TWSE 3035

2023

Faraday Technology Corporation

Annual Report

Annual report inquiry:
http//mops.twse.com.tw
https://www.faraday-tech.com/tw/content/IR/AnnualReports
Printed on April 30, 2024

FARADAY

Company Spokesperson and Deputy Spokesperson

- **Spokesperson**
  Wen-Ju Tseng | Vice President and Chief Financial Officer
  Deputy Spokesperson
  Chao-Yi Lu | Manager
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  03.578.7888
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Address and telephone number of the head office, branch office and factory

- **Hsinchu** | No.5, Li-Hsin Rd.III, Hsinchu Science Park, Hsinchu City, Taiwan 300, R.O.C
  03.578.7888
  Taipei | 4th Floor, No. 396, Section 1, Neihu Road, Neihu District, Taipei City, , Taiwan 114, R.O.C
  02.2627.5988
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  06.282.8686

Name, address, Faraday's official website and telephone number of stock transfer institution

- **Horizon Securities Co., Ltd.**
  3rd Floor, No. 236, Section 4, Xinyi Road, Taipei City
  www.honsec.com.tw
  02.2700.8899

The names of the CPAs of the most recent annual financial report, name of the firm, address, Faraday's official website address and telephone number.

- **CPAs**
  Yu-Ni Yang and Shen-Jie Hu
  Firm Name
  Ernst & Young
  9th Floor, No. 333, Section 1, Keelung Road, Taipei City
  www.ey.com.tw
  02.2757.8888

Name of venue for trading of listed overseas securities and the way to inquire about the information of the overseas securities

- Not applicable

Company Faraday's official website

- www.faraday-tech.com

**Inside of every IC,
Faraday's value is in sight**

Contents

01

Letter to Shareholders

Dear Shareholders,

Year of 2023 marked a significant milestone for Faraday as the company enters its 30th year since establishment. Not only did we achieve No. 1 in the Top 50 Best Companies in Operational Performance by Common Wealth Magazine, we also successfully expanded our expertise from mature process to the new technological domains of advanced processes and advanced packaging, setting a new paradigm for the company. Technology innovation and advancement are the fundamental elements for sustainable business operation. We have not only developed silicon intellectual property in advanced processes, but have also accumulated design experience in advanced processes through a flexible business model. Simultaneously, we have expanded into the advanced packaging market, and such strategic positioning enables us to seize opportunities in related applications such as artificial intelligence and high-speed computing. Additionally, we have successfully secured numerous advanced process and advanced packaging projects from international clients, injecting a new wave of momentum into the company's future operational development.

Amidst global inflation and geopolitical uncertainties last year, the semiconductor industry witnessed a slowdown in annual growth due to weakening demand in end markets. In response to these industry shifts, our company faced challenges of declining customer demand and inventory adjustments. Internally, we actively managed inventory, while externally, we closely collaborated with customers and partners across the supply chain to navigate market challenges together. Despite short-term headwinds in the industry with the impact of customer inventory and a high revenue base from the previous year, our silicon intellectual property (IP) and ASIC business continued to show positive long-term development. Driven by diverse applications, revenue from IP and non-recurring engineering (NRE) continued to reach new record highs, marking a three-year consecutive growth milestone. With relentless efforts from Faraday's global workforce, combined revenue exceeded NT$10 billion, reaching NT$12 billion, with basic EPS of NT$6.39.

Faraday's main operational achievements include:

- **Continuous growth in silicon intellectual property (IP) revenue for three consecutive years.** Despite geopolitical challenges and market differentiation globally, Faraday, as one of the few ASIC manufacturers with IP development capabilities, not only deepened its penetration in existing key processes but also expanded new cooperation opportunities. IP revenue saw a significant increase, reaching NT$1.4 billion driven by licensing fees.
- **Advanced process and advanced packaging greatly contributed to NRE.** In the face of diverse production demands from global customers, Faraday's unwavering goal has been to strengthen sustainable operations. We continuously enhance operational quality and collaborate with supply chain partners to provide ASIC cross-geographical production support services, thereby mitigating manufacturing risks arising from economic, geopolitical, and other factors, and earning recognition from customers worldwide. Our focus remains on the fundamentals of the company. Over the past few years, we have bolstered our research and development capabilities and dedicated ourselves to technological advancement. Not only have we development proprietary IP in advanced processes, but we have also elevated our design capabilities through flexible operational models and strategic collaborations. These enhancements and initiatives have enhanced our competitiveness and earned us customer recognition, leading to successful design win of 14nm AI SoC ASIC. Additionally, Faraday stands out as one of the few ASIC manufacturers with both design and management capabilities in the advanced packaging market. As a neutral service provider, the company offers "Faraday's Total Advanced Packaging" solutions, leveraging SoC design expertise, flexible operational models, and experience in sustainable supply chain management, successfully securing multiple design wins. We are optimistic about the demand from emerging technological domains, which is expected to bring abundant business opportunities to Faraday. NRE revenue reached new record high, amounting to NT$1.72 billion.
- **Mass production revenue decreased due to impact from macroeconomic conditions, but the long-term structural demand growth trajectory remains unchanged.** Due to weakened demand in end markets and inventory adjustments, mass production revenue decreased by 12% from the previous year to NT$8.84 billion. However, the company's accumulation of hundreds of design win projects over the years has laid a robust foundation for growth, and the accelerating volume of projects preparing for mass production serves as an indicator for future mass production performance. As the ASIC industry enters the era of advanced process and advanced packaging, Faraday will continue to consolidate its position in mature process with niche applications while venturing into new technological fields. Leveraging Faraday's thirty years of technical expertise, increased investment in technology research and R&D resource, and strategic collaborations through various business models, the Company aims to enhance and transform its value in this new era, translating this to valuable revenue.

Faraday continues to innovate and invest in research and development. The company's technological breakthroughs and achievements include:

- Introduction of the 28nm SerDes IP advanced technology service solution. The SerDes IP, integrated with Faraday's PCIe Gen-4 PCS and EP controllers, successfully obtained certification through PCI-SIG testing.
- Collaboration with Infineon on the development of SONOS embedded flash memory (eFlash) subsystem solutions using UMC's 40nm uLP process. These solutions have passed rigorous quality and reliability verification, assisting customers in meeting the cost, power, and performance requirements of SoC designs for IoT applications.
- Launch of the 2.5D/3D advanced packaging service integrating chiplets. This service utilizes exclusive interposer manufacturing to connect small chips and works closely with foundries and testing packaging suppliers to ensure production quality that meets the stringent requirements of the advanced packaging market.
- Introduction of a new generation of 4-port Gigabit Ethernet PHY on UMC's 28nm HPC+ platform. This GPHY incorporates SAR ADC technology, resulting in a significant 33% reduction in power consumption per port compared to the previous generation, enabling customers to develop lower power and higher performance Ethernet devices and systems.
- Participation in ARM's Total Design ecosystem as the first design service partner in Taiwan. Faraday will provide comprehensive ASIC services based on the ARM Neoverse CSS, including subsystem integration and hardening solutions. Additionally, flexible business models such as design implementation services (DIS) and advanced packaging services will be offered, providing a faster and lower-risk development path for ASICs used in next-generation computing infrastructure.

Faraday has been recognized and commended both domestically and internationally for its operational performance, corporate governance, business quality, workplace friendliness, and sustainable development. Faraday ranked No. 1 in the Top 50 Best Companies in Operational Performance by Common Wealth Magazine. In terms of corporate governance, Taiwan Stock Exchange has consistently acknowledged the company for three consecutive years, ranking in the top 6% to 20% in corporate governance evaluations. Faraday has also been included in various indices such as "Taiwan Corporate Governance 100 Index", "Taiwan Mid-Cap 100 Index", "Taiwan High Compensation 100 Index", and "TIP Customized Taiwan IC Design Total Return Index". Regarding business quality, ANQ Recognition awarded Faraday "The Excellence in Quality Practice in 2023", and Faraday was also awarded "Green Leadership and Corporate Sustainability Reporting in 2023" by The Asia Responsible Enterprise Award. In terms of workplace friendliness, Faraday firmly believes that talent is a crucial asset and the foundation for sustainable corporate development. The company has been awarded the "Promotion of Workplace Gender Equality Special Excellence Award", and certifications such as the "Accredited Healthy Workplace Badge" and "iSports Enterprise Certificate" for fostering a healthy and inclusive work environment.

Faraday actively implements ESG policies and a sustainable execution framework, with the sustainable vision of "creating progress for humanity through technology". Upholding the three missions and values of environmental protections, which are society, integrity, and compliance, the company deeply cultivates ESG in three major dimensions. Through six sustainable axes and five sustainable execution aspects, Faraday continues to advance on the path of corporate sustainability. The company has committed to significant goals, including a 50% reduction in carbon emissions by 2030 and achieving net-zero greenhouse gas emissions by 2050. We plan to progressively reduce greenhouse gas emissions and collaborate with the supply chain to implement low-carbon management, demonstrating our commitment to green initiatives. Faraday has also been included in international sustainability indices, including MSCI ESG ratings, FTSE Russell ESG ratings, and S&P Global ESG ratings, indicating recognition from investors for our efforts in corporate sustainability. In terms of information security commitments, the company has obtained ISO/IEC 27001:2022 Information Security Certification, making Faraday one of the first enterprises to receive certification under this new version of standard. In managing intellectual property rights, Faraday continues to strengthen the creation, protection, and operation of intellectual property rights through the TIPS certification mechanism.

Looking ahead, Faraday will continue to invest in new technological fields and research resources to enhance competitiveness with our positioning at the core of the industry. Additionally, we will strengthen technical capabilities and business expansion through strategic partnerships while actively recruiting global talents to capitalize on the immense opportunities in industry growth trends. Faraday will continue to fulfill corporate social responsibility, balancing sustainable operations and profitability while addressing the impacts on environmental, social, and governance aspects, thereby enhancing sustainability performance. Lastly, we express our gratitude to all shareholders for their long-term support. Our entire staff will continue to strive for excellence and look forward to creating greater value together with shareholders.

Chairman

Chia-Tsung Hung

President

Kuo-Yung Wang

Accounting Officer

Wen-Ju Tseng

02
Sustainability Performance

Environment

Awarded for 2023 Green Leadership and Corporate Sustainability Reporting in 2023 by The Asia Responsible Enterprise Awards. | **The world's first** ASIC design service company and one of Taiwan's top thirty companies listed as **supporters on the TCFD website**. | Among the first globally to adopt the framework of natural-related financial disclosures (TNFD), and also the world's first ASIC design service company to pioneer the advocacy of TNFD. | A **1000-square-meter** area is preserved at Hsinchu head office for sustainable initiatives, fostering ecological greening by planting hundreds of plant species, including diverse Taiwan native species, to create a natural habitat supporting biological habitation and propagation. | 2023 completed **39 projects** on the 14nm low-power design, in addition to **175 projects** built on the 40nm SONOS low-power platform. Continuing to cultivate and enhance the proportion of green energy product design cases, which have increased significantly by 3 to 4 times over the past 5 years. | The greenhouse gas inventory for the parent company (Scope 1~3) has been completed. | The total generated renewable energy electricity is **108,000 kilowatt-hours**. | Completion of 3 energy-saving equipment updates, resulting in an annual energy saving of **192,752 kilowatt-hours** and a reduction in greenhouse gas emissions by 95.413 metric tons of CO2e. | Suppliers do not use any environmentally harmful substances, achieving a **100%** clean track record. | Suppliers pledge 100% compliance with the Faraday Supplier Code of Conduct. | A specific commitment to major goals: **reducing carbon emissions by 50%** by 2030 and achieving net-zero greenhouse gas emissions by 2050.

Social

Listed as a component stock of the "**Taiwan High Compensation 100 Index**" released by Taiwan Stock Exchange since 2014. | Received the 2023 "**Promotion of Workplace Gender Equality Special Excellence Award**" from the National Science and Technology Development Center in the Hsinchu Science Park in 2023. | Received the 2023 "**iSports Enterprise Certificate**" from the Ministry of Education's Sports Administration in 2023. | Received the 2023 "**Accredited Healthy Workplace Badge**" from the National Health Administration of the Ministry of Health and Welfare in 2023. | Awarded the "2022 National Talent Development Award" in the category of large enterprise by the Ministry of Labor in Taiwan, the highest honor in the field of HR domestically. | 2024 joined "TALENT, in Taiwan", the Taiwan Talent Sustainability Action Alliance. | Officially implemented an **employee stock trust system** in 2022 with a participation rate exceeding 75%. The company provides a 100% subsidy on incentive bonuses based on the amount allocated by employees. | Invited 3 domestic cultural artistic groups to perform. | Contributed and donated to support 4 local welfare organizations, totaling **NT$1.15 million**. | Conducted thorough human rights due diligence for employees and suppliers in 2024.

Governance

Taiwan Stock Exchange has consistently acknowledged the company for three consecutive years, ranking in the top **6% to 20%** in corporate governance evaluations. | Consistently listed as a constituent stock of the "**Taiwan Mid-Cap 100 Index**". | Consistently listed as a constituent stock of the "**Taiwan Corporate Governance 100 Index**". | Continuously included in **Sustainalytics ESG** risk ratings. | First time inclusion in 2024 in the **MSCI ESG** rating. | First time inclusion in 2024 in the **FTSE Russell ESG** Rating. | First time inclusion in 2024 in the **S&P Global ESG** rating. | Approved as a constituent stock of "**TIP Customized Taiwan IC Design Total Return Index**" on October of 2024. | Received the "**Green Leadership and Corporate Sustainability Reporting in 2023**" by The Asia Responsible Enterprise Award. | Received the "**The Excellence in Quality Practice in 2023**" from ANQ Recognition, standing out among over 50 countries and regional organizations in Asia, affirming Faraday's excellent quality management. | Received the Excellence Case Award from the Association of Quality Manager (AQM) in 2023. | Implemented an Information Security Management System (ISMS) in 2023 and obtained **ISO/IEC 27001:2022** international standard certification. | Successfully passed the Taiwan Intellectual Property Management Specification **(TIPS) Grade A verification** in 2023. | The total number of approved patents worldwide has exceeded **943**. | Formally established a nomination committee on October 24th, 2023 to strengthen the board of director selection process, fostering a diverse and professional board of directors. | Faraday has purchased energy-saving equipment such as solar panels and invested in the issuance of green bonds in September of 2023 (Bond Name: P12 UMC1, Code: B638BH) by United Microelectronics Corporation (UMC), totaling **NT$50 million**, and the bond has obtained green bond qualification approval from the OTC Trading Center, to actively support the carbon reduction and green initiatives of invested companies and responded to the government's green energy development objectives. | In response to green finance initiatives, Faraday, through its subsidiary Sinble Technology Pte. Ltd. (Singapore), has invested in green deposits issued by United Overseas Bank (UOB) Singapore Branch, totaling **SG$4 million**. | Suppliers **100%** do not use environmentally harmful substances. | Suppliers **100%** commits to fully complying with Faraday's Supplier Code of Conduct. | Suppliers **100%** do not use conflict minerals.

03 Company Profile

1993

- Founded in Hsinchu Science Park, Taiwan, as the first fabless ASIC design service provider in Asia

1997

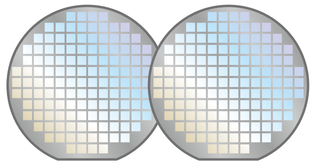
- ISO 9001 certified

1999

- Listed on Taiwan Security Exchange (TAIEX:3035)

2001

- Introduced 0.13µm libraries for UMC process



2002

- Developed a comprehensive IP portfolio for UMC 90nm process and beyond
- Launched its first ARM based CPU Core FA510

2003

- Introduced 0.18µm IPs for "Serial ATA II PHY" and Controller
- Introduced its first SoC platform solution "IA-Composer™"
- Introduced its USB OTG IP
- Launched its second ARM based CPU core FA526

2004

- Awarded "Outstanding Financial Performance Fabless Company" by FSA
- Announced its first generic platform SoCreative!™
- Introduced the first silicon-proven TFT LCD T-CON Platform FT-300

2005

- Announced low power dissipation platform solution - PowerSlash™
- Introduced industry's smallest USB 2.0 PHY IP
- Announced 0.18µm Ultra-High-Density Silicon IP platform - "miniIP™"

2006

- Introduced a New MP3 Player SoC - FIE7010

2007

- Received the Frost & Sullivan Award for "Customer Service Innovation" in the area of VLSI design services
- Implemented ultra-small ARM926EJ-S™ hard core in UMC 0.13µm process
- Launched silicon-proven DDR2 memory physical interface IP
- Introduced the ARMv5 compliant ultra-low power core FA606TE and high performance processor FA626TE

2008

- Offered the first memory compiler in UMC 65nm LL process
- Announced the first commercially available 1GHz memory compiler in UMC 90nm
- Offered the miniaturized cell library miniLib™ in 90nm and 65nm

2009

- Launched PCIe2.0 at 90nm with passing the compliance test
- Pioneered to launch the USB 3.0 PHY in UMC 0.13um
- Offered 55nm/65nm/0.13µm miniIO™ with around 40% area-saving and robust ESD performance
- SATA 3 PHY & controller first to achieve compliance in UMC's 90nm process

2010

- Announced USB 3.0 PHY in UMC 0.11um aluminum process
- All Faraday's USB 3.0 PHY and controller solutions got certified with logo on products
- Introduced its high-performance 1GHz ARMv5 compliant processor - FA726TE
- Assisted the customer to get the certification of USB 3.0 host controller

2011

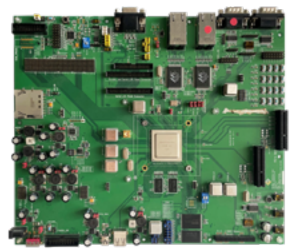
- Cooperated with the customer to launch its 4-port USB 3.0 host controller chip
- Introduced the high-performance IQ ADC/DAC IP solutions for wireless communications in 55nm

2012

- Optimized a complete IP portfolio for UMC processes ranging from 0.11um to 28nm nodes
- Extended license for ARM® Cortex™-A9 processors and Mali™-400 MP GPUs
- Delivered a 340 million gate-count SoC at 40nm process

2013

- Announced the silicon-proven MIPI CSI-2 and DSI solutions
- Announced its Dual-core Cortex-A9-based SoC Platform to accelerate SoC Development in Cloud Computing
- Strengthening its ASIC Design Service Sales Network North America with 10 more agents



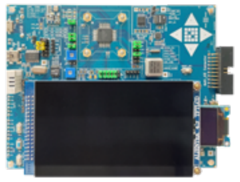
2014

- Delivered a complete set of UMC 28nm cell libraries and memory compilers

2015

- Announced the silicon-proven imaging subsystem consisting of a single combo PHY IP of MIPI, LVDS, sub-LVDS, and HiSPi
- Delivered a complete set of UMC 55nm eFlash cell libraries and memory compilers

2016



- Announced Uranus™ SoC Development Platform on 55ULP eFlash process
- Delivered 12.5G SerDes PHY & V-by-One PHY on UMC 28nm HPC process
- MIPI IP Subsystem Shipment up to fifteen million

2017

- Launched the FPGA-to-ASIC turnkey service
- World's First Automotive ASIC Qualified for AEC-Q100 and AEC-Q006
- Announced world's smallest footprint 40eHV and 40LP SRAM compiler
- World's first ISO 26262 certified ASIC service company

2018

- Unveiled the Industry's Smallest USB 2.0 OTG PHY IP
- The first tape-out at the FinFET process
- ASIC service leveraging Samsung FinFET platform

2019

- Launched a Complete Set of 22nm Fundamental IP
- Led industry with 28G Programmable SerDes at 28nm for Networking ASIC
- Launched FIE3240 SoC platform for IoT applications
- Showcased SoCreative!V™ SoC platform

2020

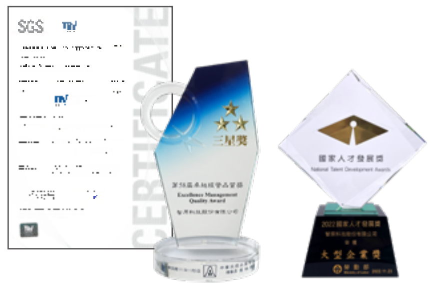
- Released licensable Gigabit Ethernet PHY on UMC 40LP platform
- Launched Ariel™ SoC Platform to drive IoT development
- Led industry to adopt TCFD framework for corporate sustainability

2021

- Unveiled Complete Imaging and Display High-Speed Interface IP Set on UMC 28nm and 40nm Processes
- Announced Proven MIPI D-PHY and LPDDR4/4X for Samsung Foundry
- Put ESG into Practice and Receives Excellent Quality Practice Award

2022

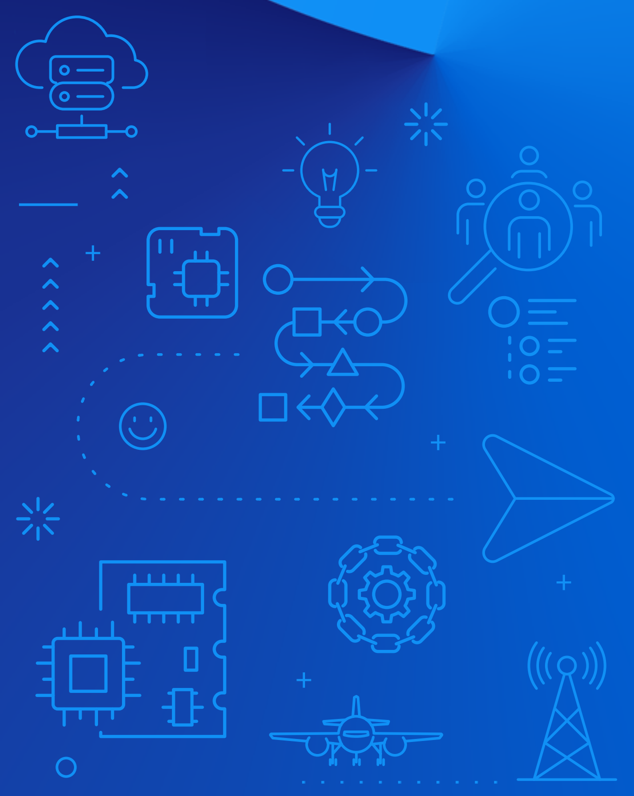
- Launched Cortex-A53 based SoCreative!VI™ SoC Development Platform
- Unveiled SONOS eFlash Platform with Infineon on UMC 40uLP
- IP Solutions Certified by SGS-TÜV for ISO 26262 ASIL-D Ready
- Awarded the "National Talent Development Award" for large companies by the Ministry of Labor
- Awarded the highest level of "Excellence in Quality Practice Award" (3 stars) by the Chinese Society for Quality



2023

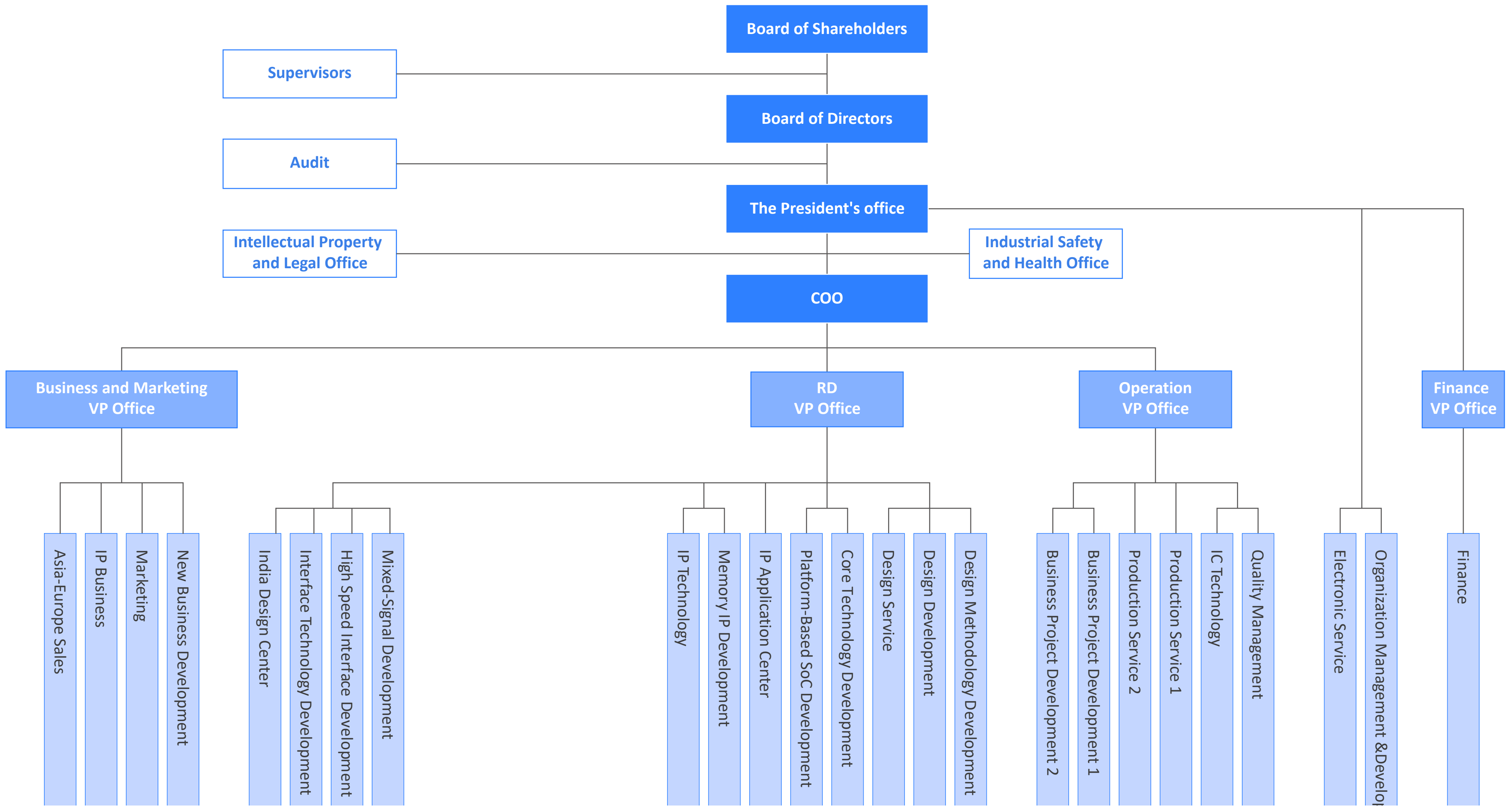
- No. 1 in the Top 50 Best Companies in Operational Performance "CommonWealth Magazine"
- Launch of the 2.5D/3D advanced packaging service integrating chiplets
- Cooperate with Arm to provide design services based on Arm Neoverse CSS
- Achieved ISO/IEC 27001:2022 Information Security Certification
- Awarded "The Excellence in Quality Practice in 2023" by ANQ Recognition
- Awarded for Certificate of Taiwan Intellectual Property Management System (TIPS)

04
Corporate Governance Report



4.1 Organizational structure

4.1.1 Organizational structure



4.1.2 Businesses of Major Departments

President's Office

- To supervise the operations of Business and Marketing VP Office, RD VP Office, Operation VP Office, Finance VP Office, Asia-Europe Sales, Administration, Audit, Business Project Development1, Business Project Development2, Core Technology Development, Design Development, Design Methodology Development, Design Service, Electronic Service, Finance, Global Customer Service, High Speed Interface Development, IC Technology, Intellectual Property and Legal Office, IP Application Center, IP Business, Interface Technology Development, IP Technology, India Design Center, Memory IP Development, Marketing, Mixed-Signal Development Division, Organization Management and Development, Platform-Based SoC Development, Production Service 1, Production Service2, Quality Management, Industrial Safety and Health, various project teams, and all overseas subsidiaries.
- Create the corporate operation strategy plan, and the implementation and execution of the operation strategy.
- Provide the yearly departmental quality objectives and the evaluation scale.
- Re-adjustment and approval of the organizational responsibilities of each department.
- The cross-functional integration, coordination, and supporting of the overseas subsidiaries and branches; The marketing technical demands, and resources planning to elevate the operational efficiency internationally and the enforcement of the regional services.

Business and Marketing VP Office

Be responsible for setting and executing operation policies on ASIC business, IP business, marketing, and global customer services; supporting related business activities in branch offices.

RD VP Office

Responsible for setting and executing the RD development policies and operation management.

Operation VP Office

Responsible for setting and executing the production operation policies and operation management.

Finance VP Office

Responsible for setting and executing the finance & accounting operation policies and management.

Asia-Europe Sales

- Responsible for ASIC business in Taiwan and design service business.
- Responsible for ASIC business in Europe and Korea or newly developed regions and design service business.
- The main function of technical consultant department is to negotiate and discuss the technical issues of a project before signing contract for cooperation with client.

Audit

- Creation, follow up, execution, and discussion of the internal auditing system.
- Study and review of the internal control system.

Business Project Development I

Responsible for regional project management in Taiwan, the United States, Europe, Korea and Japan. The function of project management will vary according to different regions, including the technical coordination and discussion before the cooperation contract is obtained from the customer (this part is usually responsible by overseas FAM or TC) and the next-stage project management.

Business Project Development II

Responsible for regional project management in mainland China, including the technical coordination and discussion before the first-stage project cooperation contract is obtained from the customer (this part is usually responsible by overseas FAM or TC) and the next-stage project management.

Core Technology Development

Responsible for the design, verification and maintenance, and assisting in the verification of digital IP applications on systems.

- Interface IP
- Microprocessor
- System Component
- Software Development
- Verification Technology

Design Development

- ASIC Consultant
- DFT Design Flow
- Logical Design Flow
- Physical Implementation Flow
- Physical Implementation

Design Methodology Development

Improve the integration and integration of tools, services and methodologies to provide efficient and high-quality design processes.

- Chip Package Co-design
- Chip Power Quality
- Signal Ethical and Co-Design

Design Service

- Chips' Physical Layout
- Auto Design

Electronic Service

Planning the electronic structure to coordinate the resources of the business information system and the operation of departments.

- Computing and Storage Management
- Enterprise Resource System
- Enterprise Resource System
- Integration Application Development
- Network and System Management

Finance Division

- Accounting Management
- Financial Management and Strategy Management
- Investor Relations
- Payroll

High Speed Interface Development

- Communication Algorithm
- High Speed I/O Digital

IC Technology

- Assembly Service
- Mass Production Technology: Mass Production Development, Production Engineering
- Reliability Assurance
- Test Engineering: Test Assurance, Hardware Engineering, Software Engineering

India Design Center

Responsible for advanced IP or design technology development.

