

**WIN SEMICONDUCTORS CORP.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

**Address: No.69, Keji 7th Rd., Hwaya Technology Park, Guishan Dist., Taoyuan City,
Taiwan**

Telephone: 886-3-397-5999

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of WIN Semiconductors Corp. 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 International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, WIN Semiconductors Corp. and its subsidiaries do not prepare a separate set of combined financial statements.

Company name: WIN Semiconductors Corp.

Chairman: CHEN, CHIN-TSAI

Date: March 11, 2024



安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of WIN Semiconductors Corp.:

Opinion

We have audited the consolidated financial statements of WIN Semiconductors Corp. and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

1. Assessment of impairment on investments accounted for using equity method

Please refer to Note 4(o) “Impairment of non-financial assets” for accounting policies, Note 5 for accounting assumptions, judgments and estimation uncertainty of impairment on investments accounted for using equity method, and Note 6(g) for assessment of impairment on investments accounted for using equity method.

Description of key audit matter

The Group periodically assesses and performs its impairment test on investments accounted for using equity method based on the recoverable amount that is calculated by using the value-in-use method, which takes into account by predicting the future cash flow, and is decided by applying the discount rate. Since the assessment of impairment on investments accounted for using equity method relies on the subjective judgments and estimation made by the management, it has been identified as the key matter in our audit.

How the matter was addressed in our audit

Our principal audit procedures included assessing the rationality of method used in measuring the recoverable amount, which is provided by the management of the Group, including evaluating the appropriateness of assumption and estimation on major parameters, such as the forecast of cash flow and discount rate; comparing the historical accuracy of judgements, including inspecting the amount of forecast of cash flow in prior year, with the actual cash flow to evaluate the appropriateness of the assumptions; moreover, performing the sensitivity analysis on main assumption.

2. Revenue recognition

Refer to note 4(p) “Revenue” for accounting policies and note 6(x) to the financial statements for the disclosure of revenue recognition.

Description of key audit matter

The Group is a listed company in related to public interest, wherein the investors are highly expecting its financial performance. Therefore, the Group’s revenue recognition has been identified as one of the key matters while conducting our audit on the financial statements of the Group.

How the matter was addressed in our audit

Our principal audit procedures included understanding the main type of revenue, contract provisions and transaction terms to assess the accuracy of the timing of revenue recognition; conducting the variance analysis on the revenue from major customers to evaluate if there are any significant unusual transactions; as well as testing the design, operation and implantation of the effectiveness of internal control on revenue recognition. Furthermore, we also selected some samples of transaction records of sales within the balance sheet date in order to obtain the related transaction documents to evaluate the appropriateness of timing of recognition.

Other Matter

We did not audit the financial statements for the year ended December 31, 2022 of certain investments accounted for using the equity method. The financial statements for the year ended December 31, 2022 were audited by another auditor, whose audit report has been furnished to us, and our conclusion, insofar as it relates to the amounts included in these investments, is based solely on the audit reports of another auditor. The investment accounted for using the equity method amounted to \$10,143,903 thousand, constituting 14.67% of total assets as of December 31, 2022, and the related shares of profit of associates and joint ventures accounted for using the equity method amounted to \$390,714 thousand, as well as the related shares of other comprehensive income of associates and joint ventures accounted for using the equity method amounted to \$50,870 thousand, constituting 26.08%, and 3.40% of total comprehensive income and loss for the year ended December 31, 2022, respectively.

WIN Semiconductors Corp. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion and an unmodified opinion with other matter paragraph, respectively.

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 with the IFRSs, IASs, IFRIC as well as 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 also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's 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 professional skepticism throughout the audit. We also:

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chen, Ya-Ling and Huang, Ming-Hung.

KPMG

Taipei, Taiwan (Republic of China)

March 11, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
WIN Semiconductors Corp. and Subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a))	\$ 10,325,709	15	10,379,712	15	2100	Short-term borrowings (Notes 6(n), 6(ad) and 8)	\$ 21,129	-	-	-
1110	Current financial assets at fair value through profit or loss (Note 6(b))	143,327	-	120,845	-	2120	Current financial liabilities at fair value through profit or loss (Notes 6(b) and 6(p))	231,774	-	449,261	1
1170	Notes and accounts receivable, net (Notes 6(c) and 6(x))	1,148,666	2	916,640	1	2130	Current contract liabilities (Note 6(x))	563,765	1	235,309	-
1310	Inventories (Note 6(e))	5,111,206	8	5,420,476	8	2170	Notes and accounts payable	1,362,255	2	1,016,716	1
1400	Current biological assets (Note 6(f))	147,945	-	93,368	-	2200	Other payables (Note 6(y))	2,483,014	4	2,497,109	4
1470	Other current assets (Notes 6(d) and 6(m))	286,474	-	282,210	1	2280	Current lease liabilities (Notes 6(q) and 6(ad))	103,105	-	103,570	-
	Total current assets	<u>17,163,327</u>	<u>25</u>	<u>17,213,251</u>	<u>25</u>	2321	Bonds payable, current portion (Notes 6(p) and 6(ad))	4,743,834	7	-	-
Non-current assets:						2322	Long-term borrowings, current portion (Notes 6(o), 6(ad) and 8)	2,996,728	4	1,731,147	3
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	1,844,595	3	1,661,503	2	2399	Other current liabilities	218,030	-	213,976	-
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	3,652,534	5	1,841,932	3		Total current liabilities	<u>12,723,634</u>	<u>18</u>	<u>6,247,088</u>	<u>9</u>
1550	Investments accounted for using equity method (Note 6(g))	10,564,024	15	10,873,014	15	Non-current liabilities:					
1600	Property, plant and equipment (Notes 6(i) and 8)	31,312,139	45	31,546,006	46	2530	Bonds payable (Notes 6(p) and 6(ad))	-	-	10,669,555	16
1755	Right-of-use assets (Notes 6(j) and 8)	1,015,126	1	1,099,729	2	2540	Long-term borrowings (Notes 6(o), 6(ad) and 8)	20,029,576	30	15,870,298	23
1760	Investment property (Note 6(k))	1,043,315	1	1,048,632	1	2570	Deferred tax liabilities (Note 6(t))	-	-	16,185	-
1780	Intangible assets (Note 6(l))	527,488	1	562,305	1	2580	Non-current lease liabilities (Notes 6(q) and 6(ad))	854,968	1	924,832	1
1830	Non-current biological assets (Note 6(f))	107,330	-	273,554	-	2600	Other non-current liabilities (Notes 6(s), 6(ad) and 7)	210,526	-	210,711	-
1840	Deferred tax assets (Note 6(t))	1,129,073	2	756,114	1		Total non-current liabilities	<u>21,095,070</u>	<u>31</u>	<u>27,691,581</u>	<u>40</u>
1915	Prepayments for business facilities	382,096	1	1,765,808	3		Total liabilities	<u>33,818,704</u>	<u>49</u>	<u>33,938,669</u>	<u>49</u>
1990	Other non-current assets (Notes 6(m) and 8)	426,988	1	486,365	1	Equity (Notes 6(b), 6(g), 6(h), 6(p), 6(t), 6(u) and 6(v)):					
	Total non-current assets	<u>52,004,708</u>	<u>75</u>	<u>51,914,962</u>	<u>75</u>	3110	Ordinary shares	4,239,404	6	4,239,404	6
						3200	Capital surplus	9,967,188	14	9,964,088	14
						3300	Retained earnings	17,212,996	25	18,351,411	27
						3400	Other equity interests	2,535,609	4	773,633	1
							Total equity attributable to owners of parent	33,955,197	49	33,328,536	48
						36XX	Non-controlling interests	1,394,134	2	1,861,008	3
							Total equity	<u>35,349,331</u>	<u>51</u>	<u>35,189,544</u>	<u>51</u>
							Total liabilities and equity	<u>\$ 69,168,035</u>	<u>100</u>	<u>69,128,213</u>	<u>100</u>
	Total assets	<u>\$ 69,168,035</u>	<u>100</u>	<u>69,128,213</u>	<u>100</u>						

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
WIN Semiconductors Corp. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	2023		2022	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000 Operating revenue (Notes 6(b), 6(g) and 6(x))	\$ 15,836,498	100	18,334,336	100
5000 Operating costs (Notes 6(e), 6(f), 6(g), 6(i), 6(j), 6(l), 6(q), 6(s), 6(v), 6(y), 7 and 12)	<u>(12,367,333)</u>	<u>(78)</u>	<u>(13,609,604)</u>	<u>(74)</u>
Gross profit from operating	<u>3,469,165</u>	<u>22</u>	<u>4,724,732</u>	<u>26</u>
Operating expenses (Notes 6(c), 6(i), 6(j), 6(k), 6(l), 6(q), 6(s), 6(v), 6(y), 7 and 12):				
6100 Selling expenses	(420,258)	(2)	(344,606)	(2)
6200 Administrative expenses	(1,258,956)	(8)	(1,212,468)	(7)
6300 Research and development expenses	(1,845,773)	(12)	(1,683,783)	(9)
6450 Gains (losses) on expected credit impairment	<u>160</u>	<u>-</u>	<u>(180)</u>	<u>-</u>
Total operating expenses	<u>(3,524,827)</u>	<u>(22)</u>	<u>(3,241,037)</u>	<u>(18)</u>
Net operating income (loss)	<u>(55,662)</u>	<u>-</u>	<u>1,483,695</u>	<u>8</u>
Non-operating income and expenses (Notes 6(b), 6(g), 6(i), 6(j), 6(p), 6(q), 6(r), 6(z), 6(ad) and 7):				
7100 Interest income	204,453	1	110,101	1
7010 Other income	75,423	-	223,295	1
7020 Other gains and losses	(276,890)	(2)	29,801	-
7050 Finance costs	(664,858)	(4)	(341,133)	(2)
7060 Share of profit of associates and joint ventures accounted for using equity method, net	<u>38,502</u>	<u>-</u>	<u>319,977</u>	<u>2</u>
Total non-operating income and expenses	<u>(623,370)</u>	<u>(5)</u>	<u>342,041</u>	<u>2</u>
7900 Profit (loss) before tax	(679,032)	(5)	1,825,736	10
7950 Tax benefit (expense) (Note 6(t))	<u>121,054</u>	<u>1</u>	<u>(411,481)</u>	<u>(2)</u>
Profit (loss)	<u>(557,978)</u>	<u>(4)</u>	<u>1,414,255</u>	<u>8</u>
8300 Other comprehensive income:				
8310 Components of other comprehensive income that will not be reclassified to profit or loss (Notes 6(g), 6(s), 6(t) and 6(u))				
8311 Remeasurements of defined benefit plans	1,366	-	22,235	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,830,715	12	(313,673)	(2)
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	4,302	-	1,061	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(273)</u>	<u>-</u>	<u>(4,447)</u>	<u>-</u>
Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>1,836,110</u>	<u>12</u>	<u>(294,824)</u>	<u>(2)</u>
8360 Components of other comprehensive income that will be reclassified to profit or loss (Notes 6(g) and 6(u))				
8361 Exchange differences on translation of foreign financial statements	13,001	-	384,372	2
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss	(86,673)	-	(5,873)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>(73,672)</u>	<u>-</u>	<u>378,499</u>	<u>2</u>
8300 Other comprehensive income, net	<u>1,762,438</u>	<u>12</u>	<u>83,675</u>	<u>-</u>
8500 Total comprehensive income	<u>\$ 1,204,460</u>	<u>8</u>	<u>1,497,930</u>	<u>8</u>
Profit (loss) attributable to:				
8610 Profit (loss) attributable to owners of parent	\$ (79,657)	(1)	1,802,169	10
8620 Loss attributable to non-controlling interests	<u>(478,321)</u>	<u>(3)</u>	<u>(387,914)</u>	<u>(2)</u>
	<u>\$ (557,978)</u>	<u>(4)</u>	<u>1,414,255</u>	<u>8</u>
Comprehensive income (loss) attributable to:				
8710 Comprehensive income, attributable to owners of parent	\$ 1,683,412	11	1,837,758	10
8720 Comprehensive income (loss), attributable to non-controlling interests	<u>(478,952)</u>	<u>(3)</u>	<u>(339,828)</u>	<u>(2)</u>
	<u>\$ 1,204,460</u>	<u>8</u>	<u>1,497,930</u>	<u>8</u>
Earnings per common share (expressed in New Taiwan dollars) (Note 6(w))				
9750 Basic earnings per share	<u>\$ (0.19)</u>		<u>4.25</u>	
9850 Diluted earnings per share	<u>\$ (0.33)</u>		<u>4.24</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
WIN Semiconductors Corp. and Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Retained earnings					Other equity interests						
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Other unearned compensation for restricted shares of employees	Total other equity interests	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	\$ 4,239,764	9,969,914	3,172,722	16,787,543	19,960,265	(269,409)	1,044,071	(6,597)	768,065	34,938,008	2,183,988	37,121,996
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	719,966	(719,966)	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	(3,391,811)	(3,391,811)	-	-	-	-	(3,391,811)	-	(3,391,811)
	-	-	719,966	(4,111,777)	(3,391,811)	-	-	-	-	(3,391,811)	-	(3,391,811)
Profit (losses) for the year ended December 31, 2022	-	-	-	1,802,169	1,802,169	-	-	-	-	1,802,169	(387,914)	1,414,255
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	17,788	17,788	330,413	(312,612)	-	17,801	35,589	48,086	83,675
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	1,819,957	1,819,957	330,413	(312,612)	-	17,801	1,837,758	(339,828)	1,497,930
Compensation cost arising from restricted shares of employees	-	-	-	-	-	-	-	39	39	39	-	39
Purchase and retirement of restricted shares of stock for employees	(360)	(6,198)	-	-	-	-	-	6,558	6,558	-	-	-
Changes in equity of associates accounted for using equity method	-	372	-	(55,830)	(55,830)	-	-	-	-	(55,458)	-	(55,458)
Stock option compensation cost of subsidiary	-	-	-	-	-	-	-	-	-	-	16,848	16,848
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	18,830	18,830	-	(18,830)	-	(18,830)	-	-	-
Balance at December 31, 2022	4,239,404	9,964,088	3,892,688	14,458,723	18,351,411	61,004	712,629	-	773,633	33,328,536	1,861,008	35,189,544
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	178,296	(178,296)	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	(1,059,851)	(1,059,851)	-	-	-	-	(1,059,851)	-	(1,059,851)
	-	-	178,296	(1,238,147)	(1,059,851)	-	-	-	-	(1,059,851)	-	(1,059,851)
Losses for the year ended December 31, 2023	-	-	-	(79,657)	(79,657)	-	-	-	-	(79,657)	(478,321)	(557,978)
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	1,093	1,093	(73,057)	1,835,033	-	1,761,976	1,763,069	(631)	1,762,438
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	(78,564)	(78,564)	(73,057)	1,835,033	-	1,761,976	1,683,412	(478,952)	1,204,460
Changes in equity of associates accounted for using equity method	-	3,100	-	-	-	-	-	-	-	3,100	-	3,100
Stock option compensation cost of subsidiary	-	-	-	-	-	-	-	-	-	-	12,078	12,078
Balance at December 31, 2023	\$ 4,239,404	9,967,188	4,070,984	13,142,012	17,212,996	(12,053)	2,547,662	-	2,535,609	33,955,197	1,394,134	35,349,331

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
WIN Semiconductors Corp. and Subsidiaries
Consolidated Statement of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
(Loss) profit before tax	\$ (679,032)	1,825,736
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	4,620,524	4,163,812
Amortization expense	118,859	139,503
Losses on (reversal of) expected credit impairment	(160)	180
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	(152,422)	709,129
Interest expense	664,858	341,133
Interest income	(204,453)	(110,101)
Dividend income	(79,659)	(222,314)
Share-based payments	12,078	16,887
Share of profit of associates and joint ventures accounted for using equity method	(27,293)	(375,937)
Losses on disposal of property, plant and equipment	19,445	190,266
Prepayments for business facilities transferred to expenses	1,007	48
Property, plant and equipment transferred to expense	2,865	-
Changes in biological assets at fair value	(69,213)	32,939
Unrealized foreign exchange losses	126,279	509,379
Gains on repurchases of bonds payable	(816,823)	(600,777)
(Gains) losses on lease modification	(24)	25,788
Impairment loss	171,467	-
Total adjustments to reconcile profit (loss)	<u>4,387,335</u>	<u>4,819,935</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets at fair value through profit or loss	(9,840)	(80,860)
(Increase) decrease in notes and accounts receivable	(231,866)	1,800,740
Decrease in inventories	308,183	1,087,965
Decrease in biological assets	78,084	33,613
(Increase) decrease in other current assets	(32,901)	126,091
Total changes in operating assets	<u>111,660</u>	<u>2,967,549</u>
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	328,456	(117,848)
Increase (decrease) in notes and accounts payable	345,539	(1,146,109)
Decrease in other payables	(183,834)	(1,074,139)
Increase in other current liabilities	4,054	37,071
Increase in other non-current liabilities	923	621
Total changes in operating liabilities	<u>495,138</u>	<u>(2,300,404)</u>
Total changes in operating assets and liabilities	<u>606,798</u>	<u>667,145</u>
Cash inflow generated from operations	4,315,101	7,312,816
Dividends received	44,539	38,047
Income taxes paid	(90,107)	(1,382,495)
Net cash flows from operating activities	<u>4,269,533</u>	<u>5,968,368</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(720)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	19,744
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	20,833	17,667
Acquisition of financial assets at fair value through profit or loss	(61,351)	(76,500)
Proceeds from disposal of financial assets at fair value through profit or loss	-	9,969
Proceeds from capital reduction of financial assets at fair value through profit or loss	23,319	8,719
Acquisition of investments accounted for using equity method	(14,498)	(462,556)
Acquisition of property, plant and equipment	(3,109,477)	(5,609,967)
Proceeds from disposal of property, plant and equipment	5,889	81,755
Acquisition of intangible assets	(89,898)	(66,333)
Acquisition of right-of-use assets	(220)	(1,136)
Decrease (increase) in other non-current assets	59,341	(166,432)
Increase in prepayments for business facilities	(99,243)	(1,513,915)
Interest received	218,707	95,548
Dividends received	294,144	582,478
Net cash flows used in investing activities	<u>(2,753,174)</u>	<u>(7,080,959)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	21,129	18,805
Decrease in short-term loans	-	(18,805)
Proceeds from long-term debt	8,949,247	6,086,497
Repayments of long-term debt	(3,573,453)	(5,123,113)
Repayments of lease liabilities	(98,447)	(102,247)
Increase (decrease) in other non-current liabilities	258	(11,099)
Cash dividends paid	(1,059,851)	(3,391,811)
Interest paid	(510,671)	(134,302)
Repurchases of bonds payable	(5,404,358)	(2,347,210)
Net cash flows used in financing activities	<u>(1,676,146)</u>	<u>(5,023,285)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>105,784</u>	<u>183,829</u>
Net decrease in cash and cash equivalents	(54,003)	(5,952,047)
Cash and cash equivalents at beginning of period	10,379,712	16,331,759
Cash and cash equivalents at end of period	<u>\$ 10,325,709</u>	<u>10,379,712</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
WIN Semiconductors Corp. and Subsidiaries
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history:

WIN Semiconductors Corp. (the “Company”) was incorporated on October 16, 1999 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No. 69, Keji 7th Rd., Hwaya Technology Park, Guishan Dist., Taoyuan City, Taiwan.

