PHOENIX SILICON INTERNATIONAL CORPORATION

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

PHOENIX SILICON INTERNATIONAL CORPORATION

DECEMBER 31, 2023 AND 2022 FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23003533

To the Board of Directors and Shareholders of Phoenix Silicon International Corporation

Opinion

We have audited the accompanying balance sheets of Phoenix Silicon International Corporation and subsidiaries (the "Company") as at December 31, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

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

Basis for opinion

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

Key audit matters

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

Key audit matters for the Company’s 2023 financial statements are stated as follows:

Accuracy of revenue recognition

<u>Description</u>

Please refer to Note 4(30) for accounting policies on revenue recognition and Note 6(22) for details of operating revenue account.

The Company is primarily engaged in the professional processing of semiconductor wafer, such as reclaiming, thinning and other services. Service revenue was derived from the transfer of services over time and satisfied performance obligation. The Company measured the completion degree of performance obligation based on the invested cost which is for satisfying the performance obligation relative to the expected total cost for satisfying the performance obligation as the basic determination. Considering that the estimates of expected total cost were uncertain and will affect the accuracy of revenue recognition based on the completion degree of performance obligation of unfinished orders, thus, we consider the accuracy of revenue recognition as a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included :

Obtained an understanding and assessed the accounting policy of revenue recognition and tested the effectiveness of related internal control's design and execution. Checked the related evidence and calculation of the completion degree measurement of performance obligation.

Audit of capitalisation of property, plant and equipment

Description

Please refer to Note 4(15) for accounting policies on property, plant and equipment and Note 6(7) for details of property, plant and equipment.

The Company is primarily engaged in the professional processing of semiconductor wafer, such as reclaiming, thinning and other services. In order to continuously develop advanced technical capacity to satisfy customers' demand, the Company has to increase its capital expenditure. Considering the amount of capital expenditure of current year was material, thus, we consider the capitalisation of property, plant and equipment as a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included :

Evaluated and tested the effectiveness of related internal control of the timing of additions and recognition of depreciation of property, plant and equipment. Sampled and verified related purchase orders, invoices and others to confirm that the transaction has been adequately approved and the accuracy of accounted amount is correct. Sampled the acceptance report to confirm that the assets have reached usable state and whether the timing of listing into general inventory and recognising depreciation were accurate.

Other matter – Parent company only financial statements

We have audited and expressed an unqualified opinion on the parent company only financial statements of Phoenix Silicon International Corporation as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Liu, Chien-Yu	Hsieh, Chih-Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

February 22, 2024

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

PHOENIX SILICON INTERNATIONAL CORPORATION
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,551,126	17	$ 1,070,340	13
1110	Current financial assets at fair value through profit or loss	6(2)	1,321	-	-	-
1140	Current contract assets	6(22)	497,682	6	266,439	3
1150	Notes receivable, net	6(4)	-	-	86	-
1170	Accounts receivable, net	6(4)	379,363	4	414,091	5
1200	Other receivables		3,005	-	26,034	-
1210	Other receivables due from related parties	7	-	-	16	-
130X	Inventories	6(5)	211,588	2	258,799	3
1410	Prepayments		19,259	-	14,201	-
1460	Non-current assets or disposal groups classified as held for sale, net	6(11)	102,822	1	-	-
1470	Other current assets		2,253	-	1,136	-
11XX	**Current Assets**		2,768,419	30	2,051,142	24
	Non-current assets					
1535	Non-current financial assets at amortised cost	6(3) and 9	13,555	-	13,055	-
1550	Investments accounted for using equity method	6(6)	-	-	82,341	1
1600	Property, plant and equipment	6(7) and 9	5,849,745	64	5,611,342	65
1755	Right-of-use assets	6(8)	325,694	4	336,331	4
1780	Intangible assets		30,468	-	22,687	-
1840	Deferred income tax assets	6(29)	27,568	-	26,162	1
1900	Other non-current assets	6(10)	168,553	2	455,894	5
15XX	**Non-current assets**		6,415,583	70	6,547,812	76
1XXX	**Total assets**		$ 9,184,002	100	$ 8,598,954	100

(Continued)

PHOENIX SILICON INTERNATIONAL CORPORATION
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(22)	$ 79	-	$ 140	-
2170	Accounts payable		139,525	2	234,513	3
2200	Other payables	6(13)	368,542	4	465,019	5
2220	Other payables to related parties	6(13) and 7	-	-	1,253	-
2230	Current income tax liabilities		25,011	-	34,307	-
2280	Current lease liabilities		14,251	-	14,881	-
2320	Long-term liabilities, current portion	6(15) and 9	619,925	7	503,910	6
2399	Other current liabilities, others	7	166	-	367	-
21XX	**Current Liabilities**		1,167,499	13	1,254,390	14
	Non-current liabilities					
2540	Long-term borrowings	6(15) and 9	3,722,784	41	3,985,557	47
2550	Provisions for liabilities - non-current	6(17)	21,472	-	17,417	-
2570	Deferred tax liabilities	6(29)	1,278	-	-	-
2580	Non-current lease liabilities		310,883	3	324,604	4
2600	Other non-current liabilities		24,652	-	25,678	-
25XX	**Non-current liabilities**		4,081,069	44	4,353,256	51
2XXX	**Total Liabilities**		5,248,568	57	5,607,646	65
	Equity					
	Share capital	6(19)				
3110	Share capital - common stock		1,726,280	19	1,526,280	18
	Capital surplus	6(20)				
3200	Capital surplus		1,449,236	16	744,225	8
	Retained earnings	6(21)				
3310	Legal reserve		197,755	2	164,774	2
3350	Unappropriated retained earnings		562,163	6	556,029	7
3XXX	**Total equity**		3,935,434	43	2,991,308	35
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9				
	Significant Events After the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 9,184,002	100	$ 8,598,954	100

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

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22)	$ 3,327,700	100	$ 3,138,053	100
5000	Operating costs	6(5)(27)(28)	(2,571,184)	(77)	(2,306,263)	(73)
5950	Gross profit from operating		756,516	23	831,790	27
	Operating expenses	6(27)(28)				
6100	Selling expenses		(42,712)	(1)	(40,262)	(1)
6200	Administrative expenses		(355,435)	(11)	(340,213)	(11)
6300	Research and development expenses		(128,948)	(4)	(143,324)	(5)
6000	Total operating expenses		(527,095)	(16)	(523,799)	(17)
6900	Operating profit		229,421	7	307,991	10
	Non-operating income and expenses					
7100	Interest income	6(23) and 7	8,621	-	2,939	-
7010	Other income	6(24) and 7	7,968	-	9,355	-
7020	Other gains and losses	6(6)(25)	168,783	5	106,800	4
7050	Finance costs	6(26)	(61,341)	(2)	(30,626)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method	6(6)	(3,415)	-	(23,800)	(1)
7000	Total non-operating income and expenses		120,616	3	64,668	2
7900	**Profit before income tax**		350,037	10	372,659	12
7950	Income tax expense	6(29)	(38,043)	(1)	(47,408)	(1)
8200	**Profit for the year**		$ 311,994	9	$ 325,251	11
8311	Gain on remeasurements of defined benefit plan	6(16)	$ 2,314	-	$ 5,701	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	(463)	-	(1,140)	-
8300	**Total other comprehensive income for the year**		$ 1,851	-	$ 4,561	-
8500	**Total comprehensive income for the year**		$ 313,845	9	$ 329,812	11
	Basic earnings per share	6(30)				
9750	Total basic earnings per share		$ 2.02		$ 2.17	
	Diluted earnings per share	6(30)				
9850	Total diluted earnings per share		$ 2.00		$ 2.06	