- Memory Interface Development
- Memory Interface Layout

Intellectual Property and Legal Office

- Intellectual Property
- Legal Affairs

IP Application Center

- Application Development
- Inter-Operability & Software Testing
- IP Verification Center
- Layout and Manufacturing
- System Application
- System Interface
- Technical Document Center

IP Business

- IP Business
- Customer Engineering

IP Technology Division

To implement the high-efficiency and high-quality IP design and IP management that can be obtained by improving and integrating the tools, services, and methodologies.

- IP Design Module
- IP Foundation Technology
- IP Management Center
- Library Design Development
- Layout
- OIP Management Center
- Physical Verification Technology

Industrial Safety and Health

- Determine the annual work plan of occupational safety and health and supervise the implementation of relevant departments.
- Plan and supervise the inspection and record of safety and health management of each department.
- Plan and supervise the management and operation of organic solvents and the implementation of operating environment measurement.
- Plan and implement education training related to safety and health.
- Plan for employee health check and implement health management.
- Formulate occupational disaster prevention plans and implement occupational disaster investigation, reporting, statistics and reporting operations.
- Provide employees with safety and health consulting services.
- Provide suggestions and information related to safety and health improvement.
- Other business in accordance with safety and health laws shall be performed.

Interface Technology Development

To develop and support the intellectual property of ASIC products. To support the plan of technical marketing direction and to integrate the development resources to establish competitiveness.

- IO Develop
- IO Library Design
- DDRPHY
- ESD Development & Standard IP testing

Memory IP Development

- Memory Design Process
- Memory Module Design
- Test Carrier Development

Marketing

- Central Product Marketing
- Marketing Planning

Mixed-Signal Development

- Analog Data Converter
- Clock Generator Design
- DC-DC Converter
- High Speed I/O Analog
- Serial Link
- Serial Display Circuit

New Business Development Department

- Business Development
- IP Purchasing

Organization Management and Development

Handling administrative co-ordination and centrally supervising human resources, documentation, general affairs and factory operations; controlling departmental expense budgets, and setting departments' work guidelines and implementing them.

- Human Resource Management
- Human Resource Development
- Document Control Center
- General Service
- Education Training Committee

Platform-Based SoC Development

Establishing software environment, hardware integration and verification environment and automation processes required for platform-based SoC development, and providing high-quality and high-efficiency platform-based SoC design and development, system application development and software testing, and system architecture analysis and development.

- PPD Premier Platform Design
- SoC Architecture Design
- SoC Automation Process Development
- System Function Verification
- SoC Hardware Development
- Intelligent Platform Design
- Software Development

Production Service 1

- Procurement Management
- Production Planning

Production Service 2

- Foundry Procurement Management
- Global customer service

Quality Management

- Production Quality Management
- Quality Assurance
- Quality System

4.2 Information of Directors and Key Managers

4.2.1 Information of Directors

March 31, 2023

Title	Nationality	Name	Gender Age	Date Elected	Term	Date of First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Children's Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	ROC	Chia-Tsung Hung	Male 61~70	July 7, 2021	3 years	Jun 9, 2015	-	-	-	-	-	-	-	-	• Chairman, United Microelectronics Corporation • Bachelor of Accounting, Tamkang University • Honorary Doctorate of National Tsing Hua University	• Chairman & Chief Strategic Officer, United Microelectronics Corporation • Chief Strategic Officer, Faraday Technology Corporation • Chairman & Chief Strategic Officer, Silicon Integrated Systems Corporation • Chairman, Hong Cheng Venture Capital • Chairman, Hong Ding Venture Capital • Director, Triknight Capital Corporation. • Executive Director, Unitedds Semiconductor (Shandong) • Chairman, UMC Capital Corp. • Director, United Microelectronics (Europe) B.V.	-	-	-	-
Entity represented by Chairman	ROC	United Microelectronics Corporation	-	July 7, 2021	3 years	May 2, 2002	34,240,213	13.77%	35,962,705	13.80%	Not applicable		Not applicable		Not applicable	Not applicable		Not applicable		
Juristic-Person Director	ROC	United Microelectronics Corporation	-	July 7, 2021	3 years	May 2, 2002	34,240,213	13.77%	35,962,705	13.80%	Not applicable		Not applicable		Not applicable	Not applicable		Not applicable		
		Representative: Ying-Sheng Shen	Male 51~60	July 7, 2021	3 years	Jun 15, 2016	-	-	-	-	-	-	-	-	• Vice President, United Microelectronics Corporation • Bachelor of Electrical Engineering, Feng Chia University • EMBA Master of Business Administration, National Taiwan University	• Associate Vice President, United Microelectronics Corporation	-	-	-	-
Juristic-Person Director	ROC	Unimicron Technology Corp.	-	July 7, 2021	3 years	Jun 12, 2012	120,000	0.05%	124,634	0.05%	Not applicable		Not applicable		Not applicable	Not applicable		Not applicable		
		Representative: Zhen-Li Huang	Male 71~80	July 19, 2021	3 years	July 19, 2021	-	-	-	-	-	-	-	-	• CPA, Zheng Ji Accounting Firm • Professor of Accounting, Tamkang University • Independent Director, United Microelectronics Corporation • Ph.D. of Accounting ,University of Warwick	• Professor of Accounting ,Tamkang University	-	-	-	-
Director	ROC	Kuo-Yung Wang	Male 51~60	July 7, 2021	3 years	Nov 21, 2011	371,990	0.15%	401,783	0.15%	156,416	0.06%	-	-	• President, Faraday Technology Corporation • Vice President, United Microelectronics Corporation • Master of Industrial Engineering, National Tsing Hua University	• President, Faraday Technology Corporation • Chairman, Sheng Bang Investment Corporation • Chairman, Chih Hung Investment Corporation • Chairman,United Business Service Corporation (Chongqing) • Chairman, Artery Technology Corporation, Ltd. (Chongqing) • Chairman, Artery Technology Company • Chairman, Artery Technology Corporation • Chairman, Sinble Technology Pte. Ltd.	-	-	-	-
Director	ROC	Shih-Chin Lin	Male 51~60	July 7, 2021	3 years	Jun 15, 2016	220,000	0.09%	212,786	0.08%	36,000	0.01%	-	-	• COO, Faraday Technology Corporation • Senior Director, United Microelectronics Corporation • Master of Electrophysics, National Chiao Tung University	• COO, Faraday Technology Corporation • Chairman, Innopower Technology Corporation • Chairman, Innopower Technology Corporation (Chongqing) • Chairman, Faraday Technology China Corporation • Chairman, Faraday Technology Japan Corp. • Chairman, FaradayTek Solutions India Private Limited • Director, Faraday Technology Corporation (Suzhou) • Director, United Business Service Corporation (Chongqing) • Director, Sinble Technology Pte. Ltd.	-	-	-	-
Director	ROC	Wen-Ju Tseng	Female 51~60	July 7, 2021	3 years	Jun 15, 2018	112,915	0.04%	71,383	0.03%	-	-	-	-	• CFO, Faraday Technology Corporation • Bachelor of Business Administration, National Chengchi University • Master degree from College of Management, National Yang Ming Chiao Tung University	• CFO&VP, Faraday Technology Corporation • Chairman, Faraday Technology (Mauritius) Corp. • Chairman, Faraday Technology (Samoa) Corp. • Chairman,Bright Capital Group Limited (BCGL) • Chairman,Faraday Technology Corp.(B.V.I.) • Director, Artery Technology Corporation • Director, Artery Technology Corporation, Ltd. (Chongqing) • Director , Artery Technology Company • Director, ShiehYung Investment Corporation • Director, Sinble Technology Pte. Ltd. • Supervisor,Faraday Technology China Corporation • Supervisor, Faraday Technology Corporation (Suzhou) • Supervisor, United Business Service Corporation (Chongqing) • Supervisor, Innopower Technology Corporation (Chongqing) • Supervisor, United Creative Solution Corporation (Shanghai) • Supervisor, Grain Media Inc. • Supervisor,Faraday Technology Japan Corp.	-	-	-	-

Title	Nationality	Name	Gender Age	Date Elected	Term	Date of First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Children's Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	ROC	Ning-Hai Jin	Male 71~80	July 7, 2021	3 years	Jun 9, 2015	-	-	-	-	-	-	-	-	• Representative of Juristic-Person Director,Genesis Photonics Inc. • President, Aurora Group • Master of Engineering Science, University of Michigan	• Chairman, Blueocean Optoelectronics Technology • Chairman, Xingge Media • Representative of Juristic-Person Director, CTBC Insurance Co., Ltd.	-	-	-	-
Independent Director	ROC	Bing-Kuan Luo	Male 61~70	July 7, 2021	3 years	Jun 15, 2018	-	-	-	-	-	-	-	-	• Independent Director, Shandong Dadi Chinese Salt Industry Corp • Director and Supervisor, GenDing Corporation • Consultant, Ministry of Economic Affairs • Consultant, Eastern Taiwan Joint Services Center, Executive Yuan • Director, Mega International Investment Trust Co., Ltd • Director, Mega Venture Capital Co., Ltd. • Chief Investment Officer, Cassida International Capital • China Certified M&A Dealmaker • Master of law, Fu Jen Catholic University • PhD of Management, Shanghai Fudan University	• Chairman, Huashan Internation Consultant • Chairman, Taiwan Independent Director Association • CEO, Cassida International Capital • Independent Director, Hua Nan Commercial Bank, Ltd. • Independent Director, DFI Inc. • Vice Chairman, Taiwan M&A and Private Equity Council (MAPECT) • Director, Monte Jade Science & Technology Association of Taiwan	-	-	-	-
Independent Director	ROC	Wan-Fen Zhou	Female 51~60	July 7, 2021	3 years	July 7, 2021	-	-	-	-	-	-	-	-	• CFO, Dawning Leading Technology Inc. • Deputy Manager, United Microelectronics Corporation • Senior Director, King Yuan Electronics Co., Ltd. • Supervisor, ShiehYung Investment Corporation • Director, Silicon Integrated Systems Corporation • Bachelor of International Trade ,Tamkang University • Executive Master of Business Administration , National Tsing Hua University	• Associate Vice President, King Yuan Electronics Co., Ltd. • Supervisor, Hsun Chieh Investment Co., Ltd.	-	-	-	-

4.2.2 Major Shareholders of Institutional Shareholders

Form 1: Major Shareholders of Corporate Shareholders

March 31, 2024

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (shareholding %)
United Microelectronics Corporation (the ex-dividend date is April 2, 2023)	JPMorgan Chase Bank, N.A. acting in its capacity as depositary and representative to the holders of ADRs (5.37%), Hsun Chieh Investment Co., Ltd.(3.53%), Fubon Life Insurance Co, Ltd.(3.01%), Silicon Integrated Systems Corp.(2.13%), Taiwan Life Insurance Co, Ltd.(1.79%), Yann Yuan Investment Co., Ltd.(1.54%), New Labor Pension Fund (1.52%), China Life Insurance Co, Ltd. (1.29%), Citibank in custody for Norges Bank (1.28%), Citibank Taiwan in custody for Government of Singapore (1.20%).
Unimicron Technology Corporation (the ex-dividend date is July 17, 2023)	United Microelectronics Corporation(13.04%), New Labor Pension Fund(2.36%), Citibank Taiwan in custody for Government of Singapore (2.36%), Cathay Life Insurance Co.,Ltd. (1.77%), Yann Yuan Investment Co., Ltd. (1.51%), JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.14%), Citibank in custody for Norges Bank (1.09%), JP Morgan Chase Bank Custody, ABP Retirement Fund Investment Account(1.06%), Changhua Commercial Bank Co., Ltd. is entrusted with custody of Yuanta Tai(1.06%), Morgan Managed Van Gard Emerging Markets Equity Index Fund Account(1.02%)

Form 2: If any Major Shareholder Listed in Form 1 is a Corporate/Juristic Person, List its Major Shareholders in this Form

March 31, 2024

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (shareholding %)
Hsun Chieh Investment Co., Ltd.	ShiehYung Investment Corporation (63.51%), United Microelectronics Corporation (36.49%)
Fubon Life Insurance Co., Ltd	Fubon Financial Holding Co., Ltd.(100%)
Silicon Integrated Systems Corporation	United Microelectronics Corp (19.02%), Hsun Chieh Investment Co., Ltd. (4.80%), Long-Xiong Ye (1.47%), Morgan Managed Van Gard Emerging Markets Equity Index Fund Account (1.23%), Hsing Sen, Liu (1.18%), JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.16%), JPMorgan Chase BankN.A. - Vanguard Total Trust Stock Index II Investment Account (1.53%), Tsung-Ming, Chuang (0.49%), Gao-Huang, Lin (0.37%), HSBC(Taiwan) in custody for Vanguard International Stock Index Fund Series Vanguard FTSE All-World ex-US Small-Cap Index Fund Account (0.32%)
Taiwan Life Insurance Co., Ltd.	CTBC Financial Holding Co., Ltd.(100%)
Yann Yuan Investment Co., Ltd.	Silicon Integrated Systems Corporation. (27.94%), United Microelectronics Corp (26.78%), King Yuan ELECTRONICS CO., LTD. (14.55%), Unimicron Technology Corporation (11.64%), Coretronic Corporation (11.06%), Sigurd Microelectronics Corporation (5.70%), Hsun Chieh Investment Co., Ltd.(2.33%)
China Life Insurance Co, Ltd.	China Development Financial Holding Corporation (100%)
Cathay Life Insurance Co.,Ltd.	Cathay Financial Holding Co., Ltd. (100%)

4.2.3 Information on Directors and Supervisors

1. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors:

March 31, 2024

Name	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Chia-Tsung Hung	Mr. Hung has knowledge of the industry, practical experience, both leadership and academic abilities, accounting and financial analysis ability, international market perspective, marketing and operating planning of technological-related industry, practical abilities of decision-making management and crisis management; served as Chief Financial Officer, Senior Vice President of UMC, chairman of ITE Tech. Inc., and director of EPISTAR Corp. In 2004, Institutional Investor Magazine recognized Mr. Hung as the semiconductor sector's best CFO in their Asia Equities Market Report; and awarded an Honorary Doctorate from National Tsing Hua University in 2021. Currently serves as Chairman and Chief Strategy officer at UMC, and is not under any circumstances listed in Article 30 of the Company Act.		NA
Kuo-Yung Wang	Mr. Wang has knowledge of the industry, practical experience, both leadership and academic abilities, and ability to make judgments about operations, marketing, international market perspective, operation management, and practical ability in crisis management. He devoted himself in technology and semi-conductor industry for more than 30 years, and is fully qualified in IC design and service, semiconductor intellectual property core, foundry, e-supply chain fields. He also has abundant experience in marketing, sales, and strategy planning. Mr. Wang was the Chief Strategy at Faraday Technology, Marketing Deputy Director at TSMC, Manager at ITRI Institute of Communications Engineering, and Deputy General Manager in charge of marketing, Asia-Pacific sales and support in semiconductor intellectual property core development and design at UMC. He led the sales team creating NTD60 billion sales performance and continuous growth, and is not under any circumstances listed in Article 30 of the Company Act.		NA
Ying-Sheng Shen	Mr. Shen has knowledge of the industry, practical experience, both decision-making and academic abilities, ability to make judgments about operations, marketing, operation management, and practical ability in crisis management. He was the Assisting Manager at UMC and became the Deputy General Manager in charge of market development and sales since 2015, and is not under any circumstances listed in Article 30 of the Company Act.		NA
Zhen-Li Huang	Mr. Huang has knowledge in business, finance and accounting, international market perspective, both crisis management and academic abilities, and has passed a national examination and been awarded a certificate in a profession necessary of certified public accountant. He was a public accountant at Cheng-Chi Accounting Firm, supervisor at WIN Semiconductor, and independent director at UMC, and was an Accounting professor at Tamkang University with more than 30 years of teaching experience. He is not under any circumstances listed in Article 30 of the Company Act.		NA

Shih-Chin Lin	Mr. Lin has knowledge of the industry, practical experience, both decision-making and academic abilities, ability to make judgments about operations, operation management, and practical ability in crisis management. He serves in the semi-conductor industry for more than 20 years and is familiar with the design process of integrated circuit. He also has abundant experience in IC design service and embedded RAM design. He was the IP Senior Director at UMC, Design Director at PSMC, and Design Manager at TSMC-Acer Semiconductor Corp., and is not under any circumstances listed in Article 30 of the Company Act.		NA
Wen-Ju Tseng	Ms. Tseng has knowledge of the industry, practical experience, both decision-making and academic abilities, accounting and financial analysis ability, international market perspective operation management, and practical ability in crisis management. She worked in related positions of Accounting and Finance in UMC, Finance Minister of Faraday Technology from 2000 to 2015, and has been the Chief Financial Officer and Spokesperson since 2015. Ms. Tseng is in charge of multiple businesses in managing cross-country finance, accounting, and tax planning, and is not under any circumstances listed in Article 30 of the Company Act.		NA
Ning-Hai Jin	Mr. Jin has knowledge of the industry, international market perspective, both operating management and academic abilities, business and technology industrial management and corporate governance. He was the General Manager of Aurora Holdings Incorporated and Legal representative of Taiwan Life Insurance Co., Ltd. He is currently the Chairman of Lan-Hai Electro-optical Inc. and Starlevel Media Services Co., Ltd., and is not under any circumstances listed in Article 30 of the Company Act.	They are independent directors and meet the independence criteria, including but not limited to themself, their spouse, relative within the second degree of kinship who are not director, supervisor, or employee of the Company or its affiliates; do not hold company shares; are not director, supervisor, or employee of an enterprise related to the Company; do not receive remuneration in the past two years for providing business, legal, financial, and accounting services to the Company or its affiliates.	NA
Bing-Kuan Luo	Mr. Luo has knowledge of the industry, international market perspective, both operating management and academic abilities, abilities in legal, finance, crisis management, and corporate governance. He was the consultant at the Ministry of Economic Affairs and Eastern Taiwan Joint Services Center, Executive Yuan, Vice President and Chairman of Taiwan of HKiNED, and Chief Investment Officer of Kai-Da International Strategy Counseling Corp and China Certified M&A Dealmaker . He is currently the Chairman of Hua-Shuan International Counselling Corp. and TIDA Taiwan, and is not under any circumstances listed in Article 30 of the Company Act.		2
Wan-Fen Zhou	Ms. Zhou has knowledge of the industry, practical experience, both decision-making and academic abilities, accounting and financial analysis ability, operation management, and practical ability in crisis management. She was the Chief Financial Officer of Dawning Leading Technology Inc., Deputy Manager at UMC, supervisor at Jai-Yon Investment Corp. Ms. Chou is currently the Associate Vice President of Finance Center at King Yuan Electronics Co., Ltd., and is not under any circumstances listed in Article 30 of the Company Act.		NA

2. Diversity and Independence of the Board of Directors

- Board Diversity

A diversification policy was formulated in the Company's "Corporate Governance Best Practice Principles" and "Procedures for Election of Directors", which clearly stipulated the members of the Company's Board of Directors should be diversified. The composition of the board of directors shall be determined by taking diversity into consideration and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following three general standards:

- Basic requirements and values: Gender, age, nationality, and culture; it is advisable that the number of female directors account for at least one-third of all the directors.
- Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.
- Sustainability and Social involvement: corporate governance, environmental sustainability, corporate social responsibility, legal compliance and human rights protection.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

- Ability to make operational judgments.
- Ability to perform accounting and financial analysis.
- Ability to conduct management administration.
- Ability to conduct crisis management.
- Knowledge of the industry.
- An international market perspective.
- Ability to lead.
- Ability to make policy decisions.

Currently, there are 9 directors including 3 independent directors, 2 female directors, and 4 directors who are employees of the Company (the percentage of all directors are 33.3%, 22.2%, and 44.4% respectively). The Company has set a goal for female directors to reach 25%. As of the end of 2023, 5 directors were aged 50-59, 2 were aged 60-69, and 2 were aged above 70. The independent directors had all met the regulation of independence set by the Securities and Futures Bureau and none of them is under any circumstances listed in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act. Directors shall have neither a spousal relationship nor a relationship within the second degree of kinship with any other director. For information regarding directors' education and experience, gender, professional qualification, work experience, and diversification, please refer to III. Corporate Governance Report 2.(1) Information of Directors (Page 19 to 22).

The professional background of the members of the board of directors of the company covers management, science and technology, and finance, and they are managers of the technology industry. The members of the board of directors have diverse backgrounds in industry, education, academics, and knowledge, and can give professional advice from different perspectives, which is helpful for improving the company's operating performance and management efficiency. The implementation of the diversity of board members is as follows:

Title	Chairman	Juristic-Person Director		Director			Independent Director		
Name	Chia-Tsung Hung	Ying-Sheng Shen	Zhen-Li Huang	Kuo-Yung Wang	Shih-Chin Lin	Wen-Ju Tseng	Ning-Hai Jin	Bing-Kuan Luo	Wan-Fen Zhou
Gender	M	M	M	M	M	F	M	M	F
Age	60~69	50~59	70~79	50~59	50~59	50~59	70~79	60~69	50~59
Employee	V			V	V	V			
under 3 session							V	V	V
Background									
Technology	V	V	V	V	V	V	V		V
Finance	V	V	V	V	V	V	V	V	V
Law								V	
Professional knowledge and skills									
Industry experience	V	V	V	V	V	V	V	V	V
Operationa	V	V	V	V	V	V	V	V	V
Management	V	V	V	V	V	V	V	V	V
Risk Management	V	V	V	V	V	V	V	V	V
international perspective	V	V	V	V	V	V	V	V	V
Leadership and Strategy Decision	V	V	V	V	V	V	V	V	V

- Board Independence

  The nomination and selection of members of the board of directors of the company complies with the provisions of the "Articles of Incorporation", adopts the candidate nomination system, and abides by the "Corporate Governance Best Practice
  Principles" and "Procedures for Election of Directors". It is clearly stipulated that

the selection of the company's directors should consider the overall configuration of the board of directors. The company has seven to eleven directors, and the number of directors is authorized by the board of directors to decide. The term of board of the directors is three years, and they shall be elected by the shareholders' meeting from persons with legal capacity. The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Company Act and Securities and Exchange Act ,
and other relevant laws and regulations. All members of the company's board of directors have the necessary knowledge, skills and accomplishments to perform their duties.

The composition of the company's current board of directors consists of 3 independent directors (33.33%), 6 non-independent directors (66.67%), of which 4 are employee directors (44.44%). None of the directors has any of the conditions listed in Article 30 of the Company Act; none of the directors has a relationship within the spouse or second-degree relatives, which complies with the provisions of Item 3 and Item 4 of Article 26-3 of the Securities and Exchange Act.

All independent directors of the company comply with the regulations on independent directors stipulated by FSC. The situation of independence is as follows:

Name	Whether the person, spouse, and relatives within the second degree are directors, supervisors, or employees of the company or its affiliated companies	The number and proportion of the company's shares held by myself, my spouse, and relatives within the second degree (or uses the name of others)	Whether to serve as a director, supervisor or employee of a company with a specific relationship with the company	The amount of remuneration obtained for providing business, legal, financial, accounting and other services to the company or its affiliated companies in the last 2 years
Ning-Hai Jin	No	None	No	None
Bing-Kuan Luo	No	None	No	None
Wan-Fen Zhou	No	None	No	None

4.2.4 Information of the Chief Strategy Officer, President, VPs, SAVPs and Managers of Departments and Branches

March 31, 2024
Unit: share

Title	Nationality	Name	Gender	Date Effective	Shareholding (Note)		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Managers obtaining employee stock option certificates	Remark(s)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation		
Chief & Strategy Officer	ROC	Chia-Tsung Hung	Male	March 2, 2018	-	-	-	-	-	-	• Chairman, United Microelectronics Corporation • Bachelor of Accounting, Tamkang University • Honorary Doctorate of National Tsing Hua University	• Chairman & Chief Strategic Officer, United Microelectronics Corporation • Chairman & Chief Strategic Officer, Silicon Integrated Systems Corporation • Chairman, Hong Cheng Venture Capital • Chairman, Hong Ding Venture Capital • Director, Triknight Capital Corporation. • Executive Director, Unitedds Semiconductor (Shandong) • Chairman, UMC Capital Corp. • Director, United Microelectronics (Europe) B.V.	-	-	-	-	-
President	ROC	Kuo-Yung Wang	Male	Jul 28, 2015	401,783	0.15%	156,416	0.06%	-	-	• President ,Faraday Technology Corporation • Vice President, United Microelectronics Corporation • Master of Industrial Engineering and Engineering Management, National Tsing Hua University	• Chairman, Chi Hong Investment • Chairman, Sheng Bang Investment • Chairman, Artery Technology Company • Chairman, Artery Technology Corporation, Ltd. (Chongqing) • Chairman ,United Business Service Corporation (Chongqing) • Chairman, Artery Technology Corporation-Cayman • Chairman, Sinble Technology Pte. Ltd.	-	-	-	-	-
COO	ROC	Shih-Chin Lin	Male	Jul 30, 2015	212,786	0.08%	36,000	0.01%	-	-	• COO ,Faraday Technology Corporation • Senior Director, United Microelectronics Corporation • Master of Industrial • Master of Electrophysics, National Chiao Tung University	• Chairman, Innopower Technology • Chairman, Innopower Technology Corporation (Chongqing) • Chairman, Faraday Technology China Corporation • Chairman, Faraday Technology Japan Corp. • Chairman, FaradayTek Solutions India Private Limited • Director, Faraday Technology Corporation (Suzhou) • Director, United Business Service Corporation (Chongqing) • Director, Sinble Technology Pte. Ltd.	-	-	-	-	-
CFO & VP	ROC	Wen-Ju Tseng	Female	Sep 1, 2017	71,383	0.03%	-	-	-	-	• CFO, Faraday Technology Corporation • Bachelor of Business Administration, National Chengchi University • Master of College of Management, National Yang Ming Chiao Tung University	• Chairman, Faraday Technology (Mauritius) Corp. • Chairman, Faraday Technology (Samoa) Corp. • Chairman, Bright Capital Group Limited (BCGL) • Chairman, Faraday Technology Corp.(B.V.I.) • Director, Artery Technology Corporation • Director, Sinble Technology Pte. Ltd. • Director, Artery Technology Corporation, Ltd. (Chongqing) • Director , Artery Technology Company • Director, ShiehYung Investment Corporation • Supervisor, Faraday Technology China Corporation • Supervisor, Faraday Technology Corporation (Suzhou) • Supervisor, United Business Service Corporation (Chongqing) • Supervisor, Innopower Technology Corporation (Chongqing) • Supervisor, United Creative Solution Corporation (Shanghai) • Supervisor, Grain Media Inc. • Supervisor, Faraday Technology Japan Corp.	-	-	-	-	-
VP	ROC	Cheng-Hsing Chien	Male	Jun 17, 2019	44,578	0.02%	-	-	-	-	• SAVP, Faraday Technology Corporation • Master of Electrical Engineering, National Taiwan University	• Chairman, Faraday Technology Vietnam Company Limited	-	-	-	-	-
VP	ROC	Kuo-Hua Lee	Male	Dec 3, 2019	82,974	0.03%	10,000	0.004%	-	-	• SAVP, Faraday Technology Corporation • Master of Physics, Tamkang	• Chairman, Faraday Technology Corporation. (USA)	-	-	-	-	-
VP	ROC	Jyh-Herng Wang	Male	Jun 8, 2018	140,000	0.06%	3,195	0.001%	-	-	• SAVP, Faraday Technology Corporation • PhD of Electrical Engineering, National Taiwan University	None	-	-	-	-	Note1
SAVP	ROC	Chih-Shiun Lu	Male	Sep 1, 2017	173,000	0.07%	-	-	-	-	• Director,Faraday Technology Corporation • Master of Industrial Engineering and Engineering Management, National Tsing Hua University	None	-	-	-	-	Note2

SAVP	ROC	Shu-Huei Liao	Female	Sep 1, 2021	32,113	0.01%	-	-	-	-	• Director, Faraday Technology Corporation • Master of Electrical Engineering, National Taiwan University	None	-	-	-	-	-
SAVP	ROC	Ying-Cih Yen	Male	March 23, 2023	3,000	0.001%	-	-	-	-	• Deputy Director of Client Projects, Taiwan Semiconductor Manufacturing Co., Ltd. • Master of Institute of Electronics, National Yang Ming Chiao Tung University	None	-	-	-	-	-
SAVP	ROC	Chen-Yi Huang	Male	June 16, 2023	3,026	0.001%	-	-	-	-	• Director of Management Office, Macronix International Co., Ltd • Minister of Organizational Management and Development, Vanguard International Semiconductor Corporation • Master of Business Administration, Fu Jen Catholic University	None	-	-	-	-	-

Note 1: VP, Jyh-Herng Wang was dismissed on July 7, 2023.
Note 2: SAVP, Chih-Shiun Lu was dismissed on Feb 3, 2023.

