VI. Financial Highlights

1. Summarized Balance Sheets, Income Statements, CPA and Audit Opinions for Last 5 years

(1) Summarized Balance Sheets

1. PTI Consolidated Balance Sheets – IFRS

Unit: NT$ Thousands

Item \ Year		Financial Information for Last Five Years					3/31/2024
		2019	2020	2021	2022	2023	
Current Assets		$43,342,833	$44,590,593	$51,958,614	$49,776,657	$48,194,283	Note 3
Property, Plant, and Equipment		58,779,789	60,111,194	63,236,697	64,818,236	56,923,703	
Intangible Assets		1,059,626	1,002,475	982,640	1,125,632	1,107,074	
Other Assets		3,963,733	3,041,978	2,409,071	3,248,613	4,929,505	
Total Assets		107,145,981	108,746,240	118,587,022	118,969,138	111,154,565	
Current Liabilities	Before Distribution	20,404,401	16,865,006	23,319,131	19,614,752	16,508,127	
	After Distribution	23,910,561	20,760,739	28,481,328	24,928,778	Note 2	
Non-Current Liabilities		31,843,617	33,476,595	31,961,649	33,031,348	25,539,955	
Total Liabilities	Before Distribution	52,248,018	50,341,601	55,280,780	52,646,100	42,048,082	
	After Distribution	55,754,178	54,237,334	60,442,977	57,960,126	Note 2	
Equity Belong to Parent Company		43,027,728	45,988,123	49,507,183	52,288,958	54,869,529	
Capital Stocks		7,791,466	7,791,466	7,791,466	7,591,466	7,591,466	
Capital Surplus		209,852	231,294	270,794	149,540	237,071	
Retained Earnings	Before Distribution	35,447,618	38,561,679	43,573,846	45,551,199	48,242,061	
	After Distribution	31,941,458	34,665,946	38,411,649	40,237,173	Note 2	
Other Equity		(324,741)	(366,982)	(710,623)	(534,445)	(732,267)	
Treasury Stocks		(96,467)	(229,334)	(1,418,300)	(468,802)	(468,802)	
Non-Controlling Interests		11,870,235	12,416,516	13,799,059	14,034,080	14,236,954	
Total Equity	Before Distribution	54,897,963	58,404,639	63,306,242	66,323,038	69,106,483	
	After Distribution	51,391,803	54,508,906	58,144,045	61,009,012	Note 2	

Note 1: The listed numbers were certified by CPA.
Note 2: The earnings distribution for 2023 subject to shareholders' approval.
Note 3: No CPA certified data for 1Q24 as of the date of printing.

2. PTI Stand Alone Balance Sheets – IFRS

Item \ Year		Financial Information for Last Five Years					3/31/2024
		2019	2020	2021	2022	2023	
Current Assets		$27,056,110	$27,442,420	$31,977,573	$31,124,603	$27,055,171	Note 3
Property, Plant, and Equipment		35,113,054	36,527,520	36,808,535	37,494,396	32,826,669	
Intangible Assets		6,248	3,471	694	0	0	
Other Assets		18,916,216	19,342,915	21,773,109	23,899,826	27,890,146	
Total Assets		81,091,628	83,316,326	90,559,911	92,518,825	87,771,986	
Current Liabilities	**Before Distribution**	12,419,225	9,426,004	14,059,405	12,677,806	10,887,337	
	After Distribution	15,925,385	13,321,737	19,221,602	17,991,832	Note 2	
Non-Current Liabilities		25,644,675	27,902,199	26,993,323	27,552,061	22,015,120	
Total Liabilities	**Before Distribution**	38,063,900	37,328,203	41,052,728	40,229,867	32,902,457	
	After Distribution	41,570,060	41,223,936	46,214,925	45,543,893	Note 2	
Capital Stocks		7,791,466	7,791,466	7,791,466	7,591,466	7,591,466	
Capital Surplus		209,852	231,294	270,794	149,540	237,071	
Retained Earnings	**Before Distribution**	35,447,618	38,561,679	43,573,846	45,551,199	48,242,061	
	After Distribution	31,941,458	34,665,946	38,411,649	40,237,173	Note 2	
Other Equity		(324,741)	(366,982)	(710,623)	(534,445)	(732,267)	
Treasury Stocks		(96,467)	(229,334)	(1,418,300)	(468,802)	(468,802)	
Total Equity	**Before Distribution**	43,027,728	45,988,123	49,507,183	52,288,958	54,869,529	
	After Distribution	39,521,568	42,092,390	44,344,986	46,974,932	Note 2	

Note 1: The listed numbers were certified by CPA.

Note 2: The earnings distribution for 2023 subject to shareholders' approval

Note 3: No CPA certified data available for 1Q24 as the day of printing.

(2) Summarized Income Statements

1. PTI Consolidated Income Statements – IFRS

Item \ Year	Financial Information for Last Five Years					3/31/2024
	2019	2020	2021	2022	2023	
Net Sales	$66,525,144	$76,180,649	$83,793,572	$83,926,735	$70,440,945	Note 1
Gross Profit	12,676,895	15,028,628	19,294,657	17,376,020	12,608,975	
Operating Income	8,712,240	10,718,170	14,524,946	12,448,017	8,153,566	
Non-Operating Income	(204,722)	(323,219)	180,541	1,191,909	3,889,550	
Income Before Income Tax	8,507,518	10,394,951	14,705,487	13,639,926	12,043,116	
Income from Continuing Operations after Income Taxes	6,879,292	8,178,977	11,725,925	10,751,849	9,509,138	
Income from Discontinued Operations	–	–	–	–	-	
Net Income (Losses)	6,879,292	8,178,977	11,725,925	10,751,849	9,509,138	
Other Consolidated Income (after-tax)	(357,273)	(131,033)	(545,130)	186,233	(145,380)	
Consolidated Net Income	6,522,019	8,047,944	11,180,795	10,938,082	9,363,758	
Net Income Attributable to Shareholders of the Parent Company	5,838,650	6,662,262	8,898,398	8,686,730	8,008,511	
Net Income Attributable to Non-Controlling Interests	1,040,642	1,516,715	2,827,527	2,065,119	1,500,627	
Consolidated Net Income Attributable to Shareholders of the Parent Company	5,696,440	6,577,980	8,564,259	8,880,341	7,807,066	
Consolidated Net Income Attributable to Non-Controlling Interests	825,579	1,469,964	2,616,536	2,057,741	1,556,692	
Earnings Per Share (NT$)	7.52	8.60	11.54	11.60	10.72	

Note: The listed numbers were certified by CPA.

Note 1: No CPA certified data available for 1Q24 as of the date of printing.

2.PTI Stand Alone Income Statements – IFRS

Item \ Year	Financial Information for Last Five Years					3/31/2024
	2019	2020	2021	2022	2023	
Net Sales	$42,848,591	$49,987,942	$51,262,260	$52,703,009	$42,277,074	Note 1
Gross Profit	8,849,382	10,083,676	10,038,890	9,855,156	6,707,005	
Operating Income	6,144,161	7,045,198	6,484,293	6,190,358	3,445,435	
Non-Operating Income	695,444	1,073,885	3,878,477	3,924,656	5,792,048	
Income Before Income Tax	6,839,605	8,119,083	10,362,770	10,115,014	9,237,483	
Income from Continuing Operations after Income Taxes	5,838,650	6,662,262	8,898,398	8,686,730	8,008,511	
Income from Discontinued Operations	–	–	–	-	-	
Net Income (Losses)	5,838,650	6,662,262	8,898,398	8,686,730	8,008,511	
Other Consolidated Income (after-tax)	(142,210)	(84,282)	(334,139)	193,611	(201,445)	
Consolidated Net Income	5,696,440	6,577,980	8,564,259	8,880,341	7,807,066	
Earnings Per Share (NT$)	7.52	8.60	11.54	11.60	10.72	

Note: The listed numbers were certified by CPA.

Note 1: No CPA certified data available for 1Q24 as of the date of printing.

3. CPA Opinions for the Last 5 Years

Year	Name of CPA	Opinion
2019	Yu-Feng Huang, Su-Li Fang	Unqualified Audit Report
2020	Yu-Feng Huang, Cheng-Chih Lin	Unqualified Audit Report
2021	Yu-Feng Huang, Cheng-Chih Lin	Unqualified Audit Report
2022	Cheng-Chih Lin, Su-Li Fang	Unqualified Audit Report
2023	Cheng-Chih Lin, Su-Li Fang	Unqualified Audit Report

2. Financial Analysis for Last 5 years

(1) Consolidated Analysis – IFRS

Item	Year	Financial Information for Last Five Years (Note)					3/31/2024
		2019	2020	2021	2022	2023	
Capital Structure Analysis (%)	Debt Ratio	48.76	46.29	46.62	44.25	37.83	Note 1
	Long-term Fund to Fixed Asset Ratio	147.57	152.85	150.65	153.28	166.27	
Liquidity Analysis %	Current Ratio	212.42	264.40	222.82	253.77	291.94	
	Quick Ratio	192.30	234.00	191.85	196.82	249.83	
	Times Interest Earned (Times)	25.56	38.20	65.45	54.20	37.85	
Operating Performance Analysis	Average Collection Turnover (Times)	5.19	5.34	5.12	5.19	4.54	
	Average Collection Days	70.32	68.35	71.28	70.32	80.40	
	Average Inventory Turnover (Times)	13.98	13.81	10.99	7.60	6.63	
	Average Payment Turnover (Times)	10.01	11.30	10.81	10.65	10.84	
	Days Sales Outstanding	26.10	26.43	33.21	48.02	55.01	
	Fixed Assets Turnover (Times)	1.10	1.28	1.36	1.31	1.16	
	Total Assets Turnover (Times)	0.63	0.71	0.74	0.71	0.61	
Profitability Analysis	Return on Total Assets (%)	6.80	7.78	10.48	9.22	8.49	
	Return on Equity (%)	12.74	14.44	19.27	16.59	14.04	
	Ratio of Pre-Tax Income over Capital stock (%)	109.19	133.41	188.74	179.67	158.64	
	Net Margin(%)	8.78	8.75	10.62	10.35	11.37	
	Earnings per Share(NT) (Note 2)	7.52	8.60	11.54	11.60	10.72	
Cash Flow	Cash Flow Ratio (%)	88.00	114.45	105.70	116.86	119.22	
	Cash Flow Adequacy Ratio (%)	93.51	87.66	98.05	98.92	111.53	
	Cash Flow Reinvestment Ratio (%)	8.53	8.79	10.99	8.97	7.49	
Leverage	Operating Leverage	4.40	4.10	3.46	3.86	4.88	
	Financial Leverage	1.04	1.03	1.02	1.02	1.04	

Reasons for changes in financial ratios (changes less than 20% are excluded from analysis)

1. The increase in speed ratio is mainly caused by decreased liabilities.
2. The reduction of interest guarantee multiples is caused by the reduction of the net profit before tax and the increase in interest costs.
3. The increase in operating leverage is mainly due to the decrease in net operating income.

Note: The listed numbers were certified by CPA.

Note 1: No CPA certified data available for 1Q24 as of the date of printing.

(2) PTI Stand Alone Analysis – IFRS

Item	Year	Financial Information for Last Five Years					3/31/2024
		2019	2020	2021	2022	2023	
Capital Structure Analysis (%)	Debt Ratio	46.94	44.80	45.33	43.48	37.49	Note 1
	Long-term Fund to Fixed Asset Ratio	195.58	202.29	207.83	212.94	234.21	
Liquidity Analysis %	Current Ratio	217.86	291.14	227.45	245.50	248.50	
	Quick Ratio	194.87	252.40	192.90	177.86	200.55	
	Times Interest Earned (Times)	28.52	41.79	58.63	50.40	35.39	
Operating Performance Analysis	Average Collection Turnover (Times)	6.19	5.85	5.20	5.29	4.29	
	Average Collection Days	59.00	62.34	70.19	69.02	85.15	
	Average Inventory Turnover (Times)	12.18	12.43	9.81	6.44	5.23	
	Average Payment Turnover (Times)	8.96	10.67	10.44	9.83	9.26	
	Days Sales Outstanding	29.96	29.36	37.20	56.71	69.76	
	Fixed Assets Turnover (Times)	1.20	1.40	1.40	1.42	1.20	
	Total Assets Turnover (Times)	0.54	0.61	0.59	0.58	0.47	
Profitability Analysis	Return on Total Assets (%)	7.68	8.30	10.40	9.67	9.12	
	Return on Equity (%)	13.90	14.97	18.64	17.07	14.95	
	Ratio of Pre-Tax Income over Capital stock (%)	87.78	104.20	133.00	133.24	121.68	
	Net Margin(%)	13.63	13.33	17.36	16.48	18.94	
	Earnings per Share(NT)	7.52	8.60	11.54	11.60	10.72	
Cash Flow	Cash Flow Ratio (%)	91.48	122.82	94.53	90.51	95.54	
	Cash Flow Adequacy Ratio (%)	88.41	79.82	91.42	86.92	95.34	
	Cash Flow Reinvestment Ratio (%)	6.91	6.80	7.50	4.85	3.92	
Leverage	Operating Leverage	3.76	3.74	4.22	4.43	6.20	
	Financial Leverage	1.04	1.03	1.03	1.03	1.08	

Reasons for changes in financial ratios (changes less than 20% are excluded from analysis)

1. The reduction of interest guarantee multiples is caused by the reduction of the net profit before tax and the increase in interest costs.
2. The increase in the average number of cash on average is mainly to decrease in net operating income.
3. The increase in the average sales date is mainly to decrease operating costs.
4. The increase in operating leverage is mainly due to the decrease in net operating income.

Note: The listed numbers were certified by CPA

Note 1: No quarterly data available after IFRS adoption.

1. Capital Structure Analysis
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Fund to Fixed Asset Ratio = (Shareholders' Equity + Long-term Liabilities) / Net Fixed Assets
2. Liquidity Analysis
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Times Interest Earned = Earnings before Interest Expense and Net Income / Interest Expense.
3. Operating Performance Analysis
   (1) Average Collection Turnover = Net Sales / Average Receivables (including Accounts Receivable arising from Operation Notes Receivables)
   (2) Average Collection Days = 365 / Receivables Turnover
   (3) Average Inventory Turnover = Cost of Goods Sold / Average Inventory
   (4) Average Payment Turnover = Cost of Goods Sold / Average Payables (including Accounts Payable arising from Operation Notes Payables)
   (5) Days Sales Outstanding = 365 /Inventory Turnover
   (6) Fixed Assets Turnover = Net Sales / Average Net Fixed Assets
   (7) Total Assets Turnover = Net sales / Average Total Assets
4. Profitability Analysis
   (1) Return on Total Assets = [Net Income + Interest Expense × (1 - Tax Rate)] / Average Total Assets
   (2) Return on Equity = Net Income / Average Total Shareholders' Equity
   (3) Net Margin = Net Income / Net Sales
   (4) Earnings Per Share = (Net Income - Preferred Stock Dividends) / Weighted Average Number of Shares Outstanding
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Flow from Operating Activities / Current Liabilities.
   (2) Cash Flow Adequacy Ratio = Five-year Net Cash Flow from Operating Activities / Most Recent Five Years (Capital Expenditure + Inventory + Cash Dividend).
   (3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividend) / (Gross Fixed Assets + Investments + Other Assets + Working Capital)
6. Leverage
   (1) Operating leverage = (Net Sales - Variable Operating Costs and Expenses) / Income
   (2) Financial leverage = Operating income / (Operating Income - Interest Expense)

3. Audit Committee’s Audit Report on Financial Reports

Audit Committee’s Audit Report

Mar 8, 2024

Audit Committee had performed an audit for PTI’s 2023 financial statements (including parent company and consolidated financial statements) and profit sharing plans. The Audit Committee had concluded the reports conformed to regulations of the Company Act. Our report was presented to conform to Article 14-4 of Security Exchange Act and Article 219 of the Company Act.

Best Regards

2024 Powertech Technology Inc. Shareholders’ Meeting

Powertech Technology Inc. Audit Committee

Chair：Morgan Chang

Powertech Technology Inc. and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

POWERTECH TECHNOLOGY INC.

By:

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TSAI DUH-KUNG
Chairman

March 8, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Powertech Technology Inc.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matters of the consolidated financial statements of the Corporation for the year ended December 31, 2023, are described as follows:

<u>Recognition of Contract Assets and Revenue</u>

1. The amount of sales revenue is material to the Corporation. Refer to Note 22 to the accompanying consolidated financial statements for details of sales revenue. The major type of revenue is subcontracting revenue. The types of subcontracting transactions are as follows:

   1) Wafer level testing;

   2) Wafer level packaging;

   3) IC packaging; and

   4) IC testing.

2. Packaging services: Since the customers have ownership of the assets, assume significant risks and rewards of ownership of the assets, have the right to dispose of the assets and prevent the Corporation from obtaining the benefits of the assets, revenue should be recognized over time in accordance with the requirements of paragraph 35(b) of International Financial Reporting Standards No. 15.

3. Testing services: In accordance with the requirements of paragraph 35(a) of International Financial Reporting Standards No. 15, the Corporation recognizes revenue over time since the customers simultaneously receive and consume the benefits provided by the Corporation's testing services.

4. The Corporation recognizes the contract assets and revenue of packaging and testing services at the end of each month based on the completion schedule. Since the abovementioned process involves estimates and manual controls, there is a risk that contract assets and revenue may not be recognized correctly as a result of human error.

5. We reviewed the Corporation's revenue recognition policy, understood the Corporation cost carry-forward process, assessed the reasonableness of its contract assets and revenue recognition, confirmed against relevant supporting documents and accounting records, and verified the accuracy of the monetary amounts of contract assets and revenue recognized.

Other Matter

We have also audited the financial statements of Powertech Technology Inc. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation'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 Corporation to cease to continue as a going concern.

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Cheng Chih Lin and Su Li Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2024

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

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

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

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 21,079,749	19	$ 20,373,424	17
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	28,659	-	66,619	-
Financial assets at amortized cost - current (Notes 4, 9 and 31)	210,744	-	94,176	-
Contract assets - current (Notes 4, 22 and 30)	2,363,716	2	2,645,344	2
Notes and accounts receivable (Notes 4, 10 and 22)	11,503,525	10	9,252,417	8
Receivables from related parties (Notes 4, 22 and 30)	5,175,271	5	5,094,481	4
Other receivables (Note 4)	362,471	-	330,849	-
Other receivables from related parties (Notes 4 and 30)	100,338	-	66,111	-
Inventories (Notes 4 and 11)	6,680,554	6	10,752,826	9
Prepaid expenses (Note 17)	272,119	-	417,977	1
Other current assets (Notes 4, 17 and 32)	417,137	1	682,433	1
Total current assets	48,194,283	43	49,776,657	42
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	34,662	-	17,143	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 31)	794,154	1	429,974	-
Investments accounted for using the equity method (Note 13)	1,174,347	1	-	-
Property, plant and equipment (Notes 4, 14, 29, 30 and 31)	56,923,703	51	64,818,236	55
Right-of-use assets (Notes 4, 5 and 15)	1,348,665	1	1,463,013	1
Intangible assets (Notes 4 and 16)	1,107,074	1	1,125,632	1
Deferred income tax assets (Notes 4 and 24)	318,920	1	227,759	-
Net defined benefit assets - non-current (Notes 4 and 20)	2,643	-	2,539	-
Other non-current assets (Notes 4, 17 and 32)	1,256,114	1	1,108,185	1
Total non-current assets	62,960,282	57	69,192,481	58
TOTAL	$ 111,154,565	100	$ 118,969,138	100

	2023		2022	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term bank loans (Note 18)	$ 65,190	-	$ 69,720	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	504	-	7,446	-
Contract liabilities - current (Note 22)	131,106	-	226,859	-
Notes and accounts payable	4,952,699	5	5,510,927	5
Accounts payable to related parties (Note 30)	124,111	-	82,684	-
Bonus to employees and remuneration to directors (Note 23)	1,189,713	1	1,422,401	1
Payables to equipment suppliers	1,195,261	1	2,536,275	2
Other payables - related parties (Note 30)	126,714	-	32,314	-
Current income tax liabilities (Notes 4 and 24)	1,540,856	1	1,359,309	1
Lease liabilities - current (Notes 4, 5 and 15)	38,005	-	66,715	-
Accrued expenses and other current liabilities (Notes 4 and 19)	6,576,059	6	8,117,668	7
Current portion of long-term debts (Notes 18 and 31)	567,909	1	182,434	-
Total current liabilities	16,508,127	15	19,614,752	16
NON-CURRENT LIABILITIES				
Long-term debt (Notes 18 and 31)	23,197,987	21	30,353,569	26
Deferred income tax liabilities (Notes 4 and 24)	354,366	-	302,326	-
Lease liabilities - non-current (Notes 4, 5 and 15)	1,313,961	1	1,344,749	1
Net defined benefit liability - non-current (Notes 4 and 20)	92,414	-	282,422	-
Other non-current liabilities (Note 19)	581,227	1	748,282	1
Total non-current liabilities	25,539,955	23	33,031,348	28
Total liabilities	42,048,082	38	52,646,100	44
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4 and 21)				
Capital stock				
Common stock	7,591,466	7	7,591,466	6
Capital surplus	237,071	-	149,540	-
Retained earnings				
Legal reserve	10,051,723	9	9,181,307	8
Special reserve	602,228	-	710,623	-
Unappropriated earnings	37,588,110	34	35,659,269	30
Total retained earnings	48,242,061	43	45,551,199	38
Other equity	(732,267)	(1)	(534,445)	-
Treasury stock	(468,802)	-	(468,802)	-
Equity attributable to shareholders of the Parent	54,869,529	49	52,288,958	44
NON-CONTROLLING INTERESTS (Notes 12 and 21)	14,236,954	13	14,034,080	12
Total equity	69,106,483	62	66,323,038	56
TOTAL	$ 111,154,565	100	$ 118,969,138	100

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

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
NET SALES (Notes 4, 22 and 30)	$ 70,440,945	100	$ 83,926,735	100
COST OF REVENUE (Notes 4, 11, 23 and 30)	57,831,970	82	66,550,715	79
GROSS PROFIT	12,608,975	18	17,376,020	21
OPERATING EXPENSES (Notes 23 and 30)				
Marketing	255,725	-	428,936	1
General and administrative	1,742,471	2	2,035,906	2
Research and development	2,457,741	4	2,462,430	3
Expected credit (gain) loss (Note 10)	(528)	-	731	-
Total operating expenses	4,455,409	6	4,928,003	6
OPERATING INCOME	8,153,566	12	12,448,017	15
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 23)	342,068	-	109,467	-
Other income (Notes 4 and 23)	13,642	-	71,684	-
Other gains and losses (Notes 4, 23, 27 and 30)	3,770,231	5	(242,861)	-
Financial costs (Notes 4 and 23)	(326,792)	-	(256,368)	(1)
Share of loss of associates for using the equity method	(21,483)	-	-	-
Foreign exchange gains, net (Notes 4 and 23)	111,884	-	1,509,987	2
Total non-operating income and expenses	3,889,550	5	1,191,909	1
INCOME BEFORE INCOME TAX	12,043,116	17	13,639,926	16
INCOME TAX EXPENSE (Notes 4 and 24)	2,533,978	4	2,888,077	3
NET INCOME	9,509,138	13	10,751,849	13
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4 and 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	(2,151)	-	(1,513)	-
Unrealized gain (losses) on investments in equity instruments designated as at fair value through other comprehensive income	17,519	-	(13,001)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(160,748)	-	200,747	-
Total other comprehensive (loss) income	(145,380)	-	186,233	-
TOTAL COMPREHENSIVE INCOME	$ 9,363,758	13	$ 10,938,082	13

(Continued)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
NET INCOME ATTRIBUTABLE TO				
Shareholders of the Parent	$ 8,008,511	12	$ 8,686,730	10
Non-controlling interests	1,500,627	2	2,065,119	3
	$ 9,509,138	14	$ 10,751,849	13
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Shareholders of the Parent	$ 7,807,066	11	$ 8,880,341	11
Non-controlling interests	1,556,692	2	2,057,741	2
	$ 9,363,758	13	$ 10,938,082	13
EARNINGS PER SHARE (Note 25)				
Basic	$ 10.72		$ 11.60	
Diluted	$ 10.64		$ 11.47	

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

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

	Equity Attributable to Shareholders of the Corporation												
	Capital Stock			Retained Earnings			Other Equity						
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Share	Total	Noncontrolling Interests	Total Equity
BALANCE, JANUARY 1, 2022	779,147	$ 7,791,466	$ 270,794	$ 8,290,517	$ 366,982	$ 34,916,347	$ (690,969)	$ (19,654)	$ (710,623)	$ (1,418,300)	$ 49,507,183	$ 13,799,059	$ 63,306,242
Appropriation of 2021 earnings													
Legal reserve	-	-	-	890,790	-	(890,790)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	343,641	(343,641)	-	-	-	-	-	-	-
Cash dividends distributed by the Parent	-	-	-	-	-	(5,162,197)	-	-	-	-	(5,162,197)	-	(5,162,197)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,734,690)	(1,734,690)
Net income for the year ended December 31, 2022	-	-	-	-	-	8,686,730	-	-	-	-	8,686,730	2,065,119	10,751,849
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	17,433	189,179	(13,001)	176,178	-	193,611	(7,378)	186,233
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	8,704,163	189,179	(13,001)	176,178	-	8,880,341	2,057,741	10,938,082
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	(943,589)	(943,589)	-	(943,589)
Cancelation of treasury shares	(20,000)	(200,000)	(197,142)	-	-	(1,564,613)	-	-	-	1,961,755	-	-	-
The Parent's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	-	(68,668)	(68,668)	(91,361)	(160,029)
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	75,888	-	-	-	-	-	-	-	75,888	-	75,888
Additional non-controlling interests recognized on the acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	3,331	3,331
BALANCE, DECEMBER 31, 2022	759,147	7,591,466	149,540	9,181,307	710,623	35,659,269	(501,790)	(32,655)	(534,445)	(468,802)	52,288,958	14,034,080	66,323,038
Appropriation of 2022 earnings													
Legal reserve	-	-	-	870,416	-	(870,416)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(108,395)	108,395	-	-	-	-	-	-	-
Cash dividends distributed by the Parent	-	-	-	-	-	(5,314,026)	-	-	-	-	(5,314,026)	-	(5,314,026)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,353,965)	(1,353,965)
Net income for the year ended December 31, 2023	-	-	-	-	-	8,008,511	-	-	-	-	8,008,511	1,500,627	9,509,138
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	(3,623)	(215,341)	17,519	(197,822)	-	(201,445)	56,065	(145,380)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	8,004,888	(215,341)	17,519	(197,822)	-	7,807,066	1,556,692	9,363,758
Donations from shareholders	-	-	110	-	-	-	-	-	-	-	110	147	257
Unclaimed dividends after effective period	-	-	4,821	-	-	-	-	-	-	-	4,821	-	4,821
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	82,600	-	-	-	-	-	-	-	82,600	-	82,600
BALANCE, DECEMBER 31, 2023	759,147	$ 7,591,466	$ 237,071	$ 10,051,723	$ 602,228	$ 37,588,110	$ (717,131)	$ (15,136)	$ (732,267)	$ (468,802)	$ 54,869,529	$ 14,236,954	$ 69,106,483