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

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained earnings: Legal reserve	Retained earnings: Unappropriated retained earnings	Total equity
Year 2022						
Balance at January 1, 2022		$ 1,403,525	$ 610,258	$ 141,374	$ 361,899	$ 2,517,056
Profit for the year		-	-	-	325,251	325,251
Other comprehensive income for the year		-	-	-	4,561	4,561
Total comprehensive income		-	-	-	329,812	329,812
Distribution of 2021 earnings:	6(21)					
Legal reserve		-	-	23,400	(23,400)	-
Cash dividends		-	-	-	(112,282)	(112,282)
Stock dividends from capital surplus		84,211	(84,211)	-	-	-
Conversion of convertible bonds		38,544	208,709	-	-	247,253
Changes in equity of associate accounted for using equity method	6(20)	-	9,469	-	-	9,469
Balance at December 31, 2022		$ 1,526,280	$ 744,225	$ 164,774	$ 556,029	$ 2,991,308
Year 2023						
Balance at January 1, 2023		$ 1,526,280	$ 744,225	$ 164,774	$ 556,029	$ 2,991,308
Profit for the year		-	-	-	311,994	311,994
Other comprehensive income for the year		-	-	-	1,851	1,851
Total comprehensive income		-	-	-	313,845	313,845
Distribution of 2022 earnings:	6(21)					
Legal reserve		-	-	32,981	(32,981)	-
Cash dividends		-	-	-	(274,730)	(274,730)
Changes in equity of associate accounted for using equity method	6(6)(20)	-	102	-	-	102
Loss of significant influence over investments accounted for using equity method	6(6)(20)	-	(9,571)	-	-	(9,571)
Cash capital increase	6(19)	200,000	700,000	-	-	900,000
Share-based payments	6(18)(20)	-	14,480	-	-	14,480
Balance at December 31, 2023		$ 1,726,280	$ 1,449,236	$ 197,755	$ 562,163	$ 3,935,434

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

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 350,037	$ 372,659
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(27)	798,281	587,136
Amortization	6(27)	14,871	15,880
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(25)	(137,416)	3,127
Interest expense	6(26)	61,341	30,626
Interest income	6(23)	(8,621)	(2,939)
Share of loss of associates accounted for using equity method	6(6)	3,415	23,800
Gain on disposals of property, plant and equipment	6(25)	(229)	(5,740)
Gain on disposal of investments	6(6)(25)	(29,605)	(61,467)
Share-based payment	6(18)	14,480	-
Profit from lease modification		(5)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial asset at fair value through profit or loss, mandatorily measured at fair value		2,495	(1,061)
Contract assets		(231,243)	(188,848)
Notes receivable		86	99
Accounts receivable		34,728	48,859
Accounts receivable due from related parties		-	331
Other receivables		23,108	(23,242)
Other receivables due from related parties		-	(16)
Inventories		47,211	(93,140)
Prepayments		(5,058)	2,309
Other current assets		(1,405)	1,578
Other non-current assets		(442)	(271)
Changes in operating liabilities			
Financial liabilities held for trading		(8,444)	-
Contract liabilities		(61)	(17)
Accounts payable		(94,988)	81,072
Other payables		(56,338)	53,627
Other payables to related parties		-	(5)
Other current liabilities		(202)	(1,494)
Net defined benefit liability		(1,484)	(1,225)
Long-term payables		2,380	(774)
Cash inflow generated from operations		776,892	840,864
Interest received		8,559	2,880
Interest paid		(51,336)	(20,523)
Income taxes paid		(47,466)	(23,003)
Net cash flows from operating activities		686,649	800,218

(Continued)

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through profit or loss		$ 241,106	$ 15,683
Acquisition of financial assets at amortized cost		(500)	(9,432)
Proceeds from disposal of financial assets at amortized cost		-	8,794
Proceeds from disposal of investments accounted for using equity method	6(6)	-	90,298
Acquisition of property, plant and equipment	6(31)	(890,863)	(2,601,324)
Capitalisation of interest paid	6(7)(31)	(23,546)	(25,162)
Proceeds from disposal of property, plant and equipment		14,192	8,839
Acquisition of intangible assets	6(31)	(9,527)	(11,878)
Increase in refundable deposits		(1,756)	(43,487)
Decrease in refundable deposits		2,044	42,279
Net cash flows used in investing activities		(668,850)	(2,525,390)
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of convertible bonds	6(32)	-	(753,926)
Increase in long-term borrowings	6(32)	400,000	3,068,910
Repayment of long-term borrowings	6(32)	(547,760)	(475,622)
Increase in guarantee deposits received	6(32)	162	396
Decrease in guarantee deposits received	6(32)	(231)	(338)
Repayment of principal portion of lease liabilities	6(32)	(14,454)	(13,625)
Cash dividends paid	6(21)	(274,730)	(112,282)
Proceeds from issuing shares	6(19)	900,000	-
Net cash flows from financing activities		462,987	1,713,513
Net increase (decrease) in cash and cash equivalents		480,786	(11,659)
Cash and cash equivalents at beginning of year	6(1)	1,070,340	1,081,999
Cash and cash equivalents at end of year	6(1)	$ 1,551,126	$ 1,070,340

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

PHOENIX SILICON INTERNATIONAL CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Phoenix Silicon International Corporation (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C) in March 1997 and has begun operations in June 1998. The Company is primarily engaged in the research, development, manufacture and sale of regenerative wafers, test wafers, product wafers, solar cells, energy storage lithium batteries and the import and export trade related to the Company's business.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorised for issuance by the Board of Directors on February 22, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

Foreign currency transactions and balances

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon retranslation at the balance sheet date are recognised in profit or loss.

C. All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets arising mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly for trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For debt instruments measured at fair value through financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Leasing arrangements (lessor) － operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(14) Investments accounted for using equity method / associates

A. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

E. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 51 years
Machinery and equipment	2 ~ 10 years
Transportation equipment	2 ~ 6 years
Office equipment	2 ~ 7 years
Leased assets	6 years
Other equipment	3 ~ 10 years

(16) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments consists of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any initial direct costs incurred by the lessee; and

(c) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(17) Intangible assets

A. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 10 years.

B. Other intangible assets are line subsidies and other expenses are amortised using the straight-line method over 3 years.

(18) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services.

B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges, or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(22) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of 'capital surplus - share options'.

(23) <u>Derecognition of financial liabilities</u>

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(24) <u>Non-hedging and embedded derivatives</u>

A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.

C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(25) Provisions

Provisions－decommissioning liabilities are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(26) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(27) Income taxes

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(28) <u>Share capital</u>

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(29) <u>Dividends</u>

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities, stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(30) <u>Revenue recognition</u>

A. Sales revenue

(a) The Company provides manufacturing and sales of semiconductor wafers and energy storage lithium batteries. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) The Company's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales of services

The Company provides semiconductor subcontracting services and other related businesses. In the process of providing subcontracting services, the Company considers that :

(a) Customers control the raw materials they provided and the Company accepts instructions from customers for subcontracting services for the formerly disclosed assets.

(b) The Company may only use assets provided by customers and controlled by customers for subcontracting services to create or enhance such assets and may not convert such assets to other uses.

Since the customer owns the asset, assumes the significant risks and rewards of ownership and has the right to decide the disposal of the asset, the Company recognises revenue for subcontracting services based on the degree of completion of performance obligations during the service period.

The degree of completion of the Company's subcontracting services is determined based on the service costs actually incurred as a percentage of the estimated total service costs. The Company provides subcontracting services according to the specifications required by the customers and therefore the service costs incurred are not averaged over the period of service provision. The Company believes that the aforementioned approach is appropriate to measure the degree of completion of performance obligations to customers.The customer pays the price of the subcontracting service according to the agreed payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

C. Financing components

As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(31) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Company's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Measurement of the completion degree of performance obligation

The Company is primarily engaged in the professional processing of semiconductor wafer, such as reclaiming, thinning and other services and recognises revenue by measuring the completion degree of performance obligation in the period in which the services are rendered. For the completion degree of semiconductor wafers professional processing services, the management recognises revenue on the basis of the invested cost which is for satisfying the performance obligation relative to the expected total cost for satisfying the performance obligation. As the estimates of total expected cost were uncertain and require the management to apply critical estimates in making the determination, there might be material changes to the estimates. As of December 31, 2023, the contract assets recognised for the Company's unfinished orders according to the completion degree of performance obligation amounted to $497,682.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023		December 31, 2022	
Cash on hand and petty cash	$	218	$	310
Demand deposits		610,908		830,030
Time deposits		940,000		240,000
Total	$	1,551,126	$	1,070,340

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others. For pledged time deposits that were accounted as financial assets at amortised cost, please refer to Note 8.