4.2.5 Remuneration of Directors, Strategy Officer, Presidents, COO, and VPs

General Remuneration of Directors and Independent Directors

December 31, 2023
Unit: NT$1,000/1,000 shares

Title	Name	Director remuneration								Sum of A+B+C+D and ratio to Net Income(%)		Relevant Remuneration Received by Directors Who are Also Employees								Sum of A+B+C+D+E+F+G and ratio to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C) (note 1)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		Faraday	All companies in the consolidated financial statements	Faraday	Companies in the consolidated financial statements	Faraday	Companies in the consolidated financial statements	Faraday	Companies in the consolidated financial statements	Faraday	Companies in the consolidated financial statements	Faraday	Companies in the consolidated financial statements	Faraday	Companies in the consolidated financial statement	Faraday		Companies in the consolidated financial statements		Faraday	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	United Microelectronics Corporation Representative: Chia-Tsung Hung	720	720	-	-	882	882	150	150													
Director	United Microelectronics Corporation Representative: Ying-Sheng Shen	720	720	-	-	882	882	150	150													
Director	Unimicron Technology Corp. Representative: Zhen-Li Huang	720	720	-	-	882	882	150	150	7,902 (0.50%)	7,902 (0.50%)	63,017	63,017	-	-	5,485	-	5,485	-	76,404 (4.81%)	76,404 (4.81%)	None
Director	Kuo-Yung Wang	720	720	-	-	12	12	150	150													
Director	Shih-Chin Lin	720	720	-	-	12	12	150	150													
Director	Wen-Ju Tseng	720	720	-	-	12	12	150	150													
Independent Director	Ning-Hai Jin	960	960	-	-	-	-	150	150													
Independent Director	Bing-Kuan Luo	960	960	-	-	-	-	150	150	3,330 (0.21%)	3,330 (0.21%)	-	-	-	-	-	-	-	-	3,330 (0.21%)	3,330 (0.21%)	None
Independent Director	Wan-Fen Zhou	960	960	-	-	-	-	150	150													

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid : Note
2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises):None

Note : Remuneration policies, procedures, standards, and structure, and its linkage to responsibilities, risks, and time spent:

1. Remuneration policies, procedures, standards, and structure
   - The salary of the Company's directors is in accordance with Article 16 of the Articles of Incorporation, that the Board of Directors is authorized to determine the salary for directors, and the extent and value of the services provided for the management of the Company and the standards of the industry. In case of profit generated for the year, it shall set aside no more than 2% for remuneration of directors as stipulated in Article 27 of the Articles of Incorporation. Independent directors are not included in the remuneration of directors. The Company evaluates the remuneration of the Board in accordance with the "Board Performance Evaluation Measures" regularly. Performance and salary rationality are reviewed by the Audit Committee and the Board of Directors.
   - Various allowances and bonuses are established in accordance with the salary regulations as managers' remuneration in order to show solicitude and encouragement for employees' hard work. Bonus is distributed based on the Company's annual performance, financial status, operation status, personal work performance, and sustainable development goals (environmental, social, and corporate governance aspects). In case of profit generated for the year, it shall set aside no less than 10% for remuneration of employees as stipulated in Article 27 of the Articles of Incorporation.
   - The Company's remuneration packages are in accordance with the Remuneration Committee Charter. The scope is consistent with the remuneration paid to directors and managers listed in the "Regulations Governing Information to be Published in Annual Reports of Public Companies".
2. The Linkage with remuneration amount
   - The review on the distribution standard and system of the Company's remuneration policy is mainly based on the overall operation status. The distribution standard is determined by performance achievement rate and contribution in order to improve the overall organizational performance of the Board of Directors and the management team. In addition, general pay levels in the industry are regularly referred to, while reflecting to the performance of individual and the team.
   - Any important decision of the management is made after evaluating relevant risk factors. The performance of the decision is reflected on company profit; therefore, the performance of risk control is relevant with the management's remuneration.
   - The directors' and managers' performance and salary rationality are evaluated and reviewed by the Audit Committee and the Board of Directors regularly. In addition to performance achievement rate and contribution, it also refers to the overall operating performance, future risk and development trend of the industry, and operating status and relevant regulations to timely review the remuneration system. Reasonable remuneration is distributed after considering current sustainable development goals (environmental, social, and corporate governance aspects) in order to strike a balance between sustainable operation and risk control. The actual distribution amount of the directors and managers' remuneration in 2023 is reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution.

Remuneration Tiers

Range of Remuneration (NT$)	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	Faraday	Companies in the consolidated financial statements	Faraday	Companies in the consolidated financial statements
Lower than 1,000,000	Chia-Tsung Hung, Ying-Sheng Shen, Zhen-Li Huang, Kuo-Yung Wang, Shih-Chin Lin, Wen-Ju Tseng, Unimicron	Chia-Tsung Hung, Ying-Sheng Shen, Zhen-Li Huang, Kuo-Yung Wang, Shih-Chin Lin, Wen-Ju Tseng, Unimicron	Ying-Sheng Shen, Zhen-Li Huang, Unimicron	Ying-Sheng Shen, Zhen-Li Huang, Unimicron
1,000,000 (inclusive) ~2,000,000 (not inclusive)	UMC, Ning-Hai Jin, Bing-Kuan Luo, Wan-Fen Zhou	UMC, Ning-Hai Jin, Bing-Kuan Luo, Wan-Fen Zhou	Ning-Hai Jin, Bing-Kuan Luo, Wan-Fen Zhou, UMC	Ning-Hai Jin, Bing-Kuan Luo Wan-Fen Zhou, UMC
2,000,000 (inclusive) ~3,500,000 (not inclusive)	-	-	-	-
3,500,000 (inclusive) ~5,000,000 (not inclusive)	-	-	-	-
5,000,000 (inclusive) ~10,000,000 (not inclusive)	-	-	-	-
10,000,000 (inclusive) ~15,000,000 (not inclusive)	-	-	Wen-Ju Tseng	Wen-Ju Tseng
15,000,000 (inclusive) ~30,000,000 (not inclusive)	-	-	Chia-Tsung Hung, Kuo-Yung Wang, Shih-Chin Lin	Chia-Tsung Hung, Kuo-Yung Wang, Shih-Chin Lin
30,000,000 (inclusive) ~50,000,000 (not inclusive)	-	-	-	-
50,000,000 (inclusive) ~100,000,000 (not inclusive)	-	-	-	-
More than 100,000,000	-	-	-	-
Total	11 people	11 people	11people	11 people

Note : The amount of Directors' remuneration approved by the Board of Directors in 2024.

Remuneration of Chief Strategy Officer, President, COO and VPs

December 31, 2023
Unit: NT$1,000/1,000 shares

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Severance Pay (B)</th><th colspan="2">Bonuses and Allowances (C)</th><th colspan="4">Employee Compensation (D)</th><th colspan="2">Sum of A+B+C+D and ratio to Net Income (%)</th><th rowspan="3">Remuneration from ventures other than subsidiaries or from the parent company</th></tr>
<tr><th rowspan="2">Faraday</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">Faraday</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">Faraday</th><th rowspan="2">Companies in the consolidated financial statements</th><th colspan="2">Faraday</th><th colspan="2">Companies in the consolidated financial statements</th><th rowspan="2">Faraday</th><th rowspan="2">Companies in the consolidated financial statements</th></tr>
<tr><th>Cash amount</th><th>Stock amount</th><th>Cash amount</th><th>Stock amount</th></tr>
<tr><td>Chief Strategy Officer</td><td>Chia-Tsung Hung</td><td rowspan="6">20,257</td><td rowspan="6">25,507</td><td rowspan="6">-</td><td rowspan="6">-</td><td rowspan="6">59,441</td><td rowspan="6">60,701</td><td rowspan="6">6,445</td><td rowspan="6">-</td><td rowspan="6">6,445</td><td rowspan="6">-</td><td rowspan="6">86,143 (5.42%)</td><td rowspan="6">92,653 (5.83%)</td><td rowspan="6">-</td></tr>
<tr><td>President</td><td>Kuo-Yung Wang</td></tr>
<tr><td>Chief Operation Officer</td><td>Shih-Chin Lin</td></tr>
<tr><td>VP</td><td>Wen-Ju Tseng</td></tr>
<tr><td>VP</td><td>Cheng-Hsing Chien (Note 1)</td></tr>
<tr><td>VP</td><td>Kuo-Hua Lee (Note 2)</td></tr>
<tr><td>VP</td><td>Jyh-Herng Wang (Note 3)</td></tr>
</table>

Note 1: VP, Cheng-Hsing Chien, was appointed on July 7, 2023.
Note 2: VP, Kuo-Hua Lee, was appointed on July 7, 2023.
Note 3: VP, Jyh-Herng Wang, was dismissed on July 7, 2023.

Remuneration Tiers

Range of Remuneration (NT$) (Note1)	Names of Chief Strategy Officer, President, COO and VPs	
	Faraday	Companies in the consolidated financial statements
Lower than 1,000,000	Kuo-Hua Lee (Note 2)	-
1,000,000 (inclusive) ~ 2,000,000 (not inclusive)	-	-
2,000,000 (inclusive) ~ 3,500,000 (not inclusive)	-	-
3,500,000 (inclusive) ~ 5,000,000 (not inclusive)	-	-
5,000,000 (inclusive) ~ 10,000,000 (not inclusive)	Cheng-Hsing Chien (Note 3), Jyh-Herng Wang (Note 4)	Kuo-Hua Lee (Note 2), Cheng-Hsing Chien (Note 3), Jyh-Herng Wang (Note 4)
10,000,000 (inclusive) ~ 15,000,000 (not inclusive)	Chia-Tsung Hung, Wen-Ju Tseng	Chia-Tsung Hung, Wen-Ju Tseng
15,000,000 (inclusive) ~ 30,000,000 (not inclusive)	Kuo-Yung Wang, Shih-Chin Lin	Kuo-Yung Wang, Shih-Chin Lin
30,000,000 (inclusive) ~ 50,000,000 (not inclusive)	-	-
50,000,000 (inclusive) ~ 100,000,000 (not inclusive)	-	-
More than 100,000,000	-	-
Total	7 people	7 people

Note 1: The amount of employees' remuneration approved by the Board of Directors in 2024.
Note 2: VP, Kuo-Hua Lee, was appointed on July 7, 2023.
Note 3: VP, Cheng-Hsing Chien, was appointed on July 7, 2023.
Note 4: VP, Jyh-Herng Wang was dismissed on July 7, 2023.

Names of Managers Receiving Employee Remuneration and Amounts Distributed

December 31, 2023
Unit: NT$1,000/1,000 shares

Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash (Note 1)	Total	Ratio of Total Amount to Net Income After Tax (%)
Chief Strategy Officer	Chia-Tsung Hung	-	8,135	8,135	0.51%
President	Kuo-Yung Wang				
Chief Operation Officer	Shih-Chin Lin				
VP & Chief Financial Officer	Wen-Ju Tseng				
VP	Cheng-Hsing Chien (Note 2)				
VP	Kuo-Hua Lee (Note 3)				
VP	Jyh-Herng Wang (Note 4)				
SAVP	Shu-Huei Liao				
SAVP	Ying-Tzu Yen (Note 5)				
SAVP	Chen Yi Huang (Note 6)				

Note 1: The amount of employees' remuneration approved by the Board of Directors in 2024.
Note 2: VP, Cheng-Hsing Chien, was appointed on July 7, 2023.
Note 3: VP, Kuo-Hua Lee, was appointed on July 7, 2023.
Note 4: VP, Jyh-Herng Wang was dismissed on July 7, 2023.
Note 5: SAVP, Ying-Tzu Yen, was appointed on March 23, 2023.
Note 6: SAVP, Chen Yi Huang, was appointed on June 16, 2023.

4.2.6 Analysis of Remuneration of Directors, Chief Strategy Officer, President, and VPs in the last two years

Analysis of Remuneration of Directors, Chief Strategy Officer, President, and VPs in the last two years

Unit: NT$1,000

Title	Faraday				All Companies in the Financial Statements			
	2023		2022		2023		2022	
	Total remuneration	The ratio to net profit after tax	Total remuneration	The ratio to net profit after tax	Total remuneration	The ratio to net profit after tax	Total remuneration	The ratio to net profit after tax
Directors(include Independent Directors)	79,734	5.02%	89,937	3.66%	79,734	5.02%	89,937	3.66%
President, Chief Strategy Officer, Chief Operation Officer and VPs	86,143	5.42%	103,707	4.23%	92,653	5.83%	103,707	4.23%

Note:

- The decrease in total remuneration of Directors in 2023 compared to 2022 is due to the decrease in net profit after tax in 2023.
- The decrease in total remuneration of President ,CSO ,COO and VPs in 2023 compared to 2022 is due to the decrease in bonus payments in 2022.

Remuneration Payment Policy

Remuneration policies, procedures, standards, and structure, and its linkage to responsibilities, risks, and time spent:

1. Remuneration policies, procedures, standards, and structure
   - The salary of the Company's directors is in accordance with Article 16 of the Articles of Incorporation, that the Board of Directors is authorized to determine the salary for directors, and the extent and value of the services provided for the management of the Company and the standards of the industry. In case of profit generated for the year, it shall set aside no more than 2% for remuneration of directors as stipulated in Article 27 of the Articles of Incorporation. Independent directors are not included in the remuneration of directors. The Company evaluates the remuneration of the Board in accordance with the "Board Performance Evaluation Measures" regularly. Performance and salary rationality are reviewed by the Audit Committee and the Board of Directors.
   - Various allowances and bonuses are established in accordance with the salary regulations as managers' remuneration in order to show solicitude and encouragement for employees' hard work. Bonus is distributed based on Faraday's annual performance, financial status, operation status, personal work performance and sustainable development goals (environmental, social, and corporate governance aspects). In case of profit generated for the year, it shall set aside no less than 1% for remuneration of employees as stipulated in Article 27 of the Articles of Incorporation.
   - Faraday's remuneration packages are in accordance with the Remuneration Committee Charter. The scope is consistent with the remuneration paid to directors and managers listed in the "Regulations Governing Information to be Published in Annual Reports of Public Companies".
2. Procedure for setting remuneration
   - The evaluation result of the "Faraday's Board Performance Evaluation Measures" and "Performance Evaluation Measures" that is applicable to the managers and employees are the basis to regularly evaluate the salary and remuneration of the directors and managers. Performance assessments and compensation levels of directors and managers shall take into account the general pay levels in the industry, the time spent by the individual and their responsibilities, the extent of goal achievement, their performance in other positions, sustainable goal achievement rate, and the compensation paid to employees holding equivalent positions in recent years. Also to be evaluated are the reasonableness of the correlation between the individual's performance and this Corporation's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of Faraday.
   - Year of 2023 marked a significant milestone for Faraday as the company enters its 30th year since establishment. Not only did we achieve No. 1 in the Top 50 Best Companies in Operational Performance by Common Wealth Magazine, we also successfully expanded our expertise from mature process to the new technological domains of advanced processes and advanced packaging, setting a new paradigm for the company. Amidst global inflation and geopolitical uncertainties last year, the semiconductor industry witnessed a slowdown in annual growth due to weakening demand in end markets. Despite short-term headwinds in the industry with the impact of customer inventory and a high revenue base from the previous year, our silicon intellectual property (IP) and ASIC business continued to show positive long-term development. Driven by diverse applications, revenue from IP and non-recurring engineering (NRE) continued to reach new record highs, marking a three-year consecutive growth milestone. With relentless efforts from Faraday's global workforce, combined revenue exceeded NT$10 billion, reaching NT$12 billion, with basic EPS of NT$6.39. In 2023, the performance evaluations of the board of directors, board members, and various functional committees of our company all exceeded the standards. All executives achieved the predetermined performance goals. Therefore, the company will provide compensation in accordance with relevant regulations.
3. The Linkage with remuneration amount
   - The review on the distribution standard and system of the Company's remuneration policy is mainly based on the overall operation status. The distribution standard is determined by performance achievement rate and contribution in order to improve the overall organizational performance of the Board of Directors and the management team. In addition, general pay levels in the industry are regularly referred to, while reflecting to the performance of individual and the team.
   - Any important decision of the management is made after evaluating relevant risk factors. The performance of the decision is reflected on company profit; therefore, the performance of risk control is relevant with the management's remuneration.
   - The directors' and managers' performance and salary rationality are evaluated and reviewed by the Audit Committee and the Board of Directors regularly. In addition to performance achievement rate and contribution, it also refers to the overall operating performance, future risk and development trend of the industry, and operating status and relevant regulations to timely review the remuneration system. Reasonable remuneration is distributed after considering current company governance trend in order to strike a balance between sustainable operation and risk control. The actual distribution amount of the directors and managers' remuneration in 2022 is reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution.

4.3 Corporate Governance Implementation Status

4.3.1 Operation of the Board of Directors

For the year 2023 until the publication date of this annual report, the Borad of Directors conducted 7(A) meetings. The Directors' attendance status is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate(%) (B/A)	Remarks
Chairman	UMC Representative: Chia-Tsung Hung	7	0	100%	-
Juristic-Person Director	UMC Representative: Ying-Sheng Shen	7	0	100%	-
Juristic-Person Director	Unimicron Representative: Zhen-Li Huang	7	0	100%	-
Director	Kuo-Yung Wang	7	0	100%	-
Director	Shih-Chin Lin	7	0	100%	-
Director	Wen-Ju Tseng	7	0	100%	-
Independent Director	Ning-Hai Jin	7	0	100%	-
Independent Director	Bing-Kuan Luo	7	0	100%	-
Independent Director	Wan-Fen Zhou	7	0	100%	-

Annotations:

1. In case the operation of the board of directors has any of the circumstances below, state the date of the board meeting, the session number, the content of the motion, the opinions of all independent directors and Faraday's disposal of the opinions of independent directors:

●: Attendance in person ★ : By Proxy ▲ :Absent

Independent Director	1st	2nd	3rd	4th	5th	6th	7th
Ning-Hai Jin	●	●	●	●	●	●	●
Bing-Kuan Luo	●	●	●	●	●	●	●
Wan-Fen Zhou	●	●	●	●	●	●	●

- Matters listed in Article 14.3 of the Securities Exchange Act: Faraday has established the audit committee, so it is not applicable to Article 14-3 of the Securities and Exchange Act. For relevant information, please refer to Corporate Governance Report III Operation of the Audit Committee. (Page47~50)
- Other written or otherwise recorded resolutions on which an independent director had a dissenting opinion or qualified opinion, in addition to the matters above: None.

2. On the implementation of directors' avoidance of interests, state the names of the directors, the contents of the motions, the reasons for the avoidance of interests and the participation in the voting:

Director name	Motion content	Reason for avoidance	Participation in voting	Remarks
Chia-Tsung Hung, Kuo-Yung Wang, Shih-Chin Lin, Wen-Ju Tseng	Proposal for the salary and remuneration of the Managerial Officers.	The Directors have a stake in the motion.	Not voting	2023/02/21 10th session of 11th term
Kuo-Yung Wang, Wen-Ju Tseng, Wan-Fen Zhou,	Proposal of Release the new Prohibition on Directors from Participation in Competitive Business.	The Directors have a stake in the motion.	Not voting	2023/02/21 10th session of 11th term
Chia-Tsung Hung, Kuo-Yung Wang, Shih-Chin Lin, Wen-Ju Tseng	Proposal for the salary and remuneration of the Managerial Officers.	The Directors have a stake in the motion.	Not voting	2023/07/25 12th session of 11th term
Chia-Tsung Hung, Bing-Kuan Luo, Wan-Fen Zhou	Appointment of the first-term Nomination Committee members	The Directors have a stake in the motion.	Not voting	2023/10/24 13th session of 11th term
Chia-Tsung Hung, Kuo-Yung Wang, Shih-Chin Lin, Wen-Ju Tseng	Proposal for the salary and remuneration of the Managerial Officers.	The Directors have a stake in the motion.	Not voting	2024/02/20 16th session of 11th term
Chia-Tsung Hung, Kuo-Yung Wang, Shih-Chin Lin, Wen-Ju Tseng	Employee Stock Option case for the cash issuance of new shares in 2023	The Directors have a stake in the motion.	Not voting	2024/02/20 16th session of 11th term

3. Information about Board of Directors' performance evaluation implementation (i.e. the evaluation cycle and period, the evaluation scope, the evaluation method and evaluation aspects):
   - Implementation of Board of Directors' performance evaluation

Evaluation Cycles	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Aspects
Every year	January 1st to December 31st, 2023	Including the performance evaluation of the Board of Directors, Functional Committees, and individual Directors	Self-evaluation of the Board, Functional Committees, and Board members	1. The measurement items for the self-evaluation of the Board of Directors include the following aspects: • Participation in Faraday's operations. • Improve the decision-making quality of the Board. • Board composition and structure. • Election and continuing education of Directors. • Internal control. 2. The measurement items for the self-evaluation of Board members include the following aspects: • Mastery of company goals and tasks. • Awareness of Directors' responsibilities. • Participation in Faraday's operations. • Management and communication of internal relationship. • Professional and continuing ducation of Directors. • Internal control. 3. Functional Committee self-evaluation measurement items, include the following aspects: • Participation in Faraday's operations. • Recognition of the responsibilities of Functional Committees. • Improve the decision-making quality of Functional Committees. • Functional Committee composition and member selection. • Internal control.
Once every three years	November 1st, 2021 to October 31st, 2022	The performance evaluation of the Board of Directors	Conducted by an external independent professional institution	1. Board Composition and Professional development. 2. The quality of decision-making by the board of directors 3. Operational effectiveness of the board of directors 4. Internal Control and Risk Management 5. Degree of board participation in corporate social responsibility

   - Results of Internal Performance Evaluation of the Board of Directors

     Faraday has completed the performance evaluation of the Board of Directors, individual Board members and functional committees in 2023. The evaluation results have been reported to the Nomination Committee on January 15, 2024 and the Board of Directors on February 20, 2024 as a reference for future review and improvement. Performance Appraisal The results are all [Excellent], indicating that the overall operation is good.

4. Goals and status of strengthening the function and performances of the Board of Directors in current years:
   - Strengthen the functions of the Board: Faraday is devoted to strengthen the Board of Directors mechanism and has established an Audit Committee on June 9, 2015. In accordance with the regulations, the Audit Committee shall hold a meeting every quarter, and at any time when necessary. The main purpose of the Audit Committee is to assist the Board of Directors in decision-making and to strengthen the supervising function of the Board of Directors. The meeting attendance of the Board of Directors in 2023 was good, and the Board of Directors operation is fully participated. Motions that have stakes with directors are reviewed by the Audit Committee or the Remuneration Committee before submit for the Board of Directors' resolution. According to Faraday's "Rules for Performance Evaluation of Board of Directors", the board of directors shall conduct an internal board performance evaluation every year according to the evaluation procedures and the evaluation indexes .The Company's board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years.
   - Enhance information transparency: The major resolution of the Board of Directors and financial information are publicly announced on MOPS and disclosed on the Faraday's official website in accordance with the regulations. Investors and shareholders may obtain relevant information in a timely manner.
   - In 2023 and up to the publication of this annual report in 2024, the Board of Directors convened 7 meetings with at least two independent directors attend in person in every meeting.
   - The Board of Directors has been operating in accordance with the "Regulations Governing Procedure for Board of Directors Meetings ". Meanwhile, continuing education is arranged for directors to maintain their core values and professional competence. Directors' training status in 2023 is as the following:

Title	Director Name	Date	Organizer	Name of Course	Hours
Chairman Corporate Director Representative	UMC Representative: Chia-Tsung Hung	2023/4/26	Accounting Research and Development Foundation.	The latest developments and legislative trends in international taxation and domestic taxation.	3
		2023/9/18	Taiwan Independent Director Association	How boards of directors review ESG sustainability reports – aligning with international TCFD and SASB standards for information disclosure, along with case studies and analysis.	3
		2023/11/20	Digital Governance Association	Analysis of IFRS sustainability disclosure standards S1/S2 – along with discussing the development trends of sustainability reporting in our country.	3
Juristic-Person Director Representative	UMC Representative: Ying-Sheng Shen	2023/9/18	Taiwan Independent Director Association	How boards of directors review ESG sustainability reports – aligning with international TCFD and SASB standards for information disclosure, along with case studies and analysis.	3
		2023/11/20	Digital Governance Association	Analysis of IFRS sustainability disclosure standards S1/S2 – along with discussing the development trends of sustainability reporting in our country.	3

Title	Director Name	Date	Organizer	Name of Course	Hours
Juristic-Person Director Representative	Unimicrom Representative: Zhen-Li Huang	2023/9/18	Taiwan Independent Director Association	How boards of directors review ESG sustainability reports – aligning with international TCFD and SASB standards for information disclosure, along with case studies and analysis.	3
		112/11/20	Digital Governance Association	Analysis of IFRS sustainability disclosure standards S1/S2 – along with discussing the development trends of sustainability reporting in our country.	3
Director	Kuo-Yung Wang	2023/9/18	Taiwan Independent Director Association	How boards of directors review ESG sustainability reports – aligning with international TCFD and SASB standards for information disclosure, along with case studies and analysis.	3
		2023/11/20	Digital Governance Association	Analysis of IFRS sustainability disclosure standards S1/S2 – along with discussing the development trends of sustainability reporting in our country.	3
Director	Shih-Chin Lin	2023/9/18	Taiwan Independent Director Association	How boards of directors review ESG sustainability reports – aligning with international TCFD and SASB standards for information disclosure, along with case studies and analysis.	3
		2023/11/20	Digital Governance Association	Analysis of IFRS sustainability disclosure standards S1/S2 – along with discussing the development trends of sustainability reporting in our country.	3
Director	Wen-Ju Tseng	2023/9/18	Taiwan Independent Director Association	How boards of directors review ESG sustainability reports – aligning with international TCFD and SASB standards for information disclosure, along with case studies and analysis.	3
		2023/11/20	Digital Governance Association	Analysis of IFRS sustainability disclosure standards S1/S2 – along with discussing the development trends of sustainability reporting in our country.	3
Independent Director	Ning-Hai Jin	2023/9/18	Taiwan Independent Director Association	How boards of directors review ESG sustainability reports – aligning with international TCFD and SASB standards for information disclosure, along with case studies and analysis.	3
		2023/11/20	Digital Governance Association	Analysis of IFRS sustainability disclosure standards S1/S2 – along with discussing the development trends of sustainability reporting in our country.	3

Title	Director Name	Date	Organizer	Name of Course	Hours
Independent Director	Bing-Kuan Luo	2023/3/15	Taiwan Independent Director Association	Analysis of asset-liability management in our country’s financial industry and its application under IFRS.	3
		2023/4/12	Taiwan Independent Director Association	How board of directors construct sustainable governance strategies? The latest governance standards for disclosing ESG sustainability information.	3
		2023/5/10	Taiwan Independent Director Association	Cutting-edge tools for board of directors to investigate fraud alerts – internal corporate investigations and E-Discovery evidence collection	3
		2023/7/18	Taiwan Independent Director Association	Collaborative efforts between law enforcement and financial institutions to prevent fraud, alongside digital technology in financial fraud prevention.	3
		2023/9/6	Taiwan Independent Director Association	Essential financial statement interpretation skills and case analysis required for boards of directors.	3
		2023/9/18	Taiwan Independent Director Association	How boards of directors review ESG sustainability reports – aligning with international TCFD and SASB standards for information disclosure, along with case studies and analysis.	3
		2023/9/21	Taiwan Independent Director Association	Analyzing director (independent director) responsibilities through practical case studies.	3
		2023/11/14	Taiwan Independent Director Association	M&A strategy within corporation, along with post M&A management.	3
Independent Director	Wan-Fen Zhou	2023/9/18	Taiwan Independent Director Association	How boards of directors review ESG sustainability reports – aligning with international TCFD and SASB standards for information disclosure, along with case studies and analysis.	3
		2023/11/20	Digital Governance Association	Analysis of IFRS sustainability disclosure standards S1/S2 – along with discussing the development trends of sustainability reporting in our country.	3

4.3.2 The operation of the Audit Committee or the Supervisor's participation in the operation of the Board Meeting

Operation of the Audit Committee:

For the year 2023 until the publication date of this annual report, the Audit Committee conducted 7(A) meetings. The Independent Directors' attendance status is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director	Bing-Kuan Luo	7	0	100%	Convener
Independent Director	Ning-Hai Jin	7	0	100%	-
Independent Director	Wan-Fen Zhou	7	0	100%	-

Annotations:

1. In case the operation of the Audit Committee has any of the circumstances below, state the date of the board meeting, the session number, the content of the motion, the Audit Committee's review results and Faraday's disposal of the opinions of the Audit Committee:
   - Resolutions related to Article 14.5 of the Securities and Exchange Act : Listed in the table below.
   - Other resolutions that was not approved by the Audit Committee but was approved by two thirds or more of all Directors: None.

Audit Committee Meeting Dates/Session	Resolution	Independent directors' objections, reservations or major proposals	Result	Faraday's disposal of member opinions
February 21, 2023 7th session of 3rd term	• Faraday's 2022 Business Report and Financial Statements. • Proposal for Distribution of 2022 Profits. • Implementation of the audit plan and evaluation of the effectiveness of the Internal Control System in 2022. • Faraday regularly evaluates the independence and suitability of the CPAs and the appointment of the CPAs in 2023. • Drafting general principles for the approval of non-assurance services policy for our company.	None	Approved by all Audit Committee Members.	Submit to the Board of Directors and approved by the directors who participated in the discussion and voting.
April 25, 2023 8th session of 3rd term	• Faraday's 2023Q1 Financial Statements.			
July 25, 2023 9th session of 3rd term	• Faraday's 2023Q2 Financial Statements. • Public expense case for the appointment of auditors for the year of 2023.			
October 24, 2023 10th session of 3rd term	• Faraday's 2023Q3 Financial Statements. • Internal audit supervisor personnel change case within Faraday. • Audit plan for the year of 2023. • Proposal for the establishment of general principles for pre-approval of non-assurance services policy within Faraday.			
December 12, 2023 11th session of 3rd term	• Faraday's plans to carry out the issuance of new shares for cash increase in 2023. • Amendment to the " Procedures for Ethical Management and Guidelines for Conduct ".			
January 15, 2024 12th session of 3rd term	• Faraday plans a cash capital increase for its subsidiary, Sheng Bang Investment Corporation. • Acquisition case of subsidiary Sheng Bang Investment Corporation.			
February 20, 2024 13th session of 3rd term	• Faraday's 2023 Business Report and Financial Statements. • Proposal for Distribution of 2023 Profits. • Implementation of the audit plan and evaluation of the effectiveness of the Internal Control System in 2023. • Faraday regularly evaluates the independence and suitability of the appointed auditors.			

2. On the implementation of Independent Directors' avoidance of interests, state the names of the Independent Directors, the contents of the resolutions, the reasons for the avoidance of interests and the participation in the voting: None.
3. Descriptions of the communications between the Independent Directors, the internal auditors, and the CPAs(which should include the material items, channels, and results of the audits on the corporate finance and/or operations, etc.):
   - The communications between the Independent Directors and the internal auditors:

     The internal audit supervisor regularly provides Audit Reports and future audit plans to the Audit

Committee. Whenever the Audit Committee members need information about Faraday's financial and Operation status , Faraday arranges responsible personnel to attend the meeting and give a briefing.