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

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 12,043,116	$ 13,639,926
Adjustments for:		
Depreciation	13,584,794	14,818,780
Amortization	29,425	35,855
Expected credit (gain) loss recognized on trade receivables	(528)	731
Net (gain) loss on fair value change of financial assets designated as at fair value through profit or loss	(16,567)	8,503
Financial costs	326,792	256,368
Interest revenue	(342,068)	(109,467)
Share of loss of associate	21,483	-
Net loss on disposal of property, plant and equipment	84,734	417,758
Property, plant and equipment transfer to expenses	9,907	278
Proceeds from disposal of intangible assets	815	-
Impairment loss on financial assets	10,000	-
Impairment loss on non-financial assets	21,490	2,869
Net loss (gain) on foreign currency exchange	465,661	(482,863)
Gain on disposal of subsidiary	(3,574,928)	-
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	54,527	30,415
Contract assets	234,505	(226,479)
Notes and accounts receivable	(2,805,979)	2,225,238
Accounts receivable from related parties	(174,705)	1,274,561
Other receivables	(28,354)	55,638
Other receivables from related parties	(36,334)	(2,472)
Inventories	4,013,635	(3,981,479)
Prepayments	145,858	(61,082)
Net defined benefit assets	(104)	(2,539)
Other current assets	279,592	245,362
Financial liabilities held for trading	(6,942)	1,797
Contract liabilities	(95,753)	62,035
Notes and accounts payable	(428,872)	(1,184,135)
Accounts payable to related parties	45,300	(70,089)
Bonus to employees and remuneration of directors	(232,688)	(181,511)
Other payables to related parties	115,746	26,130
Accrued expenses and other current liabilities	(1,367,929)	(397,229)
Net defined benefit liabilities	(192,159)	(87,747)
Other payables	(5,327)	(9,384)
Cash generated from operations	22,178,143	26,305,768
Interest received	320,758	107,512
Interest paid	(425,351)	(342,776)
Income tax paid	(2,391,969)	(3,147,884)
Net cash generated from operating activities	19,681,581	22,922,620

(Continued)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	$ (558,091)	$ (98,410)
Proceeds from sale of financial assets at amortized cost	50,000	502,724
Acquisition of associate	(1,219,308)	-
Net cash outflow on acquisition of subsidiary	-	(127,194)
Net cash inflow on disposal of subsidiary	5,023,547	-
Acquisition of property, plant and equipment	(8,726,916)	(18,581,621)
Disposal of property, plant and equipment	225,137	270,592
Increase in refundable deposits	184,797	(759,843)
Increase in intangible assets	(15,832)	(24,597)
Increase in finance lease receivable	7,616	-
Increase in non-current assets	-	(17,657)
Increase in prepayments for equipment	(273,544)	(91,389)
Net cash used in investing activities	(5,302,594)	(18,927,395)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term bank loans	(4,530)	(2,460)
Increase in long-term debt	6,800,000	31,080,533
Decrease in long-term debt	(13,547,209)	(30,680,545)
(Decrease) increase in guarantee deposits	(125,442)	831,966
Repayment of the principal portion of lease liabilities	(67,656)	(65,831)
Dividends paid to shareholders of the Corporation	(5,231,426)	(5,086,309)
Payments for buy-back of treasury shares	-	(1,103,618)
Dividends paid to non-controlling interests	(1,353,965)	(1,734,690)
Donations from shareholders	257	-
Net cash used in financing activities	(13,529,971)	(6,760,954)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(142,691)	524,920
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	706,325	(2,240,809)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	20,373,424	22,614,233
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 21,079,749	$ 20,373,424

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

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Powertech Technology Inc. (PTI) was incorporated in the Republic of China (ROC) on May 15, 1997 and commenced business on September 3, 1997. PTI is mainly engaged in the manufacturing, packaging, testing, researching and developing, designing, assembling and sale of various integrated circuit products. PTI also provides semiconductor testing and assembly services on a turnkey basis, in which PTI buys fabricated wafers and sells tested and assembled semiconductors. PTI's registered office and principal place of business is in Hsin-chu Industrial Park, Hukou, Hsin-chu.

PTI's share was initially listed and started trading on the Taipei Exchange ("TPEx") on April 3, 2003, after which PTI's share was transferred for listing and started trading on the Taiwan Stock Exchange ("TWSE") since November 8, 2004. PTI also issued Global Depositary Shares ("GDS"), which are listed on the Luxembourg Stock Exchange and trading on the Euro MTF Market. The GDS was accepted for quotation on the International Order Book of the London Stock Exchange.

The consolidated financial statements are presented in PTI's functional currency, the New Taiwan dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since PTI's shares are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Board of Directors and issued on March 8, 2024.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, and

3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of PTI and the entities controlled by PTI (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by PTI.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of PTI and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Notes 12 and 34k for detailed information on subsidiaries (including the percentages of ownership and main business).

e. Business combinations

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

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

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

f. Foreign currencies

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

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Corporation's foreign operations (including the subsidiaries and associates in other countries or subsidiaries that use currencies different from PTI) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of PTI and non-controlling interests as appropriate).

In a partial disposal of a subsidiary that results in the Company losing control over the subsidiary, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

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

h. Investments in associates

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

The corporation uses the equity method to account for its investments in associates.

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

Any excess of the cost of acquisition over the corporation's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized.

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

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

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

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

i. Property, plant, and equipment

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

Property, plant and equipment in the course of construction for production are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

j. Goodwill

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

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

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

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

k. Intangible assets

1) Intangible assets acquired separately

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

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

3) Intangible assets acquired in a business combination

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

4) Derecognition of intangible assets

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

l. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation if corporate assets could be allocated to the individual cash-generating units, otherwise, corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

Before the Corporation recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories related to the contract shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Corporation expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

A financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 29.

ii. Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, debt investments, time deposits with original maturities of more than 3 months, notes and accounts receivable (included related parties), other receivables (included related parties), pledged time deposits and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

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

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

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

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

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

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

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

ii. When a financial asset is more than 90 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

Equity instruments issued by the Corporation are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

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

Repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except for the following situation, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at FVTPL

A financial liability is classified as at FVTPL when such a financial liability is held for trading.

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on such financial liability. Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Corporation enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

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

n. Revenue recognition

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

For contracts where the period between the date the Corporation transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for the effects of a significant financing component.

<u>Revenue from the rendering of services</u>

As the Corporation fulfills the obligations in the contract for testing services, the customer simultaneously receives and consumes the benefits provided by the Corporation. The Corporation has the right to revenue collection for the portion of testing services that have been fulfilled, and the revenue from testing services is recognized over time. The Corporation fulfills the obligations in the contract for packaging services when the customer creates or enhances the goods they have control of. The Corporation has the right to revenue collection for the portion of packaging services that have been fulfilled, and the revenue from packaging services is recognized over time. Contract assets are recognized during the process of semiconductor assembling and testing, and are reclassified to accounts receivable at the point the bills were issued. If the payment exceeds the revenue recognized to date, the Corporation recognizes the difference as a contract liability. It is recognized as contract asset before the Corporation satisfies its performance obligations.

The Corporation does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

o. Leases

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

1) The Corporation as lessor

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

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

2) The Corporation as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses the lessee's incremental borrowing rate.

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

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

p. Borrowing costs

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Corporation can no longer withdraw the offer of the termination benefit and when the Corporation recognizes any related restructuring costs.

r. Treasury shares

When the Corporation buys back the issued shares as treasury shares, the cost paid will be debited to the treasury shares and listed as a deduction of shareholders equity.

The parent company's shares held by its subsidiaries are reclassified to treasury shares from investments accounted for using the equity method and are recognized based on the original investment cost. Cash dividends earned by subsidiaries are written-off from investment income and adjusted to capital surplus - treasury share transactions.

s. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred tax for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Key Sources of Estimation Uncertainty

Lessees’ incremental borrowing rates

In determining a lessee’s incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee’s credit spread adjustments and lease specific adjustments (such as asset type, secured position, etc.) are also taken into account.

6. CASH AND CASH EQUIVALENTS

	December 31 2023	December 31 2022
Checking accounts and demand deposits	$ 21,079,526	$ 20,372,822
Cash on hand	223	602
	$ 21,079,749	$ 20,373,424

The market rate intervals of cash in bank and cash equivalents at the end of the reporting period were as follows:

	December 31 2023	December 31 2022
Bank deposits	0%-5.72%	0%-4.35%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2023	December 31 2022
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 28,659	$ 38,410
Non-derivative financial assets		
Mutual funds	-	28,209
	$ 28,659	$ 66,619
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	$ 504	$ 7,446

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
December 31, 2023			
Sell forward exchange contracts	USD to NTD	2024.01.02-2024.04.09	USD 33,635
	USD to JPY	2024.01.15-2024.05.07	USD 9,511
	USD to RMB	2024.01.10-2024.01.29	USD 3,369

(Continued)

	Currency	Maturity Date	Contract Amount (In Thousands)
December 31, 2022			
Sell forward exchange contracts	USD to NTD	2023.01.03-2023.03.03	USD 111,500
	USD to JPY	2023.01.06-2023.05.08	USD 11,174
	USD to RMB	2023.01.09-2023.01.18	USD 2,734

(Concluded)

The Corporation entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

	December 31	
	2023	2022
Non-current		
Domestic investments		
Listed shares		
Common stock - Solid State System Co., Ltd.	$ 34,662	$ 17,143

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Current		
Domestic investments		
Corporate bonds - P08 Taiwan Power Company 3A Bond	$ 50,000	$ 50,000
Pledged time deposits	-	13,468
Restricted deposit	160,744	30,708
	$ 210,744	$ 94,176

(Continued)

	December 31	
	2023	2022
Non-current		
Domestic investments		
Corporate bonds - P08 Taiwan Power Company 3A Bond	$ -	$ 50,000
Time deposits with original maturities of more than 3 months	586,710	255,640
Pledged time deposits	207,444	124,334
	$ 794,154	$ 429,974

(Concluded)

On September 12, 2019, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.72% at par value of $100,000 thousand, and maturity dates of September 12, 2023 and 2024, at par value of $50,000 thousand, respectively.

Refer to Note 29 for information relating to their credit risk management and impairment of investments in financial assets at amortized cost.

Refer to Note 31 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2023	2022
Notes receivable		
Notes receivable - operating	$ 16,338	$ 44,579
Accounts receivable		
At amortized cost		
Gross carrying amount	11,552,491	9,273,670
Less: Allowance for impairment loss	(65,304)	(65,832)
	11,487,187	9,207,838
	$ 11,503,525	$ 9,252,417

At amortized cost

The average credit period of sales of goods was 30 days to 150 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Corporation has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Corporation's credit risk was significantly reduced.

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

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

The following table details the loss allowance of accounts receivable based on the Corporation's provision matrix.

December 31, 2023

	Not Past Due	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	$11,539,253	$ 7,206	$ 149	$ 126	$ 5,757	$11,552,491
Loss allowance (Lifetime ECLs)	(52,066)	(7,206)	(149)	(126)	(5,757)	(65,304)
Amortized cost	$11,487,187	$ -	$ -	$ -	$ -	$11,487,187

December 31, 2022

	Not Past Due	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	$ 9,216,754	$ 49,148	$ 7,233	$ 535	$ -	$ 9,273,670
Loss allowance (Lifetime ECLs)	(8,926)	(49,138)	(7,233)	(535)	-	(65,832)
Amortized cost	$ 9,207,828	$ 10	$ -	$ -	$ -	$ 9,207,838

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

	For the Year Ended December 31 2023	2022
Balance at January 1	$ 65,832	$ 64,770
Add: Impairment loss	-	731
Add: Combination of subsidiaries	-	331
Less: Net remeasurement of loss allowance	(528)	-
Balance at December 31	$ 65,304	$ 65,832

11. INVENTORIES

	December 31 2023	2022
Raw materials	$ 6,158,770	$ 10,173,117
Supplies	521,784	579,709
	$ 6,680,554	$ 10,752,826

The nature of the cost of goods sold was as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	$ 57,831,970	$ 66,550,715
Write-downs of inventories	$ 89,157	$ 173,869
Unallocated production overhead	$ 6,529,623	$ 6,286,636
Sales of scrap	$ 170,732	$ 221,483

12. SUBSIDIARY

a. Subsidiaries included in the consolidated financial statements

			Proportion of Ownership (%) December 31		
Investor	Investee	Main Business	2023	2022	Remark
Powertech Technology Inc.	Powertech Holding (BVI) Inc.	Investment business	100	100	-
	Greatek Electronics Inc. ("GEI")	Semiconductor assembly and testing services	43	43	Notes 1 and 2
	Powertech Technology (Singapore) Pte. Ltd.	Investment business	100	100	-
	Powertech Semiconductor (Xian) Co., Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	36	36	-
	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	-	9	Note 5
	Powertech Technology Japan Ltd.	Investment business	100	100	-
	Tera Probe, Inc.	Wafer probing test services	12	12	Note 2
	TeraPower Technology Inc.	Wafer probing test services	49	49	-
Powertech Holding (BVI) Inc.	PTI Technology (Singapore) Pte. Ltd.	Investment business	100	100	-
PTI Technology (Singapore) Pte. Ltd.	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	30	72	Note 5
Powertech Technology (Singapore) Pte. Ltd.	Powertech Semiconductor (Xian) Co., Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	64	64	-
	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	-	19	Note 5
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Wafer probing test services	49	49	Note 2
	Powertech Technology Akita Inc.	Semiconductor assembly and testing service	100	100	Note 3
Tera Probe, Inc.	TeraPower Technology Inc.	Wafer probing test services	51	51	-
Greatek Electronics Inc. ("GEI")	Get-Team Tech Corporation	Metal surface treatment semiconductor wire frame	97.46	97.46	Note 4

Note 1: On the reelection of the directors and supervisors of Greatek Electronics Inc., PTI obtained the a majority of the board seats and Greatek Electronics Inc., became a subsidiary of PTI even though PTI has only 43% ownership of Greatek Electronics Inc.

Note 2: Subsidiaries that have material non-controlling interests.

Note 3: Due to the adjustment of operational needs, the Corporation cease the operation of Powertech Technology Akita Inc.

Note 4: On October 5, 2022, Greatek acquired 97.46% ownership of Get-Team Tech Corporation and obtained the majority, Get-Team Tech Corporation became a subsidiary of Greatek.

Note 5: On June 27, 2023, the board of directors of the Corporation approved the disposal of 70% shares of Powertech Technology (Suzhou) Ltd. to Shenzhen Longsys Electronics Co., Ltd. On October 1, 2023, the transfer of shares was completed, and the name of Powertech Technology (Suzhou) Ltd. was changed to Longforce Technology (Suzhou) Ltd. After the disposal, PTI TECHNOLOGY (SINGAPORE) PTE. LTD. held a 30% equity interest in Longforce Technology (Suzhou) Ltd.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests December 31 2023	2022
Greatek Electronics Inc.	Zhunan Township, Miaoli County	57%	57%
Tera Probe, Inc.	Japan	39%	39%

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31 2023	2022	Accumulated Non-controlling Interests December 31 2023	2022
Greatek Electronics Inc. (Excludung non-controlling interests in subsidiary)	$ 1,132,953	$ 1,795,849	$ 11,438,485	$ 11,472,577
Tera Probe, Inc.	$ 368,180	$ 269,456	$ 2,795,830	$ 2,558,358

Summarized financial information in respect of each of the Corporation's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Greatek Electronics Inc. and subsidiary

	December 31 2023	2022
Current assets	$ 9,472,652	$ 8,657,344
Non-current assets	15,040,004	15,774,891
Current liabilities	(2,644,685)	(2,927,106)
Non-current liabilities	(335,166)	(596,235)
Equity	$ 21,532,805	$ 20,908,894
Equity attributable to:		
Owners of the Parent	$ 9,237,557	$ 8,969,650
Non-controlling interests	12,292,609	11,936,099
Non-controlling interests from subsidiary	2,639	3,145
	$ 21,532,805	$ 20,908,894

	For the Year Ended December 31	
	2023	2022
Operating revenue	$ 13,570,076	$ 15,950,309
Net income for the year	$ 1,996,618	$ 3,157,984
Other comprehensive income (loss) for the year	731,766	(238,096)
Total comprehensive income for the year	$ 2,728,384	$ 2,919,888
Net income attributable to:		
Owners of the Parent	$ 856,870	$ 1,355,019
Non-controlling interests	1,140,254	1,803,151
Non-controlling interests from subsidiary	(506)	(186)
	$ 1,996,618	$ 3,157,984
Total comprehensive income (loss) attributable to:		
Owners of the Parent	$ 1,170,835	$ 1,252,863
Non-controlling interests	1,558,055	1,667,211
Non-controlling interests from subsidiary	(506)	(186)
	$ 2,728,384	$ 2,919,888
Net cash inflow (outflow) from:		
Operating activities	$ 4,520,999	$ 6,387,407
Investing activities	(1,462,093)	(4,225,394)
Financing activities	(2,179,821)	(2,456,890)
Net cash outflow	$ 879,085	$ (294,877)
Dividends paid to non-controlling interests		
Greatek Electronics Inc.	$ 1,201,405	$ 1,623,908

Tera Probe, Inc.

	December 31	
	2023	2022
Current assets	$ 1,944,557	$ 2,502,705
Non-current assets	6,000,288	5,366,521
Current liabilities	(582,159)	(974,592)
Non-current liabilities	(529,027)	(645,023)
Equity	$ 6,833,659	$ 6,249,611
Equity attributable to:		
Owners of the Parent	$ 4,144,615	$ 3,790,390
Non-controlling interests	2,689,044	2,459,221
	$ 6,833,659	$ 6,249,611

	For the Year Ended December 31	
	2023	2022
Operating revenue	$ 2,090,922	$ 1,691,325
Net income for the year	$ 908,166	$ 739,085
Other comprehensive income for the year	206,615	20,184
Total comprehensive income for the year	$ 1,114,781	$ 759,269
Net income attributable to:		
Owners of the Parent	$ 550,788	$ 448,243
Non-controlling interests	357,378	290,842
	$ 908,166	$ 739,085
Total comprehensive income attributable to:		
Owners of the Parent	$ 676,097	$ 460,484
Non-controlling interests	438,684	298,785
	$ 1,114,781	$ 759,269
Cash flow inflow (outflow) from:		
Operating activities	$ 2,516,490	$ 1,385,310
Investing activities	(2,189,916)	(728,013)
Financing activities	(1,728,451)	275,460
Net cash (outflow) inflow	$ (1,401,877)	$ 932,757

The share of profit or loss and other comprehensive income of those subsidiaries for the years ended December 31, 2023 and 2022 was based on the subsidiaries' financial statements audited by the auditors for the same years.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31, 2023
Associates that are not individually material	
Longforce Technology (Suzhou) Ltd.	$ 1,174,347

a. Aggregate information of associates that are not individually material

	For the Year Ended December 31, 2023
The Group's share of:	
Loss from continuing operations	$ (21,483)

On June 27, 2023, the board of directors of the Corporation approved the disposal of 70% shares of Powertech Technology (Suzhou) Ltd. to Shenzhen Longsys Electronics Co., Ltd. On October 1, 2023, the transfer of shares was completed, and the name of Powertech Technology (Suzhou) Ltd. was changed to Longforce Technology (Suzhou) Ltd. After the disposal, PTI TECHNOLOGY (SINGAPORE) PTE. LTD. held a 30% equity interest in Longforce Technology (Suzhou) Ltd.

Included in the cost of investments in those associates is goodwill of $333,955 thousand.

14. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2023	2022
Assets used by the Corporation	$ 56,923,703	$ 64,818,236

	Land	Building	Machinery and Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Advance Payments	Spare parts	Total
Cost										
Balance at January 1, 2023	$ 4,413,047	$ 33,893,248	$ 108,666,245	$ 2,525,225	$ 89,217	$ 3,609,960	$ 3,029,234	$ 6,864,129	$ 334,900	$ 163,425,205
Additions	-	269,399	297,495	17,125	-	73,142	822,156	5,766,767	337,218	7,583,302
Disposals	(10,951)	(348,738)	(9,717,903)	(92,564)	-	(355,129)	-	(9,077)	(337,861)	(10,872,223)
Reclassified	346,599	3,135,999	8,720,702	46,902	-	122,442	(2,475,611)	(9,907,665)	-	(10,632)
Disposal of subsidiary	-	(2,286,331)	(2,573,155)	(524,720)	-	-	-	(73,513)	-	(5,457,719)
Effect of foreign currency exchange differences	(893)	(46,634)	(351,930)	(30,877)	(5,140)	11	-	(57,549)	-	(463,012)
Balance at December 31, 2023	4,747,802	34,616,943	105,041,454	1,941,091	84,077	3,450,426	1,375,779	2,613,092	334,257	154,204,921
Accumulated deprecation										
Balance at January 1, 2023	-	14,718,850	77,437,263	2,019,828	7,528	3,180,834	-	-	-	97,364,303
Depreciation expense	-	1,862,837	10,958,668	171,742	1,421	184,444	-	-	337,861	13,516,973
Disposals	-	(303,848)	(9,338,517)	(89,771)	-	(346,372)	-	-	(337,861)	(10,416,369)
Reclassified	-	-	(85)	-	-	-	-	-	-	(85)
Disposal of subsidiary	-	(1,390,210)	(2,037,237)	(451,819)	-	-	-	-	-	(3,879,266)
Effect of foreign currency exchange differences	-	(16,955)	(271,395)	(25,888)	(1,260)	151	-	-	-	(315,347)
Balance at December 31, 2023	-	14,870,674	76,748,697	1,624,092	7,689	3,019,057	-	-	-	96,270,209
Accumulated impairment										
Balance at January 1, 2023	1,472	433,962	622,603	87,227	56,195	-	1,965	39,242	-	1,242,666
Recognition (revolution) of impairment losses	-	-	391	-	-	-	-	21,099	-	21,490
Disposals	-	-	(2)	-	-	-	-	-	-	(2)
Reclassified	-	-	-	-	-	-	(1,873)	1,873	-	-
Disposal of subsidiary	-	(200,194)	(22,301)	(46,657)	-	-	-	-	-	(269,152)
Effect of foreign currency exchange differences	(96)	7,055	16,607	(831)	(3,651)	-	(92)	(2,985)	-	16,007
Balance at December 31, 2023	1,376	240,823	617,298	39,739	52,544	-	-	59,229	-	1,011,009
Carrying amount at December 31, 2023	$ 4,746,426	$ 19,505,446	$ 27,675,458	$ 277,260	$ 23,844	$ 431,369	$ 1,375,779	$ 2,553,863	$ 334,257	$ 56,923,703
Cost										
Balance at January 1, 2022	$ 4,174,426	$ 30,352,530	$ 106,275,541	$ 2,469,708	$ 90,885	$ 3,767,435	$ 2,623,038	$ 6,747,669	$ 277,057	$ 156,778,289
Additions	94,973	281,535	780,068	28,471	-	102,148	2,038,950	13,167,796	368,939	16,862,880
Acquisitions through business combinations (Note 25)	8,946	9,527	123,965	57	-	16,742	-	10,578	-	169,815
Disposals	-	(399,756)	(9,562,127)	(93,131)	-	(467,282)	-	(36,818)	(369,799)	(10,928,913)
Reclassified	134,168	3,614,987	10,598,135	113,945	156	160,570	(1,647,927)	(13,033,624)	58,703	(887)
Effect of foreign currency exchange differences	534	34,425	450,663	6,175	(1,824)	30,347	15,173	8,528	-	544,021
Balance at December 31, 2022	4,413,047	33,893,248	108,666,245	2,525,225	89,217	3,609,960	3,029,234	6,864,129	334,900	163,425,205
Accumulated deprecation										
Balance at January 1, 2022	-	13,413,221	73,643,404	1,873,765	4,280	3,414,665	-	-	-	92,349,335
Depreciation expense	-	1,652,751	12,336,333	203,470	3,248	189,856	-	-	369,799	14,755,457
Acquisitions through business combinations (Note 25)	-	4,512	113,348	48	-	10,439	-	-	-	128,347
Disposals	-	(373,074)	(8,955,859)	(63,314)	-	(462,931)	-	-	(369,799)	(10,224,977)
Reclassified	-	-	264	(39)	-	(184)	-	-	-	41
Effect of foreign currency exchange differences	-	21,440	299,773	5,898	-	28,989	-	-	-	356,100
Balance at December 31, 2022	-	14,718,850	77,437,263	2,019,828	7,528	3,180,834	-	-	-	97,364,303
Accumulated impairment										
Balance at January 1, 2022	1,523	413,199	581,968	96,761	58,179	-	835	39,792	-	1,192,257
Recognition (revolution) of impairment losses	-	-	841	113	-	-	1,915	-	-	2,869
Disposals	-	-	(3,687)	(11,899)	-	-	-	-	-	(15,586)
Reclassified	-	-	-	-	-	-	(786)	786	-	-
Effect of foreign currency exchange differences	(51)	20,763	43,481	2,252	(1,984)	-	1	(1,336)	-	63,126
Balance at December 31, 2022	1,472	433,962	622,603	87,227	56,195	-	1,965	39,242	-	1,242,666
Carrying amount at December 31, 2022	$ 4,411,575	$ 18,740,436	$ 30,606,379	$ 418,170	$ 25,494	$ 429,126	$ 3,027,269	$ 6,824,887	$ 334,900	$ 64,818,236

Tera Probe, Inc. expected a decrease in the future cash flows of machinery and equipment, office equipment, construction in progress and advance payments. Therefore, impairment loss of $21,490thousand and $2,869 thousand was recognized in other gains and losses for the years ended December 31, 2023 and 2022, respectively.