The main operations of the Company and its subsidiaries (together referred to as “the Group”) are as follows:

- (a) Researching, developing, manufacturing, and selling of GaAs wafers.
- (b) Developing hog farming technology and trading.
- (c) Researching, manufacturing and selling of high-density gene chips, biochip optical readers, micro-electrophoresis analyzers and diagnostic tool for endometrial cancer.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements was authorized for issue by the Board of Directors as of March 11, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”

(Continued)

WIN Semiconductors Corp. and Subsidiaries
Notes to the Consolidated Financial Statements

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and its amendments
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated financial statements, the Chinese version shall prevail.

The material accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(Continued)

WIN Semiconductors Corp. and Subsidiaries
Notes to the Consolidated Financial Statements

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following significant accounts:

- 1) Financial assets and liabilities at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) Biological assets are measured at fair value less costs to sell;
- 4) The net defined benefit liabilities are recognized as the present value of the defined benefit obligation, and the effect of the plan assets ceiling disclosure in Note 4(r) less plan assets.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in Taiwan Dollars (TWD), which is the Company's functional currency. All financial information presented in TWD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. When the Company is exposed to the variable remuneration from investing on other individual or sharing the rights of the remuneration, also, is able to influence the rewards, the Company controls the individual.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Transactions, balances and any other unrealized profit or loss between the Company and other subsidiaries are all eliminated while preparing the consolidated financial reports. Comprehensive income (loss) of subsidiaries belongs to owner of the Company and the non-controlling interest respectively. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Financial reports of subsidiaries had been adjusted properly and the accounting policies used in subsidiaries are same to the Group's accounting policies.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Differences between the amount paid or received from fair value and the adjustment of the non-controlling interest are directly realized to the equity and belong to the owners of the Company.

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to the Consolidated Financial Statements

(ii) Losing control of subsidiaries

When the Group loses control of its subsidiaries, the assets (including goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost will be derecognized and any investment retained in the former subsidiary at its fair value at the date when control is lost will be remeasured in the consolidated financial statement. The difference of disposal gain or loss is between the aggregate of (i) the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

(iii) List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding		Remark
			December 31, 2023	December 31, 2022	
The Company	WIN SEMI. USA, INC.	Marketing	100.00 %	100.00 %	
The Company	Win Semiconductors Cayman Islands Co., Ltd. (abbrev. Win Cayman)	Investment activities	100.00 %	100.00 %	
The Company	WIN Venture Capital Corp. (abbrev. WVC)	Investment activities	100.00 %	100.00 %	
The Company	Phalanx Biotech Group, Inc. (abbrev. PBL)	Researching, manufacturing and selling of high-density gene chips and testing service	73.67 %	73.67 %	
The Company	WIN Earn Investment Corp.	Investment activities	100.00 %	100.00 %	
The Company	WIN Chance Investment Corp.	Investment activities	100.00 %	100.00 %	
WVC	Phalanx Biotech Group, Inc.	Researching, manufacturing and selling of high-density gene chips and testing service	1.54 %	1.54 %	
Win Cayman	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. (abbrev. Chainwin Cayman)	Investment activities	81.23 %	81.23 %	
Chainwin Cayman	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Chance Agriculture Development Co., Ltd. (abbrev. Jiangsu Win Chance)	Developing hog farming technology and trading	-	100.00 %	(Note 1)
Chainwin Cayman	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd. (abbrev. Jiangsu Chainwin)	Farm feed development and trading	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Yield Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	
Chainwin Cayman	i-Chainwin Technology (Cayman Islands) Co., Ltd.	Investment activities	- %	100.00 %	(Note 2)
Chainwin Cayman	Win Lux Biotech (Cayman Islands) Co., Ltd.	Investment activities	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Shine Agriculture Development Co., Ltd.	Logistics management service	100.00 %	100.00 %	
Chainwin Cayman	i-Chainwin Technology Co., Ltd.	Information software services	100.00 %	100.00 %	
Chainwin Cayman	Win Lux Biotech Co., Ltd.	Biotechnology service and pharmaceutical testing	100.00 %	100.00 %	
Chainwin Cayman	Jiangsu Win Sunlight Agriculture Development Co., Ltd.	Developing hog farming technology and trading	-	100.00 %	(Note 1)
Chainwin Cayman	Jiangsu Win Fortune Agriculture Development Co., Ltd.	Developing hog farming technology and trading	-	100.00 %	(Note 1)
Chainwin Cayman	Chainwin (Huaian) AIoT Co., Ltd.	Information software services	-	100.00 %	(Note 1)
Chainwin Cayman	Jiangsu Win Advane Bio-Assay Co., Ltd.	Biotechnology testing service	-	100.00 %	(Note 1)
Chainwin Cayman	Jiangsu Win Lux Biotech Co., Ltd.	Biotech research and development and bioassay	100.00 %	100.00 %	
Jiangsu Win Chance	Jiangsu Win Wonder Agriculture Development Co., Ltd.	Developing farming technology and trading	100.00 %	100.00 %	
Jiangsu Win Chance	Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	(Note 3)

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		Remark
			December 31, 2023	December 31, 2022	
Jiangsu Chainwin	Jiangsu Win Boutique Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00	
Jiangsu Chainwin	Jiangsu Win Honor Management Technology Co., Ltd.	Logistics management service	100.00 %	100.00	
Jiangsu Chainwin	Chainwin (Huaian) AloT Co., Ltd.	Information software services	100.00 %	-	(Note 1)
Jiangsu Chainwin	Jiangsu Win Sunlight Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	-	(Note 1)
Jiangsu Chainwin	Jiangsu Win Chance Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	-	(Note 1)
Jiangsu Chainwin	Jiangsu Win Fortune Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	-	(Note 1)
Jiangsu Chainwin	Jiangsu Win Advane Bio-Assay Co., Ltd.	Biotechnology testing service	100.00 %	-	(Note 1)
PBL	PhalanxBio, Inc.	Selling of high-density gene chips and testing service	100.00 %	100.00 %	
PBL	Phalanx Biotech Limited. (abbrev. PBL (HK))	Investment activities	100.00 %	100.00 %	
PBL	Guzip Biomarkers Corporation	Developing and selling of diagnostic tool for endometrial cancer	100.00 %	100.00 %	
PBL (HK)	Onearray Biotech (Kunshan) Co., Ltd.	Selling of high-density gene chips and testing service	100.00 %	100.00 %	

Note 1: Changes in organizational structure.

Note 2: The liquidation process is completed in 1st quarter of 2023.

Note 3: As of December 31, 2023, the company was still within the procedure of liquidation.

Note 4: The aforementioned subsidiaries were recognized based on the audited financial statements by the certified public accountant.

(iv) List of subsidiaries which are not included in the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate of the date the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of translation.

Exchange differences are generally recognized in profit or loss, except for the following differences which are recognized in other comprehensive income that arises from the retranslation:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(Continued)

WIN Semiconductors Corp. and Subsidiaries
Notes to the Consolidated Financial Statements

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency of the consolidated financial statements at the exchange rates of the reporting date. The income and expenses of foreign operations are translated to the reporting currency of the consolidated financial statements at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely predicted in the foreseeable future, the foreign currency gains and losses arising from such items are considered to a part of investment in the foreign operation and are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

- (i) It expects to be realized, or intends to be sold or consumed, in the normal operating cycle;
- (ii) It holds primarily for the purpose of trading;
- (iii) It expects to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

- (i) It expects to be settled in the normal operating cycle;
- (ii) It holds primarily for the purpose of trading;

(Continued)

WIN Semiconductors Corp. and Subsidiaries
Notes to the Consolidated Financial Statements

- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents consist of highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits, which meet the above criteria and for the purpose of fulfilling short term commitments instead of the purpose of investing activities or others, are categorized as cash equivalents.

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI); or fair value through profit and loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. Regular way purchase or sales of financial assets shall be recognized and derecognized, as applicable, using trade day.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(Continued)

WIN Semiconductors Corp. and Subsidiaries
Notes to the Consolidated Financial Statements

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income from equity investments is recognized in profit or loss on the date on which the Group's right to receive payment is established, which is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

WIN Semiconductors Corp. and Subsidiaries
Notes to the Consolidated Financial Statements

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for accounts receivable are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available (without undue cost or effort). This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment, as well as forward-looking information.

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to the Consolidated Financial Statements

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings’.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a financial asset because of financial difficulties.

(Continued)

WIN Semiconductors Corp. and Subsidiaries
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Loss allowances for financial assets measured at amortized cost are deducted from its carrying amount. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in TWD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

(Continued)

WIN Semiconductors Corp. and Subsidiaries
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The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

WIN Semiconductors Corp. and Subsidiaries
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(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency exposures. Derivatives are recognized initially at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, and are included in other gains and losses. When a derivative is designated as a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Biological assets

Biological assets are measured at fair value less costs to sell on initial recognition, with any change therein recognized in profit or loss at the end of each reporting period. Costs to sell include all costs that would be necessary to sell the assets, excluding finance costs and tax expenses. Biological asset does not have a quoted market price in an active market and for which alternative fair value measurements are determined to be clearly unreliable. In such case, the asset is measured at cost less accumulated depreciation and impairment losses.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, or joint control over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

(Continued)

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Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate. When the Group's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method without remeasuring the retained interest.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. Moreover, a difference shall be debited to retained earnings when the balance of capital surplus resulting from investments accounted for using equity method is not sufficient to be written off. If the Group's ownership interest is reduced due to the additional subscription to the shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate or jointly controlled entity had directly disposed of the related assets or liabilities.

(k) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

(Continued)

WIN Semiconductors Corp. and Subsidiaries
Notes to the Consolidated Financial Statements

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- 1) Buildings and structures: 2 to 30 years
- 2) Machinery and equipment: 1 to 10 years
- 3) Factory and equipment: 1 to 15 years
- 4) Other equipment: 1 to 19 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date at lease and adjusted if appropriate.

(Continued)

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(m) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the Group has the right to direct the use of the asset:
 - The Group has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.
 - In rare cases where the decision on how, and for what purpose, the asset is used is predetermined, the Group has the right to direct the use of an asset if either:
 - the Group has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the Group designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(Continued)

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The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including substantively fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the assessment on whether it will have the option to exercise a purchase; or
- 4) there is a change in the assessment on lease term as to whether it will be extended or terminated; or
- 5) there is any lease modification.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

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The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rent income'.

(n) Intangible assets

(i) Goodwill

1) Initial Recognition

Goodwill arising from the acquisition has been recognized as intangible assets.

2) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. Impairment loss on equity investment in investees accounted for under the equity method is not allocated to any asset, including goodwill that forms part of the carrying amount of such investment.

(Continued)

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(ii) Other intangible assets

Subsequent to the initial recognition, an intangible asset is measured at cost, less any accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

Except goodwill, amortizable amount is the cost of an asset less its residual values. Intangible assets are amortized from the date that they are available for use by using straight-line method, the estimated useful lives for the current and comparative periods are as follows:

- 1) Technical know-how: 2 to 17 years
- 2) Computer software and information systems: 1 to 10 years
- 3) Others: 1 to 2 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end, and adjusted if appropriate.

(o) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets and biological assets measured at fair value less costs) to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the asset is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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(p) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below:

1) Sale of goods

The Group recognizes revenue when control of the products has been transferred, when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers volume discounts to its customers based on aggregate sales of electronic components over a 12-month period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of electronic components are made with a credit term of 30 to 60 days, which is consistent with the market practice.

A receivable is recognized when the goods are delivered, as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(q) Government grants

The Group recognizes an unconditional government grant related to property, plant and equipment and research and development plan in profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

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(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as expense as the related services is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of the defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(s) Share-based payment

The grant-date fair value of equity-settled share-based payment agreements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

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For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between the expected and the actual outcomes.

The grant date of the share-based payment is the date the Group inform their employees about the exercise price and shares.

(t) **Income taxes**

Income taxes comprise both current taxes and deferred taxes. Except for expenses related to business combinations, or are recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

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- 1) levied by the same taxing authority; or
- 2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(u) Business combinations

The Group treats the business combination as acquisition. Goodwill is measured at the consideration transferred less the amounts of the identifiable assets acquired and liabilities assumed (generally at fair value) at the acquisition date. If the amount of net assets acquired and liabilities assumed exceeds the acquisition price, the Group re-assesses whether it has correctly identified all of the assets acquired and liabilities assumed, and recognize a gain for the excess.

All transaction cost relating to a business combination are recognized immediately as expense when incurred, except for the issuance of debt or equity instruments.

The Group shall measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other non-controlling interests are evaluated by their fair value or by another basis permitted by the IFRS Accounting Standards endorsed by the FSC.

In a business combination achieved in batches, the previously held equity interest in the acquiree at its acquisition-date fair value is remeasured, and the resulting gain or loss, if any, is recognized in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would be required if the Group had directly disposed the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount shall be reclassified to profit or loss.

(v) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee remuneration, convertible bonds payable and new restricted shares of employee.

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(w) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The Group is likely to be facing economic uncertainty, such as natural disasters, international political uncertainties and inflation. Those events may have a significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

- (a) Judgment of whether the Group has significant influence on its investee. Please refer to Note 6(b).
- (b) Judgment of whether the Group has substantive control over its investee. Please refer to Note 6(g).
- (c) Classification of lease

The factory lease agreements entered into by the Group were combined leases of land and buildings, recognized as operating leases. The proprietary of land was not transferred and the rental fee is increased to market rent at regular intervals. Also, the lessee does not participate in the residual value of the land and buildings. As a result, it was determined that the Group is responsible for all the risks and rewards of the land and buildings. Please refer to Note 6(r).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

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(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The valuation of inventories is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. The further description of the valuation of inventories, please refer to Note 6(e).

(b) Assessment of Impairment on investments accounted for using equity method

The assessment of impairment on investments accounted for using equity method requires the management of the Group to make subjective judgments to identify any indication of material impairment on cash-generating units, estimate the future cash flows deriving from the relevant cash-generating units and determine the discount rate to be applied. For further description of the assessment of impairment on investments accounted for using equity method, please refer to Note 6(g).

The accounting policy and disclosure of the Group include that measuring the financial and non-financial assets and financial liabilities at fair value. The Group uses external information to make the evaluation result agreed to market status and to confirm the data resource is independent reliable and consistent with other resource. The Group regularly revises the inputs and any essential adjustments on the fair value to confirm that evaluation results is reasonable. The Group regularly evaluates investment property using the evaluation methods and parametric assumptions announced by FSC.

When measuring the fair value of an asset or a liability, the Group usually uses market observable data. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- (c) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (d) Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (e) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- (a) Note 6(k)-Investment property.
- (b) Note 6(aa)-Financial instruments.

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(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 261	230
Cash in bank	9,818,732	7,022,482
Time deposits	506,716	3,357,000
	\$ 10,325,709	10,379,712

Please refer to Note 6(aa) for the currency risk and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial instruments

(i) Financial assets and liabilities at fair value through profit or loss:

	December 31, 2023	December 31, 2022
Mandatorily measured at financial assets at fair value through profit or loss:		
Non-derivative financial assets		
Publicly traded stocks (Note 1)	\$ 516,759	301,109
Money market funds	137,088	111,296
Private fund (Note 1)(Note 2)	1,334,075	1,369,943
Total	\$ 1,987,922	1,782,348
Current	\$ 143,327	120,845
Non-current	1,844,595	1,661,503
	\$ 1,987,922	1,782,348

Note 1: As of December 31, 2023 and 2022, part of the private fund and publicly traded stocks were during the lock-up period.

Note 2: The 32.88% shares of the Group in NFC Fund II L.P. is deemed as mutual fund. Since the Group is only a limited partner of the fund, it cannot be allowed any representative to take part in the decision making of the policy of NFC Fund II L.P. As a result, the Group has no significant influence over the company.

	December 31, 2023	December 31, 2022
Mandatorily measured at current financial liabilities at fair value through profit or loss		
Convertible bonds with embedded derivatives	\$ 231,774	449,261

(Continued)

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The derivative financial instruments arose from the issuance of overseas convertible bonds of the Group disclosed in Note 6(p).

Refer to Note 6(z) for the amount of re-measurement at fair value recognized in profit or loss.

- (ii) Non-current financial assets at fair value through other comprehensive income (FVOCI):

	December 31,	December 31,
	2023	2022
Stocks listed on domestic markets	\$ 707,122	73,796
Stocks listed on US markets	2,571,003	1,287,816
Non-public stocks	374,409	480,320
	\$ 3,652,534	1,841,932

The Group decided to hold these equity instruments, which are not held for trading, at fair value through other comprehensive income.

For the years ended December 31, 2023 and 2022, the Group received dividend income \$49,300 thousand and \$60,629 thousand, respectively, of the equity investment designated at fair value through other comprehensive income.

For the year ended December 31, 2023, there were no disposals of equity investments at fair value through other comprehensive income, and the gains and losses accumulated in other equity were not transferred to retained earnings during the period.

For the year ended December 31, 2022, due to the redemption of preferred shares, the Group disposed the financial assets at fair value through other comprehensive income, with a fair value of \$19,744 thousand; upon derecognition, the gains on disposal, accumulated in other equity, amounting to \$18,830 thousand was transferred to retained earnings.

- (iii) Sensitivity analysis in the equity price risk:

If the equity price changes, the impact to comprehensive income, using the sensitivity analysis based on the same variables except for the price index for both periods, will be as follows:

Prices of securities at the reporting date	2023		2022	
	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increasing 3%	\$ 109,576	15,503	55,258	9,033
Decreasing 3%	\$ (109,576)	(15,503)	(55,258)	(9,033)

- (iv) As of December 31, 2023 and 2022, the financial assets were not pledged. For information on the Group's credit risk, currency risk, and fair value information was disclosed in Note 6(aa).

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(c) Notes and accounts receivable, net

	December 31, 2023	December 31, 2022
Notes receivable	\$ 1,351	1,310
Accounts receivable	1,148,140	916,315
Less: loss allowance	<u>(825)</u>	<u>(985)</u>
	<u>\$ 1,148,666</u>	<u>916,640</u>

The Group applies the simplified approach to provide for its loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and days past due, as well as incorporate forward looking information.

The loss allowance provision was determined as follows:

(i) The segment of foundry and agriculture technology:

	December 31, 2023		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 1,079,886	0%	-
Past due 1~60 days	61,409	0%	-
Past due 61~120 days	1,125	0%	-
Past due 121~180 days	-	8.82%~23.75%	-
Past due more than 181 days	<u>-</u>	100%	<u>-</u>
	<u>\$ 1,142,420</u>		<u>-</u>
	December 31, 2022		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 857,657	0%	-
Past due 1~60 days	49,028	0%	-
Past due 61~120 days	1,165	0%	-
Past due 121~180 days	2,636	0%~3.33%	-
Past due more than 181 days	<u>-</u>	100%	<u>-</u>
	<u>\$ 910,486</u>		<u>-</u>

(Continued)

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(ii) The segment of gene chip testing service:

	December 31, 2023		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 4,407	0%~2.64%	-
Past due 1~60 days	1,821	0%~4.80%	13
Past due 61~120 days	31	0%~7.24%	-
Past due 121~180 days	-	0%~38.89%	-
Past due more than 181 days	<u>812</u>	100%	<u>812</u>
	<u>\$ 7,071</u>		<u>825</u>
	December 31, 2022		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 5,177	0%~0.35%	100
Past due 1~60 days	1,212	0%~7.26%	135
Past due 61~120 days	-	0%~19.44%	-
Past due 121~180 days	-	0%~47.22%	-
Past due more than 181 days	<u>750</u>	100%	<u>750</u>
	<u>\$ 7,139</u>		<u>985</u>

The movements of loss allowance were as follows:

	2023	2022
Beginning balance	\$ 985	805
Impairment losses recognized (gains on reversal of impairment)	(160)	180
Effect of changes in foreign exchange rates	-	-
Ending balance	<u>\$ 825</u>	<u>985</u>

As of December 31, 2023 and 2022, the notes and accounts receivable were not discounted nor pledged.