Date	Communications Focus	Result
February 21, 2023 The Audit Committee	2022 Internal Control System Statement.	Approved by the Audit Committee and submit to the Board of Directors.
	Report on the implementation of internal audit business in 2022Q4.	Noted
April 25, 2023 The Audit Committee	Report on the implementation of internal audit business in 2023Q1.	Noted
July 25, 2023 The Audit Committee	Report on the implementation of internal audit business in 2023Q2.	Noted
October 24, 2023 The Audit Committee	Report on the implementation of internal audit business in 2023Q3.	Noted
	Internal audit supervisor personnel change case within Faraday.	Approved by the Audit Committee and submit to the Board of Directors.
	To set up 2024 Audit Plan.	
February 20, 2024 The Audit Committee	2023 Internal Control System Statement.	Approved by the Audit Committee and submit to the Board of Directors.
	Report on the implementation of internal audit business in 2023Q4.	Noted

- The communications between the Independent Directors and the CPAs:

The CPAs will report to the Audit Committee at least once a year about the audit results and the key audit items in the future. The Audit Committee members may also contact the CPAs at any time by phone or email. The communication channel between the Audit Committee and the CPAs functioned well.

Date	Communications Focus	Result
February 14, 2023 The Audit Committee pre-meeting.	• In 2022, the consolidated and individual financial report audit results, key audit items and internal control audit report. • Communication with corporate governance units and management. • Updates to the Securities Regulatory Act. • Audit Quality Indicators (AQIs) information • Prior consent for non-assurance services	2022 Financial Statements are approved by the Audit Committee and submitted to the Board of Directors.
April 19, 2023 The Audit Committee Pre-meeting	• Review of 2023Q1 financial statements and communication with corporate governance units and management. • Updates to the Securities Regulatory Act. • Audit Quality Indicators (AQIs) information. • Prior consent for non-assurance services.	2023Q1 Financial Statements are approved by the Audit Committee and submitted to the Board of Directors.
July 20, 2023 The Audit Committee pre-meeting.	• Review of 2023Q2 financial statements. • Communication with corporate governance units and management. • Updates to the Securities Regulatory Act.	2023Q2 Financial Statements are approved by the Audit Committee and submitted to the Board of Directors.
October 19, 2023 The Audit Committee pre-meeting.	• Review of 2023Q3 financial statements. • Communication with corporate governance units and management. • Updates to the Securities Regulatory Act. • Tax law update	2023Q3 Financial Statements are approved by the Audit Committee and submitted to the Board of Directors.
February 16, 2024 The Audit Committee pre-meeting.	• Communication with corporate governance units and management. • Quality management guide No. 1 (ISQM 1/TWSQM 1) • Tax law update • Ernst & Young Audit Quality Indicators (AQIs) information	2023 Financial Statements are approved by the Audit Committee and submitted to the Board of Directors.

4.3.3 Taiwan Corporate Governance Implementation as Required by the Taiwan Financial Supervisory Commission

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Y	N	Summary description	
1. Has Faraday established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		Faraday has established Corporate Governance Best Practice Principles with reference to the “Taiwan Corporate Governance Implementation” which has been published on Faraday’s website and a “Corporate Governance” section has been set up for investors to inquire and download relevant regulations.	Conform to the Corporate Governance Best Practice Principles For TWSE/TPEX Listed Companies.
2. Shareholding Structure & Shareholders’ Right Does Faraday have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		Faraday has established Rules of Procedure for Shareholders' Meetings. In order to ensure the rights and interests of shareholders, faraday has a spokesperson system and a contact window (ir@faraday-tech.com), and set up a shareholder area under investor relations on the Faraday’s official website to respond to shareholders' opinions and responses, and deal with shareholders' suggestions, doubts, disputes, etc. We also will response to the Board of Directors and the Audit Committee timely.	Conform to the Corporate Governance Best Practice Principles For TWSE/TPEX Listed Companies.
Does Faraday know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		Faraday declares the changes in shareholding of insiders according to the regulations before the 10th of each month, and has a person to deal with matters related to stock affairs, and has close business relations with stock agency agencies to ensure the stability of management rights.	Conform to the Corporate Governance Best Practice Principles For TWSE/TPEX Listed Companies.
Has Faraday built and executed a risk management system and “firewall” between Faraday and its affiliates?	V		The personnel, assets and financial management rights and responsibilities between affiliates are clearly divided, while risk assessment is firmly implemented and an appropriate firewall is established. The “Measures for Monitoring Subsidiaries” and the “Regulations on the Reciprocal Financial Business of Affiliates” have been established and firmly implemented.	Conform to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Y	N	Summary description	
Has Faraday established internal rules prohibiting insider trading of securities based on undisclosed information?	V		Faraday has formulated the "Insider Transaction Prevention Regulations"," Procedures for Handling Material Inside Information " and "Ethical Corporate Management Best Practice Principles", which have been published on the Faraday's official website for investors to inquire about and download relevant company regulations; at the same time, and It is strictly forbidden for company insiders and employees to use unpublished information in the market to buy and sell securities, to protect investors and safeguard Faraday's rights and interests. Regular insider trading prevention publicity courses are held every year. In 2023, directors and colleagues will conduct insider trading prevention publicity courses with a total of 660 people/hours. The content of the insider trading prevention course includes: insider trading, actors, actual knowledge, major news, buying and selling targets, buying and selling time points, identification of major news clear time points, penalties, short-term trading, regulated objects, regulated periods, regulated targets, and calculation of ownership rights Way... etc. After the course is over, the briefing and audio-visual files will be placed in the internal employee system for reference by colleagues. Faraday also reminds directors and managers not to trade their stocks during the closed period 30 days before the announcement of the annual financial statements and 15 days before the quarterly financial statements in the annual course on the prohibition of insider trading; Notified directors and managers in December 2023 of the 2024 board meeting date, as well as the closed period before the quarterly financial statements announcement, to prevent directors and managers from erroneously touching the norms.	Conform to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Y	N	Summary description	
3. Composition and Responsibilities of the Board of Directors Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		The nomination and selection of members of the board of directors of Faraday follows the provisions of the "Articles of Association", adopts the nomination system for candidates, and abides by the "Code of Practice for Corporate Governance" and "Director Election Method". To formulate an appropriate diversity policy for its own operation, operation type and development needs, without restrictions on gender, race and nationality, in addition to possessing the knowledge, skills and qualities necessary to perform duties, in order to achieve the ideal goal of corporate governance, the board of directors as a whole should The abilities include 1. Operational judgment ability 2. Accounting and financial analysis ability 3. Operation and management ability 4. Crisis handling ability 5. Industry knowledge 6. International market outlook 7. Leadership ability 8. Decision-making ability and other diversified professional backgrounds. There are currently 9 directors of Faraday, including 3 independent directors, 2 female directors and 4 directors with employee status (accounting for 33.3%, 22.2% and 44.4% of all directors respectively). A target of 25% of directors. As of the end of 2022, there were 5 directors aged 50-59 years, 2 directors aged 60-69 years, and 2 directors aged over 70 years old. Among them, the independent directors are all in line with the regulations of SFB on independent directors. None of the items specified in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act, there is no relationship between the directors of a spouse or relative within the second degree of kinship, and each director's educational experience, gender, professional qualifications, work experience and diversity For relevant information, please refer to the information of directors (Page19~22) and disclosure of information on directors' professional qualifications and independence of independent directors (Page24~28).	Conform to the Corporate Governance Best Practice Principles For TWSE/TPEX Listed Companies.
Has Faraday voluntarily established other functional committees in addition to the remuneration committee and the audit committee?	V		In addition to establishing the Compensation Committee and Audit Committee to assist the Board of Directors in fulfilling its responsibilities, Faraday, to strengthen the director appointment system and build a diversified and professional board, officially established the Nomination Committee on October 24th, 2023. The Nomination Committee is responsible for searching, reviewing, and nominating director candidates, conducting performance evaluations of the Board of Directors, various committees, and individual directors, evaluating the independence of independent directors, and planning and implementing director training programs and succession plans.	Conform to the Corporate Governance Best Practice Principles For TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Y	N	Summary description	
Has Faraday established rules and methodology forevaluating the performance of its Board of Directors,implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	V		According to Faraday's "Rules for Performance Evaluation of Board of Directors", The Board of Directors shall conduct an internal board performance evaluation every year according to the evaluation procedures and the evaluation indexes. The board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years. Methods of evaluations include the internal evaluation of the board, self-evaluation by individual board members, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods, in order to establish performance goals and enhance the operational efficiency of the board of directors. Internal and external board performance evaluations shall be completed before the end of the first quarter of the following year, and the evaluation results should be reported to the Board of Directors in the first quarter and disclosed on the company website. When electing or nominating members of the board of directors, the Company shall base its election on the evaluation results of the performance of the board and shall base its determination of an individual director's remuneration on the evaluation results of his or her performance. As part of the succession planning for board members, Faraday has also established a Nomination Committee to serve as a platform for cultivating and transitioning candidates.	Conform to the Corporate Governance Best Practice Principles For TWSE/TPEX Listed Companies.
Does Faraday regularly evaluate its external auditors' independence?	V		The audit committee and the board of directors of Faraday regularly evaluate the independence and suitability of CPAs every year. In addition to requiring CPAs to provide "Accountant independence statement and Audit Quality Indicators (AQIs), and refer to AQIs disclosure framework-5 Organizations, 13 indicators for evaluation. It is confirmed that the CPAs has no other financial interests or business relationship with the company except for visa and financial and taxation fees, and the accountant's family members do not violate the independence requirements. With reference to the AQIs index information, the CPAs' experience and training hours in the EQCR accountant audit are better than the average level of the industry. In addition, digital auditing has been continuously promoted in recent years to improve audit quality. The Audit Committee and the Board of Directors have approved the regular evaluation on the independence and competence of CPAs on February 20, 2024, Audit Committee's 13th session of 3rd term and Board of Directors meeting 16th session of 11th term, and have obtained the independence statement issued by CPAs and AQIs. Evaluation on the independence and competence of CPAs is as follows:	Conform to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Independence	Yes	No
Do the CPAs not act as either the directors or supervisors of the Company or its affiliates?	V	
Are the CPAs not shareholders of the Company or its affiliates?	V	
Do the CPAs not receive remuneration from the Company or its affiliates?	V	
Are the CPAs not having direct or significantly indirect financial interest with the Company or its affiliates?	V	
Are the CPAs not the stakeholders of the Company or its affiliates?	V	
There is a five-year rotation as of the last certification.	V	
Have the CPAs complied with the regulations of independence listed in the Norm of Professional Ethics for Certified Public Accountant Bulletin No.10 and obtained the "independence statement" issued by the CPAs?	V	

Assessment Item	Y	N	Summary description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations,organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings	V		Faraday approved the resolution of the board of directors on February 13, 2020 to appoint the CFO as the head of corporate governance. she is experienced and has served as finance executives in public companies for more than three years. She also conducts professional training in accordance with laws and regulations. The main responsibilities of the corporate governance supervisor are to comply with legal requirements, handle matters related to board meetings and shareholders' meetings, prepare minutes of board and shareholders' meetings, assist directors in their induction and ongoing training, provide necessary information for directors to carry out their duties, assist directors in compliance with laws and regulations, report to the board of directors on the examination results regarding the qualifications of independent directors during nomination, appointment, and tenure, handle matters related to changes in directors, and perform other duties as required by the company.	Conform to the Corporate Governance Best Practice Principles For TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Y	N	Summary description	
5. **Has Faraday established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company Faraday's official website? Does Faraday appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?**	V		Faraday has set up a designated area on website to establish transparent, effective, and instant multi-directional communication channels with all stakeholders to gain their trust and support, and immediately grasp their expectations, recommendation and requirements. Recommendations and requirements are used as references and basis for formulating Faraday's future corporate social responsibility and future operational development plans, to realize the value and positive impact of corporate social responsibility. The most recent communication with stakeholders was reported to the board of directors on board of directors meeting, the 13th session of the 11th term, on October 24, 2023. Faraday's stakeholders include employees, shareholders and investors, customers, suppliers and contractors, and government agencies. Please refer to the stakeholder section of Faraday's website for the concerns of various stakeholders , Faraday's communication channels, response methods and frequencies. (http://www.faraday-tech.com/tw/content/CSR/StakeholdersEngament	Conform to the Corporate Governance Best Practice Principles For TWSE/TPEX Listed Companies.
6. **Has Faraday appointed a professional shareholder services agent to handle matters related to its shareholder meetings?**	V		Faraday appointed HORIZON SECURITIES's Stock Affairs Agency Department as the professional stock affairs agency to handle the affairs of the shareholders' meeting.	Conform to the Corporate Governance Best Practice Principles For TWSE/TPEX Listed Companies.
7. **Information Disclosure** Has Faraday established a corporate Faraday's official website to disclose information regarding its financials, business, and corporate governance status?	V		Faraday has established a website (www.faraday-tech.com/tw/) to regularly disclose and update Faraday's financial status, corporate governance and important information about the Group. Other relevant information that should be announced may also be found on the MOPS.	Conform to the Corporate Governance Best Practice Principles For TWSE/TPEX Listed Companies.
Does Faraday use other information disclosure channels (e.g., maintaining an English-language Faraday's official website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		Faraday has set up an English Faraday's website and placed important information such as English financial reports on the official Faraday's website with dedicated personnel responsible for the collection and disclosure of company information. The Faraday's website information is available in simplified Chinese, Japanese and Korean as well. Faraday has set up a room for spokesperson system and investor relationship, and disclosed relevant documents and audio-visual files of the corporate briefing session on Faraday's website.	Conform to the Corporate Governance Best Practice Principles For TWSE/TPEX Listed Companies.
Does Faraday publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	V		Faraday publishes and declares the annual financial statements, the first, second, and third quarter financial statements and the monthly operating status as early as possible within the prescribed deadlines. Please refer to the disclosed content on the MOPS(https://mops.twse.com.tw/).	Conform to the Corporate Governance Best Practice Principles For TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Y	N	Summary description	
8. Has Faraday disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		• Employees' rights and interests: Faraday pays great attention to the rights and interests of employees and has always been following the principle of humanized management to give employees full respect and care. All management rules and regulations are in line with or better than the Labor Standards Law, Gender Work Equality Law, Sexual Harassment Prevention Law, and other government regulations. Faraday provides a variety of internal communication mechanisms, such as quarterly labor-management meetings, company-wide colleague meetings, periodic management meetings with employees, etc., so that colleagues' opinions can be fully utilized, and relevant authorities and responsible units can quickly respond to colleagues' opinions to build an unobstructed communication culture and a lively and enlightened working atmosphere. Faraday also provides a diversified welfare system, complete leisure facilities, and health promotion activities that meet the needs of employees. In addition, the "Employee Welfare Committee" has been established to protect the rights and interests of employees, enhance employee welfare, and give employees a better working environment and development space. An employee family day is held annually to care for employees and their relatives. Relevant information about employee rights and employee care, please refer to the Labor-Management Relations in Chapter 6 of the Annual Report (Page 115-118) and the "Friendly Workplace and "Salary and Benefits" sections on Faraday's official website.(https://www.faraday-tech.com/tw/content/CSR/FriendlyWorkplace https://www.faraday-tech.com/tw/content/Careers/EmployeeWelfare) • Investor relations: Faraday has spokesperson, acting spokesperson, and stock agency "HORIZON SECURITIES" to provide shareholders and investors with consultation on company-related issues. Faraday also holds a Investor Conference for operation every quarter, and communicates with investors regular1y. For related implementation, please refer to the "Investor" sections on Faraday's website. (https://www.faraday-tech.com/en/entry/InvestorRelations) • Supplier relationship: Responsible for the development of a sustainable supply chain and establish long-term partnerships with suppliers in various directions such as quality capabilities, cost leadership capabilities, delivery and supply capabilities, service capabilities, and sustainability. For related implementation, please refer to the " Winning Glory with Our Partners" sections on Faraday's website. (https://www.faraday-tech.com/en/content/CSR/SustainableSupplyChain)	Conform to the Corporate Governance Best Practice Principles For TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Y	N	Summary description	
			• The rights of stakeholders: Faraday has set up a section for "Stakeholders" on Faraday's website(https://www.faraday-tech.com/en/content/CSR/StakeholderEngagement), and has also set up an independent mailbox and dedicated line to establish transparent, effective, and instant multi-directional communication channels between stakeholders and Faraday and to protect the relevant rights of stakeholders. • Training for Directors: Faraday irregularly provides information on relevant laws and regulations and professional knowledge courses that directors need to pay attention to. All directors of Faraday have completed at least 6 hours of training courses every year in accordance with laws and regulations in 2023. For related information, please refer to Directors' Training in 2023 (Page 44~46) or the "Corporate Governance" section of Faraday's website. (https://www.faraday-tech.com/en/content/CSR/CorporationGovernance). • Implementation of risk management policies: The risk management policies have been approved by the Board of Directors on April 23, 2020 and reported to the Board of Directors on board of directors meeting, the 13th session of the 11th term, on October 24, 2023 for implementation of risk management and disclosure of climate change-related risks and opportunities. The policies, organizational structure and implementation has been disclosed on Faraday's website. (https://www.faraday-tech.com/en/content/CSR/RiskManagement) • Implementation of Customer Policy: Improve customer service and quality, improve service quality and customer satisfaction, and safeguard customer rights and related business secrets. • Directors' Liability Insurance: Faraday purchases directors' and supervisors' liability insurance every year. The latest important content such as the insurance amount, insurance coverage and insurance premium rate has been reported to the board of directors on board of directors meeting, the 16th session of the 11th term, on February 20, 2024 and relevant information has been announced on the MOPS.	

Assessment Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Y	N	Summary description	

9. **Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If Faraday was not included among the companies evaluated for the given recent year, this item does not need to be completed.)**

The improvement status for the result of 2023 corporate governance evaluation, which include:

- Faraday has implemented the Information Security Management System (ISMS) ISO 27001 and obtained third-party verification to enhance cyber security.
- Faraday has implemented the Taiwan Intellectual Property Management System (TIPS) and obtained third-party verification to strengthen the operation and effectiveness of our intellectual property management system.
- Faraday has amended the "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties", which includes management procedures for transactions such as purchasing, selling goods, acquiring, or disposing of assets. Significant transactions require approval from the board of directors and reporting to the shareholders' meeting.
- Faraday regularly refers to Audit Quality Indicators (AQIs) to assess the independence and suitability of the appointed auditors, and discloses the assessment process in the annual report.
- Faraday has uploaded uninterrupted audio and video recordings of the entire shareholders' meeting to the company's website following the meeting.
- Faraday has established a Nomination Committee comprising three members, including two independent directors, with one independent director serving as the chairperson, to strengthen the functions of the board of directors.
- Faraday has implemented the linkage between senior executive compensation and ESG performance, incorporating ESG performance into key performance indicators (KPIs) for executive compensation.
- Faraday has purchased energy-saving equipment such as solar panels and invested in the issuance of green bonds (Bond Name: P12 UMC1, Code: B638BH) by United Microelectronics Corporation (UMC), totaling NT$50 million, to actively support the carbon reduction and green initiatives of invested companies. In response to green finance initiatives, Faraday, through its subsidiary Sinble Technology Pte. Ltd., has invested in green deposits issued by United Overseas Bank (UOB) Singapore Branch, totaling SG$4 million.
- Faraday's sustainability report is prepared in accordance with the GRI guidelines and incorporates relevant ESG information disclosure based on SASB standards, aiming to promote sustainable development.
- Faraday invests resources to support domestic cultural and artistic activities and the cultural and creative industries to promote cultural development.
- Faraday has established workplace diversity and promoted gender equality policies to achieve gender equality and enhance women's empowerment.
- Faraday has assessed risks or opportunities for the community and implemented corresponding measures, disclosing the specific implementation measures and their effectiveness in the sustainability report.

Faraday's priority enhancement measures in 2023 includes:

- Faraday is expected to report the director's remuneration, including the remuneration policy, individual remuneration details, and amounts, at the annual shareholder' meeting.
- Faraday plans to disclose individual director remuneration in the annual report.
- Faraday plans to upload the Chinese and English versions of the shareholders' meeting handbook and supplementary materials 30 days before the annual shareholders' meeting.
- Faraday plans to upload the Chinese and English versions of the annual report 18 days before the annual shareholders' meeting.
- Faraday plans to appoint an additional female director to increase female participation in decision-making and enhance the structure of the board of directors.
- Faraday plans to submit the sustainability report for approval by the board of directors.

4.3.4 Composition, responsibilities and operation of the Compensation and Remuneration Committee

The Compensation and Remuneration Committee is designed to assist the Board of Directors with the implementation and evaluation of Faraday's overall compensation and remuneration policies, as well as the remuneration to the Directors and managers.

Information of Compensation and Remuneration Committee Members

Name	Professional qualifications and experience	Independence analysis	Number of members who are concurrently members of the compensation and remuneration committees of other public companies
Ning-Hai Jin (Convener)	Mr. Jin had Master of Engineering Science, University of Michigan. He has knowledge of the industry, international market perspective, both operating management and academic abilities, business and technology industrial management and corporate governance. He was the General Manager of Aurora Holdings Incorporated and Legal representative of Taiwan Life Insurance Co., Ltd. He is currently the Chairman of Lan-Hai Electro-optical Inc. and Starlevel Media Services Co., Ltd., and is not under any circumstances listed in Article 30 of the Company Act.	According to Faraday's "Articles of Incorporation", "Corporate Governance Best Practice Principles " and " Procedures for Election of Directors", directors are elected through the nomination system. Faraday has obtained the nomination and selection of board members. Written statement, academic experience, proof of employment and kinship form to verify the independence of Faraday, the spouse and relatives within the second degree. The three independent directors listed on the left have met the qualification requirements stipulated in the "Regulations on the Appointment of Independent Directors of Public Offering Companies and Matters to Be Followed" and Article 14-2 of the Securities and Exchange Law issued by the Financial Supervisory Commission during the two years before the election and during their tenure , and all independent directors have been given the power to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and independently perform relevant functions and powers.	0
Bing-Kuan Luo	Mr. Luo had Master of law, Fu Jen Catholic University and PhD of Management, Shanghai Fudan University. He has knowledge of the industry, international market perspective, both operating management and academic abilities, abilities in legal, finance, crisis management, and corporate governance. He was the consultant at the Ministry of Economic Affairs and Eastern Taiwan Joint Services Center, Executive Yuan, Vice President and Chairman of Taiwan of HKiNED, and Chief Investment Officer and China Certified M&A Dealmaker of Kai-Da International Strategy Counseling Corp. He is currently the Chairman of Hua-Shuan International Counselling Corp. and TIDA Taiwan, and is not under any circumstances listed in Article 30 of the Company Act.		0
Wan-Fen Zhou	Ms. Zhou had Bachelor of International Trade, Tamkang University. She has knowledge of the industry, practical experience, both decision-making and academic abilities, accounting and financial analysis ability, operation management, and practical ability in crisis management. She was the Chief Financial Officer of Dawning Leading Technology Inc., Deputy Manager at UMC, supervisor at Jai-Yon Investment Corp, and Director of Silicon Integrated Systems Corporation Ms. Chou is currently the SAVP of Finance Center at King Yuan Electronics Co., Ltd., and is not under any circumstances listed in Article 30 of the Company Act.		0

Operation of the Compensation and Remuneration Committee

1. There are a total of 3 members in Faraday's Compensation and Remuneration Committee.
2. Current term of committee members: July 7 2021, to July 6, 2024. The Compensation and For the year 2023 until the publication date of this annual report, remuneration Committee held 3(A) meetings in 2023, attendance status of which is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate(%) (B/A)	Remarks
Convener	Ning-Hai, Jin	3	0	100%	-
Member	Bing-Kuan Luo	3	0	100%	-
Member	Wan-Fen Zhou	3	0	100%	-

Annotations

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and Faraday's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified:

Board meeting date	Session	Contents of the motion	Result	Faraday's disposal of member opinions
February 21, 2023	5th session of 5th term	• Proposal for the remuneration distribution of Directors and employees in 2022. • Proposal for the remuneration recommendations of managers.	Approved by all Committee Members.	Submit to the Board of Directors and approve it through the directors who participated in the discussion and voting.
July 25, 2023	6th session of 5th term	• Proposal for the remuneration recommendations of managers.		
October 24, 2023	7th session of 5th term	• Amendment to the "Directors and Managers Compensation Regulations"		

4.3.5 Information on the members and operation of the Nomination Committee

1. Description of the qualification criteria and responsibilities of the members of the Nomination Committee in the company.

   In order to strengthen the director selection system and build diversified and professional director members, the company formally established the Nomination Committee on October 24, 2023, which is responsible for searching, reviewing and nominating director candidates, and conducting the evaluation of the board of directors, various committees, and various committees.

   Conduct performance evaluation of directors, evaluate the independence of independent directors, plan and implement director training plans and director succession plans.

   The committee shall consist of at least three directors appointed by the board, with a majority of independent directors participating. The term of office for directors joining this committee shall begin on the date of their appointment by the board and end upon the expiration of their directorship, resignation from the committee or directorship, or the board's election of a replacement to serve as a member of the committee, unless otherwise provided by the law, the company's articles of association, or regulations.

   The committee, acting under the authority of the board of directors, shall exercise its duties with the care of a prudent person, faithfully fulfilling the following responsibilities, and shall submit its recommendations to the board of directors for discussion. The primary responsibilities are as follows:

   - Develop standards for the professional knowledge, skills, experience, gender diversity, and independence required for board members, and use them to search for, review, and nominate director candidates.
   - Establish the organizational structure of the board of directors and various committees, conduct performance evaluations of the board of directors, various committees, and individual directors, and assess the independence of independent directors.
   - Plan and execute director training programs and succession plans for directors.
   - Handle other matters designated by the board of directors to be managed by the Nomination Committee as per its resolution.
2. Qualifications and experience of Nomination Committee members, as well as their operational status.
   - The Nomination Committee of Faraday consists of three members
   - Current term of office: From October 24, 2023 to July 6th, 2024.

Title	Name	Professional Qualification and Experience	Attendance in Person (B)	By Proxy	Attendance Rate(%) (B/A)	Remarks
Convener	Wan-Fen Zhou	Finance, Operations Management, Corporate Governance	1	0	100%	Independent Director
Member	Chia-Tsung Hung	Finance, Operations Management, Technology	1	0	100%	-
Member	Bing-Kuan Luo	Law, Corporate Governance, Operations Management	1	0	100%	Independent Director

Other items to be noted

Describe the meeting dates, sessions, agenda items, recommendations or objections from Nomination Committee members, decisions of the Nomination Committee, and the company's handling of the Nomination Committee's opinions regarding the main agenda items of the Nomination Committee:

Date	Session	Motion Session	Decision Results	Company's handling of the opinions of the Nomination Committee member
January 15, 2024	1st session of 1st term	• The results of the performance evaluation of the Board of Directors and functional committees for 2023. • Proposal for the list of candidates for the 12th term of directors.	Proposal has been passed according to the consent of all attending committee members after the chairman has consulted with them.	Requesting the board of directors' decision, and with participation in discussion and voting, the director's approval is passed.

4.3.6 Corporate Governance Officer

In a resolution passed by the board of directors on February 13th, 2020, VP and CFO Wen-Ju Tseng was appointed as the corporate governance officer, and the finance department serves as the corporate governance working group, responsible for governance-related matters, with the following main responsibilities:

- Handling matters related to the meetings of the board of directors and shareholders' meetings in accordance with the law.
- Preparing minutes of the board of directors and shareholders' meetings.
- Assisting directors in induction and ongoing education.
- Providing directors with the necessary information for the execution of their duties.
- Assisting directors in compliance with laws and regulations.
- Reporting to the board of directors on the examination results regarding the qualifications of independent directors during nomination, appointment, and tenure, to ensure compliance with relevant laws and regulations.
- Handling matters related to changes in directors.
- Any other matters stipulated in the company's articles of association or contracts.