(2) Financial assets at fair value through profit or loss

items	December 31, 2023		December 31, 2022	
Current items:				
Derivative instruments	$	1,321	$	-

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,			
	2023		2022	
Financial assets mandatorily measured at fair value through profit or loss				
Listed stocks	$	-	($	1,417)
Unlisted stocks		142,044		-
Derivative instruments		3,816		107
Total	$	145,860	($	1,310)

B. On February 1, 2023, the convertible bonds which were issued by Phoenix Battery Corporation were all converted into common stocks. As a result, the Company's ownership of Phoenix Battery Corporation dropped from 25.28% to 18.07%. Thus, starting from the date, the Company did not have significant influence on Phoenix Battery Corporation. The Company recognised current financial assets at fair value through profit or loss on the ownership investment of 18.07% according to the fair value at that date in the amount of $96,072, reclassified all of the amounts previously recognised in capital surplus from equity to profit or loss in the amount of $9,571 due to changes in ownership interests in the associate, and then recognised gains on disposal of investments in the amount of $26,615.

C. The Company gradually disposed all the shares of Phoenix Battery Corporation from July 2023 to December 2023, for proceeds of $241,106, and the gain on disposal amounted to $142,044.

D. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2023	
Non-hedging derivative financial assets	Contract amount (notional principal)	Contract period
Current items:		
Forward foreign exchange contracts	USD 2,000	2023.12.13~2024.01.05

On December 31, 2022: None.

The Company entered into forward foreign exchange contracts to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

E. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Non-current items：		
Pledged time deposits	$ 13,555	$ 13,055

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31,	
	2023	2022
Interest income	$ 114	$ 124

B. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposit are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ -	$ 86
Accounts receivable	$ 379,363	$ 414,091
Less: Allowance for uncollectible accounts	-	-
	$ 379,363	$ 414,091

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 378,689	$ -	$ 409,898	$ 86
Up to 30 days	534	-	3,767	-
31 to 90 days	140	-	426	-
	$ 379,363	$ -	$ 414,091	$ 86

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $463,466.

C. The Company has no notes and accounts receivable pledged to others as collateral.

D. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were $0 and $86; $379,363 and $414,091, respectively.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 280,837	($ 85,143)	$ 195,694
Work in progress	1,847	(85)	1,762
Finished goods	14,397	(265)	14,132
Total	$ 297,081	($ 85,493)	$ 211,588

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 299,044	($ 58,553)	$ 240,491
Work in progress	4,218	(37)	4,181
Finished goods	14,363	(236)	14,127
Total	$ 317,625	($ 58,826)	$ 258,799

The cost of inventories recognised as expense for the period:

	Years ended December 31, 2023	2022
Cost of goods sold	$ 2,555,378	$ 2,305,338
Loss on decline in market value	26,667	14,033
Revenue from sales of scraps	(118)	(87)
Others	(10,743)	(13,021)
	$ 2,571,184	$ 2,306,263

(6) Investments accounted for using equity method

	2023	2022
At January 1	$ 82,341	$ 125,503
Disposal of investments accounted for using equity method	(79,028)	(28,831)
Share of profit or loss of investments accounted for using the equity method	(3,415)	(23,800)
Changes in equity of associates	102	9,469
At December 31	$ -	$ 82,341

A. For the year ended December 31, 2022, the Company disposed some equity interests at a disposal price of $90,298 with a gain on disposal of $61,467 and the ownership was decreased to 25.28%.

B. On February 1, 2023, the convertible bonds which were issued by Phoenix Battery Corporation were all converted into common stocks. As a result, the Company's ownership of Phoenix Battery Corporation dropped from 25.28% to 18.07%. Thus, starting from the date, the Company did not have significant influence on Phoenix Battery Corporation. The Company recognised current financial assets at fair value through profit or loss on the ownership investment of 18.07% according to the fair value at that date in the amount of $96,072, reclassified all of the amounts previously recognised in capital surplus from equity to profit or loss in the amount of $9,571 due to changes in ownership interests in the associate, and then recognised gains on disposal of investments in the amount of $26,615.

C. The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarised below:

As of December 31, 2023 and 2022, the carrying amount of the Company's individually immaterial associates amounted to $0 and $82,341, respectively.

	Years ended December 31, 2023	2022
Loss for the period from continuing operations	($ 13,509)	($ 86,843)
Total comprehensive loss	($ 13,509)	($ 86,843)

Note: Phoenix Battery Corporation was no longer an associate since February 1, 2023, and accordingly, it only disclosed the operating result from January 1, 2023 to January 31, 2023.

(7) Property, plant and equipment

	2023						
	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
At January 1							
Cost	$ 2,292,667	$ 4,280,007	$ 11,380	$ 25,393	$ 87,149	$ 2,015,824	$ 8,712,420
Accumulated depreciation	(651,328)	(2,370,806)	(7,845)	(18,687)	(52,412)	-	(3,101,078)
	$ 1,641,339	$ 1,909,201	$ 3,535	$ 6,706	$ 34,737	$ 2,015,824	$ 5,611,342
At January 1	$ 1,641,339	$ 1,909,201	$ 3,535	$ 6,706	$ 34,737	$ 2,015,824	$ 5,611,342
Additions	186,603	512,407	-	11,385	7,061	428,921	1,146,377
Disposals	-	(13,963)	-	-	-	-	(13,963)
Reclassifications (transfers) (Note)	176,435	1,380,285	-	13,140	(1,333)	(1,678,542)	(110,015)
Depreciation charge	(212,419)	(552,364)	(1,263)	(5,751)	(12,199)	-	(783,996)
At December 31	$ 1,791,958	$ 3,235,566	$ 2,272	$ 25,480	$ 28,266	$ 766,203	$ 5,849,745
At December 31							
Cost	$ 2,519,688	$ 5,966,522	$ 6,363	$ 37,274	$ 68,523	$ 766,203	$ 9,364,573
Accumulated depreciation	(727,730)	(2,730,956)	(4,091)	(11,794)	(40,257)	-	(3,514,828)
	$ 1,791,958	$ 3,235,566	$ 2,272	$ 25,480	$ 28,266	$ 766,203	$ 5,849,745

Note:Refers to the transfer to Non-current assets (or disposal groups) held for sale amounting to $102,822, transfer to intangible assets amounting to $6,669 and transfer to Right-of-use assets amounting to $524.