(d) Other receivables (recognized as other current assets)

	December 31, 2023	December 31, 2022
Other receivables	\$ 19,999	56,976
Less: loss allowance	-	-
	<u>\$ 19,999</u>	<u>56,976</u>

As of December 31, 2023 and 2022, other receivables were not past due nor impaired.

The information on the Group's credit risk was disclosed in Note 6(aa).

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(e) Inventories

	December 31, 2023	December 31, 2022
Raw materials, supplies and spare parts	\$ 3,697,213	4,377,047
Work in process	1,062,116	562,405
Finished goods	<u>351,877</u>	<u>481,024</u>
	<u>\$ 5,111,206</u>	<u>5,420,476</u>

Except for cost of goods sold and inventories recognized as expenses, the remaining gains or losses which were recognized as operating cost or deduction of operating cost were as follows:

	2023	2022
Losses on valuation of inventories and obsolescence	<u>\$ 23,457</u>	<u>205,129</u>
Unallocated overheads	<u>\$ 234,396</u>	<u>213,424</u>
Revenue from sale of scraps	<u>\$ (36,707)</u>	<u>(51,759)</u>
Losses (gains) on physical inventory count	<u>\$ 2,058</u>	<u>(5,854)</u>

As of December 31, 2023 and 2022, the inventories were not pledged.

(f) Biological assets

(i) List of biological assets:

	December 31, 2023	December 31, 2022
Consumable biological assets	<u>\$ 147,945</u>	<u>93,368</u>
Bearer biological assets	<u>\$ 107,330</u>	<u>273,554</u>

(ii) Movements in biological assets:

	2023	2022
Beginning balance	\$ 366,922	528,446
Increase due to purchase	4,856	26,089
Input costs	980,171	695,376
Depreciation expenses	(96,773)	(103,117)
Decrease due to sales and disposals	(1,063,111)	(755,078)
Changes in fair value less costs to sell due to price changes	69,213	(32,939)
Effect of changes in foreign exchange rates	<u>(6,003)</u>	<u>8,145</u>
Ending balance	<u>\$ 255,275</u>	<u>366,922</u>
Current	\$ 147,945	93,368
Non-current	<u>107,330</u>	<u>273,554</u>
	<u>\$ 255,275</u>	<u>366,922</u>

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WIN Semiconductors Corp. and Subsidiaries
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For the years ended December 31, 2023 and 2022, the gains and losses of \$69,213 thousand and \$(32,939) thousand, respectively, were recognized as operating costs of the consolidated statement of comprehensive income as a result of the remeasurement of biological assets at the higher of its carrying amount or fair value less costs to sell.

- (iii) The numbers of the Group's biological assets were as follows:

	Unit: head	
	December 31, 2023	December 31, 2022
Farrow, hogs and breeders	39,672	49,624

- (iv) Fair value

The Group uses valuation method to measure its biological assets to determine the fair value of the hogs and the farrows (which are required to reach a certain weight), less, cost to sell at the end of the reporting period. If biological asset does not have a quoted market price in an active market, the asset is measured at cost less accumulated depreciation and impairment losses.

Costs of the biological assets include all of the costs within the growth cycle, such as the cost of new-born farrows, the feed and the raising farm. The cost of the productive biological assets shall be depreciated on a straight-line basis over the producible term. The amortized term is within 36 months. For the years ended December 31, 2023 and 2022, the depreciation expenses of biological assets (which will be converted into its breeding biological assets) were \$96,773 thousand and \$103,117 thousand, respectively.

- (v) The Group is exposed to the following risks relating to its hog farming:

- 1) Regulations and environmental risks

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at complying with the local environment and other laws. Management performs regular reviews to identify environmental risks and to ensure that systems in place are adequate to manage those risks.

- 2) Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of hogs. When possible, the Group manages this risk by aligning its farming volume with market supply and demand. Management performs regular industry trend analyses to ensure that the Group's pricing structure is in line with the market.

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WIN Semiconductors Corp. and Subsidiaries
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3) Climate and other risks

The Group's hog farming is exposed to the risk of damage from climate change, diseases, and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular pig health inspections and industry pest and disease surveys.

(vi) As of December 31, 2023 and 2022, the biological assets were not pledged.

(vii) Fair value valuation technique of biological assets used inputs that were categorized in level 3. Please refer to the table above regarding the movement of biological assets for a reconciliation beginning from the opening balance to the closing balance for level 3 fair value. In this period the fair value hierarchy of the biological assets were not transferred into or out of level 3. The valuation technique and significant unobservable inputs were as follows:

Items	Fair value valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Hogs in China	Price comparison: Estimated value of price comparison is compared with the biological assets of different type, quality and kinds, etc.	Evaluate the quality	Evaluate the changes in fair value, according to the quality of biological assets.

(g) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Associates	<u>\$ 10,564,024</u>	<u>10,873,014</u>

(i) Associates

Associates which are material to the Group consisted of the followings:

<u>Name of Associates</u>	<u>Main Businesses and Products</u>	<u>Main Operating Location/ Registered Country of the Company</u>	<u>Proportion of Shareholding and Voting Rights</u>	
			<u>December 31, 2023</u>	<u>December 31, 2022</u>
Jiangsu CM/Chainwin Agriculture Development Co., Ltd. (abbrev. Jiangsu CM/Chainwin)	Developing hog farming technology and trading	China	49 %	49 %
ITEQ Corporation (abbrev. ITEQ)	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components	Taiwan	23.79 %	23.79 %

(Continued)

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The fair value of significant associate listed on the Taiwan Stock Exchange Corporation (TWSE) which is material to the Group is as follows:

	December 31, 2023	December 31, 2022
ITEQ	\$ 7,321,736	6,268,373

The following consolidated financial information of significant associates has been adjusted according to individually prepared IFRS financial statements of these associates.

- 1) The consolidated financial information of Jiangsu CM/Chainwin:

	December 31, 2023	December 31, 2022
Current assets	\$ 134,735	271,588
Non-current assets	1,140,896	1,230,657
Current liabilities	(116,239)	(72,676)
Non-current liabilities	(29,003)	(30,026)
Net assets	\$ 1,130,389	1,399,543
	2023	2022
Operating revenue	\$ 422,597	621,827
Profit (losses)	\$ (248,759)	2,368
Other comprehensive income	-	-
Total comprehensive income (loss)	\$ (248,759)	2,368
	2023	2022
Carrying amount of equity of Jiangsu CM/Chainwin attributable to the Group at the beginning	\$ 684,221	673,302
Profit (losses) attributable to the Group	(121,892)	1,160
Exchange differences on translation of foreign financial statements attributable to the Group	(11,471)	(55,682)
Shares of net assets of Jiangsu CM/Chainwin at the end	550,858	618,780
Add: Effect of changes in foreign exchange rates	1,478	65,441
Carrying amount of equity of Jiangsu CM/Chainwin attributable to the Group at the end	\$ 552,336	684,221

(Continued)

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2) The consolidated financial information of ITEQ:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Current assets	\$ 21,306,421	21,468,941
Non-current assets	12,073,219	11,914,668
Current liabilities	(10,539,833)	(10,883,035)
Non-current liabilities	<u>(3,399,959)</u>	<u>(2,389,588)</u>
Net assets	<u>\$ 19,439,848</u>	<u>20,110,986</u>
	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ 25,079,039</u>	<u>29,129,710</u>
Profit	\$ 676,626	1,855,173
Other comprehensive income (loss)	<u>(271,922)</u>	<u>239,066</u>
Total comprehensive income (loss)	<u>\$ 404,704</u>	<u>2,094,239</u>
	<u>2023</u>	<u>2022</u>
Carrying amount of equity of ITEQ attributable to the Group at the beginning	\$ 10,143,903	9,678,934
Additions	-	477,054
Profit attributable to the Group	160,394	390,714
Comprehensive income (loss) attributable to the Group	(70,900)	50,870
Deduction in retained earnings from disproportionate capital increase or decrease	-	(57,702)
Dividend received from ITEQ	(259,024)	(398,211)
Changes in retained earnings of associates	-	1,872
Changes in capital surplus of associates	<u>3,100</u>	<u>372</u>
Carrying amount of equity of ITEQ attributable to the Group at the end	9,977,473	10,143,903
Less: Goodwill	<u>(5,359,849)</u>	<u>(5,359,849)</u>
Shares of net assets of ITEQ at the end	<u>\$ 4,617,624</u>	<u>4,784,054</u>

Summary of financial information for the individually insignificant investments in associates accounted for using equity method were as follows. The aforementioned financial information was included in the consolidated financial statements of the Group:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Total equity of the individually insignificant investments in associates	<u>\$ 34,215</u>	<u>44,890</u>

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	2023	2022
Attributable to the Group:		
Losses	\$ (11,209)	(15,937)
Other comprehensive income	-	-
Total comprehensive loss	\$ (11,209)	(15,937)

(ii) Pledge to secure

As of December 31, 2023 and 2022, the investments accounted for using equity method were not pledged.

(iii) Judgment of whether the Group has substantive control over its investee

The Group holds 49% of the outstanding voting shares of Rainbow Star Group Limited and is the single largest shareholder of the investee. The remaining 51% of Rainbow Star Group Limited's shares are concentrated within specific shareholders, and therefore the Group cannot obtain more than half of the total number of Rainbow Star Group Limited directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. As a result, it is determined that the Group has significant influence but not control over Rainbow Star Group Limited.

The Group holds 23.79% of the outstanding voting shares of ITEQ Corporation (hereinafter referred to as "ITEQ") and is the single largest shareholder of the investee. Although the remaining 76.21% of ITEQ's shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of ITEQ directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. As a result, it is determined that the Group has significant influence but not control over ITEQ.

(iv) Impairment testing for goodwill

ITEQ is regarded as a cash-generating unit to generate cash flows that are independent of those from others. Therefore, the impairment testing of the said investment accounted for using equity method is conducted by comparing the recoverable amount of ITEQ with its carrying amount to determine whether an impairment loss should be recognized.

On December 31, 2023 and 2022, the recoverable amount determined by using the value-in-use for the cash-generating unit was higher than the carrying amount. Therefore, there was no impairment loss should be recognized.

The key assumptions used in the estimation of the value-in-use were as follows:

- 1) The future cash flow that was based on ITEQ's expectations of future operations, taking into account the past experience, adjusted for the anticipated revenue growth.
- 2) The assumption on discount rate which was based on the weighted average cost of the capital. As of December 31, 2023 and 2022, the applied before-tax discount rate of the recoverable amount of the units were 9.19% and 7.16%, respectively.

(Continued)

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(h) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

<u>Subsidiaries</u>	<u>Registration</u>	<u>Percentage of non-controlling interests</u>	
		<u>December 31, 2023</u>	<u>December 31, 2022</u>
Chainwin Cayman	Cayman Islands	18.77 %	18.77 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in the information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intergroup transactions were not eliminated in this information.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 2,857,317	3,110,612
Non-current assets	12,529,682	13,667,133
Current liabilities	(277,307)	(381,345)
Non-current liabilities	<u>(8,348,181)</u>	<u>(7,273,176)</u>
Net assets	<u>\$ 6,761,511</u>	<u>9,123,224</u>
Non-controlling interests	<u>\$ 1,269,380</u>	<u>1,712,759</u>
	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ 618,288</u>	<u>353,360</u>
Losses	\$ (2,358,355)	(1,868,294)
Other comprehensive income (loss)	<u>(3,358)</u>	<u>256,226</u>
Total comprehensive loss	<u>\$ (2,361,713)</u>	<u>(1,612,068)</u>
Losses attributable to non-controlling interests	<u>\$ (442,749)</u>	<u>(350,746)</u>
Comprehensive loss, attributable to non-controlling interests	<u>\$ (443,379)</u>	<u>(302,643)</u>
	<u>2023</u>	<u>2022</u>
Net cash flows used in operating activities	\$ (664,850)	(1,019,591)
Net cash flows used in investing activities	(200,113)	(1,753,250)
Net cash flows from financing activities	443,390	464,386
Effect of changes in foreign exchange rate	<u>189,980</u>	<u>324,878</u>
Decrease in cash and cash equivalents	<u>\$ (231,593)</u>	<u>(1,983,577)</u>

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Notes to the Consolidated Financial Statements

(i) Property, plant and equipment

The movements in property, plant and equipment were as follows:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Factory and equipment</u>	<u>Other equipment</u>	<u>Construction in progress and inspection-awarded devices</u>	<u>Total</u>
Cost:							
Balance as of January 1, 2023	\$ 2,546,534	9,478,472	17,648,311	6,689,192	668,701	9,406,592	46,437,802
Additions	1,214,619	296,577	354,605	523,123	36,092	696,770	3,121,786
Reclassification (Note 1)	-	1,755,866	2,347,226	1,871,849	25,797	(4,535,788)	1,464,950
Disposals	-	(26,406)	(2,697,738)	(853,654)	(235,072)	-	(3,812,870)
Effect of changes in foreign exchange rates	-	(146,035)	(8,847)	(14,823)	(2,389)	(51,640)	(223,734)
Balance as of December 31, 2023	<u>\$ 3,761,153</u>	<u>11,358,474</u>	<u>17,643,557</u>	<u>8,215,687</u>	<u>493,129</u>	<u>5,515,934</u>	<u>46,987,934</u>
Balance as of January 1, 2022	\$ 2,546,534	5,409,451	20,272,516	6,406,045	565,461	9,402,246	44,602,253
Additions	-	81,398	667,465	318,800	139,888	4,506,241	5,713,792
Reclassification (Note 2)	-	4,058,289	1,707,994	664,012	64,268	(4,388,393)	2,106,170
Disposals	-	(109,197)	(4,999,814)	(700,426)	(102,031)	(227,420)	(6,138,888)
Effect of changes in foreign exchange rates	-	38,531	150	761	1,115	113,918	154,475
Balance as of December 31, 2022	<u>\$ 2,546,534</u>	<u>9,478,472</u>	<u>17,648,311</u>	<u>6,689,192</u>	<u>668,701</u>	<u>9,406,592</u>	<u>46,437,802</u>
Accumulated depreciation:							
Balance as of January 1, 2023	\$ -	1,193,693	10,327,673	3,073,301	297,129	-	14,891,796
Depreciation	-	530,011	3,007,795	731,239	145,408	-	4,414,453
Impairment loss	-	29,220	669	14,403	8,045	119,130	171,467
Disposals	-	(26,406)	(2,696,935)	(851,416)	(212,779)	-	(3,787,536)
Effect of changes in foreign exchange rates	-	(8,755)	(567)	(2,562)	(1,288)	(1,213)	(14,385)
Balance as of December 31, 2023	<u>\$ -</u>	<u>1,717,763</u>	<u>10,638,635</u>	<u>2,964,965</u>	<u>236,515</u>	<u>117,917</u>	<u>15,675,795</u>
Balance as of January 1, 2022	\$ -	1,045,218	12,327,474	3,213,613	231,951	-	16,818,256
Depreciation	-	257,652	2,955,870	558,528	166,829	-	3,938,879
Disposals	-	(109,172)	(4,955,744)	(699,149)	(102,031)	-	(5,866,096)
Effect of changes in foreign exchange rates	-	(5)	73	309	380	-	757
Balance as of December 31, 2022	<u>\$ -</u>	<u>1,193,693</u>	<u>10,327,673</u>	<u>3,073,301</u>	<u>297,129</u>	<u>-</u>	<u>14,891,796</u>
Carrying amount:							
Balance as of December 31, 2023	<u>\$ 3,761,153</u>	<u>9,640,711</u>	<u>7,004,922</u>	<u>5,250,722</u>	<u>256,614</u>	<u>5,398,017</u>	<u>31,312,139</u>
Balance as of January 1, 2022	<u>\$ 2,546,534</u>	<u>4,364,233</u>	<u>7,945,042</u>	<u>3,192,432</u>	<u>333,510</u>	<u>9,402,246</u>	<u>27,783,997</u>
Balance as of December 31, 2022	<u>\$ 2,546,534</u>	<u>8,284,779</u>	<u>7,320,638</u>	<u>3,615,891</u>	<u>371,572</u>	<u>9,406,592</u>	<u>31,546,006</u>

Note 1: Inventories and prepayments for business facilities were reclassified as property, plant and equipment. Besides, property, plant and equipment were transferred to other expenses and adjusted by using the construction refund.

Note 2: Inventories, prepayments for business facilities, capitalized right-of-use depreciation expenses and other current assets were reclassified as property, plant and equipment. Besides, property, plant and equipment were adjusted by using the construction refund.

- (i) For the year ended December 31, 2023, the Group assessed an impairment loss of \$171,467 thousand, recognized as property, plant and equipment of agriculture technology segment due to idling and other factors. This impairment loss shall be disclosed in the consolidated statements of comprehensive income, please refer to note 6(z). There was no such transaction for the year ended December 31, 2022.

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(ii) Pledge to secure

As of December 31, 2023 and 2022, the property, plant and equipment were subject to a registered debenture to secured bank loans and line of credit, the collateral for these long-term borrowings was disclosed in Note 8.

(iii) Property, plant and equipment under construction

The Group leased certain parcels pieces of land for the construction of its new factories, with the total amounts of \$4,992,898 thousand and \$6,866,140 thousand as of December 31, 2023 and 2022, respectively.

(iv) For the years ended December 31, 2023 and 2022, capitalized interest expenses amounted to \$178,492 thousand and \$175,565 thousand, respectively. The annual interest rates at which these interest expenses were capitalized ranged from 1.14%~6.24% and 0.57%~5.04%, respectively.

(j) Right-of-use assets

The movements in right-of-use assets were as follows:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2023	\$ 881,493	474,148	21,021	1,376,662
Additions	96	20,763	9,751	30,610
Disposals	(13,540)	(20,286)	(8,371)	(42,197)
Effect of change in foreign exchange rates	<u>(7,061)</u>	<u>(787)</u>	<u>(77)</u>	<u>(7,925)</u>
Balance as of December 31, 2023	<u>\$ 860,988</u>	<u>473,838</u>	<u>22,324</u>	<u>1,357,150</u>
Balance as of January 1, 2022	\$ 986,869	482,647	20,853	1,490,369
Additions	73,361	84,774	1,072	159,207
Disposals	(185,646)	(94,419)	(964)	(281,029)
Effect of change in foreign exchange rates	<u>6,909</u>	<u>1,146</u>	<u>60</u>	<u>8,115</u>
Balance as of December 31, 2022	<u>\$ 881,493</u>	<u>474,148</u>	<u>21,021</u>	<u>1,376,662</u>
Accumulated depreciation:				
Balance as of January 1, 2023	\$ 133,545	132,395	10,993	276,933
Depreciation	54,242	44,060	5,679	103,981
Disposals	(8,650)	(20,286)	(8,133)	(37,069)
Effect of change in foreign exchange rates	<u>(1,610)</u>	<u>(191)</u>	<u>(20)</u>	<u>(1,821)</u>
Balance as of December 31, 2023	<u>\$ 177,527</u>	<u>155,978</u>	<u>8,519</u>	<u>342,024</u>
Balance as of January 1, 2022	\$ 108,020	120,945	5,788	234,753
Depreciation (Note)	56,676	53,704	6,166	116,546
Disposals	(31,923)	(42,375)	(964)	(75,262)
Effect of change in foreign exchange rates	<u>772</u>	<u>121</u>	<u>3</u>	<u>896</u>
Balance as of December 31, 2022	<u>\$ 133,545</u>	<u>132,395</u>	<u>10,993</u>	<u>276,933</u>

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	<u>Land</u>	<u>Buildings and structures</u>	<u>Other equipment</u>	<u>Total</u>
Carrying amount:				
Balance as of December 31, 2023	\$ 683,461	317,860	13,805	1,015,126
Balance as of January 1, 2022	\$ 878,849	361,702	15,065	1,255,616
Balance as of December 31, 2022	\$ 747,948	341,753	10,028	1,099,729

Note: Including capitalized depreciation expenses transferred to construction in progress, which amounted to \$46 thousand.