Recent two years of the governance supervisor's continuing education status:

Date	Host	Course Name	Hours
2023/11/16	Accounting Research and Development Foundation.	2023 ESG Summit: Carbon Foot printing and Carbon Management	3
2023/11/15	Taiwan Securities and Futures Institute	2023 Annual Internal Trading Compliance Advocacy Seminar	3
2023/9/4	Financial Supervision Commission	14th Taipei Corporate Governance Forum	6
2022/11/24~25	Accounting Research and Development Foundation.	Continuous Education Course for Issuers' Securities Exchange Accounting Managers	12
2022/7/27	Taiwan Stock Exchange	Sustainability Development Roadmap Industry Theme Advocacy Seminar	2

4.3.7 Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	YES	NO	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		• In fulfilling corporate social responsibility initiatives, Faraday gives due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance to continuously improve the sustainable performance. In 2019, Faraday established a Corporate Sustainability Commission in charge of developing sustainable corporate strategies and initiatives, with the purpose of strengthening corporate governance, protecting the environment and implementing social responsibility. The general manager acts as the chairman and corporate sustainable development is the supreme guiding principle. It reviews the corporate sustainable performance regularly every six months and reports the annual implementation result to the Board of Directors. • Five working teams are assigned under the Corporate Sustainability Commission: corporate governance team, proud partner team, sustainable environment team, friendly work place team, and society feedback team to promote and manage corporate social responsibility related work. The team members are composed by relevant department, and the manager of the division level (including) is assigned to be in charge. A general director is assigned to coordinate the promotion of corporate sustainable issues with each team. • The chairman of the "Corporate Sustainability Commission" shall report to the Board of Directors on the implementation result of sustainable development and future work plan at least once a year. The most recent report to the Board of Directors was on October 24, 2023, including motions of (1) Corporate governance structure, (2) Establishment of the Nomination Committee, (3) Operation and execution of the Risk Management Committee, (4) Implementation of information security management, (5) Operation and execution of integrity management, (6) Implementation of intellectual property management plan, (7) communication with stakeholders. • Faraday reports to the Board of Directors regularly (including ESG report). The management also reviews Faraday's business strategies with the Board and updates the Board on the progress of those strategies, obtaining Board guidance for adjustment when necessary. • To implement corporate sustainable development strategy, each team has established corporate sustainable promotion index in accordance with its authority and responsibility. The Sustainability Commission meets every half year to discuss previous implementation results of sustainable promotion index and the goal and plan of the next phrase, in order to reach the goal of sustainable development by continuous improvement. • Corporate sustainability area of Faraday's website:(Website link: https://www.faraday-tech.com/tw/content/CSR/CorporateSustainability)	Conform to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	YES	NO	Summary description	
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		• The disclose information covers the sustainable development performance in the main branches from January to December 2023. The risk assessment boundary is primarily based on Hsinchu branch. • The 10th session of the 1nth term of Board of Directors meeting had approved the "Risk Management Policy" on April 23 2020 as the supreme guiding principle for risk management. Faraday conducts risk identification, risk assessment, and risk impact analysis on possible risks in advance, then make and implement crisis coping measures on high-risk impact items. In order to effectively control risk in an acceptable range, the Board and management of Faraday regularly supervise and review risk management policy to continuously improve the risk management mechanism. • Faraday adopts the Materiality principle, following GRI 51 Guidelines and considering the five principles of the AA1000 Stakeholder Engagement Standard (SES, 2015) – Dependence, Responsiveness, Influence, Diversity of Perspectives, and Accountability. Through the heuristic method, we identify significant stakeholders and assess their concerns about sustainability issues. In 2023, we conducted a questionnaire survey to understand stakeholders' level of concern regarding sustainability issues. Based on this, we evaluate and establish effective risk management policies for significant ESG issues, including identification, measurement, evaluation, monitoring, and control, to mitigate their impacts. • Risk management policies or strategies are made after risk assessment:	Conform to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Risk aspect	Risk issue	Coping strategy
Environment	Climate and Energy	• Support the Task Force on Climate-Related Financial Disclosures, TCFD) • Proactively participating in carbon neutrality actions to enhance the corporate image as a green enterprise
	Green Product Design	• Developing low-power design and low-power platforms • Developing ASIC products for energy-saving purposes to double the proportion of green energy product design.
	Sustainable Supply Chain Management	• Establishing a supplier code of conduct to require suppliers to adhere to responsible and low-carbon supply chains. • Developing evaluation criteria for suppliers and new suppliers, requiring them to obtain ISO 9001 and ISO 14001 certifications in quality and environmental management. Additionally, prioritizing the adoption of ISO 45001 or equivalent certifications for new suppliers. • Regular and ad-hoc evaluations, audits, and reviews of suppliers are conducted, along with counseling and continuous monitoring to improve the quality of supplied goods, meeting requirements in production management, labor rights, ethics, occupational health and safety, and quality. This is aimed at achieving mutual prosperity with partners and meeting environmental sustainability goals.
Social	Diversity, Equality, and Inclusion	• Committed to providing a diverse, equitable, and inclusive workplace culture and environment. • In alignment with government policies, we encourage the employment of individuals with disabilities. • We implement gender equality policies to ensure a workplace environment and development opportunities are equal for all genders, eliminating any form of discrimination. • Implementing workplace maternity care measures to create a female-friendly environment • Maintaining open employee communication and complaint channels globally
	Talent Attraction and Retention	• Global talent strategy and deployment and elite talent recruitment • Regularly keeping track to identify key talents, providing retention measures, and mitigating the risk of losing key talents • Enhancing company operational performance by ensuring highly competitive overall employee compensation to attract and retain outstanding talents. • Creating a friendly workplace environment that blends joy and professionalism, prioritizing employee work-life balance and professional growth to attract and retain outstanding talents.
	Talent Development	• Establishing a systematic digital training mechanism to deepen organizational knowledge and talent succession, strengthening the company's core competitiveness, and implementing sustainable development. • Regularly reviewing to identify key talents, providing career development planning, and implementing talent cultivation and succession.
	Human Rights	Respecting human rights and actively fostering a fair and dignified work environment to fulfill our commitment and responsibility to human rights. • Respecting the freedom of labor rights. • Proving a safe and healthy work environment. • Establishing open communication channels. • Respecting freedom of association. • Implementing privacy protection and information security. • Conducting human rights risk assessments and information disclosure.
	Occupational Safety and Health	Ensuring and implementing a safe and healthy work environment. • Reducing occupational health and safety risks. • Implementing maternity care measures in the workplace. • Planning relevant drills to minimize safety and health uncertainties.

Evaluation item	Implementation status: YES	Implementation status: NO	Implementation status: Summary description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Risk aspect	Risk issue	Coping strategy
Corporate Governance	Information Security	Implementing the safest and most stringent cybersecurity measures. • Promoting confidentiality and compliance with regulations. • Establishing an information classification system. • Establishing a partner confidentiality system • Data protection technology and management • Security anomaly analysis and alerting
	Strengthening Director Capabilities	• Planning relevant training topics for directors and providing them with updates on the latest regulations, institutional developments, and policies annually. • Obtaining directors' and officers' liability insurance to protect them in the event of lawsuits or claims.
	Stakeholder Communication	• The company holds quarterly online investor conferences, totaling four times a year, and conducts the shareholders' meeting by the end of May. • The company simultaneously discloses significant information in both Chinese and English, and provides financial reports for each quarter, annual reports for shareholders' meetings, and related documents in both languages. • The company's website includes an "Investor Relations" section for investors to access company information. It also provides an investor relations email address and a dedicated unit responsible for responding to inquiries.

Evaluation item	YES	NO	Summary description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
3. Environmental Issues Has the Company set an environmental management system designed to industry characteristics?	V		Faraday established environment management system in accordance with the green environmental policy. It conducts greenhouse gas emissions check primarily based on Hsinchu, Taipei and Tainan branch in accordance with the operation right of control. The reduction result is tracked and disclosed in the sustainability report and Faraday's website. (https://www.faraday-tech.com/tw/content/CSR/CSR_DownloadReport)	Conform to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		• Faraday eradicates all kinds of waste, including water and energy, and continues to improve processes of maintenance, saving, recycling and reusing. It has established restricted substance control standard on product and packaging material, and followed the regulations, protected the earth, and reduced impact on ecological system. Meanwhile, Faraday continues to pay attention to climate change trend and regulation compliance, and saves water and electricity by purchasing energy saving equipment and implementing energy saving policy and measure, such as irregularly promote energy saving and carbon reducing (turn off the computer and monitor after work, security would help to turn off unnecessary lighting and air conditioning while patrolling the office). Products with energy saving labels will be prioritized when purchasing equipment in the future. • Faraday is the leading research and developing manufacturer of ASIC (Application Specific Integrated Circuit) and IP (intellectual property). Products are manufactured by entrusted outsourcing manufacturer; therefore, most energy consumption is general livelihood needs such as air conditioner, lighting, and server utilization equipment. The total electricity consumption in 2023 amounted to 6,644,615.70 kilowatt-hours, representing an increase of 196,651.70 kilowatt-hours compared to 2022.The main energy used is outsourced electricity. The primary reason is the increase in power consumption due to the addition of information equipment in the IT room. We will continue to implement relevant energy-saving equipment updates to reduce energy consumption. • In 2023, the energy-saving plan will continue: (1) Replacement of fluorescent lamps with LED lamps in 8F offices, totaling 162 lamps, resulting in an annual energy saving of 25,935 kWh, (2) Replacement of UPS#1 on 8F with a 95% efficient model, resulting in an annual energy saving of 114,840 kWh, (3) Replacement of 432 IT network equipment hard drives with 18 SSDs, resulting in an annual energy saving of 51,977 kWh. In 2023, the total energy saving will be 192,752KWh, and the carbon reduction will be 95.413 tons of CO_2e.	Conform to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		• Faraday follows TCFD and TNFD report structure, supervised by the Corporate Sustainability Committee under the Board of Directors, the general manager, as a primary member, will review and report the performance to the Board of Directors at least once a year. It allows the Board of Directors and management officers to understand the impact that climate change has made on Faraday, and also discloses climate and environmental related information across four main areas: governance, strategy, risk management, and indicators and goals. This aims to provide stakeholders, including investors, with aligned information and collaborate with suppliers and partners to promote environmental sustainability. • Faraday has identified and publicly disclosed the results of risk and opportunity assessment related to climate change in our sustainability report and company website. Currently, the identified climate risks and opportunities focus on nine major risks (such as hurricanes, precipitation patterns, temperature rise, regulatory compliance, and market transformation) and six major opportunities (such as resource recycling, policy incentives, energy-saving measures, and development of new products and business opportunities). Corresponding risk and opportunity management measures have been developed for each. • Potential risk and opportunity caused by climate change and its coping measures:	Conform to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	YES	NO	Summary description	

Risk	Impact	Opportunity	Coping measures
Increased occurrence frequency and severity of typhoon / flood	Accelerate assets depreciation and increase equipment maintenance cost	Recycle and reuse	• For factory facility, it should pay attention to water pump in the basement and make sure it works well, and take precaution measures when severe typhoon or heavy rain warnings are lifted. • Make plans in advance to replace old equipment to response to equipment with increasing carbon emissions and decreasing efficiency.
Average temperature rising	Increase cost on electricity for air conditioner and factory facility	Low-carbon energy transition	• Propose and implement energy saving plan every year. • Promote advanced metering infrastructure to deploy IP and ASIC research and development that are required for advanced metering IC.
Water rationing (outage) or electricity rationing (outage)	Affect stability of supply chain process and cause customer complaint or operating cost to increase	Energy saving measures, improve water resource efficiency	• Start generator system. The existing fuel storage can support electricity needs in server room for more than 10 hours. Start generator oil tank supplied by tanker truck, which allows the supply up to days. • Establish supply chain sustainable evaluation system and include carbon, water risk management and material supply emergency procedure in the evaluation items.

Evaluation item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	YES	NO	Summary description	

Risk	Impact	Opportunity	Coping measures
Low Carbon Technology Transformation	Affected by potential carbon tax and carbon trading system, the operating cost would increase	Participate in carbon market and renewable energy	• Promote paperless, build smart working environment, and implement digital transformation. • Reusable paper box to replace one-time paper box.
Customer's behavior changed	Customers' awareness of sustainability is increased and demand for low-carbon products and services is increased. They might switch to service with lower carbon and affect our revenue.	Green operation, low-power consumpti on technology development	• Make green product development plan to research for low-power consumption SoC and deploy new applications such as Internet of Things, artificial intelligence, communication and multimedia to gain business opportunity. • Adopt green and non-toxic substance in manufacture process and packaging, and continue to strengthen customer service and competitive advantage.
Negative feedback from stakeholders increased	High carbon emissions and low weather resilience will affect customer trust and company goodwill damage	Improve investors' willingness on long-term investment	• Respond to green energy policy in many countries and look for new business opportunity. • Introduce TCFD structure to improve climate-related financial disclosure and communication with customers and the stakeholders.

• The detailed description of Faraday's climate change risk and opportunity analysis has been disclosed in the Faraday's Corporate Sustainability Report and website. (https://www.faraday-tech.com/tw/content/CSR/TCFD)

Evaluation item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	YES	NO	Summary description	

Evaluation item: Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?

YES: V

Summary description:

- Faraday has set the core commitment of achieving net zero emissions by 2050 as a pivotal response to climate risks. Faraday's specific carbon reduction targets are to achieve a 50% reduction in Scope1 and Scope 2 emissions by 2030 and reach net zero greenhouse gas emissions by 2050.
- Faraday adopts operation right of control and conducts greenhouse gas emissions check primarily based on Hsinchu branch. It is divided into two categories as direct discharge and indirect discharge. The initial completion of the inventory of Scope 3 greenhouse gas emissions for the year of 2022 has been achieved.
- Greenhouse gas emission from 2022 to 2023

Year	2023	2022
Direct Discharge (Ton CO2e/year)	233.34	111.32
Indirect Discharge (Ton CO2e/year)	3,235.62	3,283.91
Total	3,468.96	3,395.23

Faraday continues to conduct greenhouse gas emission check and implement management work, and actively promote measures to reduce greenhouse gas emission based on the inspection result. With continuous improvement plan and activity, the Company could reduce the global warming impact on the environment and weather due to greenhouse gas emission and take corporate social responsibility.

- Water consumption statistic from 2022 to 2023

Unit: m3

Year	2023	2022
Externally purchase water consumption	20,270.32	19,416.43

Note: Hsinchu is the headquarter of Faraday Technology. Water consumption is based in Hsinchu, Taipei and Tainan offices office as statistic boundary.

100% of Faraday's water intake comes from Taiwan Water Corporation. No use of surface water, ground water, underground water, sea water, produced water, or third-party water . It is mainly used for general domestic water, no process water, and no waste water produced during the process. , only the general domestic sewage produced by the office. The company will continue to promote various water-saving measures and publicity to reduce and control the consumption of water resources.

- Industrial waste output and treatment statistics from 2022 to 2023

Unit: Ton

Year	2023	2022
Domestic waste	15.87	15.44
Recycling	9.42	8.67
Hazardous industrial waste	0.87	2.01
Total weight	26.15	26.12

Deviations: Conform to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	YES	NO	Summary description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
			Faraday will keep working on resource saving, waste reducing, recycling and reusing to ease the environmental load, and achieve the goals of waste reduction, recycle and reuse for sustainable resources to keep the earth environmental friendly.	
4. Social Issues Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		Faraday respects human rights and actively fosters a fair and dignified work environment, fulfilling our commitment and responsibility to human rights. Our company adheres to international labor rights norms, supporting international standards such as The International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises, the International Labor Organization's Tripartite Declaration of Principles Concerning multinational Enterprises and Social Policy (ILO), the Universal Declaration of Human Rights (UDHR), the UN Global Compact (UNGC), and the UN Rights Norms for Business. We adhere to local labor and human rights regulations at all our global operating locations and actively implement the Responsible Business Alliance (RBA) Code of Conduct. We have established policies and measures regarding human rights protection, labor policies, and related enforcement actions to ensure human rights are safeguarded. Our human rights policy applies to all full-time employees, contract and temporary workers, interns, and workers of our company, domestic and international subsidiaries, and joint ventures. We also require our supply chain partners to adhere to the same standards, jointly focusing on important human rights issues and committing to safeguarding human rights. A total of 686.5 hours of training regarding to human rights policy was held in 2023.	Conform to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		Faraday has established "Remuneration Operation Procedures" to explain salary calculation, bonus, holiday bonus, and employee bonus operations, as well as "Performance Appraisal Management Procedure" as a criterion for personnel promotion, salary adjustment and bonus payment. It established remuneration policy to encourage and retain talents, and also motivate employees to boost sales performance and share operating result. It shall also set aside no less than 10% for remuneration of employees from net profit after tax in accordance with the Articles of Incorporation. Faraday provides diversified welfare and plans subsidies with the Employee Welfare Committee, such as travel subsidies, birthday coupons, birth subsidies, wedding/funeral/celebration subsidies, coupon purchase, funds for department activity, regular health checkup that is better than which required by laws and regulations, complete employee insurance, and annual leave that is better than regulations. Faraday implements equal pay for equal work and equal promotion opportunity for both genders. There were 21% female managers and 31% female employees as of the end of 2023.	Conform to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	YES	NO	Summary description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		• Faraday provides a safe and healthy working environment to improve the quality of products and services and the enthusiasm of employees. We comply with local occupational health and safety regulations and international standards of social responsibility. To ensure the status and exposure conditions of workplace operations, we conduct operational environment monitoring twice a year, with results consistently meeting regulatory requirements. We implement preventive management and auditing systems accordingly. In 2023, we provided various safety and health education and training courses for employees and workers, including safety and health education training for 76 new employees, emergency evacuation drills for 553 employees across the company, and CPR+AED first aid training for a total od 121 participants conducted in four sessions. • In 2023, we were honored to receive the "iSports Enterprise Certificate" from the Sports Administration of the Ministry of Education and the "Accredited Healthy Workplace Badge" from the Health Promotion Administration of the Ministry of Health and Welfare. We conduct employee health examinations at standards surpassing regulatory requirements to ensure the safety and health of our colleagues. Following the health check-ups, we implement health management based on risk classification, providing on-site physician consultation services or nurse follow-up management to prevent potential health risks. • For 2023, the company recorded zero work-related accidents involving employees. • For 2023, the company recorded zero fire accidents.	Conform to the Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies.
Has the Company established effective career development training programs for employees?	V		Faraday has spared no effort in the cultivation of talents, providing comprehensive assistance both in work and in life. At the same time, according to individual professionals, there are long-term training plans in education and training, on-the-job training, and future career development. Faraday is committed to efficient learning, systematic inheritance, and the establishment of a learning sharing resource platform. The results of talent cultivation are clear and solid. The training categories include orientation for new employees, leadership and management, general education, environmental health and safety, research and development engineering, comprehensive quality management, intellectual property management, information security, ESG, domestic and international further education, and agency management, 266 levels of internal training in 2023 (including e-Course): 156 training sessions for newcomers, leader management 13 training sessions, 6 training sessions for general education, 12 training sessions for environmental safety and health,41 training sessions for R&D professionals, 15 training sessions for total quality management, 12 training sessions for intellectual property management, 6 training sessions for information security, and 5 training sessions for ESG; 76 training sessions for external training domestic and foreign .	Conform to the Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies.

Evaluation item	YES	NO	Summary description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		Faraday manages the materials of ASIC products within the value chain of suppliers, focusing on controlling conflict minerals, RoHS, REACH, and other regulations. We adhere to relevant regulatory requirements and have developed internal management procedures, including the "Conflict-Free Minerals Management Procedures", "Green Environmental Protection Policy and Operating Procedures", and Environmental Management Material Operating Procedures", to ensure the commitment to product safety. Product labelling is crucial to safeguarding consumer rights and health. In our "Standard Packaging Procedures", we specify product labelling to ensure that products and packaging are identifiable with production batches and comply with the green product grade requirements. This complies with regulatory requirements. Our company has obtained ISO 27001 certification and has established the "Faraday Information Security Manual" and related information security procedures and operating procedures in accordance with the standard. The content includes control in aspects of organization, technology, and physical environment, such as information security policy, information security organization, assets management, access control, information security regulation to be followed, human resources safety, physical and environmental safety management, introduction and maintenance of information security system, network communication and operation management, reports of unusual event of information security, and operation continuous management, to ensure the security of company, employee, and customer information. Faraday has established a whistleblower mailbox and a customer feedback platform. According to our company's Customer Satisfaction Survey management Procedures", we conduct annual customer satisfaction surveys to assess the execution of various products and services to address customer complaints promptly, ensuring the protection of customer rights. For customers to receive the best service, Faraday has established an eService system. When customers have questions or suggestions on products or service, they could sign in the eService system platform. A dedicated personnel will dispatch to the responsible unit according to the nature of their questions, and get back to the customers of the results. Meanwhile, the eService will automatically send a customer satisfaction questionnaire to check on their satisfaction to provide the best service to the customer.	Conform to the Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies.
Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		Faraday has established "Outsourcing factory assessment regulations" as screening criteria of suppliers regarding environmental protection, human rights, safety, health, and sustainable development, and as requirement and expectation of aspects in environmental, health, and safety risk, prohibition on child labor, labor management, not jeopardizing basic labor rights, code of ethics, and ethical management. Faraday has followed international standards of ISO9001 and ISO14001 to manage its suppliers. In addition, it requests 100% of the suppliers to obtain ISO45001 certification, and asks the suppliers to implement sustainability in daily management by quarterly evaluation and annual audit. All of our suppliers in 2023 have met the following criteria: • 100% wafer packaging testing suppliers have obtained ISO9001 and ISO14001 certifications. • 86.7% wafer packaging testing suppliers have obtained ISO45001. • Suppliers complete the signing of the "Declaration of Non-Use of Conflict Minerals" with a 100% success rate. • The supplier audit rate is 100% and the completion rate of supplier information security audit deficiencies is 100%. • The supplier signing rate for the Faraday Supplier Code of Conduct commitment letter has reached 100%.	Conform to the Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies.

Evaluation item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	YES	NO	Summary description	
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V		The 2023 Sustainability Report published by Faraday. The content of the report adheres to the principles of honesty, pragmatism, transparency and openness, and describes in detail the practice and actions of Faraday in corporate sustainability in 2023. Through this report, stakeholders from all walks of life who follow Faraday can better understand Faraday's investment and achievements in economic, environmental and social aspects. Faraday will also use this to continue self-examination and respond to the expectations of stakeholders from all walks of life in good faith to achieve the goal of sustainable development of the enterprise. The information disclosed in this report covers from January 1, 2023 to December 31, 2023, Faraday's economic, environmental and social actions and achievements in corporate governance, operating performance, sustainable environment, partnership, employee rights and social care performance data. In addition to the financial information covering Faraday's affiliates and subsidiaries in various countries, the scope of the rest of the report is set on the Hsinchu, Taiwan operating base including the operating headquarters, and the information on the Taipei and Tainan offices (excluding overseas operating bases). This report collects the internal and external issues relevant to corporate governance, economic, environmental and social aspects of Faraday; helps understand the issues that stakeholders are concerned about based on materiality analysis; formulates the structure of this report and the key topics of disclosure. In addition, this report is compiled according to the GRI Standards_2021, issued by the Global Sustainability Standards Board (GSSB) and SASB, on its preparation and disclosure of the content. The content of this report is provided by each responsible team after review by the unit supervisors. After compilation by the corporate sustainability committee, the supervisors of each competent unit will check the correctness of the content, and then be confirmed by the chairman of the corporate sustainability committee and submitted to the Board of Directors. In order to strengthen the correctness and credibility, this report has entrusted an external independent and credible SGS to verify it according to AA1000 AS (2018) Type II Moderate Assurance Level. For the guarantee statement, please refer to the appendix of this report. Faraday publishes a Corporate Sustainability Report every year, and it is available for download and browsing in the corporate sustainability zone of Faraday’s website. (https://www.faraday-tech.com/tw/content/CSR/CorporateSustainability)	Conform to the Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies.

6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company’s operations: None

Evaluation item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	YES	NO	Summary description	

7. Other important information to facilitate better understanding of the company’s promotion of sustainable development:
   - Faraday’s official website has a dedicated area for Sustainable Development , providing investors and stakeholders with instant access to corporate sustainability information. (Website Link: https://www.faraday-tech.com/tw/content/CSR/CorporateSustainability)
   - In response to the TNFD, we are creating a green and ecological area spanning thousands of square meters, where we are planting hundreds of plant species, including diverse native species from Taiwan. This initiative aims to provide a natural habitat for the proliferation of biodiversity.
   - We will continue to update energy-saving equipment, promote and implement energy-saving behaviors, and install solar power generation equipment for self-use. Additionally, we will continue to conduct greenhouse gas inventories and implement various management measures. Based on the inventory results, we will actively promote emission reduction measures, committing to a concrete reduction of 50% in carbon emissions by 2030 (Scope 1 and 2) and achieving net zero greenhouse gas emissions by 2050. These efforts aim to mitigate climate change and contribute to environmental sustainability.
   - To support green energy and align with government green energy development goals, we invested in green bonds issued by United Microelectronics Corporation (UMC) in September 2023, totaling NT$50 million. The bond, with the symbol P12 UMC1 and code B638BH, contributes to carbon reduction and green projects. Furthermore, to promote green finance, our subsidiary, Sinble Technology Pte. Ltd. in Singapore, invested SG$4 million in a green deposit issued by United Overseas Bank (UOB) Singapore. The funds from this green deposit will finance specific ESG standards in renewable energy development, energy efficiency improvement, smart city infrastructure, and circular economy projects. All projects are aligned with the United Nations Sustainable Development Goals (SDGs).
   - Our company sponsors the Dongshi Junior High School baseball team, supports the construction and operation of the Mackay Memorial Hospital in Hsinchu, and donates to social welfare organizations such as the Huaguang Intelligent Development Center. Additionally, we provide assistance to severely intellectual disabled residents in nursing homes and regularly participate in blood donation charity events.
   - Faraday places great important on fostering a sense of belonging and development within the communities where we operate. We are committed to deepening our connections with the local community to jointly promote economic prosperity. As of the end of 2023, 74.3% of our total workforce are employed in the communities where we operate. This not only demonstrates our concern for local community development but also reflects our active participation and contribution to local employment opportunities and the enhancement of academia-industry collaboration in the region.
   - Faraday has a longstanding commitment to supporting the development of the domestic cultural and arts industries. Every year, we regularly invite domestic orchestras, artists, and cultural workers to perform at various company events such as year-end parties, outdoor music concerts, family days, and celebrity lectures. These events provide a platform for artistic creators to show case their talents.
   - To cultivate talent in the semiconductor industry, we engage in collaborative efforts with academia through industry partnerships. We not only provide funding and relevant equipment but also offer individual scholarship programs or pre-employment plans to support students.
   - Faraday is honored to have been ranked No. 1 in the Top 50 Best Companies in Operational Performance by the Common Wealth Magazine, which evaluates the top 2000 companies in Taiwan.
   - For three consecutive years, Faraday has achieved a ranking in the top 6% to 20% in the evaluation of corporate governance effectiveness.
   - Faraday is consistently included in the "Taiwan Corporate Governance 100 Index", "Taiwan Mid-Cap 100 Index", "Taiwan High Compensation 100 Index", and rated by Sustainalytics ESG.
   - In October of 2023, we successfully passed the audit and became a constituent stock of the TIP Customized Taiwan IC Design Total Return Index
   - In 2023, Faraday has successfully been included in the MSCI ESG Rating, FTSE Russell ESG rating, and S&P Global ESG Rating for the first time.
   - In 2023, Faraday has been awarded for Green Leadership and Corporate Sustainability Reporting by The Asia Responsible Enterprise Awards.
   - In 2023, ANQ Recognition awarded Faraday “The Excellence in Quality Practice in 2023”, with Faraday standing out among over 50 countries and regional organizations in Asia, earning recognition for our commitment to excellent quality management.
   - In 2023, Faraday received the Excellence Case Award from the Association of Quality Manager (AQM). The award-winning project is the “40uLP SONOS eFlash Innovative SoC Development Platform.
   - In 2023, Faraday has been awarded the “Promotion of Workplace Gender Equality Special Excellence Award”, and certifications such as the “Accredited Healthy Workplace Badge” and “iSports Enterprise Certificate” for fostering a healthy and inclusive work environment.

4.3.8 Climate-related information of listed and over-the-counter companies.

Execution status of climate-related information

Item	Implementation Status
• Detailing the oversight and governance by the board of directors and management on climate-related risks and opportunities.	Following the reporting frameworks of TCFD and TNFD, Faraday established a Corporate Sustainability Committee under the Board of Directors' oversight. This committee, chaired by the Chief Executive Officer, reviews performance at least annually and reports to the Board, enabling both the board and senior management to understand the impact of climate change on the company. Through governance, strategy, risk management, and key performance indicators and targets, the company discloses climate and environmental information, aligning with the needs of investors and other stakeholders, and collaborates with suppliers and partners to promote environmental sustainability.
• Explain how identified climate risks and opportunities affect the business, strategy, and finances of the enterprise (short-term, medium-term, and long-term)	Faraday conducts climate impact analysis using two main dimensions: risk and opportunity. Identified significant climate impact items include both transitional and physical risk aspects, as exemplified below: • Interruption in water supply leading to operational disruptions. • Increased electricity costs due to rising temperatures. • Increase in operational costs due to carbon taxes. For major climate impact items, Faraday also analyzes and devises corresponding management measures. As of now, all identified impact aspects have complete response measures in place to mitigate the impact of climate change on business operations.
• Detailing the financial impact of extreme weather events and transition actions.	Faraday conducts a detailed financial impact analysis of extreme weather events on various financial aspects, including revenue, direct or indirect costs, capital expenditures, etc. For more detailed information, please refer to the official website of Faraday or sustainability report.
• Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	Faraday has established a "Risk Management Policy" as the highest guiding principle for internal risk management. The board of directors serves as the highest-decision-making body for risk management, and under its jurisdiction, the risk management organization identifies and summarizes significant risks that the company may face in its operations across three main dimensions: "Corporate Governance", "Environment", and "Society. For each type of risk, corresponding management methods and crisis response practices are planned to minimize uncertainty in business operations (with climate change risk categorized as an important risk management area within the environmental dimension).
• If using scenario analysis to evaluate resilience to climate change risks, the context, parameters, assumptions, analysis factors, and primary financials impacts should be explained.	Faraday considers carious hypothetical scenarios in climate scenario analysis, such as national net-zero pathways, SSP1-1.9, and SSP5-8.5, to explore the impact of different parameters such as carbon taxes, renewable energy costs, etc., on business operations exposed to these scenarios.
• If there is a transformation plan to manage climate-related risks, please outline its content and the indicators and objectives used for identifying and managing physical and transitional risks.	Faraday has set 2050 net-zero emissions as the core of its climate risk response transformation commitment. The specific carbon reduction targets for Faraday are: a 50% reduction in Scope 1 and Scope 2 emissions by 2030 and achieving net-zero greenhouse gas emissions by 2050. The main initiatives include: • Providing high-efficiency/low-power technology solutions through green innovation. • Promoting green operations to enhance energy efficiency, utilize renewable energy, and monitor carbon reduction pathways and progress. • Establishing a green supply chain by requiring suppliers to develop proactive carbon reduction targets and pathways.

Item	Implementation Status
• If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.	At the current stage, Faraday has not implemented internal carbon pricing. However, we understand that internal carbon pricing could be an effective tool to drive carbon reduction across various business units. In the future, Faraday will continue to develop feasible methodologies and consider integrating internal carbon pricing as an important carbon reduction strategy tool at the appropriate time.
• If climate-related targets are set, information should be provided on the activities covered, scope of greenhouse gas emissions, planning timeframe, progress achieved annually, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the targets, details should be provided on the source and quantity of carbon offsets or the quantity of RECs exchanged.	Faraday's specific carbon reduction targets are a 50% reduction in Scope 1 and Scope 2 emissions by 2030 and achieving net-zero greenhouse gas emissions by 2050. In addition to this, targets for renewable energy usage and energy efficiency have been set. For detailed explanations of these targets and their achievement status, please refer to the corporate sustainability report 4. Environmental Sustainability.
• Information related to greenhouse gas inventory and verification status, as well as reduction targets, strategies, and specific action plans (separately filled in sections 1-1 and 1-2)	Please refer to the relevant information in Tables 1-1 and 1-2.

1. The Greenhouse Gas Inventory and Verification Status for the Last Two Years

Information regarding the greenhouse gas inventory

Categories	2023		2022		Verification Agency	Explanation of the Verification Status
Scope 1: Direct emissions (Direct emissions from sources owned or controlled by the company)	Total emissions (metric ton CO2e)	Intensity (metric ton CO2e/million dollars)	Total emissions (metric ton CO2e)	Intensity (metric ton CO2e/million dollars)	SGS	According to AA1000AS(2018) Second type moderate assurance level verification, and will implement ISO 14064-1 verification starting 2024.
Parent Company	233.34	0.02	111.32	0.01		
Subsidiary	Plan to initiate examination in 2024					
Total	233.34	0.02	111.32	0.01		
Scope 2: Energy indirect emissions (Indirect emissions resulting from purchased electricity, heat, or steam)	Total emissions (metric ton CO2e)	Intensity (metric ton CO2e/million dollars)	Total emissions (metric ton CO2e)	Intensity (metric ton CO2e/million dollars)	SGS	According to AA1000AS(2018) Second type moderate assurance level verification, and will implement ISO 14064-1 verification starting 2024.
Parent Company	3,235.62	0.27	3,283.91	0.25		
Subsidiary	Plan to initiate examination in 2024					
Total	3,235.62	0.27	3,283.91	0.25		
Scope 3: Other indirect emissions (Emissions generated by company that are not considered energy indirect emissions, but rather originate form sources owned or controlled by other companies)	Detailed information is disclosed in Faraday's 2023 Corporate Sustainability Report – 4.3 Energy and Greenhouse Gas Management. (Website link: https://www.faraday-tech.com/tw/content/CSR/CSR_DownloadReport)					

Note: Due to Faraday's initial adoption of ISO 14064-1 verification, and considering the verification schedule, the final greenhouse gas inventory data will be based on Faraday's 2023 sustainability report.