	2022							
	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leased assets	Other equipment	Unfinished construction and equipment pending acceptance	Total
At January 1								
Cost	$ 2,012,590	$ 3,371,258	$ 9,172	$ 21,760	$ 110	$ 72,997	$ 694,787	$ 6,182,674
Accumulated depreciation	(488,061)	(1,996,675)	(6,800)	(15,373)	(110)	(39,898)	-	(2,546,917)
	$ 1,524,529	$ 1,374,583	$ 2,372	$ 6,387	$ -	$ 33,099	$ 694,787	$ 3,635,757
At January 1	$ 1,524,529	$ 1,374,583	$ 2,372	$ 6,387	$ -	$ 33,099	$ 694,787	$ 3,635,757
Additions	151,916	450,538	2,208	3,633	-	14,382	1,930,187	2,552,864
Disposals	-	(3,099)	-	-	-	-	-	(3,099)
Reclassifications (transfers) (Note)	128,161	480,353	-	-	-	-	(609,150)	(636)
Depreciation charge	(163,267)	(393,174)	(1,045)	(3,314)	-	(12,744)	-	(573,544)
At December 31	$ 1,641,339	$ 1,909,201	$ 3,535	$ 6,706	$ -	$ 34,737	$ 2,015,824	$ 5,611,342
At December 31								
Cost	$ 2,292,667	$ 4,280,007	$ 11,380	$ 25,393	$ -	$ 87,149	$ 2,015,824	$ 8,712,420
Accumulated depreciation	(651,328)	(2,370,806)	(7,845)	(18,687)	-	(52,412)	-	(3,101,078)
	$ 1,641,339	$ 1,909,201	$ 3,535	$ 6,706	$ -	$ 34,737	$ 2,015,824	$ 5,611,342

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Years ended December 31,	
	2023	2022
Amount capitalised	$ 23,546	$ 25,162
Range of the interest rates for capitalisation	1.51%~1.83%	1.04%~1.84%

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(8) Leasing arrangements－lessee

A. The Company leases various assets including land and business vehicles. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise employees' dorms, parking lots and warehouse. Low-value assets comprise of furniture and fixtures and other equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	$ 316,543	$ 324,422
Buildings	8,932	10,155
Transportation equipment (Business vehicles)	219	1,754
	$ 325,694	$ 336,331

	Years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	$ 11,420	$ 11,286
Buildings	2,266	1,328
Transportation equipment (Business vehicles)	600	978
	$ 14,286	$ 13,592

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $1,043 and $25,611, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 4,313	$ 4,522
Expense on short-term lease contracts	9,319	9,041
Expense on leases of low-value assets	856	836
Profit from lease modification	5	-

F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $28,942 and $28,024, respectively.

G. Extension and termination options

In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Leasing arrangements－lessor

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 3 and 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.

B. For the years ended December 31, 2023 and 2022, the Company recognised rent income in the amounts of $1,547 and $3,339, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2023			December 31, 2022	
2024	$	1,547	2023	$	1,547
2025		597	2024		1,547
2026		150	2025		597
2027		150	2026		150
After 2028		2,175	After 2027		2,325
Total	$	4,619	Total	$	6,166

(10) Other non-current assets

	December 31, 2023		December 31, 2022	
Prepayments for equipment	$	163,840	$	444,506
Prepayments for intangible assets		1,620		8,077
Guarantee deposits paid		3,040		3,040
Others		53		271
Total	$	168,553	$	455,894

(11) Non-current assets (or disposal groups) held for sale

The assets related to machinery equipment and other equipment have been reclassified as disposal groups held for sale following the approval of the Company's Board of Directors on November 6, 2023 to sell machinery equipment and other equipment. The assets of the disposal groups held for sale as at December 31, 2023 amounted to $102,822.

Assets of disposal company held for sale:

	December 31, 2023		December 31, 2022	
Machinery and equipment	$	101,489	$	-
Other facilities		1,333		-
Total	$	102,822	$	-

(12) Financial liabilities at fair value through profit or loss

Items	December 31, 2023	December 31, 2022
Current items:		
Financial liabilities held for trading		
Derivative instruments	$ -	$ -
Convertible bonds Call/put options	-	-
Valuation adjustment	-	-
Total	$ -	$ -

A. Amounts recognised in profit or loss in relation to financial liabilities at fair value through profit or loss are listed below:

	Years ended December 31,	
	2023	2022
Net losses recognised in profit or loss		
Financial liabilities held for trading		
Derivative instruments	($ 8,444)	($ 1,717)
Convertible bonds Call/put options	-	(100)
Total	($ 8,444)	($ 1,817)

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Company does not adopt hedge accounting are as follows:

There were no such transactions on December 31, 2022 and 2023.

The Company entered into forward foreign exchange contracts to buy to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(13) Other payables

	December 31, 2023	December 31, 2022
Wages and salaries payable	$ 116,053	$ 139,912
Employees' compensation and directors' remuneration payable	71,622	88,053
Payable on machinery and equipment	80,847	129,545
Payable on repair expenses	31,338	28,075
Other accrued expenses	68,682	80,687
Total	$ 368,542	$ 466,272

(14) Bonds payable

	December 31, 2023	December 31, 2022
Bonds payable	$ -	$ -
Less: Discount on bonds payable	-	-
	-	-
Less: Current portion or exercise of put options	-	-
	$ -	$ -

A. The issuance of domestic convertible bonds by the Company

(a) The terms of the first domestics unsecured convertible bonds issued by the Company are as follows:

The Company issued $1,000,000, 0% first domestic unsecured convertible bonds, as approved by regulatory authority. The bonds mature 3 years from the issued date (November 13, 2019 ~ November 13, 2022) and will be redeemed in cash value at the maturity date. The bonds were listed on the Taipei Exchange on November 13, 2019.

i. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

ii. The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model specified in the terms of the bonds on each effective date regulated by the terms. As of November 13, 2022, the last conversion application date, the conversion price was adjusted to NTD 63.90 (in dollars) per share.

iii. The convertible bonds will be redeemed in cash at 100.7519% of face value at the maturity date.

iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value within 30 trading days after the issuance at any time after the following event occurs: the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 30 days before the maturity date.

v. The Company may repurchase all the bonds outstanding in cash at the bonds' face value within 30 trading days after the issuance at any time after the following event occurs: the closing price of the Company's common shares is less than the conversion price by 10% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 30 days before the maturity date.

vi.Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(b) As of November 13, 2022, the last conversion application date, the bonds totaling $246,300 (face value) had been converted into 3,854,404 shares of common stock. The remaining unconverted bonds amounting to $748,300 (face value) had been redeemed in cash at 100.7519% of face value at the maturity date according to Article 6 of the regulations governing the issuance and conversion of the Company's first domestic unsecured convertible bonds.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to $132,294 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective annual interest rate of the bonds after separation was 1.56%.

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Plant syndicated loan (Note 1)	2022.04.15~2029.04.15 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	$ 385,600
Plant loan	2020.07.24~2035.07.24 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	156,544
Mid-term secured syndicated loan (Note 1)	2022.06.15~2029.06.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,887,400
Mid-term secured loan	2020.07.15~2027.12.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,387,715
Unsecured borrowings	2021.12.28~2025.08.25 Repayment by installments and installments over the agreed period	Floating rate	None	380,000
Unsecured borrowings (Note 2)	2022.09.26~2023.12.26 Repayment by installments and installments over the agreed period	Floating rate	None	50,000
Unsecured borrowings (Note 1)	2023.02.07~2026.02.07 Repayment by installments and installments over the agreed period	Floating rate	None	100,000
				4,347,259
Less: Current portion				(619,925)
Less: Arrangement fee for the syndicated loan				(4,550)
				$ 3,722,784
Annual interest rate range				1.30%~2.21%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Plant syndicated loan (Note 1)	2022.04.15~2029.04.15 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	$ 385,600
Plant loan	2017.12.08~2035.07.24 Repayment by installments and installments over the agreed period	Floating rate	Buildings and structures	193,918
Mid-term secured syndicated loan (Note 1)	2022.06.15~2029.06.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,587,400
Mid-term secured loan (Note 2)	2019.04.15~2024.08.14 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	17,500
Mid-term secured loan	2020.07.15~2027.12.15 Repayment by installments and installments over the agreed period	Floating rate	Machinery and equipment	1,485,600
Unsecured borrowings	2021.12.28~2025.08.25 Repayment by installments and installments over the agreed period	Floating rate	None	625,000
Unsecured borrowings (Note 2)	2022.09.26~2023.12.26 Repayment by installments and installments over the agreed period	Floating rate	None	200,000
				4,495,018
Less: Current portion				(503,910)
Less: Arrangement fee for the syndicated loan				(5,551)
				$ 3,985,557
Annual interest rate range				1.18%~1.99%

A. As of December 31, 2023, the Company's unamortised arrangement fee for the syndicated loan amounting to $4,550 was recorded as a deduction amount of initial measurement of long-term secured borrowings and amortised as interest expense over the borrowing period.