(k) Investment property

The movements in investment property were as follows:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2023	\$ 963,127	138,225	1,101,352
Additions	-	-	-
Balance as of December 31, 2023	\$ 963,127	138,225	1,101,352
Balance as of January 1, 2022	\$ 963,127	138,225	1,101,352
Additions	-	-	-
Balance as of December 31, 2022	\$ 963,127	138,225	1,101,352
Accumulated depreciation:			
Balance as of January 1, 2023	\$ -	52,720	52,720
Depreciation	-	5,317	5,317
Balance as of December 31, 2023	\$ -	58,037	58,037
Balance as of January 1, 2022	\$ -	47,404	47,404
Depreciation	-	5,316	5,316
Balance as of December 31, 2022	\$ -	52,720	52,720
Carrying amount:			
Balance as of December 31, 2023	\$ 963,127	80,188	1,043,315
Balance as of January 1, 2022	\$ 963,127	90,821	1,053,948
Balance as of December 31, 2022	\$ 963,127	85,505	1,048,632
Fair value:			
Balance as of December 31, 2023			\$ 1,130,325
Balance as of December 31, 2022			\$ 1,166,818

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When measuring the fair value of its investment property, the Group considered the present value of net cash flows to be generated from leasing the property. The expected net cash flows were discounted using the yield to reflect its specified inherit risk on the net cash flows. The inputs to the valuation technique used for measuring fair value were categorized as a Level 2 fair value. As of December 31, 2023 and 2022, the yield applied to the net annual rentals to determine fair value of property for which current prices in an active market were unavailable, was as follows:

Location	December 31, 2023	December 31, 2022
Hsinchu	0.83%	0.44%

As of December 31, 2023 and 2022, the investment properties were not pledged.

(l) Intangible assets

(i) The movements in intangible assets were as follows:

	Technical know-how	Computer software and information systems	Goodwill	Others	Total
Cost:					
Balance as of January 1, 2023	\$ 42,132	420,770	484,344	51	947,297
Additions	4	63,896	-	20,139	84,039
Reclassification (Note 1)	36	-	-	-	36
Disposals	-	(136,794)	-	(24)	(136,818)
Effect of changes in foreign exchange rates	-	(64)	-	-	(64)
Balance as of December 31, 2023	<u>\$ 42,172</u>	<u>347,808</u>	<u>484,344</u>	<u>20,166</u>	<u>894,490</u>
Balance as of January 1, 2022	\$ 87,732	452,821	471,787	22,318	1,034,658
Additions	138	45,857	-	24	46,019
Reclassification (Note 2)	468	230	-	-	698
Disposals	(46,206)	(80,332)	-	(22,291)	(148,829)
Effect of changes in foreign exchange rates	-	2,194	12,557	-	14,751
Balance as of December 31, 2022	<u>\$ 42,132</u>	<u>420,770</u>	<u>484,344</u>	<u>51</u>	<u>947,297</u>
Amortization:					
Balance as of January 1, 2023	\$ 6,340	219,248	159,382	22	384,992
Amortization	5,905	107,338	-	5,616	118,859
Disposals	-	(136,794)	-	(24)	(136,818)
Effect of changes in foreign exchange rates	-	(31)	-	-	(31)
Balance as of December 31, 2023	<u>\$ 12,245</u>	<u>189,761</u>	<u>159,382</u>	<u>5,614</u>	<u>367,002</u>
Balance as of January 1, 2022	\$ 43,414	168,372	159,382	21,605	392,773
Amortization	9,132	129,663	-	708	139,503
Disposals	(46,206)	(80,332)	-	(22,291)	(148,829)
Effect of changes in foreign exchange rates	-	1,545	-	-	1,545
Balance as of December 31, 2022	<u>\$ 6,340</u>	<u>219,248</u>	<u>159,382</u>	<u>22</u>	<u>384,992</u>
Carrying amount:					
Balance as of December 31, 2023	<u>\$ 29,927</u>	<u>158,047</u>	<u>324,962</u>	<u>14,552</u>	<u>527,488</u>
Balance as of January 1, 2022	<u>\$ 44,318</u>	<u>284,449</u>	<u>312,405</u>	<u>713</u>	<u>641,885</u>
Balance as of December 31, 2022	<u>\$ 35,792</u>	<u>201,522</u>	<u>324,962</u>	<u>29</u>	<u>562,305</u>

Note 1: Other non-current assets were reclassified as intangible assets.

Note 2: Prepayments for business facilities and other non-current assets were reclassified as intangible assets.

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(ii) Amortization expense recognized in profit or loss

For the years ended December 31, 2023 and 2022, the amortization expenses of intangible assets were as follows:

	2023	2022
Operating costs	\$ 35,842	32,109
Operating expenses	83,017	107,394
	\$ 118,859	139,503

(iii) Impairment testing for goodwill

1) Chainwin Cayman

The goodwill of \$127,264 thousand was derived from the acquisition of and the control over Chainwin Cayman by the Group on August 19, 2016. The goodwill was mainly attributed to the profitability of the hog farming in mainland China. Chainwin Cayman is regarded as a cash-generating unit (the “CGU”) to generate cash inflows that are independent of those from others. Therefore, goodwill is tested for impairment by comparing the recoverable amount of Chainwin Cayman with its carrying amount to determine whether an impairment loss should be recognized.

On December 31, 2023 and 2022, the recoverable amount determined by using the value-in-use for the cash-generating unit was higher than the carrying amount. Therefore, there was no impairment loss to be recognized.

The Group’s goodwill has been tested for impairment at the end of the annual reporting period and the recoverable amount is determined based on the value-in-use. The key assumptions used in the estimation of the value-in-use of the CGU were as follows:

- a) The future cash flow that was based on expectations of future operations, taking into account the past experience, adjusted for the anticipated revenue growth.
- b) The assumption on before-tax discount rate which was based on the weighted average cost of capital. As of December 31, 2023 and 2022, the applied before-tax discount rate of the recoverable amount of the units were 7.30% and 5.94%, respectively.

2) PBL

The goodwill of \$318,763 thousand was derived from the Group became the largest shareholder of and obtained control over PBL on July 12, 2018. The goodwill was mainly attributed to the profitability in microarray services market and the know-how of PBL work force. PBL is regarded as a CGU to generate cash inflows that are independent of those from others. Therefore, goodwill is tested for impairment by comparing the recoverable amount of PBL with its carrying amount to determine whether an impairment loss should be recognized.

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Also, the Group estimated its operating revenue for certain periods based on the purchase price allocation valuation report issued by the specialist, who was entrusted by the Group. The preceding estimation was analyzed based on the financial forecasts from 2018 to 2025. The market share of PBL did not meet expectation and the technology transfer cases of PBL did not finished on time; therefore, the actual operating revenue for the years of 2023 and 2022 both decreased by 86%, which was lower than the original forecast.

As of December 31, 2023 and 2022, the recoverable amount determined by using the value-in-use for the cash-generating unit was higher than the carrying amount. Therefore, there was no impairment loss to be recognized. And an impairment loss of goodwill of \$159,382 thousand was recognized in 2020.

The Group's goodwill has been tested for impairment at the end of the annual reporting period and the recoverable amount is determined based on the value-in-use. The key assumptions used in the estimation of the value-in-use of the CGU were as follows:

- a) The future cash flow that was based on expectations of future operations, taking into account the past experience, adjusted for the anticipated revenue growth.
 - b) The assumption on before-tax discount rate which was based on the weighted average cost of the capital. As of December 31, 2023 and 2022, the applied before-tax discount rate of the recoverable amount of the units were 16.03% and 16.26%, respectively.
- 3) Guzip

The goodwill of \$38,317 thousand was derived from the Group's acquisition of 100% shares of Guzip through share swap. The goodwill was mainly attributed to the know-how of Guzip work force. Guzip is regarded as a CGU to generate cash inflows that are independent of those from others. Therefore, goodwill is tested for impairment by comparing the recoverable amount of Guzip with its carrying amounts to determine whether an impairment loss should be recognized.

Also, the Group estimated its operating revenue for certain periods based on the purchase price allocation valuation report issued by the specialist, who was entrusted by the Group. The preceding estimation was analyzed based on the financial forecasts from 2022 to 2031. The market share of Guzip's services did not meet expectation; therefore, the actual operating revenue for the year of 2023 and 2022 decreased by 88% and 78%, which were lower than the original forecast, respectively.

On December 31, 2023 and 2022, the recoverable amount determined by using the value-in-use for the cash-generating unit was higher than the carrying amount. Therefore, there was no impairment loss should be recognized.

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The Group's goodwill has been tested for impairment at the end of the annual reporting period and the recoverable amount is determined based on the value-in-use. The key assumptions used in the estimation of the value-in-use of the CGU were as follows:

- a) The future cash flow that was based on expectations of future operations, taking into account the past experience, adjusted for the anticipated revenue growth.
- b) The assumption on before-tax discount rate which was based on the weighted average cost of the capital. As of December 31, 2023 and 2022, the applied before-tax discount rate of the recoverable amount of the units were 13.18% and 12.50%, respectively.

4) Pledge to secure

As of December 31, 2023 and 2022, the intangible assets were not pledged.

(m) Other current assets and other non-current assets

	December 31, 2023	December 31, 2022
Tax refund receivables	\$ 65,808	41,268
Other receivables	19,999	56,976
Prepayments to suppliers	501	142
Prepaid expenses	144,837	128,128
Offset against business tax payable	43,915	43,857
Restricted assets	243,819	269,261
Refundable deposits	94,425	148,689
Long-term prepayments to suppliers	75,239	55,424
Others	24,919	24,830
	<u>\$ 713,462</u>	<u>768,575</u>

(n) Short-term borrowings

	December 31, 2023	December 31, 2022
Secured short-term borrowings (in RMB)	<u>\$ 21,129</u>	<u>-</u>
Unsecured short-term borrowings	<u>\$ -</u>	<u>-</u>
Unused bank credit lines for short-term borrowings	<u>\$ 1,649,521</u>	<u>1,205,517</u>
Unused bank credit lines for short-term and long-term borrowings	<u>\$ 4,342,636</u>	<u>3,308,682</u>
Annual interest rate	<u>3.70%</u>	<u>-</u>

The collateral for these short-term borrowings were disclosed in Note 8.

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(o) Long-term borrowings

	December 31, 2023	December 31, 2022
Secured long-term borrowings (in TWD)	\$ 1,200,000	-
Secured long-term syndicated borrowings (in USD)	8,083,027	6,984,198
Unsecured long-term borrowings (in TWD)	13,743,277	10,617,247
Less: Current portion	<u>(2,996,728)</u>	<u>(1,731,147)</u>
Total	<u>\$ 20,029,576</u>	<u>15,870,298</u>
Unused bank credit lines for long-term borrowings	<u>\$ 9,582,867</u>	<u>13,358,568</u>
Annual interest rate	<u>1.00%~5.84%</u>	<u>0.75%~4.62%</u>
Expiry date	<u>2025/02/15~2038/08/14</u>	<u>2024/05/17~2029/01/20</u>

As of December 31, 2023, the remaining balances of the borrowing due were as follows:

Redemption period	Amount
January 1, 2024~December 31, 2024	\$ 2,996,728
January 1, 2025~December 31, 2025	14,429,926
January 1, 2026~December 31, 2026	1,935,017
January 1, 2027~December 31, 2027	1,475,017
January 1, 2028 and after	<u>2,189,616</u>
	<u>\$ 23,026,304</u>

- (i) The unused bank credit lines for short-term and long-term borrowings at the reporting date were disclosed in Note 6(n).
- (ii) The collateral for these long-term borrowings were disclosed in Note 8.
- (iii) In December 2021, the Group entered into a three-year syndicated loan agreement with Far Eastern International Bank and other ten banks. The total credit facility under this loan agreement is US\$300,000 thousand.

The related financial covenants and restrictions for the syndicated loans mentioned above were as follows:

- 1) At the end of reporting period, current ratio (current assets / current liabilities): shall not lower than 100%;
- 2) Interest coverage ratio [(profit before tax + depreciation + amortization + interest expense) / interest expense]: shall not be lower than 100%; and
- 3) Tangible net assets value (equity— intangible assets): shall not be lower than NT\$20,000,000 thousand.

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After the guarantor signs the loan agreement, the aforementioned financial ratio and criteria will be reviewed semi-annually, which are based on the year-end consolidated financial statements audited by the Certified Public Accountants (CPAs) that are approved by the leading bank, as well as the semi-annual consolidated financial statements reviewed by the CPAs.

Although the Group breached the above restriction of the current ratio in the second quarter of 2023, the Group was able to obtain a waiver letter in June 2023 after negotiating with the banks. Hence, the Group need not have to repay the loans immediately.

For the years ended December 31, 2023 and 2022, the Group were in compliance with the above financial covenants and restrictions.

(p) Bonds payable

The details of bonds payable were as follows:

	December 31, 2023	December 31, 2022
Overseas convertible bonds issuance balance	\$ 4,869,216	11,092,858
Less: Unamortized discounted bonds payable	(125,382)	(423,303)
Current portion	<u>(4,743,834)</u>	<u>-</u>
Total	<u>\$ -</u>	<u>10,669,555</u>
Proceeds from issuance (less transaction cost amounted to \$89,226 thousand)		\$ 13,902,774
Equity components (less transaction cost amortized to equity component of \$4,147 thousand)		(639,583)
Embedded derivatives instruments — put/ call options		<u>(139,920)</u>
Liability components at the issuance date (less transaction cost allocated to liability component of \$85,079 thousand)		13,123,271
Interest expense at an effective interest rate of 1.28%		416,244
Repurchases of bonds payable		<u>(8,795,681)</u>
Liability components at December 31, 2023		<u>\$ 4,743,834</u>

The Company resolved to issue the first unsecured overseas convertible bonds, as proposed in the Board of Directors meeting held on November 27, 2020, which had been approved by the Financial Supervisory Commission with approval No.1090377907 on December 25, 2020 and been issued on the Singapore Exchange Securities Trading Limited on January 14, 2021. The Company issued the 5 years unsecured convertible bond, amounting to US\$500,000 thousand without coupon rate, with the maturity dates on January 14, 2026.

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Unless previously redeemed, repurchased, and cancelled or converted, regulations and except during the closed period, the bonds may be converted into the Company's common shares pursuant to the applicable laws and regulations and the indenture at any time starting from the next day immediately after three months from the issue date to (1) the 10 day prior to the maturity date or (2) the 5 business day prior to the applicable redemption date on which a bondholder exercises its put right or the applicable date (other than the maturity date) on which the Company exercises its redemption right.

The conversion price was 140% of the closing price of the Company's common shares on the Taipei Exchange on the pricing date, which was NT\$497. The number of common shares to be delivered upon conversion of any bond will be determined with the principal amount of the bonds multiplied by the fixed exchange rate, which is NT\$27.984 to US\$1, which as determined on the pricing date and divided by the conversion price in effect on the date of conversion. After the issuance of the bonds, the conversion price shall be adjusted in accordance with the relevant anti-dilution provisions of the indenture. As of December 31, 2023, the conversion price was adjusted to NT\$457.13 per share.

The above-mentioned convertible bonds included liabilities and equity components. The equity component was accounted under the capital surplus-stock option. The effective interest rate originally recognized for the liability component was 1.28%.

For the years ended December 31, 2023 and 2022, the Company has repurchased the first issued unsecured overseas convertible bonds in 2020 at the principle amount of US\$222,400 thousand and US\$103,600 thousand, respectively, consequently, derecognized the related derivative financial liabilities. The difference between the repurchased amount and the carrying amount was recognized under other gains and losses, please refer to Note 6(z).

(q) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2023	December 31, 2022
Current	\$ <u>103,105</u>	<u>103,570</u>
Non-current	\$ <u>854,968</u>	<u>924,832</u>

For the maturity analysis, please refer to Note 6(aa).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expenses on lease liabilities	\$ <u>23,024</u>	<u>26,525</u>
Expenses relating to short-term leases	\$ <u>3,893</u>	<u>7,530</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>1,540</u>	<u>1,568</u>

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The amounts recognized in the statement of cash flows for the Group was as follows:

	2023	2022
Total cash outflow for leases	\$ 119,131	140,818

(i) Land, buildings and structures leases

The Group leases land, buildings and structures for its plants, parking lots and staff dormitories. The leases of them typically run for a period of 3 to 50 years.

(ii) Other leases

The Group leases printer and transportation equipment, with lease terms of 2 to 10 years.

(iii) Others

Parts of the leases of transportation equipment, machinery and equipment, office and staff dormitories are with contract terms of less than one year. These leases are short-term. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases. Also, some leases contain cancellation options exercisable by the Group. In which lease is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(r) Operating lease

The Group leased its investment property under operating lease, which was disclosed in Note 6(k).

For the years ended December 31, 2023 and 2022, the rent income from investment properties were \$30,866 thousand and \$29,503 thousand, respectively.

(s) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	\$ 136,742	135,876
Fair value of plan assets	(45,773)	(44,464)
Net defined benefit liabilities (Note)	\$ 90,969	91,412

Note: Recognized liabilities for defined benefit obligations were recognized as other non-current liabilities.

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The Group makes defined benefit plan contributions to the pension fund account in the Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary prior to six months of retirement.

1) Composition of plan assets

The Group set aside pension funds in accordance with the legislation from the Ministry of Labor and managed by the Bureau of Labor Funds. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit in accordance with the legislation "Management and Utilization of the Labor Pension Funds".

The Group's labor pension reserve account balance in the Bank of Taiwan amounted to \$45,773 thousand as of December 31, 2023. The utilization of the labor pension fund assets includes the asset allocation and the yield of the fund. Please refer to the website of Bureau of Labor Funds, Ministry of Labor.

2) The movements in present value of the defined benefit obligations

For the years ended December 31, 2023 and 2022, movements in the present value of the defined benefit obligations were as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit obligations at the beginning	\$ 135,876	162,260
Current service costs and interest cost	3,132	2,167
Remeasurements of the net defined benefit liability (asset):		
– Actuarial (gains) losses arising from financial assumptions	1,512	(21,463)
– Actuarial (gains) losses arising from experience adjustments	(2,659)	2,957
Paid in the current period	<u>(1,119)</u>	<u>(10,045)</u>
Defined benefit obligations at the end	<u>\$ 136,742</u>	<u>135,876</u>

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3) The movements in fair value of the defined benefit plan assets

For the years ended December 31, 2023 and 2022, movements in the fair value of the plan assets were as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets at the beginning	\$ 44,464	49,234
Interest revenue	768	367
Remeasurements of the net defined benefit liability (asset):		
– Return on plan assets (excluding the interest revenue)	219	3,729
Amounts contributed to plan	1,441	1,179
Paid in the current period	<u>(1,119)</u>	<u>(10,045)</u>
Fair value of plan assets at the end	<u>\$ 45,773</u>	<u>44,464</u>

4) The movements in effect of plan asset ceiling

For the years ended December 31, 2023 and 2022, there were no movements in the effect of plan asset ceiling.

