Chang Wah Technology Co., Ltd. and Subsidiaries

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

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Chang Wah Technology Co., Ltd. as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Chang Wah Technology Co., Ltd. and its subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours,

Chang Wah Technology Co., Ltd.

By

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Canon, Huang
Chairman

March 12, 2024

Deloitte.

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INDEPENDENT AUDITORS' REPORT

Chang Wah Technology Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter of the Company and its subsidiaries' consolidated financial statements for the year ended December 31, 2023 is described as follows:

Recognition of Revenue from Specific Customers

Due to the pressure of having to meet expected targets and market expectations, the possibility of overstating sales may arise. Operating revenue in 2023 has decreased substantially compared with that of 2022, especially revenue from specific customers, whose amount is inconsistent with the market trend and is significant to the overall operating revenue. Therefore, the recognition of revenue from specific customers with significant sales amounts and changes was deemed a key audit matter.

Our audit procedures performed in response to the abovementioned key audit matter are as follows:

1. We obtained an understanding of and tested the effectiveness of the implementation of internal controls over sales.

2. We selected appropriate samples from the sales revenue receipts of specific customers, examined purchase orders, shipping documents and proof of payments as pertaining to the same transaction counterparties.

3. We obtained details on sales returns and allowances for the year and after the reporting period and checked for major abnormalities in sales returns and allowances for the purpose of confirming the authenticity of the sales recognized before the balance sheet date.

Other Matter

We have also audited the parent company only financial statements of Chang Wah Technology Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company and its subsidiaries' 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 and its subsidiaries 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 and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2 Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiaries' 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 and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors’ report are Lee-Yuan Kuo and Hung-Ju Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

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

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

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

Chang Wah Technology Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023 Amount	%	December 31, 2022 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 5,946,488	30	$ 6,393,898	34
Financial assets at fair value through profit or loss (Notes 4 and 7)	93,883	-	57,708	-
Notes receivable (Notes 4 and 9)	16,203	-	7,948	-
Accounts receivable, net (Notes 4, 5 and 9)	1,806,045	9	2,001,042	11
Accounts receivable - related parties (Notes 4, 5, 9 and 32)	473,345	2	555,302	3
Other receivables (Notes 9 and 32)	98,651	1	97,217	-
Current tax assets (Note 26)	19,433	-	-	-
Inventories (Notes 4, 5 and 10)	1,931,465	10	2,456,090	13
Other financial assets - current (Note 11)	2,012,827	10	583,490	3
Other current assets	97,203	1	103,008	1
Total current assets	12,495,543	63	12,255,703	65
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	2,036,662	10	1,442,554	8
Property, plant and equipment (Notes 4, 13 and 32)	3,856,614	19	3,585,714	19
Right-of-use assets (Notes 4 and 14)	475,817	2	479,920	2
Investment properties (Notes 4, 15 and 32)	137,408	1	140,610	1
Goodwill (Notes 4 and 16)	683,802	3	683,852	4
Other intangible assets (Notes 4 and 17)	102,272	1	39,026	-
Deferred tax assets (Notes 4, 5 and 26)	120,232	1	69,973	-
Prepayments for equipment	22,573	-	86,653	1
Other financial assets - non-current (Notes 11 and 33)	22,568	-	31,605	-
Other non-current assets (Notes 22 and 32)	13,459	-	13,042	-
Total non-current assets	7,471,407	37	6,572,949	35
TOTAL	$ 19,966,950	100	$ 18,828,652	100

LIABILITIES AND EQUITY	December 31, 2023 Amount	%	December 31, 2022 Amount	%
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 2,545,000	13	$ 2,126,457	11
Contract liabilities - current (Notes 4, 24 and 32)	267,513	1	331,044	2
Notes payable	341	-	170	-
Accounts payable (Note 20)	814,978	4	930,394	5
Accounts payable - related parties (Notes 20 and 32)	5,841	-	11,670	-
Dividends payable (Note 32)	754,271	4	651,505	3
Other payables (Notes 21, 22 and 32)	889,622	4	1,043,673	6
Current tax liabilities (Note 26)	352,312	2	504,723	3
Lease liabilities - current (Notes 4, 14 and 32)	16,379	-	18,677	-
Current portion of long-term borrowings (Note 18)	602,061	3	-	-
Other current liabilities	62,017	-	54,483	-
Total current liabilities	6,310,335	31	5,672,796	30
NON-CURRENT LIABILITIES				
Contract liabilities - non-current (Notes 4 and 24)	36,526	-	81,977	1
Long-term borrowings (Note 18)	2,909,181	15	2,473,985	13
Deferred tax liabilities (Notes 4, 5 and 26)	273,175	1	327,471	2
Lease liabilities - non-current (Notes 4, 14 and 32)	83,666	1	76,668	-
Guarantee deposits received (Note 32)	6,282	-	6,374	-
Other non-current liabilities (Note 22)	14,341	-	15,968	-
Total non-current liabilities	3,323,171	17	2,982,443	16
Total liabilities	9,633,506	48	8,655,239	46
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 23)				
Ordinary shares	380,215	2	386,569	2
Capital surplus	6,033,692	30	6,205,329	33
Retained earnings				
Legal reserve	894,391	5	633,251	4
Special reserve	10,317	-	225,382	1
Unappropriated earnings	2,877,254	14	3,244,984	17
Total retained earnings	3,781,962	19	4,103,617	22
Other equity	(30,821)	-	(334,695)	(2)
Treasury shares	(261,137)	(1)	(586,013)	(3)
Total equity attributable to owners of the Company	9,903,911	50	9,774,807	52
NON-CONTROLLING INTERESTS (Note 23)	429,533	2	398,606	2
Total equity	10,333,444	52	10,173,413	54
TOTAL	$ 19,966,950	100	$ 18,828,652	100

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

Chang Wah Technology Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 24 and 32)	$ 11,581,245	100	$ 14,431,284	100
OPERATING COSTS (Notes 10, 25 and 32)	8,980,738	78	10,045,698	69
GROSS PROFIT	2,600,507	22	4,385,586	31
OPERATING EXPENSES (Notes 9, 25 and 32)				
Selling and marketing expenses	210,486	2	231,934	2
General and administrative expenses	524,272	4	602,796	4
Research and development expenses	420,520	4	422,484	3
Expected credit losses (gains)	(3,055)	-	6,712	-
Total operating expenses	1,152,223	10	1,263,926	9
PROFIT FROM OPERATIONS	1,448,284	12	3,121,660	22
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 32)				
Interest income	285,112	3	74,408	-
Other income	243,140	2	164,610	1
Other gains and losses	86,900	1	320,866	2
Finance costs	(93,248)	(1)	(47,289)	-
Total non-operating income and expenses	521,904	5	512,595	3
PROFIT BEFORE INCOME TAX	1,970,188	17	3,634,255	25
INCOME TAX EXPENSE (Notes 4 and 26)	373,041	3	789,286	5
NET PROFIT FOR THE YEAR	1,597,147	14	2,844,969	20
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	290	-	1,139	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	342,093	3	(255,018)	(2)

(Continued)

Chang Wah Technology Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	$ (58)	-	$ (228)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating the financial statements of foreign operations	(57,968)	(1)	288,177	2
Income tax relating to items that may be reclassified subsequently to profit or loss	10,986	-	(57,332)	-
Other comprehensive income (loss) for the year, net of income tax	295,343	2	(23,262)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,892,490	16	$ 2,821,707	20
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 1,564,512		$ 2,815,901	
Non-controlling interests	32,635		29,068	
	$ 1,597,147		$ 2,844,969	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 1,857,656		$ 2,812,447	
Non-controlling interests	34,834		9,260	
	$ 1,892,490		$ 2,821,707	
EARNINGS PER SHARE (Note 27)				
Basic	$ 1.67		$ 3.01	
Diluted	1.67		3.01	

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

Chang Wah Technology Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owner of the Company														
	Share Capital			Retained Earnings				Other Equity							
	Ordinary Shares	Capital collected in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits	Total	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2022	$ 364,131	$ 17,109	$ 5,872,815	$ 346,521	$ 105,738	$ 2,093,758	$ 2,546,017	$ (261,162)	$ 90,532	$ -	$ (170,630)	$ (342,001)	$ 8,287,441	$ 124,291	$ 8,411,732
Appropriation of earnings															
Legal reserve	-	-	-	286,730	-	(286,730)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	119,644	(119,644)	-	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(1,307,663)	(1,307,663)	-	-	-	-	-	(1,307,663)	-	(1,307,663)
	-	-	-	286,730	119,644	(1,714,037)	(1,307,663)	-	-	-	-	-	(1,307,663)	-	(1,307,663)
Net profit for the year ended December 31, 2022	-	-	-	-	-	2,815,901	2,815,901	-	-	-	-	-	2,815,901	29,068	2,844,969
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	911	911	229,201	(233,566)	-	(4,365)	-	(3,454)	(19,808)	(23,262)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	2,816,812	2,816,812	229,201	(233,566)	-	(4,365)	-	2,812,447	9,260	2,821,707
Convertible bonds converted to ordinary shares (Note 19)	20,068	(17,109)	210,127	-	-	-	-	-	-	-	-	-	213,086	-	213,086
Purchase of the Company's shares by subsidiaries (Note 23)	-	-	-	-	-	-	-	-	-	-	-	(244,012)	(244,012)	(253,972)	(497,984)
Cash dividends received by subsidiaries from the Company	-	-	7,102	-	-	-	-	-	-	-	-	-	7,102	7,392	14,494
Changes in percentage of ownership interests in subsidiaries	-	-	1	-	-	-	-	-	-	-	-	-	1	-	1
Share-based payments (Note 28)	2,370	-	115,284	-	-	-	-	-	-	(111,249)	(111,249)	-	6,405	-	6,405
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	511,635	511,635
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	48,451	48,451	-	(48,451)	-	(48,451)	-	-	-	-
BALANCE AT DECEMBER 31, 2022	386,569	-	6,205,329	633,251	225,382	3,244,984	4,103,617	(31,961)	(191,485)	(111,249)	(334,695)	(586,013)	9,774,807	398,606	10,173,413
Appropriation of earnings															
Legal reserve	-	-	-	261,140	-	(261,140)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(215,065)	215,065	-	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(1,903,950)	(1,903,950)	-	-	-	-	-	(1,903,950)	-	(1,903,950)
	-	-	-	261,140	(215,065)	(1,950,025)	(1,903,950)	-	-	-	-	-	(1,903,950)	-	(1,903,950)
Net profit for the year ended December 31, 2023	-	-	-	-	-	1,564,512	1,564,512	-	-	-	-	-	1,564,512	32,635	1,597,147
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	232	232	(43,942)	336,854	-	292,912	-	293,144	2,199	295,343
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	1,564,744	1,564,744	(43,942)	336,854	-	292,912	-	1,857,656	34,834	1,892,490
Cancelation of treasury shares (Note 23)	(6,354)	-	(247,891)	-	-	-	-	-	-	-	-	254,245	-	-	-
Purchase of the Company's shares by subsidiaries (Note 23)	-	-	-	-	-	-	-	-	-	-	-	(22,178)	(22,178)	(23,084)	(45,262)
Disposal of the Company's shares by subsidiaries (Note 23)	-	-	1,517	-	-	-	-	-	-	-	-	5,053	6,570	6,838	13,408
Cash dividends received by subsidiaries from the Company	-	-	11,855	-	-	-	-	-	-	-	-	-	11,855	12,339	24,194
Share-based payments (Note 28)	-	-	62,882	-	-	-	-	-	-	28,513	28,513	87,756	179,151	-	179,151
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	17,551	17,551	-	(17,551)	-	(17,551)	-	-	-	-
BALANCE AT DECEMBER 31, 2023	$ 380,215	$ -	$ 6,033,692	$ 894,391	$ 10,317	$ 2,877,254	$ 3,781,962	$ (75,903)	$ 127,818	$ (82,736)	$ (30,821)	$ (261,137)	$ 9,903,911	$ 429,533	$ 10,333,444

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

Chang Wah Technology Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 1,970,188	$ 3,634,255
Adjustments for:		
Depreciation expense	803,773	714,624
Amortization expense	14,755	13,207
Expected credit losses (gains)	(3,055)	6,712
Loss (gain) on financial assets at fair value through profit or loss	(33,480)	20,700
Finance costs	93,248	47,289
Interest income	(285,112)	(74,408)
Dividend income	(135,486)	(100,608)
Share-based compensation	80,771	6,405
Gain on disposal of property, plant and equipment	(2,025)	(423)
Impairment loss recognized on (reversal of) non-financial assets	(6,875)	103,731
Others	(19,814)	(9,716)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(2,695)	30,418
Notes receivable	(8,255)	(7,418)
Accounts receivable	198,054	92,197
Accounts receivable - related parties	81,957	202,935
Other receivables	30,959	17,502
Inventories	532,507	(367,236)
Other current assets	2,925	26,017
Other non-current assets	2,595	11
Contract liabilities - current	(63,531)	204,069
Notes payable	171	170
Accounts payable	(115,060)	(390,911)
Accounts payable - related parties	(5,829)	(4,102)
Other payables	(5,474)	172,600
Other current liabilities	7,534	6,872
Contract liabilities - non-current	(45,451)	34,799
Other non-current liabilities	(1,337)	9,874
Cash generated from operations	3,085,958	4,389,565
Interest received	256,694	68,514
Dividends received	131,511	83,766
Interest paid	(73,675)	(27,572)
Income taxes paid	(638,711)	(457,348)
Net cash generated from operating activities	2,761,777	4,056,925
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(545,803)	(1,011,579)

(Continued)

Chang Wah Technology Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	**2022**
Proceeds from disposal of financial assets at fair value through other comprehensive income	$ 291,970	$ 141,813
Acquisition of property, plant and equipment	(1,136,636)	(1,362,857)
Proceeds from disposal of property, plant and equipment	5,314	453
Increase in refundable deposits	(866)	-
Acquisition of intangible assets	-	(1,467)
Acquisition of investment properties	-	(261,628)
Increase in other financial assets	(1,420,337)	(563,190)
Increase in other non-current assets	(3,175)	(399)
Increase in prepayments for equipment	(76,284)	(146,609)
Net cash used in investing activities	(2,885,817)	(3,205,463)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,705,000	2,676,612
Repayments of short-term borrowings	(1,286,544)	(1,880,704)
Redemption of corporate bonds	-	(775)
Proceeds from long-term borrowings	2,648,173	1,635,592
Repayments of long-term borrowings	(1,610,916)	(898,480)
Increase in guarantee deposits received	-	72
Repayments of the principal portion of lease liabilities	(18,787)	(15,314)
Cash dividends paid	(1,776,990)	(888,535)
Acquisition of the parent company's shares held by subsidiaries	(45,618)	(497,984)
Disposal of treasury shares	13,408	-
Treasury shares sold to employees	98,380	-
Increase in non-controlling interests	-	510,000
Net cash generated from (used in) financing activities	(273,894)	640,484
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	(49,476)	210,316
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(447,410)	1,702,262
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6,393,898	4,691,636
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 5,946,488	$ 6,393,898

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

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

1. GENERAL INFORMATION

Chang Wah Technology Co., Ltd. (the "Company") was incorporated under the provisions of the Company Act on December 24, 2009. It mainly manufactures industrial plastic products and electronics components, and sells electronics components and machinery and tools.