B. Details of the collateral for long-term borrowings are provided in Note 8.

Note 1: According to the agreement, the Company should maintain a specific current ratio, debt ratio, interest coverage ratio and shareholders' equity amount every year during the loan period.

Note 2: According to loan the agreement, the Company should maintain a specific net liabilities ratio and ability of interest repayment every six months during the loan period.

(16) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method; to the employees expected to be qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 31,642	$ 36,773
Fair value of plan assets	(22,040)	(23,834)
Net defined benefit liability	$ 9,602	$ 12,939

(c) Movements in net defined benefit liabilities are as follows:

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 35,973	($ 23,034)	$ 12,939
Current service cost	85	-	85
Interest (expense) income	526	(353)	173
	36,584	(23,387)	13,197
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(205)	(205)
Change in demographic assumptions	-	-	-
Change in financial assumptions	449	-	449
Experience adjustments	(2,558)	-	(2,558)
	(2,109)	(205)	(2,314)
Pension fund contribution	-	(1,280)	(1,280)
Paid pension	(2,832)	2,832	-
At December 31	$ 31,643	($ 22,040)	$ 9,603

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ 42,165	($ 22,300)	$ 19,865
Current service cost	86	-	86
Interest (expense) income	211	(118)	93
	42,462	(22,418)	20,044
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,658)	(1,658)
Change in demographic assumptions	-	-	-
Change in financial assumptions	(4,758)	-	(4,758)
Experience adjustments	715	-	715
	(4,043)	(1,658)	(5,701)
Pension fund contribution	-	(1,404)	(1,404)
Paid pension	(2,446)	2,446	-
At December 31	$ 35,973	($ 23,034)	$ 12,939

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence, the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.375%	1.500%
Future salary increases	3.500%	3.500%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 889)	$ 928	$ 892	($ 860)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 1,066)	$ 1,113	$ 1,072	($ 1,032)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysis sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to $1,157.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 11.4 years. The analysis of timing of the future pension payment over the next 10 years was as follows:

Within 1 year	$ 4,475
1-2 year(s)	1,119
2-5 years	2,116
5-10 years	4,872
	$ 12,582

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022, were $32,472 and $29,678, respectively.

(17) Provisions

		Decommissioning liabilities
2023		
At January 1	$	17,417
Additional provisions		3,016
Unwinding of discount		1,039
At December 31	$	21,472

Analysis of total provisions:

	December 31, 2023	December 31, 2022
Non-current	$ 21,472	$ 17,417

Decommissioning liabilities

According to the policy published, applicable agreement or the law/regulation requirement, the Company bears dismantling, removing the asset and restoring the site obligations for certain property, plant and equipment and right-of-use assets in the future. A provision is recognised for the present value of costs to be incurred for dismantling, removing the asset and restoring the site. It is expected that the provision will start to be used within the next 24 to 38 years.

(18) Share-based payment

A.For the years ended December 31, 2023 and 2022, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2023.10.03	2,000,000	NA	Vested immediately

B. The fair value of stock options granted on 2023 is measured using the Black-Scholes- Merton. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit
Cash capital increase reserved for employee preemption	2023.10.03	$ 52.10	$ 45	24.81%	0.1260year	0.99%	$ 7.24

C. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31, 2023	Year ended December 31, 2022
Equity-settled	14,480	-

(19) Share capital

A. As of December 31, 2023, the Company's authorised capital was $4,000,000, consisting of 400,000 thousand shares of ordinary stock (including 40,000 thousand shares reserved for employee stock options), and the paid-in capital was $1,726,280 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

Unit: share

	2023	2022
At January 1	152,628,033	140,352,480
Cash capital increase	20,000,000	-
Converting capital reserve to capital increase	-	8,421,149
Convertible Corporate Bond Conversion	-	3,854,404
At December 31	172,628,033	152,628,033

B. The stock dividends from capital surplus amounting to $84,211 was proposed by the Board of Directors on April 14, 2022, resolved by the shareholders on May 27, 2022 and approved by the regulatory authority on June 16, 2022. Its effective date was set on July 29, 2022 as resolved by the Board of Directors on June 24, 2022.

C. For the year ended December 31, 2023, the Company resolved to increase capital by issuing 20,000 thousand shares at NT$45 per share, totaling $900,000. The effective date for the capital increase was set on November 23, 2023, and the registration of the capital increase was completed.

(20) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2023				
	Share premium	Changes in ownership interests in subsidiaries	Changes in equity of associates	Options	Total
At January 1	$ 663,963	$ 70,793	$ 9,469	$ -	$ 744,225
Changes in equity of associates	-	-	102		102
Loss of significant influence over investments accounted for using equity method	-	-	(9,571)	-	(9,571)
Cash capital increase	700,000	-	-	-	700,000
Share-based payments	-	-	-	14,480	14,480
At December 31	$ 1,363,963	$ 70,793	$ -	$ 14,480	$ 1,449,236

	2022				
	Share premium	Changes in ownership interests in subsidiaries	Changes in equity of associates	Options	Total
At January 1	$ 407,885	$ 70,793	$ -	$ 131,580	$ 610,258
Converting capital reserve to capital increase	(84,211)	-	-	-	(84,211)
Convertible Corporate Bond Conversion	241,293	-	-	(32,584)	208,709
Redemption of convertible bonds at the maturity date	98,996	-	-	(98,996)	-
Changes in equity of associates	-	-	9,469	-	9,469
At December 31	$ 663,963	$ 70,793	$ 9,469	$ -	$ 744,225

(21) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's profit after tax, if any, shall first be used to offset accumulated operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the authorised capital. In addition, after setting aside or reversing special reserve, the remainder along with the beginning unappropriated earnings shall be proposed by the Board of Directors as dividends and submitted to the shareholders for resolution.

Dividends and bonuses or legal reserve and capital surplus distributed in the form of cash shall be authorised to be resolved by the Board of Directors with a majority vote at its meeting attended by two-thirds of the total number of directors and reported to the shareholders' meeting and are not subject to the aforementioned regulations of resolutions from the shareholders.

B. The Company's dividend distribution policy aligns with the current and future development plan by taking into account of factors such as investment environment, capital needs, domestic and overseas competition, along with the consideration of shareholders' interest. Each year, at least 10% of the Company's distributable earnings shall be appropriated as dividends and bonuses, and cash dividends and bonuses shall account for at least 50% of the total dividends and bonuses distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of 2022 and 2021 earnings as resolved by the shareholders at their meetings on May 26, 2023 and May 27, 2022 are as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 32,981		$ 23,400	
Cash dividends	274,730	$ 1.80	112,282	$ 0.80
Total	$ 307,711		$ 135,682	

(22) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers	$ 3,327,700	$ 3,138,053

A. Disaggregation of revenue from contracts with customers

	Years ended December 31,	
	2023	2022
Revenue from external customer contracts	$ 3,327,700	$ 3,138,053
Timing of revenue recognition		
At a point in time	$ 34,854	$ 106,868
Over time	3,292,846	3,031,185
	$ 3,327,700	$ 3,138,053

B. Contract assets and liabilities

The Company has recognised the following revenue-related contract assets and liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract assets	$ 497,682	$ 266,439	$ 77,591
Contract liabilities			
- advance sales receipts	$ 79	$ 140	$ 157

	Years ended December 31,	
	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 140	$ 17

(23) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 8,505	$ 2,815
Interest income from financial assets measured at amortised cost	114	124
Other interest income	2	-
	$ 8,621	$ 2,939

(24) Other income

	Years ended December 31,	
	2023	2022
Rent income	$ 1,547	$ 3,339
Other income, others	6,421	6,016
	$ 7,968	$ 9,355

(25) Other gains and losses

	Years ended December 31,	
	2023	2022
Gains on disposals of property, plant and equipment	$ 229	$ 5,740
Gains on disposals of investments	29,605	61,467
Profit from lease modification	5	-
Net foreign exchange gains	1,528	42,720
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	137,416	(3,127)
	$ 168,783	$ 106,800

(26) Finance costs

	Years ended December 31,	
	2023	2022
Borrowings from financial institutions	$ 55,988	$ 12,734
Bonds payable	-	12,553
Lease liabilities	4,313	4,522
Provisions - unwinding of discount	1,038	817
Other financial cost	2	-
	$ 61,341	$ 30,626

(27) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expense	$ 967,391	$ 930,486
Depreciation charges	798,281	587,136
Amortisation charges on intangible assets	14,871	15,880

(28) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	$ 804,769	$ 780,765
Labour and health insurance fees	74,974	68,773
Pension costs	32,730	29,857
Other personnel expenses	54,918	51,091
	$ 967,391	$ 930,486

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 10%~15% for employees' compensation and shall not be higher than 2% for directors' remuneration.