5) The expenses recognized in profit or losses

For the years ended December 31, 2023 and 2022, the expenses recognized in profit or losses for the Group were as follows:

	<u>2023</u>	<u>2022</u>
Current service costs	\$ 854	993
Net interest expense of net defined benefit liabilities (assets)	<u>1,510</u>	<u>807</u>
	<u>\$ 2,364</u>	<u>1,800</u>
	<u>2023</u>	<u>2022</u>
Administrative expenses	<u>\$ 2,364</u>	<u>1,800</u>

6) The remeasurements of the net defined benefit liabilities (assets) recognized in other comprehensive income

For the years ended December 31, 2023 and 2022, the remeasurements of the net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

	<u>2023</u>	<u>2022</u>
Balance at the beginning	\$ 51,825	74,060
Recognized in the current period	<u>(1,366)</u>	<u>(22,235)</u>
Balance at the end	<u>\$ 50,459</u>	<u>51,825</u>

(Continued)

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7) Actuarial assumptions

At the end of the reporting date, the principal actuarial assumptions were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.625 %	1.75 %
Future salary rate increases	4.00 %	4.00 %

The Group expects to make contributions of \$1,141 thousand to the defined benefit plans in the next year starting from December 31, 2023.

For 2022, the weighted average duration of the defined benefit plans is 13.81 years.

8) Sensitivity analysis

As of December 31, 2023 and 2022, the changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

	<u>Influences of defined benefit obligations</u>	
	<u>Increase by 0.25%</u>	<u>Decrease by 0.25%</u>
December 31, 2023		
Discount rate	\$ (2,997)	3,089
Future salary increase rate	2,954	(2,886)
December 31, 2022		
Discount rate	\$ (3,195)	3,309
Future salary increase rate	3,174	(3,082)

There is no change in other assumptions when performing the above-mentioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Group set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Group set aside a fixed amount to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

The Group set aside \$125,540 thousand and \$131,009 thousand, respectively, of the pension under the pension plan costs to the Bureau of Labor Insurance for the years ended December 31, 2023 and 2022.

(Continued)

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- (iii) The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. For the years ended December 31, 2023 and 2022, the Group recognized the pension costs in accordance with the pension regulations and amounted to \$16,402 thousand and \$18,788 thousand, respectively.

(t) Income tax

(i) Income tax expenses

The amounts of income tax expenses (benefit) for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current tax expenses (benefit)		
Current period	\$ 277,183	812,959
Adjustment for prior periods	<u>(8,820)</u>	<u>(74,218)</u>
Subtotal	<u>268,363</u>	<u>738,741</u>
Deferred tax expenses (benefit)		
Origination and reversal of temporary differences	<u>(389,417)</u>	<u>(327,260)</u>
Income tax expenses (benefit)	<u><u>\$ (121,054)</u></u>	<u><u>411,481</u></u>

The amounts of income tax expenses (benefit) recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Components of other comprehensive income that will not be classified to profit or loss:		
The remeasurements of defined benefit plans	<u>\$ 273</u>	<u>4,447</u>

Reconciliation of income tax expenses (benefit) and profit before tax were as follows:

	<u>2023</u>	<u>2022</u>
Profit (loss) before tax	<u>\$ (679,032)</u>	<u>1,825,736</u>
Estimated income tax calculated using the Group's domestic tax rate	\$ (135,806)	365,147
Tax-exempt income	(952)	(5,690)
Investment tax credits	(60,000)	(60,000)
Change in unrecognized deductible temporary differences	47,592	54,659
Adjustment for prior periods	(8,820)	(74,218)
Additional tax on unappropriated earnings	-	77,014
Others	<u>36,932</u>	<u>54,569</u>
	<u><u>\$ (121,054)</u></u>	<u><u>411,481</u></u>

(Continued)

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(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	\$ 38,499	36,772
The carry forward of unused tax losses	<u>332,947</u>	<u>287,082</u>
	<u>\$ 371,446</u>	<u>323,854</u>

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2023, the information of the Group's unutilized business losses for which no deferred tax assets were recognized are as follows:

<u>Year of loss</u>	<u>Unutilized business loss</u>	<u>Expiry date</u>
2014	\$ 53,221	2024
2015	50,740	2025
2016	77,244	2026
2017	142,749	2027
2018	146,068	2028
2019	172,765	2029
2020	181,980	2030
2021	284,020	2031
2022	270,946	2032
2023	<u>285,000</u>	2033
	<u>\$ 1,664,733</u>	

The Group had no unrecognized deferred tax liabilities as of December 31, 2022 and 2021.

(Continued)

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- 2) Movements in the amount of deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

	<u>Allowance for obsolete inventories</u>	<u>Difference in depreciation expense between financial and tax method</u>	<u>Unrealized investment loss recognized under equity method</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets:					
Balance as of January 1, 2023	\$ 91,745	374	612,518	51,477	756,114
Recognized in profit or loss	4,031	(374)	337,064	32,511	373,232
Recognized in other comprehensive income	-	-	-	(273)	(273)
Balance as of December 31, 2023	<u>\$ 95,776</u>	<u>-</u>	<u>949,582</u>	<u>83,715</u>	<u>1,129,073</u>
Balance as of January 1, 2022	\$ 56,838	1,343	278,551	80,384	417,116
Recognized in profit or loss	34,907	(969)	333,967	(24,460)	343,445
Recognized in other comprehensive income	-	-	-	(4,447)	(4,447)
Balance as of December 31, 2022	<u>\$ 91,745</u>	<u>374</u>	<u>612,518</u>	<u>51,477</u>	<u>756,114</u>
Unrealized exchange gain					
Deferred tax liabilities:					
Balance as of January 1, 2023	\$ 16,185				
Recognized in profit	(16,185)				
Balance as of December 31, 2023	<u>\$ -</u>				
Balance as of January 1, 2022	\$ -				
Recognized in loss	16,185				
Balance as of December 31, 2022	<u>\$ 16,185</u>				

(iii) Assessment

The Company's corporate income tax returns for all the years through 2021 were assessed by the tax authorities.

(u) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the Company's authorized share capital consisted of 1,000,000 thousand shares of ordinary shares, with \$10 dollars par value per share, and the paid-in capital amounted to \$4,239,404 thousand, of which 423,940 thousand shares were issued. The Company has reserved \$1,000,000 thousand for employee stock options.

(Continued)

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Reconciliations of shares outstanding for the years ended December 31, 2023 and 2022 :

	Ordinary share (in thousands)	
	2023	2022
Balance at the beginning	423,940	423,976
Purchase and retirement of restricted shares of stock for employees	-	(36)
Balance at the end	<u>423,940</u>	<u>423,940</u>

On August 12, 2022, the Company's Board of Directors approved a resolution to redeem the unvested restricted employee share of stock amounting to 36 thousand shares, at \$10 dollars par value per share, amounting to \$360 thousand. The recognition date for capital reduction was August 31, 2022. All related registration had been completed. There was no such transaction for the year ended December 31, 2023.

(ii) Capital surplus

Balance of capital surplus at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	\$ 9,234,813	9,234,813
Equity component of convertible bonds	639,583	639,583
Changes in ownership interests in subsidiaries	85,565	85,565
Changes in equity of associates accounted for using equity method	3,982	882
Employee stock options	<u>3,245</u>	<u>3,245</u>
	<u>\$ 9,967,188</u>	<u>9,964,088</u>

In accordance with amended Company Act, realized capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the actual amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that 10% of the balance of annual income or earnings after deducting accumulated deficit, if any, must be set aside as a legal reserve and a special capital reserve is likewise appropriated or the annual income or earnings are retained in accordance with the relevant laws or regulations or as requested by the authorities, but the balance of such legal reserve reaches an amount equal to the paid-in capital, the appropriation to legal reserves is discontinued. Otherwise, the Company shall set aside at least 50% for shareholder, the distribution of remaining balance of the earnings should be further proposed by the Board of Directors and resolved by the shareholders' meeting. And the cash dividends should not lower than 10% of the total stockholders' dividends.

(Continued)

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It is authorized the distributable dividends and bonuses or legal capital reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

As the Company is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in appropriating its remaining earnings as its dividend policy in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth.

1) Legal reserve

If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the legal reserve either by new shares or by cash of up to 25% of the actual share capital.

2) Special reserve

In accordance with the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the total net reduction of current period of other shareholders' equity resulting from the IFRS first-time adoption. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the IFRS first time adoption. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Appropriations of earnings

The appropriations of earning for 2022 and 2021 had been approved in the meeting of Board of Directors held on March 9, 2023 and March 18, 2022, respectively. The appropriations and dividends were as follows:

	<u>2022</u>	<u>2021</u>
Cash dividends	<u>\$ 1,059,851</u>	<u>3,391,811</u>

The related information mentioned above can be found on websites such as the Market Observation Post System.

(Continued)

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Notes to the Consolidated Financial Statements

(iv) Other equity interests, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income
Balance as of January 1, 2023	\$ 61,004	712,629
Foreign currency differences (net of tax):		
The Group	11,463	-
Associates	(84,520)	-
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income (net of tax):		
The Group	-	1,830,731
Associates	-	4,302
Balance as of December 31, 2023	<u>\$ (12,053)</u>	<u>2,547,662</u>

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Other unearned compensation for restricted shares of employees
Balance as of January 1, 2022	\$ (269,409)	1,044,071	(6,597)
Foreign currency differences (net of tax):			
The Group	326,193	-	-
Associates	4,220	-	-
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income (net of tax):			
The Group	-	(313,673)	-
Associates	-	1,061	-
Cumulative gains (losses) reclassified to retained earnings on disposal of investments in equity instruments at fair value through other comprehensive income (net of tax)	-	(18,830)	-
Forfeiture of unvested restricted shares of employee	-	-	6,558
Compensation cost arising from restricted shares of employees	-	-	39
Balance as of December 31, 2022	<u>\$ 61,004</u>	<u>712,629</u>	<u>-</u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries
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(v) Share-based payment

(i) The Company issued restricted shares of stock for employees

On June 15, 2018, the shareholders' meeting approved a resolution to issue 1,700 thousand new restricted employee shares to full-time regular employees who meet specific requirements. The above transaction had been approved by the Financial Supervisory Commission. The Company decided that the grant date was set on August 22, 2018 and in accordance with the resolution of Board of Directors meeting held on September 14, 2018, the Company issued 1,148 thousand shares (the date of capital increase was set on September 14, 2018), with the fair-value on grant date amounting to \$175,357 thousand. On March 21, 2019, the Company's Board of Directors approved a resolution to redeem the unvested restricted employee share of stock amounting to \$20 thousand shares. The Company decided that the second grant date was set on May 10, 2019. And in accordance with the resolution of Board of Directors meeting held on May 14, 2019, the Company issued 262 thousand shares (the date of capital increase was set on May 14, 2019), with the fair-value on grant date amounting to \$50,364 thousand. The remaining amount of 290 thousand shares will not be processed during the remaining period.

On May 13, 2022, the Company took back unvested restricted employees share of stock amounting to 36 thousand shares.

As of December 31, 2023 and 2022 the Company has no existing share-based payment transactions. Details of the restricted shares of stock for employees were as follows:

	(In thousand shares)
	<u>2022</u>
Outstanding share at January 1	262
Vested shares during the year	(226)
Retirement shares during the year	<u>(36)</u>
Outstanding at December 31	<u><u>-</u></u>

For the year ended December 31, 2022, the Company recognized the compensation cost of \$39 thousand for the aforementioned RSA. There was no such transaction for the year ended December 31, 2023.

Those employees with the restricted stock awards (RSA) are entitled to purchase shares without cost under the conditions that these employees will continue to provide service to the Company for at least 3 years (from the grant date), and meet certain requirement. Based on the Company's requirements, the restricted employee shares should be fully vested in the third year after the grant date. These shares shall not be sold, pledged, transferred, gifted, or disposed by any other means to third parties during the custody period. The voting rights of these shareholders need not be executed by the custodian, and will act based on law and regulations. The cash and stock dividends distributed during the custody period will be granted to the employees. If the shares remain unvested after the vesting period, the Company will redeem all the unvested shares, and cancel the shares thereafter.

(Continued)

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(ii) The employee stock option (ESOPs) of subsidiary (PBL)

1) 2018 ESOPs

	<u>2018 ESOPs</u>
Grant date	2018.4.20
Number of options granted (units)	5,560
Number of common shares eligible (shares)	1,000
Contract period	2018.4.20~2026.4.19
Vesting period	2018.4.20~2021.4.19
Recipients	Employees of PBL
Vesting conditions	(Note)

(Note) The exercise ratio of the employee stock options over the grant period were as follows:

<u>Vesting period</u>	<u>Exercise ratio (cumulative)</u>
2019.4.19	40%
2020.4.19	70%
2021.4.19	100%

PBL used the Black-Scholes Model in measuring the fair value of its employee stock option at the date of grant. The main inputs to the valuation model were as follows:

	<u>2018 employee stock options exercise in the 1st year</u>	<u>2018 employee stock options exercise in the 2nd year</u>	<u>2018 employee stock options exercise in the 3rd year</u>
Fair value at grant date (dollars)	\$ 3.93	\$ 4.13	\$ 4.32
Share price at grant date (dollars)	\$ 11.29	\$ 11.29	\$ 11.29
Exercise price (dollars)	\$ 11	\$ 11	\$ 11
Expected volatility	40.00%	40.00%	40.00%
Expected life	4.5 years	5 years	5.5 years
Risk-free interest rate	0.70%	0.74%	0.77%

(Continued)

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Details of the 2018 employee stock options were as follows:

	2023		2022	
	Weighted average exercise price (expressed in dollars)	Shares of options (expressed in thousands)	Weighted average exercise price (expressed in dollars)	Shares of options (expressed in thousands)
Outstanding at January 1	\$ 11	5,560	11	5,560
Granted during the period	-	-	-	-
Outstanding at December 31	11	<u>5,560</u>	11	<u>5,560</u>
Exercisable at December 31	-	<u>5,560</u>	-	<u>5,560</u>

The outstanding employee stock options were as follows:

	December 31, 2023
Range of exercise price (in dollar)	\$ 11
Weighted average of remaining contractual period (years)	2.30

2) 2022 ESOPs

	2022 ESOPs
Grant date	2022.4.1
Number of options granted (units)	6,440
Number of common shares eligible (shares)	1,000
Contract period	2022.4.1~2030.3.31
Vesting period	2022.4.1~2025.3.31
Recipients	Employees of PBL
Vesting conditions	(Note)

(Note) The exercise ratio of the employee stock options over the grant period were as follows:

Vesting period	Exercise ratio (cumulative)
2023.3.31	40%
2024.3.31	70%
2025.3.31	100%

(Continued)

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PBL used the Black-Scholes Model in measuring the fair value of its employee stock option at the date of grant. The main inputs to the valuation model were as follows:

	2022 employee stock options exercise in the 1st year	2022 employee stock options exercise in the 2nd year	2022 employee stock options exercise in the 3rd year
Fair value at grant date (dollars)	\$ 5.29	\$ 5.37	\$ 5.51
Share price at grant date (dollars)	\$ 12.09	\$ 12.09	\$ 12.09
Exercise price (dollars)	\$ 10	\$ 10	\$ 10
Expected volatility	44.48%	42.90%	42.37%
Expected life	4.5 years	5 years	5.5 years
Risk-free interest rate	0.90%	0.91%	0.93%

Details of the 2022 employee stock options were as follows:

	2023		2022	
	Weighted average exercise price (expressed in dollars)	Shares of options (expressed in thousands)	Weighted average exercise price (expressed in dollars)	Shares of options (expressed in thousands)
Outstanding at January 1	\$ 10	6,440	-	-
Granted during the period	-	-	10	6,440
Outstanding at December 31	10	<u>6,440</u>	10	<u>6,440</u>
Exercisable at December 31	-	<u>2,576</u>	-	-

The outstanding employee stock options were as follows:

	December 31, 2023
Range of exercise price (in dollar)	\$ 10
Weighted average of remaining contractual period (years)	6.25

For the the years ended December 31, 2023 and 2022, the PBL recognized the compensation cost of \$12,078 thousand and \$16,848 thousand for the aforementioned ESOPs, respectively.

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(w) Earnings per share (“EPS”)

	<u>2023</u>	<u>2022</u>
Basic earnings per share:		
Profit (loss) belonging to common shareholders	\$ <u>(79,657)</u>	<u>1,802,169</u>
Weighted-average number of outstanding shares of common stock (in thousands shares)	<u>423,940</u>	<u>423,858</u>
Basic earnings per share (in dollars)	\$ <u>(0.19)</u>	<u>4.25</u>
Diluted earnings per share:		
Profit (loss) belonging to common shareholders	\$ (79,657)	1,802,169
Interest expense and other gains and losses on convertible bonds, net of tax	<u>(63,561)</u>	<u>-</u>
Profit (loss) belonging to common shareholders (diluted)	\$ <u>(143,218)</u>	<u>1,802,169</u>
Weighted-average number of outstanding shares of common stock (in thousands shares)	423,940	423,858
Effect of potentially dilutive common stock		
Employee remuneration (in thousands shares)	-	1,406
Restricted employee shares (in thousands shares)	-	82
Effect of conversion of convertible bonds (in thousands shares)	<u>16,531</u>	<u>-</u>
Weighted-average number of common stock (diluted) (in thousands shares)	<u>440,471</u>	<u>425,346</u>
Diluted earnings per share (in dollars)	\$ <u>(0.33)</u>	<u>4.24</u>

For the year ended December 31, 2023, the employee compensation had anti-diluted effects and hence the employee compensation was not included in the calculation of effect on potentially diluted common stock. Furthermore, for the year ended December 31, 2022, the convertible bonds had anti-diluted effects if the bonds were converted, and hence the convertible bonds were not included in the calculation of effect on potentially diluted common stock.

(x) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2023</u>			
	<u>Segment- Foundry</u>	<u>Segment- Agriculture technology</u>	<u>Segment- Others (Note)</u>	<u>Total</u>
Primary geographical markets:				
Asia	\$ 10,512,280	614,533	216,727	11,343,540
Americas	2,919,651	-	44,539	2,964,190
Taiwan	637,373	3,755	87,975	729,103
Europe	797,306	-	-	797,306
Other	<u>2,359</u>	<u>-</u>	<u>-</u>	<u>2,359</u>
	<u>\$ 14,868,969</u>	<u>618,288</u>	<u>349,241</u>	<u>15,836,498</u>
Main product/ services lines:				
Foundry	\$ 14,860,767	-	-	14,860,767
Others	<u>8,202</u>	<u>618,288</u>	<u>349,241</u>	<u>975,731</u>
	<u>\$ 14,868,969</u>	<u>618,288</u>	<u>349,241</u>	<u>15,836,498</u>

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	2022			
	Segment- Foundry	Segment- Agriculture technology	Segment- Others (Note)	Total
Primary geographical markets:				
Asia	\$ 10,630,031	348,298	7,701	10,986,030
Americas	5,345,625	-	38,047	5,383,672
Taiwan	918,218	69	145,073	1,063,360
Europe	917,211	-	(15,937)	901,274
	\$ 17,811,085	348,367	174,884	18,334,336
Main product/ services lines:				
Foundry	\$ 17,811,085	-	-	17,811,085
Others	-	348,367	174,884	523,251
	\$ 17,811,085	348,367	174,884	18,334,336

Note: Segment-others were mainly general investment businesses, and their net investment profits and losses were recognized as operating revenue.