The shares of the Company have been trading on the TPEx since September 2016. The subsidiary, SH Electronics Taiwan Co., Ltd. (SHT), merged with the Company in January 2022.

As of December 31, 2023 and 2022, the parent company, Chang Wah Electromaterials Inc. (CWE), owned 47.44% and 46.55%, respectively, of the Company's issued ordinary shares for both years.

The consolidated financial statements of the Company and its subsidiaries are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on March 12, 2024.

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

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

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

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

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

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

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

Note 3: When this amendment is applied for the first time, partial disclosure provisions are waived.

As of the date the consolidated financial statements were authorized for issue, the Company and its subsidiaries have assessed that the application of other standards and interpretations will not have a material impact on the Company and its subsidiaries' financial position and financial performance.

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

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

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

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

As of the date the consolidated financial statements were reported to the board of directors and authorized for issue, the Company and its subsidiaries are continuously assessing the possible impact that the initial application of the other standards and the amendments and interpretations will have on their financial position and financial performance and disclose the relevant impact when the assessment is completed.

d. Presentation reclassification

The management of the Company considers the bank deposits repatriated for restricted purpose for the use of substantial investments and financial investments in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. do not change the nature of the deposit as the entity can access those amounts on demand. The management concludes that the presentation of cash and cash equivalents is more appropriate and, therefore, has changed the presentation of the consolidated balance sheets and consolidated statements of cash flows in 2023. The other financial assets were reclassified to cash and cash equivalents with a carrying amount of $768,328 thousand and $1,006,266 thousand on December 31, 2022 and January 1, 2022. The impact on cash flows for the year ended December 31, 2022 was as follows:

	Amount before adjustments	Adjustments	Amount after adjustments
Net cash used in investing activities	$(2,967,525)	$ (237,938)	$(3,205,463)
Net increase in cash and cash equivalents	1,940,200	(237,938)	1,702,262

(Continued)

	Amount before adjustments	Adjustments	Amount after adjustments
Cash and cash equivalents at the beginning of the year	$ 3,685,370	$ 1,006,266	$ 4,691,636
Cash and cash equivalents at the end of the year	$ 5,625,570	$ 768,328	$ 6,393,898

(Concluded)

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

For readers' convenience, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the consolidated financial statements shall prevail.

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

3) Level 3 inputs are unobservable inputs for the asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities expected to be settled within 12 months after the reporting period; and

3) Liabilities without an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisitions up to the effective date of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

For details of the subsidiaries, including the shareholding percentages and nature of activities, please refer to Note 12, Table 8 and 9.

e. Foreign currencies

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

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

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

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

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and its subsidiaries' foreign operations (including subsidiaries in other countries that use currencies different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

Goodwill and fair value adjustments recognized on identifiable assets and liabilities of acquired foreign operations are treated as assets and liabilities of the foreign operation and translated at the rates of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

f. Inventories

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

g. Property, plant, and equipment

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

Property, plant and equipment in the course of construction are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use and depreciated accordingly.

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

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

h. Investment properties

Investment properties are properties held to earn rental.

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

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

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

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Company and its subsidiaries' cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

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

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

j. Other intangible assets

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

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

k. Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets (other than goodwill)

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value. Any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; and any remeasurement of gains and losses on such financial assets are recognized in other gains and losses. Fair value is determined in the manner described in Note 31.

ii Financial assets at amortized cost

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

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

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

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

iii Investments in equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity.

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

b) Impairment of financial assets

The Company and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

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

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

For internal credit risk management purposes, the Company and its subsidiaries consider the following situations as indications that a financial instrument is in default (without taking into account any collateral held by the Company and its subsidiaries):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. Financial asset is more than 30 days past due unless the Company and its subsidiaries have reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

2) Equity instruments

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated separately for the purpose of repurchase. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company is classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - others.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

m. Treasury shares

The Company's shares held by subsidiaries may be recognized as treasury shares based on the cost of acquisition and the Company's percentage of ownership in a subsidiary.

n. Revenue recognition

The Company and its subsidiaries identify contracts with customers, allocate the transaction price to the performance obligations, and recognize revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods is recognized when the committed goods are delivered from the Company and its subsidiaries to customers and the performance obligations are satisfied. Unearned sales revenues are recognized as contract liabilities until the performance obligations are satisfied.

Revenue is measured at fair value, which is the discounted present value of the price (net of commercial discounts and quantity discounts) agreed to by the Company and its subsidiaries with customers. Estimated discounts or other allowances of the consideration received are recognized as refund liabilities. For a contract where the period between the date the Company and its subsidiaries transfer a promised good to a customer and the date the customer pays for that good is one year or less, the Company and its subsidiaries do not adjust the promised amount of consideration for any effect of a significant financing component.

2) Commission and revenue from the rendering of services

Commission is charged on the basis of calculation as stated in the contract, while revenue from the rendering of services is from the procurement of raw materials on behalf of customers and the provision of technical support services. Since the period between the date of service transferred and the date of collection is less than one year, the Company does not adjust the promised amount of consideration for the effect of the significant financing component.

3) Dividend income

Dividend income from investments is recognized when the stockholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

o. Leases

At the inception of a contract, the Company and its subsidiaries assess whether the contract is, or contains, a lease.

1) The Company and its subsidiaries as lessor

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

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

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

2) The Company and its subsidiaries as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company and its subsidiaries use the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, an index or a rate used to determine those payments, the Company and its subsidiaries remeasure the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

The Company and its subsidiaries negotiate with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Company and its subsidiaries elect to apply the practical expedient to all of these rent concessions and, therefore, do not assess whether the rent concessions are lease modifications. Instead, the Company and its subsidiaries recognize the reduction in lease payments in profit or loss as other operating income in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

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

p. Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

q. Government grants

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

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

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

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

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

s. Share-based payment arrangements

The fair value at the grant date of the employee share options and restricted shares for employees are expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options and other equity - unearned employee benefits. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of treasury shares transferred to employees is the date on which the number of shares that the employees purchase is confirmed.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. At each balance sheet date, the Company reviews its estimate of the number of employee share options and restricted shares for employees that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options, capital surplus - restricted shares for employees and other equity - unearned employee benefits.

t. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized on all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. If the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liabilities is not recognized.

Deferred tax liabilities are recognized on taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Company and its subsidiaries consider the possible impact of the recent development of the COVID-19 and its economic environment implications when making its material accounting estimate. The Company and its subsidiaries review the estimates and underlying assumptions are reviewed on an ongoing basis.

<u>Key Sources of Estimation Uncertainty</u>

a. Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions on probability of default and loss given default. The Company and its subsidiaries use judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company and its subsidiaries' historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Valuation of inventories

Inventories are stated at the lower of cost or net realizable value, and the Company and its subsidiaries use judgment and estimates to determine the net realizable value of inventory at the end of the reporting period. The net realizable value of inventories is mainly evaluated based on current market conditions and historical sales experience of similar products. Changes in market conditions may significantly affect the results of these estimates.

c. Income taxes

The realizability of deferred tax assets, which mainly depends on whether sufficient future profit or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

Since a portion of the earnings is expected to be used for expanding foreign operations, it will not be remitted in the foreseeable future. The realization of deferred income tax liabilities mainly depends on the scale of operation expansion in the future. If the actual investment amount in the future is less than the expected investment amount, it will be recognized as deferred income tax liabilities and under profit or loss in the period of occurrence.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022**
Cash on hand	$ 205	$ 253
Checking accounts and demand deposits	3,775,010	3,948,569
Cash equivalents (investments with original maturities of less than three months)		
Time deposits	2,171,273	2,445,076
	$ 5,946,488	$ 6,393,898

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	**2022**
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 79,100	$ 55,020
Domestic convertible bonds	14,783	2,688
	$ 93,883	$ 57,708

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	**2022**
Investments in equity instruments		
Domestic listed shares	$ 2,036,662	$ 1,442,554

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

The Company entered into a securities-lending agreement with SinoPac Securities. During the lending period, the Company retains the risks and the returns of these financial assets; therefore, they were not excluded. As of December 31, 2023 and 2022, the carrying amounts of the securities lent out were NT$48,854 thousand and NT$11,536 thousand, respectively.

9. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2023	2022
Notes receivable - operating		
Measured at amortized cost		
Gross carrying amount	$ 16,203	$ 7,948
Accounts receivable		
Measured at amortized cost		
Gross carrying amount	$ 1,811,134	$ 2,009,188
Less: Allowance for impairment loss	5,089	8,146
	$ 1,806,045	$ 2,001,042
Accounts receivable - related parties		
Measured at amortized cost		
Gross carrying amount	$ 473,345	$ 555,302
Other receivables		
Measured at amortized cost		
Gross carrying amount	$ 98,651	$ 97,217

For the Company and its subsidiaries' related credit management policies, refer to Note 31.

The Company and its subsidiaries measure the loss allowance for notes and accounts receivable at an amount equal to lifetime expected credit losses. The lifetime expected credit losses on notes and accounts receivable are estimated by reference to the past default experience of the customers, current financial position of the customers, economic condition of the industry in which the customers operate, as well as the industry outlook. The Company and its subsidiaries write off a notes and account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation, or when the notes and accounts receivable are past due. For notes and accounts receivable that have been written off, the Company and its subsidiaries continue to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes and accounts receivable.

December 31, 2023

	Not Past Due	Past Due 0 to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due Over 90 Days	Total
Expected credit loss rate (%)	-	-	0 and 50	0 and 100	0 and 100	
Gross carrying amount	$ 2,144,761	$ 145,743	$ 10,178	$ -	$ -	$ 2,300,682
Loss allowance (Lifetime ECL)	-	-	(5,089)	-	-	(5,089)
Amortized cost	$ 2,144,761	$ 145,743	$ 5,089	$ -	$ -	$ 2,295,593

December 31, 2022

	Not Past Due	Past Due 0 to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due Over 90 Days	Total
Expected credit loss rate (%)	-	-	0 and 50	0 and 100	0 and 100	
Gross carrying amount	$ 2,370,038	$ 188,617	$ 11,274	$ 513	$ 1,996	$ 2,572,438
Loss allowance (Lifetime ECL)	-	-	(5,637)	(513)	(1,996)	(8,146)
Amortized cost	$ 2,370,038	$ 188,617	$ 5,637	$ -	$ -	$ 2,564,292

The movements of the loss allowance for notes and accounts receivable were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of year	$ 8,146	$ 1,343
Recognition (reversal) in current year	(3,055)	6,712
Effect of foreign currency exchange difference	(2)	91
Balance, end of year	$ 5,089	$ 8,146

10. INVENTORIES

	December 31	
	2023	2022
Raw materials and supplies	$ 547,425	$ 753,775
Work in progress	584,702	695,697
Finished goods	631,643	842,090
Merchandise	30,701	28,228
Consumable supplies	136,994	136,300
	$ 1,931,465	$ 2,456,090

The nature of operating costs for the years ended December 31, 2023 and 2022 is as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	$ 9,652,585	$ 10,751,667
Write-downs of (reversal of) inventories	(6,875)	103,731
Inventory obsolescence loss	9,428	-
Revenue from sale of scraps	(686,346)	(883,003)
Others	11,946	73,303
	$ 8,980,738	$ 10,045,698

For the year ended December 31, 2023, write-downs of (reversal of) inventories were due to the sale of obsolete inventories or being put into production.