B. For the years ended December 31, 2023 and 2022, employees' compensation were accrued at $48,842 and $67,348, respectively; while directors' remuneration were accrued at $8,140 and $8,980, respectively. The aforementioned amounts were recognised in salary expenses. For the year ended December 31, 2023, the employees' compensation and directors' remuneration were estimated and accrued based on 12% and 2% of distributable profit of current year as of the end of reporting period.

   Employees' compensation and directors' remuneration of 2023 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2023		Years ended December 31, 2022	
Current tax:				
Current tax on profits for the year	$	33,929	$	42,312
Prior year income tax underestimation		4,705		2,559
Total current tax		38,634		44,871
Deferred tax:				
Origination and reversal of temporary differences	(	591)		2,537
Total deferred tax	(	591)		2,537
Income tax expense	$	38,043	$	47,408

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
Remeasurement of defined benefit obligations	$	463	$	1,140

(c) The income tax charged/(credited) to equity during the period is as follows: None.

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2023		Year ended December 31, 2022	
Tax calculated based on profit before tax and statutory tax rate	$	70,007	$	74,532
Expenses disallowed by tax regulation		29,917		4,760
Tax exempt income by tax regulation	(	63,584)	(	13,645)
Prior year income tax underestimation		4,705		2,559
Effect from investment tax credits	(	15,915)	(	31,316)
Effect from Alternative Minimum Tax		12,913		10,518
Income tax expense	$	38,043	$	47,408

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and investment tax credits are as follows:

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Loss on slow-moving inventories and valuation loss	$ 11,765	$ 5,333	$ -	$ 17,098
Seniority bonus	2,334	476	-	2,810
Decommissioning liabilities	3,483	162	-	3,645
Pensions	2,588	(204)	(463)	1,921
Other	892	1,202	-	2,094
Investment tax credits	5,100	(5,100)	-	-
Subtotal	$ 26,162	$ 1,869	($ 463)	$ 27,568
Deferred tax liabilities:				
- Temporary differences:				
Depreciation on non-current assets held for sale	$ -	($ 1,014)	$ -	($ 1,014)
Unrealised gain on valuation of financial liabilities	-	(264)	-	(264)
Subtotal	$ -	($ 1,278)	$ -	($ 1,278)
Total	$ 26,162	$ 591	($ 463)	$ 26,290

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Loss on slow-moving inventories and valuation loss	$ 8,958	$ 2,807	$ -	$ 11,765
Discount on bonds payable	6,492	(6,492)	-	-
Seniority bonus	2,489	(155)	-	2,334
Decommissioning liabilities	3,320	163	-	3,483
Pensions	3,974	(246)	(1,140)	2,588
Other	539	353	-	892
Investment tax credits	5,577	(477)	-	5,100
Subtotal	$ 31,349	($ 4,047)	($ 1,140)	$ 26,162
Deferred tax liabilities:				
- Temporary differences:				
Unrealised gain on valuation of financial liabilities	($ 1,510)	$ 1,510	$ -	$ -
Total	$ 29,839	($ 2,537)	($ 1,140)	$ 26,162

B. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(30) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 311,994	154,765	$ 2.02
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 311,994	154,765	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,111	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 311,994	155,876	$ 2.00

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 325,251	150,180	$ 2.17
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 325,251	150,180	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	10,124	11,207	
Employees' compensation	-	1,323	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 335,375	$ 162,710	$ 2.06

The abovementioned weighted average number of ordinary shares outstanding had been modified retrospectively according to the ratio of stock dividends from capital surplus for the year ended December 31, 2022.

(31) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	$ 1,146,377	$ 2,552,864
Add: Opening balance of payable on machinery and equipment	129,545	92,918
Add: Ending balance of prepayments for business facilities	163,840	444,506
Less: Ending balance of payable on machinery and equipment	(80,847)	(129,545)
Less: Opening balance of prepayments for business facilities	(444,506)	(334,257)
Less: Capitalisation of interest	(23,546)	(25,162)
Cash paid during the period	$ 890,863	$ 2,601,324

	Years ended December 31,	
	2023	2022
Purchase of intangible assets	$ 15,984	$ 7,747
Add: Ending balance of prepayments	1,620	8,077
Less: Opening balance of prepayments	(8,077)	(3,946)
Cash paid during the period	$ 9,527	$ 11,878

(32) Changes in liabilities from financing activities

	2023			
	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 4,489,467	$ 339,485	$ 1,068	$ 4,830,020
Changes in cash flow from financing activities	(147,760)	(14,454)	(69)	(162,283)
Interest paid on lease liabilities	-	(4,313)	-	(4,313)
Amortisation of interest expense on lease liabilities	-	4,313	-	4,313
Increase in lease liabilities	-	1,043	-	1,043
Decrease in lease modification	-	(941)	-	(941)
Payment of arrangement fee for the syndicated loan	(200)	-	-	(200)
Amortisation of arrangement fee for the syndicated loan	1,202	-	-	1,202
At December 31	$ 4,342,709	$ 325,133	$ 999	$ 4,668,841

	2022				
	Bonds payable	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 988,626	$ 1,901,730	$ 327,499	$ 1,010	$ 3,218,865
Changes in cash flow from financing activities	-	2,593,288	(13,625)	58	2,579,721
Interest paid on lease liabilities	-	-	(4,522)	-	(4,522)
Amortisation of interest expense on lease liabilities	-	-	4,522	-	4,522
Increase in lease liabilities	-	-	25,611	-	25,611
Amortisation of interest expense on bonds payable	12,553	-	-	-	12,553
Convertible corporate bond conversion	(247,253)	-	-	-	(247,253)
Redemption of convertible bonds at the maturity date	(753,926)	-	-	-	(753,926)
Payment of arrangement fee for the syndicated loan	-	(6,779)	-	-	(6,779)
Amortisation of arrangement fee for the syndicated loan	-	1,228	-	-	1,228
At December 31	$ -	$ 4,489,467	$ 339,485	$ 1,068	$ 4,830,020

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
All directors, president, vice presidents	Key management compensation
Phoenix Battery Corporation	Associate (Note)

Note: On February 1, 2023, the convertible bonds which were issued by Phoenix Battery Corporation were all converted into common stocks. As a result, the Company's ownership of Phoenix Battery Corporation dropped from 25.28% to 18.07%. Thus, starting from that date, the Company did not have significant effects on Phoenix Battery Corporation which was no longer an associate of the Company.