Tera Probe, Inc. assessed that the book value of some assets cannot be recovered.

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

Buildings	
Main plants	3-51 years
Mechanical and electrical power equipment	2-26 years
Wafer fab	6-16 years
Fire control equipment	2-26 years
Others	2-51 years
Machinery and equipment	1-15 years
Office equipment	1-15 years
Leasehold improvements	1-50 years
Other equipment	1-16 years
Spare parts	0.5 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 31.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	**2022**
Carrying amount		
Land	$ 1,261,971	$ 1,345,852
Buildings	26,262	33,265
Machinery and equipment	57,924	82,657
Transportation equipment	2,508	1,239
	$ 1,348,665	$ 1,463,013

	For the Year Ended December 31	
	2023	**2022**
Additions to right-of-use assets	$ 8,158	$ 29,124
Depreciation charge for right-of-use assets		
Land	$ 38,284	$ 39,265
Buildings	7,003	1,468
Machinery and equipment	21,168	21,185
Transportation equipment	1,366	1,405
	$ 67,821	$ 63,323

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 38,005	$ 66,715
Non-current	$ 1,313,961	$ 1,344,749

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	0.93%-1.69%	0.93%-1.69%
Buildings	2.53%	2.53%
Machinery and equipment	0.80%-2.30%	0.80%-2.30%
Transportation equipment	0.92-1.59%	0.92%

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 13,690	$ 22,038
Total cash outflow for leases	$ (81,346)	$ (87,869)

The Corporation leases certain office, machines and vehicles which qualify as short-term leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. INTANGIBLE ASSETS

	Computer Software	Goodwill	Trade Secrets	Core Techniques	Client Relationships	Royalty	Technical Services	Total
Cost								
Balance at January 1, 2023	$ 694,659	$ 997,715	$ 41,383	$ 249,103	$ 220,775	$ 9,386	$ 88,894	$ 2,301,915
Additions	15,832	-	-	-	-	-	-	15,832
Disposals	(34,980)	-	-	-	-	-	-	(34,980)
Disposal of subsidiary	(36,484)	-	-	-	-	-	-	(36,484)
Effect of foreign currency exchange differences	(13,312)	-	-	32	-	(69)	-	(13,349)
Balance at December 31, 2023	625,715	997,715	41,383	249,135	220,775	9,317	88,894	2,232,934
Accumulated amortization								
Balance at January 1, 2023	579,874	-	1,035	249,103	220,775	9,338	88,894	1,149,019
Amortization expense	25,284	-	4,139	-	-	2	-	29,425
Disposals	(34,165)	-	-	-	-	-	-	(34,165)
Disposal of subsidiary	(35,367)	-	-	-	-	-	-	(35,367)
Effect of foreign currency exchange differences	(10,406)	-	-	32	-	(65)	-	(10,439)
Balance at December 31, 2023	525,220	-	5,174	249,135	220,775	9,275	88,894	1,098,473
Accumulated impairment								
Balance at January 1, 2023	27,264	-	-	-	-	-	-	27,264
Effect of foreign currency exchange differences	123	-	-	-	-	-	-	123
Balance at December 31, 2023	27,387	-	-	-	-	-	-	27,387
Carrying amount at December 31, 2023	$ 73,108	$ 997,715	$ 36,209	$ -	$ -	$ 42	$ -	$ 1,107,074

(Continued)

	Computer Software	Goodwill	Trade Secrets	Core Techniques	Client Relationships	Royalty	Technical Services	Total
Cost								
Balance at January 1, 2022	$ 611,572	$ 979,819	$ -	$ 246,494	$ 220,775	$ 9,424	$ 88,894	$ 2,156,978
Additions	24,597	-	-	-	-	-	-	24,597
Acquisitions through business combinations (Note 25)	-	17,896	41,383	-	-	-	-	59,279
Disposals	60,690	-	-	-	-	-	-	60,690
Reclassifications	650	-	-	-	-	-	-	650
Effect of foreign currency exchange differences	(2,850)	-	-	2,609	-	(38)	-	(279)
Balance at December 31, 2022	694,659	997,715	41,383	249,103	220,775	9,386	88,894	2,301,915
Accumulated amortization								
Balance at January 1, 2022	583,470	-	-	246,494	220,775	8,664	88,894	1,148,297
Amortization expense	34,112	-	1,035	-	-	708	-	35,855
Disposals	60,690	-	-	-	-	-	-	60,690
Reclassifications	(95,413)	-	-	-	-	-	-	(95,413)
Effect of foreign currency exchange differences	(2,985)	-	-	2,609	-	(34)	-	(410)
Balance at December 31, 2022	579,874	-	1,035	249,103	220,775	9,338	88,894	1,149,019
Accumulated impairment								
Balance at January 1, 2022	$ 26,041	$ -	$ -	$ -	$ -	$ -	$ -	$ 26,041
Effect of foreign currency exchange differences	1,223	-	-	-	-	-	-	1,223
Balance at December 31, 2022	27,264	-	-	-	-	-	-	27,264
Carrying amount at December 31, 2022	$ 87,521	$ 997,715	$ 40,348	$ -	$ -	$ 48	$ -	$ 1,125,632

(Concluded)

The Group acquired Get-Team in October 2022 and recognized goodwill (see Note 26).

The amortization of the Business secret acquired through a business combination was recognized over its useful life based on the standard appraisal practices.

The above items of intangible assets were amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	2-10 years
Business Secrets	10 years
Core techniques	5 years
Royalty	3-10 years
Technical services	2-4 years

	For the Year Ended December 31	
An analysis of amortization by function		
Cost of revenue	$ 21,111	$ 26,881
Selling and marketing expenses	4	1
General and administrative expenses	3,050	2,246
Research and development expenses	5,260	6,727
	$ 29,425	$ 35,855

17. OTHER ASSETS

	December 31	
	2023	2022
Current		
Refundable deposits (Note 33)	$ 221,783	$ 194,305
Tax refund receivables	88,565	150,500
Payment on behalf of others	87,084	296,153
Others	19,705	41,475
	$ 417,137	$ 682,433

(Continued)

	December 31	
	2023	2022
Prepayments		
Excess business tax paid	$ 62,992	$ 292,831
Prepayments for insurance premiums	58,375	36,555
Inventory of supplies	38,295	33,187
Prepayments to suppliers	33,671	2,640
Prepayment for electricity	32,595	-
Prepayments for repairs	22,328	21,778
Others	23,863	30,986
	$ 272,119	$ 417,977
Non-current		
Refundable deposits (Note 32)	$ 695,695	$ 934,365
Prepayments for equipment	428,782	155,238
Financial lease receivable	137,408	18,577
Others	5	5
	$ 1,261,890	$ 1,108,185

(Concluded)

18. BORROWINGS

a. Short-term bank loans

	December 31	
	2023	2022
Unsecured borrowings		
Working capital loan	$ 65,190	$ 69,720

The effective interest rate range on the working capital loan was 0.53% at both of December 31, 2023 and 2022, respectively.

b. Long-term debt

The long-term debts of the Corporation are all floating rate debt, which include:

	December 31	
	2023	2022
1) Secured borrowings (Note 29)	$ 18,128,714	$ 20,414,539
2) Unsecured borrowings	5,637,182	10,121,464
	23,765,896	30,536,003
Less: Current portion	(567,909)	(182,434)
	$ 23,197,987	$ 30,353,569

1) Repayable continually from February 2025 to December 2038; interest rates at 1.15%-1.60% on December 31, 2023, 1.025%-1.68% on December 31, 2022.

2) Repayable continually from January 2024 to December 2028; interest rates at 0.60%-1.575% on December 31, 2023, 0.60%-5.64% on December 31, 2022.

For PTI's long-term debt, the financing banks required PTI to show compliance with requirements to maintain the current ratio, fixed ratio, liability ratio, financial liability ratio, equity ratio, interest coverage ratio, tangible assets and net asset value as well as the ability to repay the current portion of long-term liabilities in its annual and semiannual consolidated financial statements. As of December 31, 2023, PTI was in compliance with these ratio requirements.

19. OTHER LIABILITIES

	December 31	
	2023	2022
Current		
Accrued expenses and other current liabilities		
Salaries and bonus	$ 2,634,466	$ 3,541,372
Agency receipts	172,518	405,740
Payable for insurance	251,730	254,753
Payable for utilities	250,290	220,057
Guarantee deposits (a)	162,870	131,934
Indemnification payable (b)	35,664	131,408
Payable for annual leave	15,990	37,502
Others	3,052,531	3,394,902
	$ 6,576,059	$ 8,117,668
Non-current		
Other liabilities		
Guarantee deposits (a)	$ 573,955	$ 735,683
Others	7,272	12,599
	$ 581,227	$ 748,282

a. Mainly production capacity guarantee deposits.

b. Indemnification payables are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

PTI, GEI, TeraPower Technology Inc. and Get-Team Tech Corporation adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

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

In February 2023, Greatek reached an agreement with part of its employees for terminating their defined benefit pension plans and to settle its defined benefit obligation by relevant regulations.

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

	December 31	
	2023	2022
Present value of defined benefit obligation	$ 422,594	$ 896,353
Fair value of plan assets	(332,823)	(616,470)
Net defined benefit liabilities	$ 89,771	$ 279,883
Net defined benefit assets	$ (2,643)	$ (2,539)
Net defined benefit liabilities	92,414	282,422
	$ 89,771	$ 279,883

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	$ 874,267	$ (506,528)	$ 367,739
Service cost			
Current service cost	5,458	-	5,458
Net interest expense (income)	6,134	(3,731)	2,403
Recognized in profit or loss	11,592	(3,731)	7,861
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(23,537)	(23,537)
Actuarial loss - changes in demographics assumptions	451	-	451
Actuarial gain - changes in financial assumptions	(42,474)	-	(42,474)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Actuarial loss (gain) - experience adjustments	$ 82,769	$ (15,914)	$ 66,855
Others	218	-	218
Recognized in other comprehensive income	40,964	(39,451)	1,513
Contributions from the employer	-	(91,593)	(91,593)
Benefits paid	(28,645)	24,833	(3,812)
Liabilities extinguished on settlement	-	-	-
Effects of foreign currency exchange differences	(1,825)	-	(1,825)
Balance at December 31, 2022	896,353	(616,470)	279,883
Service cost			
Current service cost	5,291	-	5,291
Gain on settlements	(79,598)	-	(79,598)
Net interest expense (income)	12,379	(8,669)	3,710
Recognized in profit or loss	(61,928)	(8,669)	(70,597)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,269)	(2,269)
Actuarial loss - changes in demographics assumptions	29	-	29
Actuarial loss - changes in financial assumptions	5,563	-	5,563
Actuarial loss - experience adjustments	(749)	(683)	(1,432)
Others	260	-	260
Recognized in other comprehensive income	5,103	(2,952)	2,151
Contributions from the employer	-	(15,220)	(15,220)
Benefits paid	(314,095)	310,488	(3,607)
Liabilities extinguished on settlement	(99,652)	-	(99,652)
Effects of foreign currency exchange differences	(3,187)	-	(3,187)
Balance at December 31, 2023	$ 422,594	$ (332,823)	$ 89,771

(Concluded)

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

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

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

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2023	2022
Discount rates	1.1%-1.3%	1.206%-1.40%
Expected rates of salary increase	2.05%-4.00%	2.05%-4.00%
Return on plan assets	1.1%-1.25%	1.40%

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

	December 31	
	2023	2022
Discount rate		
0.50% increase	$ (18,882)	$ (45,192)
0.50% decrease	$ 20,350	$ 47,722
Expected rate of salary increase/decrease		
0.50% increase	$ 19,908	$ 44,381
0.50% decrease	$ (18,659)	$ (42,346)

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

	December 31	
	2023	2022
Expected contributions to the plan for the next year	$ 12,267	$ 20,645
Average duration of the defined benefit obligation	2-14 years	11-15 years

21. EQUITY

a. Capital stock

1) Common stock

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	1,500,000	1,500,000
Shares authorized (in thousands of dollars)	$ 15,000,000	$ 15,000,000
Shares issued and fully paid (in thousands of shares)	759,147	759,147
Shares issued (in thousands of dollars)	$ 7,591,466	$ 7,591,466

Fully paid common stock, which have a par value of $10, carry 1 vote per share and carry a right to dividends.

Out of the shares authorized, 15,000 thousand shares were reserved for the issuance of employee share options.

As of December 31, 2023, 22 units of GDS of PTI were trading on the Luxembourg Share Exchange. The number of common stock represented by the GDSs was 44 shares (one GDS represents 2 common stock).

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to capital stock (1)		
Share premium	$ 1,879	$ 1,879
From treasury share transactions	158,488	75,888
May be used to offset a deficit only		
Changes in percentage of ownership interests in subsidiaries (2)	71,883	71,773
Unclaimed dividends after effective period	4,821	-
	$ 237,071	$ 149,540

1) The premium from shares issued in excess of par may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under PTI's dividends policy as set forth in the Articles of Incorporation, PTI should make appropriations from its net income in the following order:

1) Offset deficits.

2) Set aside as legal reserve 10% of the remaining profit.

3) Appropriate as special reserve.

4) After the above-mentioned amounts have been deducted, any remaining profit from the previous years and the current year's undistributed retained earnings shall be used by PTI's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders as to whether the amount should be distributed as dividends or retained within PTI.

Dividends are distributed in the form of cash, common stock or a combination of cash and common stock. In consideration of PTI being in a capital-intensive industry as well as the present and future investment environment, capital demand, market competition, capital budget, shareholders' interests, balanced dividend considerations and long-term financial plans, PTI's Articles of Incorporation provide that the total cash dividends paid in any given year should be at least 20% of total dividends distributed.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 23(g).

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals PTI's capital surplus. The legal reserve may be used to offset deficit. If PTI has no deficit and the legal reserve has exceeded 25% of PTI's capital surplus, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from the prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021 were approved in the shareholders' meetings on May 31, 2023 and May 27, 2022, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2022	**2021**
Legal reserve	$ 870,416	$ 890,790
Special reserve	$ (108,395)	$ 343,641
Cash dividends	$ 5,314,026	$ 5,162,197
Cash dividends per share (NT$)	$ 7	$ 6.8

The appropriation of earnings for 2023, which were proposed by PTI's board of directors on March 8, 2024. were as follows:

	For the Year Ended December 31, 2023
Legal reserve	$ 800,489
Special reserve reversed	$ 130,039
Cash dividends	$ 5,314,026
Cash dividends per share (NT$)	$ 7

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on May 30, 2024.

d. Other equity items

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

	For the Year Ended December 31	
	2023	**2022**
Balance at January 1	$ (501,790)	$ (690,969)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(157,027)	189,179
Reclassification adjustments		
Disposal of subsidiaries accounted for using the equity method	(58,314)	-
Other comprehensive (loss) income recognized for the year	(215,341)	189,179
Balance at December 31	$ (717,131)	$ (501,790)

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (32,655)	$ (19,654)
Recognized for the year		
Unrealized gain (loss) - equity instruments	17,519	(13,001)
Other comprehensive income (loss) recognized for the year	17,519	(13,001)
Balance at December 31	$ (15,136)	$ (32,655)

e. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 14,034,080	$ 13,799,059
Share in profit for the year	1,500,627	2,065,119
Other comprehensive income (loss) for the year		
Exchange differences on translation of the financial statements of foreign entities	54,593	11,568
Remeasurement on defined benefit plans	1,472	(18,946)
Donations from shareholders	147	-
Cash dividends to shareholders from subsidiaries	(1,353,965)	(1,734,690)
The Parent's shares held by its subsidiaries treated as treasury shares	-	(91,361)
Additional non-controlling interests recognized on acquisition of subsidiary	-	3,331
Balance at December 31	$ 14,236,954	$ 14,034,080

f. Treasury shares

Purpose of Buy-Back	Shares Cancelled (In Thousands of Shares)	Shares Held by Subsidiary (In Thousands of Shares)
Number of shares at January 1, 2022	10,412	10,000
Increase during the year	9,588	1,800
Decrease during the year	(20,000)	-
Number of shares at December 31, 2022	-	11,800
Number of shares at December 31, 2023	-	11,800

PTI's shares held by its subsidiaries at the end of the reporting period were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
December 31, 2023			
Greatek Electronics Inc.	11,800	$ 1,663,800	$ 1,663,800
December 31, 2022			
Greatek Electronics Inc	11,800	$ 934,560	$ 934,560

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. PTI's shares held by its subsidiary are treated as treasury shares.

22. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from packaging services	$ 48,615,983	$ 56,640,115
Revenue from testing services	15,830,785	18,770,932
Revenue from module services	5,965,582	8,455,733
Others	28,595	59,955
	$ 70,440,945	$ 83,926,735

a. Contract information

As the Corporation fulfills the obligations in the contract for testing services, the customer simultaneously receives and consumes the benefits provided by the Corporation. The Corporation has the right to revenue collection for the portion of testing services that have been fulfilled, and the revenue from testing services is recognized over time. The Corporation fulfills the obligations in the contract for packaging services when the customer creates or enhances the goods they have control of. The Corporation has the right to revenue collection for the portion of packaging services that have been fulfilled, and the revenue from packaging services is recognized over time.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties) (Note 10)	$ 16,678,796	$ 14,346,898	$ 17,975,014
Contract assets			
Revenue from processing services	$ 2,363,716	$ 2,645,344	$ 2,418,865
Contract liabilities			
Revenue from processing services	$ 131,106	$ 226,859	$ 164,824

The changes in the contract asset and the contract liability balances primarily result from the timing difference between the Corporation's performance and the respective customer's payment.

Revenue recognized in the current reporting period from the contract liabilities at the beginning of the year and from the performance obligations which were satisfied in the previous period is as follows:

	For the Year Ended December 31	
	2023	2022
From the contract liabilities at the beginning of the year		
Revenue from processing services	$ 139,895	$ 142,135

c. Disaggregation of revenue from contracts with customers

	For the Year Ended December 31	
	2023	2022
Primary geographical markets		
Japan	$ 21,514,180	$ 27,189,539
Taiwan (the principal place of business of the Corporation)	18,117,103	25,119,738
America	9,446,028	13,728,399
Singapore	15,689,481	11,349,663
China, Hong Kong and Macao	2,038,684	2,250,357
Europe	1,689,438	1,930,719
Others	1,946,031	2,358,320
	$ 70,440,945	$ 83,926,735

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	$ 80,343	$ 57,316
Financial liabilities classified as held for trading	(280,374)	(641,610)
Impairment loss of non-financial assets	(21,490)	(2,869)
Gain on disposal of subsidiaries	3,574,928	-
Others	416,824	344,302
	$ 3,770,231	$ (242,861)

b. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$ 337,289	$ 106,507
Net investment in leases presented	4,165	582
Financial assets measured at amortized cost	611	2,377
Others	3	1
	$ 342,068	$ 109,467

c. Other income

	For the Year Ended December 31	
	2023	2022
Rental income		
Operating lease rental income	$ 13,642	$ 71,684

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	$ 398,744	$ 324,544
Interest on lease liabilities	23,523	24,002
Capitalized interest	(95,515)	(92,178)
Other	40	-
	$ 326,792	$ 256,368

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest	$ 95,515	$ 92,178
Capitalization rate	1.338%-1.471%	0.833%-1.338%

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 13,516,973	$ 14,755,457
Right-of-use assets	67,820	63,323
Intangible assets	29,425	35,855
Total	$ 13,614,218	$ 14,854,635
An analysis of depreciation by function		
Cost of revenue	$ 12,671,060	$ 14,143,204
Operating expenses	913,733	675,576
	$ 13,584,793	$ 14,818,780
An analysis of amortization by function		
Cost of revenue	$ 21,111	$ 26,881
Operating expenses	8,314	8,974
	$ 29,425	$ 35,855

Refer to Note 16 for information relating to the line items in which any amortization of intangible assets is included.

f. Employee benefit expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits (Note 20)		
Defined contribution plans	$ 599,998	$ 623,222
Defined benefit plans	(70,597)	7,861
	529,401	631,083
Termination benefits	3,287	185
Other employee benefits	15,522,653	17,991,620
Total employee benefit expense	$ 16,055,341	$ 18,622,888

(Continued)

	For the Year Ended December 31	
	2023	2022
An analysis of employee benefits expense by function		
Cost of revenue	$ 13,671,046	$ 15,633,112
Operating expenses	2,384,295	2,989,776
	$ 16,055,341	$ 18,622,888

(Concluded)

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of PTI, PTI accrues compensation of employees and remuneration of directors at the rates between 5% and 7.5% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. However, if PTI has accumulated deficits (including adjustment of unappropriated earnings), PTI should retain the net profit in advance for deducting accumulated deficits. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which were approved by PTI's board of directors on March 8, 2024 and March 10, 2023, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	5.47%	5.42%
Remuneration of directors	1.09%	1.08%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	$ 540,574	$ 586,354
Remuneration of directors	108,115	117,271

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

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

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

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	$ 1,445,673	$ 2,980,730
Foreign exchange losses	(1,333,789)	(1,470,743)
Net gains	$ 111,884	$ 1,509,987

24. INCOME TAXES

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 2,564,895	$ 2,848,706
Income tax on unappropriated earnings	66,345	46,552
Adjustments for prior years	(57,724)	24,229
	2,573,516	2,919,487
Deferred tax		
In respect of the current year	(39,538)	(31,410)
Income tax expense recognized in profit or loss	$ 2,533,978	$ 2,888,077

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

	For the Year Ended December 31	
	2023	2022
Profit before income tax	$ 12,043,115	$ 13,639,926
Income tax expense calculated at the statutory rate	$ 3,140,925	$ 3,376,444
Items that should be reduce	(617,942)	(663,327)
Nondeductible expenses in determining taxable income	1,581	1,996
Income tax on unappropriated earnings	66,345	46,552
Generation of temporary differences	25,969	94,838
Unrecognized loss carryforwards	(57,391)	(21,381)
Adjustments for prior years' tax	(57,724)	24,229
Others	32,215	28,726
Income tax expense recognized in profit or loss	$ 2,533,978	$ 2,888,077

b. Current tax liabilities

	December 31	
	2023	2022
Current tax liabilities		
Tax payable	$ 1,540,856	$ 1,359,309

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were follows:

For the year ended December 31, 2023

	Balance, Beginning of Year	Movements in the Year	Disposal of subsidiaries	Balance, End of Year
Deferred tax assets				
Temporary differences	$ 227,759	$ 91,578	$ (417)	$ 318,920

(Continued)

	Balance, Beginning of Year	Movements in the Year	Disposal of subsidiaries	Balance, End of Year
Deferred tax liabilities				
Temporary differences	$ 302,326	$ 52,040	$ -	$ 354,366

(Concluded)

For the year ended December 31, 2022

	Balance, Beginning of Year	Movements in the Year	Balance, End of Year
Deferred tax assets			
Temporary differences	$ 86,079	$ 141,680	$ 227,759
Deferred tax liabilities			
Temporary differences	$ 192,056	$ 110,270	$ 302,326

d. Items for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2023	2022
Loss carryforwards		
Expiry in 2026	$ -	$ 75,751
Expiry in 2027	-	202,631
Expiry in 2028	-	83,641
Expiry in 2029	-	17,579
	$ -	$ 379,602
Deductible temporary differences	$ -	$ 115,150

e. The Pillar Two income tax legislation

In March 2023, the government of Tera Probe was incorporated and substantively enacted the Pillar Two income tax legislation effective April 1, 2024. Since the Pillar Two income tax legislation was not effective at the reporting date, the Corporation has no related current tax exposure.

Under the legislation, Tera Probe will be required to pay, in Japan, a top-up tax on the profits if the effective tax rate is less than 15 percent. As of December 31, 2023, there are no country effects for Pillar 2, so there is no major effect that may lead to exposure to this income tax risk. However, the Company continues to evaluate the impact of the Pillar two Income Tax legislation on its future financial performance.

f. Income tax assessments

The Corporation’s income tax returns through 2021 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	**2022**
Basic earnings per share	$ 10.72	$ 11.60
Diluted earnings per share	$ 10.64	$ 11.47

The earnings and weighted average number of common stock outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2023	**2022**
Profit for the year attributable to the owner of the Parent	$ 8,008,511	$ 8,686,730
Effect of potentially dilutive common stock:		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	$ 8,008,511	$ 8,686,730

Weighted average number of common stock outstanding (in thousands of shares):

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of common stock used in the computation of basic earnings per share	747,347	748,748
Effect of potentially dilutive common stock:		
Compensation of employees	5,065	8,593
Weighted average number of common stock used in the computation of dilutive earnings per share	752,412	757,341

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

26. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Get-Team Tech Corporation (Get-Team)	Metal plating on semiconductor lead frame	October 5, 2022	97.46	$ 171,523

Get-Team Tech was acquired in order to continue the expansion of assembly service.

b. Consideration transferred

	Get-Team Tech Corporation
Cash	$ 171,523

The fair value of the common stock of Get-Team, determined by an in dependent expert on distribution of cash at the date of the acquisition, amounted to $171,523 thousand.