(ii) Balance of contracts

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	\$ 1,351	1,310	1,053
Accounts receivable	1,148,140	916,315	2,717,312
Less: loss allowance	(825)	(985)	(805)
	\$ 1,148,666	916,640	2,717,560
Contract liabilities	\$ 563,765	235,309	353,157

For details of notes and accounts receivable and allowance for impairment, please refer to Note 6(c).

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liabilities balance at the beginning of the period was \$185,177 thousand and \$304,006 thousand, respectively.

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(y) Employees' and directors' remuneration

According to the Company's Article of Incorporation, if there is any net profit after closing of a fiscal year, it shall be allocated according to the following principles:

- (i) Employees' remuneration: not less than 5% but no more than 10% shall be distributed in the form of shares or cash. Stock-type employee remuneration may be distributed to qualified employees of affiliates of the Company.
- (ii) Directors' remuneration: no more than 3%.

However, if there are any accumulated losses of the Company, the Company shall pre-reserve the amount to offset the loss. The distribution of employees' remuneration and directors' remuneration shall follow the special resolution by Board of Directors, and report it to the shareholders' meeting.

The Company estimated its employees' and directors' remuneration as follows:

	<u>2023</u>	<u>2022</u>
Employees' remuneration	\$ -	149,000
Directors' remuneration	-	38,000
	<u>\$ -</u>	<u>187,000</u>

The amount of employees' remuneration, and directors' remuneration were estimated based on profit before tax, net of the amount of the remuneration, deduct the accumulated loss and multiplied by the rule of Company's Article of Incorporation. The above remuneration was included in the operating costs and operating expenses of for the year ended December 31, 2022. For the year end December 31, 2023, no remunerations to employees and directors were accrued due to the net loss before income tax incurred by the Company. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.

There was no differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the Company's parent-company-only financial statements for the year ended December 31, 2022.

The related information mentioned above can be found on websites such as the Market Observation Post System.

(z) Non-operating income and expenses

(i) Interest income

	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 204,378	110,054
Other interest income	75	47
Interest income	<u>\$ 204,453</u>	<u>110,101</u>

(Continued)

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(ii) Other income

	<u>2023</u>	<u>2022</u>
Dividend income	\$ 35,120	184,267
Rent income	<u>40,303</u>	<u>39,028</u>
Other income	<u>\$ 75,423</u>	<u>223,295</u>

(iii) Other gains and losses

	<u>2023</u>	<u>2022</u>
Losses on disposals of property, plant and equipment	\$ (19,445)	(190,266)
Foreign exchange gains (losses)	(845,775)	254,440
Losses on financial assets or liabilities at fair value through profit or loss	(63,494)	(577,357)
Gains on repurchases of bonds payable	816,823	600,777
Gains (losses) on lease modification	24	(25,788)
Impairment loss	(171,467)	-
Government grants income	48,773	25,185
Others	<u>(42,329)</u>	<u>(57,190)</u>
Other gains and losses	<u>\$ (276,890)</u>	<u>29,801</u>

(iv) Finance costs

	<u>2023</u>	<u>2022</u>
Interest expenses		
Bank borrowings	\$ 727,989	328,841
Bonds payable	91,689	161,187
Lease liabilities	23,024	26,571
Less: capitalized interest	<u>(178,492)</u>	<u>(175,611)</u>
Subtotal	664,210	340,988
Other finance costs	<u>648</u>	<u>145</u>
Finance costs	<u>\$ 664,858</u>	<u>341,133</u>

(aa) Financial instruments

(i) Credit risk

1) Exposure of credit risk

a) As at reporting, the Group's exposure to credit risk and the maximum exposure were mainly from:

i) The carrying amount of financial assets recognized in the consolidated balance sheet; and

(Continued)

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ii) The amount of liabilities as a result from the Group providing financial guarantees was \$225,719 thousand as of December 31, 2023 and 2022.

2) Disclosures about concentrations of risk

As of December 31, 2023 and 2022, the Group's accounts receivable were concentrated on 4 and 6 customers, respectively, whose accounts represented 41% and 57% of the total accounts receivable, respectively. In order to reduce the credit risk on these accounts receivable, the Group continues to evaluate the financial status of these customers and request for collaterals when necessary.

3) Receivables and debt securities

For information on credit risk regarding notes and accounts receivable, please refer to Note 6(c).

Other financial assets measured at amortized cost include other receivables. For related information of investment and impairment, please refer to Note 6(d).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited 12 months expected losses.

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
As of December 31, 2023						
Non-derivative financial liabilities						
Secured bank loans	\$ 9,304,156	10,432,864	521,175	8,592,189	339,854	979,646
Unsecured bank loans	13,743,277	14,127,706	3,181,583	6,427,642	4,143,481	375,000
Bonds payable	4,743,834	4,724,953	4,724,953	-	-	-
Notes and accounts payable	1,362,255	1,362,255	1,362,255	-	-	-
Other payables	2,169,969	2,169,969	2,169,969	-	-	-
Guarantee deposits received	119,557	119,557	1,141	8,416	110,000	-
Lease liabilities	<u>958,073</u>	<u>1,139,070</u>	<u>113,567</u>	<u>110,939</u>	<u>249,701</u>	<u>664,863</u>
	<u>\$ 32,401,121</u>	<u>34,076,374</u>	<u>12,074,643</u>	<u>15,139,186</u>	<u>4,843,036</u>	<u>2,019,509</u>
As of December 31, 2022						
Non-derivative financial liabilities						
Secured bank loans	\$ 6,984,198	8,183,035	326,332	326,331	7,530,372	-
Unsecured bank loans	10,617,247	10,874,528	1,855,307	3,705,258	5,030,702	283,261
Bonds payable	10,669,555	10,764,204	-	10,764,204	-	-
Notes and accounts payable	1,016,716	1,016,716	1,016,716	-	-	-
Other payables	2,362,432	2,362,432	2,362,432	-	-	-
Guarantee deposits received	119,299	119,299	610	8,689	-	110,000
Lease liabilities	<u>1,028,402</u>	<u>1,233,131</u>	<u>114,743</u>	<u>107,306</u>	<u>284,170</u>	<u>726,912</u>
	<u>\$ 32,797,849</u>	<u>34,553,345</u>	<u>5,676,140</u>	<u>14,911,788</u>	<u>12,845,244</u>	<u>1,120,173</u>

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The Group did not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Group's significant exposure to foreign currency risk were as follows:

	December 31, 2023			December 31, 2022			
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	277,939	30.71	8,535,521	279,147	30.71	8,572,598
EUR		70	34.02	2,390	607	32.72	19,877
JPY		210,115	0.2173	45,658	727,741	0.2324	169,127
GBP		11	39.18	435	11	37.09	409
HKD		59	3.931	242	59	3.938	232
RMB		66	4.33	285	323	4.41	1,423
SGD		1	23.31	20	1	22.88	20
				\$ 8,584,551			\$ 8,763,686
<u>Non-monetary items</u>							
USD	\$	15,265	30.71	468,788	18,332	30.71	562,980
RMB		245,907	4.33	1,062,856	221,729	4.41	975,781
				\$ 1,531,644			\$ 1,538,761
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD	\$	236,181	30.71	7,253,131	206,821	30.71	6,351,478
EUR		452	34.02	15,386	226	32.72	7,395
JPY		665,539	0.2173	144,622	366,445	0.2324	85,162
				\$ 7,413,139			\$ 6,444,035

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, financial assets at fair value through profit or loss, notes and accounts payable, other payables, long-term borrowings, etc. that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the TWD against the USD, EUR, GBP, JPY, HKD, RMB, SGD, etc. for the years ended December 31, 2023 and 2022 would have increased (decreased) the net profit after tax by \$65,598 thousand and \$115,305 thousand, respectively. The analysis assumes that all other variables remain constant.

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3) Exchange gains or losses

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For years ended December 31, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$(845,775) thousand and \$254,440 thousand, respectively.

(iv) Interest rate risk

Please refer to the attached note for the liquidity risk and the Group's interest rate exposure to its financial liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on the non-derivatives financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

If the interest rate increases (decreases) by 0.5%, the Group's net profit after tax would have increased (decreased) by \$75,474 thousand and \$64,385 thousand for the years ended December 31, 2023 and 2022, respectively, all other variable factors that remain constant. This is mainly due to the Group's borrowing in floating rates.

(v) Fair value

1) Financial instrument classifications and fair values

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities disclosure of fair value information is not required.

	December 31, 2023				
	Carrying value	Fair value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Publicly traded stocks	\$ 516,759	516,759	-	-	516,759
Funds and investment	137,088	137,088	-	-	137,088
Private fund	1,334,075	-	-	1,334,075	1,334,075
Subtotal	<u>\$ 1,987,922</u>	<u>653,847</u>	<u>-</u>	<u>1,334,075</u>	<u>1,987,922</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	\$ 3,278,125	3,278,125	-	-	3,278,125
Non-public stocks	374,409	-	-	374,409	374,409
Subtotal	<u>\$ 3,652,534</u>	<u>3,278,125</u>	<u>-</u>	<u>374,409</u>	<u>3,652,534</u>

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		December 31, 2023			
		Fair value			
Carrying value	Level 1	Level 2	Level 3	Total	
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	\$ 10,325,709	-	-	-	-
Notes and accounts receivable (Note)	1,148,666	-	-	-	-
Other receivables (Note)	19,999	-	-	-	-
Other non-current assets (Note)	338,244	-	-	-	-
Subtotal	<u>\$ 11,832,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 231,774</u>	<u>-</u>	<u>231,774</u>	<u>-</u>	<u>231,774</u>
Financial liabilities measured at amortized cost					
Bank loans (Note)	\$ 23,047,433	-	-	-	-
Bonds payable (Note)	4,743,834	-	-	-	-
Notes and accounts payable (Note)	1,362,255	-	-	-	-
Other payables (Note)	2,169,969	-	-	-	-
Guarantee deposits received (Note)	119,557	-	-	-	-
Lease liabilities (Note)	958,073	-	-	-	-
Subtotal	<u>\$ 32,401,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		December 31, 2022			
		Fair value			
Carrying value	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	\$ 301,109	301,109	-	-	301,109
Funds and investment	111,296	111,296	-	-	111,296
Private fund	1,369,943	-	-	1,369,943	1,369,943
Subtotal	<u>\$ 1,782,348</u>	<u>412,405</u>	<u>-</u>	<u>1,369,943</u>	<u>1,782,348</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	\$ 1,361,612	1,361,612	-	-	1,361,612
Non-public stocks	480,320	-	-	480,320	480,320
Subtotal	<u>\$ 1,841,932</u>	<u>1,361,612</u>	<u>-</u>	<u>480,320</u>	<u>1,841,932</u>
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	\$ 10,379,712	-	-	-	-
Notes and accounts receivable (Note)	916,640	-	-	-	-
Other receivables (Note)	56,976	-	-	-	-
Other non-current assets (Note)	417,950	-	-	-	-
Subtotal	<u>\$ 11,771,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 449,261</u>	<u>-</u>	<u>449,261</u>	<u>-</u>	<u>449,261</u>
Financial liabilities measured at amortized cost					
Bank loans (Note)	\$ 17,601,445	-	-	-	-
Bonds payable (Note)	10,669,555	-	-	-	-
Notes and accounts payable (Note)	1,016,716	-	-	-	-
Other payables (Note)	2,362,432	-	-	-	-
Guarantee deposits received (Note)	119,299	-	-	-	-
Lease liabilities (Note)	1,028,402	-	-	-	-
Subtotal	<u>\$ 32,797,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note: The information on fair value is not disclosed since the carrying amount is a reasonable approximation of fair value.

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2) Valuation techniques of financial instrument not valued at fair value

The valuation techniques of the Group's financial instruments not valued at fair value by using the methods and assumptions are as follows:

- Financial assets measured at amortized cost and financial liabilities measured at amortized cost.

If recent transaction prices or market maker quotes are available, the fair value is based on such information. If there is no quoted market price available, the fair value is determined by using valuation techniques and calculated as the present value of the estimated cash flows.

3) Valuation techniques of financial instruments valued at fair value

a) Non-derivative instruments

The fair value of financial assets and liabilities traded in an active market is based on the quoted market prices. The quotation, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid.

A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis. Otherwise, the market is deemed to be inactive. Normally, a market is considered to be inactive when:

- The bid-ask spread is increasing; or
- The bid-ask spread varies significantly; or
- There has been a significant decline in trading volume.

When the financial instrument of the Group is traded in an active market, its fair value is illustrated by the category and nature as follows:

- Financial assets and liabilities with standard terms and conditions and traded in an active market, for example, investment in stock of listed companies: the fair value is based on the market quoted price.
- Close-end funds with standard terms and conditions, such as money market funds; investors can require the investment trust company to redeem the fund at any time. The fair value is based on the net value of the fund.

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Except for the above-mentioned financial instruments traded in an active market, the fair value is based on the valuation techniques or the quotation from the counter-party. The fair value refers to the current fair value of the other financial instruments with similar conditions and characteristics, using a discounted cash flow analysis or other valuation techniques, such as calculations of using models (for example, applicable yield curve from Taipei Exchange, or average quoted price on interest rate of commercial paper from Reuters), based on the information acquired from the market at the balance sheet date.

When the financial instrument of the Group is not traded in an active market, its fair value is determined as follows:

- The fair value is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share and its sales revenue per share. Also, the fair value is discounted for its lack of liquidity in the market.
- The fair value is determined by using the asset-based approach, whose assumptions are based on the market approach, income approach, cost approach or other valuation methods according to the nature of the assets or liabilities of the subject companies.

b) Derivative instruments

The fair value is determined by using the models that are acceptable to the market participants, for example, discounted cash flow analyses or option pricing models. Forward exchange contracts are measured using quoted forward exchange rates. The fair value of structured interest derivative financial instruments is determined by using the proper option pricing models, such as Black-Scholes model, or other valuation technique, such as Monte Carlo simulation.

4) Level transfers of financial instruments

In July 2023, Gogolook Co., Ltd., which the Group holds an investment in equity shares of, listed its equity shares on a stock exchange and it is currently actively traded in the market. Because the equity shares now have published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy since the third quarter of 2023.

In April 2022, Vanchip (Tianjin) Technology Co., Ltd., which the Group holds an investment in equity shares of, listed its equity shares on a stock exchange and they are currently actively traded in the market. Because the equity shares now have published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy since the second quarter of 2022.

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5) Movement of level 3

	<u>Fair value through profit or loss</u>		<u>Fair value through other comprehensive income</u>
	<u>Unquoted equity instruments</u>	<u>Private fund</u>	<u>Unquoted equity instruments</u>
Balance as of January 1, 2023	\$ -	1,369,943	480,320
Total gains or losses:			
Recognized in profit and loss	-	(73,900)	-
Recognized in other comprehensive income	-	-	23,825
Purchased	-	61,351	720
Capital reduction	-	(23,319)	(20,833)
Transfers out of level 3	-	-	(109,623)
Balance as of December 31, 2023	<u>\$ -</u>	<u>1,334,075</u>	<u>374,409</u>
Balance as of January 1, 2022	\$ 380,417	1,442,016	680,342
Total gains or losses:			
Recognized in profit and loss	4,927	(139,854)	-
Recognized in other comprehensive income	-	-	(165,641)
Purchased	-	81,889	-
Disposals	-	-	(19,744)
Capital reduction	-	(14,108)	(17,667)
Transfer out of level 3	(398,433)	-	-
Effect of changes in foreign exchange rates	13,089	-	3,030
Balance as of December 31, 2022	<u>\$ -</u>	<u>1,369,943</u>	<u>480,320</u>

The preceding gains and losses were recognized as “other gains and losses” and “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”. As of December 31, 2023 and 2022, the related information of the assets which were still held by the Group were as follows:

	<u>2023</u>	<u>2022</u>
Total gains or losses		
Profit or loss (recognized as other gains and losses)	\$ (73,900)	(139,854)
Other comprehensive income (recognized as unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income)	23,825	(165,641)

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- 6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets at fair value through profit or loss – private funds" and "financial assets at fair value through other comprehensive income – equity investments."

Most of the fair value measurements categorized within Level 3 use the single and significant unobservable input. Equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of the equity investments are independent from each other, as a result, there is no relevance between them.

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationships between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income – equity investments without an active market	<ul style="list-style-type: none"> • Comparable companies approach 	<ul style="list-style-type: none"> • Price-book ratio (as of December 31, 2023 and 2022 were 1.71~4.24, and 1.58~4.05, respectively) • Market liquidity discount rate (as of December 31, 2023 and 2022 were both 20%) 	<ul style="list-style-type: none"> • The higher the price-book ratio, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value
	<ul style="list-style-type: none"> • Net asset value method 	<ul style="list-style-type: none"> • Net asset value 	<ul style="list-style-type: none"> • The higher the net assets value, the higher the fair value
Financial assets at fair value through profit or loss – private fund	<ul style="list-style-type: none"> • Net asset value method 	<ul style="list-style-type: none"> • Net asset value 	<ul style="list-style-type: none"> • The higher the net assets value, the higher the fair value

- 7) Sensitivity analysis of reasonably possible alternative assumptions for fair value measurements in Level 3 of the fair value hierarchy

The fair value measurements of the Group's financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. For fair value measurements in Level 3, a fluctuation in the valuation variable by 5% would have the following effect:

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	Inputs	Increase or decrease	Effects of changes in fair value on profit or loss		Effects of changes in fair value on other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2023						
Financial assets at fair value through profit or loss						
Private fund	Net asset value	5%	\$ 66,704	(66,704)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Price-book ratio	5%	-	-	12,021	(12,021)
"	Market liquidity discount rate	5%	-	-	12,021	(12,021)
"	Net asset value	5%	-	-	6,700	(6,700)
December 31, 2022						
Financial assets at fair value through profit or loss						
Private fund	Net asset value	5%	68,497	(68,497)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Price-book ratio	5%	-	-	6,611	(6,611)
"	Market liquidity discount rate	5%	-	-	6,611	(6,611)
"	Net asset value	5%	-	-	17,406	(17,406)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the inter-relationships with another input.

(ab) Management of financial risk

- (i) The Group is exposed to the extent of the risks arising from financial instruments as below:
- 1) Credit risk
 - 2) Liquidity risk
 - 3) Market risk

Detailed information about exposure risk arising from the aforementioned risk was listed below. The Group's objective, policies and process for managing risks and methods used to measure the risk arising from financial instruments.

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(ii) Risk management framework

The Board of Directors is responsible for overseeing the Group's risk management framework. The Group's internal auditor is responsible to identify and analyze the risks faced by the Group. The management of each division sets appropriate risk limits and controls, and monitor risks that follow the adherence to limits. The Group, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by the internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and the procedures, and the result of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations that arises principally from the Group's accounts receivable, investments in securities and investments in bond.