- Greenhouse gas verification information

  The company's sustainability report is verified by the reputable and independent external organization, SGS, in accordance with AA1000AS (2018) second type moderate assurance level verification. Please refer to the 2023 corporate sustainability report appendix for the assurance statement. (Website link: https://www.faraday-tech.com/tw/content/CSR/CSR_DownloadReport)

2. Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plan

   Carbon Reduction Target:

   Faraday has established achieving net-zero emissions by 2050 as the core commitment for the company's climate risk response transformation. The specific carbon reduction targets for Faraday are: a 50% reduction in Scope 1 and Scope 2 emissions by 2030, and achieving net-zero greenhouse gas emissions by 2050.

- Carbon Reduction Strategy
  - Faraday, being a company with a paid-up capital of less than NT$5 billion, falls under the third stage (inspection in 2026, verification in 2028) according to the "Pathway of Sustainable Development for Listed and Over-the-Counter Companies". However, Faraday, in a proactive response to climate change, completed the inspection in 2023 and underwent third-party verification in 2024 ahead of schedule.
  - Faraday has set the greenhouse gas emissions for the year of 2023 as the baseline for carbon reduction targets and has initiated carbon reduction pathway planning. Through the implementation of energy-saving and carbon reduction projects, the installation of solar panels, and the procurement of virtual power, Faraday's primary carbon reduction strategies aim to reduce corporate carbon emissions year by year. Additionally, referencing international carbon reduction initiatives, Faraday has set a mid-term carbon reduction target of 50% by 2030 as a checkpoint for achieving the long-term goal of net-zero emissions by 2050.
- Carbon Reduction Action Plan
  - In-house energy-saving and carbon reduction initiatives: In 2023, a total of three energy-saving projects were implemented, including the replacement of lighting fixtures with LED fixtures, upgrading equipment, and transitioning to solid-state drives. It is estimated that these initiatives will save 192,752 kWh of electricity per year, resulting in a carbon reduction of 95.41 metric tons of CO_2e.
  - Utilizing renewable energy: The first phase of installing solar power generation equipment on the roof of the Hsinchu headquarters building was completed on October 14, 2022, with a capacity of 89.70 KWp. Additionally, the installation was registered with the National Renewable Energy Certificate Center, allowing the monthly electricity generation to obtain certified renewable energy certificates (T-REC). In 2023, a total of 108 certificates were acquired, amounting to 108,000 kWh of green electricity, resulting in a carbon reduction of 53.460 metric tons of CO_2e.

4.3.9 Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

The internal management measures and implementation status of the Group are in compliance with Faraday Law, the Securities Exchange Law and the local related legal regulations of the various affiliates. The executives and the Directors all fulfill the duty of care as Faraday's manager, and maintain a good communication channel with the external auditor to implement the Ethical Management Principle.

Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		Faraday has formulated the "Ethical Corporate Management Best Practice Principles" and the ". Procedures for Ethical Management and Guidelines for Conduct" to specifically regulate all personnel of Faraday (including subsidiaries) in the process of engaging in business activities, and shall not directly or indirectly provide, promise, request or accept any illegitimate benefits, or commit other dishonest acts that violate ethical, lawlessness, or breach of fiduciary duty, to obtain or maintain benefits. The " Ethical Corporate Management Best Practice Principles " has been approved by Faraday's Board of Directors. Related policies and plans have also been disclosed on Faraday's website. The ethical management area of Faraday's website: https://www.faraday-tech.com/en/content/CSR/EthicalManagement The Board of Directors of Faraday perform the duty of care of good managers and supervise Faraday to prevent dishonest behaviors to ensure the implementation of the ethical management policy. In addition, to improve the ethical of Faraday's operations, the audit unit included the compliance of the " Ethical Corporate Management Best Practice Principles" into the scope of inspection and regularly reported to the Board of Directors about the deficiencies and improvement measures. Relevant regulations of Faraday's ethical management: https://www.faraday-tech.com/en/content/CSR/CorporationGovernance Directors who have an interests in themselves or the legal person they represent, which may be harmful to Faraday's interests, shall not participate in the Board of Directors' discussions and voting.	Conform to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	V		In the " Ethical Corporate Management Best Practice Principles " and "Procedures for Ethical Management and Guidelines for Conduct ", Faraday aims at preventing bribes, dissuading illegal political contributions, improper charitable donations or sponsorships, providing or accepting unreasonable gifts, entertainment or other improper benefits, infringement of trade secrets, trademark rights, patent rights, copyrights and other intellectual property rights, and engaging in unfair competitive behaviors, products and services directly or indirectly damaging the rights, health and safety of consumers or other interested parties during research and development, procurement, manufacturing, provision or sales. Faraday conducts risk evaluation for the corruption-related issues through self-inspection by related unit and self-assessment by the law compliance unit to effectively prevent and implement Ethical Management. Moreover, the audit unit conducts independent evaluation to ensure the operation of the overall mechanism to jointly manage and prevent the occurrence of dishonest behaviors. The ethical management area of Faraday's website: https://www.faraday-tech.com/en/content/CSR/EthicalManagement Relevant regulations of Faraday's ethical management: https://www.faraday-tech.com/en/content/CSR/CorporationGovernance	Conform to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		In the " Procedures for Ethical Management and Guidelines for Conduct ", Faraday explicitly regulates the matters that should be paid attention to in the implementation of business. Before establishing business relationships, consider the legality of agents, suppliers, customers, and other business transactions and whether they are involved in fraudulent behavior. We avoid transactions with dishonest behaviors, and clearly state Faraday's Ethical Management policies, expressly refuse to directly or indirectly provide, promise, request or accept any illegitimate benefits in any form. Meanwhile, Faraday has laid down the " Prosecution Method of Dishonest Behaviors" and established the reporting system, channels hotlines and e-mail for related dishonest behaviors. The whistleblower's identity and the content of the report are kept confidential, or appropriate protective measures are taken in accordance with the law. For reporting cases, if the investigation proves that there is a violation of relevant laws or regulations or Faraday's Ethical Management policies and regulations, the reported person will immediately be prohibited from any business activity. Appropriate actions and measurements will be conducted. If the circumstances are serious, Faraday may dismiss the person and ask for compensation in accordance with laws and Company regulations to protect Faraday's reputation and rights. To ensure that every personnel of Faraday follows the rules, Faraday regularly conducts education, training, and promotion to help them fully understand Faraday's determination, policies, prevention plans, consequences and punishment of dishonest behavior. The ethical management area of Faraday's website: https://www.faraday-tech.com/en/content/CSR/EthicalManagement Relevant regulations of Faraday's ethical management: https://www.faraday-tech.com/en/content/CSR/CorporationGovernance	Conform to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
2. **Ethical Management Practice** Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		Faraday evaluates the legality, ethical management policies and record of dishonest behaviors of counter agents, suppliers, customers or other business contacts before establishing any business relationship. The measures help to ensure the counterparties operate fairly and transparently, and will not request, offer or accept bribes. When cosigning with customers and suppliers, Faraday includes the Ethical Policy in the business contract. If any counterparty is found with dishonest behavior, the transaction and cooperation terminate immediately, so as to implement Faraday's Ethical Management Policy. The ethical management area of Faraday's website: https://www.faraday-tech.com/en/content/CSR/EthicalManagement Relevant regulations of Faraday's ethical management: https://www.faraday-tech.com/en/content/CSR/CorporationGovernance	Conform to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		Under the "Procedures for Ethical Management and Guidelines for Conduct" established by the board of directors, Faraday has set up an "Ethical Management Team" under the corporate governance group in the corporate sustainability committee, which is responsible for promoting Faraday's ethical management, anti-corruption, anti-bribery and compliance with laws and regulations. Governance matters, and report directly to the board of directors on its implementation every year; the latest report date is: October 24, 2023. Faraday actively implements the promotion and implementation of the ethical management policy. In addition to requiring all employees to sign the Ethical Code, it continues to conduct education and training for relevant personnel, publicize legal compliance, and regularly review and review various measures to improve the implementation of Faraday's ethical management. Faraday conducts ethical management and ethical code education, training and publicity when each new employee arrives and every year, so that all colleagues can fully understand Faraday's determination, policies, prevention plans, and consequences of violations of ethical. The ethical management publicity course training totaled 688.5 hours in 2023, with completion rate of 100%. The relevant implementation results in 2023 are as follows: conduct education and training on honest business operations, prohibition of dishonest behavior and damage to the interests of interested parties, and confidentiality obligations for Faraday's intellectual property rights. Hold a symposium for all employees of Faraday, labor-management meetings, executive meetings, newcomer training, and internal webpages to promote the theme of "implementing the value of ethical and sustainable development of the enterprise", and compile the ethical management code and important internal important information processing regulations. Through case studies, publicize the matters that colleagues should pay attention to when performing business. In addition, ethical management is included in employee performance appraisal and human resource policies, and a clear and effective disciplinary system is established. In 2023, there will be no corruption and anti-competitive behaviors. The reporting system and the protection of whistleblowers have been implemented. In 2023, 0 external whistleblowing cases were accepted, and 0 employees directly reported 0 cases. There was no case involving dishonest behavior.In addition, Faraday's "Ethical Corporate Management Best Practice Principles " is formulated by the ethical management group, and the formulation, amendment or abolition of the principles are approved by the Board of Directors.	Conform to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			Faraday's board of directors fulfills the duty of care of a good manager, supervises the company to prevent dishonest behavior, and ensures the implementation of the honest management policy. The ethical management area of Faraday's website: https://www.faraday-tech.com/en/content/CSR/EthicalManagement Relevant regulations of Faraday's ethical management: https://www.faraday-tech.com/en/content/CSR/CorporationGovernance	
Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		Faraday has set up a policy to avoid conflicts of interest in the "Procedures for Ethical Management and Guidelines for Conduct ". Faraday's Directors, managers, stakeholders and any attendee of the Board Meeting, who has conflict interest to the resolutions, should disclose the information and give up his/her right to vote when the conflicts are in doubt. In addition, the above-mentioned personnel shall withdraw the discussion and shall not vote by proxy for other Directors. The Directors should be self-disciplined and covered others' conflict of interests. During the execution of company business, any personnel of Faraday that finds conflicts with their own interests or the legal persons he/she represents, or may obtain illegitimate benefits for himself/herself, spouses, parents, children or other stakeholders, shall report the matters to the supervisor and responsible units for appropriate guidance. The employees of Faraday shall not use any company resources for business activities outside Faraday, and shall not affect their work performance while participating in business activities outside Faraday. The ethical management area of Faraday's website: https://www.faraday-tech.com/en/content/CSR/EthicalManagement Relevant regulations of Faraday's ethical management: https://www.faraday-tech.com/en/content/CSR/CorporationGovernance	
Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		Faraday has a rigorous accounting and internal control system, including paying attention to related party transactions, establishing a bargaining system and a layered authorization review system, etc. If an employee found that any violation of the Ethical Code during business operation, they are responsible to report the incident.	Conform to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		Faraday actively implements the promotion and implementation of the Ethical Management. In addition to requiring all colleagues to sign the Ethical Code, we keep educating and training relevant personnel, conducting legal compliance advocacy, and regularly reviewing various measures to enhance the implementation of Faraday's Ethical Management. Faraday also conducts education, training, and advocacy of Ethical Corporate Management Best Practice and Ethical Codes for every newcomer to help all colleagues fully understand Faraday's determination, policies, prevention plans and the consequences of violating the Ethical Corporate Management Best Practice. In 2023, a total of 688.5 hours were trained educated on the Ethical Corporate Management Best Practice. The ethical management area of Faraday's website: https://www.faraday-tech.com/en/content/CSR/EthicalManagement Relevant regulations of Faraday's ethical management: https://www.faraday-tech.com/en/content/CSR/CorporationGovernance	Conform to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
3. Implementation of Complaint Procedures Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?	V		Faraday has set up a specific reporting system in accordance with the " Ethical Corporate Management Best Practice Principles" and the ". Procedures for Ethical Management and Guidelines for Conduct" to actively prevent dishonest behaviors, encourage internal and external personnel to report dishonest or improper behaviors. The audit office is designated to accept reports. The Stakeholder Area on the Faraday's website provides effective communication channel for employees, shareholders, stakeholders, and outsiders. If the report involves Directors or senior executives, the report will be sent to Independent Directors or Supervisors, and establish the whistleblower protection system. The identity and contents of the report are kept confidential or being appropriate protect in accordance with the law. The whistleblower is also protected from improperly punishment. Establishing a whistleblower mechanism is an act of safeguarding the interest of colleagues, the company, and shareholders. Verified cases will be appropriately rewarded by the company based on the circumstances. In 2023, a total of 0 external reporting cases were accepted and 0 employees directly reported, and there were no cases of dishonest behavior. The ethical management area of Faraday's website: https://www.faraday-tech.com/en/content/CSR/EthicalManagement Relevant regulations of Faraday's ethical management: https://www.faraday-tech.com/en/content/CSR/CorporationGovernance	Conform to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		Faraday clearly stipulates Faraday's reporting channels, investigation and handling procedures, and whistleblower protection measures in the "Protection on whistleblower principle" to ensure the legitimate rights and interests of relevant personnel. Faraday handles reporting cases in a confidential manner, and handles them promptly, impartially and objectively, keeping the identity of the informant and the content of the report confidential or taking appropriate protective measures in accordance with the law. For reporting cases, if the investigation proves that there is indeed a violation of relevant laws or Faraday's ethical management policies and regulations, it will immediately require the person being reported to stop the relevant behavior and deal with it appropriately. Dismissal or dismissal according to management measures, and if necessary, request damages through legal procedures to protect Faraday's reputation and rights. Constructive reporting is an act of safeguarding the rights and interests of colleagues, the company and shareholders. For those who are verified to be true, Faraday will give appropriate rewards according to the situation. The ethical management area of Faraday's website: https://www.faraday-tech.com/en/content/CSR/EthicalManagement Relevant regulations of Faraday's ethical management: https://www.faraday-tech.com/en/content/CSR/CorporationGovernance	Conform to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	V		As described above, Faraday takes appropriate protective measures for the informant, including but not limited to: the name of the informant or any fact sufficient to identify the person shall not be recorded in the public document without the whistleblower's agreement; the whistleblower's address, telephone, e-mail, or relevant information must be kept strictly confidential; the investigation and verification should be done without revealing the whistleblower's identity. If the whistleblower is an employee, Faraday guarantees he/she will not be subject to improper disposal due to the whistleblowing. The ethical management area of Faraday's website: https://www.faraday-tech.com/en/content/CSR/EthicalManagement Relevant regulations of Faraday's Ethical Management : https://www.faraday-tech.com/en/content/CSR/CorporationGovernance	Conform to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
4. **Strengthening Information Disclosure** Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	W		Faraday had uploaded the "Ethical Corporate Management Best Practice Principles ", "Procedures for Ethical Management and Guidelines for Conduct " and " Prosecution method for dishonest behavior " and relevant information about Ethical Management on the Faraday's website to disclose information related to ethical management. The implementation status in 2023 is as follows: education and training are conducted on the ethical of business activities, the prohibition of dishonest behavior and the harm to the interests of stakeholders, and the confidentiality obligations to Faraday's intellectual property. Faraday promotes the theme of "Implementing the Value of Honesty and Sustainable Development of the Enterprise" in colleague meetings, labor-management meetings, supervisor meetings, new recruit training, internal webpages, and intranet. We also remind the colleagues about matters they should pay attention during business operation through summarizing the Ethical Management Best Practice Principles and Procedures for Handling Material Inside Information through case studies. In addition, Ethical Management is incorporated into employee performance appraisal and human resources policies, while a clear and effective punishment system has been established. There are no corruption or anti-competitive behaviors reported in 2023. The whistleblowing system and whistleblower protection are working perfectly, and none of the dishonest cases were reported by external and internal personnel in 2023. The ethical management area of Faraday's website: https://www.faraday-tech.com/en/content/CSR/EthicalManagement Relevant regulations of Faraday's ethical management: https://www.faraday-tech.com/en/content/CSR/CorporationGovernance	Conform to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

5. **If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation : None.**

6. **Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles):**
   Relevant regulations of Faraday's ethical management: https://www.faraday-tech.com/en/content/CSR/EthicalManagement
   The ethical management area of Faraday's website: https://www.faraday-tech.com/en/content/CSR/CorporationGovernance

4.3.10 For if the company has established corporate governance code and relevant regulations, please inquire as follows:

Faraday has established relevant regulations on corporate governance in compliance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies ", Faraday's website is set with a 'Corporate Governance' area for investors to inquire and download.

- Corporate Governance area of Faraday's website:
  https://www.faraday-tech.com/en/content/CSR/CorporationGovernance
- The ethical management area of Faraday's website:
  https://www.faraday-tech.com/en/content/CSR/EthicalManagement
- Relevant regulations of Faraday's ethical management:
  https://www.faraday-tech.com/en/content/CSR/CorporationGovernance

4.3.11 Other important information sufficient for increasing understanding of corporate governance operations The operation of Faraday's corporate governance can be inquired at MOPS or Faraday's website.

https://www.faraday-tech.com/en/content/index

4.3.12 Execution of internal control system

1. Internal Control Statement

Faraday Technology Corporation
Internal Control System Statement

Date: February 20, 2024

The internal control system of Faraday in the year 2023 is based on the results of self-assessment, and is hereby declared as follows:

I. Faraday is aware that the establishment, implementation and maintenance of the internal control system is the responsibility of the Board of Directors and managers of Faraday. Faraday has established such a system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and asset security, etc.), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with relevant regulations, ruling and laws.

II. The internal control system has its inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of the achieving the above-mentioned objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. However, Faraday's internal control system contains self-monitoring mechanisms, and Faraday takes immediate remedial actions against once a deficiency is identified.

III. Faraday evaluates the design and effectiveness of the internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the “Regulations”). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component also includes several sub-items, which can be found in the Regulations.
Faraday has evaluated the design and effectiveness of its internal control system according to the aforesaid Regulations.

IV. Based on the results of the evaluation, Faraday believes that Faraday's internal control system (including supervision and management our subsidiaries), on December 31, 2023, has maintained effective, to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.

V. This Statement is an integral part of Faraday’s annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.

VI. This statement was approved by Faraday’s Board of Directors on February 20, 2024. with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Faraday Technology Corporation

Chairman: Chia-Tseng Hung

President: Kuo-Yung Wang

2. If CPA Was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report: Not applicable.

4.3.13 In the most recent year and until the publication of the annual report, Faraday and its internal personnel punished according to law, and Faraday punished its internal personnel for violating the internal control system, major defects, and relevant improvement: None.

4.3.14 Important resolutions of the shareholders’ meeting and the Board of Directors in the most recent year and until publication of the annual report

In 2023 and until publication of the annual report, Faraday held a Shareholders’ Meeting, and the important resolutions are as follows:

Date	Important resolutions	Implementation situation
May 24,2023	Approval Items	
	• 2022 Business report and Financial Statements. (Consolidated and individual)	Approved by vote.
	• Faraday’s 2022 Distribution of Earnings.	After approving the proposal for distribution of earnings at Shareholders’ Meeting, Faraday has set June 23, 2023 as the ex-dividend date, and have issued all cash dividends on July 18, 2023. (A cash dividend of NTD$ 5 per share.)
	Discussion Items	
	• Proposal to lift the restriction on competitive activities for directors of the company	Amended by resolution
	• To amend Faraday’s “Articles of Incorporation”.	

As of the date of publication of the annual report in 2023, Faraday has held 7 meetings of the Board of Directors, and the important resolutions are as follows:

Date	Content of important resolutions
Board Meeting on February 21, 2023 (10th session of 11th term)	• 2022 Business Report and Financial Statements. • Proposal for 2022 profit distribution. • 2022 profit distribution for employees and Directors. • Proposal for Faraday's managers' remuneration. • Proposal for implementation of the audit plan and internal control system validity examination in 2022. • Faraday regularly evaluates the independence and suitability of CPAs and appointment of CPAs in 2022. • Drafting a general policy proposal for pre-approval of non-assurance services within this company. • The date of Faraday's 2023 Shareholders' Meeting, the reasons for the convening and the acceptance of proposals from shareholders holding more than 1% of the shares. • Proposal to lift the restrictions on additional non-compete provisions for directors of this company.
Board Meeting on April 25, 2023 (11th session of 11th term)	• Faraday's 2023Q1 Financial Statements. • To amend Faraday's "Articles of Incorporation". • Set up to the "Sustainable Development Best Practice Principles".
Board Meeting on July 25, 2023 (12th session of 11th term)	• Faraday's 2023Q2 Financial Statements. • The public expense case for the appointment of auditors for 2023. • Proposal for Faraday's managers' remuneration. • Renewal of bank credit line.
Board Meeting on October 24, 2023 (13th session of 11th term)	• Faraday's 2023Q3 Financial Statements. • Amendment of the "Regulations on Directors' and Managers' Remuneration" of this company. • Internal audit manager personnel change proposal. • The 2024 Audit Plan. • Proposal to establish the "Nomination Committee Organizational Regulations" and establish the Nomination Committee of the company. • Appointment of members to the inaugural Nomination Committee. • Proposal to introduce general principles for pre-approval of non-assurance services policy within this company.
Board Meeting on December 12, 2023 (14th session of 11th term)	• 2024 Operating Budget. • The company plans to carry out a cash capital increase and issue new shares in 2023. • Renewal of bank credit line • Amendment of the "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties". • Amendment to the "Corporate Governance Best-Practices Principles". • Amendment to the "Procedures for Ethical Management and Guidelines for Conduct".

Date	Content of important resolutions
Board Meeting on January 15, 2023 (15th session of 11th term)	• Proposal for cash capital increase in the subsidiary, Sheng Bang Investment Corporation, by Faraday. • Proposal for acquisition of subsidiary Sheng Bang Investment Corporation.
Board Meeting on February 20, 2024 (16th session of 11th term)	• 2023 Business Report and Financial Statements. • Proposal for 2023 profit distribution. • 2023 profit distribution for employees and Directors. • Proposal for Faraday's managers' remuneration. • Proposal for company managers to subscribe to the new shares issued through cash capital increase for 2023. • Proposal for implementation of the audit plan and internal control system validity examination in 2022. • Faraday regularly evaluates the independence and suitability of CPAs in 2023. • The date of Faraday's 2024 Shareholders' Meeting, the reasons for the convening and the acceptance of proposals from shareholders holding more than 1% of the shares. • Election proposal for the 12th board of directors to the company, comprising nine seats (including three independent directors) • Proposal of the list of nominees for the 12th board of directors (including independent directors) by the board of directors of this company. • Proposal to lift the post-election restrictions on newly appointed directors (including independent directors) and their representatives within this company.

4.3.15 If the director or supervisor has had different opinions on the passing of important resolutions in the Board Meeting, with supporting records or written statements of opposing opinions in the most recent year and until the publication of the annual report: None.

4.3.16 Resignation or dismissal of personnel related to Financial Statements (including Chairman, President, Accounting Supervisor, Financial Supervisor, Internal Audit Supervisor, Corporate Governance Supervisor, Research and Development Supervisor, etc.) in the most recent year and until publication of the annual report:

2023/12/31

Title	Name	Commencement Date	Termination Date	Reasons for Resignation or Termination
Internal Audit Manager	Feng-Ho Yang	2021.3.30	2023.8.14	Job reassignment

4.4 Audit fees

1. If the non-audit fees paid by the authorized accountant, the accountant's affiliated office and its related enterprise outweighed one quarter of the audit fee, the amount of the audit and non-audit fees and the non-audit service content shall be disclosed:

Unit: NTD thousand

Accounting Firm	Name of CPA	CPA' Audit Period	Audit Fee	Non-audit Fees	Total	Remark
Ernst & Young	Shen-Jie Hu, Yu-Ni Yang	2023	4,930	2,229	7,159	Non-audit public expense, tax visa, transfer pricing report, transaction support services and cash capital increase and issuance of new shares declaration case.

2. If the audit firm is replaced and the audit fee paid is lower than the year before the replacement, the amount of the current and previous audit fee and the reason shall be disclosed: Not applicable.
3. If the audit fee has decreased by more than 10% compared with the previous year, the amount, proportion and reason for the reduction shall be disclosed: Not applicable.

4.5 Change of CPAs information: None

4.6 Faraday's Chairman, Directors, Chief Executive Officer, Chief Financial Officer, and Managers in charge of its finance and accounting operations holding any positions within Faraday's independent audit firm or its affiliates in the most recent year: None.

4.7 Equity transfer and pledge changes by Directors, Supervisor, Management and Shareholders with 10% shareholdings or more in the most recent year and up to the date of publication of the annual report

Change in shareholding by Directors, Management and Shareholders with 10% shareholdings or more:

Unit: Shares

Position	Name	2023		2024 (until March 31)	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Juristic-Person Director	United Microelectronics Corporation(Note1)	-	-	1,722,492	-
Juristic-Person Director	Unimicron Technology Corp.	-	-	4,634	-
Representative of the Juristic-Person Director and Chief Strategy Officer	Chia-Tsung, Hung	-	-	–	-
Representative of the Juristic-Person Person Director	Ying-Sheng, Shen	-	-	–	-
Representative of the Juristic-Person Director	Zhen-Li Huang	-	-	–	-
Director and President	Kuo-Yung Wang	9,000	-	20,793	-
Director and Chief Operating Officer	Shih-Chin Lin	70,000	-	(17,214)	-
Director and Chief Financial Officer	Wen-Ju Tseng	-	-	8,468	-
Independent Director	Ning-Hai, Jin	-	-	–	-
Independent Director	Bing-Kuan, Luo	-	-	–	-
Independent Director	Wan-Fen Zhou	-	-	–	-
Vice President	Jyh-Herng Wang (Note 2)	-	-	–	-
Vice President	Cheng-Hsing Chien	-	-	4,578	-
Vice President	Kuo-Hua Lee	-	-	5,974	-
Associate Vice President	Chih-Shiun Lu (Note 3)	-	-	–	-
Associate Vice President	Shu-Hei Liao	-	-	4,113	-
Associate Vice President	Ying-Cih Yen	-	-	3,000	-
Associate Vice President	Chen-Yi Huang	-	-	3,026	-

Note 1: Major shareholders with more than 10% shareholdings.
Note 2: Vice President, Jyh-Herng Wang resigned on July 7, 2023.
Note 3: Associate Vice President, Chih-Shiun Lu, resigned on February 3, 2023.