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

	Get-Team Tech Corporation
Current assets	
Cash	$ 44,329
Accounts receivable	45,692
Inventories	3,353
Other current assets	11,587
Non-current assets	
Property, plant and equipment	41,468
Right-of-use assets	17,997
Intangible assets	41,383
Other non-current assets	1,040
Current liabilities	
Accounts payable	(8,979)
Accrued compensation to employees and remuneration to directors	(160)
Current income tax liabilities	(1,287)
Accrued expenses and other current liabilities	(8,067)
Non-current liabilities	
Deferred income tax liabilities	(11,775)
Lease liabilities	(19,623)
	$ 156,958

The tax bases of Get-Team's assets were required to be based on the market values of the assets. At the date of issuance of these consolidated financial statements, the necessary market valuations and other calculations have been finalized, and been determined based on the market values of the tax values.

d. Non-controlling interests

The non-controlling interest (a 2.54% ownership interest in Get-Team) recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest.

e. Goodwill recognized on acquisitions

	Get-Team Tech Corporation
Consideration transferred	$ 171,523
Plus: Non-controlling interests (2.54% in Get-Team)	3,331
Less: Fair value of identifiable net assets acquired	(156,958)
	$ 17,896

The goodwill recognized in the acquisitions of Get-Team mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces of Get-Team. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

f. Net cash outflow on the acquisition of subsidiaries

	Get-Team Tech Corporation
Consideration paid in cash	$ 171,523
Less: Cash and cash equivalent balances acquired	(44,329)
	$ 127,194

27. DISPOSAL OF SUBSIDIARIES

On June 27, 2023, the board of directors of the Corporation approved the disposal of 70% shares of Powertech Technology (Suzhou) Ltd. to Shenzhen Longsys Electronics Co., Ltd. On October 1, 2023, the transfer of shares was completed, and control over the subsidiary was lost.

a.Consideration received

	December 31, 2023
Total consideration received	$ 5,465,777

b. Analysis of assets and liabilities upon losing control

	December 31, 2023
CURRENT ASSETS	
Cash and cash equivalents	$ 442,230
Contract assets	47,123
Accounts receivable (including related parties)	365,660
Other receivables from related parties (including related parties)	13,537
Inventories	58,637
Other current assets	13,182
NON-CURRENT ASSETS	
Property, plant and equipment	1,309,301
Right-of-use assets	51,114
Intangible assets	1,117
Deferred income tax assets	417
CURRENT LIABILITIES	
Accounts payable (including related parties)	(88,861)
Payables to equipment suppliers	(72,333)
Other payables - related parties (including related parties)	(21,346)
Accrued expenses and other current liabilities	(287,243)
Net assets disposed of	$ 1,832,535

c. Gain on disposal of subsidiaries

	December 31, 2023
Consideration received	$ 5,465,777
Net assets disposed of	(1,832,535)
Reclassification of other comprehensive income in respect of subsidiaries	(58,314)
Gain on disposal of subsidiaries	$ 3,574,928

d. Net cash inflow from disposal of subsidiaries

	December 31, 2023
Consideration received in cash and cash equivalents	$ 5,465,777
Less: Cash and cash equivalent balances disposed of	(442,230)
	$ 5,023,547

28. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure its ability to continue as a going concern while maximizing the return to stakeholders. The Corporation's overall strategy remains unchanged from the previous year.

The capital structure of the Corporation consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

29. FINANCIAL INSTRUMENTS

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

December 31, 2023

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost					
Domestic corporate bonds	$ 50,000	$ -	$ 50,000	$ -	$ 50,000

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost					
Domestic corporate bonds	$ 100,000	$ -	$ 100,082	$ -	$ 100,082

The above-mentioned level 2 fair value measurement was based on quoted prices from the Taipei Exchange.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 28,659	$ -	$ 28,659
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	$ 1,662	$ 33,000	$ -	$ 34,662
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 504	$ -	$ 504

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 28,209	$ -	$ -	$ 28,209
Derivative instruments	-	38,410	-	38,410
	$ 28,209	$ 38,410	$ -	$ 66,619
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	$ 943	$ 16,200	$ -	$ 17,143
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 7,446	$ -	$ 7,446

There were no transfers between Levels 1 and 2 in 2023 and 2022.

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Unlisted securities	Using the market approach and the binomial option pricing model to calculate the fair value.

c. Categories of financial instruments

	December 31	
	2023	**2022**
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	$ 28,659	$ 66,619
Financial assets at amortized cost (Note 1)	40,137,954	36,770,102
Financial assets at FVTOCI		
Equity instruments	34,662	17,143
<u>Financial liabilities</u>		
FVTPL		
Held for trading	504	7,446
Amortized cost (Note 2)	31,415,378	40,883,693

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, time deposits with original maturities of more than 3 months, notes and accounts receivable (including related parties), other receivables (including related parties), pledged time deposits and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term loans, notes and accounts payable (including related parties), other payables (including related parties), accrued expenses, other current liabilities and long-term debt (including current portion) and guarantee deposit.

d. Financial risk management objectives and policies

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

The Corporation sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Corporation's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function, an independent body that monitors risks and policies implemented to mitigate risk exposures reports quarterly to the Corporation's board of directors.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Corporation entered into a variety of derivative financial instruments (included forward exchange contracts) to manage its exposure to foreign currency risk.

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

a) Foreign currency risk

The Corporation's operating activities are partially denominated in foreign currencies and apply natural hedge. The purpose of the Corporation's management of the foreign currency risk is to hedge against the risk instead of making a profit.

The strategy of foreign currency risk management is to review the net position exposed to foreign currency risk and manage the risk of the net position. The Corporation selects the instruments to hedge against currency exposure taking into consideration the hedging cost and period. The Corporation currently utilizes derivative financial instruments, including buy/sell foreign exchange forward contracts, to hedge against foreign currency exchange risk.

For the carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, refer to Note 33.

The Corporation uses forward exchange contracts to reduce foreign currency risk exposure. It is the Corporation's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

As net investments in foreign operations are for strategic purposes, they are not hedged by the Corporation.

Sensitivity analysis

The Corporation was mainly exposed to the USD and JPY.

The following table details the Corporation's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges and their adjusted translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis included cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), accounts payable (including related parties), other payables (including related parties), short-term bank loans and long-term debt. The number below indicates the decrease/increase in pre-tax profit when the functional currency strengthens 5% against the relevant currency.

	USD Impact		**JPY Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2023	**2022**	**2023**	**2022**
Profit or loss	$ (874,289)	$ (636,520)	$ 21,330	$ 25,342

b) Interest rate risk

As the Corporation owns assets at both fixed and floating interest rates, the Corporation is exposed to interest rate risk. The Corporation's interest rate risk also comes from borrowings at floating interest rates. Since the Corporation's bank borrowings are at floating interest rates, fluctuations in interest rates will affect cash flow in the future but will not affect the fair value.

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows.

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	$ 12,677,621	$ 7,326,077
Financial liabilities	456,330	670,474
Cash flow interest rate risk		
Financial assets	9,353,831	13,467,495
Financial liabilities	23,374,756	29,935,249

Sensitivity analysis

The sensitivity analysis below was determined based on the Corporation's exposure to interest rate risk for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of both the assets and the liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2023 and 2022 would decrease/increase by $14,021 thousand and $16,468 thousand, respectively, which was mainly attributable to the Corporation's exposure to interest rate risk on its variable-rate net liabilities.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Corporation does not actively trade these investments. The Corporation's equity price risk was mainly concentrated on equity instruments in the electronics industry sector quoted in the Taipei Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increase/decrease by $0 thousand and $1,410 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the post-tax other comprehensive income for the year ended December 31, 2023 and 2022 would have increase/decrease by $1,733 thousand and $857 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure of the counterparty to discharge an obligation arises from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

In order to minimize credit risk, the management of the Corporation has set up an approach for credit and accounts receivable management to ensure that follow-up action is taken to recover overdue debt. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In this regard, the directors of the Corporation consider that the Corporation's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with good credit ratings.

The counterparties of trade receivables cover a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Corporation's concentration of credit risk was related to the three largest customers within the Corporation. Besides the aforementioned customers, there was no other customer that accounted for 10% of total gross accounts receivable for the years ended December 31, 2023 and 2022. The three largest customers are creditworthy counterparties; therefore, the Corporation believes the concentration of credit risk is insignificant for the remaining accounts receivable.

Credit risk management for investments in debt instruments

The Corporation only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Corporation's exposure and the external credit ratings are continuously monitored. The Corporation reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

The Corporation considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecasts to estimate 12-month or lifetime expected credit losses. The Corporation's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL	-

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows.

The Corporation relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Corporation had available unutilized overdraft and short-term bank loan facilities of approximately $3,600,826 thousand and $4,578,641 thousand, respectively.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The tables include both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	$ 2,356,743	$ 3,698,173	$ 792,551	$ -	$ -
Lease liabilities	5,098	10,196	45,321	220,958	1,530,201
Fixed interest rate liabilities	-	96,155	92,896	267,279	-
Variable interest rate liabilities	-	-	444,048	20,989,096	1,941,612
Guarantee deposits	25,339	15,367	122,164	572,181	1,774
	$ 2,387,180	$ 3,819,891	$ 1,496,980	$22,049,514	$ 3,473,587

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 60,615	$ 220,958	$ 238,532	$ 235,531	$ 234,291	$ 821,847
Variable interest rate	$ 444,048	$ 20,989,096	$ 1,570,885	$ 370,727	$ -	$ -
Guarantee deposits	$ 162,870	$ 572,181	$ 1,758	$ -	$ -	$ 16

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	$ 4,222,227	$ 4,431,558	$ 756,568	$ -	$ -
Lease liabilities	7,856	15,712	66,467	226,174	1,578,124
Fixed interest rate liabilities	-	118,524	133,630	418,320	-
Variable interest rate liabilities	-	-	-	23,802,779	6,132,470
Guarantee deposits	17,630	-	114,348	650,568	85,071
	$ 4,247,713	$ 4,565,794	$ 1,071,013	$25,097,841	$ 7,795,665

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 90,035	$ 226,174	$ 239,117	$ 236,011	$ 234,291	$ 868,705
Variable interest rate	$ -	$ 23,802,779	$ 5,689,903	$ 366,857	$ 75,710	$ -
Guarantee deposits	$ 131,978	$ 650,568	$ 85,055	$ -	$ -	$ 16

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Corporation's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
Gross settled			
Foreign exchange forward contracts			
Inflows	$ 675,241	$ 635,803	$ 166,712
Outflows	(662,824)	(624,032)	(162,745)
	$ 12,417	$ 11,771	$ 3,967

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
Gross settled			
Foreign exchange forward contracts			
Inflows	$ 2,290,374	$ 1,585,405	$ 27,408
Outflows	(2,262,019)	(1,583,022)	(27,182)
	$ 28,355	$ 2,383	$ 226

c) Financing facilities

	December 31	
	2023	2022
Secured bank loan facilities which may be mutually extended		
Amount used	$ 18,128,714	$ 20,414,539
Amount unused	6,500,000	6,900,000
	$ 24,628,714	$ 27,314,539

30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between PTI and its subsidiaries, which were related parties of PTI, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between PTI and other related parties are disclosed below.

a. Related party name and relationship

Related Party Name	Relationship with the Corporation
Kioxia Corporation	Substantial related party
Toshiba International Procurement Hong Kong, Ltd.	Substantial related party
Toshiba Information Systems (Japan) Corporation	Substantial related party
Toshiba Trading Inc.	Substantial related party
Toshiba Electronic Devices & Storage Corporation	Substantial related party
Kingston Technology International Ltd.	Substantial related party
Kingston Digital International Ltd.	Substantial related party
Longforce Technology (Suzhou) Ltd. (Note)	Associate
Kingston Solution, Inc.	Substantial related party
Kingston Technology Far East Corp.	Substantial related party
Solid State Storage Technology Corporation	Substantial related party
Realtek Singapore Private Limited	Substantial related party
Realtek Semiconductor Corp.	Substantial related party
Raymx Microelectronic Corp.	Substantial related party
Kingston Technology International Limited (Ireland)	Substantial related party
PTI Education Foundation	Substantial related party
KIOXIA Semiconductor Taiwan Corporation	Substantial related party

Note: Powertech Technology (Suzhou) Ltd. will not be included in consolidated financial statement, as the Company lost its control on October 1, 2023. Therefore, the company's name was changed from Powertech Technology (Suzhou) Ltd. to Longforce Technology (Suzhou) Ltd..

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31 2023	2022
Sales of goods	Substantial related parties		
	Kioxia Corporation	$ 14,717,119	$ 20,882,528
	Others	2,229,417	1,896,429
		16,946,536	22,778,957
	Associates	2,880	-
		$ 16,949,416	$ 22,778,957

Sales transactions with related parties were based on normal commercial prices and terms. In general, the payment terms for the sales of the Corporation is from 30 days to 150 days starting from the first day of the month following the invoice date.

c. Purchases

Related Party Category	For the Year Ended December 31 2023	2022
Substantial related parties	$ 230,023	$ 1,192,843
Associates	44	-
	$ 230,067	$ 1,192,843

The purchase prices and payment terms were based on negotiations and thus not comparable with those in the market.

d. Cost of revenue

Related Party Category	For the Year Ended December 31 2023	2022
Associates	$ 90,179	$ -
Substantial related parties	-	162
	$ 90,179	$ 162

Cost of revenue mainly was subcontract costs and occasional fee.

e. Operation expense

Related Party Category	For the Year Ended December 31 2023	2022
Substantial related parties	$ 3,000	$ -

Mainly was donation.

f. Other gains and losses

Related Party Category	For the Year Ended December 31 2023	2022
Substantial related parties	$ 22,382	$ (22,535)
Associates	1,376	-
	$ 23,758	$ (22,535)

Other gains and losses mainly include the purchase and sales of raw materials, compensation loss and the difference between collections and payment transfers. The purchase and sales of raw materials were based on conditions agreed by both parties for which there are no comparable transactions in the market.

g. Contract assets

Related Party Category/Name	December 31 2023	2022
Substantial related parties		
Kioxia Corporation	$ 696,550	$ 829,624
Others	79,121	75,486
	$ 775,671	$ 905,110

For the years ended December 31, 2023 and 2022, no impairment loss was recognized for contract assets from related parties.

h. Accounts receivable from related parties (excluding loans to related parties and contract assets)

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Accounts receivable from related parties	Substantial related parties		
	Kioxia Corporation	$ 4,645,748	$ 4,769,255
	Others	529,523	325,226
		$ 5,175,271	$ 5,094,481

The outstanding accounts receivable from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for accounts receivables from related parties.

i. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Accounts payable from related parties	Substantial related parties		
	Solid State Storage Technology Corporation	$ 124,068	$ 70,748
	Toshiba International	-	11,936
		124,068	82,684
	Associates	43	-
		$ 124,111	$ 82,684

The outstanding accounts payable from related parties are unsecured.

j. Other receivables from related parties

Related Party Category/Name	December 31 2023	December 31 2022
Substantial related parties		
Kioxia Corporation	$ 26,525	$ 65,783
Others	-	328
	26,525	66,111
Associates		
Longforce Technology (Suzhou) Ltd.	73,813	-
	$ 100,338	$ 66,111

k. Other payables from related parties

Related Party Category	December 31 2023	December 31 2022
Substantial related parties		
Kioxia Corporation	$ 39,262	$ 31,758
Other	-	556
	39,262	32,314
Associates		
Longforce Technology (Suzhou) Ltd.	87,452	-
	$ 126,714	$ 32,314

l. Acquisition of property, plant and equipment

Related Party Category/Name	Acquisition Price For the Year Ended December 31 2023	2022
Substantial related party	$ 22,078	$ -

m. Disposal of property, plant and equipment

Related Party Category	Proceeds For the Year Ended December 31 2023	2022	Gain (Loss) on Disposal For the Year Ended December 31 2023	2022
Associates	$ 9,601	$ -	$ 9,601	$ -

The sale of property, plant and equipment to related parties and the purchase of property, plant and equipment from related parties were based on negotiations of cooperation agreements for which there were no comparable transactions in the market. The gain on disposal of property, plant and equipment was deferred.

n. Compensation of key management personnel

Related Party Category/Name	For the Year Ended December 31 2023	2022
Short-term benefits	$ 464,608	$ 531,118
Post-employment benefits	2,115	2,047
	$ 466,723	$ 533,165

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were mainly provided for long-term bank loans, customs surety bonds, bank guarantees, bonded warehouse guarantee deposits and lease deposits:

Related Party Category/Name	December 31 2023	2022
Property, plant and equipment	$ 20,335,828	$ 24,918,762
Pledge deposits (classified as financial assets at amortized cost - current)	-	13,468
Restricted deposits (classified as financial assets at amortized cost - current)	160,744	30,708
Pledge deposits (classified as financial assets at amortized cost - non-current)	207,444	124,334
	$ 20,704,016	$ 25,087,272

32. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

In addition to the contents disclosed in other notes, the Corporation has the following significant / commitments and contingencies in the balance sheet:

a. From December 2020 to December 2021, PTI signed purchase agreements for equipment worth $588,119 thousand with Disco Hi-Tec Taiwan Co., Ltd. As of December 31, 2023, the Corporation has paid a total of $570,536 thousand, and the remaining amount of 17,583 thousand was canceled by negotiation.

b. From December 2021 to August 2022, PTI signed purchase agreements for equipment worth $523,210 with Disco Hi-Tec Taiwan Co., Ltd. As of December 31, 2023, the Corporation had paid a total of $438,168 thousand.

c. From July 2021 to July 2022, PTI signed a contract worth $728,248 thousand with Jian Ming Construction Co. Ltd. to set up new plant construction and factory engineering. As of December 31, 2023, PTI had paid a total of $541,698 thousand.

d. As of December 31, 2023, PTI unused letters of credit for purchases of machinery and equipment amounted to approximately JPY64,400 thousand and EUR1,568 thousand.

e. In November 2021, PTI entered into capacity reservation agreements with Zhen Ding Technology Co., Ltd. The deposits in a required aggregate amount of US$35,000 thousand were paid to suppliers in compliance with the agreements and refunded to PTI when terms set forth in the agreements have been satisfied. According to the agreements, the deposits will be refunded in 58 installments starting from March 2023. As of December 31, 2023, the Corporation has paid a total of US$35,000 thousand, and recovered US$6,000 thousand.

f. From October 2021 to January 2022, January 2022 to April and 2022, May 2022 to July 2022, the TeraPower Technology Inc. signed a purchase agreement of equipment worth $655,415 thousand, $505,372 thousand and $649,333 thousand with Advantest Taiwan Inc., As of December 31, 2023, the TeraPower Technology Inc. has paid a total of $512,485 thousand, $381,066 thousand and $143,596 thousand, respectively,the remaining amont of 142,930 thousand, 124,306 thousand and was 505,737 thousand canceled by negotiation.

g. From April 2023 to June 2023, the TeraPower Technology Inc. signed a purchase agreement of equipment worth $ $546,904 thousand with Advantest Taiwan Inc., As of December 31, 2023, the TeraPower Technology Inc. has paid a total of $215,906 thousand.

h. From July 2021 to July 2022, Tera Probe, Inc. signed a purchase agreement of equipment worth $640,534 thousand with Teradyne Inc. As of December 31, 2023, Tera Probe, Inc. has paid $609,928 thousand.

i. In April 2022, Greatek Electronics Inc. signed a contract worth $414,000 thousand with Jian Ming Contractor Co., Ltd. for construction of staff dorm. As of December 31, 2023, Greatek Electronics Inc. has paid a total of $372,600 thousand.

j. In July 2022, Greatek Electronics Inc. signed a contract worth $418,000 thousand with Jiu Han System Technology Co., Ltd. for electromechanical air conditioning and fire engineering for staff dorm. As of December 31, 2023, Greatek Electronics Inc. has paid a total of $376,200 thousand.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Corporation's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and respective functional currencies were as follows:

	December 31, 2023		
	Foreign Currency	**Exchange Rate**	**Carrying Amount**
Financial assets			
Monetary items			
USD	$ 705,904	30.7350 (USD:NTD)	$ 21,695,959
USD	6,745	141.4100 (USD:JPY)	207,308
JPY	173,565	0.2173 (JPY:NTD)	37,716
JPY	189,966	0.0071 (JPY:USD)	41,280
SGD	645	0.7584 (SGD:USD)	15,035
RMB	45,094	0.141 (RMB:USD)	195,428
RMB	12,114	4.3338 (RMB:NTD)	52,500
			$ 22,245,226
Non-monetary items			
USD	607	30.7350 (USD:NTD)	$ 18,651
JPY	43,219	0.2173 (JPY:NTD)	9,392
RMB	142	4.3338 (RMB:NTD)	616
			$ 28,659
Financial liabilities			
Monetary items			
USD	143,379	30.3750 (USD:NTD)	$ 4,406,754
USD	349	141.4100 (USD:JPY)	10,727
EUR	41	34.0114 (EUR:NTD)	1,394
JPY	1,958,664	0.2173 (JPY:NTD)	425,618
JPY	368,038	0.0071 (JPY:USD)	79,975
RMB	12,081	4.3338 (RMB:USD)	52,357
			$ 4,976,825
Non-monetary items			
USD	16	30.7350 (USD:NTD)	$ 504

	December 31, 2022		
	Foreign Currency	**Exchange Rate**	**Carrying Amount**
Financial assets			
Monetary items			
USD	$ 595,039	30.7080 (USD:NTD)	$ 18,272,458
USD	9,588	6.9514 (USD:RMB)	294,428

(Continued)

	December 31, 2022		
	Foreign Currency	Exchange Rate	Carrying Amount
USD	$ 6,558	132.12 (USD:JPY)	$ 201,383
JPY	883,774	0.2324 (JPY:NTD)	205,389
JPY	3,611	0.0526 (JPY:RMB)	839
JPY	200,090	0.0076 (JPY:USD)	46,501
SGD	642	0.7447 (SGD:USD)	14,681
RMB	33,070	0.1439 (RMB:USD)	146,087
RMB	13,358	4.4175 (RMB:NTD)	59,009
			$ 19,240,775
Non-monetary items			
USD	904	30.7080 (USD:NTD)	$ 27,755
JPY	45,846	0.2324 (JPY:NTD)	10,655
			$ 38,410
Financial liabilities			
Monetary items			
USD	186,628	30.7080 (USD:NTD)	$ 5,730,973
USD	4,743	6.9514 (USD:RMB)	145,648
USD	5,251	132.12 (USD:JPY)	161,248
EUR	1,134	32.7086 (EUR:NTD)	37,092
JPY	3,001,847	0.2324 (JPY:NTD)	697,629
JPY	96,703	0.0526 (JPY:RMB)	22,474
JPY	169,783	0.0076 (JPY:USD)	39,458
RMB	15,400	0.1439 (RMB:USD)	68,030
			$ 6,902,552
Non-monetary items			
USD	212	30.7080 (USD:NTD)	$ 6,508
JPY	3,196	0.2324 (JPY:NTD)	743
RMB	44	4.4175 (RMB:NTD)	195
			$ 7,446

(Concluded)

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains were $111,884 thousand and $1,509,987 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and currencies of the entities in the Corporation.

34. SEPARATELY DISCLOSED ITEMS

Except for the following, the Corporation has no other significant transactions, investees and investments in mainland China that need to be disclosed as required by the Securities and Futures Bureau.

a. Financing provided to others: None.

b. Endorsements/guarantees provided: None.

c. Marketable securities held: Table 1 (attached).

d. Marketable securities acquired or disposed of at costs or prices amounting to at least NT$300 million or 20% of the paid-in capital: Table 2 (attached).

e. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

f. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

g. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Table 3 (attached).

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4 (attached).

i. Derivative transactions: Note 7.

j. Intercompany relationships and significant intercompany transactions: Table 5 (attached).

k. Information of investees: Table 6 (attached).)

l. Information on investments in mainland China: Table 7 (attached).

   Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investments at the end of the period, repatriations of investment income, and limit on the amount of investments in the mainland China area: Note 34 (j).

m. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None.

35. SEGMENT INFORMATION

a. The revenue, operating results and financial information of each plant presented to the chief operating decision maker are consistent with the information in the consolidated financial statements. The segment revenues and operating results for the years ended December 31, 2023 and 2022 are shown in the consolidated income statements for the years ended December 31, 2023 and 2022. The segment assets as of December 31, 2023 and 2022 are shown in the consolidated balance sheets as of December 31, 2023 and 2022.

b. Geographical information

The Corporation's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below.