1) Notes and accounts receivable

According to the credit policy, the Group analyze each new customer individually for their credit worthiness before granting the new customer standard payment terms and delivery terms. The Group's review includes external ratings of customers' financial information and bank references. Credit lines are established for each customer and reviewed periodically.

2) Investments

The credit risk exposure in the bank deposits, fixed income investments and equity instruments are measured and monitored by the Group's finance department. Since the Group's transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly traded stock companies and unlisted companies with good reputation, there are no non-compliance issues and therefore no significant credit risk.

3) Guarantees

According to the Group's policy, the Group can only provide guarantees which are listed under the regulation. The Group did not provide any guarantee not listed under the regulation as of December 31, 2023 and 2022.

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(iv) Liquidity risk

Liquidity risk is a risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's financial department monitors cash flow requirements and optimizing its cash return on investments. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on financial liabilities (other than trade payables) over the succeeding one year. The Group also monitors the level of expected cash outflows on account and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2023, the Group has unused bank credit lines for short-term borrowings, the unused bank credit lines for short-term borrowings and long-term borrowings and long-term bank borrowings amounted to \$1,649,521 thousand, \$4,342,636 thousand and \$9,582,867 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the Taiwan Dollars (TWD), US Dollars (USD) and Japanese Yen (JPY).

The policy of response to currency risk:

- 1) The Group reserves the foreign currency position arising from sales appropriately to remit the foreign currency expenditures and then meets the natural hedge.
- 2) The Group uses foreign currency borrowings and forward exchange contracts to hedge the remaining nature of currency risk arising from the netting of foreign currency accounts receivable and accounts payable.
- 3) The Group manages the currency risk and then determines the timing of exchanging the foreign currency through collecting the foreign currency information. It also stays in contact with the foreign currency department to control the foreign currency trend and market information.

(Continued)

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(ac) Capital management

As of December 31, 2023 and 2022, the Group's return on common equity was (0.24)% and 5.28%, respectively. The Group's debt ratio at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Debt ratio	48.89 %	49.10 %

(ad) Financing activity

Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes			December 31, 2023
			Interest expense	Others	Amortization of arranger fee of syndicated loan	
Short-term borrowings	\$ -	21,129	-	-	-	21,129
Long-term borrowings	17,601,445	5,375,794	-	8,348	40,717	23,026,304
Bonds payable	10,669,555	(5,200,587)	91,689	(816,823)	-	4,743,834
Guarantee deposit received	119,299	258	-	-	-	119,557
Lease liabilities	1,028,402	(113,478)	23,024	20,125	-	958,073
Total liabilities from financing activity	\$ 29,418,701	83,116	114,713	(788,350)	40,717	28,868,897

	January 1, 2022	Cash flows	Non-cash changes			December 31, 2022
			Interest expense	Others	Amortization of arranger fee of syndicated loan	
Long-term borrowings	\$ 15,992,820	963,384	-	610,136	35,105	17,601,445
Bonds payable	13,286,639	(2,177,494)	161,187	(600,777)	-	10,669,555
Guarantee deposit received	130,398	(11,099)	-	-	-	119,299
Lease liabilities (Note)	1,157,209	(130,584)	26,571	(24,794)	-	1,028,402
Total liabilities from financing activity	\$ 30,567,066	(1,355,793)	187,758	(15,435)	35,105	29,418,701

Note: Interest expense includes capitalized interest expense transferred to construction in progress, which amounted to \$46 thousand.

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Group
Jiangsu CM/Chainwin Agriculture Development Co., Ltd. (abbrev. Jiangsu CM/Chainwin)	Associates
ITEQ Corporation (abbrev. ITEQ)	Associates
Taoyuan i-Fare Charity Foundation	Other related parties

(Continued)

WIN Semiconductors Corp. and Subsidiaries
Notes to the Consolidated Financial Statements

(b) Significant transactions with related parties

(i) Operating expenses

The amounts of operating expenses by the Group from related parties were as follows:

	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>5,680</u>	<u>-</u>

(ii) Guarantee

As of December 31, 2023, and 2022, Chainwin Cayman had provided a guarantee for loans amounting to US\$7,350 thousand (the amounts were both equivalent to NT\$225,719 thousand) to its associate, Jiangsu CM/Chainwin.

(iii) Leases

The Group leased the office and factories to its associate, ITEQ, and the rent income received monthly is based on the nearby office and factories rental rates. The amount of rent income is \$30,866 thousand and \$29,503 thousand for the years ended December 31, 2023 and 2022. The preceding rent payment has been received. The guarantee deposits received amounted to \$110,000 thousand as of December 31, 2023, and 2022.

(c) Transactions with key management personnel

Key management personnel compensation was comprised as below:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 157,720	237,689
Post-employment benefits	<u>1,664</u>	<u>1,450</u>
	<u>\$ 159,384</u>	<u>239,139</u>

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other non-current assets	Land, plant, and dormitory lease guarantee	\$ 23,556	36,301
Other non-current assets	Bank borrowings	184,630	120,658
Other non-current assets	Gas deposits	4,700	4,700
Other non-current assets	Customs guarantee with interest	20,981	20,736
Other non-current assets	Seized funds and court security deposits	9,952	86,866
Property, plant and equipment	Bank borrowings	<u>3,549,899</u>	<u>2,154,811</u>
Total		<u>\$ 3,793,718</u>	<u>2,424,072</u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries
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(9) Commitments and contingencies:

(a) Contingencies: None.

(b) Commitment:

(i) The unrecognized commitment of acquisition of plant expansion and machinery equipment was as follows:

	December 31, 2023	December 31, 2022
The unrecognized amount	\$ 4,332,398	5,891,406

(ii) The unused letters of credit was as follows:

	December 31, 2023	December 31, 2022
The unused letters of credit	\$ 17,493	5,967

(10) Losses due to major disasters: None.

(11) Subsequent events:

- (a) On January 16, 2024, the Group has redeemed the first issued unsecured overseas convertible bonds in 2020, at the principal amount of USD 161,000 thousand due to exercise of the put option by the bondholders.
- (b) On February 23, 2024, the Group has redeemed in advance the remaining of its first issued unsecured overseas convertible bonds in 2020, at the principal amount of USD 13,000 thousand.
- (c) On January 29, 2024, the Board of Directors of the Company's subsidiary, Jiangsu Win Fortune Agriculture Development Co., Ltd., resolved to subscribe the new shares, amounting to RMB 62,000 thousand in cash, contributed by the Company's subsidiary, Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.
- (d) On January 29, 2024, the Board of Directors of the Company's subsidiary, Jiangsu Win Sunlight Agriculture Development Co., Ltd., resolved to subscribe the new shares, amounting to RMB 62,000 thousand in cash, contributed by the Company's subsidiary, Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.
- (e) On January 29, 2024, the Board of Directors of the Company's subsidiary, Jiangsu Win Boutique Agriculture Development Co., Ltd., resolved to subscribe the new shares, amounting to USD 8,500 thousand in cash, contributed by the Company's subsidiary, Jiangsu Win Yield Agriculture Development Co., Ltd.

(Continued)

WIN Semiconductors Corp. and Subsidiaries
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(12) Other:

- (a) The followings were the summary statement of employee benefits, depreciation and amortization expenses by function:

	2023			2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	2,091,174	957,923	3,049,097	2,293,457	899,955	3,193,412
Labor and health insurance	216,051	73,890	289,941	250,940	79,601	330,541
Pension	100,703	43,603	144,306	107,549	44,048	151,597
Director remuneration	-	11,151	11,151	-	43,072	43,072
Others	102,642	25,592	128,234	109,119	29,928	139,047
Depreciation	3,780,477	840,047	4,620,524	3,501,674	662,138	4,163,812
Amortization	35,842	83,017	118,859	32,109	107,394	139,503

(13) Other disclosures:

- (a) Information on significant transactions:

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2023:

- (i) Loans to other parties: Please refer to schedule A.
- (ii) Guarantees and endorsements for other parties: Please refer to schedule B.
- (iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to schedule C.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the Company’s paid-in capital: Please refer to schedule D.
- (v) Information on acquisition of real estate with purchase amount exceeding the lower of NT\$300 million or 20% of the Company’s paid-in capital: Please refer to schedule E.
- (vi) Information on disposal of real estate with amounts exceeding the lower of NT\$300 million or 20% of the Company’s paid-in capital: None.
- (vii) Information regarding related-parties purchases and/or sales with amounts exceeding the lower of NT\$100 million or 20% of the Company’s paid-in capital: Please refer to schedule F.
- (viii) Information regarding receivables from related-parties exceeding the lower of NT\$100 million or 20% of the Company’s paid-in capital: Please refer to schedule G.
- (ix) Information regarding trading in derivative financial instruments: Please refer to Note 6(b).
- (x) Business relationships and significant intercompany transactions: Please refer to schedule H.

(Continued)

WIN Semiconductors Corp. and Subsidiaries
Notes to the Consolidated Financial Statements

- (b) Information on investments: Please refer to schedule I.
- (c) Information on investment in mainland China: Please refer to schedule J.
- (d) Information on major shareholders: Please refer to schedule K.

(14) Segment information:

- (a) The Group's reportable segment is the foundry segment, and agriculture technology segment. The segment engages separately in researching, developing, manufacturing, selling of GaAs wafers and developing hog farming technology and trading, etc., respectively.

Other operating segments are mainly engaged in investment activities and gene chip and testing, which do not exceed the quantitative thresholds to be reported.

- (b) Operating segment profit or loss (includes reportable segment revenue and expenses), segment assets, segment liabilities, and their measurement and reconciliations for the years ended December 31, 2023 and 2022, the reportable amount is same as that in the report used by the operating decision maker and the operating segment accounting policies are same as the ones described in Note 4 "significant accounting policies" were as follows:

2023	Foundry	Agriculture technology	Others	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	\$ 14,868,969	618,288	349,241	-	15,836,498
Interest expenses	\$ 182,885	475,586	6,387	-	664,858
Depreciation and amortization	\$ 3,930,564	775,792	33,027	-	4,739,383
Share of profit (loss) of associates and joint ventures accounted for using equity method	\$ 121,508	(121,892)	27,677	-	27,293
Other material non-cash items:					
Impairment of assets	\$ -	171,467	-	-	171,467
Reportable segment profit or loss	\$ 1,054,988	(1,186,757)	76,107	-	(55,662)
Assets:					
Capital expenditures in non-current assets	\$ 2,895,323	396,411	7,104	-	3,298,838
2022	Foundry	Agriculture technology	Others	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	\$ 17,811,085	353,360	174,884	(4,993)	18,334,336
Interest expenses	\$ 191,793	142,710	6,630	-	341,133
Depreciation and amortization	\$ 3,911,997	357,415	33,903	-	4,303,315
Share of profit (loss) of associates and joint ventures accounted for using equity method	\$ 318,817	1,160	55,960	-	375,937
Reportable segment profit or loss	\$ 2,618,492	(914,260)	(220,537)	-	1,483,695
Assets:					
Capital expenditures in non-current assets	\$ 5,524,136	1,648,446	18,769	-	7,191,351

For the years ended December 31, 2023 and 2022, reportable segment profit or loss excludes non-operating income and expenses, amounting to \$(623,370) thousand and \$342,041 thousand, respectively.

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WIN Semiconductors Corp. and Subsidiaries
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(c) Segment information by products and services

The information from the product and the service segment coincides with the administrative segment, and its revenue from external customers was disclosed in Note 14(b).

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Revenue from external customers for the years ended December 31, 2023 and 2022 were as follows:

<u>Area</u>	<u>2023</u>	<u>2022</u>
External Customers:		
Asia	\$ 11,343,540	10,986,030
America	2,964,190	5,383,672
Taiwan	729,103	1,063,360
Europe	797,306	901,274
Other	<u>2,359</u>	<u>-</u>
Total	<u><u>\$ 15,836,498</u></u>	<u><u>18,334,336</u></u>

<u>Area</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current Assets:		
Taiwan	\$ 22,479,127	23,483,210
Asia	11,583,263	12,211,388
America	<u>142</u>	<u>2,920</u>
Total	<u><u>\$ 34,062,532</u></u>	<u><u>35,697,518</u></u>

Non-current assets include property, plant and equipment, investment property, right-of-use assets, biological assets, intangible assets and prepayments for business facilities; not including financial instruments, goodwill and deferred tax assets.

(e) Major customers

For the years ended December 31, 2023 and 2022, sales to customers greater than 10% of net revenue were as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Net revenue amount</u>	<u>Percentage of net revenue (%)</u>	<u>Net revenue amount</u>	<u>Percentage of net revenue (%)</u>
Operating revenue of the Group-A company	\$ 1,864,715	12	2,017,248	11
Operating revenue of the Group-B company	<u>1,639,922</u>	<u>10</u>	<u>1,010,742</u>	<u>6</u>
	<u><u>\$ 3,504,637</u></u>	<u><u>22</u></u>	<u><u>3,027,990</u></u>	<u><u>17</u></u>

WIN Semiconductors Corp. and Subsidiaries
Notes to the Consolidated Financial Statements

Schedule A Loans to other parties:

(In thousands of Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance (Note 2)	Actual amount drawn down	Interest rate	Purposes of fund financing for the borrower (Note 3)	Transaction amount	Reasons for short-term financing	Allowance for bad debts	Collateral		Individual funding loan limits (Note 4) (Note 5) (Note 6)	Maximum limit of fund financing (Note 4) (Note 5) (Note 6)	Remark
													Item	Value			
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Other receivables	Y	921,300 (USD 30,000)	859,880 (USD 28,000)	614,200 (USD 20,000)	1%	2	-	Working Capital	-	None	-	Net equity 20%= 1,352,302	Net equity 40%= 2,704,604	(Note 8)
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	Other receivables	Y	614,200 (USD 20,000)	-	-	1%	2	-	Working Capital	-	None	-	Net equity 20%= 1,352,302	Net equity 40%= 2,704,604	(Note 8)
2	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Jiangsu Win Shine Agriculture Development Co., Ltd.	Other receivables	Y	16,845 (RMB 3,893)	-	-	0%	2	-	Working Capital	-	None	-	Net equity 100%= 769,326	Net equity 200%= 1,538,653	(Note 8)
3	Jiangsu Win Honor Management Technology Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	Other receivables	Y	294,202 (USD 9,580)	-	-	1%	2	-	Working Capital	-	None	-	Net equity 110%= 319,662	Net equity 200%= 581,205	(Note 8)

Note 1: Company numbering as follows:

- Issuer—0
- Investee starts from 1

Note 2: The credit amount to lending.

Note 3: Purposes of lending were as follows:

1. Business relationship
2. Short-term financing

Note 4: Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s operating procedures of financing to other parties:

1. The loan limit to an individual party:(1) the total amount for lending to a company having business relationship with Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. shall not exceed their previous or current's total purchasing or sales amount (whichever is higher).
(2) the total amount for lending to a company having short-term funding needs shall not exceed 20% of Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s equity based on its most recent audited or reviewed financial statements by a certified accountant.
2. The maximum loans to other parties limit provided by Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. to other parties should not exceed 40% of its equity based on its most recent audited or reviewed financial statements by a certified accountant.

Note 5: Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.'s operating procedures of financing to other parties:

1. The loan limit to an individual party:(1) the total amount for lending to a company having business relationship with Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd. shall not exceed their previous or current's total purchasing or sales amount (whichever is higher).
(2) the total amount for lending to a company having short-term funding needs shall not exceed 20% of Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.'s equity based on its most recent audited or reviewed financial statements by a certified accountant.
2. The maximum loans to other parties limit provided by Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd. to other parties should not exceed 40% of its equity based on its most recent audited or reviewed financial statements by a certified accountant.
3. The fund lending to Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s non-Taiwan subsidiaries (between subsidiaries) having, directly or indirectly, 100% of the voting rights; or the fund lending to the parent company, Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., (subsidiary-to-parent), should not be restricted by the above limitations; however, the maximum limit for an individual party should not exceed 100% of Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.'s equity, and the total amount should not exceed 200% of Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.'s equity.

Note 6: Jiangsu Win Honor Management Technology Co., Ltd.'s operating procedures of financing to other parties:

1. The loan limit to an individual party : (1) the total amount for lending to a company having business relationship with Jiangsu Win Honor Management Technology Co., Ltd. shall not exceed their previous or current's total purchasing or sales amount (whichever is higher).
(2) the total amount for lending to a company having short-term funding needs shall not exceed 20% of Jiangsu Win Honor Management Technology Co., Ltd.'s equity based on its most recent audited or reviewed financial statements by a certified accountant.
2. The maximum loans to other parties provided by Jiangsu Win Honor Management Technology Co., Ltd. should not exceed 40% of its equity based on its most recent audited or reviewed financial statements by a certified accountant.
3. The fund lending to Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s non-Taiwan subsidiaries (between subsidiaries) having, directly or indirectly, 100% of the voting rights; or the fund lending to the parent company, Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., (subsidiary-to-parent), should not be restricted by the above limitations; however, the maximum limit for an individual party should not exceed 110% of Jiangsu Win Honor Management Technology Co., Ltd.'s equity, and the total amount should not exceed 200% of Jiangsu Win Honor Management Technology Co., Ltd.'s equity.

Note 7: The aforementioned amount was translated at the exchange rate on the balance sheet date from USD to TWD and RMB to USD for TWD 30.71 and USD 0.1409, respectively.

Note 8: The amount of the transaction had been offset in the consolidated financial statements.

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Schedule B Guarantees and endorsements for other parties:

(In thousands of Dollars)

Number (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)(Note 4)	Highest balance of guarantees and endorsements during the period (Note 3)	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)(Note 4)	Parent company endorsements/ guarantees to subsidiary (Note 6)	Subsidiary endorsements/ guarantees to parent company (Note 6)	Endorsements/ guarantees to the companies in mainland China (Note 6)
		Name	Relationship with the Company (Note 2)										
0	The Company	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	2	16,977,598	2,029,317	2,029,317	1,535,500	-	5.98%	Net equity 50%= 16,977,598	Y	-	-
0	"	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	2	16,977,598	2,075,012	2,075,012	1,842,600	-	6.11%	Net equity 50%= 16,977,598	Y	-	Y
0	"	Jiangsu Win Yield Agriculture Development Co., Ltd.	2	16,977,598	3,494,307	3,494,307	3,378,100	-	10.29%	Net equity 50%= 16,977,598	Y	-	Y
0	"	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	2	16,977,598	1,527,208	1,527,208	1,381,950	-	4.50%	Net equity 50%= 16,977,598	Y	-	Y
0	"	Jiangsu Win Fortune Agriculture Development Co., Ltd.	2	16,977,598	29,052	29,052	-	-	0.09%	Net equity 50%= 16,977,598	Y	-	Y
0	"	Jiangsu Win Boutique Agriculture Development Co. Ltd.	2	16,977,598	29,052	29,052	-	-	0.09%	Net equity 50%= 16,977,598	Y	-	Y
0	"	Jiangsu Win Sunlight Agriculture Development Co. Ltd.	2	16,977,598	29,052	29,052	-	-	0.09%	Net equity 50%= 16,977,598	Y	-	Y
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	6	2,028,453 (USD 66,051)	225,719 (USD 7,350)	225,719 (USD 7,350)	-	-	3.34%	Net equity 50%= 3,380,755	-	-	Y
1	"	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	2	2,028,453 (USD 66,051)	138,195 (USD 4,500)	55,278 (USD 1,800)	21,129 (USD 688)	61,420 (USD 2,000)	0.82%	Net equity 50%= 3,380,755	-	-	Y

Note 1: Company numbering as follows:

1. Issuer—0
2. Investee starts from 1

Note 2: The 7 types of relationship between the guarantee and the guarantor were as follows:

1. For entities the guarantor has business transaction with.
2. For entities in which the guarantor, directly or indirectly, owned more than 50% of their shares.
3. For entities who owned, directly or indirectly, more than 50% in total of the guarantor's shares.
4. For entities in which the guarantor, directly or indirectly, owned more than 90% of their shares.
5. Fulfillment of contractual obligation by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. For entities who are guaranteed and endorsed by all capital contributing shareholders in proportion to each of their shareholder's percentage.
7. Performance guarantee in which entities within the same industry provide among themselves joint and several securities by entering into sales agreement with each other for pre-construction project pursuant to Company Protection Act.

