to Table 4 for significant transactions with the investee in mainland China directly and indirectly through investing in companies in the third area.

4. Handling endorsement, guarantee and collateral to the investee in mainland China directly and indirectly through investing in companies in the third area: None.

5. Financing of funds to investee in mainland China directly and indirectly through investing in companies in the third area: None.

6. Other transactions with significant influence on profit or loss for the period or financial performance: None.

TABLE 8

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			Percentage of Consolidated Total Gross Sales or Total Assets (%)
				Financial Statement Account	Amount	Terms (Note 1)	
0	WEC	WEHK	Transactions between parent company and subsidiaries	Operating revenue	$ 7,869,748	-	10
		WEHK	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	717,591	-	-
		WECA	Transactions between parent company and subsidiaries	Operating revenue	1,241,952	-	2
		WECA	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	114,601	-	-
		WECA	Transactions between parent company and subsidiaries	Operating expenses	632,407	-	1
		WECA	Transactions between parent company and subsidiaries	Other payables	164,111	-	-
		WECJ	Transactions between parent company and subsidiaries	Operating revenue	3,883,542	-	5
		WECJ	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	265,616	-	-
		WECJ	Transactions between parent company and subsidiaries	Operating expenses	289,875	-	-
		WTL	Transactions between parent company and subsidiaries	Operating expenses	369,923	-	-
		WECN	Transactions between parent company and subsidiaries	Operating revenue	2,061,742	-	3
		NTC	Transactions between parent company and subsidiaries	Other revenue	130,907	-	-
1	AMTC	NTCJ	Transactions between subsidiaries	Operating revenue	255,222	-	-
2	NTC	NTHK	Transactions between parent company and subsidiaries	Operating revenue	7,952,135	-	11
		NTHK	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	1,213,476	-	1
		NTCA	Transactions between parent company and subsidiaries	Operating revenue	125,605	-	-
		NTSG	Transactions between parent company and subsidiaries	Operating revenue	661,206	-	1
		NTCJ	Transactions between parent company and subsidiaries	Operating revenue	908,377	-	1
		NTCJ	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	207,534	-	-
		NTSZ	Transactions between parent company and subsidiaries	Operating revenue	191,873	-	-
		NTSG	Transactions between parent company and subsidiaries	Operating costs	596,847	-	1
		NTCJ	Transactions between parent company and subsidiaries	Operating costs	6,372,549	-	8
		NTCJ	Transactions between parent company and subsidiaries	Accounts payable due to related parties	600,655	-	-
		NTIL	Transactions between parent company and subsidiaries	Other payables	140,949	-	-
		NTIL	Transactions between parent company and subsidiaries	Operating expenses	1,196,938	-	2
		NTCA	Transactions between parent company and subsidiaries	Operating expenses	429,561	-	1
3	NTCJ	NTSG	Transactions between subsidiaries	Operating revenue	5,132,532	-	7
		NTSG	Transactions between subsidiaries	Accounts receivable due from related parties	273,847	-	-
		NTHK	Transactions between subsidiaries	Operating revenue	2,867,867	-	4
		NTHK	Transactions between subsidiaries	Accounts receivable due from related parties	238,538	-	-
4	NTSG	NTCJ	Transactions between subsidiaries	Operating revenue	5,436,698	-	7
		NTCJ	Transactions between subsidiaries	Accounts receivable due from related parties	306,787	-	-
		NTHK	Transactions between subsidiaries	Operating revenue	453,014	-	1

Note 1: There is no significant difference between the sales conditions of parent-subsidiary sales and general sales, and the rest of the transactions have no similar transactions to follow, thus the transactions between the two parties are based on the agreement.

Note 2: Significant intercompany transactions refer to transactions amounted to NT$100 million.

TABLE 9

WINBOND ELECTRONICS CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Walsin Lihwa Corporation	919,380,016	21.99
Chin Xin Investment Co., Ltd.	260,003,436	6.22

Note 1: Table 9 is based on the information on the last business day of the quarter provided by the Taiwan Depository & Clearing Corporation (TDCC). The TDCC calculate the total number of ordinary shares and preference shares held by shareholders who retain more than 5% of the Company's share (including treasury shares) that have delivered without physical registration. The number of shares in the Company's consolidated financial report and the actual number of shares delivered without physical registration may differ due to the different calculation basis.

Note 2: As per information above, if the shareholder delivers the shares to the trust, shares will be disclosed based on the trustee's account. Additionally, according to the Securities and Exchange Act, internal stakeholder who holds more than 10% of the Company's share, which includes shares held by the stakeholder and parts delivered to the trust that have decision making rights, should be declared. For information regarding internal stakeholder declaration, refer to the Market Observation Post System website of the Taiwan Stock Exchange Corporation.