	Revenue For the Year Ended December 31		Non-current Assets December 31	
	2023	2022	2023	2022
Japan	$ 21,514,180	$ 27,189,539	$ 2,662,729	$ 2,200,264
Taiwan (the principal place of business of PTI)	18,117,103	25,119,738	55,786,228	62,705,877
Singapore	15,689,481	11,349,663	-	27
America	9,446,028	13,728,399	-	-
China, Hong Kong and Macao	2,038,684	2,250,357	930,485	2,500,713
Europe	1,689,438	1,930,719	-	-
Others	1,946,031	2,358,320	-	-
	$ 70,440,945	$ 83,926,735	$ 59,379,442	$ 67,406,881

Non-current assets exclude financial instruments, deferred tax assets, and other assets.

c. Major customers

Sales to customers amounting to at least 10% of total gross sales:

	For the Year Ended December 31			
	2023		2022	
Customer	Amount	% of Total	Amount	% of Total
A	$ 17,978,222	26	$ 18,688,423	22
B	14,717,119	21	20,882,528	25
C	6,039,665	9	9,651,686	12

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares (In Thousands)	Carrying Value	% of Ownership	Fair Value	
Powertech Technology Inc.	Stock							
	Solid state system Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,053	$ 34,662	3	$ 34,662	Note 3
Greatek Electronics Inc.	Bond							
	P08 Taipower 3A	-	Financial assets at amortized cost - current	50	50,000	-	50,000	Note 2
	Stock							
	Powertech Technology Inc.	Parent entity	Financial assets at fair value through other comprehensive income - noncurrent	11,800	1,663,800	2	1,663,800	Note 1
	SAMHOP Microelectronics Corp.	-	Financial assets at fair value through profit or loss - noncurrent	268	-	3	-	Note 4
	Terawins Inc.	-	Financial assets at fair value through profit or loss - noncurrent	643	-	2	-	Note 4
	Airwave Technologies Inc.	-	Financial assets at fair value through profit or loss - noncurrent	93	-	1	-	Note 4

Note 1: The fair value was based on stock closing price as of December 31, 2023.

Note 2: The fair value was based on trading market in hundreds of new Taiwan dollars as of December 31, 2023.

Note 3: The fair value of common stock was based on stock closing price, and the fair value of privately placed shares was determined using valuation techniques as of December 31, 2023.

Note 4: The fair value was based on the carrying value as of December 31, 2023.

Note 5: As of December 31, 2023, the above marketable securities had not been pledged or mortgaged.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note 1)		Acquisition		Disposal				Ending Balance (Note 1)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
POWERTECH TECHNOLOGY INC.	Equity certificate Powertech Technology (Suzhou) Ltd.	Investments accounted or using the equoty method.	Shenzhen Longsys Electronics Co., Ltd.	-	-	$ 176,964	-	$ -	-	$ 566,194	$ 183,744	$ 390,434	-	$
PTI TECHNOLOGY (SINGAPORE) PTE. LTD.	Equity certificate Powertech Technology (Suzhou) Ltd. (Note 3)	Investments accounted or using the equoty method.	Shenzhen Longsys Electronics Co., Ltd.	-	-	USD 38,610	-	-	-	USD 78,960	USD 38,365	USD 76,761	-	USD 38,209
Powertech Technology (Singapore) Pte. Ltd.	Equity certificate Powertech Technology (Suzhou) Ltd.	Investments accounted or using the equoty method.	Shenzhen Longsys Electronics Co., Ltd.	-	-	USD 11,532	-	-	-	USD 35,093	USD 11,395	USD 23,236	-	-

Note 1: The opening and closing balances include gains and losses recognized using the equity method.

Note 2: For disposal information, refer to Note 27.

Note 3: Powertech Technology (Suzhou) has been rebranded as Longforce Technology (Suzhou) Ltd. after disposal.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Powertech Technology Inc.	Kioxia Corporation	Corporate director's parent company	Sale	$14,435,398	34	Note 1	$ -	-	$4,556,629	43	-
	Kingston Solution, Inc.	The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	438,821	1	Note 1	-	-	87,186	1	-
	Kingston Technology International Ltd.	The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	295,052	1	Note 1	-	-	39,277	0.4	-
	Kingston Digital International Ltd.	The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	190,205	0.45	Note 1	-	-	14,944	0.14	-
	Solid State Storage Technology Corporation	Corporate director's subsidiaries.	Purchase	189,059	2	Note 1	-	-	(124,068)	(4)	-
Greatek Electronics Inc.	Realtek Semiconductor Corp.	Parent company of Greatek Electronics Inc.'s corporate director.	Sale	898,007	7	Net 60 days from monthly closing date	Note 2	Equivalent	305,491	11	-
	Realtek Singapore Private Limited	Same parent company with Greatek Electronics Inc.'s corporate director.	Sale	338,857	2	Net 60 days from monthly closing date	Note 2	Equivalent	52,507	2	-
	PowerTech Technology Inc.	Parent company of Greatek Electronics Inc.	Sale	109,643	1	Net 90 days from monthly closing date	Note 2	Equivalent	38,504	1	-
TeraPower Technology Inc.	Kioxia Corporation	Parent company of corporate director of TeraPower Technology Inc.'s ultimate parent company.	Sale	281,721	5	Net 90 days from monthly closing date	-	-	89,119	8	-

Note 1: 35 to 120 days after the end of the month of the invoice date.

Note 2: The sales price of Greatek Electronics Inc. sold to related parties is determined based on general trading practices.

TABLE 4

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debt
					Amount	Action Taken		
Powertech Technology Inc.	Kioxia Corporation	Corporate director's parent company	$ 4,556,629	3.15	$ -	-	$ 2,163,471	$ -
Greatek Electronics Inc.	Realtek Semiconductor corp.	Parent company of Greatek Electronics Inc.'s corporate ditector	305,491	4.58	-	-	97,053	-

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

Company Name	Counterparty	Transaction Flow	Intercompany Transactions			
			Financial Statement Item	Amount	Terms	Percentage to Consolidated Total Gross Sales or Total Assets
Powertech Technology Inc.	Powertech Technology (Suzhou) Ltd.	1	Sales	$ 62,017	Note 3	-
	TeraPower Technology Inc.	1	Sales	37,438	Note 3	-
	Greatek Electronics Inc.	1	Sales	5,112	Note 3	-
	Tera Probe, Inc.	1	Sales	67	Note 3	-
	Powertech Technology (Suzhou) Ltd.	1	Purchase	2,277	Note 2	-
	Powertech Semiconductor (Xian) Co., Ltd.	1	Purchase	271	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Subcontract costs	243,997	Note 2	-
	Greatek Electronics Inc.	1	Subcontract costs	104,877	Note 2	-
	TeraPower Technology Inc.	1	Subcontract costs	267,935	Note 2	-
	Tera Probe, Inc.	1	Production overhead	803	Note 2	-
	Powertech Semiconductor (Xian) Co., Ltd.	1	Other gains and losses	16,221	Note 2	-
	TeraPower Technology Inc.	1	Rent income	722	Note 2	-
	TeraPower Technology Inc.	1	Rent	3,838	Note 2	-
	TeraPower Technology Inc.	1	Other gains and losses	218	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Other gains and losses	4,736	Note 2	-
	Greatek Electronics Inc.	1	Accounts receivable from related parties	1,729	Note 3	-
	TeraPower Technology Inc.	1	Accounts receivable from related parties	3,949	Note 3	-
	Powertech Semiconductor (Xian) Co., Ltd.	1	Other receivables from related parties	2,445	Note 2	-
	TeraPower Technology Inc.	1	Other receivables from related parties	69	Note 2	-
	Greatek Electronics Inc.	1	Other receivables from related parties	5	Note 2	-
	Powertech Semiconductor (Xian) Co., Ltd.	1	Disposal of property, plant and equipment	398	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Disposal of property, plant and equipment	59,475	Note 2	-
	Powertech Semiconductor (Xian) Co., Ltd.	1	Purchase of property, plant and equipment	92,069	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Purchase of property, plant and equipment	400	Note 2	-
	Greatek Electronics Inc.	1	Purchase of property, plant and equipment	188	Note 2	
	Powertech Semiconductor (Xian) Co., Ltd.	1	Accounts payable	267	Note 2	-
	TeraPower Technology Inc.	1	Other payables to related parties	59,620	Note 2	-
	Greatek Electronics Inc.	1	Other payables to related parties	40,430	Note 2	-
	Powertech Technology (Japan) Ltd.	1	Other payables to related parties	22,849	Note 2	-
	Tera Probe, Inc.	1	Other payables to related parties	155	Note 2	-
Tera Probe, Inc.	TeraPower Technology Inc.	1	Other receivables from related parties	96,041	Note 2	-
	TeraPower Technology Inc.	1	Other payables to related parties	5,851	Note 2	-
	TeraPower Technology Inc.	1	Purchase of property, plant and equipment	170,930	Note 2	-

Note 1: No. 1 - from the parent company to the subsidiary. No. 2 - from the subsidiary to the subsidiary.

Note 2: The transactions for related parties were negotiated and thus not comparable with those in the market.

Note 3: The selling prices with subsidiaries were negotiated and thus not comparable with those in the market, and the collection period with subsidiaries was same as common customer.

TABLE 6

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION OF INVESTEES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares (In Thousands)	% of Ownership	Carrying Value			
Powertech Technology Inc.	TeraPower Technology Inc.	Hsinchu	Wafer probing test services	$ 1,153,964	$ 1,153,964	73,386	49	$ 3,595,367	$ 1,219,722	$ 525,415	Notes 1 and 2
	Powertech Holding (BVI) Inc.	British Virgin Islands	Investment business	1,679,370	1,679,370	50	100	3,546,035	2,197,383	2,380,568	Notes 1 and 2
	Greatek Electronics Inc.	Miaoli	Semiconductor assembly and testing services	6,169,948	6,169,948	244,064	43	9,530,313	1,997,124	851,111	Notes 1 and 2
	Powertech Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 69,000	USD 69,000	69,000	100	2,976,558	1,008,531	1,009,358	Notes 1 and 2
	Powertech Technology Japan Ltd.	Japan	Investment business	USD 103,052	USD 103,052	-	100	3,759,788	441,304	488,676	Notes 1 and 2
	Tera Probe, Inc.	Japan	Wafer probing test services	230,616	230,616	1,077	12	502,756	908,166	125,443	Notes 1 and 2
Greatek Electronics Inc.	Get-Team Tech Corporation	Hsinchu	Metal plating on semiconductor lead frame	171,523	171,523	7,796	97.46	145,019	(13,486)	(19,367)	Note 1
Powertech Holding (BVI) Inc.	PTI Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 51,000	USD 51,000	103	100	USD 114,157	USD 68,977	USD 68,977	Note 1
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Japan	Wafer probing test services	USD 43,963	USD 43,963	4,440	49	USD 108,545	USD 29,134	USD 14,220	Note 1
	Powertech Technology Akita Inc.	Japan	Semiconductor assembly and testing services	USD 58,329	USD 58,329	6	100	USD 8,482	USD (216)	USD (216)	Note 1
Tera Probe, Inc.	TeraPower Technology Inc.	Hsinchu	Wafer probing test services	JPY 4,348,056	JPY 4,348,056	76,381	51	JPY 4,348,056	JPY 5,442,829	JPY 2,775,843	Notes 1 and 2

Note 1: Amount was recognized on the basis of reviewed financial statements.

Note 2: Including unrealized intercompany gains (losses).

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

Investee Company Accounted for Using the Equity Method	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investments from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow							
Longforce Technology (Suzhou) Ltd.	Semiconductor testing and assembly services	$ 3,073,500 (US$ 100,000)	Note 1	$ 1,567,485 (US$ 51,000)	$ -	514,043 (US$ 16,725)	$ 1,053,442 (US$ 34,275)	$ 63,775 (US$ (2,013))	30%	$ 50,448 (US$ 1,584)	$ 1,174,347 (US$ 38,209)	$ -	Note 4
Powertech Semiconductor (Xian) Co., Ltd.	Semiconductor testing and assembly services	2,151,450 (US$ 70,000)	Note 1	1,657,907 (US$ 53,942)	-	205,740 (US$ 6,694)	1,452,167 (US$ 47,248)	581,111 (US$ 18,655)	100%	581,111 (US$ 18,655)	3,050,223 (US$ 99,243)	699,283 (US$ 22,752)	-

Investee Company Accounted for Using the Equity Method	Accumulated Investment in Mainland China as of December 31, 2023 (In Thousands of USD)	Investment Amounts Authorized by the Investment Commission, MOEA (In Thousands of USD)	Ceiling Amount on of the Corporation's Investment in Mainland China
Longforce Technology (Suzhou) Ltd	US$ 34,275	US$ 79,000	$ 32,971,717
Powertech Semiconductor (Xian) Co., Ltd	US$ 47,248	US$ 79,000	

Note 1: Indirect investments through Powertech Holding (BVI) Inc., the Corporation's 100%-owned subsidiary.

Note 2: The amount was recognized on the basis of reviewed financial statements.

Note 3: Based on the exchange rate as of December 31, 2023.

Note 4: On October 1, 2023, the Corporation approved the disposal of 70% shares of Powertech Technology (Suzhou) Ltd., and the name of Powertech Technology (Suzhou) Ltd. was changed to Longforce Technology (Suzhou) Ltd.

Powertech Technology Inc.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Powertech Technology Inc.

Opinion

We have audited the accompanying financial statements of Powertech Technology Inc. (the "Corporation"), which comprise the balance sheets as of December 31, 2023 and 2022, statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023 and 2022, the financial performance and the cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters of the Corporation's financial statements for the year ended December 31, 2023 are described as follows:

<u>Recognition of Contract Assets and Revenue</u>

1. The amount of sales revenue is material to the Corporation. Refer to Note 21 to the accompanying financial statements for details of sales revenue. The major type of revenue is subcontracting revenue. The types of subcontracting transactions are as follows:

    1) Wafer level testing;

    2) Wafer level packaging;

    3) IC packaging; and

    4) IC testing.

2. Packaging services: Since the customers have ownership of the assets, assume significant risks and rewards of ownership of the assets, have the right to dispose of the assets and prevent the Corporation from obtaining the benefits of the assets, revenue should be recognized over time in accordance with the requirements of paragraph 35(b) of International Financial Reporting Standards No. 15.

3. Testing services: In accordance with the requirements of paragraph 35(a) of International Financial Reporting Standards No. 15, the Corporation recognizes revenue over time since the customers simultaneously receive and consume the benefits provided by the Corporation's testing services.

4. The Corporation recognizes the contract assets and revenue of packaging and testing services at the end of each month based on the completion schedule. Since the abovementioned process involves estimates and manual controls, there is a risk that contract assets and revenue may not be recognized correctly as a result of human error.

5. We reviewed the Corporation's revenue recognition policy, understood the Corporation cost carry-forward process, assessed the reasonableness of its contract assets and revenue recognition, confirmed against relevant supporting documents and accounting records, and verified the accuracy of the monetary amounts of contract assets and revenue recognized.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation'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 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 Corporation to cease to continue as a going concern.

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Cheng Chih Lin and Su Li Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2024

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

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

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

POWERTECH TECHNOLOGY INC.

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

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 9,255,268	11	$ 11,406,216	13
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	24,100	-
Contract assets - current (Notes 21 and 28)	1,395,222	2	1,450,816	2
Accounts receivable (Notes 4, 10 and 21)	5,828,476	7	4,421,782	5
Receivables from related parties (Notes 4, 21 and 28)	4,703,714	5	4,770,538	5
Other receivables (Note 4)	236,345	-	159,252	-
Other receivables from related parties (Notes 4 and 28)	94,201	-	14,971	-
Inventories (Notes 4 and 11)	5,080,832	6	8,515,485	9
Prepaid expenses (Note 16)	139,902	-	60,906	-
Other current assets (Note 16)	321,211	-	300,537	-
Total current assets	27,055,171	31	31,124,603	34
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income- non-current (Notes 4 and 8)	34,662	-	17,143	-
Financial assets at amortized cost - non-current (Notes 4, 9, 27 and 29)	70,234	-	5,634	-
Investments accounted for using the equity method (Notes 4, 12 and 25)	25,183,033	29	21,347,048	23
Property, plant and equipment (Notes 4, 13, 28 and 29)	32,826,669	37	37,494,396	41
Right-of-use assets (Notes 4, 5 and 14)	1,264,479	2	1,294,536	1
Deferred income tax assets (Notes 4 and 23)	225,131	-	161,996	-
Other non-current assets (Note 16)	1,112,607	1	1,073,469	1
Total non-current assets	60,716,815	69	61,394,222	66
TOTAL	$ 87,771,986	100	$ 92,518,825	100

	2023		2022	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	$ -	-	$ 4,741	-
Accounts payable	3,387,205	4	4,090,816	4
Accounts payable - related parties (Note 28)	124,378	-	82,684	-
Accrued compensation of employees and remuneration of directors (Note 22)	648,689	1	703,625	1
Payables to equipment suppliers (Note 28)	784,021	1	1,898,832	2
Other payables - related parties (Note 28)	249,768	-	287,195	-
Current income tax liabilities (Notes 4 and 23)	1,278,416	1	869,578	1
Lease liabilities - current (Notes 4, 5 and 14)	29,309	-	28,513	-
Current portion of long-term borrowings	444,048	1	-	-
Accrued expenses and other current liabilities (Note 18)	3,941,503	4	4,711,822	5
Total current liabilities	10,887,337	12	12,677,806	13
NON-CURRENT LIABILITIES				
Long-term debt (Notes 17 and 29)	20,326,542	23	25,778,246	28
Deferred income tax liabilities (Notes 4 and 23)	79,680	-	44,352	-
Lease liabilities - non-current (Notes 4, 5 and 14)	1,283,052	2	1,305,109	1
Net defined benefit liabilities - non-current (Notes 4 and 19)	16,738	-	23,692	-
Other non-current liabilities (Note 18)	309,108	-	400,662	1
Total non-current liabilities	22,015,120	25	27,552,061	30
Total liabilities	32,902,457	37	40,229,867	43
EQUITY (Notes 4 and 20)				
Capital stock				
Ordinary shares	7,591,466	9	7,591,466	8
Capital surplus	237,071	-	149,540	-
Retained earnings				
Legal reserve	10,051,723	11	9,181,307	10
Special reserve	602,228	1	710,623	1
Unappropriated earnings	37,588,110	43	35,659,269	38
Total retained earnings	48,242,061	55	45,551,199	49
Other equity	(732,267)	(1)	(534,445)	-
Treasury share	(468,802)	-	(468,802)	-
Total equity	54,869,529	63	52,288,958	57
TOTAL	$ 87,771,986	100	$ 92,518,825	100

The accompanying notes are an integral part of the parent company only financial statements.

POWERTECH TECHNOLOGY INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
NET SALES (Notes 4, 21 and 28)	$ 42,277,074	100	$ 52,703,009	100
COST OF REVENUE (Notes 11, 22 and 28)	35,570,069	84	42,847,853	81
GROSS PROFIT	6,707,005	16	9,855,156	19
OPERATING EXPENSES (Notes 22 and 28)				
Marketing	136,978	-	275,044	1
General and administrative	1,060,835	3	1,252,118	2
Research and development	2,064,285	5	2,136,905	4
Expected credit (gain) loss (Note 10)	(528)	-	731	-
Total operating expenses	3,261,570	8	3,664,798	7
OPERATING INCOME	3,445,435	8	6,190,358	12
NONOPERATING INCOME AND EXPENSES (Notes 4, 22 and 28)				
Interest income	156,303	1	55,918	-
Other income	1,891	-	2,497	-
Other gains and losses	486,883	1	(171,622)	-
Finance costs	(268,646)	(1)	(204,780)	(1)
Share of profit of subsidiaries (Note 12)	5,512,190	13	3,136,218	6
Foreign exchange (loss) gain net	(96,573)	-	1,106,425	2
Total nonoperating income	5,792,048	14	3,924,656	7
INCOME BEFORE INCOME TAX	9,237,483	22	10,115,014	19
INCOME TAX EXPENSE (Notes 4 and 23)	1,228,972	3	1,428,284	2
NET INCOME	8,008,511	19	8,686,730	17
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4 and 20)				
Items not reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	(4,761)	-	29,776	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	17,519	-	(13,001)	-
Share of the other comprehensive (loss) income of subsidiaries	1,138	-	(12,343)	-
	13,896	-	4,432	-

(Continued)

POWERTECH TECHNOLOGY INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
Items reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	$ (215,341)	(1)	$ 189,179	-
Total other comprehensive income (loss)	(201,445)	(1)	193,611	-
TOTAL COMPREHENSIVE INCOME	$ 7,807,066	18	$ 8,880,341	17
EARNINGS PER SHARE (Note 24)				
Basic	$ 10.72		$ 11.60	
Diluted	$ 10.64		$ 11.47	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

POWERTECH TECHNOLOGY INC.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Capital Stock			Retained Earnings			Other Equity				
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments Designated as at Fair Value Through Other Comprehensive Income	Total	Treasury Share	Total Stockholders' Equity
BALANCE, JANUARY 1, 2022	779,147	$ 7,791,466	$ 270,794	$ 8,290,517	$ 366,982	$ 34,916,347	$ (690,969)	$ (19,654)	$ (710,623)	$ (1,418,300)	$ 49,507,183
Appropriation of the 2021 earnings											
Legal reserve	-	-	-	890,790	-	(890,790)	-	-	-	-	-
Special reserve	-	-	-	-	343,641	(343,641)	-	-	-	-	-
Cash dividends distributed by the Parent	-	-	-	-	-	(5,162,197)	-	-	-	-	(5,162,197)
Net income for the year ended December 31, 2022	-	-	-	-	-	8,686,730	-	-	-	-	8,686,730
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	17,433	189,179	(13,001)	176,178	-	193,611
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	8,704,163	189,179	(13,001)	176,178	-	8,880,341
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	(943,589)	(943,589)
Cancelation of treasury shares	(20,000)	(200,000)	(197,142)	-	-	(1,564,613)	-	-	-	1,961,755	-
The Parent's shares held by its subsidiaries treated as treasury shares	-	-	-	-	-	-	-	-	-	(68,668)	(68,668)
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	75,888	-	-	-	-	-	-	-	75,888
BALANCE, DECEMBER 31, 2022	759,147	7,591,466	149,540	9,181,307	710,623	35,659,269	(501,790)	(32,655)	(534,445)	(468,802)	52,288,958
Appropriation of the 2022 earnings											
Legal reserve	-	-	-	870,416	-	(870,416)	-	-	-	-	-
Special reserve	-	-	-	-	(108,395)	108,395	-	-	-	-	-
Cash dividends distributed by the Parent	-	-	-	-	-	(5,314,026)	-	-	-	-	(5,314,026)
Net income for the year ended December 31, 2023	-	-	-	-	-	8,008,511	-	-	-	-	8,008,511
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	(3,623)	(215,341)	17,519	(197,822)	-	(201,445)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	8,004,888	(215,341)	17,519	(197,822)	-	7,807,066
Unclaimed dividends after effective period	-	-	4,821	-	-	-	-	-	-	-	4,821
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	-	-	110	-	-	-	-	-	-	-	110
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	82,600	-	-	-	-	-	-	-	82,600
BALANCE, DECEMBER 31, 2023	759,147	$ 7,591,466	$ 237,071	$ 10,051,723	$ 602,228	$ 37,588,110	$ (717,131)	$ (15,136)	$ (732,267)	$ (468,802)	$ 54,869,529

The accompanying notes are an integral part of the parent company only financial statements.

POWERTECH TECHNOLOGY INC.

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

	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 9,237,483	$ 10,115,014
Adjustments for:		
Depreciation	7,374,841	8,379,207
Amortization	-	694
Expected credit (gain) loss recognized	(528)	731
Finance costs	268,646	204,780
Interest revenue	(156,303)	(55,918)
Share of profit of subsidiaries and associates	(5,512,190)	(3,136,218)
Net loss on disposal of property, plant and equipment	276,330	577,183
Loss (gain) on foreign currency exchange, net	302,737	(93,342)
Loss on disposal of subsidiaries	(390,434)	-
Realized deferred gain	(23,474)	(45,488)
Changes in operating assets and liabilities:		
Financial assets held for trading	24,100	(835)
Contract assets	55,594	(179,405)
Accounts receivable	(1,530,057)	259,821
Accounts receivable from related parties	(25,976)	1,140,806
Other receivables	(97,497)	(376)
Other receivables from related parties	(82,378)	97,062
Inventories	3,434,653	(3,716,158)
Prepayments	(78,996)	(3,358)
Other current assets	6,370	123,329
Financial liabilities held for trading	(4,741)	3,791
Accounts payable	(668,000)	(231,335)
Accounts payable to related parties	43,768	(73,014)
Accrued compensation of employees and remuneration of directors	(54,936)	(17,145)
Other payables to related parties	(46,192)	(92,898)
Accrued expenses and other current liabilities	(871,738)	(267,305)
Net defined benefit liabilities	(11,715)	(11,756)
Cash generated from operations	11,469,367	12,977,867
Interest received	147,483	55,624
Interest paid	(367,205)	(291,188)
Income tax paid	(847,941)	(1,268,240)
Net cash generated from operating activities	10,401,704	11,474,063
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(64,600)	(460)
Net cash inflow on disposal of subsidiary	566,194	-
Acquisition of property, plant and equipment	(4,025,690)	(10,442,549)
Disposal of property, plant and equipment	85,661	36,358
Decrease (increase) in refundable deposits	294,916	(782,104)
Increase in prepayments for equipment	(277,288)	(94,585)
Dividend received from subsidiaries and associates	1,392,426	1,644,738
Return of capital to shareholders due to subsidiary's capital reduction	-	504,917
Net cash used in investing activities	(2,028,381)	(9,133,685)

(Continued)

POWERTECH TECHNOLOGY INC.

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

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	$ 6,700,000	$ 25,750,000
Repayments of long-term debt	(11,707,656)	(25,562,003)
(Decrease) increase in guarantee deposits	(77,600)	441,800
Repayment of the principal portion of lease liabilities	(29,419)	(28,971)
Cash dividends distributed by the Corporation	(5,314,026)	(5,162,197)
Payment for buy-back of treasury share	-	(943,589)
Net cash used in financing activities	(10,428,701)	(5,504,960)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(95,570)	(2,671)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,150,948)	(3,167,253)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	11,406,216	14,573,469
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 9,255,268	$ 11,406,216

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

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

1. GENERAL INFORMATION

Powertech Technology Corporation (the "Corporation") was incorporated in the Republic of China (ROC) on May 15, 1997 and commenced business on September 3, 1997. The Corporation is mainly engaged in the manufacturing, packaging, testing, researching and developing, designing, assembling and sale of various integrated circuit products. The Corporation also provides semiconductor testing and assembly services on a turnkey basis, in which the Corporation buys fabricated wafers and sells tested and assembled semiconductors. The Corporation's registered office and principal place of business is in Hsin-chu Industrial Park, Hukou, Hsin-chu.