4. Equity transfer information: None.
5. Equity pledge information: None.

4.8 Related party relationship or spouses and second-tier kinship among Faraday's 10 largest Shareholders

March 31, 2023
Unit: Share

Name	Personal shareholding		Shares hold by spouse, under aged children		shares hold under the name of others		The title or name and relationship amongst top ten major shareholders with relationship or as the spouse, direct kinship according to Article 6 of financial accounting standards		Remarks
	Number of shares	%	Number of shares	%	Number of shares	%	Title (or Name)	Relationship	
United Microelectronics Corporation Representative: Chia-Tsung, Hung	35,962,705 -	13.80% -	Not Applicable -				None -	None -	
Fubon Life Insurance Co., Ltd. Representative: Ming-Hsing,Tsai	14,467,171 -	5.55% -	Not Applicable -				None -	None -	
New Labor Pension Fund	7,307,174	2.80%	Not Applicable				None	None	
Norges Bank-fund mgr Blackrock Investment Management(Taiwan) Limited	3,549,915	1.36%	Not Applicable				None	None	
Allianz Global Investors Taiwan Technology Fund	3,372,412	1.29%	Not Applicable				None	None	
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	2,994,216	1.15%	Not Applicable				None	None	
Morgan Stanley & Co. International Plc	2,989,718	1.15%	Not Applicable				None	None	
Polar Capital Funds Plc	2,804,510	1.08%	Not Applicable				None	None	
JP Morgan Chase Bank N.A. Taipei Branch in custody for JPMorgan Funds	1,826,827	0.70%	Not Applicable				None	None	
JPMorgan SAR Greater China Fund	1,623,369	0.62%	Not Applicable				None	None	

4.9 Shareholdings of Faraday, its Directors, managers and enterprises directly or indirectly controlled by

Faraday in the same reinvested enterprise, and the ratio of consolidated shareholdings

December 31, 2023
Unit: Thousand shares

Transfer investment (Note)	Faraday's investment		Investment of Director, Manager, or under direct or indirect control of businesses		Consolidated investment	
	Number of shares	%	Number of shares	%	Number of shares	%
Faraday Technology Corporation (USA)	118,580 (common stock) 2,000 (preferred stock)	100%	-	-	118,580 (common stock) 2,000 (preferred stock)	100%
Faraday Technology Japan Corporation	2	99.95%	-	-	2	99.95%
Faraday Technology-B.V.I.	27,489	100%	-	-	27,489	100%
Chi Hong Investment Co., Ltd	53,950	100%	-	-	53,950	100%
Sheng Bang Investment Co., Ltd	10,202	100%	-	-	10,202	100%
Faraday Technology Vietnam Company Limited	-	100%	-	-	-	100%
Sinble Technology Pte. Ltd.	7,800	100%	-	-	7,800	100%
Sinble Technology Vietnam Company Limited	-	100%	-	-	-	100%

05
Capital Raising

5.1 Capital and shares

5.1.1 Source of capital

1. Capital formation

Date	Issue price	Approved capital		Paid-in capital		Remarks		
		Number of shares (thousand share)	Amount (NTD thousand)	Number of shares (thousand share)	Amount (NTD thousand)	Source of capital	Offsets of pledged capitals with assets other than cash	Others
2009.03	10	420,000	4,200,000	359,303	3,593,029	Transfer of employee stock option certificates	None	Note1
2009.04	10	420,000	4,200,000	359,311	3,593,109		None	Note2
2009.05	10	420,000	4,200,000	359,756	3,597,564		None	Note3
2009.08	10	420,000	4,200,000	360,607	3,606,071		None	Note4
2009.08	10	420,000	4,200,000	365,334	3,653,343	Capital increase transferred from capital cumulated	None	Note5
2010.01	10	420,000	4,200,000	367,344	3,673,445	Transfer of employee stock option certificates	None	Note6
2010.04	10	500,000	5,000,000	369,987	3,699,873		None	Note7
2010.06	10	500,000	5,000,000	370,447	3,704,473		None	Note8
2010.08	10	500,000	5,000,000	370,538	3,705,383		None	Note9
2011.01	10	500,000	5,000,000	371,952	3,719,523	Capital increase transferred from capital cumulated	None	Note10
2011.03	10	500,000	5,000,000	366,952	3,669,523		None	Note11
2011.04	10	500,000	5,000,000	370,392	3,703,918	Transfer of employee stock option certificates	None	Note12
2011.05	10	500,000	5,000,000	376,886	3,768,858		None	Note13
2011.08	10	500,000	5,000,000	378,236	3,782,358		None	Note14
2011.07	10	500,000	5,000,000	397,117	3,971,165	Capital increase transferred from capital cumulated	None	Note15
2012.01	10	500,000	5,000,000	398,027	3,980,270	Transfer of employee stock option certificates	None	Note16
2012.04	10	500,000	5,000,000	398,754	3,987,535		None	Note17
2012.05	10	500,000	5,000,000	402,310	4,023,098		None	Note18
2012.08	10	600,000	6,000,000	402,960	4,029,600		None	Note19
2013.01	10	600,000	6,000,000	403,608	4,036,075		None	Note20
2013.04	10	600,000	6,000,000	404,246	4,042,459		None	Note21
2013.05	10	600,000	6,000,000	406,208	4,062,075		None	Note22
2013.08	10	600,000	6,000,000	406,380	4,063,798		None	Note23
2013.11	10	600,000	6,000,000	406,893	4,068,930		None	Note24
2014.04	10	600,000	6,000,000	408,344	4,083,441		None	Note25
2014.05	10	600,000	6,000,000	411,079	4,110,788		None	Note26
2014.08	10	600,000	6,000,000	411,470	4,114,703		None	Note27
2014.11	10	600,000	6,000,000	413,125	4,131,255		None	Note28
2015.03	10	600,000	6,000,000	414,250	4,142,505		None	Note29
2015.08	10	600,000	6,000,000	248,550	2,485,503	Capital increase transferred from capital cumulated	None	Note30

Note
1. Transfer of employee stock option certificates, with 602 thousand shares, has been approved by Hsinchu Science Park Bureau 98.3.20 Yuanshang-zi No. 0980007957.
2. Transfer of employee stock option certificates, with 8 thousand shares, has been approved by Hsinchu Science Park Bureau 98.4.22 Yuanshang-zi No. 0980010023.
3. Transfer of employee stock option certificates, with 445 thousand shares, has been approved by Hsinchu Science Park Bureau 98.5.19 Yuanshang-zi No. 0980013417.
4. Transfer of employee stock option certificates, with 851 thousand shares, has been approved by Hsinchu Science Park Bureau 98.8.20 Yuanshang-zi No. 0980022629.
5. Capital surplus transferred from surplus of NTD $47,271 thousand from 2009, with 4,727 thousand shares, has been approved by the Financial Supervisory Commission, Executive Yuan 98.7.10 Jinguan-zheng Fa-zi No. 0980034538.
6. Transfer of employee stock option certificates, with 2,010 thousand shares, has been approved by Hsinchu Science Park Bureau 99.1.22 Yuanshang-zi No. 0990001404.
7. Transfer of employee stock option certificates, with 2,643 thousand shares, has been approved by Hsinchu Science Park Bureau 99.4.9 Yuanshang-zi No. 0990009112.
8. Transfer of employee stock option certificates, with 460 thousand shares, has been approved by Hsinchu Science Park Bureau 99.6.1 Yuanshang-zi No. 0990014595.
9. Transfer of employee stock option certificates, with 91 thousand shares, has been approved by Hsinchu Science Park Bureau 99.8.16 Yuanshang-zi No. 0990023695.
10. Transfer of employee stock option certificates, with 1,414 thousand shares, has been approved by Hsinchu Science Park Bureau 100.1.14 Yuanshang-zi No. 1000001274.
11. Decrease in treasury stock, with 5,000 thousand shares, has been approved by Hsinchu Science Park Bureau 100.3.14 Yuanshang-zi No. 1000007430.
12. Transfer of employee stock option certificates, with 3,440 thousand shares, has been approved by Hsinchu Science Park Bureau 100.4.22 Yuanshang-zi No. 1000010699.
13. Transfer of employee stock option certificates, with 6,494 thousand shares, has been approved by Hsinchu Science Park Bureau 100.5.18 Yuanshang-zi No. 1000013784.
14. Transfer of employee stock option certificates, with 1,350 thousand shares, has been approved by Hsinchu Science Park Bureau 100.8.19 Yuanshang-zi No. 1000024283.
15. Capital surplus transferred to capital of NTD $188,807 thousand, with 18,881 thousand shares, has been approved by the Financial Supervisory Commission, Executive Yuan 100.7.18 Jinguan-zheng Fa-zi No. 1000033188.
16. Transfer of employee stock option certificates, with 910 thousand shares, has been approved by Hsinchu Science Park Bureau 101.1.17 Yuanshang-zi No. 1010001486.
17. Transfer of employee stock option certificates, with 727 thousand shares, has been approved by Hsinchu Science Park Bureau 101.4.11 Yuanshang-zi No. 1010010460.
18. Transfer of employee stock option certificates, with 3,556 thousand shares, has been approved by Hsinchu Science Park Bureau 101.5.15 Yuanshang-zi No. 1010014163.
19. Transfer of employee stock option certificates, with 650 thousand shares, has been approved by Hsinchu Science Park Bureau 101.8.16 Yuanshang-zi No. 1010025281.
20. Transfer of employee stock option certificates, with 648 thousand shares, has been approved by Hsinchu Science Park Bureau 102.1.16 Yuanshang-zi No. 1020010747.
21. Transfer of employee stock option certificates, with 638 thousand shares, has been approved by Hsinchu Science Park Bureau 102.4.16 Yuanshang-zi No. 1020010896.
22. Transfer of employee stock option certificates, with 1,962 thousand shares, has been approved by Hsinchu Science Park Bureau 102.5.16 Yuanshang-zi No. 1020014150.
23. Transfer of employee stock option certificates, with 172 thousand shares, has been approved by Hsinchu Science Park Bureau 102.8.15 Yuanshang-zi No. 1020024332.
24. Transfer of employee stock option certificates, with 513 thousand shares, has been approved by Hsinchu Science Park Bureau 102.11.15 Yuanshang-zi No. 1020034787.
25. Transfer of employee stock option certificates, with 1,451 thousand shares, has been approved by Hsinchu Science Park Bureau 103.4.1 Chushang-zi No. 1030009307.
26. Transfer of employee stock option certificates, with 2,735 thousand shares, has been approved by Hsinchu Science Park Bureau 103.5.6 Chushang-zi No. 1030012756.
27. Transfer of employee stock option certificates, with 391 thousand shares, has been approved by Hsinchu Science Park Bureau 103.8.13 Chushang-zi No. 1030023635.
28. Transfer of employee stock option certificates, with 1,655 thousand shares, has been approved by Hsinchu Science Park Bureau 103.11.19 Chushang-zi No. 1030033760.
29. Transfer of employee stock option certificates, with 1,125 thousand shares, has been approved by Hsinchu Science Park Bureau 104.3.30 Chushang-zi No. 1040008253.
30. Cash refund capital reduction, with 165,700 thousand shares, has been approved by Hsinchu Science Park Bureau 104.8.4 Chushang-zi No. 1040022281.

2. Type of shares issued in the recent year and until publication of annual report

March 31, 2024

Type	Approved share capital			Remarks
	Issued shares	Unissued shares	Total	
Common stock	260,550,313	339,449,687	600,000,000	Stock of listed company

5.1.2 Shareholder structure

March 31, 2024

Number	Government Agency	Financial Organization	Other Legal Persons	Individual	Foreign Organization and Legal Persons	Total
No of shareholders	5	35	360	84,406	499	85,305
No of Shares held	11,557,116	19,040,575	53,874,508	107,470,532	68,607,582	260,550,313
Shareholding ratio	4.43%	7.31%	20.68%	41.25%	26.33%	100.00%

5.1.3 Dispersion of shares

Common stock

March 31, 2024

Range of no. of shares held	Number of shareholders	Shareholding (shares)	Shareholding (%)
1 ~ 999	49,974	5,315,339	2.04%
1,000 ~ 5,000	31,335	52,704,866	20.23%
5,001 ~ 10,000	2,366	16,424,825	6.30%
10,001 ~ 15,000	627	7,536,768	2.89%
15,001 ~ 20,000	209	3,693,816	1.42%
20,001 ~ 30,000	260	6,362,936	2.44%
30,001 ~ 40,000	126	4,363,532	1.67%
40,001 ~ 50,000	64	2,859,396	1.10%
50,001 ~ 100,000	137	9,509,510	3.65%
100,001 ~ 200,000	87	12,674,197	4.86%
200,001 ~ 400,000	53	15,317,117	5.88%
400,001 ~ 600,000	25	12,515,164	4.81%
600,001 ~ 800,000	9	6,220,071	2.39%
800,001 ~ 1,000,000	5	4,413,428	1.69%
1,000,001 or more (please set levels according to actual needs)	28	100,639,348	38.63%
Total	85,305	260,550,313	100.00%

5.1.4 List of major shareholders

March 31, 2024

Name of major shareholder	Sharehold-ing(shares)	Shareholding (%)
United Microelectronics Corporation	35,962,705	13.80%
Fubon Life Insurance Co., Ltd.	14,467,171	5.55%
New Labor Pension Fund	7,307,174	2.80%
Norges Bank-fund mgr Blackrock Investment Management(Taiwan) Limited	3,549,915	1.36%
Allianz Global Investors Taiwan Technology Fund	3,372,412	1.29%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	2,994,216	1.15%
Morgan Stanley & Co. International Plc	2,989,718	1.15%
Polar Capital Funds Plc	2,804,510	1.08%
JP Morgan Chase Bank N.A. Taipei Branch in custody for JPMorgan Funds	1,826,827	0.70%
JPMorgan SAR Greater China Fund	1,623,369	0.62%

5.1.5 Price per share, net worth, surplus, dividends and relation information of the last two years

Unit: Unit for weighted average number of shares is Share, the others are all in NTD

Item			2022	2023	2024 (As of March 31)
Price per stock	Highest		331.50	403.00	416.00
	Lowest		118.50	141.50	333.50
	Average		208.38	278.44	402.79
Net asset value for each share	Before distribution		34.60	38.36	-
	After distribution		29.60	(Note1)	-
Earnings per share	Number of weighted average shares		248,550,313	248,550,313	260,550,313
	Earnings per share		9.88	6.39	-
Dividend per share	Cash dividend		5.00	(Note1)	-
	Stock grants	-	-	-	-
		-	-	-	-
	Accumulated dividends in ar-rears		-	-	-
Return on investment analysis	Price-earning ratio(Note2)		20.38	40.77	-
	Price to dividend ratio(Note2)		41.68	(Note1)	-
	Cash dividend yield (%)(Note2)		2.40	(Note1)	-

Note
1. Finalized upon resolution of Shareholders' Meeting in 2024.
2. Calculating formulas:

- Price-earning ratio = Average annual closing price per share / Earnings per share
- Price to dividend ratio = Average annual closing price per share/ Cash dividend per share
- Cash dividend yield = Cash dividend per share / Average annual closing price per share

5.1.6 Company dividend policy and execution

1. Dividend policy

   Faraday shall set aside no less than 1% as employee remuneration and no more than 2% as director's remuneration based on the current year's profit. However, if Faraday still has accumulated losses, it should make up for it. Employee remuneration may be in cash or stock, and the recipients of cash or stock may include employees of controlled or subordinate companies that meet certain conditions.

   The profit status of the current year referred to in Paragraph 1 refers to the profit before tax deducting the distribution of employee remuneration and directors' remuneration in the current year.

   The distribution of employee remuneration and directors' remuneration shall be made by the board of directors with the attendance of more than two-thirds of the directors and the approval of more than half of the directors present, and shall be reported to the Shareholders' Meeting.

   If Faraday's annual accounts are in surplus, they will be distributed in the following order:

   - Withholding taxes.
   - Breakeven.
   - Deposit 10% of which as statutory surplus reserve.
   - Set or revolve special surplus reserves by law.
   - The accumulated undistributed surplus in the previous period would act as shareholder bonus. The shareholder bonus will be distributed by the Shareholders' Meeting, except for the reserved part that will be distributed in subsequent years.

   Faraday's policy of dividend distribution shall be based on the current and future investment environment, capital requirements, domestic and international competition and capital budget, etc., taking into account the interests of shareholders, balancing dividends and long-term financial planning of Faraday. Each year, the Board of Directors would draft a distribution proposal and submit which to the Shareholders' Meeting. The company may, based on financial, operational, and business factors, distribute all distributable profits for the current year. The distribution of shareholder dividends may be made in cash or stock, with the proportion of cash dividends shall not be less than ten percent (10%) of the total dividends.

2. Distribution proposal of dividends in this Shareholders' Meeting

   Faraday's 2023 earnings distribution proposal was approved by the 16th meeting of the 11th Board of Directors on February 20, 2024.The proposal will be submitted to the Shareholders' Meeting for discussion, and will formulate a cash dividend of NTD $1,118,476,409 for a dividend of NTD $4.5 per share.

5.1.7 Effect of proposed stock grant distribution on Faraday's operating performance and earnings per share: Not applicable.

5.1.8 Compensation of employees, Directors and Supervisors

1. The percentage or scope of compensation for employees, Directors and Supervisors stated in Faraday's Articles of Incorporation: According to Faraday's Articles of Incorporation, after deducting the accumulated loss from the surplus, Faraday shall set aside not more than 2% of the remained profit to Directors as remuneration and not less than 1% to employees as compensation. Dividends may issue to employees of subordinate companies that meet certain conditions.

2. The accounting method for difference in actual distributed amounts and the estimated remuneration of employees, Directors and Supervisors, the number of shares compensation:
   - Faraday's Board of Directors distribute the compensation for employees and Directors based on the proposed Article amendments to the regulations, law and regulations, industry level.
   - Basis for calculating share compensation for employees: Not applicable.
   - Accounting treatment for the difference in the actual distributed amount and the estimated amount: If there is any difference between the actual distributed amount and the estimated amount, it will be recorded as a change in accounting estimates.
3. Approval of remuneration distribution by the Board of Directors
   - Proposed to distribute employees with cash remuneration of NTD $237,433,000 and Directors with cash remuneration of NTD $2,681,094, and the resolution was passed by the board of directors on February 20, 2024, where the numbers are of no significant difference from the estimated value of original accounts.
   - Proportion of employee remuneration distributed in stock to the total amount of net profit after tax and employee compensation in current parent company financial statements: Not applicable.
4. The actual distribution of compensation for employees, Directors and Supervisors in the previous year (including the number of shares distributed, amount and share price), the difference between the recognition amount, reasons of which and processing of such situations:

   From the accumulated surplus in 2022, a total of NTD $367,485,800 was distributed as employee’s cash compensation, and a total of NTD $6,332,985 was distributed as Director’s cash compensation, the amounts equal the estimated value

5.1.9 Buyback of common stock: None.

5.2 Issuance of corporate bonds: None.

5.3 Preferred shares: None.

5.4 Overseas depositary shares: None.

5.5 Status of employee stock option plan: None.

5.6 Status of new restricted employee shares: None.

5.7 Status of new share issuance in connection with mergers and acquisitions: None.

5.8 Funding pans and implementation

5.8.1 Previously issued or privately held securities have not been completed or have been completed in the last three years that the project benefits have not yet been revealed: None.

5.8.2 Execution: Not applicable.

06

Operations Overview

6.1 Business scope

6.1.1 Business Scope

1. Main business content
   - Component database for special application integrated circuit design
   - Electronic design, automatic software tools for special application integrated circuit design
   - Professional services including the design, manufacturing and testing of special application integrated circuits and their components
   - Design and license services of silicon intellectual property

2. Proportion of each product

Unit: NTD thousand

Type of main products	2023	
	Revenue	Proportion
ASIC and wafer products	8,839,413	73.88%
Non-recurring engineering	1,724,577	14.41%
Intellectual property components and license fee	1,401,584	11.71%
Total	11,965,574	100.00%

3. Main Products and Services
   - Non-Recurring Engineering (NRE): Entrusted by customers to develop and design ASIC products. Faraday provides databases of circuit design component and various silicon intellectual property components (SIP) for the design of products, produces circuit diagram for the mask of products, and entrusts OEMs for light mask production, wafer production, cutting and product packaging. Faraday's engineering personnel also conducts product testing and quality control before handing over production samples to customers.
   - ASIC products: Conduct mass production of ASIC products under customer request. After completing the client's requested design and the sample product has been accepted by the customer, Faraday conducts mass production for customers. The final ASIC products are delivered in wafers or packaged and tested ICs to clients.
   - Silicon Intellectual Property (SIP): SIP is an electronic circuit component with unique functions and reusable capability. In the increasingly sophisticated ASIC design areas, SIP provides customers (mainly IC design house and system vendors) a convenient and fast solution. Faraday SIP can be authorized to be integrated by the customer or used as an optional component in ASIC design project.

4. Planned Products and Services
   - Plan to develop 14nm LPDDR4/3 and DDR4/3 Combo PHY.
   - (B) Plan to develop 14nm MIPI C/D-PHY Tx, Rx.
   - (C) Plan to develop 14nm USB 2.0 OTG PHY.
   - (D) Plan to develop 14nm FPD-Link LVDS Tx, Rx.
   - (E) Plan to develop 22nm 2.5Gb Ethernet PHY.

6.1.2 Industry Overview

1. Industry status and development

   In recent years, Taiwan's wafer industry has been developing intensively. The division of the industry has become more specialized. Each production process are involved by many individual manufacturers. The vertical division of labor is clear and professional, making Taiwan's wafer industry structure more complete.

2. The relationship between the upstream, midstream and downstream of the industry

   Job distribution of each stream in Taiwan's IC industry

Structure	Steps	Manufacturing process
Upstream	Design services and design	Logic design, circuit design, graphic design
Midstream	Production of masks and wafers	Oxidation, mask standardization, etching, impurity diffusion, ion implantation, chemical vapor deposition, metal sputtering, chip inspection
Downstream	Packaging and testing	Cutting, placement, wire bonding, molding, testing

3. Development trend of the products

   Chip product is on system level integration, which is SoC (System-on-chip). SoC integrates arithmetic unit IP, memory unit IP, and other digital and analog IP. SoC products can be divided into two types - Application Specific Standard Product (ASSP) and Application Specific Integrated Circuit (ASIC).

4. Competitive Status

   There are two major trends for ASIC design service company, first is that it can satisfy the needs for massive computation and broadband communication of high performance cloud computing and advanced artificial intelligence server which drives continuous evolving in advanced process. Global Unichip Corp. from the country provides relevant design service. The second major trend is that it can provide independent semiconductor intellectual property that focuses on design service of system platform to meet the needs of niche applications. Faraday Technology is the later that provides independent development semiconductor intellectual property and physical chip verification platform. After accumulated years of experiences, it stored up a large number of Know-How on design service for specific applications to provide enhanced service as well as customer engagement.

6.1.3 Technology and R&D Overview

1. Research and development expenses

Unit: NTD thousand

Item	2023
Research and development expenses (A)	2,362,449
Operating revenue (B)	11,965,574
(A)/(B)	19.74%

2. Successfully developed technologies or products
   - Launched SoCreative!TM the 6th generation 14 nm FinFET SoC verification platform.
   - Launched Gigabit Ethernet PHY Silicon IP, and has finished the silicon verification in UMC 28 HPC Plus process.
   - Unveiled SONOS eFlash Platform with Infineon on UMC 40uLP, including newly-developed eFlash sub-system IP and complete eFlash testing solution.
   - The supported silicon IP of Samsung 14 nm LPP process has been marketed on SAFE™ platform; the IP combo package includes LPDDR4/4X PHY, MIPI D-PHY, V-by-One, FPD-link, LVDS I/O,ONFI I/O, and Memory Compiler.

6.1.4 Long-term and short-term business development plans

- Short-term

  Expand the penetration of ASIC product with existing customers on the basis of massive production of ASIC and recurring income from IP authorization, and also expand to system company that requires IIoT and AIoT ASIC applications. Undertaking new ASIC projects that have high mass production potential, niche market appeal, and a long product life cycle.
- Long-term
  - Continuously accumulating the Company's own silicon intellectual property development capabilities, advance the component database to the FinFET process, enhancing the IP sub-system at the system level. With this as an important foundation, Faraday is strengthening its capabilities in software and hardware integration and developing SoC system platforms to enable existing customers to progress from 40/28/22 nm products to FinFET process technology. By integrating IP sales with ASIC, Faraday aims to provide customers with more valuable ASIC services and products.
  - Introducing Design Implementation Service (DIS), offering physical chip design services targeting various foundries and advanced process nodes. DIS aims to assist clients in addressing the shortage of design manpower in advanced processes and leveraging Faraday's years of accumulated design expertise to create new business value.

6.2 Overview of the market and production and sales status

6.2.1 Market analysis

1. Main product (service) sales (provided) regions

   Faraday provides ASIC services and IP licensing service products of Silicon Intellectual Property, and is the first ASIC provider in Asia business. Sales area covers Taiwan, mainland China, Asia Pacific, Europe, United States, and etc. The market in each region has grown significantly in recent years.
2. Market share

   Compared to other competitors, Faraday Technology has very high market share on niche ASIC products of 28/40/55/90 nm.
3. Future market supply and demand situation and growth prospects of the market
   - NRE

     40 nm/28 nm/22 nm/14 nm new projects and the proportion of SoC products are increasing year by year. The IP with high technology complexity and the adopted IP have increased to promote the NRE growth. In addition, in response to the complexity of large-scale system chips in the FinFET process, Faraday has launched chip physical design services for the FinFET process in many foundries. Customer appoints the foundry for specific process and production, and by its own R&D resource allocation, Faraday assists in completing the specific design stage to accelerate the time to market.
   - ASIC

     With the booming ASIC market and trends of artificial intelligence, IoT, and Industry 4.0, the system factory has boosted the needs for customized chips. Based on its IP and system platform design services and various application solutions, Faraday has successfully brought its ASIC design projects into mass production, driving continuous growth in its ASIC business.
   - Silicon IP components

     According to reports of the market survey organization, Dataquest, the average annual compound growth rate of IP in recent years has maintained above double-digits levels, which is higher than the growth rate of the global semiconductor market, reflecting the importance of SIP in the design and development of ICs.

     The IP development strategy of Faraday and ASIC sales complement each other. It promotes successful massive production of ASIC, as well as expanding sales for wafer foundry and IC design company.
4. Competitive niche
   - Independently developed foundational IP and functional IP

     Technology implementation is the core philosophy that Faraday has always upheld. It enabled Faraday to provide customers with timely and accurate design services, integrate components into ASIC projects, and continue to develop new components based on this foundation in more advanced processes.

Faraday continues to develop standard component libraries for 28/22/14nm process technologies, as well as for more advanced processes.

In addition, Faraday also spares no effort in the component development of advanced products, such as reduced instruction set central processing unit, digital signal processor, mixed signal product, high-speed communication interface, embedded memory, and system-on-chip.

Faraday is the world's third largest complete process component library developer. With the process evolution, Faraday continues to develop standard component libraries, and has accumulated many high-efficiency IP and excellent R&D talents through complete development experiences.

- Complete component design and verification process

  In ASIC design service industry, providing a fast and correct design and verification process is one of the must requirements. The component database and the digital/analog silicon IPs developed by Faraday Technology have been processed through a complete silicon verification process, and only the component database that has been verified to be functionally correct will be provided to customers. Therefore, Faraday provides customers with fast and accurate ASIC design services to enable customers to achieve the goal of launching products within the shortest time.
- Provide system-level design solutions

  With the increasingly diverse electric products, to shorten the lead time of each single product and fast time-to-market is the basic requirement for maintaining competitiveness. Faraday's abundant silicon IP database, IP sub-system, SoC development platform are the best resources for quickly implementing system-level chip design. Faraday assists customers in completing the chip design within the shortest time, and effectively improving the first-cut-work probability, and ensure that the system side can be quickly integrated to help customers seize the best product launch timing.
- Complete research and development team

  Since its establishment, Faraday has been guided by the development of its own technology, and has owned many experienced ASIC design and development talents, including mixed-signal/analog IP R&D, SoC design integration and back-end design, and chip production verification. The level of the research and development team of Faraday is on par with advanced international manufacturers to provide comprehensive design resources and services for global IC design industry and system manufacturers.
- Position neutral

  Faraday's main business is ASIC design services and SIP silicon intellectual property authorization, so it does not produce its own brand IC products. We assist customers to formulate specifications, develop, manufacture, package, test and finally provide IC products to customers, adopt an absolutely neutral industrial position, and fully protect customers' business-related secrets, so customers can use the design services provided by Faraday with confidence resource.
- Overseas research and development center

  Faraday has established overseas research and development center in China, America, India, and Vietnam to recruit more research and development talents and strengthen development capacity.
- Operating mode of recurring revenue

  The recurring revenue from ASIC massive production and SIP authorization has become the majority of the operating income. It has the following characteristic: no spending on resources, continuity of no spending on resources and long product life cycle, revenue stability from wide and niche customer application, no need to collect NRE and no inventory risk.
- Robust Business Continuity Plan (BCP) ecosystem partners

  Dedicating resources to provide ASIC customers with multi-site manufacturing support across regions. Through long-term, close collaboration with global wafer foundries, semiconductor packaging, and testing service providers, we offer flexible production support to mitigate manufacturing risks arising from economic, unforeseen events, pandemics, or geopolitical factors.

5. Advantages, disadvantages and counter measures of Faraday's future developments
   - Advantages
     - ASIC profession has gradually gained recognition from the market and its potential customers (IDM, system manufacturers)

       In the past, IDM manufacturers or large-scale system factories designed integrated circuits based on their own resources and talents. However, with the trend of company structure simplification, asset thinning and specialization, as well as how the ASIC professional ability is gradually gaining recognition from the market, these vendors begin to focus more on their own niche or product development. The design and manufacture of some major IC components have been outsourced to ASIC design services companies for quick development and achievement of the market niche.
     - Complete R&D team and experienced ASIC design and development

       Since Faraday established, Faraday has long considered the research and development of its own technology as its main goal of operation. Throughout the years, Faraday has accumulated outstanding R&D talents in various fields of ASIC, thereby holding rich and professional development experience. Therefore, based on the technology-leading R&D team, Faraday has a high component self-manufacturing rate and a complete component verification process to provide customers with complete and high-quality design services.
     - System level IC design and service

       In order to reduce risks, accelerate design integration and enable fast introduction to markets, system-level chip design and service capabilities are undoubtedly the mainstream of the current market, and the core component database plays a pivotal role in reducing design complexity and improving timeliness. The rich SIP databases, IP sub-systems and SoC development platforms provided by Faraday are the best resources for quickly implementing system-level chip design, thereby helping customers to complete chip design in the shortest time, and effectively improve the first-cut-work rate, ensuring that its system can be quickly integrated to help customers seize the best time for launching the products.
     - Upstream and downstream industries of the semiconductor industry are closely related to one another, bringing clustering effect that enable speedy provision of services.

       The semiconductor upstream and downstream industries are roughly divided into IC design industry, wafer foundries, cutting and packaging factories and test factories.

       However, due to the development of a unique vertical division of the industry in Taiwan, with companies mainly established at Hsinchu Science Park, Faraday has a well-established and systematic supply chain management strategy, close and in-depth cooperation with upstream and downstream companies, which help Faraday to provide rapid and quality service.

- Disadvantages and counter measures
  - Semiconductor internal dynamics are rapidly evolving

    In response to rapidly evolving technological advancements and changes in the international semiconductor supply chain, we are allocating resources to provide ASIC customers with multi-site manufacturing support across regions. By enhancing the flexibility and resilience of the supply chain production, we aim to improve the flexibility of enterprise operations and enhance risk management capabilities.
  - Rise of professional human resource costs

    Since the resources of ASIC design services come from a strong R&D team, high-tech talent is crucial for Faraday to operate successfully. In recent years, due to the booming development of the IC industry, and the cost of employee dividends, the professional human resource cost has increased, and Faraday has to pay a high labor cost for the cohesiveness of professional talents. The counter measures are as follows:
    - Improve proportion of high value-added products, such as the core components required for systematic single-chip, technical capabilities and experience at system level.
    - Develop a database based on more advanced processes, enhance core technology competitiveness and advantages, and strive for cooperation opportunities with more customers.
    - Expand the layout of overseas R&D bases and enrich the human resources of R&D and engineering units.
  - With ASIC design services becoming the trend of the market, more competitors enter the market

    As IC design becomes more and more complex, especially when it comes to the design of system-on-a-chip and embedded memory, ASIC design services and IP licensing are becoming an indispensable business. Coupled with changes in industry supply and demand, the potential customer’s demand for customized design from IDM/system vendors will undoubtedly attract more competitors to the market. Faraday's countermeasures are to develop higher-level design techniques and strengthen system-level services, providing customers with fast and accurate services. Meanwhile, Faraday will strive to develop niche applications, to adjust product/customer composition, to increase added value, and to develop international markets.
  - Semiconductor production capacity supply and demand issues

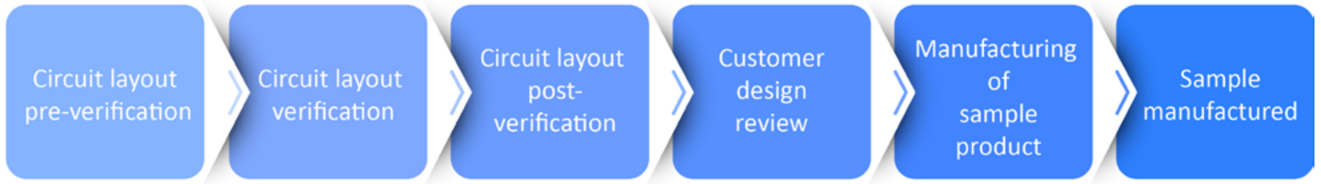
    ASIC mass production is based on the order-to-order production model, and customer orders are long-term orders that are less affected by the economic climate. Based on this order, Faraday Technology can plan wafer manufacturing and packaging and testing capacity as soon as possible; when production capacity is tight, real-time dynamic adjustments are required to satisfy customer needs.