11. OTHER FINANCIAL ASSETS

	December 31	
	2023	2022
Current		
Time deposits with original maturities of more than 3 months	$ 2,012,827	$ 538,490
Non-current		
Pledged time deposits (Note 33)	$ 22,568	$ 31,605

12. SUBSIDIARIES

a. The detailed information of subsidiaries is as follows:

Investor Company	Investee Company	Main Business and Products	Percentage of Ownership (%) December 31, 2023	Percentage of Ownership (%) December 31, 2022	Note
The Company	CWTC (Shanghai) Inc. (CWTS)	Selling of lighting materials and equipment, communication devices, semiconductor materials and equipment, electronic products, machinery and equipment, etc.	100	100	
	SH Asia Pacific Pte. Ltd. (SHAP)	Trading of electronic components and electronics; investment activities	100	100	
	Shing Zheng Investment Co., Ltd. (Shing Zheng Investment)	Investment activities	49	49	
	Malaysian SH Electronics Sdn. Bhd. (MSHE)	Manufacturing and selling lead frame and semiconductor materials	100	100	
SH Asia Pacific Pte. Ltd.	SH Electronics Chengdu Co., Ltd. (SHEC)	Researching, developing, manufacturing and selling of lead frame, semiconductor materials and precision tools	70	70	
	SH Precision Chengdu Co., Ltd. (SHPC)	Researching, developing, manufacturing and selling of lead frame, semiconductor materials and precision tools	70	70	
	SH Electronics Suzhou Co., Ltd. (SHS)	Researching, developing, manufacturing and selling of lead frame, semiconductor packaging materials and precision tools	100	100	
	WSP Electromaterials Ltd. (WSP)	International investment activities	100	100	
WSP Electromaterials Ltd.	Shanghai Chang Wah Electromaterials Inc. (CWES)	Acting as an agent for IC packaging materials and equipment	69	69	
	SH Electronics Chengdu Co., Ltd. (SHEC)	Researching, developing, manufacturing and selling of lead frame, semiconductor materials and precision tools	30	30	
	SH Precision Chengdu Co., Ltd. (SHPC)	Researching, developing, manufacturing and selling of lead frame, semiconductor materials and precision tools	30	30	

b. The Company and its subsidiaries do not have any subsidiaries with significant non-controlling interests.

13. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2023

	Lands	Buildings	Machinery and Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Cost									
Balance at January 1,2023	$ 232,919	$ 2,274,145	$ 5,284,732	$ 3,581,499	$ 30,329	$ 97,978	$ 435,853	$ 984,247	$ 12,921,702
Additions	-	10,902	258,614	207,369	6,690	2,837	33,575	536,136	1,056,123
Disposals	-	(1,717)	(17,442)	(10,347)	(4,672)	(6,513)	(12,561)	-	(53,252)
Effect of foreign currency exchange difference	-	(11,108)	(31,484)	(22,581)	(73)	(321)	(1,489)	209	(66,847)
Balance at December 31,2023	232,919	2,272,222	5,494,420	3,755,940	32,274	93,981	455,378	1,520,592	13,857,726
Accumulated depreciation									
Balance at January 1,2023	-	(1,560,245)	(4,119,356)	(3,180,923)	(23,784)	(84,929)	(295,673)	-	(9,264,910)
Depreciation	-	(96,132)	(341,748)	(283,943)	(2,535)	(6,996)	(41,998)	-	(773,352)
Disposals	-	1,717	14,060	10,314	4,672	6,485	10,740	-	47,988
Effect of foreign currency exchange difference	-	10,095	25,405	21,078	(8)	346	1,336	-	58,252
Balance at December 31,2023	-	(1,644,565)	(4,421,639)	(3,433,474)	(21,655)	(85,094)	(325,595)	-	(9,932,022)
Accumulated impairment									
Balance at January 1, 2023	-	(29,736)	(13,100)	(27,966)	-	-	(276)	-	(71,078)
Disposals	-	-	1,974	-	-	-	1	-	1,975
Effect of foreign currency exchange difference	-	-	9	-	-	-	4	-	13
Balance at December 31,2023	-	(29,736)	(11,117)	(27,966)	-	-	(271)	-	(69,090)
Carrying amount at December 31,2023	$ 232,919	$ 597,921	$ 1,061,664	$ 294,500	$ 10,619	$ 8,887	$ 129,512	$ 1,520,592	$ 3,856,614

For the Year Ended December 31, 2022

	Lands	Buildings	Machinery and Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Cost									
Balance at January 1,2022	$ -	$ 2,000,613	$ 4,776,505	$ 3,274,320	$ 26,712	$ 92,221	$ 362,188	$ 435,937	$ 10,968,496
Additions	143,546	160,043	407,396	272,957	4,179	3,497	91,382	545,718	1,628,718
Disposals	-	(10,849)	(20,979)	(92,002)	(1,983)	(3,466)	(1,567)	-	(130,846)
Reclassification	89,373	59,440	-	-	-	-	(17,452)	-	131,361
Effect of foreign currency exchange difference	-	64,898	121,810	126,224	1,421	5,726	1,302	2,592	323,973
Balance at December 31,2022	232,919	2,274,145	5,284,732	3,581,499	30,329	97,978	435,853	984,247	12,921,702
Accumulated depreciation									
Balance at January 1,2022	-	(1,408,260)	(3,727,960)	(2,912,508)	(22,395)	(75,697)	(275,808)	-	(8,422,628)
Depreciation	-	(93,504)	(308,143)	(244,504)	(2,129)	(7,946)	(31,864)	-	(688,090)
Disposals	-	10,849	20,979	91,974	1,983	3,464	1,567		130,816
Reclassification	-	(16,628)	-	-	-	-	11,705	-	(4,923)
Effect of foreign currency exchange difference	-	(52,702)	(104,232)	(115,885)	(1,243)	(4,750)	(1,273)	-	(280,085)
Balance at December 31,2022	-	(1,560,245)	(4,119,356)	(3,180,923)	(23,784)	(84,929)	(295,673)	-	(9,264,910)
Accumulated impairment									
Balance at January 1, 2022	-	(29,736)	(13,059)	(27,966)	-	-	(273)	-	(71,034)
Effect of foreign currency exchange difference	-	-	(41)	-	-	-	(3)	-	(44)
Balance at December 31,2022	-	(29,736)	(13,100)	(27,966)	-	-	(276)	-	(71,078)
Carrying amount at December 31,2022	$ 232,919	$ 684,164	$ 1,152,276	$ 372,610	$ 6,545	$ 13,049	$ 139,904	$ 984,247	$ 3,585,714

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

Buildings	
Main building	10-35 years
Renovation	2-25 years
Machinery and equipment	2-10 years
Tooling equipment	2-5 years
Transportation equipment	3-5 years
Office equipment	2-5 years
Other equipment	2-10years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land	$ 420,043	$ 430,846
Buildings	54,965	47,802
Transportation equipment	809	1,272
	$ 475,817	$ 479,920

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 23,875	$ 39,335
Depreciation charge for right-of-use assets		
Land	$ 10,423	$ 10,370
Buildings	16,334	13,193
Transportation equipment	462	116
Other equipment	-	56
	$ 27,219	$ 23,735

Except for the additions to and depreciation of the right-of-use assets listed above, there was no significant sublease or impairment of the Company and its subsidiaries' right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 16,379	$ 18,677
Non-current	$ 83,666	$ 76,668

Range of discount rates (%) for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.9235-2.171	1.9235-2.171
Buildings	0.6661-5.0932	0.35-5.0932
Transportation equipment	1.1033	1.1033

c. Material leasing activities and terms

The Company lease land from the government. The lease term will expire in December 2031, and the Company has the option to extend or to terminate the lease contract. The Company does not have a purchase option to acquire the leased land at the expiration of the lease period. The government has the option to adjust the lease payments on the base on changes in announced land value.

The Company leases buildings from its associate, JMC Electronics Co., Ltd. (JMC). The lease term will expire in August 2026, and under certain conditions, the Company has the options to extend or to terminate the lease contract. The Company does not have bargain purchase option to acquire the leasehold buildings at the expiration of the lease period.

The main lease agreements of the subsidiaries SHEC, SHS, and MSHE are right-of-use agreements for the lease of land with lease terms of 50-97 years.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 13,371	$ 12,594
Expenses relating to low-value asset leases	$ 796	$ 755
Total cash outflow for leases	$ 32,188	$ 29,968

For staff dormitory, office and transportation equipment, and other equipment that qualify as low-value asset leases, the Company and its subsidiaries have elected to apply the recognition exemption; thus, the Company and its subsidiaries did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
For the year ended December 31, 2023			
Cost			
Balance at January 1 and December 31, 2023	$ 95,653	$ 68,048	$ 163,701
Accumulated depreciation			
Balance at January 1, 2023	-	(23,091)	(23,091)
Depreciation	-	(3,202)	(3,202)
Balance at December 31, 2023	-	(26,293)	(26,293)
Carrying amount at December 31, 2023	$ 95,653	$ 41,755	$ 137,408
For the year ended December 31, 2022			
Cost			
Balance at January 1, 2022	$ -	$ 33,434	$ 33,434
Additions	185,026	76,602	261,628
Reclassification	(89,373)	(41,988)	(131,361)
Balance at December 31, 2022	95,653	68,048	163,701
Accumulated depreciation			
Balance at January 1, 2022	-	(25,215)	(25,215)
Depreciation	-	(2,799)	(2,799)
Reclassification	-	4,923	4,923
Balance at December 31, 2022	-	(23,091)	(23,091)
Carrying amount at December 31, 2022	$ 95,653	$ 44,957	$ 140,610

Investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	10-35 years

The Company's investment properties are located at the Nanzih Technology Industrial Park and Daliao Dist., Kaohsiung. The Company's management was unable to reliably measure the fair value of the investment property located at the Nanzih Technology Industrial Park because the land belongs to the government, and the Company only holds the building's ownership. The market transactions are not frequent and comparable properties in the active market and alternative reliable measurements of fair value are not available; therefore, the Company and its subsidiaries determined that the fair value of the investment property is not reliably measurable. The fair value of the investment property located at the Daliao Dist., Kaohsiung was determined based on the valuation methodology carried out by an independent valuation firm (non-related party of the Company) on February 10, 2022. The fair value was assessed as NT$138,096 based on the lease scope on December 31, 2023 and 2022. The valuation was arrived at using the sales comparison approach and the cost comparison approach. Since there is no significant change in the transaction price of real estate in this area, there should be no significant difference between the fair value assessed on December 31, 2023 and 2022 and the aforementioned fair value assessed by the independent valuation firm.

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

	December 31	
	2023	2022
Year 1	$ 4,903	$ 7,871
Year 2	2,520	5,040
Year 3	210	2,520
Year 4	-	210
	$ 7,633	$ 15,641

16. GOODWILL

	For the Year Ended December 31	
	2023	2022
Balance, beginning of year	$ 683,852	$ 653,410
Effect of foreign currency exchange differences	(50)	30,442
Balance, end of year	$ 683,802	$ 683,852

The Company and its subsidiaries carried out impairment testing on the recoverable amount of goodwill at the end of the annual reporting period. The recoverable amount was determined based on the value in use calculation that used the cash flow projections in the financial budgets covering a 5-year period, using annual discount rates of 17.31% and 17.23% as of December 31, 2023 and 2022, respectively. Based on the assessment results, the recoverable amount exceeded the carrying amount; hence, the Company and its subsidiaries need not recognize any impairment loss on goodwill.

17. OTHER INTANGIBLE ASSETS

	December 31	
	2023	2022
Computer software	$ 27,738	$ 34,566
Patents	74,534	4,460
	$ 102,272	$ 39,026

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	2-10 years
Patents	10-20 years

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Credit loans	$ 2,545,000	$ 2,126,457
Range of interest rate (%)	1.55-1.68	1.18-3.85

b. Long-term borrowings

	December 31	
	2023	2022
Credit loans		
Maturities before June 2030, interest rates 0.595%-1.7938% and 0.47%-1.67% p.a., respectively	$ 3,511,242	$ 2,473,985
Less: Current portion	602,061	-
	$ 2,909,181	$ 2,473,985

1) The Company has committed to maintain certain percentages and amounts for the current ratio, debt ratio, interest coverage ratio and total equity in the consolidated financial statements during the loan period, which are reviewed at least once every six months. If the Company is not in compliance with the aforementioned restrictions on the financial rations and amounts, the Company should make improvements by the end of the year of submission of the annual consolidated financial statements or by the end of the second quarter of the next year's consolidated financial statements. If the restrictions are met, the Company will be deemed as not in violation of the restrictions, however, the interest rate will be raised. The Company and its subsidiaries' consolidated financial statements as of the year ended December 31, 2023 was not in breach of the aforementioned restrictions.

2) The Company entered into a syndicated loan agreement of NT$7,200,000 thousand with seven banks led by First Commercial Bank in December 2020. The credit line can be used for loan A and loan B. The credit line of loan A is NT$7,200,000 thousand (or equivalent amount in USD, RMB or JPY), and the joint credit line with loan B cannot exceed NT$7,200,000 thousand. The credit line of loan B is NT$5,760,000 thousand, which can be used on a revolving basis during the loan period (5 years from the initial drawdown date), and is used for the purpose of repaying the loans of financial

institutions and enriching medium-term working capital. In addition, the Company may extend the loan period by 2 years after obtaining the consent of the seven banks, within the period of six months starting from 4 years after the initial drawdown date.

3) In September 2019, the Company obtained the approval letter from the Ministry of Economic Affairs (MOEA), Republic of China according to “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan.” In accordance with the regulations, the Company is required to complete its investments within 3 years from the date of approval of the letter. The Ministry of Economic Affairs approved the change of the scheduled investment plan and the extension of the investment completion date to July 2024 due to the progress of the plant expansion and the significant increase in production capacity caused by the epidemic.