The Corporation's shares were initially listed and started trading on the Taipei Exchange (TPEx) on April 3, 2003, after which the Corporation's shares were transferred for listing and started trading on the Taiwan Stock Exchange (TWSE) on November 8, 2004. The Corporation also issued Global Depositary Shares (GDS), which are listed on the Luxembourg Stock Exchange and trading on the Euro MTF Market. The GDS were accepted for quotation on the International Order Book of the London Stock Exchange.

The financial statements are presented in the Corporation's functional currency, the New Taiwan dollar. For greater comparability and consistency of financial reporting, the financial statements are presented in New Taiwan dollars since the Corporation's shares are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation's board of directors and issued on March 8, 2024.

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

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

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

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2023

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

The accompanying parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and defined benefit liabilities.

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

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

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

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

When preparing these parent company only financial statements, the Corporation used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries, and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the Corporation’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Corporation's foreign operations (including the subsidiaries and associates in other countries or subsidiaries that use currencies different from the Corporation) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

In a partial disposal of a subsidiary that results in the Company losing control over the subsidiary, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

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

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of equity of subsidiaries.

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

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

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Property, plant and equipment

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

Property, plant and equipment in the course of construction for production are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

3) Derecognition of intangible assets

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

i. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation if corporate assets could be allocated to the individual cash-generating units, otherwise, corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

Before the Corporation recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories related to the contract shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Corporation expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

A financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

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

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

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

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

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

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

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

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

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

ii. When a financial asset is more than 90 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

Equity instruments issued by the Corporation are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

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

Repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except for the following situation, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at FVTPL

A financial liability is classified as at FVTPL when such a financial liability is held for trading.

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on such financial liability. Fair value is determined in the manner described in Note 27.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Corporation enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

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

k. Revenue recognition

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

For contracts where the period between the date the Corporation transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the rendering of services

As the Corporation fulfills the obligations in the contract for testing services, the customer simultaneously receives and consumes the benefits provided by the Corporation. The Corporation has the right to revenue collection for the portion of testing services that have been fulfilled, and the revenue from testing services is recognized over time. The Corporation fulfills the obligations in the contract for packaging services when the customer creates or enhances the goods they have control of. The Corporation has the right to revenue collection for the portion of packaging services that have been fulfilled, and the revenue from packaging services is recognized over time. Contract assets are recognized during the process of semiconductor assembling and testing, and are reclassified to accounts receivable at the point the bills were issued. If the payment exceeds the revenue recognized to date, the Corporation recognizes the difference as a contract liability. It is recognized as contract asset before the Corporation satisfies its performance obligations.

The Corporation does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

l. Leases

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

1) The Corporation as lessor

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

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

2) The Corporation as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses the lessee's incremental borrowing rate.

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

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

m. Borrowing costs

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

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Corporation can no longer withdraw the offer of the termination benefit and when the Corporation recognizes any related restructuring costs.

o. Treasury shares

When the Corporation buys back the issued shares as treasury shares, the cost paid will be debited to the treasury shares and listed as a deduction of shareholders' equity.

The parent company's shares held by its subsidiaries are reclassified to treasury shares from investments accounted for using the equity method, and are recognized based on the original investment cost. Cash dividends earned by subsidiaries are written off from investment income and adjusted to capital surplus - treasury share transactions.

p. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred tax for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Key Sources of Estimation Uncertainty

Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, secured position, etc.) are also taken into account.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022**
Checking accounts and demand deposits	$ 9,255,145	$ 11,405,714
Cash on hand	123	502
	$ 9,255,268	$ 11,406,216

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31	
	2023	**2022**
Bank deposits	0%-5.72%	0%-3.5%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ -	$ 24,100
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	$ -	$ 4,741

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amounts (In Thousands)
December 31, 2022			
Sell	USD to NTD	2023.01.03-2023.02.24	USD 85,000
	USD to JPY	2023.01.13	USD 5,000

The Corporation entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

	December 31	
	2023	2022
Non-current		
Domestic investments		
Listed shares		
Ordinary shares - Solid State System Co., Ltd.	$ 34,662	$ 17,143

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Non-current		
Domestic investments		
Pledged time deposits	$ 70,234	$ 5,634

a. Refer to Note 27 for information relating to their credit risk management and expected credit loss.

b. Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

10. ACCOUNTS RECEIVABLE, NET

	December 31	
	2023	2022
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 5,833,280	$ 4,427,114
Less: Allowance for impairment loss	(4,804)	(5,332)
	$ 5,828,476	$ 4,421,782

At amortized cost

The average credit period of sales of goods was 30 days to 120 days starting from the first day of the month following the invoice date. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Corporation has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Corporation's credit risk was significantly reduced.

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

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

The following table details the loss allowance of accounts receivable based on the Corporation's provision matrix:

December 31, 2023

	Not Past Due	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	$ 5,828,785	$ -	$ -	$ -	$ 4,495	$ 5,833,280
Loss allowance (Lifetime ECLs)	(309)	-	-	-	(4,495)	(4,804)
Amortized cost	$ 5,828,476	$ -	$ -	$ -	$ -	$ 5,828,476

December 31, 2022

	Not Past Due	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	$ 4,392,132	$ 34,982	$ -	$ -	$ -	$ 4,427,114
Loss allowance (Lifetime ECLs)	-	(5,332)	-	-	-	(5,332)
Amortized cost	$ 4,392,132	$ 29,650	$ -	$ -	$ -	$ 4,421,782

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

	2023	2022
Balance at January 1	$ 5,332	$ 4,601
Add: Impairment loss	-	731
Less: Net remeasurement of loss allowance	(528)	-
Balance at December 31	$ 4,804	$ 5,332

11. INVENTORIES

	December 31	
	2023	2022
Raw materials	$ 4,785,745	$ 8,149,096
Supplies	295,087	366,389
	$ 5,080,832	$ 8,515,485

The nature of the cost of goods sold was as follows:

	For the Year Ended December 31	
	2023	2022
Cost of revenue	$ 35,570,069	$ 42,847,853
Write-downs of inventories	$ 86,125	$ 95,981
Unallocated production overhead	$ 5,435,279	$ 5,328,734
Sales of scrap	$ 106,065	$ 142,449

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	**2022**
Investments in subsidiaries	$ 25,183,033	$ 21,347,048
Listed companies		
Greatek Electronics Inc.	$ 9,530,313	$ 9,581,046
Unlisted companies		
Powertech Holding (BVI) Inc.	3,546,035	1,209,428
Powertech Technology (Singapore) Pte. Ltd.	2,976,558	1,990,623
Powertech Semiconductor (Xian) Co., Ltd.	1,272,216	1,271,435
Powertech Technology (Suzhou) Ltd.	-	175,525
Powertech Technology Japan Ltd.	3,759,788	3,374,567
Tera Probe, Inc.	502,756	415,688
TeraPower Technology Inc.	3,595,367	3,328,736
	$ 25,183,033	$ 21,347,048

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiaries	**2023**	**2022**
Listed companies		
Greatek Electronics Inc.	43%	43%
Unlisted companies		
Powertech Holding (BVI) Inc.	100%	100%
Powertech Technology (Singapore) Pte. Ltd.	100%	100%
Powertech Semiconductor (Xian) Co., Ltd.	36%	36%
Powertech Technology (Suzhou) Ltd.	-	9%
Powertech Technology Japan Ltd.	100%	100%
Tera Probe, Inc.	12%	12%
TeraPower Technology Inc.	49%	49%

In December 2011, the Corporation's board of directors made a tender offer to acquire the outstanding ordinary shares of Greatek Electronics Inc. ("Greatek") at the price of NT$25.28 per share. On April 3, 2012, Greatek reelected the directors and supervisors at an interim shareholders' meeting. The Corporation obtained the majority of the directors' seats. Thus, Greatek was deemed a subsidiary of the Corporation and the related investment was accounted for using the equity method. Greatek is mainly engaged in semiconductor assembly and testing services.

The Corporation made an investment to set up Powertech Holding (BVI) Inc. (PH BVI) in the British Virgin Islands on August 18, 2009. PH BVI is mainly engaged in investment. On September 30, 2009, the Corporation obtained approval from the Investments Commission under the Ministry of Economic Affairs to acquire 100% ownership of Spansion (Singapore) Pte. Ltd. (which later became PTI Technology (Singapore) Pte. Ltd.) from Spansion LLC for US$51,000 thousand. As a result of this acquisition, Spansion (China) Limited (which later became Powertech Technology Suzhou Ltd.) became a subsidiary of the Corporation.

On April 2014, the Corporation entered into an agreement with Nepes Corp., Korea to buy shares from Nepes Pte. Ltd., Singapore. After the transaction, Nepes Pte. Ltd., Singapore (later renamed as Powertech Technology (Singapore) Pte. Ltd.) became an overseas subsidiary of the Corporation. Powertech Technology (Singapore) Pte. Ltd. is mainly engaged in integrated circuit testing and assembly.

In June 2015, the Corporation obtained approval from the Investments Commission under the Ministry of Economic Affairs to acquire 100% ownership of Powertech Technology (Xi'an) Ltd. ("Powertech Xi'an") through Powertech Technology (Singapore) Pte. Ltd. Powertech Xi'an is mainly engaged in the testing, design, manufacturing, assembly and sale of semiconductors.

The Corporation directly invested in Powertech Semiconductor (Xian) Co., Ltd. in January 2017, and obtained 36% ownership of the aforementioned company. As a result, Powertech Technology (Singapore) Pte. Ltd. obtained 64% ownership of Powertech Semiconductor (Xian) Co., Ltd.

The Corporation invested in and established Powertech Technology Japan Ltd. in January 2017. Powertech Technology Japan Ltd. is mainly engaged in investment.

Powertech Technology Japan Ltd. publicly acquired the shares of Tera Probe, Inc. by means of tender offer in April 2017 and completed the acquisition in May 2017. 47% ownership of Tera Probe, Inc. was acquired, and including the 12% ownership which the Corporation originally held, the total ownership after the acquisition was 59%, and therefore the Corporation obtained control of Tera Probe, Inc. As a result of Tera Probe, Inc.'s buy back of treasury shares in 2019, Powertech Technology Japan Ltd.'s ownership of Tera Probe, Inc. changed to 49%, and the total ownership changed to 61%. Tera Probe, Inc. is mainly engaged in wafer probing test services.

The Corporation has 49% ownership of TeraPower Technology Inc. and Tera Probe, Inc. has 51% ownership of TeraPower Technology Inc. Since the Corporation already has control over Tera Probe, Inc. in May 2017, it also has control over TeraPower Technology Inc. TeraPower Technology Inc. is mainly engaged in wafer probing test services.

In June 2020, the Corporation directly invested in Powertech Technology (Suzhou) Ltd. and obtained 9% ownership after the capital increase was completed. Powertech Technology (Singapore) Pte. Ltd. and PTI Technology (Singapore) Pte. Ltd. held 19% and 72% ownership, respectively, of Powertech Technology (Suzhou) Ltd.

Due to the adjustment of operational needs, the Corporation scaled down the business operations of Powertech Technology (Singapore) Pte. Ltd. in January 2021, which is mainly engaged in the reinvestment business. It is also expected to cease the operations of Powertech Technology Akita Inc.

Due to the adjustment of operational needs, the Corporation ceased the operations of Tera Probe Aizu, Inc.. and was merged by Tera Probe, Inc. in July 2022, which is the surviving company.

On June 27, 2023, the board of directors decided to dispose of 70% of the shareholdings of Powertech Technology (Suzhou) Ltd. to Shenzhen Longsys Electronics Co., Ltd. The Company completed the procedure on October 1, 2023, and Powertech Technology (Suzhou) Ltd. changed its name to Longforce Ltd. PTI TECHNOLOGY (SINGAPORE) PTE. LTD. held 30% ownership of Longforce Technology (Suzhou) Ltd. after the disposal.

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

13. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2023	2022
Assets used by the Corporation	$ 32,826,669	$ 37,494,396

	Land	Building	Machinery and Equipment	Office Equipment	Other Equipment	Construction in Progress	Advance Payment	Total
Cost								
Balance at January 1, 2023	$ 1,695,051	$ 22,732,021	$ 55,147,732	$ 907,564	$ 1,003,574	$ 941,508	$ 5,285,452	$ 87,712,902
Additions	-	18,736	74,617	1,382	2,677	439,531	2,493,947	3,030,890
Disposals	-	(332,034)	(4,171,273)	(34,430)	(233,982)	-	-	(4,771,719)
Reclassification	346,599	1,424,635	4,575,672	18,461	70,558	(887,920)	(5,548,005)	-
Balance at December 31, 2023	2,041,650	23,843,358	55,626,748	892,977	842,827	493,119	2,231,394	85,972,073
Accumulated depreciation								
Balance at January 1, 2023	-	9,466,385	39,242,940	655,455	853,726	-	-	50,218,506
Additions	-	1,214,177	5,937,067	89,982	95,400	-	-	7,336,626
Disposals	-	(299,572)	(3,851,825)	(32,813)	(225,518)	-	-	(4,409,728)
Balance at December 31, 2023	-	10,380,990	41,328,182	712,624	723,608	-	-	53,145,404
Carrying amount at December 31, 2023	$ 2,041,650	$ 13,462,368	$ 14,298,566	$ 180,353	$ 119,219	$ 493,119	$ 2,231,394	$ 32,826,669
Cost								
Balance at January 1, 2022	$ 1,560,980	$ 20,213,605	$ 55,616,314	$ 868,907	$ 1,323,327	$ 1,275,779	$ 4,828,373	$ 85,687,285
Additions	-	19,299	77,418	651	935	1,010,964	8,531,212	9,640,479
Disposals	-	(382,103)	(6,753,225)	(26,014)	(453,520)	-	-	(7,614,862)
Reclassification	134,071	2,881,220	6,207,225	64,020	132,832	(1,345,235)	(8,074,133)	-
Balance at December 31, 2022	1,695,051	22,732,021	55,147,732	907,564	1,003,574	941,508	5,285,452	87,712,902
Accumulated depreciation								
Balance at January 1, 2022	-	8,688,123	38,429,536	581,888	1,179,203	-	-	48,878,750
Additions	-	1,133,683	6,998,734	97,431	111,229	-	-	8,341,077
Disposals	-	(355,421)	(6,185,514)	(23,864)	(436,522)	-	-	(7,001,321)
Reclassification	-	-	184	-	(184)	-	-	-
Balance at December 31, 2022	-	9,466,385	39,242,940	655,455	853,726	-	-	50,218,506
Carrying amount at December 31, 2022	$ 1,695,051	$ 13,265,636	$ 15,904,792	$ 252,109	$ 149,848	$ 941,508	$ 5,285,452	$ 37,494,396

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

Buildings	
Main plants	31-51 years
Mechanical and electrical power equipment	2-16 years
Wafer fab	6-16 years
Fire control equipment	2-16 years
Others	2-11 years
Machinery and equipment	1-8 years
Office equipment	2-6 years
Other equipment	1-8 years

Property, plant and equipment pledged as collateral for bank loans are set out in Note 29.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land	$ 1,261,971	$ 1,293,297
Transportation equipment	2,508	1,239
	$ 1,264,479	$ 1,294,536

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 8,158	$ 6,639
Depreciation charge for right-of-use assets		
Land	$ 36,849	$ 36,725
Transportation equipment	1,366	1,405
	$ 38,215	$ 38,130

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 29,309	$ 28,513
Non-current	$ 1,283,052	$ 1,305,109

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Land	0.93%-1.69%	0.93%-1.69%
Transportation equipment	0.92%-1.59%	0.92%

c. Other lease information

	December 31	
	2023	2022
Expenses relating to short-term leases	$ 11,879	$ 12,521
Total cash outflow for leases	$ (41,298)	$ (41,492)

The Corporation's leases of certain machines and vehicles qualify as short-term leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INTANGIBLE ASSETS

	Computer Software	Technical Services	Royalty	Total
Cost				
Balance at January 1, 2023 and December 31, 2023	$ 67,964	$ 29,890	$ 8,331	$ 106,185

(Continued)

	Computer Software	Technical Services	Royalty	Total
Accumulated amortization				
Balance at January 1, 2023 and December 31, 2023	$ 67,964	$ 29,890	$ 8,331	$ 106,185
Carrying amount at December 31, 2023	$ -	$ -	$ -	$ -
Cost				
Balance at January 1, 2022 and December 31, 2022	$ 67,964	$ 29,890	$ 8,331	$ 106,185
Accumulated amortization				
Balance at January 1, 2022	$ 67,964	$ 29,890	$ 7,637	$ 105,491
Amortization expense	-	-	694	694
Balance at December 31, 2022	$ 67,964	$ 29,890	$ 8,331	$ 106,185
Carrying amount at December 31, 2022	$ -	$ -	$ -	$ -

(Concluded)

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

Computer software	2-5 years
Technical services	4 years
Royalty	3 years

Aggregate amortization expenses by functions:

	2023	2022
Research and Development expenses	$ -	$ 694

16. OTHER ASSETS

	December 31	
	2023	2022
Current		
Refundable deposits (Note 30)	$ 211,292	$ 184,248
Tax receivables	69,686	81,443
Payment on behalf of others	39,095	32,540
Temporary debits	667	1,843
Others	471	463
	$ 321,211	$ 300,537

(Continued)

	December 31	
	2023	2022
Prepayment expenses		
Prepayments for insurance premiums	$ 39,739	$ 21,720
Prepaid electricity	32,595	-
Prepayments for goods	32,118	-
Prepayments for repairs and maintenance	22,328	21,778
Others	13,122	17,408
	$ 139,902	$ 60,906
Non-current		
Refundable deposits (Note 30)	$ 684,214	$ 922,364
Prepayments for equipment	428,393	151,105
	$ 1,112,607	$ 1,073,469

(Concluded)

17. BORROWINGS

a. Long-term debt

	December 31	
	2023	2022
1) Secured borrowings (Note 29)	$ 17,270,590	$ 19,278,246
2) Unsecured borrowings	3,500,000	6,500,000
	20,770,590	25,778,246
Less: Current portions	(444,048)	-
	$ 20,326,542	$ 25,778,246

1. The principal will be repaid in installments from June 2025 to August 2031. As of December 31, 2023 and 2022, the interest rate range of the loan was 1.15%-1.65% and 1.025%-1.455% per annum, respectively.

2. The principal will be repaid in installments from January 2024 to March 2026. As of December 31, 2023 and 2022, the interest rate range of the loan was 1.51%-1.575% and 1.27%-1.56% per annum, respectively.

For the Corporation’s long-term debt, the financing banks required the Corporation to comply with the requirements to maintain the current ratio, fixed ratio, liability ratio, financial liability ratio, equity ratio, interest coverage ratio, tangible assets and net asset value as well as the ability to repay the current portion of long-term liabilities in its annual and semiannual financial statements. As of December 31, 2023, the Corporation was in compliance with these ratio requirements.

18. OTHER LIABILITIES

	December 31	
	2023	2022
Current		
Accrued expenses and other current liabilities		
Salaries and bonuses	$ 1,773,441	$ 2,470,206
Payables for insurance	187,487	194,259
Payables for utilities	164,644	147,044
Temporary receipts	146,908	330,796
Receipts under custody	98,785	137,374
Guarantee deposits	92,205	61,416
Others	1,478,033	1,370,727
	$ 3,941,503	$ 4,711,822
Non-current		
Other liabilities		
Guarantee deposits	$ 309,108	$ 400,662

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

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

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

	December 31	
	2023	2022
Present value of defined benefit obligation	$ 337,591	$ 342,619
Fair value of plan assets	(320,853)	(318,927)
Net defined benefit liabilities	$ 16,738	$ 23,692

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	$ 355,889	$ (290,665)	$ 65,224
Service cost			
Current service cost	359	-	359
Net interest expense (income)	2,660	(2,218)	442
Recognized in profit or loss	3,019	(2,218)	801
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(22,169)	(22,169)
Actuarial (gain) loss			
Changes in financial assumptions	(27,505)	-	(27,505)
Experience adjustments	19,898	-	19,898
Recognized in other comprehensive income	(7,607)	(22,169)	(29,776)
Contributions from the employer	-	(12,557)	(12,557)
Welfare payment	(8,682)	8,682	-
Balance at December 31, 2022	342,619	(318,927)	23,692
Service cost			
Current service cost	206	-	206
Net interest expense (income)	4,748	(4,504)	244
Recognized in profit or loss	4,954	(4,504)	450
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,251)	(2,251)
Actuarial (gain) loss			
Changes in financial assumptions	5,649	-	5,649
Experience adjustments	1,363	-	1,363
Recognized in other comprehensive income	7,012	(2,251)	4,761
Contributions from the employer	-	(12,165)	(12,165)
Welfare payment	(16,994)	16,994	-
Balance at December 31, 2023	$ 337,591	$ (320,853)	$ 16,738

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

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

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

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

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

	December 31	
	2023	2022
Discount rate	1.25%	1.40%
Expected rate of salary increase	2.25%	2.25%
Return on plan assets	1.25%	1.40%

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

	December 31	
	2023	2022
Discount rate		
0.50% increase	$ (18,342)	$ (19,326)
0.50% decrease	$ 19,794	$ 20,904
Expected rate of salary increase/decrease		
0.50% increase	$ 19,494	$ 20,619
0.50% decrease	$ (18,255)	$ (19,262)

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

	December 31	
	2023	2022
Expected contributions to the plan for the following year	$ 12,116	$ 12,482
Average duration of the defined benefit obligation	11 years	11 years

20. EQUITY

a. Capital stock

1) Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	1,500,000	1,500,000
Shares authorized (in thousands of dollars)	$ 15,000,000	$ 15,000,000
Shares issued and fully paid (in thousands of shares)	759,147	759,147
Shares issued (in thousands of dollars)	$ 7,591,466	$ 7,591,466

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

Out of the shares authorized, 15,000 thousand shares were reserved for the issuance of employee share options.

As of December 31, 2023, 22 units of GDS of the Corporation were trading on the Luxembourg Stock Exchange. The number of ordinary shares represented by the GDS was 44 shares (one GDS represents 2 ordinary shares).

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends or transferred to capital stock (1)		
Share premium	$ 1,879	$ 1,879
Arising from treasury share transactions	158,488	75,888
May be used to offset a deficit only		
Change in percentage of ownership interests in subsidiaries (2)	71,883	71,773
Unclaimed dividends after effective period	4,821	-
	$ 237,071	$ 149,540

1) The premium from share issued in excess of par may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Corporation's Articles of Incorporation, the Corporation should make appropriations from its net income in the following order:

1) Offset deficits.

2) Set aside as legal reserve 10% of the remaining profit.

3) Appropriate as special reserve.

4) After the abovementioned amounts have been deducted, any remaining profit from the previous years and the current year's undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders as to whether the amount should be distributed as dividends or retained within the Corporation.

Dividends are distributed in the form of cash, common share or a combination of cash and common share. In consideration of the Corporation being in a capital-intensive industry as well as the present and future investment environment, capital demand, market competition, capital budget, shareholders' interests, balanced dividend considerations and long-term financial plans, the Corporation's Articles of Incorporation provide that the total cash dividends paid in any given year should be at least 20% of total dividends distributed.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 22-(g).

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

When a special reserve is appropriated for cumulative net debit balance reserves from the prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings on May 31, 2023 and May 27, 2022, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2022	2021
Legal reserve	$ 870,416	$ 890,790
Special reserve	$ (108,395)	$ 343,641
Cash dividends	$ 5,314,026	$ 5,162,197
Cash dividends per share (NT$)	$ 7	$ 6.8

The appropriation of earnings for 2023, which had been proposed by the Corporation's board of directors on March 8, 2024, was as follows:

	For the Year Ended December 31, 2023
Legal reserve	$ 800,489
Special reserve reversed	$ 130,039
Cash dividends	$ 5,314,026
Cash dividends per share (NT$)	$ 7

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on May 30, 2024.

d. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (501,790)	$ (690,969)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(207,357)	189,179
Reclassification adjustments		
Disposal of share from subsidiaries accounted for using the equity method	(7,984)	-
Other comprehensive income (loss) recognized for the year	(215,341)	189,179
Balance at December 31	$ (717,131)	$ (501,790)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (32,655)	$ (19,654)
Recognized for the year		
Unrealized gain (loss) - equity instruments	17,519	(13,001)
Other comprehensive income (loss) recognized for the year	17,519	(13,001)
Balance at December 31	$ (15,136)	$ (32,655)

e. Treasury shares

Purpose of Buy - Back	Shares Cancelled (In Thousands of Shares)	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at January 1, 2022	10,412	10,000
Increase during the year	9,588	1,800
Decrease during the year	(20,000)	-
Number of shares at December 31, 2023	-	11,800

The Corporation's shares held by its subsidiaries at the end of the reporting period were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
December 31, 2023			
Greatek Electronics Inc	11,800	$ 1,663,800	$ 1,663,800
December 31, 2022			
Greatek Electronics Inc	11,800	$ 934,560	$ 934,560

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The Corporation's shares held by its subsidiary are treated as treasury shares.

21. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from packaging services	$ 30,155,650	$ 35,429,781
Revenue from testing services	6,131,957	8,737,636
Revenue from module services	5,965,583	8,455,733
Others	23,884	79,859
	$ 42,277,074	$ 52,703,009

a. Contract information

As the Corporation fulfills the obligations in the contract for testing services, the customer simultaneously receives and consumes the benefits provided by the Corporation. The Corporation has the right to revenue collection for the portion of testing services that have been fulfilled, and the revenue from testing services is recognized over time. The Corporation fulfills the obligations in the contract for packaging services when the customer creates or enhances the goods they have control of. The Corporation has the right to revenue collection for the portion of packaging services that have been fulfilled, and the revenue from packaging services is recognized over time.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (including related parties) (Note 10)	$ 10,532,190	$ 9,192,320	$ 10,740,393
Contract assets - current			
Revenue from processing services	$ 1,395,222	$ 1,450,816	$ 1,271,411

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Corporation's performance and the respective customer's payment.

c. Disaggregation of contract revenue

	For the Year Ended December 31	
	2023	2022
Primary geographical markets		
Japan	$ 15,639,076	$ 21,488,326
Singapore	8,994,764	3,898,971
Taiwan (the principal place of business of the Corporation)	8,930,888	14,379,332
North America	7,022,085	10,787,829
China, Hong Kong and Macao	751,355	845,098
Europe	513,303	362,941
Others	425,603	940,512
	$ 42,277,074	$ 52,703,009

22. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as FVTPL	$ 36,673	$ 58,423
Financial liabilities classified as held for trading	(240,319)	(549,787)
Gain on disposal of subsidiaries (Note 25)	390,434	-
Others	300,095	319,742
	$ 486,883	$ (171,622)

b. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$ 156,300	$ 53,317
Others	3	2,601
	$ 156,303	$ 55,918

c. Other income

	For the Year Ended December 31	
	2023	2022
Rental income		
Operating lease rental income	$ 1,891	$ 2,497

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	$ 341,821	$ 274,274
Capitalized interest	(95,515)	(92,178)
Interest on lease liabilities	22,340	22,684
	$ 268,646	$ 204,780

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest	$ 95,515	$ 92,178
Capitalization rate	1.338%-1.471%	0.833%-1.338%

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 7,336,626	$ 8,341,077
Right-of-use assets	38,215	38,130
Intangible assets	-	694
Total	$ 7,374,841	$ 8,379,901
An analysis of depreciation by function		
Costs of revenue	$ 6,553,999	$ 7,792,326
Operating expenses	820,842	586,881
	$ 7,374,841	$ 8,379,207
An analysis of amortization by function		
Operating expenses	$ -	$ 694

Please refer to Note 15 for details on amortization expense of intangible assets.

f. Employee benefit expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits (Note 19)		
Defined contribution plans	$ 329,365	$ 349,268
Defined benefit plans	450	801
	329,815	350,069
Termination benefits	3,287	185
Other employee benefits	9,470,741	11,689,461
Total employee benefit expense	$ 9,803,843	$ 12,039,715
An analysis of employee benefit expense by function		
Costs of revenue	$ 8,207,992	$ 9,831,252
Operating expense	1,595,851	2,208,463
	$ 9,803,843	$ 12,039,715

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Corporation, the Corporation accrues compensation of employees and remuneration of directors at the rates between 5% and 7.5% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. However, if the Corporation has accumulated deficits (including adjustment of unappropriated earnings), the Corporation should retain the net profit in advance for deducting accumulated deficits. The compensations of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which were approved by the Corporation's board of directors on March 8, 2024 and March 10, 2023, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	5.47%	5.42%
Remuneration of directors	1.09%	1.08%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	$ 540,574	$ 586,354
Remuneration of directors	108,115	117,271

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

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

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

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	$ 936,591	$ 1,972,023
Foreign exchange losses	(1,033,164)	(865,598)
	$ 96,573	$ 1,106,425

23. INCOME TAXES

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 1,325,411	$ 1,549,302
Adjustments for prior year	(68,632)	6,060
	1,256,779	1,555,362
Deferred tax		
In respect of the current year	(27,807)	(127,078)
Income tax expenses recognized in profit or loss	$ 1,228,972	$ 1,428,284

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

	For the Year Ended December 31	
	2023	2022
Profit before income tax	$ 9,237,483	$ 10,115,014
Income tax expense calculated at the statutory rate	$ 1,847,497	$ 2,023,003
Items that should be reduce	(535,463)	(613,057)
Generation of temporary differences	(14,430)	12,278
Adjustments for prior years' tax	(68,632)	6,060
Income tax expense recognized in profit or loss	$ 1,228,972	$ 1,428,284

b. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	$ 1,278,416	$ 869,578

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Balance, Beginning of Year	Movements in the Year	Balance, End of Year
Deferred tax assets			
Temporary differences	$ 161,996	$ 63,135	$ 225,131
Deferred tax liabilities			
Temporary differences	$ 44,352	$ 35,328	$ 79,680

For the year ended December 31, 2022

	Balance, Beginning of Year	Movements in the Year	Balance, End of Year
Deferred tax assets			
Temporary differences	$ -	$ 161,996	$ 161,996
Deferred tax liabilities			
Temporary differences	$ 9,434	$ 34,918	$ 44,352

d. Deductible temporary differences for which no deferred tax assets have been recognized in the parent company only balance sheets

	December 31	
	2023	2022
Deductible temporary differences	$ -	$ 115,150

e. Income tax assessments

The Corporation's income tax returns through 2021 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	$ 10.72	$ 11.60
Diluted earnings per share	$ 10.64	$ 11.47

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

Net Profit for the Year

	For the Year Ended December 31	
	2023	**2022**
Earnings used in the computation of basic earnings per share	$ 8,008,511	$ 8,686,730
Effect of potentially dilutive ordinary shares:		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	$ 8,008,511	$ 8,686,730

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

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares outstanding used in the computation of basic earnings per share	747,347	748,748
Effect of potentially dilutive ordinary shares:		
Compensation of employees	5,065	8,593
Weighted average number of ordinary shares used in the computation of dilutive earnings per share	752,412	757,341

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

25. DISPOSAL OF INVESTMENT IN SUBSIDIARY - LOSS OF CONTROL

On June 27, 2023, the board of directors disposed of 70% of the shareholdings of Powertech Technology (Suzhou) Ltd. to Shenzhen Longsys Electronics Co., Ltd. The Corporation completed the disposal of the subsidiary on October 1, 2023, and lost control over the subsidiary. Refer to Note 27 of the consolidated financial statements of the Company as of and for the year ended December 31, 2023 for related information.

26. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure its ability to continue as a going concern while maximizing the return to stakeholders. The Corporation's overall strategy remains unchanged from the previous year.

The capital structure of the Corporation consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising issued capital, reserves, retained earnings and other equity).

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

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

The management of the Corporation considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

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

a) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	$ 1,662	$ 33,000	$ -	$ 34,662

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 24,100	$ -	$ 24,100
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	$ 943	$ 16,200	$ -	$ 17,143
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 4,741	$ -	$ 4,741

There were no transfers between Levels 1 and 2 in the current and prior year.

b) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurements.

Financial Instrument	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Unlisted securities	Using the market approach and the binomial option pricing model to calculate the fair value.

b. Categories of financial instruments

	December 31 2023	December 31 2022
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ -	$ 24,100
Financial assets at amortized cost (Note 1)	21,083,744	21,885,005
Financial assets at FVTOCI		
Equity instruments	34,662	17,143
Financial liabilities		
Financial liabilities at FVTPL		
Held for trading	-	4,741
Financial liabilities at amortized cost (Note 2)	26,660,269	33,437,215

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), pledged time deposits and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise accounts payable (including related parties), payables to equipment suppliers, other payables (including related parties), accrued expenses and other current liabilities, long-term debt (including current portion of long-term borrowings) and guarantee deposit.

c. Financial risk management objectives and policies

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

The Corporation sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Corporation's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function, an independent body that monitors risks and policies implemented to mitigate risk exposures, reports quarterly to the Corporation's board of directors.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Corporation entered into a variety of derivative financial instruments (including foreign exchange forward contracts) to manage its exposure to foreign currency risk and interest rate risk.

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

a) Foreign currency exchange risk

The Corporation's operating activities are partially denominated in foreign currencies and thus have natural hedging effects. The purpose of the Corporation's management of the foreign currency risk is for risk hedging instead of speculative purposes.

The strategy of foreign currency risk management is to review the net position exposed to foreign currency risk and to manage the risk of the net position. The Corporation selects the instruments to hedge against currency exposure by the hedging cost and period. The Corporation currently utilizes derivative financial instruments, including buy/sell foreign exchange forward contracts, to hedge against foreign currency exchange risk.

For the book values of the monetary assets and monetary liabilities denominated in the non-functional currencies of the Corporation on the balance sheet date, refer to Note 31.

The Corporation uses foreign exchange forward contracts to reduce foreign currency risk exposure. It is the Corporation's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

As net investments in foreign operations are for strategic purposes, they are not hedged by the Corporation.

Sensitivity analysis

The Corporation was mainly exposed to the USD and JPY.

The following table details the Corporation's sensitivity to a 5% increase and decrease in the New Taiwan dollar (functional currency) against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis included cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), accounts payable (including related parties), other payables (including related parties) and long-term debt. A positive number below indicates a decrease in pre-tax loss/an increase in pre-tax profit associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax loss/pre-tax profit and the balances below would be negative.

	USD Impact		**JPY Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2023	**2022**	**2023**	**2022**
Profit or loss	$ (717,748)	$ (494,432)	$ 18,390	$ 22,624

b) Interest rate risk

As the Corporation owns assets at both fixed and floating interest rates, the Corporation is exposed to interest rate risk. The Corporation's interest rate risk also comes from borrowings at floating interest rates. Since the Corporation's bank borrowings are at floating interest rates, fluctuations in interest rates will affect future cash flow but will not affect the fair value.

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rate risks at the end of the reporting period were as follows:

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 2,414,494	$ 2,043,954
Cash flow interest rate risk		
Financial assets	6,910,596	9,367,128
Financial liabilities	20,770,590	25,778,246

Sensitivity analysis

The sensitivity analysis below was determined based on the Corporation's exposure to interest rate risk for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of both the assets and the liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by $13,860 thousand and $16,411 thousand, respectively, which was mainly attributable to the Corporation's exposure to interest rate risk on its variable-rate net liabilities.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Corporation does not actively trade these investments. The Corporation's equity price risk was mainly concentrated on equity instruments operating in the electronics industry sector listed on the Taipei Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, the post-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by $1,733 thousand and $857 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure of the counterparty to discharge its obligation arises from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, the management of the Corporation has established rules for credit and accounts receivable management to ensure that follow-up action is taken to recover overdue debt. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Corporation consider that the Corporation’s credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with good credit ratings.

The counterparties of trade receivables cover a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Corporation’s concentration of credit risk was related to the three largest customers within the Corporation. Besides the aforementioned customers, there was no other customer that accounted for 10% of total gross accounts receivable for the years ended December 31, 2023 and 2022. The three largest customers are creditworthy counterparties; therefore, the Corporation believes the concentration of credit risk is insignificant.

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation’s operations and mitigate the effects of fluctuations in cash flows.

The Corporation relies on bank loans as a significant source of liquidity. As of December 31, 2023 and 2022, the Corporation had available unutilized short-term bank loan facilities of approximately $3,600,826 thousand and $4,578,641 thousand, respectively.

a)Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Corporation’s remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The tables included both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	$ 2,181,347	$ 2,533,406	$ 773,613	$ -	$ -
Lease liabilities	4,305	8,610	38,322	194,181	1,524,721
Variable interest rate liabilities	-	-	444,048	19,107,433	1,219,109
Guarantee deposits	7,684	15,367	69,154	307,350	1,758
	$ 2,193,336	$ 2,557,383	$ 1,325,137	$19,608,964	$ 2,745,588

Further information on the maturity analysis of the above financial liability was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 51,237	$ 194,181	$ 234,291	$ 234,291	$ 234,292	$ 821,847
Variable interest rate liabilities	$ 444,048	$19,107,433	$ 1,219,109	$ -	$ -	$ -
Guarantee deposits	$ 92,205	$ 307,350	$ 1,758	$ -	$ -	$ -

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Noninterest bearing liabilities	$ 3,489,112	$ 3,026,409	$ 681,370	$ -	$ -
Lease liabilities	4,307	8,616	37,871	191,083	1,571,579
Variable interest rate liabilities	-	-	-	20,982,070	4,796,176
Guarantee deposits	-	-	61,416	368,496	32,166
	$ 3,493,419	$ 3,035,025	$ 780,657	$21,541,649	$ 6,399,921

Further information on the maturity analysis of the above financial liability was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 50,794	$ 191,083	$ 234,291	$ 234,291	$ 234,292	$ 868,705
Variable interest rate liabilities	$ -	$20,982,070	$ 4,796,176	$ -	$ -	$ -
Guarantee deposits	$ 61,416	$ 368,496	$ 32,166	$ -	$ -	$ -

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Corporation's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
Gross settled			
Foreign exchange forward contracts			
Inflows	$ 1,577,409	$ 1,217,383	$ -
Outflows	(1,556,108)	(1,219,325)	-
	$ 21,301	$ (1,942)	$ -

c)Financing facilities

	December 31 2023	2022
Secured bank loan facilities which may be mutually extended:		
Amount used	$ 17,270,590	$ 19,278,246
Amount unused	6,500,000	6,500,000
	$ 23,770,590	$ 25,778,246

28. TRANSACTIONS WITH RELATED PARTIES

As disclosed elsewhere in the other notes, details of transactions between the Corporation and other related parties are disclosed below.

a. Related party name and relationship

Related Party Name	Relationship with the Corporation
Greatek Electronics Inc. (“GEI”)	Subsidiary
Powertech Technology (Singapore) Pte. Ltd.	Subsidiary
Powertech Semiconductor (Xian) Co., Ltd.	Subsidiary
Powertech Technology (Suzhou) Ltd. (Note)	Subsidiary
Powertech Technology Japan Ltd.	Subsidiary
Tera Probe, Inc.	Subsidiary
Powertech Technology Akita Inc.	Subsidiary
TeraPower Technology Inc.	Subsidiary
Longforce Technology (Suzhou) Ltd. (Note)	Associate
Kioxia Corporation	Substantial related party
Toshiba International Procurement Hong Kong, Ltd.	Substantial related party
Kingston Technology International Ltd.	Substantial related party
Kingston Digital International Ltd.	Substantial related party
Kingston Solution, Inc.	Substantial related party
Kingston Technology Far East Corp.	Substantial related party
PTI Education Foundation	Substantial related party
Solid State Storage Technology Corporation	Substantial related party
Kingston Technology International Limited (Ireland), Taiwan Branch	Substantial related party
KIOXIA Semiconductor Taiwan Corporation	Substantial related party

Note: On October 1, 2023, the Corporation lost control over Powertech Technology (Suzhou) Ltd., and changed its name to Longforce Technology (Suzhou) Ltd.

b. Sales of goods

		For the Year Ended December 31	
Account	Related Party Type	2023	2022
Sales of goods	Substantial related parties		
	Kioxia Corporation	$ 14,435,398	$ 20,216,762
	Others	924,078	747,876
		15,359,476	20,964,638
	Subsidiaries	104,634	100,701
	Associate	2,880	-
		$ 15,466,990	$ 21,065,339

Sales transactions with related parties were based on normal commercial prices and terms. In general, the payment terms for sales of the Corporation are from 30 days to 120 days starting from the first day of the month following the invoice date.

c. Purchases

Related Party Type	For the Year Ended December 31 2023	2022
Substantial related parties	$ 230,024	$ 1,192,843
Subsidiaries	2,548	27,177
Associate	44	-
	$ 232,616	$ 1,220,020

The purchase prices and payment terms were based on negotiations for which there are no comparable transactions in the market.

d. Costs of revenue

Related Party Type	For the Year Ended December 31 2023	2022
Subsidiaries	$ 617,612	$ 891,522
Associate	90,179	-
Substantial related parties	-	162
	$ 707,791	$ 891,684

Costs of revenue from transactions with related parties include subcontracting costs and other costs. The terms of the transactions with related parties were made under a subcontracting cooperation agreement for which there are no comparable transactions in the market.

e. Operating expenses

Related Party Type	For the Year Ended December 31 2023	2022
Subsidiaries	$ 13,010	$ 10,135
Substantial related parties	3,000	-
	$ 16,010	$ 10,135

Operating expenses include donation, machine, rent expenses and market survey expenses. The rentals with related parties were based on conditions agreed by both parties for which there are no comparable transactions in the market.

f. Miscellaneous income

Related Party Type	For the Year Ended December 31 2023	2022
Subsidiaries		
TeraPower Technology Inc.	$ 722	$ 2,497

The rental amount and payment terms with related parties were based on conditions agreed by both parties for which there are no comparable transactions in the market.

g. Other gains and losses

Related Party Type	For the Year Ended December 31 2023	2022
Subsidiaries		
Greatek Electronics Inc. ("GEI")	$ 70,622	$ 111,524
Others	10,912	11,060
	81,534	122,584
Substantial related parties		
Kioxia Corporation	23,471	(22,899)
Others	(1,095)	289
	22,376	(22,610)
Associate	1,376	-
	$ 105,286	$ 99,974

Other gains and losses mainly include the director remuneration, purchase and sales of raw materials, compensation and the difference between collections and payment transfers. The purchase and sales of raw materials were based on conditions agreed by both parties for which there are no comparable transactions in the market.

h. Contract assets

Related Party Type	For the Year Ended December 31 2023	2022
Substantial related parties		
Kioxia Corporation	$ 682,318	$ 787,583
Others	53,171	35,166
	735,489	822,749
Subsidiaries	174	7,076
	$ 735,663	$ 829,825

For the years ended December 31, 2023 and 2022, no impairment loss was recognized for contract assets from related parties.

i. Accounts receivable from related parties (excluding loans to related parties and contract assets)

Account	Related Party Type	December 31 2023	2022
Accounts receivable from related parties	Substantial related parties		
	Kioxia Corporation	$ 4,556,629	$ 4,623,127
	Others	141,407	122,653
		4,698,036	4,745,780
	Subsidiaries	5,678	24,758
		$ 4,703,714	$ 4,770,538

The outstanding accounts receivable from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for accounts receivable from related parties.

j. Payables to related parties (excluding loans from related parties)

Account	Related Party Type	December 31 2023	December 31 2022
Accounts payable from related parties	Substantial related party		
	Solid State Storage Technology Corporation Hsinchu Science Park Branch	$ 124,068	$ 70,748
	Toshiba International Procurement Hong Kong, Ltd.	-	11,936
		124,068	82,684
	Subsidiaries	267	-
	Associate	43	-
		$ 124,378	$ 82,684

The outstanding trade payables to related parties are unsecured.

k. Payable to equipment suppliers

Related Party Type	December 31 2023	December 31 2022
Substantial	$ -	$ 123,275

l. Other receivables from related parties (excluding loans to related parties)

Related Party Type	December 31 2023	December 31 2022
Subsidiaries		
Powertech Semiconductor (Xian) Co., Ltd.	$ 2,445	$ 3,128
Powertech (Suzhou) Ltd.	-	3,218
Others	74	692
	2,519	7,038
Substantial related parties		
Kioxia Corporation	17,869	7,933
Associate		
Longforce Technology (Suzhou) Ltd.	73,813	-
	$ 94,201	$ 14,971

m. Other payables from related parties (excluding loans from related parties)

Related Party Type	December 31 2023	December 31 2022
Subsidiaries		
TeraPower Technology Inc.	$ 59,620	$ 106,322
Powertech Technology (Suzhou) Ltd.	-	73,699
Powertech Technology Akita Inc.	-	33,402
Greatek Electronics Inc. ("GEI")	40,430	26,624

(Continued)

Related Party Type	December 31 2023	December 31 2022
Powertech Technology Japan Ltd.	$ 22,849	$ 15,127
Others	155	263
	123,054	255,437
Substantial related parties		
Kioxia Corporation	39,262	31,758
Associate		
Longforce Technology (Suzhou) Ltd.	87,452	-
	$ 249,768	$ 287,195

(Concluded)

n. Acquisitions of property, plant and equipment

Related Party Type	Acquisition Price For the Year Ended December 31 2023	Acquisition Price For the Year Ended December 31 2022
Subsidiaries	$ 92,657	$ 211,513
Substantial related party	22,078	-
	$ 114,735	$ 211,513

The purchase of property, plant and equipment from related parties were based on negotiations of cooperation agreements for which there were no comparable transactions in the market.

o. Disposal of property, plant and equipment

Related Party Type	Proceeds For the Year Ended December 31		Gain on Disposal For the Year Ended December 31	
	2023	2022	2023	2022
Subsidiaries	$ 59,873	$ 962	$ 477	$ 446
Associate	9,601	-	9,601	-
	$ 69,474	$ 962	$ 10,078	$ 446

The sale of property, plant and equipment to related parties and the purchase of property, plant and equipment from related parties were based on negotiations of cooperation agreements for which there were no comparable transactions in the market. The gain on disposal of property, plant and equipment was deferred.

p. Loans to related parties

Related Party Type	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Interest revenue		
Subsidiaries		
Powertech Technology (Suzhou) Ltd.	$ -	$ 2,599

The Corporation provided its subsidiary Powertech Technology (Suzhou) Ltd. with loans at rates negotiated by both parties.

q. Remuneration of key management personnel

Related Party Type	For the Year Ended December 31 2023	2022
Short-term benefits	$ 366,135	$ 410,862
Post-employment benefits	1,836	1,836
	$ 367,971	$ 412,698

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been provided as collateral mainly for long-term debts and lease deposits:

Related Party Type	December 31 2023	2022
Property, plant and equipment	$ 19,107,680	$ 23,256,309
Pledged deposits (classified as financial assets at amortized cost - non-current)	70,234	5,634
	$ 19,177,914	$ 23,261,943

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Corporation as of December 31, 2023 and 2022 were as follows:

a. From December 2020 to December 2021, the Corporation signed purchase agreements for equipment worth $588,119 thousand with Disco Hi-Tec Taiwan Co., Ltd. As of December 31, 2023, the Corporation has paid a total of $570,536 thousand, and the remaining amount of 17,583 thousand was canceled by negotiation.

b. From December 2021 to August 2022, the Corporation signed purchase agreements for equipment worth $523,210 with Disco Hi-Tec Taiwan Co., Ltd. As of December 31, 2023, the Corporation had paid a total of $438,168 thousand.

c. From July 2021 to July 2022, the Corporation signed a contract worth $728,248 thousand with Jian Ming Construction Co. Ltd. to set up new plant construction and factory engineering. As of December 31, 2023, PTI has paid a total of $541,698 thousand.

d. As of December 31, 2023, the Corporation unused letters of credit for purchasing of machinery and equipment amounted to approximately JPY64,400 thousand and EUR1,568 thousand.

e. In November 2021, the Corporation entered into capacity reservation agreements with Zhen Ding Technology Co., Ltd. The deposits in a required aggregate amount of US$35,000 thousand were paid to suppliers in compliance with the agreements and refunded to the corporation when terms set forth in the agreements have been satisfied. According to the agreements, the deposits will be refunded in 58 installments starting from March 2023. As of December 31, 2023, the Corporation has paid a total of US$35,000 thousand and recovered US$6,000 thousand.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Corporation's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currency and the related exchange rates between the foreign currencies and respective functional currency were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 591,221	30.735(USD:NTD)	$ 18,171,167
JPY	139,807	0.2173(JPY:NTD)	30,380
RMB	12,114	4.3338 (RMB:NTD)	52,501
			$ 18,254,048
Non-monetary items			
USD	375,943	30.735 (USD:NTD)	$ 11,554,597
JPY	2,313,649	0.2173 (JPY:NTD)	502,756
			$ 12,057,353
Financial liabilities			
Monetary items			
USD	124,165	30.735 (USD:NTD)	$ 3,816,205
JPY	1,832,383	0.2173 (JPY:NTD)	398,177
EUR	40,552	34.0114(EUR:NTD)	1,379
			$ 4,215,761

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 482,313	30.708(USD:NTD)	$ 14,810,865
JPY	557,781	0.2324(JPY:NTD)	129,628
RMB	13,358	4.4175 (RMB:NTD)	59,008
			$ 14,999,501
Non-monetary items			
USD	261,967	30.708 (USD:NTD)	$ 8,044,477
JPY	1,793,843	0.2324 (JPY:NTD)	416,889
			$ 8,461,366

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 163,511	30.708 (USD:NTD)	$ 4,922,234
JPY	2,504,730	0.2324 (JPY:NTD)	582,099
EUR	1,100	32.708(EUR:NTD)	35,967
			$ 5,540,300
Non-monetary items			
USD	154	30.708 (USD:NTD)	$ 4,741

(Concluded)

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains (losses) were $(96,573) thousand and $1,106,425 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and currencies of the Corporation.

32. SEPARATELY DISCLOSED ITEMS

Except for the following, the Corporation has no other significant transactions, investees and investments in mainland China that need to be disclosed as required by the Securities and Futures Bureau.

a. Financing provided to others: None

b. Endorsements/guarantees provided: None

c. Marketable securities held (excluding investments in subsidiaries and associates): Table 1 (attached)

d. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Table 2 (attached)

e. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

f. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

g. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3 (attached)

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4 (attached)

i. Derivative transactions: Note 7

j. Names, locations, and related information of investees over which the Corporation exercises significant influence: Table 5 (attached)

k. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investments at the end of the period, repatriations of investment income, and limit on the amount of investments in the mainland China area: Table 6 (attached).