Note 3: The Company's operating procedures of guarantee and endorsement were as follows:

1. The guarantees and endorsements limit provided by the Company to other parties should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant. The individual guarantee amount should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.
2. The guarantees and endorsements limit provided by the Company and its subsidiaries to other parties should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant. The individual guarantee amount should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.
3. The Company endorses and guarantees the bank loans of its subsidiaries, including Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd., Jiangsu Win Yield Agriculture Development Co., Ltd., Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd., Jiangsu Win Fortune Agriculture Development Co., Ltd., Jiangsu Win Boutique Agriculture Development Co. Ltd. and Jiangsu Win Sunlight Agriculture Development Co. Ltd., with the total amount not exceeding US\$300,000 thousand. In the second quarter of 2023, the applications of adjustment for the individual amount of each subsidiary had been approved by the banks, without changing the overall total amount of the guarantee and endorsement, resulting in the highest balance of guarantees and endorsements during the period of each company to be based on the ratio of each borrower's balance of guarantees and endorsements to the total amount as of the reporting date.

Note 4: Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s operating procedures of guarantee and endorsement were as follows:

1. The individual guarantee amount should not exceed 30% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.
2. The guarantees and endorsements limit provided by Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. to other parties should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.

Note 5: The aforementioned amount was translated at the exchange rate on the balance sheet date from USD to TWD and RMB to USD for TWD 30.71 and USD 0.1409, respectively.

Note 6: Fill in "Y" for those cases of provision of endorsements/ guarantees by listed parent company to subsidiary, provision by subsidiary to listed parent company, and provision to the party in mainland China.

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Schedule C Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the company	Account name	Ending balance			Remark
				Shares/ Units (in thousands)	Carrying value	Percentage of ownership (%)	
The Company	Lin BioScience, Inc./Stock	None	Current financial assets at fair value through profit or loss	55	6,239	0.07	6,239
WIN Venture Capital Corp.	Capital Money Market Fund	"	"	3,763	62,418	-	62,418
WIN Chance Investment Corp.	Capital Money Market Fund	"	"	1,102	18,284	-	18,284
WIN Earn Investment Corp.	Capital Money Market Fund	"	"	3,399	56,386	-	56,386
					143,327		143,327
The Company	MagiCapital Fund II L.P.	"	Non-current financial assets at fair value through profit or loss	-	278,351	5.81	278,351
"	CDIB Capital Growth Partners L.P.	"	"	-	155,678	3.30	155,678
"	CDIB Capital Healthcare Ventures II L.P.	"	"	-	52,139	1.61	52,139
"	Fuh Hwa Oriental Fund	"	"	15,000	21,840	-	21,840
"	Fuh Hwa Smart Energy Fund	"	"	12,000	53,760	-	53,760
"	LeaSun Winion L.P.	"	"	-	41,134	12.47	41,134
"	NFC Fund II L.P.	"	"	-	190,437	32.88	190,437
"	Foryou Venture Capital L.P.	"	"	-	41,700	5.77	41,700
"	Renaissance Capital Limited Partnership	"	"	-	107,294	12.82	107,294
"	Lian Ding Capital Investments Limited Partnership	"	"	-	254,000	10.23	254,000
"	NFC Fund III, L.P.	"	"	-	137,742	19.90	137,742
Win Semiconductors Cayman Islands Co., Ltd.	Vanchip (Tianjin) Technology Co., Ltd./Stock	Client	"	1,800	510,520	0.43	510,520
					1,844,595		1,844,595
The Company	Sino-American Silicon Products Inc./Stock	None	Non-current financial assets at fair value through other comprehensive income	529	103,684	0.09	103,684
"	Inventec Solar Energy Corporation/Stock	"	"	34,000	-	10.51	-
"	CDIB Capital Creative Industries Limited/Stock	"	"	2,717	15,594	3.33	15,594
"	MagiCap Venture Capital Co., Ltd./Preferred Stock A	"	"	543	13,857	18.28	13,857
"	New Future Capital Co., Ltd./Stock	"	"	8,900	80,545	15.87	80,545
"	Barits Biofund Inc./Stock	"	"	2,200	23,342	1.10	23,342
"	NFC I Renewable Power Co., Ltd./Stock	"	"	16,200	240,413	15.00	240,413
"	Gogolook Co., Ltd./Stock	"	"	3,550	603,438	11.10	603,438
Win Semiconductors Cayman Islands Co., Ltd.	Broadcom Ltd./Stock	Client	"	75	2,571,003	0.02	2,571,003
"	Anokiwave Inc./Series B Preferred Stock	"	"	1,264	-	7.44	-
WIN Venture Capital Corp.	MOAI Green Power Corporation/Stock	None	"	90	-	0.23	-
"	Merit Biotech INC./Stock	"	"	1,320	-	2.93	-
"	Winresp INC./Stock	"	"	2,896	-	11.71	-
Phalanx Biotech Group, Inc.	BioGenius Biotech, Co., Ltd./Stock	"	"	72	658	18.65	658
					3,652,534		3,652,534

Note 1: The Board of Directors of Inventec Solar Energy Corporation had declared to bankruptcy the company in December 2021. As of December 31, 2023, the company had not completed the procedure of liquidation.

Note 2: On August, 2023, the shareholders' meeting approved a resolution to rename Grand Fortune Venture Corp. to Barits Biofund Inc.

Note 3: The Board of Directors of Merit Biotech INC. had resolved to dissolve and liquidate the company in 2017. As of December 31, 2023, the company was still within the period of liquidation.

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Schedule D Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning		Purchases		Sales				Ending		
					Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Cost	Gain (loss) on disposal	Shares (in thousands)	Amount	
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	Investments accounted for using equity method	-	Subsidiary	-	2,355,555	-	300,400	-	-	-	-	-	-	1,550,854 (Note)

Note: The amount of ending balance was calculated using the equity method. The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

Schedule E Information on acquisition of real estate with purchase amount exceeding the lower of NT\$300 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Factory buildings	2021/4/6~2021/5/25	1,517,330	As of December 31, 2023, the price paid \$1,345,045 thousand.	Chung-Lin General Contractors, Ltd.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None
"	Factory buildings	2021/10/15	2,324,768	As of December 31, 2023, the price paid \$1,520,258 thousand.	Chung-Lin General Contractors, Ltd.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None
"	Factory buildings	2022/6/9	525,000	As of December 31, 2023, the price paid \$225,377 thousand.	Chung-Lin General Contractors, Ltd.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None
"	Land and buildings	2023/6/27	1,500,000	As of December 31, 2023, the price paid \$1,500,000 thousand.	Ofuna Develop Technology Co., Ltd.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None

Schedule F Information regarding purchase and sale from related-parties exceeding the lower of NT\$100 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes / Accounts receivable (payable)		Remark
			Purchase / Sale	Amount	Percentage of the purchases / sales	Payment terms	Unit	Payment terms	Ending balance	Percentage of total notes / accounts receivable (payable)	
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	Affiliate	Purchase	120,111	27.87%	Payment term 30 days	-	-	(66,264)	50.35%	(Note)
Jiangsu Win Yield Agriculture Development Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Affiliate	Sales	(120,111)	35.86%	Payment term 30 days	-	-	66,264	99.86%	(Note)

Note: The amount of the transaction had been offset in the consolidated financial statements.

WIN Semiconductors Corp. and Subsidiaries
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Schedule G Information regarding receivables from related-parties exceeding the lower of NT\$100 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Name of counter-party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowances for bad debts	Remark
					Amount	Action taken			
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Affiliate	615,906	(Note 1)	-	-	-	-	(Note 2)
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Affiliate	1,430,086	(Note 1)	-	-	-	-	(Note 2)

Note 1: The ending balance was other receivables, which was not applicable for the calculation of turnover rate.

Note 2: The amount of the transaction had been offset in the consolidated financial statements.

Schedule H Business relationships and significant inter-company transactions:

(In thousands of New Taiwan Dollars)

Number (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount (Note 3)	Trading terms	Percentage of the consolidated net revenue or total assets
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	3	Other receivables due from related parties	615,906	no difference with non-related parties	0.89%
2	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	3	Other payables due to related parties	615,906	no difference with non-related parties	0.89%
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	3	Other receivables due from related parties	1,430,086	no difference with non-related parties	2.07%
3	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	3	Other payables due to related parties	1,430,086	no difference with non-related parties	2.07%
2	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	3	Purchase	120,111	no difference with non-related parties	0.76%
4	Jiangsu Win Yield Agriculture Development Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	3	Sales	120,111	no difference with non-related parties	0.76%

Note 1: Company numbering as follows:

Parent company—0

Subsidiary starts from 1

Note 2: The numbering of the relationship between transaction parties as follows:

Parent company to subsidiary—1

Subsidiary to parent company—2

Subsidiary to subsidiary—3

Note 3: The amount of the transaction had been offset in the consolidated financial statements.

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Schedule I Information on investments:

The following is the information on investees as of December 31, 2023 (excluding information on investees in mainland China):

(In thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		The ending balance at this period			Net income (losses) of investee	Investment income (losses)	Remark
				The ending balance at the end	The ending balance at the beginning	Shares (in thousands)	Percentage of ownership	Carrying value			
The Company	WIN SEMI. USA, INC.	California USA	Marketing	8,203	8,203	1,000	100.00%	(4,212)	3,003	3,003	(Note 1)
"	Win Semiconductors Cayman Islands Co., Ltd.	Cayman Islands	Investment activities	11,127,774	11,127,774	376,600	100.00%	8,767,665	(1,699,619)	(1,699,619)	(Note 1)
"	WIN Venture Capital Corp.	Taiwan	Investment activities	1,040,000	1,040,000	104,000	100.00%	1,042,634	14,505	14,505	(Note 1)
"	Phalanx Biotech Group, Inc.	Taiwan	Researching, manufacturing and selling of high-density gene chips and testing service	1,079,169	1,079,169	53,427	73.67%	423,757	(143,459)	(105,679)	(Note 1)
"	WIN Chance Investment Corp.	Taiwan	Investment activities	830,000	830,000	87,350	100.00%	911,072	14,742	14,742	(Note 1)
"	WIN Earn Investment Corp.	Taiwan	Investment activities	580,000	580,000	58,000	100.00%	474,811	8,243	8,243	(Note 1)
"	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components	6,120,993	6,120,993	65,409	18.02%	7,711,966	676,626	121,508	
WIN Venture Capital Corp.	Phalanx Biotech Group, Inc.	Taiwan	Researching, manufacturing and selling of high-density gene chips and testing service	39,600	39,600	1,116	1.54%	26,257	(143,459)	(Note 2)	(Note 1)
"	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components	952,396	952,396	8,767	2.42%	954,143	676,626	(Note 2)	
Win Semiconductors Cayman Islands Co., Ltd.	Rainbow Star Group Limited	British Virgin Islands	Investment activities	62,920	62,920	38	49.30%	34,215	(21,970)	(Note 2)	
"	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Cayman Islands	Investment activities	10,905,959	10,905,959	185,054	81.23%	5,619,394	(2,358,355)	(Note 2)	(Note 1)
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Win Lux Biotech (Cayman Islands) Co., Ltd.	Cayman Islands	Investment activities	15,010	15,010	500	100.00%	11,575	(93)	(Note 2)	(Note 1)
"	i-Chainwin Technology Co., Ltd.	Taiwan	Information software services	220,000	220,000	22,000	100.00%	123,609	(15,614)	(Note 2)	(Note 1)
"	Win Lux Biotech Co., Ltd.	Taiwan	Biotechnology services and pharmaceutical testing	250,000	100,000	25,000	100.00%	82,324	(85,618)	(Note 2)	(Note 1)
Phalanx Biotech Group, Inc.	Phalanx Biotech Limited	Hong Kong	Investment activities	18,275	12,125	-	100.00%	3,363	(4,330)	(Note 2)	(Note 1)
"	PhalanxBio, Inc.	USA	Selling of high-density gene chip and testing service	208,110	208,110	2,550	100.00%	18	(2)	(Note 2)	(Note 1)
"	Guzip Biomarkers Corporation	Taiwan	Development and sales of test reagents for endometrial cancer	81,727	81,727	14,238	100.00%	72,806	1,079	(Note 2)	(Note 1)
WIN Chance Investment Corp.	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components	832,945	832,945	7,935	2.19%	892,747	676,626	(Note 2)	
WIN Earn Investment Corp.	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components	568,005	568,005	4,230	1.17%	418,617	676,626	(Note 2)	

Note 1: The amount of the transaction had been offset in the consolidated financial statements.

Note 2: The share of profit (loss) of the investee company is not reflected herein as such amount is already included in the share of profit (loss) of the investor company.

WIN Semiconductors Corp. and Subsidiaries
Notes to the Consolidated Financial Statements

Schedule J Information on investment in mainland China:

(i) The names of investees in mainland China, the main businesses and products, and other information:

(In thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan at the beginning of this year	Investment flows		Accumulated outflow of investment from Taiwan at the December 31, 2023	Highest percentage of ownership (%)	Direct/Indirect percentage of ownership by the Company	Investment income (losses) (Note 5)(Note 7)	Carrying value at the end of this period (Note 6)	Accumulated remittance of earnings in current period	Remark
					Outflow	Inflow							
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Developing hog farming technology and trading	3,728,267	(Note 1)	3,309,022	-	-	3,309,022	81.23%	81.23%	(568,513)	1,621,087	-	(Note 12)
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Farm feed developing and trading	1,314,369	(Note 1)	1,291,505	-	-	1,291,505	81.23%	81.23%	(357,197)	769,327	-	(Note 12)
Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	Developing hog farming technology and trading	2,059,210	(Note 1)	1,122,874	-	-	1,122,874	39.80%	39.80%	(121,892)	552,336	-	
Jiangsu Win Chance Agriculture Development Co., Ltd.	Developing hog farming technology and trading	610,094	(Note 4)	651,142	-	-	651,142	81.23%	81.23%	(65,825)	225,568	-	(Note 12)
Jiangsu Merit/Cofcojoycome Agriculture Development Co., Ltd.	Developing hog farming technology and trading	-	(Note 1)	149,664	-	-	149,664	-	81.23%	-	-	-	(Note 9)
Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	72,313	(Note 3)	41,009	-	-	41,009	81.23%	81.23%	17	8,198	-	(Note 12)(Note 10)
Jiangsu Win Yield Agriculture Development Co., Ltd.	Developing hog farming technology and trading	2,655,955	(Note 1)	2,160,535	300,400	-	2,460,935	81.23%	81.23%	(750,195)	1,550,854	-	(Note 12)
Jiangsu Win Shine Agriculture Development Co., Ltd.	Logistics management service	345,130	(Note 1)	85,170	-	-	85,170	81.23%	81.23%	(23,447)	291,790	-	(Note 12)
Jiangsu Win Boutique Agriculture Development Co., Ltd.	Developing hog farming technology and trading	288,100	(Note 4)	-	-	-	-	81.23%	81.23%	(15,452)	250,891	-	(Note 12)
Jiangsu Win Sunlight Agriculture Development Co., Ltd.	Developing hog farming technology and trading	288,100	(Note 4)	86,430	-	-	86,430	81.23%	81.23%	(7,047)	255,067	-	(Note 12)
Jiangsu Win Honor Management Technology Co., Ltd.	Logistics management service	288,100	(Note 4)	-	-	-	-	81.23%	81.23%	(3,714)	290,603	-	(Note 12)
Jiangsu Win Wonder Agriculture Development Co., Ltd.	Developing farming technology and trading	88,173	(Note 3)	-	-	-	-	81.23%	81.23%	(30,381)	45,484	-	(Note 12)
Jiangsu Win Fortune Agriculture Development Co., Ltd.	Developing hog farming technology and trading	276,400	(Note 4)	221,120	-	-	221,120	81.23%	81.23%	(24,883)	257,953	-	(Note 12)
Chainwin (Huaian) AIoT Co., Ltd.	Information software services	27,860	(Note 4)	27,860	-	-	27,860	81.23%	81.23%	(2,239)	23,823	-	(Note 12)
Jiangsu Win Advance Bio-Assay Co., Ltd.	Biotechnology testing service	111,560	(Note 4)	-	-	-	-	81.23%	81.23%	(2,898)	103,571	-	(Note 12)
Jiangsu Win Lux Biotech Co., Ltd.	Biotech research and development and bioassay	27,680	(Note 1)	27,680	-	-	27,680	81.23%	81.23%	742	29,672	-	(Note 12)
Onearray Biotech (Kunshan) Co., Ltd.	Selling of high density gene chip and testing service	18,275	(Note 2)	12,125	6,150	-	18,275	75.21%	75.21%	(4,424)	3,291	-	(Note 12)

(ii) Limitation on investment in mainland China:

(In thousands of Dollars)

Investor Company Name	Accumulated Investment in mainland China at the end (Note 8)(Note 9)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 11)
The Company and subsidiaries	9,754,106 (USD 331,189)	10,590,829 (USD 344,866)	21,209,598

Note 1: The Group invested in mainland China companies through Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., which is established in a third region.

Note 2: The Group invested in mainland China companies through Phalanx Biotech Limited, which is established in a third region.

Note 3: The Company invested in mainland China companies through Jiansu Win Chance Agriculture Development Co., Ltd.

Note 4: The Company invested in mainland China companies through Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.

Note 5: The amount of net income (losses) was recognized based on the audited financial statements of the investee companies.

Note 6: Carrying value as of December 31, 2023 was with reference to the amount recognized by the investment through subsidiaries to subsidiaries established in a third region.

Note 7: Investment income (loss) recognized was translated into New Taiwan Dollars at the average exchange rate for the each month from January 1 to December 31, 2023.

Note 8: The Group acquired Vanchip (Tianjin) Technology Co., Ltd. through a third region, wherein the outflow of investment from Taiwan amounted US\$9,383 thousand (NT\$261,420 thousand).

Note 9: Jiansu Merit/Cofcojoycome Agriculture Development Co., Ltd. had been liquidated on January 25, 2019. However, according to the regulation of Investment Commission the remittance to mainland China amounting to US\$4,872 thousand (NT\$149,664 thousand) was included in the accumulated investment account.

Note10: As of December 31, 2023, Jiangsu Merit Runfu Agriculture Development Co., Ltd. was still within the period of liquidation.

Note11: Amount of upper limit on investment was the higher between sixty percentage of total equity or total consolidated equity.

Note12: The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

(iii) Significant transactions: Please refer Schedule A, Schedule B, Schedule D, Schedule F, Schedule G and Schedule H.

Schedule K Information on major shareholders:

(In shares)

Shareholding	Shares	Percentage
Shareholder's Name		
Cathay Life Insurance Co., Ltd.	21,598,000	5.09%