19. BONDS PAYABLE - FOR THE YEAR ENDED DECEMBER 31, 2022 ONLY

a. Liability component

1) Secured domestic convertible bonds

For the year ended December 31, 2022

	Face Value	Discounts on bonds payable	Total
Balance, beginning of the year (included in current - portion of bonds payable)	$ 221,200	$ (6,032)	$ 215,168
Converted into ordinary shares	(220,400)	5,903	(214,497)
Execution of redemption rights	(800)	21	(779)
Amortization	-	108	108
Balance, end of the year	$ -	$ -	$ -

2) Financial assets at FVTPL

	For the Year Ended December 31 2022
Balance, beginning of the year	$ 1,416
Converted into ordinary shares	(1,411)
Execution of redemption rights	(4)
Adjustment for valuation	(1)
Balance, end of the year	$ -

b. Equity component

	For the Year Ended December 31
	2022
Balance, beginning of the year	$ 52,430
Converted into ordinary shares	(52,240)
Execution of redemption rights	(190)
Balance, end of the year	$ -

The Company issued first secured domestic convertible bonds in July 2021. The bonds were issued at 120.56% of the face value. The total amount issued was NT$1,808,462 thousand with a face value of NT$100 thousand each, zero coupon rate and issuance period of 5 years. Hua Nan Commercial Bank and E.SUN Commercial Bank acted as guarantee banks. According to the regulations, the liabilities and conversion rights are separately recognized as liabilities and capital surplus - options, respectively; the embedded derivatives (redemption rights and put options) are recognized separately from the contract and included in financial assets at FVTPL. Liability components of non-derivative bonds are measured at amortized cost using the effective interest method (effective interest rate is 0.6034%). The discount amortization is recognized in current profit or loss.

The over-the-counter trading of the convertible bonds was terminated in January 2022, the abovementioned secured convertible bonds with a face value of NT$1,499,200 thousand have been converted into 20,068 thousand ordinary shares (par value of NT$1) of the Company. The benchmark date of capital increase on March 17, 2022, it is recorded under capital collected in advance. The portion of the net amount of conversion exceeding the par value of the ordinary shares is accounted for as capital surplus - convertible bond premium in the amount of NT$262,367 thousand in 2022; in addition, due to the exercise of the conversion right of bonds, the capital surplus - options recognized in the original issue decreased by NT$52,240 thousand in 2022. The redemption right of this convertible bonds was exercised by the Company. The capital surplus - options recognized in the original issue by NT$190 thousand was transferred to capital surplus - convertible bonds of expired share options.

20. ACCOUNTS PAYABLE

	December 31	
	2023	2022
Accounts payable	$ 814,978	$ 930,394
Accounts payable - related parties	$ 5,841	$ 11,670

The Company and its subsidiaries have in place financial risk management policies to ensure that all accounts payable will be repaid within the credit period.

21. OTHER PAYABLES

	December 31	
	2023	2022
Salaries and bonuses	$ 486,628	$ 507,368
Purchase of equipment	77,953	226,557

(Continued)

	December 31	
	2023	2022
Employees' compensation and remuneration of directors	$ 53,066	$ 41,925
Others	271,975	267,823
	$ 889,622	$ 1,043,673

(Concluded)

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The subsidiaries in foreign countries contribute on a monthly basis a certain percentage of employees' monthly salaries and wages to their respective pension funds in accordance with the local laws and regulations.

b. Defined benefit plans

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

The amounts included in the consolidated balance sheets in respect of the Company and its subsidiaries' defined benefit plans and other long-term employee benefit were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	$ 8,323	$ 4,771
Fair value of plan assets	(7,798)	(7,366)
Present value of other long-term employee benefit obligation appropriated	11,699	10,639
	12,224	8,044
Recognized under other payables	(11,699)	(10,639)
Net defined benefit liabilities (assets) (Note)	$ 525	$ (2,595)

Note: Net defined benefit liabilities are recognized under other non-current liabilities; net defined benefit assets are recognized under other non-current assets.

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Present Value of Other Long-term Employee Benefit Obligation Appropriated	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2023	$ 4,771	$ (7,366)	$ 10,639	$ 8,044
Service cost				
Current service cost	124	-	3,055	3,179
Past service cost	3,601	-	-	3,601
Interest expense (income)	72	(111)	131	92
Recognized in profit or loss	3,797	(111)	3,186	6,872
Remeasurement				
Return on plan assets (excluding amounts included in net interest)	-	(45)	-	(45)
Actuarial loss (gain)				
Experience adjustments	(245)	-	1,756	1,511
Recognized in other comprehensive income (the portion of other long-term employee benefits is recognized in profit or loss)	(245)	(45)	1,756	1,466
Contributions from the employer	-	(276)	-	(276)
Benefits paid	-	-	(3,882)	(3,882)
	-	(276)	(3,882)	(4,158)
Balance at December 31, 2023	$ 8,323	$ (7,798)	$ 11,699	$ 12,224
Balance at January 1, 2022	$ 5,168	$ (6,635)	$ 6,683	$ 5,216
Service cost				
Current service cost	136	-	3,662	3,798
Interest expense (income)	26	(33)	28	21
Recognized in profit or loss	162	(33)	3,690	3,819
Remeasurement				
Return on plan assets (excluding amounts included in net interest)	-	(580)	-	(580)
Actuarial loss (gain)				
Changes in financial assumptions	(566)	-	(187)	(753)
Experience adjustments	7	-	2,404	2,411
Recognized in other comprehensive income (the portion of other long-term employee benefits is recognized in profit or loss)	(559)	(580)	2,217	1,078
Contributions from the employer	-	(118)	-	(118)
Benefits paid	-	-	(1,951)	(1,951)
	-	(118)	(1,951)	(2,069)
Balance at December 31, 2022	$ 4,771	$ (7,366)	$ 10,639	$ 8,044

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans and other long-term employee benefit are as follows:

	For the Year Ended December 31	
	2023	2022
Operating costs	$ 7,301	$ 3,316
General and administrative expenses	1,327	2,720
	$ 8,628	$ 6,036

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

1) Investment risk

   The plan assets are invested in domestic and foreign equity securities, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

   A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

   The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2023	2022
Discount rate (%)	1.5	1.5
Expected rate of salary increase (%)	2.5	2.5
Turnover rate (%)	0.0-10.0	0.0-10.0

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

	December 31	
	2023	2022
Discount rate		
0.25% increase	$ (383)	$ (170)
0.25% decrease	$ 407	$ 178

(Continued)

	December 31	
	2023	2022
Expected rate of salary increase		
0.25% increase	$ 397	$ 173
0.25% decrease	$ (376)	$ (166)

(Concluded)

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

	December 31	
	2023	2022
Expected contributions to the plan for the next year	$ 250	$ 96
Average duration of the defined benefit obligation	22.3 years	14.7 years

23. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	1,750,000	1,750,000
Shares authorized	$ 700,000	$ 700,000
Number of shares issued and fully paid (in thousands)	950,539	966,422
Shares issued	$ 380,215	$ 386,569

The Company had passed the revision of its articles of incorporation regarding par value per share in its shareholders' meeting in June 2022. The par value per share had been changed from NT$1 to NT$0.4, and the reissuance of the shares was completed on September 5, 2022.

Under Article 28-2 of the Securities and Exchange Act, the Company's board of directors resolved to cancel treasury shares in May 2023 which were bought back in 2018 and had not been transferred to employees within five years. The Company canceled 15,883 thousand treasury shares on July 6, 2023, which was the date for capital reduction. The amount of capital reduction was NT$6,354 thousand. The difference between the cost and the cancelled shares decreased capital surplus - share issue premium by NT$68,068 thousand and capital surplus - treasury share transaction by NT$179,823 thousand, respectively.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distribute cash or transferred to share capital (Note)		
Additional paid-in capital	$ 4,082,840	$ 4,224,188
Conversions of bonds	1,784,093	1,784,093

(Continued)

	December 31	
	2023	2022
Treasury share transactions	$ 51,195	$ 81,484
Expired options of convertible bonds	190	190
Expired employee share options	89	89
May be used to offset deficits only		
Share of changes in equity of subsidiaries	1	1
May not be used for any purpose		
Restricted stocks for employees	115,284	115,284
	$ 6,033,692	$ 6,205,329

(Concluded)

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

After the Company issued amended dividend regulation on shareholders' meeting in June 2022, that earnings distribution or loss make-up may be made after the close of each quarter. If there is any surplus at the end of each quarter, the Company shall first make up for losses, estimate and retain the taxable contributions and compensation to employees and directors, and set aside 10% of the legal reserve, except when the legal reserve has reached the Company's total capital, and set aside or reverse the special reserve as required by law or regulations prescribed by the competent authority. If there is any surplus, the remaining balance shall be added to the accumulated undistributed earnings of the previous quarter, and the board of directors shall prepare a proposal for the distribution of the earnings, which shall be resolved by the shareholders' meeting if the earnings are to be distributed by issuing new shares, or by the board of directors if the earnings are to be distributed in cash.

If there is any surplus in the Company's annual final accounts, the Company shall first pay taxes and make up for losses, and then set aside 10% as legal reserve, except when the accumulated legal reserve has reached the Company's total capital, and set aside or reverse the special reserve as required by law or the competent authority; if there is any remaining balance, the Company may give priority to the distribution of dividends from the preferred shares; if there is any unappropriated earnings from prior years, the Board of Directors shall prepare a proposal for the distribution of earnings, which shall be resolved by the shareholders' meeting if the distribution is to be made by issuing new shares.

Before the Company issued amended dividend regulation on shareholders' meeting in June 2022, that earnings distribution or loss make-up may be made after the close of each semi-annual fiscal period. If there is any surplus at the end of each semi-annual fiscal period, the Company shall first make up for losses, estimate and retain the taxable contributions and compensation to employees and directors, and set aside 10% of the legal reserve, except when the legal reserve has reached the Company's total capital, and set aside or reverse the special reserve as required by law or regulations prescribed by the competent authority. If there is any surplus, the remaining balance shall be added to the accumulated undistributed earnings of the previous semi-accounting year, and the board of directors shall prepare a proposal for the distribution of the earnings, which shall be resolved by the shareholders' meeting if the earnings are to be distributed by issuing new shares, or by the board of directors if the earnings are to be distributed in cash.

If there is any surplus in the Company's annual final accounts, the Company shall first pay taxes and make up for losses, and then set aside 10% as legal reserve, except when the accumulated legal reserve has reached the Company's total capital, and set aside or reverse the special reserve as required by law or the competent authority; if there is any remaining balance, the Company may give priority to the distribution of dividends from the preferred shares; if there is any unappropriated earnings from prior years, the Board of Directors shall prepare a proposal for the distribution of earnings, which shall be resolved by the shareholders' meeting if the distribution is to be made by issuing new shares.

The Company is in line with the overall environment and the growth characteristics of the industry, as well as the long-term financial planning of the Company, in order to achieve sustainable and stable business development. The Company's dividend policy is based on the residual dividend policy, which is based on the Company's future capital budget plan to measure the annual capital requirements, and the remaining earnings are distributed in the form of cash and stock dividends after reserving the necessary capital for financing. The distribution steps are as follows:

1) Determine the best capital budget.

2) Determine the amount of financing needed to meet the previous capital budget.

3) Determine the amount of capital to be financed by retained earnings.

4) The remaining earnings may be distributed to the shareholders in the form of dividends, after reserving an appropriate amount for operating needs, and the distribution should be no less than 10% of the Company's distributable earnings for the year, provided that the portion of cash dividends is no less than 10% of the total dividends to be paid.

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

In accordance with the Rule issued by FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate to or reverse from special reserve.