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Note 28.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares (In Thousands)	Carrying Value	% of Ownership	Fair Value	
Powertech Technology Inc.	Shares							
	Solid state system Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,053	$ 34,662	3	$ 34,662	Note 3
Greatek Electronics Inc.	Bond							
	P08 Taipower 3A	-	Financial assets at amortized cost - current	50	50,000	-	50,000	Note 2
	Stock							
	Powertech Technology Inc.	Parent entity	Financial assets at fair value through other comprehensive income - noncurrent	11,800	1,663,800	2	1,663,800	Note 1
	SAMHOP Microelectronics Corp.	-	Financial assets at fair value through profit or loss - noncurrent	268	-	3	-	Note 4
	Terawins Inc.	-	Financial assets at fair value through profit or loss - noncurrent	643	-	2	-	Note 4
	Airwave Technologies Inc.	-	Financial assets at fair value through profit or loss - noncurrent	93	-	1	-	Note 4

Note 1: The fair value was based on the closing price of the shares as of December 31, 2023.

Note 2: The fair value was based on trading market in hundreds of new Taiwan dollars as of December 31, 2023.

Note 3: The fair value of ordinary shares was based on the stock closing price, and the fair value of privately placed shares was determined using valuation techniques as of December 31, 2023.

Note 4: The fair value was based on the carrying value as of December 31, 2023.

Note 5: As of December 31, 2023, the above marketable securities had not been pledged or mortgaged.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note 1)		Acquisition		Disposal				Ending Balance (Note 1)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
POWERTECH TECHNOLOGY INC.	Equity certificate Powertech Technology (Suzhou) Ltd.	Investments accounted for using the equity method.	Shenzhen Longsys Electronics Co., Ltd.	-	-	$ 176,964	-	$ -	-	$ 566,194	$ 183,744	$ 390,434	-	$ -
PTI TECHNOLOGY (SINGAPORE) PTE. LTD.	Equity certificate Powertech Technology (Suzhou) Ltd. (Note 3)	Investments accounted for using the equity method.	Shenzhen Longsys Electronics Co., Ltd.	-	-	USD 38,610	-	-	-	USD 78,960	USD 38,365	USD 76,761	-	USD 38,209
Powertech Technology (Singapore) Pte. Ltd.	Equity certificate Powertech Technology (Suzhou) Ltd.	Investments accounted for using the equity method.	Shenzhen Longsys Electronics Co., Ltd.	-	-	USD 11,532	-	-	-	USD 35,093	USD 11,395	USD 23,236	-	-

Note 1: The opening and closing balances include gains and losses recognized using the equity method.

Note 2: For disposal information, refer to Note 25.

Note 3: Powertech Technology (Suzhou) has been rebranded as Longforce Technology (Suzhou) Ltd. after disposal.

TABLE 3

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Powertech Technology Inc.	Kioxia Corporation	Corporate director's parent company	Sale	$14,435,398	34	Note 1	-	-	$ 4,556,629	43	-
	Kingston Solution, Inc.	The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	438,821	1	Note 1	-	-	87,186	1	-
	Kingston Technology International Ltd.	The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	295,052	1	Note 1	-	-	39,277	0.4	-
	Kingston Digital International Ltd.	The ultimate parent company of the related party is the juristic-person director of the Corporation.	Sale	190,205	0.45	Note 1	-	-	14,944	0.14	-
	Solid State Storage Technology Corporation	Corporate director's subsidiaries.	Purchase	189,059	2	Note 1	-	-	(124,068)	(4)	-
Greatek Electronics Inc.	Realtek Semiconductor Corp.	Parent company of Greatek Electronics Inc.'s corporate director.	Sale	898,007	7	Net 60 days from monthly closing date	Note 2	Equivalent	305,491	11	-
	Realtek Singapore Private Limited	Same parent company with Greatek Electronics Inc.'s corporate director.	Sale	338,857	2	Net 60 days from monthly closing date	Note 2	Equivalent	52,507	2	-
	PowerTech Technology Inc.	Parent company of Greatek Electronics Inc.	Sale	109,643	1	Net 90 days from monthly closing date	Note 2	Equivalent	38,504	1	-
TeraPower Technology Inc.	Kioxia Corporation	Parent company of corporate director of TeraPower Technology Inc.'s ultimate parent company.	Sale	281,721	5	Net 90 days from monthly closing date	-	-	89,119	8	-

Note 1: 25 to 120 days after the end of the month of the invoice date.

Note 2: The prices of goods Greatek Electronics Inc. sold to related parties is determined based on general transactions.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debt
					Amount	Action Taken		
Powertech Technology Inc.	Kioxia Corporation	Corporate director's parent company	$ 4,556,629	3.15	$ -	-	$ 2,163,471	$ -
Greatek Electronics Inc.	Realtek Semiconductor Corp.	Parent Company of Greatek Electronics Ino's corporate director	305,491	4.58	-	-	97,053	-

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE CORPORATION EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares (In Thousands)	% of Ownership	Carrying Value			
Powertech Technology Inc.	TeraPower Technology Inc.	Hsinchu	Wafer probing test services	$ 1,153,964	$ 1,153,964	73,386	49	$ 3,595,367	$ 1,219,722	$ 525,415	Notes 1 and 2
	Powertech Holding (BVI) Inc.	British Virgin Islands	Investment business	1,679,370	1,679,370	50	100	3,546,035	2,197,383	2,380,568	Notes 1 and 2
	Greatek Electronics Inc.	Miaoli	Semiconductor assembly and testing services	6,169,948	6,169,948	244,064	43	9,530,313	1,997,124	851,111	Notes 1 and 2
	Powertech Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 69,000	USD 69,000	69,000	100	2,976,558	1,008,531	1,009,358	Notes 1 and 2
	Powertech Technology Japan Ltd.	Japan	Investment business	USD 103,052	USD 103,052	-	100	3,759,788	441,304	488,676	Notes 1 and 2
	Tera Probe, Inc.	Japan	Wafer probing test services	$ 230,616	$ 230,616	1,077	12	502,756	908,166	125,443	Notes 1 and 2
Greatek Electronics Inc.	Get-Team Tech corporation	Hsinchu	Metal plating on semiconductor lead frame	171,523	171,523	7,796	97.46	145,019	(13,486)	(19,367)	Note 1
Powertech Holding (BVI) Inc.	PTI Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 51,000	USD 51,000	103	100	USD 114,157	USD 68,977	USD 68,977	Note 1
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Japan	Wafer probing test services	USD 43,963	USD 43,963	4,440	49	USD 108,545	USD 29,134	USD 14,220	Note 1
	Powertech Technology Akita Inc.	Japan	Semiconductor assembly and testing services	USD 58,329	USD 58,329	6	100	USD 8,482	USD (216)	USD (216)	Note 1
Tera Probe, Inc.	TeraPower Technology Inc.	Hsinchu	Wafer probing test services	JPY4,348,056	JPY4,348,056	76,381	51	JPY4,348,056	JPY5,442,829	JPY2,775,843	Notes 1 and 2

Note 1: Amount was recognized on the basis of audited financial statements.

Note 2: Excluding unrealized intercompany gains (losses).

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

Equity-method Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investments from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow							
Longforce Technology (Suzhou) Ltd.	Semiconductor testing and assembly services	$ 3,073,500 (US$100,000)	Note 1	$ 1,567,485 (US$51,000)	$ -	$ 514,043 (US$16,725)	$ 1,053,442 (US$34,275)	$ 63,775 (US$(2,013))	30%	$ 50,448 (US$ 1,584)	$ 1,174,347 (US$38,209)	$ -	Note 4
Powertech Semiconductor (Xian) Co., Ltd.	Semiconductor testing and assembly services	2,151,450 (US$70,000)	Note 1	1,657,907 (US$53,942)	-	205,740 (US$ 6,694)	1,452,167 (US$47,248)	581,111 (US$18,655)	100%	581,111 (US$18,655)	3,050,223 (US$99,243)	699,283 (US$22,752)	-

Equity-method Investee Company	Accumulated Investments in Mainland China as of December 31, 2023 (In Thousands of USD)	Investment Amounts Authorized by the Investment Commission, MOEA (In Thousands of USD)	Ceiling Amount on of the Corporation's Investments in Mainland China
Longforce Technology (Suzhou) Ltd.	US$ 34,275	US$ 79,000	$ 32,921,717
Powertech Semiconductor (Xian) Co., Ltd.	US$ 47,248	US$ 70,000	

Note 1: Investments in companies in mainland China were made through companies established in a third region.

Note 2: The amount was recognized on the basis of audited financial statements.

Note 3: Based on the exchange rate as of December 31, 2023.

Note 4: On October 1, 2023, the Corporation disposed of 70% of the shareholdings in Powertech Technology (Suzhou) Ltd. and changed its name to Longforce Ltd.

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POWERTECH TECHNOLOGY INC.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Amount
Cash		
Cash in banks		
Demand deposits	Including NT$3,313,251 thousand, US$114,347 thousand @30.735, JPY139,807 thousand @0.2173and RMB12,114 thousand @4.3338, interest rate range was 0.01%-5.26%	$ 6,910,596
Time deposits	Expired in March 2024, interest rate range was 5.05%-5.72%	2,344,260
Checking accounts		289
		9,255,145
Cash on hand		123
Total		$ 9,255,268

POWERTECH TECHNOLOGY INC.

STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	$ 2,384,968
Client B	1,708,074
Client C	581,620
Others (Note)	1,158,618
	5,833,280
Allowance for impairment loss	(4,804)
Total	$ 5,828,476

Note: The amount from each individual client included in others does not exceed 5% of the account balance.

POWERTECH TECHNOLOGY INC.

STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Market Value
Raw materials	$ 4,785,745	$ 5,023,230
Supplies and spare parts	295,087	364,363
Total	$ 5,080,832	$ 5,387,593

Note: The amount of inventory insurance was $96,142,000 thousand (including insurance of OEM by client).

STATEMENT 4

POWERTECH TECHNOLOGY INC.

STATEMENT OF CHANGES IN RIGHTS-OF-USE ASSETS AND ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

	Land	Transportation Equipment	Total
Cost			
January 1, 2023	$ 1,429,811	$ 3,957	$ 1,433,768
Additions	5,523	2,635	8,158
Disposals	(2,164)	(2,284)	(5,012)
December 31, 2023	1,433,170	3,744	1,436,914
Accumulated depreciation and impairment			
January 1, 2023	136,514	2,718	139,232
Depreciation	36,849	1,366	38,215
Disposals	(2,164)	(2,284)	(5,012)
December 31, 2023	171,199	1,236	172,435
Carrying amount at December 31, 2023	$ 1,261,971	$ 2,508	$ 1,264,479

POWERTECH TECHNOLOGY INC.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2023		Increase		Decrease (Note 1)		Changes in Net value of Investments in Subsidiaries and Associates Accounted for Using the Equity Method	Gains (Losses) on Investments Accounted for Using the Equity Method (Notes 2 and 3)	Remeasurements of Defined Benefit Plans	Exchange Differences on Translating Foreign Operations	Deferred Credit Adjustment	Balance, December 31, 2023			Carrying Value (Note 2)	Pledged or Mortgaged
	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount						Number of Shares (In Thousands)	%	Amount		
Greatek Electronics Inc.	244,064	$ 9,581,046	-	$ -	-	$ (903,038)	$ 110	$ 851,111	$ 1,084	$ -	$ -	244,064	43	$ 9,530,313	$ 9,237,557	-
Powertech Holding (BVI) Inc.	50	1,209,428	-	-	-	-	-	2,380,568	-	(56,269)	12,308	50	100	3,546,035	3,546,035	-
TeraPower Technology Inc.	73,386	3,328,736	-	-	-	(263,455)	-	525,415	33	-	4,638	73,386	49	3,595,367	3,268,035	-
Powertech Technology (Singapore) Pte. Ltd.	69,000	1,990,623	-	-	-	-	-	1,009,358	-	(27,723)	4,300	69,000	100	2,976,558	3,159,700	-
Powertech Semiconductor (Xian) Co., Ltd.	-	1,271,435	-	-	-	(212,497)	-	207,540	-	4,949	789	-	36	1,272,216	1,089,366	-
Powertech Technology (Suzhou) Ltd.	-	175,525	-	-	-	(183,744)	-	6,679	-	101	1,439	-	-	-	-	-
Powertech Technology Japan Ltd.	-	3,374,567	-	-	-	-	-	488,676	17	(103,472)	-	-	100	3,759,788	2,447,676	-
Tera Probe, Inc.	1,077	415,688	-	-	-	(13,436)	-	125,443	4	(24,943)	-	1,077	12	502,756	809,085	-
		$ 21,347,048		$ -		$ (1,576,170)	$ 110	$ 5,594,790	$ 1,138	$ (207,357)	$ 23,474			$ 25,183,033	$ 23,557,454	

Note 1: The decrease was due to cash dividends from investees and disposed by the investees.

Note 2: Investment (loss) gain and carrying value were based on the associates' financial statements audited by the auditors for the same years.

Note 3: Gains (loss) on investments accounted for using the equity method did not include the adjustment of capital surplus due to the distribution of dividends to subsidiaries in the amount of $82,600 thousand.

POWERTECH TECHNOLOGY INC.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2023		Increase		Decrease		Unrealized Gain or Loss On Financial Instrument	Balance, December 31, 2023				
Investees	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Amount	Number of Shares (In Thousands)	%	Amount	Fair Value (Note)	Collateral
Shares												
Solid State System Co., Ltd.	2,053	$ 17,143	-	$ -	-	$ -	$ 17,519	2,053	3	$ 34,662	$ 34,662	-

Note: The fair value of Solid State System Co., Ltd.'s private equity as of December 31, 2023 was determined using valuation techniques.

POWERTECH TECHNOLOGY INC.

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
SIMMTECH INTERNATIONAL PTE. LTD.	$ 576,279
Shinko Electric Industries Co., LTD.	263,752
KINSUS INTERCONNECT TECHNOLOGY CORP.	198,302
Avnet Technology Hong Kong Limited.	182,091
Others (Note)	2,166,781
Total	$ 3,387,205

Note: The amount payable to each individual vendor under others does not exceed 5% of the account balance.

STATEMENT 8

POWERTECH TECHNOLOGY INC.

STATEMENT OF PAYABLES TO CONTRACTORS AND EQUIPMENT SUPPLIERS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Hitachi Power Solutions Co., Ltd.	$ 48,795
TWIN SYSTEM INC.	43,811
Jetinn Global Equipment Ltd. Taiwan Branch, Samoa	40,702
Others (Note)	650,713
Total	$ 784,021

Note: The amount payable to each individual vendor under others does not exceed 5% of the account balance.

POWERTECH TECHNOLOGY INC.

STATEMENT OF LONG-TERM BANK LOANS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Bank Name	Trustee	Amount at Year End	Interest Payment Date	Coupon Rate (%)	Financing Facility	Note	Pledged or Mortgaged
Taiwan Cooperative Bank	Guaranteed loan	$ 2,000,000	2021.12.15-2028.12.15	1.35	$ 2,000,000		Machinery and equipment of $1,300,789 thousand
Yuanta Commercial Bank	Credit loan	1,000,000	2023.10.17-2026.11.04	1.55	2,500,000	Note 1	-
Yuanta Commercial Bank	Credit loan	1,000,000	2023.12.04-2026.11.04	1.575	2,500,000	Note 1	-
Bank of Taiwan	Guaranteed loan	52,615	2012.11.26-2027.11.26	1.58	228,000		Land of $228,000 thousand
Bank of Taiwan	Guaranteed loan	125,000	2019.10.25-2025.06.19	1.58	2,000,000		Machinery and equipment of $399,981 thousand
Bank of Taiwan	Guaranteed loan	502,652	2014.08.25-2027.11.26	1.58	2,380,000		Buildings of $1,747,989 thousand
Bank of Taiwan	Guaranteed loan	2,000,000	2021.09.01-2031.08.15	1.15	3,200,000	Note 2	-
Bank of Taiwan	Guaranteed loan	1,200,000	2021.09.01-2031.08.15	1.35	3,200,000	Note 2	Buildings of $1,964,891 thousand
Bank of Taiwan	Guaranteed loan	500,000	2021.09.01-2028.08.15	1.35	2,000,000		Machinery and equipment of $234,448 thousand
Mega International Commercial Bank Co., Ltd.	Guaranteed loan	906,977	2022.02.15-2027.02.15	1.56	1,500,000		Machinery and equipment of $1,132,908 thousand
Chang Hwa Commercial Bank, Ltd.	Guaranteed loan	100,000	2021.12.27-2028.12.15	1.58	2,000,000	Note 3	Machinery and equipment of $106,501 thousand
Chang Hwa Commercial Bank, Ltd.	Guaranteed loan	100,000	2021.12.27-2028.12.15	1.58	2,000,000	Note 3	
Chang Hwa Commercial Bank, Ltd.	Guaranteed loan	1,000,000	2022.06.15-2028.12.15	1.53	2,000,000	Note 3	Machinery and equipment of $571,194 thousand
Chang Hwa Commercial Bank, Ltd.	Guaranteed loan	800,000	2022.09.01-2028.12.15	1.55	2,000,000	Note 3	Machinery and equipment of $1,320,225 thousand
Hua Nan Bank	Guaranteed loan	1,983,333	2021.09.01-2028.08.15	1.65	2,000,000		Machinery and equipment of $1,004,302 thousand
Shin Kong Bank	Credit loan	500,000	2023.12.28-2024.01.11	1.51	1,200,000		-
E-SUN Commercial Bank	Credit loan	1,000,000	2023.03.22-2026.03.22	1.57	2,000,000		-
E-SUN Commercial Bank	Guaranteed loan	2,400,000	2021.10.25-2028.10.15	1.4	2,400,000		Machinery and equipment of $1,802,437 thousand
First Bank	Guaranteed loan	1,300,000	2021.12.15-2028.12.15	1.55	2,000,000	Note 4	Machinery and equipment of $543,461 thousand
First Bank	Guaranteed loan	700,000	2022.07.25-2028.12.15	1.35	2,000,000	Note 4	Machinery and equipment of $538,703 thousand
Land Bank of Taiwan	Guaranteed loan	1,600,013	2022.02.15-2028.12.15	1.59	2,000,000		Machinery and equipment of $2,179,106 thousand
		20,770,590					
Current portion		(444,048)					
		$ 20,326,542					

Note 1: Joint financing facility of $2,500,000 thousand.

Note 2: Joint financing facility of $3,200,000 thousand.

Note 3: Joint financing facility of $2,000,000 thousand.

Note 4: Joint financing facility of $2,000,000 thousand.

STATEMENT 10

POWERTECH TECHNOLOGY INC.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Discount Rate	Amount
Land	0.93%-1.69%	$ 1,309,847
Transportation equipment	0.92%-1.59%	2,514
Less: Lease liabilities - current		(29,309)
Lease liabilities - non-current		$ 1,283,052

POWERTECH TECHNOLOGY INC.

STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Subcontracting revenue	$ 42,261,567
Others	23,884
Sales discounts and allowances	(8,377)
Net revenue	$ 42,277,074

POWERTECH TECHNOLOGY INC.

STATEMENT OF COST OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials used	
Balance, beginning of year	$ 8,149,096
Raw materials purchased	12,308,827
Raw materials, end of year	(4,785,745)
Others	(1,896,826)
Subtotal	13,775,352
Direct labor	3,422,770
Manufacturing expenses	13,050,339
Manufacturing cost	30,248,461
Transferred to manufacturing or operating expenses	(7,606)
Scrap revenue	(106,065)
Unallocated overhead	5,435,279
Total	$ 35,570,069

STATEMENT 13

POWERTECH TECHNOLOGY INC.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses
Payroll expense	$ 60,155	$ 445,594	$ 814,623
Export expense	49,436	24	183
Depreciation expense	2,419	64,833	753,590
Taxation and levies	13	87,982	6,955
Utilities	-	72,984	-
software maintenance service	-	64,516	10,551
Remuneration of directors	-	118,485	-
Others (Note)	24,955	206,417	478,383
Total	$ 136,978	$ 1,060,835	$ 2,064,285

Note: The amount of each item in others does not exceed 5% of the account balance.

POWERTECH TECHNOLOGY INC.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2023			2022		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	$ 6,813,129	$ 1,320,372	$ 8,133,501	$ 8,295,548	$ 1,917,548	$10,213,096
Labor and health insurance	731,483	86,294	817,777	784,222	83,992	868,214
Pension	283,116	46,699	329,815	305,079	44,990	350,069
Remuneration of directors	-	118,485	118,485	-	127,711	127,711
Others	380,264	24,001	404,265	446,403	34,222	480,625
	$ 8,207,992	$ 1,595,851	$ 9,803,843	$ 9,831,252	$ 2,208,463	$12,039,715
Depreciation	$ 6,553,999	$ 820,842	$ 7,374,841	$ 7,792,326	$ 586,881	$ 8,379,207
Amortization	$ -	$ -	$ -	$ -	$ 694	$ 694

Note 1: As of December 31, 2023 and 2022, the Corporation had 11,276 and 11,963 employees, respectively. There were 8 non-employee directors for 2023 and 2022.

Note 2: Companies whose shares are listed on the Taiwan Stock Exchange or the Taipei Exchange should disclose the following additional information:

1) The average employee welfare expense for the current year is $860 thousand (“Total employee welfare expenses for the current year-Total directors’ remuneration”/“Number of employees for the current year-Number of directors who are not concurrent employees”). The average employee welfare expense for the current year is $996 thousand (“Total employee welfare expenses for the current year-Total directors’ remuneration”/“Number of employees for the current year-Number of directors who are not concurrent employees”).

2) The average employee salary expenses for the current year is $722 thousand (the total salary expenses for the current year/“the number of employees in the current year-the number of directors who are not part-time employees”). The average employee salary expenses for the current year is $854 thousand (the total salary expenses for the current year/“the number of employees in the current year-the number of directors who are not part-time employees”).

3) Average employee salary expense reduced by (15)% (“Average employee salary expense for the current year-Average employee salary expense for the previous year”/Average employee salary expense for the previous year).

4) The Corporation had established an audit committee on June 26, 2014, so there was no supervisor in 2023 and 2022.

5) The Corporation’s salary and remuneration policy (including directors, managers and employees):

   The Corporation’s salary and remuneration policies are prepared and implemented with reference to the Corporation’s policy, salary management measures, annual bonus regulations, assessment management measures, quarterly bonus regulations, compensation of employees, labor incentive bonuses, employee stock ownership trust implementation measures and welfare management measures, etc.

6. Risk analysis and assessment in the recent year and as of publication date of annual report.

If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

VII. Discussion and Analysis of Financial Status and Operating Results and Risk Management

1. Financial Status

Nonconsolidated Financial Statements

Year / Item	2023	2022	Difference	
			Amount	%
Current Assets	$ 48,194,283	$ 49,776,657	($ 1,582,374)	(3.18)
Investment	2,003,163	447,117	1,556,046	348.02
Real estate, Plant & Equipment	56,923,703	64,818,236	(7,894,533)	(12.18)
Intangible Assets	1,107,074	1,125,632	(18,558)	(1.65)
Other Assets	2,926,342	2,801,496	124,846	4.46
Total Assets	111,154,565	118,969,138	(7,814,573)	(6.57)
Current Liabilities	16,508,127	19,614,752	(3,106,625)	(15.84)
Long-term Liabilities	25,539,955	33,031,348	(7,491,393)	(22.68)
Total Liabilities	42,048,082	52,646,100	(10,598,018)	(20.13)
Capital Stock	7,591,466	7,591,466	0	0
Capital Surplus	237,071	149,540	87,531	58.53
Retained Earnings	48,242,061	45,551,199	2,690,862	5.91
Other shareholders' Equity	(732,267)	(534,445)	(197,822)	(37.01)
Treasury Stock	(468,802)	(468,802)	0	0
Equity Belong to Parent Company	54,869,529	52,288,958	2,580,571	4.94
Non-Controlling Interests	14,236,954	14,034,080	202,874	1.45
Total Shareholders' Equity	69,106,483	66,323,038	2,783,445	4.2

Reason for Major Difference:

1. Increased investment: It is mainly caused by the new equity method of new equity laws and interests. It has not had a significant impact on the company.
2. Non -liabilities decrease: It is mainly due to the reduction of long -term loans and has no significant impact on the company.
3. Increased capital reserve: The main department of the main department was caused by the cancellation of stocks in 2022, which had no significant impact on the company.
4. The reduction of other rights and interests: It is mainly due to the reduction of the redeem benefits of the converts of financial statements in foreign operating institutions in 2023, which has not had a significant impact on the company.

Note: The listed numbers were from consolidated report and audited by CPA using IFRS.

2. Operating Results

(1) Comparison and Analysis Table for Operating Results for Last Two Years

Nonconsolidated Financial Statements

Unit: NT$ Thousands

Year / Item	2023	2022	Increase (Decrease)	Difference (%)	Analysis
Net Sales	$ 70,440,945	$ 83,926,735	($ 13,485,790)	(16.07)	
Cost of Sales	57,831,970	66,550,715	(8,718,745)	(13.10)	
Gross Profit	12,608,975	17,376,020	(4,767,045)	(27.43)	1
Operating Expenses	4,455,409	4,928,003	(472,594)	(9.59)	
Operating Income	8,153,566	12,448,017	(4,294,451)	(34.50)	2
Non-Operating Income/Expenses	3,889,550	1,191,909	2,697,641	226.33	3
Net Income Before Tax	12,043,116	13,639,926	(1,596,810)	(11.71)	4
Income Tax Expense	2,533,978	2,888,077	(354,099)	(12.26)	
Net Income	9,509,138	10,751,849	(1,242,711)	(11.56)	4

Analysis of Difference over 20%

1. Decreased operating gross profit: It is mainly factors such as decreased market demand, customer adjustment in inventory, reduced customer orders, and the overall capacity utilization rate.
2. Decrease in net profit business: It is mainly caused by the decrease in business gross profit.
3. Increase in business income and expenditure: It is mainly due to the interests of the subsidiary of the subsidiary.
4. Pure profit of pre -tax and decrease in this period of net profit: It is mainly due to the reduction of operating net profit.

Note: The listed numbers were from consolidated report and audited by CPA.

(2) Revenue Forecast and Financial Impact:

Please see 2023 Operation Report for details.