(2) Significant related party transactions

A. Receivables from related parties:

	December 31, 2023	December 31, 2022
Other receivables:		
Phoenix Battery Corporation	$ -	$ 16

The receivables from related parties arise mainly from sale transactions. The receivables are due three months after the date of sales. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

B. Payables to related parties:

	December 31, 2023	December 31, 2022
Other payables - acquisition of property, plant and equipment		
Phoenix Battery Corporation	$ -	$ 1,253

C. Revenues and expenses

		Years ended December 31,	
	Item	2023	2022
Phoenix Battery Corporation	Rent income	$ 15	$ 2,046
Phoenix Battery Corporation	Other income	$ -	$ 280
Phoenix Battery Corporation	Other expenses	$ -	$ 287

D. Other transactions

	Item	December 31, 2023	December 31, 2022
Phoenix Battery Corporation	Advance rent receipts	$ -	$ 15
Phoenix Battery Corporation	Guarantee deposits received	$ -	$ 30

E. Property transactions - acquisition of property, plant and equipment

	Years ended December 31,	
	2023	2022
Phoenix Battery Corporation	$ -	$ 11,930

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Short-term employee benefits	$ 48,391	$ 50,153
Post-employment benefits	626	589
Total	$ 49,017	$ 50,742

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value December 31, 2023	Book value December 31, 2022	Purpose
Time deposits (shown as 'non-current financial assets at amortised cost')	$ 3,000	$ 2,500	Guarantee for duty paid after customs release
Time deposits (shown as 'non-current financial assets at amortised cost')	10,555	10,555	Guarantee for land lease in science park
Buildings and structures	1,289,295	1,074,712	Long-term borrowings
Machinery and equipment (including 'equipment pending acceptance')	363,597	438,190	Long-term borrowings
	$ 1,666,447	$ 1,525,957	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 1,865,348	$ 1,809,163

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

During the year ended December 31, 2023, the Company's strategy, which was unchanged from 2022, was to maintain the gearing ratio at a reasonable level of risks and to adjust according to the future operating strategy. The gearing ratios at December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Total borrowings	$ 4,342,709	$ 4,489,467
Less: Cash and cash equivalents	(1,551,126)	(1,070,340)
Net debt	2,791,583	3,419,127
Total equity	3,935,434	2,991,308
Total capital	$ 6,727,017	$ 6,410,435
Gearing ratio	41.50%	53.33%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 1,321	$ -
Financial assets at amortised cost		
Cash and cash equivalents	$ 1,551,126	$ 1,070,340
Financial assets at amortised cost	13,555	13,055
Notes receivable	-	86
Accounts receivable	379,363	414,091
Other receivables (including related parties)	3,005	26,050
Guarantee deposits paid (including current portion)	3,888	4,176
	$ 1,950,937	$ 1,527,798
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Accounts payable	$ 139,525	$ 234,513
Other payables (including related parties)	368,542	466,272
Long-term borrowings (including current portion)	4,342,709	4,489,467
Guarantee deposits received	998	1,068
	$ 4,851,774	$ 5,191,320
Lease liabilities (including current portion)	$ 325,134	$ 339,485

B. Financial risk managements policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. Management has set up a policy to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

ii. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and 6(11).

iii. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 19,091	30.71	$ 586,285
Non-monetary items: None			
Financial liabilities			
Monetary items			
USD:NTD	$ 1,762	30.71	$ 54,096
JPY:NTD	56,371	0.2175	12,258
Non-monetary items: None			

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 18,031	30.70	$ 553,557
Non-monetary items: None			
Financial liabilities			
Monetary items			
USD:NTD	$ 2,642	30.70	$ 81,107
JPY:NTD	11,002	0.2326	2,559
Non-monetary items: None			

iv. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to $1,528 and $42,720, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 5,863	$ -
Non-monetary items: None			
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 541)	$ -
JPY:NTD	1%	(123)	-
Non-monetary items: None			

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 5,536	$ -
Non-monetary items: None			
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 811)	$ -
JPY:NTD	1%	(26)	-
Non-monetary items: None			

Cash flow and fair value interest rate risk

i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. For the years ended December 31, 2023 and 2022, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

ii. The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have increased/decreased by $10,856 and $11,223, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients and other counterparties on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost and at fair value through profit or loss.

ii. The Company regularly monitors and reviews its credit limits based on market conditions and the credit status of its counterparties and makes timely adjustments to manage credit risk. The Company only transacts with banks and financial institutions with high credit quality, so it does not expect to be exposed to credit risk.

iii. The Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, each local unit in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days

v. The Company adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

vi. The Company classifies customers' accounts receivable, contract assets and rents receivable in accordance with credit risk on trade. The Company applies the modified approach using loss rate methodology to estimate the expected credit loss.

vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments.

viii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of notes receivable, accounts receivable and contract assets. On December 31, 2023 and 2022, the loss rate methodology is as follows:

	Not past due and up to 90 days past due	91~180 days past due	181~270 days past due	271~360 days past due	Over 360 days past due	Total
December 31, 2023						
Expected loss rate	0~1%	25%	50%	75%	100%	
Total book value	$ 877,045	$ -	$ -	$ -	$ -	$ 877,045
Loss allowance	$ -	$ -	$ -	-	$ -	$ -

	Not past due and up to 90 days past due	91~180 days past due	181~270 days past due	271~360 days past due	Over 360 days past due	Total
December 31, 2022						
Expected loss rate	0~1%	25%	50%	75%	100%	
Total book value	$ 680,616	$ -	$ -	$ -	$ -	$ 680,616
Loss allowance	$ -	$ -	$ -	-	$ -	$ -

ix. Movements in relation to the Company applying the modified approach to provide loss allowance for notes receivable, accounts receivable, accounts receivable due from related parties and contract assets are as follows:

	2023	2022
	Accounts receivable	Accounts receivable
At January 1 / December 31	$ -	$ -

x. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

	December 31, 2023	December 31, 2022
	12 months	12 months
Financial assets at amortised cost	$ 13,555	$ 13,055

(c) Liquidity risk

i. Cash flow forecasting is performed by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

ii. Company treasury invests surplus cash held by the Company over and above balance required for working capital management in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2023 and 2022, the Company held money market position of $1,550,908 and $1,070,030, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii The Company has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate:		
Expiring within one year	$ 1,191,667	$ 700,000
Expiring beyond one year	965,933	1,362,600
Fixed rate:		
Expiring within one year	-	-
Expiring beyond one year	-	-
	$ 2,157,600	$ 2,062,600

iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:				
Accounts payable	$ 139,525	$ -	$ -	$ -
Other payables	179,700	1,167	-	-
Lease liability	9,181	9,181	1,838	347,256
Long-term borrowings (including current portion)	371,280	317,823	1,180,271	2,676,337
Guarantee deposits received	-	-	757	242
Derivative financial liabilities: None				

December 31, 2022	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:				
Accounts payable	$ 234,513	$ -	$ -	$ -
Other payables	236,408	1,899	-	-
Lease liability	9,569	9,569	18,820	363,124
Long-term borrowings (including current portion)	124,353	446,471	842,745	3,297,527
Guarantee deposits received	-	-	778	290
Derivative financial liabilities: None				

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivative instrument is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity instrument without active market is included in Level 3.

B. The carrying amounts of the Company's cash and cash equivalents, accounts receivable, other receivables (including related parties), guarantee deposits paid, accounts payable, other payables (including related parties), long-term borrowings, lease liabilities and guarantee deposits received are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Forward exchange contracts	$ -	$ 1,321	$ -	$ 1,321
Liabilities : None				

There were no such transactions on December 31, 2022 .

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The fair value of financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

ii. Forward exchange contracts are usually valued based on the current forward exchange rate.

D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
	Equity securities	Convertible bonds
At January 1	$ -	($ 100)
Gains and losses recognised in profit or loss		
Recorded as non-operating income and expenses	-	100
Transfer into for the period	96,072	-
Sold in the period	(96,072)	-
At December 31	$ -	$ -
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2023 (Note)	$ 142,044	$ 100

Note: Recorded as non-operating income and expenses.

F. Company treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3 by the external valuer, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

There were no such transactions on December 31, 2022 and 2023.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: The Company entered into a forward foreign exchange contract with financial institution for the year ended December 31, 2023 to buy NTD and sell USD. Hedging was the main purpose of the contract. Net loss arising from trading in forward foreign exchange contract for the year ended December 31, 2023 was approximately $5,948.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): None.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Major shareholders information: Please refer to Note 1.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Company was identified as the single reportable segment.