The appropriations of earnings for 2023, 2022 and 2021 had been approved by the Company's board of directors. The appropriations and dividends per share were as follows:

	For the Second Half of Year, 2022	**For the First Half of Year, 2022**	**For the Second Half of Year, 2021**	**For the First Half of Year, 2021**
Resolution Date of the Company's board of directors in its meeting	March 16, 2023	November 4, 2022	March 17, 2022	November 5, 2021
Legal reserve	$ 133,177	$ 153,349	$ 133,381	$ 55,332
Special reserve (reversal)	$ 31,557	$ 54,752	$ 64,892	$ (34,256)
Cash dividends	$ 765,496	$ 661,540	$ 646,123	$ 246,872
Cash dividends per share (NT$)	$ 0.81	$ 0.70	$ 1.72	$ 0.68

	For the Three Months Ended December 31, 2023	For the Three Months Ended September 30, 2023	For the Three Months Ended June 30, 2023	For the Three Months Ended March 31, 2023
Resolution Date of the Company's board of directors in its meeting	March 12, 2024	November 7, 2023	August 8, 2023	May 5, 2023
Legal reserve	$ 30,266	$ 42,310	$ 46,838	$ 38,815
Special reserve (reversal)	$ (1,456)	$ (10,787)	$ 21,104	$ (256,939)
Cash dividends	$ 389,721	$ 380,216	$ 380,215	$ 378,023
Cash dividends per share (NT$)	$ 0.41	$ 0.40	$ 0.40	$ 0.40

In addition to the above-mentioned cash dividends, the appropriations of earnings for 2022 and 2021 were resolved by the shareholders in their meetings in May 2023 and June 2022, respectively. The appropriations of earnings for 2023 are subject to the resolution by the shareholders in their meetings to be held in May 2024.

d. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Balance, beginning of the year	$ (31,961)	$ (261,162)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(54,928)	286,533
Related income tax	10,986	(57,332)
Balance, end of the year	$ (75,903)	$ (31,961)

2) Unrealized gains and losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance, beginning of the year	$ (191,485)	$ 90,532
Recognized for the year		
Unrealized gains and losses - equity instruments	336,854	(233,566)
Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal	(17,551)	(48,451)
Balance, end of the year	$ 127,818	$ (191,485)

3) Unearned employee benefits

	For the Year Ended December 31	
	2023	2022
Balance, beginning of the year	$ (111,249)	$ -
Issuance of employee restricted stock awards	-	(117,654)
Share - based payment expense	28,513	6,405
Balance, end of the year	$ (82,736)	$ (111,249)

e. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance, beginning of the year	$ 398,606	$ 124,291
Share of net profit for the year	32,635	29,068
Other comprehensive income (loss) for the year		
Exchange differences on translating the financial statements of foreign operations	(3,040)	1,644
Unrealized gains and losses on financial assets at fair value through other comprehensive income	5,239	(21,452)
Non-controlling interests from acquisition of subsidiaries	-	510,000
Acquisition of the Company’s shares held by subsidiaries	(23,084)	(253,972)
Disposal of the Company’s shares held by subsidiaries	6,838	-
Change in non-controlling interest increased by capital increase of the subsidiary	-	1,635
Others	12,339	7,392
Balance, end of the year	$ 429,533	$ 398,606

f. Treasury shares

	Thousand Shares				December 31	
Purpose of Treasury Shares	Beginning of Year	Change The Par Value of Shares	Addition	Reduction	Thousand Shares	Amount
For the year ended December 31, 2023						
Transferring to employees	21,365	-	-	21,365	-	$ -
Shares held by subsidiaries	7,088	-	612	147	7,553	261,137
	28,453	-	612	21,512	7,553	$ 261,137
For the year ended December 31, 2022						
Transferring to employees	8,546	12,819	-	-	21,365	$ 342,001
Shares held by subsidiaries	-	-	7,088	-	7,088	244,012
	8,546	12,819	7,088	-	28,453	$ 586,013

For the above-mentioned treasury shares transferred to employees, the decrease in 2023 included the actual transfer and the cancellation of the shares that have not been transferred to employees in five years under the law. Refer to Notes 28 (b) and 23 (a).

The Company’s shares acquired and held by the subsidiary, Shing Zheng Investment for the purpose of investment are accounted for as treasury shares (subsidiaries recorded those shares as financial assets at FVTOCI) based on the percentage of ownership held by the Company. The Company does not hold more than 50% of the shares of Shing Zheng Investment; therefore, its rights to hold the Company’s shares are the same as those of other ordinary shareholders. Refer to Table 3 for details of the subsidiaries’ ownership of the Company’s shares. In 2023, the subsidiary sold 300 thousand shares of the Company held by it at disposal price of NT$13,408 thousand, and the carrying amount of treasury shares attributed to the Company was NT$5,053 thousand, which was based on the proportion of shareholdings, and the gain on disposal of NT$1,517 thousand was recognized as capital surplus -treasury stock transactions. As of December 31, 2023 and 2022, the market value of the above treasury shares was NT$252,276 thousand and NT$210,519 thousand based on the Company’s shareholding at the end of the year, respectively.

In accordance with the Securities and Exchange Act, treasury shares held by the Company shall not be pledged, and do not hold any shareholder rights.

24. OPERATING REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from sale of goods	$ 11,498,016	$ 14,199,268
Commission and revenue from the rendering of services	53,297	120,735
Dividend income	12,993	9,613
Other operating revenue	16,939	101,668
	$ 11,581,245	$ 14,431,284

a. Refer to Note 4 (n) for information relating to the contracts with customers.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable	$ 2,295,593	$ 2,564,292	$ 2,858,809
Contract liabilities (including current and non-current)			
Sale of goods	$ 304,039	$ 413,021	$ 174,153

The changes in the balance of contract liabilities resulted primarily from the difference in timing between the satisfaction of performance obligations and customer payment.

Revenue recognized in the current year from the satisfaction of performance obligations of the contract liabilities at the beginning of the year was as follows:

	For the Year Ended December 31	
	2023	2022
Sale of goods	$ 287,518	$ 130,993

c. Disaggregation of revenue

For the year ended December 31, 2023

	Operating Segment					
Type of revenue	IC Lead Frames	LED Lead Frames	Resins Material	Investments	Others	Total
Sale of goods	$ 8,735,931	$ 721,069	$ 1,833,751	$ -	$ 207,265	$ 11,498,016
Commission and rendering of services	20,267	-	30,340	-	2,690	53,297
Dividend income	-	-	-	12,993	-	12,993
Others	311	440	-	1,307	14,881	16,939
	$ 8,756,509	$ 721,509	$ 1,864,091	$ 14,300	$ 224,836	$ 11,581,245

For the year ended December 31, 2022

	Operating Segment					
Type of revenue	IC Lead Frames	LED Lead Frames	Resins Material	Investments	Others	Total
Sale of goods	$ 11,618,752	$ 652,821	$ 1,712,464	$ -	$ 215,231	$ 14,199,268
Commission and rendering of services	88,723	-	29,574	-	2,438	120,735
Dividend income	-	-	-	9,613	-	9,613
Others	347	479	-	-	100,842	101,668
	$ 11,707,822	$ 653,300	$ 1,742,038	$ 9,613	$ 318,511	$ 14,431,284

d. Partially completed contracts

The transaction prices, excluding any estimated amounts of variable consideration that are constrained, allocated to the performance obligations that were not fully satisfied and the expected timing for recognition of revenue were as follows:

	December 31	
	2023	2022
Sale of goods		
Full fill in 2023	$ -	$ 331,044
Full fill in 2024	267,513	81,977
Full fill in 2025 and subsequent years	36,526	-
	$ 304,039	$ 413,021

25. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

a. Other income

	For the Year Ended December 31	
	2023	2022
Dividend income	$ 122,493	$ 90,995
Government grants	37,304	32,184
Compensation income	37,072	-
Tooling revenue	36,468	31,563
Others	9,803	9,868
	$ 243,140	$ 164,610

b. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gain	$ 61,227	$ 347,073
Gain (loss) arising from financial assets at fair value through profit or loss	32,172	(20,700)

(Continued)

	For the Year Ended December 31	
	2023	2022
Others	$ (6,499)	$ (5,507)
	$ 86,900	$ 320,866

(Concluded)

c. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	$ 93,497	$ 43,313
Amortization of syndicated loan fee	2,880	2,880
Interest on lease liabilities	1,827	1,785
Amortization of discounts on bonds payable	-	108
Others	10	5
Less: Amounts included in the cost of qualifying assets	(4,966)	(802)
	$ 93,248	$ 47,289

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized amount	$ 4,966	$ 802
Capitalization rates (%)	0.47-1.652	0.095-1.436

d. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Depreciation expense		
Property, plant and equipment	$ 773,352	$ 688,090
Right-of-use assets	27,219	23,735
Investment properties	3,202	2,799
	$ 803,773	$ 714,624
Analysis of depreciation by function		
Operating costs	$ 749,981	$ 659,705
Operating expenses	50,590	52,120
Non-operating income and expenses	3,202	2,799
	$ 803,773	$ 714,624

(Continued)

	For the Year Ended December 31	
	2023	2022
Amortization expense		
Computer software	$ 13,223	$ 12,288
Patents	541	597
Other non-current assets	991	322
	$ 14,755	$ 13,207
Analysis of amortization by function		
Operating costs	$ 4,935	$ 3,057
Operating expenses	9,820	10,150
	$ 14,755	$ 13,207

(Concluded)

e. Employee benefits

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	$ 72,927	$ 74,458
Defined benefit plans	3,686	129
	76,613	74,587
Other employee benefits	1,608,040	1,700,874
	$ 1,684,653	$ 1,775,461
Analysis of employee benefits by function		
Operating costs	$ 1,060,832	$ 1,083,889
Operating expenses	623,821	691,572
	$ 1,684,653	$ 1,775,461

f. Compensation of employees and remuneration of directors

In accordance with the Company's Articles, the Company accrues employees' compensation and remuneration of directors at the rates of 1% to 12% and no higher than 1.5%, respectively, of the pre-tax profit before deduction for employees' compensation and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022, which have been approved by the Company's board of directors in March 2024 and 2023, respectively, were as follows:

	For the Year Ended December 31	
	2023	2022
Employees' compensation - cash	$ 17,387	$ 32,969
Remuneration of directors - cash	$ 4,000	$ 4,000

Accrual rate		
Employees' compensation (%)	1.0	1.0
Remuneration of directors (%)	0.2	0.1

The difference between the amounts recognized and approved by the Company's board of directors is recorded as a change in accounting estimate and will be adjusted in the next year.

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

Information on the employees' compensation and remuneration of directors resolved by the board of directors are available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Others

	For the Year Ended December 31	
	2023	**2022**
Gain on disposal of property, plant and equipment (included in operating costs)	$ 2,025	$ 423

26. INCOME TAX

a. Income tax expense recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	**2022**
Current tax		
In respect of the current year	$ 501,554	$ 736,505
Adjustments for prior years	(67,588)	(60,419)
Income tax on unappropriated earrings	32,900	21,099
Deferred tax		
In respect of the current year	(95,630)	92,169
Adjustments for prior years	1,805	(68)
	$ 373,041	$ 789,286

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2023	**2022**
Profit before income tax	$ 1,970,188	$ 3,634,255
Income tax expense calculated at the statutory rate	$ 706,094	$ 1,335,728
Non-recognizable gains in determining taxable income	(189,681)	(336,885)
Income tax on unappropriated earnings	32,900	21,099
Unrecognized temporary differences	(110,489)	(170,169)
Adjustments for prior years	(65,783)	(60,487)
	$ 373,041	$ 789,286

b. Income tax expense (benefit) recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
Exchange differences on translating the financial statements of foreign operations	$ (10,986)	$ 57,332
Remeasurement of defined benefit plans	58	228
	$ (10,928)	$ 57,560

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	$ 19,433	$ -
Current tax liabilities		
Income tax payable	$ 352,312	$ 504,723

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2023

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Deferred tax assets					
Temporary differences					
Loss on inventory valuation and obsolescence	$ 34,575	$ 7,659	$ -	$ (70)	$ 42,164
Difference between tax reporting and financial reporting - revenue recognition	8,314	12,932	-	-	21,246
Exchange differences on translating the financial statements of foreign operations	7,956	-	10,986	-	18,942
Others	19,128	18,938	(58)	(128)	37,880
	$ 69,973	$ 39,529	$ 10,928	$ (198)	$ 120,232
Deferred tax liabilities					
Temporary differences					
Share of profit from foreign subsidiaries accounted for using the equity method	$ 324,317	$ (51,142)	$ -	$ -	$ 273,175
Others	3,154	(3,154)	-	-	-
	$ 327,471	$ (54,296)	$ -	$ -	$ 273,175

For the Year Ended December 31, 2022

Deferred tax assets	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Temporary differences					
Loss on inventory valuation and obsolescence	$ 20,657	$ 13,301	$ -	$ 617	$ 34,575
Difference between tax reporting and financial reporting - revenue recognition	6,286	2,028	-	-	8,314
Exchange differences on translating the financial statements of foreign operations	65,288	-	(57,332)	-	7,956
Others	40,381	(22,376)	-	1,123	19,128
	$ 132,612	$ (7,047)	$ (57,332)	$ 1,740	$ 69,973

Deferred tax liabilities	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Temporary differences					
Share of profit from foreign subsidiaries accounted for using the equity method	$ 242,110	$ 82,207	$ -	$ -	$ 324,317
Others	79	2,847	228	-	3,154
	$ 242,189	$ 85,054	$ 228	$ -	$ 327,471

e. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2023	2022
Difference between tax reporting and financial reporting - depreciation and amortization recognition	$ 169,279	$ 174,687
Difference between tax reporting and financial reporting - revenue recognition	50,247	45,884
Unrealized expenditures and losses	47,438	96,650
	$ 266,964	$ 317,221

f. Income tax assessments

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

27. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

	For the Year Ended December 31	
	2023	2022
Net profit for the year attributable to owners of the Company	$ 1,564,512	$ 2,815,901

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares used in the computation of basic earnings per share	934,746	935,470
Effect of potentially dilutive ordinary shares		
Employees' compensation	694	1,210
Employee restricted stock awards	2,209	79
Weighted average number of ordinary shares used in the computation of diluted earnings per share	937,649	936,759

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

28. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee restricted stock awards

The issuance of employee restricted stock awards (RSAs) for the year 2022 of no more than 6,365 thousand ordinary shares (par value of NT$0.4) has been approved by the Company's shareholders in their meeting held in June 2022. The grants will be made free of charge. Under the aforementioned resolution, the Company's board of directors approved the issuance of RSAs of 5,925 thousand shares (par value of NT$0.4) in October 2022. The grant date and the issuance date will be on October 11, 2022. The fair value of employee restricted stock awards at the date of grant was $30.6 per share.

Vesting conditions of the aforementioned arrangement are as follows:

1) Three years from the date of new employee restricted stocks for employees who are still in employment and achieved their individual KPI each year.

2) The maximum percentage of shares that can be vested in each year is 20% for three years, 30% for four years and 50% for five years.

Employee restricted stocks that have been granted but have not yet met the vesting conditions are as follows:

1) During each vesting period, no key management personnel granted RSAs, except for inheritance, may sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, any shares under the unvested RSAs. After the employee meets the vesting conditions, the shares will be transferred to the employee's personal pool account in accordance with the trust custody agreement.

2) The right of attendance, proposal, speech, vote and election should be executed in accordance with the contract of stock trust.

3) Except for the restrictions mentioned above, the right of restricted shares is the same as the issued ordinary shares of the Company before meeting the vesting conditions (including the right of interest, dividends, capital surplus; share option for cash capital increase).

b. Treasury shares transferred to employees

For the purposes of motivating the employees and enhancing internal cohesion, in May 2023, the Company's board of directors transferred treasury shares that were purchased in 2018 to employees of the parent company, Company and its subsidiaries that met certain criteria. The grant date was June 19, 2023. The number of 5,482 thousand shares was transferred and the transfer price was NT$18 per share. After the execution, the Company and its subsidiaries recognized remuneration costs of NT$52,258 thousand, capital surplus - treasury stock transactions of NT$136,162 thousand and decreased capital surplus - share issue premium of NT$73,280 thousand.

The share-based payment arrangement on the grant date is calculated by using the closing price of the shares at the grant date less the performance price used to estimate the fair value of the share option.

29. NON-CASH TRANSACTIONS

The Company and its subsidiaries entered into the following non-cash investing activities that were not reflected in the statements of cash flows:

	For the Year Ended December 31	
	2023	**2022**
Investing activities affecting both cash and non-cash items		
Increase of property, plant and equipment	$ 1,056,123	$ 1,628,718
Decrease in prepayments for equipment	(63,167)	(153,773)
Decrease (increase) in payable for equipment (classified under other payables)	148,646	(111,286)
Capitalized interest	(4,966)	(802)
Cash paid	$ 1,136,636	$ 1,362,857
Increase of intangible assets	$ 77,072	$ 17,243
Decrease in prepayments for equipment	(77,072)	(15,994)
Decrease in payable for equipment (classified under other payables)	-	218
Cash paid	$ -	$ 1,467

30. CAPITAL MANAGEMENT

The Company and its subsidiaries manage the capital to ensure that they will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The overall strategy of the Company and its subsidiaries did not change significantly in 2023.

The capital structure of the Company and its subsidiaries consist of net debt and equity. The Company and its subsidiaries' long-term borrowings are subject to certain capital and financial ratio restrictions based on signed contracts. Refer to Note 18 for more information.

The key management personnel of the Company and its subsidiaries reviews the capital structure periodically in consideration of the current operation in the industry and the future development and external environmental changes. As part of the review, the key management personnel considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company and its subsidiaries may adjust the amount of dividends paid to shareholders, the number of shares issued, repurchase and the amount of new debt issued or existing debt redeemed.

31. FINANCIAL INSTRUMENTS

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

The management of the Company and its subsidiaries believe the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non - derivatives				
Mutual funds	$ 79,100	$ -	$ -	$ 79,100
Domestic convertible bonds	14,783	-	-	14,783
	$ 93,883	$ -	$ -	$ 93,883
Financial assets at FVTOCI				
Investment in equity instruments				
Domestic listed shares	$ 2,036,662	$ -	$ -	$ 2,036,662

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non - derivatives				
Mutual funds	$ 55,020	$ -	$ -	$ 55,020
Domestic convertible bonds	2,688	-	-	2,688
	$ 57,708	$ -	$ -	$ 57,708
Financial assets at FVTOCI				
Investment in equity instruments				
Domestic listed shares	$ 1,442,554	$ -	$ -	$ 1,442,554

There was no transfer between Level 1 and Level 2 during the years ended December 31, 2023 and 2022.

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

The financial assets of the Company and its subsidiaries measured at fair value based on Level 3 are derivatives measured at FVTPL and equity instruments investment measured at FVTOCI. The reconciliations were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of the year	$ -	$ 1,416
Conversions	-	(1,411)
Execution of redemption rights	-	(4)
Recognized in profit or loss (included in other gains and losses)	-	(1)
Balance, end of the year	$ -	$ -

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

The fair value of derivative assets - convertible bonds redemption rights and put options is measured using binominal tree model by using significant but unobservable inputs as fluctuation of stock price. When the fluctuation of stock price increases, the fair value is deemed to increase.

The fair value of foreign non-listed stocks is measured by the market method with reference to the evaluation multiplier of companies of the same type and the Company's operating conditions.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Financial assets mandatorily classified as at FVTPL	$ 93,883	$ 57,708
Financial assets at amortized cost (Note 1)	10,381,856	9,675,404
Financial assets at FVTOCI - equity instruments	2,036,662	1,442,554
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	7,773,306	6,592,723

Note 1: The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, refundable deposits (included in other non-current assets), and other financial assets.

Note 2: The balances included financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, accounts payable (including related parties), other payables, long-term borrowings (including current portion of long-term borrowings) and guarantee deposits received.

d. Financial risk management objectives and policies

The Company and its subsidiaries' major financial instruments include equity investments, notes and accounts receivable, accounts payable, borrowings and lease liabilities. The Company and its subsidiaries' corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company and its subsidiaries through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The significant financial activities of the Company and its subsidiaries are reviewed by the board of directors in accordance with relevant regulations and internal controls. The finance department follows the accountability and related financial risk control procedures required by the Company and its subsidiaries for executing financial projects. Compliance with policies and exposure limits is continually reviewed by the internal auditors. The Company and its subsidiaries did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company and its subsidiaries were exposed primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price (see (c) below).

There has been no change to the Company and its subsidiaries' exposure to market risks or the manner in which these risks are managed and measured in 2023.

a) Foreign currency risk

The Company and its subsidiaries were exposed to foreign currency risk due to sales, purchases and capital expenditures denominated in foreign currencies. Exchange rate exposures were managed within approved policy parameters utilizing foreign borrowings or foreign bond.

For the carrying amounts of the Company and its subsidiaries' significant non-functional currency denominated monetary assets and liabilities at the balance sheet date, refer to Note 35.

The Company and its subsidiaries are mainly exposed to the USD. The following table details the Company and its subsidiaries' sensitivity to a 1% increase and decrease in the functional currency against the USD. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%.

	Impact on Profit or Loss (USD)	
	For the Year Ended December 31	
	2023	**2022**
Profit before income tax (Note)	$ (38,560)	$ (38,380)

Note: These were mainly attributable to the exposure on outstanding USD denominated cash and cash equivalents, accounts receivable (including related parties), other receivables, other financial assets, short-term borrowings, accounts payable (including related parties), and other payables which were not hedged at the balance sheet date.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the year. Sales in USD will fluctuate based on different contracts and the business cycle.

b) Interest rate risk

The Company and its subsidiaries were exposed to interest rate risk because the Company and its subsidiaries borrowed funds at floating interest rates. The risk is managed by the Company and its subsidiaries by utilizing low-interest-rate financing methods. By taking advantage of the low interest rates, the Company and its subsidiaries can not only maintain low financing costs but have sufficient lines of credit for utilization.

The carrying amounts of the Company and its subsidiaries' financial assets and liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 7,568	$ 31,605
Financial liabilities	300,045	95,345
Cash flow interest rate risk		
Financial assets	4,366,878	5,229,193
Financial liabilities	5,856,242	4,600,442

The sensitivity analysis below was determined based on the Company and its subsidiaries' exposure to financial instruments at the balance sheet date. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the balance sheet date was outstanding for the whole year. A 1% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Company and its subsidiaries' pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by NT$58,562 thousand and NT$46,004 thousand, respectively.

c) Other price risk

The Company and its subsidiaries are exposed to other price risk through its investments in equity securities and bonds. If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by NT$939 thousand and NT$577 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by NT$20,367 thousand and NT$14,426 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company and its subsidiaries. At the end of the year, the Company and its subsidiaries' maximum exposure to credit risk, which would cause a financial loss to the Company and its subsidiaries due to the failure of the counterparty to discharge its obligation is the carrying amount of financial assets recognized in the consolidated balance sheets.

The Company and its subsidiaries' transaction counterparties are all creditworthy companies, and the relevant business units grant credit lines to their customers based on the results of each credit check, and also regularly tracks customer collections. Therefore, no significant credit risk is expected.

There are a number of major customers when it comes to accounts receivable counterparties. They are mostly engaged in commercial activities, and have similar economic characteristics and similar ability to fulfill contracts affected by the economic or other conditions. Therefore, the Company and its subsidiaries were exposed to credit risk. The receivables balances (notes receivable, accounts receivable and other receivables, including related parties) with significant credit risk were as follows:

Customer	December 31 2023	2022
CWE (Parent company)	$ 466,289	$ 564,701

3) Liquidity risk

The Company and its subsidiaries manage liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company and its subsidiaries' operations and mitigate the effects of fluctuations in cash flows. The Company and its subsidiaries rely on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company and its subsidiaries' unused credit facilities were NT$14,961,245 thousand and NT$15,643,649 thousand, respectively.

The following table details the Company and its subsidiaries' remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company and its subsidiaries' can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time span regardless of the probability of the banks choosing to exercise their rights. To the extent that interest flows are at floating rate, the undiscounted amount was estimated by the interest rate at the balance sheet date.

	Less than 1 Year	1-5 Years	Over 5 Years	Total
December 31, 2023				
Non-interest bearing liabilities	$ 2,465,283	$ 3,884	$ 2,168	$ 2,471,335
Lease liabilities	18,431	56,920	36,824	112,175
Variable interest rate liabilities	2,986,083	2,682,776	256,339	5,925,198
Fixed interest rate liabilities	202,233	-	-	202,233
	$ 5,672,030	$ 2,743,580	$ 295,331	$ 8,710,941
December 31, 2022				
Non-interest bearing liabilities	$ 2,637,412	$ 4,169	$ 2,205	$ 2,643,786
Lease liabilities	20,182	42,133	44,325	106,640
Variable interest rate liabilities	2,154,242	1,486,724	1,025,946	4,666,912
	$ 4,811,836	$ 1,533,026	$ 1,072,476	$ 7,417,338

32. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, account balances and gains and losses were eliminated when preparing the consolidated financial statements. Besides information disclosed elsewhere in the other notes, details of transactions between the Company and its subsidiaries and their related parties are disclosed as follows:

a. Names of related parties and their relationships with the Company and its subsidiaries

Related Party Name	Relationship
Chang Wah Electromaterials Inc. (CWE)	Parent company
Wah Lee Industrial Corp. (WLC)	Investment company that adopts equity method to evaluate the parent company
Dongguan Huagang International Trading Co., Ltd. (DHIT)	Subsidiary of investment company that adopt equity method to evaluate the parent company
Shanghai Yikang Chemicals & Industries Co., Ltd. (SYCI)	Subsidiary of investment company that adopt equity method to evaluate the parent company
JMC Electronics Co., Ltd.(JMC)	Associate
Chang Wah Energy Technology Co., Ltd. (CWET)	Associate

b. Operating revenue

Account Item	Related Party Category/Name	For the Year Ended December 31 2023	2022
Revenue from sales of goods	CWE	$ 1,731,541	$ 3,008,336
	DHIT	61,426	63,342
Commission and revenue from rendering of services	CWE	18,758	87,327
Dividend income	CWE	11,964	7,047
	JMC	88	388
Other operating revenue	CWE	236	301
		$ 1,824,013	$ 3,166,741

Sales to related parties were under normal terms applied to similar transactions in the market. Commission and revenue from the rendering of services, dividend income and other operating revenue are different from and not comparable with that of non-related parties. Payment terms are 30-90 days from the end of the month, and the general customer payment terms are 15-120 days from the end of the month.

c. Purchase of goods

Related Party Category/Name	For the Year Ended December 31 2023	2022
WLC	$ 18,505	$ 15,265
SYCI	15,393	34,653
CWE	3,469	8,297
	$ 37,367	$ 58,215

The purchase price is different from and not comparable with that for non-related parties. Payment terms are 60-90 days from the end of the month, and the general customer payment terms are 7 days after purchasing to 120 days from the end of the month.

d. Balance at period-end

Related Party Category/Name	December 31 2023	December 31 2022
Accounts receivable - related parties		
CWE	$ 446,828	$ 538,830
DHIT	26,517	16,472
	$ 473,345	$ 555,302
Other receivables		
CWE	$ 19,461	$ 25,871
Refundable deposit		
JMC	$ 615	$ 724
Contract liabilities - current		
CWE	$ 3,525	$ -
Accounts payable - related parties		
SYCI	$ 3,796	$ 4,942
CWE	1,388	2,544
WLC	657	4,184
	$ 5,841	$ 11,670
Dividends payable		
CWE	$ 360,389	$ 314,944
Other payables		
CWET	$ 7,035	$ -
WLC	6,876	-
CWE	739	716
	$ 14,650	$ 716
Guarantee deposit received		
CWE	$ 230	$ 230

e. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2023	Purchase Price For the Year Ended December 31 2022
CWET	$ 6,700	$ -
CWE	50	998
	$ 6,750	$ 998

The amount of the acquisition price and the payment terms were determined based on agreement by both parties.

f. Lease arrangements

Lease liabilities

Related Party Category/Name	December 31 2023	December 31 2022
JMC	$ 32,303	$ 35,842

Interest expense

Related Party Category/Name	For the Year Ended December 31 2023	For the Year Ended December 31 2022
JMC	$ 429	$ 128

Please refer to Note 14 (c) for the Lease Agreement.

g. Other transactions with related parties

Account Item	Related Party Category/Name	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Selling and marketing expenses - commission expenses	CWE	$ 720	$ 720
Other income - dividend income	CWE	$ 69,532	$ 29,616
	JMC	8	34
		$ 69,540	$ 29,650
Other income - rental revenue	CWE	$ 2,518	$ 2,514

The Company's products are entrusted to the parent company CWE for sales. The handling fees paid according to the contract are listed in selling and marketing expenses - commission expenses.