(2) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Years ended December 31,	
	2023	2022
Total segment revenue	$ 3,327,700	$ 3,138,053
Segment income	$ 311,994	$ 325,251
Segment assets	$ 9,184,002	$ 8,598,954

(3) Reconciliation for segment income (loss), assets and liabilities

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

PHOENIX SILICON INTERNATIONAL CORPORATION
MAJOR SHAREHOLDERS INFORMATION
December 31, 2023

Table 1

Name of major shareholders	Share	
	Name of shares held	Percentage of ownership
Applied Materials, Inc.	12,109,363	7.01%

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount
Cash on hand and petty - NTD		$ 70
- Foreign	USD 2,909，Exchange Rate 30.71	89
Currency	JPY 270,000，Exchange Rate 0.2175	59
		218
Cash in banks		
Demand deposits - NTD		377,886
- Foreign	USD 7,587,808，Exchange Rate 30.71	233,022
Time deposits - NTD	Subsequently due before January 29, 2024, interest rate 1.10%~1.28%	940,000
		1,550,908
		$ 1,551,126

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 2

Customer name	Description	Amount	Note
General customers:			
A		$ 235,758	
B		22,164	
Others		121,441	Balance of each client has not exceeded 5% of total account balance.
		379,363	Amount of account overdue one year is zero.
Less: Allowance for uncollectible accounts		-	
		$ 379,363	

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 3

Item	Description	Amount: Cost	Amount: Market value	Note
Raw materials		$ 280,837	$ 280,003	Use net realizable value as market price
Work in process		1,847	2,928	"
Finished goods		14,397	18,103	"
		297,081	$ 301,034	
Less: Allowance for valuation loss		(85,493)		
		$ 211,588		

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 4

Item	Balance at January 1, 2023	Additions	Disposals	Transfers	Balance at December 31, 2023	Collateral
Buildings and structures	$ 2,292,667	$ 186,603	($ 132,070)	$ 172,488	$ 2,519,688	Collateral for long-term loan.
Machinery and equipment	4,280,007	512,407	(58,340)	1,232,448	5,966,522	"
Transportation equipment	11,380	-	(5,017)	-	6,363	None
Office equipment	25,393	11,385	(12,644)	13,140	37,274	"
Other equipment	87,149	7,061	(23,187)	(2,500)	68,523	"
Unfinished construction and equipment pending acceptance	2,015,824	428,921	-	(1,678,542)	766,203	Collateral for long-term loan.
	$ 8,712,420	$ 1,146,377	($ 231,258)	($ 262,966)	$ 9,364,573	

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF CHANGES IN DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 5

Item	Balance at January 1, 2023	Additions	Disposals	Transfers	Balance at December 31, 2023	Note
Buildings and structures	$ 651,328	$ 212,419	($ 132,070)	($ 3,947)	$ 727,730	
Machinery and equipment	2,370,806	552,364	(44,377)	(147,837)	2,730,956	
Transportation equipment	7,845	1,263	(5,017)	-	4,091	
Office equipment	18,687	5,751	(12,644)	-	11,794	
Other equipment	52,412	12,199	(23,187)	(1,167)	40,257	
	$ 3,101,078	$ 783,996	($ 217,295)	($ 152,951)	$ 3,514,828	

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 6

Client Name	Description	Amount	Note
General vendor:			
Company E		$ 14,708	
Company B		13,864	
Company A		11,041	
Company H		10,559	
Company M		8,152	
Company N		8,094	
Other		73,107	None of balances of each remaining items is greater than 5% of this account.
		$ 139,525	

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 7

Item	Volume	Amount	Note
Net amount of sales revenue			
Silicon wafer	42 (thousand pieces)	$ 34,854	
Net amount of labor income			
Silicon wafer	6,638 (thousand pieces)	3,292,846	
Net amount of operating revenue		$ 3,327,700	

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 8

Item	Description	Amount
Beginning raw materials		$ 299,044
Add: Materials purchased		754,278
Less: Ending raw materials		(280,837)
Transfers to expenses		(222,391)
Cost to sell raw materials		(435)
Cost of consumption raw materials		549,659
Direct labor		369,615
Manufacturing expense		1,638,730
Manufacturing cost		2,558,004
Add:Beginning work in progress		4,218
Less:Ending work in progress		(1,847)
Cost of finished goods		2,560,375
Add: Beginning finished goods		14,363
Less: Ending finished goods		(14,397)
Transfers to expenses		(5,398)
Total cost of goods manufactured		2,554,943
Cost to sell work in progress		435
Loss on decline in market value		26,667
Revenue from sales of scraps		(118)
Other		(10,743)
Total operating cost		$ 2,571,184

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 9

Item	Description	Amount	Note
Depreciation expense		$ 755,311	
Wages and salaries		244,261	
Repairs and maintenance expense		129,807	
Utility Expenses		166,444	
Other expenditure		342,907	None of balances of each remaining items is greater than 5% of this account.
		$ 1,638,730	

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 10

Item	Description	Amount	Note
Freight		$ 24,448	
Wages and salaries		14,316	
Other expenditure		3,948	None of balances of each remaining items is greater than 5% of this account.
		$ 42,712	

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 11

Item	Description	Amount	Note
Wages and salaries		$ 172,110	
Labor expense		21,854	
Depreciation expense		29,051	
Other expenditure		132,420	None of balances of each remaining items is greater than 5% of this account.
		$ 355,435	

PHOENIX SILICON INTERNATIONAL CORPORATION
STATEMENT OF DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 12

Item	Description	Amount	Note
Wages and salaries		$ 83,696	
Depreciation expense		13,918	
Research expenses		9,438	
Labour and health insurance fees		6,801	
Other expenditure		15,095	None of balances of each remaining items is greater than 5% of this account.
		$ 128,948	

PHOENIX SILICON INTERNATIONAL CORPORATION
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Statement 13

By function / By nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Wages and salaries	$ 534,646	$ 258,866	$ 793,512	$ 511,979	$ 256,942	$ 768,921
Labour and health insurance fees	55,268	19,706	74,974	48,768	20,005	68,773
Pension costs	22,408	10,322	32,730	19,782	10,075	29,857
Directors' remuneration	-	11,257	11,257	-	11,844	11,844
Other personnel expenses	45,142	9,776	54,918	41,811	9,280	51,091
Depreciation	755,311	42,970	798,281	551,213	35,923	587,136
Amortisation	1,944	12,927	14,871	1,177	14,703	15,880

Notes:

1: For the years ended December 31, 2023 and 2022, the Company had 978 and 921 employees, respectively excluding 8 non-employee directors.

B.(a) The Company has average employee benefit expenses of $986 and $1,006 for the years ended December 31, 2023 and 2022, respectively.

(b) The Company has average employee salary expenses of $818 and $842 for the years ended December 31, 2023 and 2022, respectively.

(c) For the year ended December 31, 2023, adjustments of average employees salary expenses increased 2.85%.

(d) The Company has no supervisors' emolument as it set up the audit committee.

(e) The Company has set up the remuneration committee to support the Board of Directors to determine the remuneration of the Company's directors and managers and the Company's salary policies. According to the Company's Articles of Incorporation, operating of the remuneration committee and the Board of Directors, the Company examines the remuneration of directors and managers in adequate time based on their participation degree of operation and contribution value to the Company, and minimise the possibility and relativeness of risk in the future for the going concern and balance of risk management of the Company. Employees' salary and compensation are based on their education background, professional knowledge and skill, professional experience and individual performance, and will not differ from age, gender, race, religion, political affiliation and marital status. With reference to market of salary, price index and organisation structure to determine the salary payment standard and pays reward according to the profit situation of the Company's operation and employees' individual performance.