The Company invests in the shares of its parent company, CWE, which are included in the financial assets measured at fair value through other comprehensive income. Refer to Table 3.

The Company leases a warehouse to its parent company, CWE under an agreement that expires in October 2024.

h. Remuneration for key management personnel

The remuneration of directors and other members of key management personnel was as follows:

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Short-term employee benefits	$ 61,020	$ 56,626
Share-based payments	50,251	5,476
Post-employment benefits	999	976
	$ 112,270	$ 63,078

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Company and its subsidiaries provided the following assets as collateral for guarantees for purchase performance and import tariffs:

	December 31	
	2023	2022
Other financial assets		
Time deposits	$ 22,568	$ 31,605

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Company and its subsidiaries' commitments for the purchase of property, plant and equipment to which NT$80,661 thousand was unpaid.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and its subsidiaries and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant financial assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands)
December 31, 2023				
Monetary foreign currency assets				
USD	$ 115,426	30.705	(USD:NTD)	$ 3,544,153
USD	36,427	7.0827	(USD:RMB)	1,118,495
JPY	879,364	0.2172	(JPY:NTD)	190,998
RMB	86,154	4.3352	(RMB:NTD)	373,494
MYR	3,511	0.2088	(MYR:USD)	22,511
Monetary foreign currency liabilities				
USD	18,066	30.705	(USD:NTD)	554,713
USD	8,206	7.0827	(USD:RMB)	251,965
JPY	121,511	0.2172	(JPY:NTD)	26,392
JPY	105,254	0.0071	(JPY:USD)	22,861
RMB	18,856	4.3352	(RMB:NTD)	81,744
MYR	5,938	0.2088	(MYR:USD)	38,071
Non-monetary items				
Subsidiaries accounted for using the equity method				
USD	249,332	30.705	(USD:NTD)	7,655,741
RMB	23,159	4.3352	(RMB:NTD)	100,401
December 31, 2022				
Monetary foreign currency assets				
USD	112,300	30.71	(USD:NTD)	3,448,724
USD	54,609	6.9646	(USD:RMB)	1,677,037

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands)
JPY	$ 536,776	0.2324	(JPY:NTD)	$ 124,747
RMB	57,556	4.4094	(RMB:NTD)	253,786
MYR	4,517	0.2181	(MYR:USD)	30,262
Monetary foreign currency liabilities				
USD	27,216	30.71	(USD:NTD)	835,808
USD	14,716	6.9646	(USD:RMB)	451,938
JPY	158,408	0.2324	(JPY:NTD)	36,814
JPY	135,023	0.0076	(JPY:USD)	31,379
RMB	12,544	4.4094	(RMB:NTD)	55,313
MYR	7,995	0.2181	(MYR:USD)	53,556
Non-monetary items				
Subsidiaries accounted for using the equity method				
USD	238,535	30.71	(USD:NTD)	7,325,418
RMB	21,359	4.4094	(RMB:NTD)	94,181

(Concluded)

Please refer to Note 25 for information relating to net foreign exchange gains and losses. Due to the variety of foreign currency transactions and functional currencies of each entity, it is impractical to disclose net foreign exchange gains and losses by each significant foreign currency.

36. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees; b. Information on investees

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 3)

4) Marketable securities acquired or disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital (Table 4)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 6)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (Table 7)

11) Information on investees (Table 8)

c. Information on investments in Mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gain or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 9)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 5)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 5)

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

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2)

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (Table 1)

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services (None)

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Reportable segments of the Company and subsidiaries were as follows:

- Chang Wah Technology Co., Ltd. - for the main operating activities, refer to Note 1.
- CWTS - for the main operating activities, refer to Note 12.
- SHAP - for the main operating activities, refer to Note 12.
- Shing Zheng Investment - for the main operating activities, refer to Note 12.
- SHEC - for the main operating activities, refer to Note 12.
- SHPC - for the main operating activities, refer to Note 12.
- SHS - for the main operating activities, refer to Note 12.

- MSHE - for the main operating activities, refer to Note 12.

- WSP - for the main operating activities, refer to Note 12.

- CWES - for the main operating activities, refer to Note 12.

a. Segments revenues and operating results

Please refer to Table 11 for the analysis of the Company and its subsidiaries' revenue and results from continuing operations by reportable segment.

Segment profit represents the profit before tax earned by each segment not including interest income, non-operating incomes and expenses, share of profit of subsidiaries accounted for using the equity method, share of profit of subsidiaries, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	December 31	
	2023	**2022**
Segment assets		
Chang Wah Technology Co., Ltd.	$ 18,897,959	$ 17,680,089
CWTS	223,892	156,905
SHAP	6,164,006	6,203,008
Shing Zheng Investment	1,020,290	917,924
SHEC	1,156,561	1,376,481
SHPC	552,071	587,893
SHS	1,594,746	1,739,486
MSHE	2,060,328	2,777,064
WSP	1,101,112	1,109,134
CWES	845,449	773,408
Adjustments and eliminations	(13,649,464)	(14,492,740)
	$ 19,966,950	$ 18,828,652
Segment liabilities		
Chang Wah Technology Co., Ltd.	$ 8,994,048	$ 7,905,282
CWTS	123,491	62,724
SHAP	74,705	127,628
Shing Zheng Investment	1,573	668
SHEC	200,465	259,820
SHPC	162,106	149,941
SHS	362,635	555,362
MSHE	1,200,070	2,220,280
CWES	281,986	283,886
Adjustments and eliminations	(1,767,573)	(2,910,352)
	$ 9,633,506	$ 8,655,239

c. Other segment information

	Depreciation and Amortization	Impairment Losses of Accounts Receivable Recognized (Reversed) in Profit and Loss	Losses (Gains) on Disposal of Property, Plant and Equipment	Impairment Losses (Reversal) of Non-financial Assets
For the year ended December 31, 2023				
Chang Wah Technology Co., Ltd.	$ 457,733	$ 72	$ (960)	$ 23,064
CWTS	146	(1,447)	-	(289)
SHAP	3,092	-	(4)	-
SHEC	25,903	-	(46)	2,119
SHPC	73,016	-	(3)	156
SHS	126,473	-	-	(43,299)
MSHE	129,704	867	(902)	12,351
CWES	2,461	(2,547)	(110)	(977)
	$ 818,528	$ (3,055)	$ (2,025)	$ (6,875)
For the year ended December 31, 2022				
Chang Wah Technology Co., Ltd.	$ 350,891	$ (1,137)	$ -	$ 47,390
CWTS	162	1,450	-	(136)
SHAP	3,248	-	-	-
SHEC	28,225	-	18	(2,151)
SHPC	84,436	-	92	188
SHS	125,218	-	2	41,825
MSHE	133,052	3,752	(57)	17,157
CWES	2,599	2,647	(478)	(542)
	$ 727,831	$ 6,712	$ (423)	$ 103,731

d. Revenue from major products and services

For the revenue analysis of the main products and services of the Company and its subsidiaries, please refer to Note 24.

e. Geographical information

The Company and its subsidiaries operate in two principal geographical areas - Taiwan and Asia.

The Company and its subsidiaries' revenue from external customers by country of operations and information about its non-current assets by location of assets is detailed below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Taiwan	$ 2,519,030	$ 3,884,869	$ 3,203,312	$ 2,732,549
Asia	8,035,457	9,276,519	2,082,904	2,288,771
Others	1,026,758	1,269,896	-	-
	$ 11,581,245	$ 14,431,284	$ 5,286,216	$ 5,021,320

Non-current assets exclude financial assets at FVTOCI, deferred tax assets, other financial assets, as well as refundable deposits and net defined benefit assets recognized under other non-current assets.

f. Information about major customers

The customer that contributed 10% or more to the Company and its subsidiaries' revenue was as follows:

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
CWE (Parent company)	$ 1,762,499	15	$ 3,103,011	22

TABLE 1

Chang Wah Technology Co., Ltd. and Subsidiaries

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 3)	Interest Rate (%)	Nature of Financing (Note 1)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
1	SH Electronics Chengdu Co., Ltd.	SH Electronics Suzhou Co., Ltd.	Other receivables	Yes	$ 322,403	$ 322,403	$ -	0.8-3.0	2	$ -	Repayments of borrowings	$ -	None	$ -	$ 956,096	$ 956,096	Note 2
2	SH Asia Pacific Pte. Ltd.	Malaysian SH Electronics Sdn. Bhd.	Other receivables	Yes	1,842,300	921,150	921,150	4.18	2	-	Financing of funds	-	None	-	6,089,301	6,089,301	Note 2

Note 1: The nature of financing is as follows:

1. Business relationship
2. The need for short-term financing

Note 2: The maximum amount of the total loan of funds provided by subsidiary for the companies or parties and the same object that needs short-term financing shall not exceed net worth in the latest audited or reviewed financial statements of the loan company. If the loan is made to a company in which the parent company has directly or indirectly, 100% of the ownership or voting rights of the Company, the term of the loan shall not exceed five years.

Note 3: Amount was eliminated from the consolidated financial statements.

Chang Wah Technology Co., Ltd. and Subsidiaries

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

No.	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 1)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 2)											
0	The Company	Shanghai Chang Wah Electromaterials Inc.	b	$ 1,980,782	$ 119,289	$ 119,289	$ 119,289	$ -	1.2	$ 4,951,956	Yes	No	Yes	

Note 1: The amount of guarantees to any individual entity shall not exceed 20% of the Company’s net worth. The maximum amount of guarantees shall not exceed 50% of the Company’s net worth.

Note 2: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

a. A company with which it does business.

b. A company in which the public company directly and indirectly holds more than 50% of the voting shares.

c. A company that directly and indirectly holds more than 50 % of the voting shares in the public company.

d. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.

e. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

f. A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

g. Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Chang Wah Technology Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Stock - ordinary shares							
	Chang Wah Electromaterials Inc.	Parent company	Financial assets at fair value through other comprehensive income	33,190,000	$ 1,158,331	4.81	$ 1,158,331	
	JMC Electronics Co., Ltd.	Associate	Financial assets at fair value through other comprehensive income	17,000	622	0.02	622	
	Taiflex Scientific Co., Ltd.	-	Financial assets at fair value through other comprehensive income	4,832,000	237,009	2.31	237,009	
	Greatek Electronics Inc.	-	Financial assets at fair value through other comprehensive income	50,000	3,060	0.01	3,060	
	Everlight Electronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income	949,000	47,450	0.21	47,450	
	Chipbond Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,857,000	134,261	0.25	134,261	
	Acter Group Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,191,000	211,403	0.96	211,403	
	Ohkuchi Materials Co., Ltd.	-	Financial assets at fair value through other comprehensive income	50	-	5.00	-	
	Convertible bonds							
	Gloria Material Technology Corp.	-	Financial assets at fair value through profit or loss	110,000	11,732	-	11,732	
	Yulon Finance Corporation	-	Financial assets at fair value through profit or loss	30,000	3,051	-	3,051	
	Fund							
	Yuanta Taiwan High-yield Leading Company Fund B	-	Financial assets at fair value through profit or loss	7,000,000	79,100	-	79,100	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Shing Zheng Investment Co., Ltd.	Stock - ordinary shares							
	Chang Wah Electromaterials Inc.	Ultimate parent company	Financial assets at fair value through other comprehensive income	5,621,000	$ 196,173	0.82	$ 196,173	
	Chang Wah Technology Co., Ltd.	Parent company	Financial assets at fair value through other comprehensive income	15,414,642	514,849	1.62	514,849	Note
	JMC Electronics Co., Ltd.	Associate	Financial assets at fair value through other comprehensive income	195,000	7,137	0.23	7,137	
	Tian Zheng International Precision Machinery Co., Ltd.	-	Financial assets at fair value through other comprehensive income	941,000	41,216	2.83	41,216	

(Concluded)

Note: Refer to Note 23, the Company’s shares held by subsidiaries are treated as treasury shares.

TABLE 4

Chang Wah Technology Co., Ltd. and Subsidiaries

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount (Note 2)
The Company	Stock - ordinary shares Chang Wah Electromaterials Inc.	Financial assets at fair value through other comprehensive income	Note 1	-	20,679,000	$ 626,574	12,511,000	$ 422,429	-	$ -	$ -	$ -	33,190,000	$ 1,158,331

Note 1: Acquired through the open market.

Note 2: The amount of investments accounted for using the equity method includes equity in investees' net income and loss and shareholder adjustment items. Financial assets at fair value through other comprehensive income include adjustments for changes in value at fair value.

Note 3: Since the par value of the Company's share is NT$0.4, the transaction amount of 20% of the paid-in capital is calculated based on the 10% of the equity attributable to the owners of the Company.

Chang Wah Technology Co., Ltd. and Subsidiaries

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

Company name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% of Total	
The Company	Chang Wah Electromaterials Inc.	Parent company	Sale	$ (1,731,541)	(26)	60 days	Not significantly different	Note 32	$ 443,791	37	
	SH Asia Pacific Pte. Ltd.	Subsidiary	Sale	(229,768)	(3)	30 days	Not significantly different	30 days	-	-	Note 1
	CWTC (Shanghai) Inc.	Subsidiary	Sale	(198,110)	(3)	180 days	Not significantly different	180 days	90,667	8	Note 1
Malaysian SH Electronics Sdn. Bhd.	The Company	Parent company	Sale	(944,327)	(38)	60 days	Not significantly different	60 days	225,779	42	Note 1
SH Electronics Chengdu Co., Ltd.	The Company	Parent company	Sale	(678,427)	(58)	45 days	Not significantly different	45 days	141,890	63	Note 1
SH Precision Chengdu Co., Ltd.	SH Electronics Chengdu Co., Ltd.	Sister company	Sale	(645,482)	(99)	60 days	Not significantly different	60 days	112,252	100	Note 1
SH Electronics Suzhou Co., Ltd.	The Company	Parent company	Sale	(911,055)	(52)	15 days	Not significantly different	15 days	64,828	24	Note 1
	Shanghai Chang Wah Electromaterials Inc.	Sister company	Sale	(140,108)	(8)	45 days	Not significantly different	45 days	16,678	6	Note 1
	Malaysian SH Electronics Sdn. Bhd.	Sister company	Sale	(183,730)	(10)	30 days	Not significantly different	30 days	25,409	9	Note 1

Note 1: Amount was eliminated from the consolidated financial statements.

Note 2: Since the par value of the Company’s share is NT$0.4, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to the owners of the Company.

Chang Wah Technology Co., Ltd. and Subsidiaries

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

Company Name	Related Party	Relationship	Ending Balance		Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
						Amount	Actions Taken		
The Company	Chang Wah Electromaterials Inc.	Parent company	Accounts receivable	$ 443,791	3.57	$ -	-	$ 438,934	$ -
Malaysian SH Electronics Sdn. Bhd.	The Company	Parent company	Accounts receivable	225,779 (Note 2)	4.07	-	-	225,779	-
SH Electronics Chengdu Co., Ltd.	The Company	Parent company	Accounts receivable	141,890 (Note 2)	4.59	-	-	127,918	-
SH Precision Chengdu Co., Ltd.	SH Electronics Chengdu Co., Ltd.	Sister company	Accounts receivable	112,252 (Note 2)	5.03	-	-	112,252	-
SH Asia Pacific Pte. Ltd.	Malaysian SH Electronics Sdn. Bhd.	Sister company	Other receivables	921,150 (Note 2)	Note 1	-	-	-	-

Note 1: The amounts include other receivables such as intercompany loan and interest receivable, hence the turnover rate is not applicable.

Note 2: The amount was eliminated from the consolidated financial statements.

Note 3: Since the par value of the Company’s share is NT$0.4, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to the owners of the Company.

TABLE 7

Chang Wah Technology Co., Ltd. and Subsidiaries

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

No.	Investee Company	Counterparty	Relationship	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	The Company	SH Asia Pacific Pte. Ltd.	Parent to subsidiary	Sales	$ 229,768	By contract terms	1.98
0	The Company	CWTC (Shanghai) Inc.	Parent to subsidiary	Sales	198,110	By contract terms	1.71
1	SH Asia Pacific Pte. Ltd.	Malaysian SH Eletronics Sdn. Bhd.	Subsidiary to subsidiary	Other receivables	921,150	By contract terms	4.61
2	Malaysian SH Electronics Sdn. Bhd.	The Company	Subsidiary to parent	Sales	944,327	By contract terms	8.15
2	Malaysian SH Electronics Sdn. Bhd.	The Company	Subsidiary to parent	Accounts receivable	225,779	By contract terms	1.13
3	SH Electronics Chengdu Co., Ltd.	The Company	Subsidiary to parent	Sales	678,427	By contract terms	5.86
3	SH Electronics Chengdu Co., Ltd.	The Company	Subsidiary to parent	Accounts receivable	141,890	By contract terms	0.71
4	SH Precision Chengdu Co., Ltd.	SH Electronics Chengdu Co., Ltd.	Subsidiary to subsidiary	Sales	645,482	By contract terms	5.57
4	SH Precision Chengdu Co., Ltd.	SH Electronics Chengdu Co., Ltd.	Subsidiary to subsidiary	Accounts receivable	112,252	By contract terms	0.56
5	SH Electronics Suzhou Co., Ltd.	The Company	Subsidiary to parent	Sales	911,055	By contract terms	7.87
5	SH Electronics Suzhou Co., Ltd.	Shanghai Chang Wah Electromaterials Inc.	Subsidiary to subsidiary	Sales	140,108	By contract terms	1.21
5	SH Electronics Suzhou Co., Ltd.	Malaysian SH Electronics Sdn. Bhd.	Subsidiary to subsidiary	Sales	183,730	By contract terms	1.59

Note: Amount was eliminated from the consolidated financial statements.

TABLE 8

Chang Wah Technology Co., Ltd. and Subsidiaries

INFORMATION ON INVESTEES (EXCLUDING INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
The Company	SH Asia Pacific Pte. Ltd.	Singapore	Trading of electronic components and equipment; investing activities	$ 3,273,072	$ 3,273,072	21,206,103	100	$ 6,362,514	$ 577,373	$ 591,444	Notes 1, 2,4
The Company	Shing Zheng Investment Co., Ltd.	Taiwan	General Investments	490,000	490,000	49,000,000	49	246,895	37,823	6,679	Notes 2, 3,4
The Company	Malaysian SH Electronics Sdn. Bhd.	Malaysia	Manufacturing and selling leadframe and semiconductor materials	574,415	574,415	23,000,000	100	1,293,227	305,357	302,269	Notes 1, 2,4
SH Asia Pacific Pte. Ltd.	WSP Electromaterials Ltd.	British Virgin Islands	International investment activities	665,326	665,435	5,235,000	100	1,101,112	120,423	120,423	Notes 1, 4

Note 1: Translated into NTD using the average exchange rate for the reporting period and exchange rate at the balance sheet date.

Note 2: The difference between the net income (loss) of investees and the investment income or loss recognized by the Company is the unrealized gains and losses from the intercompany transaction, the amortization of the investment cost premium and dividends received by subsidiaries from the Company.

Note 3: The carrying amount is the balance after deducting the shares of the Company held by Shing Zheng Investment Co., Ltd. of NT$261,137 thousand.

Note 4: Amount was eliminated from the consolidated financial statements.

Chang Wah Technology Co., Ltd. and Subsidiaries

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee (Note 3)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2023 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2023 (Note 4)	Note
					Outward	Inward							
CWTC (Shanghai) Inc.	Selling of lighting materials and equipment, communication devices, semiconductor materials and equipment, electronic products, machinery and equipment, etc.	$ 61,410	1	$ 64,308	$ -	$ -	$ 64,308	$ 7,965	100	$ 7,965	$ 100,401	$ -	
Shanghai Chang Wah Electromaterials Inc.	Acting as an agent for IC packaging materials and equipment	122,820	2	-	-	-	-	83,863	69	58,181	391,138	-	
SH Electronics Chengdu Co., Ltd.	Researching, developing, manufacturing and selling of leadframe, semiconductor materials and precision tools	260,993	2	-	-	-	-	163,504	100	163,504	1,156,199	698,048	
SH Precision Chengdu Co., Ltd.	Researching, developing, manufacturing and selling of leadframe, semiconductor materials and precision tools	107,468	2	-	-	-	-	74,791	100	86,186	490,636	322,488	
SH Electronics Suzhou Co., Ltd.	Researching, developing, manufacturing and selling of leadframe, semiconductor packaging materials and precision tools	767,625	2	-	-	-	-	188,923	100	195,035	1,229,253	125,080	

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA (Notes 1 and 5)	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA (Note 6)
Chang Wah Technology Co., Ltd.	$ 64,308	$ 1,401,468	$ -

Note 1: Translated into NTD using the exchange rate at the balance sheet date.

Note 2: Methods of investment 1: Direct investment.

Methods of investment 2: Investments through a holding company registered in a third region.

Note 3: The basis for investment income (loss) recognition is the financial statement audited and attested, and the amount was eliminated from the consolidated financial statements.

Note 4: The accumulated remittance of profit from investment by SH Electronics Chengdu Co., Ltd. is RMB161,196 thousand (US$22,785 thousand). The accumulated remittance of profit from investment by SH Precision Chengdu Co., Ltd. is RMB76,215 thousand (US$10,688 thousand). The accumulated remittance of profit from investment by SH Electronics Suzhou Co., Ltd. is RMB28,407 thousand (US$4,000 thousand).

Note 5: This includes the investment of US$2,000 thousand in CWTC (Shanghai) Inc., US$23,279 thousand in SH Electronics Chengdu Co., Ltd., US$8,035 thousand in SH Precision Chengdu Co., Ltd., US$3,659 thousand in SH Electronics Suzhou Co., Ltd. and US$8,670 thousand in Shanghai Chang Wah Electromaterials Inc. approved by the Ministry of Economic Affairs.

Note 6: Pursuant to the Jing-Shen-Zi Letter No. 09704604680 of the Ministry of Economic Affairs, ROC and the amended Regulation Governing the Examination of Investment or Technical Cooperation in Mainland China dated August 29, 2008, the Company obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau of Ministry of Economic Affairs. The ceiling amount of the investment in Mainland China is not applicable to the Company.

Chang Wah Technology Co., Ltd.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Chang Wah Electromaterials Inc.	450,953,925	47.44

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

TABLE 11

Chang Wah Technology Co., Ltd. and Subsidiaries

SEGMENT INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

For the year ended December 31, 2023

	CWTC	CWTS	SHAP	Shing Zheng Investment	SHEC	SHPC	SHS	MSHE	WSP	CWES	Adjustments and Eliminations	Total
Revenues from external customers	$ 6,184,979	$ 269,930	$ 395,561	$ 14,300	$ 478,775	$ 3,996	$ 455,654	$ 1,536,103	$ -	$ 2,241,947	$ -	$ 11,581,245
Inter-segment revenues	440,412	-	69,445	24,193	694,801	651,366	1,299,382	944,360	-	10	(4,123,969)	-
Segment revenues	$ 6,625,391	$ 269,930	$ 465,006	$ 38,493	$ 1,173,576	$ 655,362	$ 1,755,036	$ 2,480,463	$ -	$ 2,241,957	$ (4,123,969)	$ 11,581,245
Segment income (expense)	$ 520,549	7,947	$ (8,391)	$ 38,506	$ 128,872	$ 61,570	$ 162,635	$ 398,132	$ (86)	$ 101,901	$ 36,649	$ 1,448,284
Interest income	129,695	394	118,083	995	30,139	7,881	23,541	23,659	13	3,455	(52,743)	285,112
Other non-operating income and expenses	251,314	21	21,899	-	19,003	3,495	11,356	47,490	-	7,810	(32,348)	330,040
Share of profits of subsidiaries accounted for using the equity method	908,357	-	490,240	-	-	-	-	-	133,089	-	(1,531,686)	-
Finance cost	(92,639)	(27)	(69)	-	-	(254)	(1,138)	(51,667)	-	(194)	52,740	(93,248)
Profit before tax	1,717,276	8,335	621,762	39,501	178,014	72,692	196,394	417,614	133,016	112,972	(1,527,388)	1,970,188
Income tax expense (benefit)	152,764	370	44,389	1,678	14,510	(2,099)	7,471	112,257	12,592	29,109	-	373,041
Net profit	$ 1,564,512	$ 7,965	$ 577,373	$ 37,823	$ 163,504	$ 74,791	$ 188,923	$ 305,357	$ 120,424	$ 83,863	($ 1,527,388)	$ 1,597,147

For the year ended December 31, 2022

	CWTC	CWTS	SHAP	Shing Zheng Investment	SHEC	SHPC	SHS	MSHE	WSP	CWES	Adjustments and Eliminations	Total
Revenues from external customers	$ 8,171,611	$ 330,509	$ 696,330	$ 9,613	$ 557,686	$ 5,014	$ 533,733	$ 1,965,090	$ -	$ 2,161,698	$ -	$ 14,431,284
Inter-segment revenues	588,859	-	78,801	14,494	892,326	786,426	2,230,082	854,137	-	10	(5,445,135)	-
Segment revenues	$ 8,760,470	$ 330,509	$ 775,131	$ 24,107	$ 1,450,012	$ 791,440	$ 2,763,815	$ 2,819,227	$ -	$ 2,161,708	$ (5,445,135)	$ 14,431,284
Segment income (expense)	$ 1,570,497	$ 8,605	$ 45,328	$ 23,617	$ 232,410	$ 101,159	$ 522,732	$ 543,123	$ (82)	$ 99,666	$ (25,395)	$ 3,121,660
Interest income	41,374	611	14,727	820	9,896	1,355	12,052	7,912	1	982	(15,322)	74,408
Other non-operating income and expenses	381,451	114	22,431	237	56,893	4,365	(1,110)	46,148	-	7,723	(32,776)	485,476
Share of profits of subsidiaries accounted for using the equity method	1,311,132	-	1,259,193	-	-	-	-	-	163,302	-	(2,733,627)	-
Finance cost	(44,550)	(35)	(104)	-	-	(413)	(3,598)	(11,878)	-	(2,023)	15,312	(47,289)
Profit before tax	3,259,904	9,295	1,341,575	24,674	299,199	106,466	530,076	585,305	163,221	106,348	(2,791,808)	3,634,255
Income tax expense	444,003	439	13,907	207	26,126	833	133,754	141,977	-	28,040	-	789,286
Net profit	$ 2,815,901	$ 8,856	$ 1,327,668	$ 24,467	$ 273,073	$ 105,633	$ 396,322	$ 443,328	$ 163,221	$ 78,308	$ (2,791,808)	$ 2,844,969