6.2.2 Production process of main products

1. Important use of main products

   Faraday Technology mainly provides the required technical services during the design and production of ASIC products. ASIC products can be used for variety purposes, such as: network communications, multimedia, computer storage and peripherals, consumer electronics, artificial intelligence, products of IoT (Internet of things), and other application fields.
2. Production process of main products

   The first phase is non-recurring engineering (NRE) based on client commissions, and production of sample products for shipments. The production process of which is as follows:



   The second phase is to enter mass production of products verified by the customer. The production process of which is as follows:

3. Supply of main raw materials

   The main raw materials of Faraday are wafers. The main supplier is United Microelectronics Corporation, a professional wafer foundry. Due to the long-term strategic alliance cooperation, the supply of raw materials is stable.

4. Major Customers with over 10% net sales and Suppliers with over 10% total purchases of the last two fiscal years

Major Suppliers with over 10% total purchases of the last two fiscal years

Unit: NT$ thousands

Items	2022				2023				2024 (As of March 31)			
	Name	Amount	Percentage of net annual purchase (%)	Relation with issuer	Name	Amount	Percentage of net annual purchase (%)	Relation with issuer	Name	Amount	Percentage of net annual purchase (%)	Relation with issuer
1	UMC	3,913,484	66.30%	Major shareholder holding more than 10% of shares	UMC	1,569,882	46.92%	Major shareholder holding more than 10% of shares	UMC	485,644	55.79%	Major shareholder holding more than 10% of shares
2	Supplier B	1,490,099	25.24%	Other Related Party	Supplier B	1,514,543	45.27%	Other Related Party	Supplier B	237,785	27.32%	Other Related Party
	Others	499,280	8.46%	Others	Others	261,295	7.81%	Others	Others	146,992	16.89%	
	Net Purchase	5,902,863	100.00%	Net Purchase	Net Purchase	3,345,720	100.00%	Net Purchase	Net Purchase	870,422	100.00%	

Note: The major supplier is foundry. The raw materials purchased from foundry are wafers. Faraday maintains good cooperative relations with the third-party manufacturers, and there is no shortage or interruption for the material supply.

Major Customers with over 10% net sales of the last two fiscal years

Unit: NT$ thousands

Items	2022				2023				2024 (As of March 31)			
	Name	Amount	Percentage of net annual purchase (%)	Relation with issuer	Name	Amount	Percentage of net annual purchase (%)	Relation with issuer	Name	Amount	Percentage of net annual purchase (%)	Relation with issuer
1	Customer A	1,247,607	9.55%	None	Customer B	1,738,350	14.53%	None	Customer A	323,384	12.54%	None
2	Customer B	866,439	6.63%	None	Customer A	1,494,366	12.49%	None	Customer B	191,219	7.42%	None
3	UMC	732,338	5.61%	Major shareholder holding more than 10% of shares	UMC	746,787	6.24%	Major shareholder holding more than 10% of shares		154,081	5.98%	
	Others	10,218,771	78.21%		Others	7,986,072	66.74%		Others	1,909,946	74.06%	
	Net Sales	13,065,155	100.00%		Net Sales	11,965,574	100.00%		Net Sales	2,578,630	100.00%	

Note: Changes in sales amount and proportions are mainly due to changes in customer demand for products.

5. Production Quantities and Value over the Past Two Year

Unit: NT$ thousands

Major Products	2022		2023	
	Quantity	Value	Quantity	Value
ASIC Products (thousands chip)	165,156	4,651,894	105,211	3,300,282
Wafer Products (wafer)	19,417	1,172,885	16,408	1,401,399
NRE	109	686,975	124	726,052
Total		6,511,755		5,427,733

6. Sales Quantities and Value over the Past Two Year

Major Products	2022				2023			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	QTY	Amount	QTY	Amount	QTY	Amount	QTY	Amount
ASIC Products (thousands chip)	40,091	1,315,394	157,381	6,437,630	24,476	435,233	184,132	6,228,992
Wafer Products (wafer)	3,532	238,149	25,039	2,011,317	1,202	85,767	18,726	2,089,421
NRE	21	156,584	115	1,563,275	20	265,377	100	1,459,200
Intellectual Property Components and License Fee	70	872,815	56	469,991	69	909,679	60	491,906
Total		2,582,942		10,482,213		1,696,056		10,269,518
Proportion of domestic and export sales(%)		19.77%		80.23%		14.17%		85.83%

6.3 Employee Profile

Year		2022	2023	2024 (As of March 31)
Number of Employees (Note)	Engineer/Administrative	544	556	566
	Management	53	57	57
	Total	597	613	623
Average age		39.9	40.1	40.1
Average years of service		8.1	8.5	8.5
Education (%)	Ph. D.	2.01%	1.63%	1.61%
	Masters	67.17%	68.35%	68.22%
	Bachelor’s Degree	30.49%	29.69%	29.85%
	Senior High School	0.33%	0.33%	0.32%
	Below Senior High School	0%	0%	0%

Note: The number of employees is mainly based on Faraday's headquarters in Taiwan.

6.4 Environmental Protection Expenditure Information

Disbursements for environmental protection: any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

6.5 Labor Relations

6.5.1 Faraday's employee welfare measures, further education, training, retirement systems and their implementation status, as well as the agreements between labor and management and various employee rights protection measures:

As the world's leading high-tech R&D company, talents are not only Faraday's assets, but also the foundation of Faraday's sustainable development. Faraday Technology's emphasis on talents is fully reflected in the workplace environment and conditions provided by Faraday. Faraday is committed to ensuring a safe and healthy working environment, respecting employees, assisting employees in work-life balance, and providing good salary and benefits. Faraday has been continuously selected as a constituent stock of the "Taiwan High Salary 100 Index" by the Taiwan Stock Exchange. In addition to attracting and retaining talents with high-level salaries and benefits, it also pays special attention to the physical and mental health and personal growth of colleagues to expect substantial development for employees in Faraday. In addition, harmonious labor-management relations also help Faraday's long-term stable development. The various internal communication mechanisms of Faraday Technology allow colleagues to fully express their opinions, while relevant authority and responsibility units would quickly respond to their opinions, constructing a good and unimpeded communication culture, and a lively and enlightened working atmosphere.

Talent Development and Training

Faraday has always spared no effort to cultivate talents and provide comprehensive assistance in both work and life. At the same time, based on individual professionals, there are long-term cultivation plans for on-the-job training and future career development in education and training. For instance:

- Newcomer Training:
  Faraday makes customized training plans for individuals according to job requirements and professional experience, through general education courses, e-course, OJT training, quality document reading, and instructor system to help newcomers quickly adapt to the organizational culture and internal processes. In addition, Faraday assigns seniors to guide each newcomer and help them familiarize with the environment and work content. The mentor and supervisor are required to arrange the newcomer for training and meetings with supervisors of all levels and the human resources department within three months of registration in accordance with the Newcomer Guide. The learning and adapting status of the newcomer should be recorded. In addition, each newcomer receives a customized "Newcomer Manual" on registration. The supervisor sets up professional training plan in accordance with the newcomers' duties and conducts the training within the first 6 months of registration. Relevant courses include: company introduction, work safety training, work process, and cross-departmental professional training
- Professional Training:
  Every year, Faraday plans a variety of inter-departmental professional training, and often holds technical exchange meetings, in which employees can learn various professional and technical contents. Each department also has its own database and regular department meetings. Employees can share and exchange work experience and professional knowledge with their supervisors and colleagues.
- Language Training:
  Faraday has set up a "Technical Document Center" to provide guidance on writing English technical documents, papers, and patents. Through language training and technical English document writing, employees gradually improve their language skills.
- Supervisor Training:
  Faraday arranges a series of management skills training for supervisors based on each person's duty. It also guides new supervisors to familiarize with Faraday's management rules and regulations, cultivates abilities and qualities necessary for supervisor, coaches on conducting professional interviews, effective selection, education and retention, leadership, communication and motivation, handling employee errors and conflicts. Faraday helps the supervisors to improve and develop management skills and leadership through professional training courses, senior supervisor coaching, reading clubs, etc.
- General Training:
  In addition to professional, language, and supervisor training, Faraday also conducts trainings for internal operating system, project system, management rules and regulations, technical document production, and fire-fighting training, etc.
- Domestic and Foreign Training:
  Faraday provides multiple training channels and encourages employees to participate in domestic and foreign training. Employees can participate in trainings and seminars at home and abroad based on their own expertise and job contents to enhance the technical level of individuals and Faraday.
- Future Career Development:
  Faraday is committed to the cultivation and inheritance of talents, in line with the talent growth and performance development system, formulates individual career development plans. The mentorship / coaching learning system (Mentor Program) support the consolidation of Faraday's competitiveness. The department head makes suitable talent development plans for individuals based on their functional core expertise, work performance and learning potential, in accordance with Faraday's and department's future development and direction. and through a complete and diverse training mechanism and work instruction. The employees are expected to fully exhibit their abilities and kept learning through the multiple trainings and resources Faraday provides.

Diversified Welfare and Subsidies

Faraday provides diversified welfare and subsidies, with detailed welfare planning and budgeting every year, such as domestic and foreign travel subsidies, birthday coupons, birth/wedding subsidies, funeral/

celebration subsidies, coupon purchase, regular health checkup that is better than which required by laws and regulations, and perfect employee insurance. The insurance includes life insurance, accident insurance, medical insurance, cancer insurance and other family group insurance systems. The Welfare Committee also organizes diversified activities on a regular basis to help employees relax, maintain both physical and mental health, and relieve potential work pressure.

Considerate Services and Facilities

Faraday is one of the most beautiful companies in the Hsinchu Science Park, which provides a warm and cozy working environment for employees to focus on and enjoy their work. We believe that a productive enterprise cannot run without healthy and happy employees. In addition to providing a safe and clean working environment for all colleagues, Faraday provides a LOHAS working environment, from the perspective of employees, and upholds the spirit of fusion of welfare, vitality and public welfare, and allows colleagues to work and relax through diversified activity designs to accumulate creativity and energy. Faraday offers multi-functional fitness center and sport field, stress relief lounge, art gallery, cozy cafe, roof garden, and free parking spaces for cars and scooters. We also run various clubs, and host outdoor concerts, executive service day, family day, Lohas lectures, etc., enriching the concept of work-life balance through a diverse range of activities. We also regularly host early win workplace experience activities for young students who are the children of colleagues, providing exclusive opportunities for the children of Faraday employees to explore the workplace, and also to learn about Faraday and the industry.

Employee Care

Faraday takes employees as our most important partner of business. In addition to being committed to building a LOHAS and healthy working environment, we also focus on employee care, and are devoted to creating a warm-hearted corporate culture of mutual assistance, to provide a working environment for employees to feel at ease.

- Employee care system: Faraday has established an employee care system and real-time online notification system. When an employee has a major unforeseen incident (such as the employee or a loved one being injured and needing hospitalization, or the death of a loved one), their supervisor, employees, and relevant work units are able to give care consolation and assistance right away.
- Condolences system: In order to strengthen the company's care for colleagues, the condolence fund mechanism was launched in 2022. For colleagues and their immediate family members who were hospitalized or died due to illness or accidents, the company provides emergency condolence funds, so that colleagues can feel the company's care and condolences to colleagues and their families.

Retirement System

Faraday Technology has formulated the "Labor Retirement Measures of Faraday Technology Co., Ltd." in accordance with the "Labor Standards Law" and the "Labor Pension Regulations". For employees who choose the new system of labor pension, Faraday pays 6% of the employee's monthly wages to the individual’s labor pension account in accordance with the Labor Pension Regulations. If the employee meets the conditions of the "Old Labor Pension System" or the “New Labor Pension System with Old System of Seniority Retained", Faraday pays 2% of the employee's monthly wages to the Special Account of Labor Retirement Reserve Supervision Committee of Faraday Technology Co., Ltd at Bank of Taiwan. For employee who meets the retirement qualifications under the Labor Standards Law, the pension payment is based on the length of employment and the average monthly salary at the time of retirement, and two basis will be given for each employed year. However, for person who is employed for more than 15 years, a basis is given for each employed year, with a maximum of forty-five basis limitation.

Employee Stock Ownership Trust

Since the year of 2022, Faraday has initiated an employee stock ownership trust program. The company established a stock ownership trust committee, allowing participants to decide on their monthly deposit amount to purchase company stocks in a systematic and regular manner. Additionally, the company allocates an equal amount to the employees’ monthly deposits as a bonus, collectively deposited into the trust account. The employee stock ownership trust program is also combined with the company’s annual EPS indicators to incentivize colleagues to work together towards company goals. This initiative not only aims to retain talent but also assists employees in accumulating wealth and planning for their future retirement.

6.5.2 Faraday's losses due to employer/employee disputes within the most recent year through the printing date of this annual report: None.

6.5.3 Estimated amount and corresponding measures for the loss of labor disputes at present and in the future:

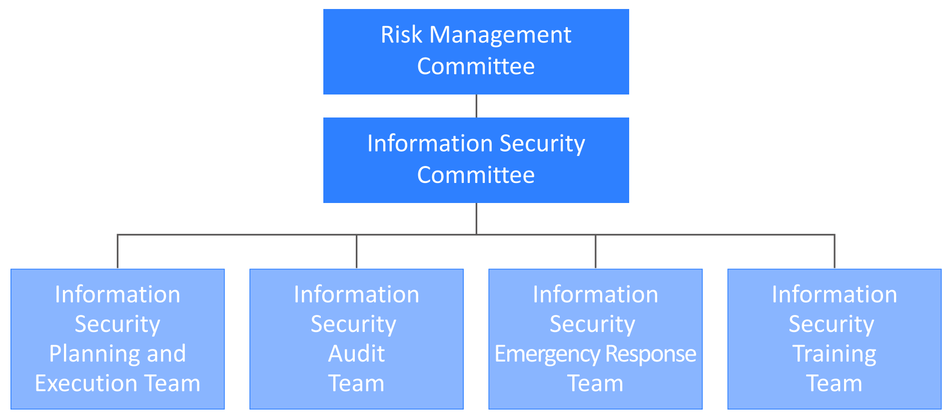
Faraday always values the employees' welfare, providing superior working environment, and emphasizes the communication with employees, so that the relationship between labor and management is harmonious. Therefore, Faraday has no major labor disputes from the most recent year up to the printing date of this annual report.

6.6 Information security risk management

6.6.1 Information security risk management structure

1. Faraday has established a Risk Management Committee to integrate the company’s operational framework across departments. Each operational unit identifies potential risk scenarios and operational impacts, identifies and implements risk control measures, and continuously improves risk management measures and effectiveness.

   The Information Security Committee of our company is affiliated with the Risk Management Committee. It is responsible for formulating information security policies and driving comprehensive information security management. The committee aims to establish a team capable of proactively identifying information security risks, implementing information security operations, and responding rapidly to incidents.
2. Organizational structure and responsibilities of the Information Security Committee



6.6.2 Information Security Policy and Specific Management Plan

1. Purpose of information security

   Faraday is a leading manufacturer of ASIC design services and IP R&D and sales. Ensuring information security is a commitment to customers, employees, suppliers, shareholders and government agencies. Faraday is committed to:

   - Protect the interests of customers and partners, abide by laws and regulations, business ethics and trust.
   - Maintain Faraday's R&D and operating results to ensure market competitiveness and sustainable operation.

2. Information Security Policy

   - President clearly stipulates the "Information Security Policy", which promises to implement information security management and control, protect the operational secrets of both partners, reduce information security risks, consolidate intellectual property rights, and implement Faraday's sustainable operation.

FARADAY

資訊安全政策 Information Security Policy

建立符合法規與客戶需求之資訊安全管理規範
Create information security management guideline in compliance with regulations and customer requirement.

保護合作雙方資訊的機密性、完整性與可用性
Protect stakeholders' information by confidentiality/integrity/availability.

透過全員認知，形塑資安文化，鞏固智財防護
Via all staff's recognition, shape information security culture, strengthen intellectual Property protection.

保障人員與環境之安全，以貫徹公司永續經營
Assure personnel and environment security to implement corporate sustainable management.

智原科技總經理
President of Faraday Technology

- Fostering security culture and enhancing cybersecurity technologies

  Faraday implemented an Information Security Management System (ISMS) in 2023 and obtained ISO/IEC 27001:2022 international standard certification in November of the same year.

  - The version implemented is the latest release, the 2022 edition. Faraday complies with the control objectives of the new edition.
  - Developing a comprehensive set of information security management standards.
  - Ensuring the confidentiality, integrity, and availability of the company's information security operations processes.
  - Enhancing information security protection, emergency response, and sustainability capabilities.
  - Meeting the requirements of establishing internal control system processing guidelines for publicly traded companies.
  - Increasing shareholders', investors', and customers' confidence in Faraday's information environment.
  - Enhancing the security of supply chain operations.
  - Establishing employee awareness of information security to mitigate risk of human error.

Certificate TW23/00000919

SGS

The management system of

Faraday Technology Corporation

No.5, Li-Hsin Rd. III, Hsinchu Science Park, Hsinchu City, Taiwan 30078, R.O.C.

has been assessed and certified as meeting the requirements of

ISO/IEC 27001:2022

For the following activities
Provision of information security related management activities by Electronic Service Department the following items in accordance with the Statement of Applicability version 01:
- Design, development, operation and maintenance of information system.
- Operation and maintenance of IT server room and Network.

This certificate is valid from 19 November 2023 until 19 November 2026 and remains valid subject to satisfactory surveillance audits.
Issue 1. Certified since 19 November 2023

Authorised by
Jonathan Hall
Global Head - Certification Services

SGS United Kingdom Ltd
Rossmore Business Park, Ellesmere Port, Cheshire, CH65 3EN, UK
t +44 (0)151 350-6666 - www.sgs.com

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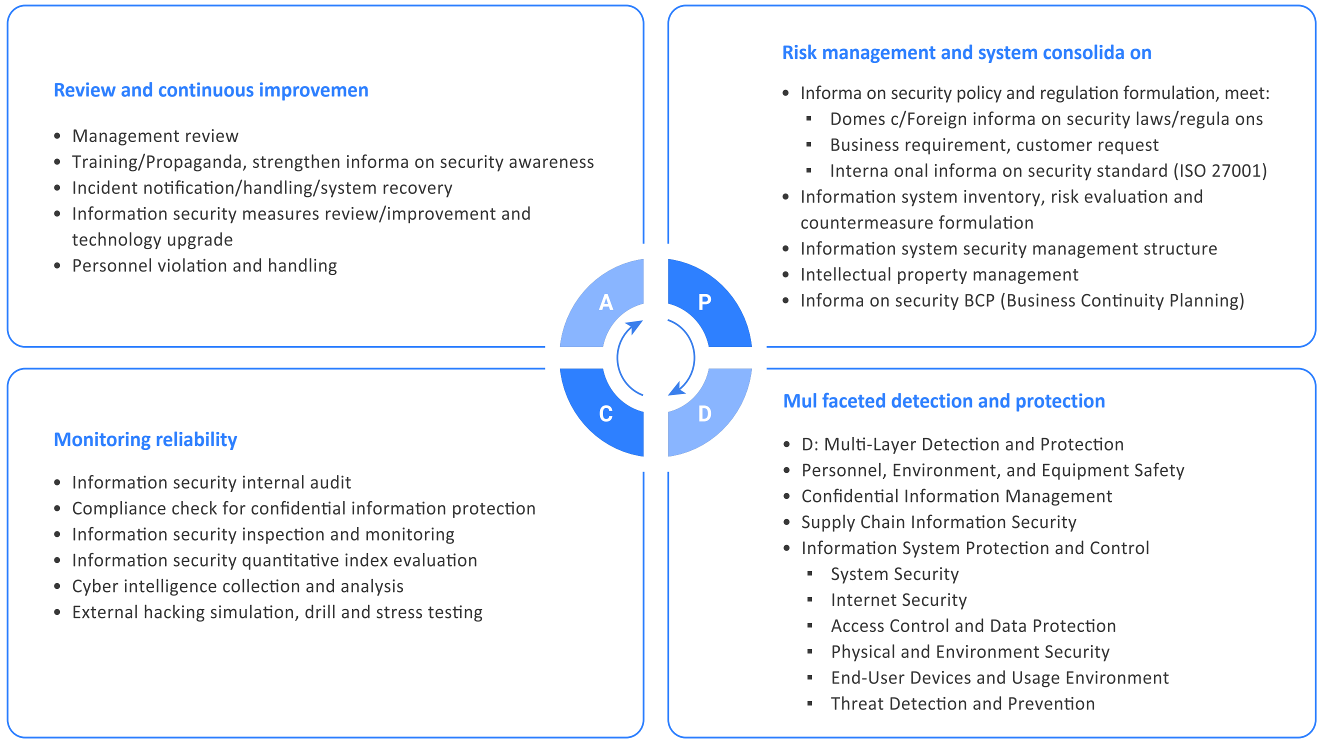
3. Information Security Risk Management and Implementation Framework: Implementing the PDCA (Plan-Do-Check-Act) method to continuously strengthen the organizational information security risk management mechanism.



6.6.3 Specific management plans and resources invested in information security management

1. Strengthening information security on a technological front

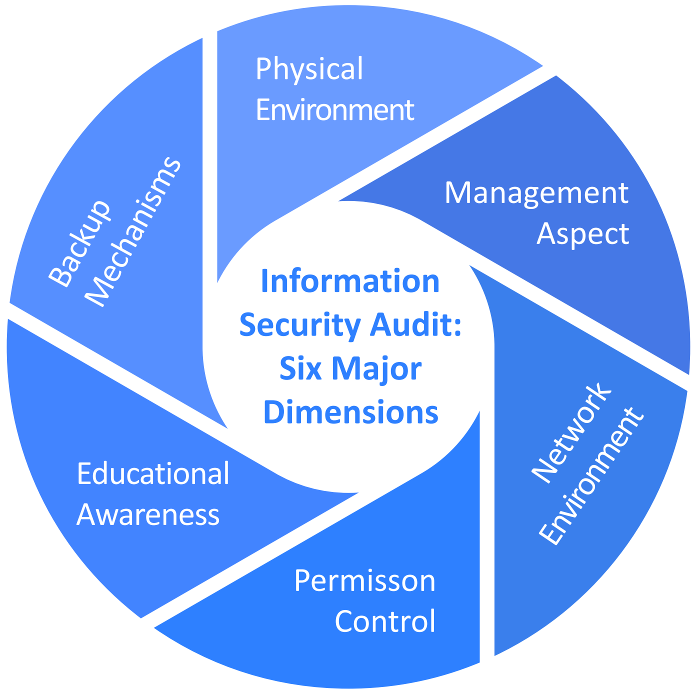
   Faraday implements measures in network security, access control and data protection, physical and environmental security, endpoint device and usage environment management, threat detection, protection, system security, and supplier security to achieve information security management and prevent external hacker intrusion and internal confidential leaks.

   - Network security: Deploying security devices at the perimeter to control internal and external network traffic, limiting web browsing, file uploads, etc.
   - Access control and data protection: Conducting inventory and control of accounts and permissions, implementing multi-factor authentication mechanisms, and backing up important data.
   - Physical and environmental security: Implementing access control and monitoring systems with restricted access permissions in key areas.
   - Endpoint devices and usage environment: Deploying antivirus software on endpoints, introducing EDR to enhance endpoint protection, and monitoring by dedicated personnel 24*7. Additionally, controlling removable devices and mobile storage media; establishing VDI systems for centralized management to achieve data protection and enhance data security.
   - Threat detection and protection: Regularly performing security updates, vulnerability scans, and security assessments to detect known vulnerabilities in the information environment.
   - System security: Monitoring and alerting mechanisms for system resources and anomalies, establishing comprehensive backup SOP, and conducting regular system and database restoration drills for crucial systems.
   - Supplier security: All service providers must sign NDAs and adhere to relevant security requirements. They must also register and complete the Supplier Notice before entering key areas. Regular supplier audits are conducted to enhance supplier information security.

2. Enhancing the level of protection across the supply chain
   - Regularly assessing supplier information security management measures
     - To ensure supply chain information security, Faraday actively promotes supply chain information security risk management. Information security-related requirements and checks are incorporated into the scope of supplier management and evaluation.
     - From a management perspective, we assist in enhancing the level of protection across the supply chain through six major dimensions: backup/redundancy, network environment, physical environment, acess control, education, and awareness.
     - For new suppliers, in accordance with the “New Outsourcing Factory Evaluation Operation Rules”, information security requirements and evaluations will be conducted. For qualified suppliers, an audit plan will be scheduled annually to audit and confirm the information security of the suppliers.

-

- Enhancing control measures for supplier access to key areas
  - To ensure that suppliers are fully aware of and adhere to Faraday’s information security-related regulations, suppliers should sign a confidentiality agreement before entering key areas. They should also read and sign information security-related awareness documents upon entry, with supervision from responsible personnel throughout the process.
  - If a supplier’s portable devices need to access Faraday’s network environment due to operational requirements, they must apply and obtain approval in advance. Access will only be granted after passing network and security checks, and permissions will be revoked upon completion of the operation.



3. Information security education and training, along with social engineering drills.
   - Information security education and training
     - New employee training: New employees sign a professional ethics service agreement upon arrival and undergo information security-related education and training to understand the company’s information security policies and requirements. The global new employee training rate is 100%.
     - Information security awareness: Conducting regular information security policy and case study awareness courses annually. In 2023, the total number of information security awareness sessions globally was 2,962. Additionally, information security education and training are conducted for all employees, with a total of 1,130 completions globally in 2023.
   - Information security social engineering drills
     - To enhance Faraday’s employees’ awareness of social engineering emails, two social engineering drills were conducted globally for Faraday employees in 2023, totaling 1,794 participants. Additional awareness and educationally training were provided to individuals who did not pass the drills to strengthen awareness and understanding among colleagues.

6.6.4 Implementation results of information security

In 2023, Faraday passed the internal audit of information security with no major deficiencies, and there were no major information security incidents such as violations of information security regulations, customer information leakage, and fines, and no complaints were received due to violations of customer data protection or loss. Judicial proceedings are also zero.

Informa on security cyber intelligence/ Incident response	Informa on security breach	0 times
	Complaints regarding breaches of customer confiden ality or loss of customer data	0 case
	Mail out keyword review rate	100%
	Spam mail blocking rate	99.2%
	Report external informa on security incident and response	25 times
Training and Propaganda	New recruits finished informa on security training	100%
	Finished online informa on security training course	1,130people
	Informa on security propaganda Finished reading	4 times 2,976 people
	Social engineering drill In total	2 times 1,665 people
Personnel appointment / Environment security	New recruitS signed confiden ality agreement, intellectual property ownership affidavit	100%
	Informa on security controll will be triggerred on depar ng employee	100%
	Environment inspec on and improvement	12 times
	Non-approved visitor break-in office event	0 times
	Main facility/equipment failure event	0 times
Audit	Informa on security record audit	50 times
	Comple on rate of internal security regular audit	100%
	Subcontractors passed informaton secuity audit	16
	Deficiency improvement rate of subcontractor informa on security audit	100%

6.6.5 Information security risk and coping measures

1. Information security risk

   Faraday has established full protection measures on network and computer related information security, but it does not guarantee the computer systems that control or maintain business operation, accounting, and other important business function can completely avoid any internet attack that could paralyze the system from the third party. These internet attacks have illegally invaded Faraday’s internal network system and damaged the operation and goodwill. Faraday continues to review and evaluate the information security regulations and procedures to ensure its appropriateness and effectiveness; however, it does not guarantee Faraday would not be affected by the new risks and attacks that are constantly rolling out in this ever-changing information security threat. Internet attack might also try to steal Faraday’s intellectual property, trade secret, and other confidential information such as customers or other stakeholders’ proprietary information and employees’ personal information.

2. Coping measures
   - Regularly conducting risk assessments and implementing risk mitigation plans
     - Faraday has established a Risk Management Committee to integrate and execute risk control schemes and enhance risk management measures and effectiveness.
     - Faraday, according to its established information security objectives, formulates relevant risk scenarios based on different types of risks. It regularly conducts risk assessment operations and includes all scenarios that exceed the acceptable risk value in the risk treatment plan for subsequent handling based on the assessment results.
   - Defining the levels of information security incidents and the notification process
     - In response to the implementation of ISO 27001, ensuring prompt execution of the incident notification process based on the severity level in the event of an information security incident, and taking appropriate necessary actions or contingency measures to minimize potential damages and prevent similar incidents from recurring. Specifically defining incident severity levels and establishing corresponding notification processes and response measures.
3. In the most recent year and as of the date of publication of the annual report, if the losses, possible impacts, and countermeasures due to major information security incidents cannot be reasonably estimated, the facts that cannot be reasonably estimated shall be explained:

   Faraday's information department detected the occurrence of a cybersecurity incident on March 16, 2023 and immediately activated relevant defense mechanisms and recovery operations. At the same time, Faraday collaborated with external cybersecurity experts and have reported to the government law enforcement department, continuously strengthening cybersecurity management, and the impact on Faraday's operations is not significant. Faraday's information department has strengthened its cybersecurity defense mechanisms and conducted a comprehensive forensic analysis. The affected system services have been restored, and the company has also reviewed and strengthened its cybersecurity infrastructure, enhancing the cyber security protection level to protect data security and integrity.

6.7 Important Contracts

Contract Property	Affiliated Person	Start/Expiration date of Contract	Content	Restrictions
Technical Authorization	Company A	2023/03/24~2028/03/23	License Agreement	Both parties should fulfill confidentiality duty
Technical Authorization	Company B	2023/03/23~2028/03/22	License Agreement	Both parties should fulfill confidentiality duty
Technical Authorization	Company C	2023/05/26~2028/05/25	License Agreement	Both parties should fulfill confidentiality duty
Technical Authorization	Company D	2023/06/01~2028/05/31	License Agreement	Both parties should fulfill confidentiality duty
Technical Authorization	Company E	2023/07/11~2028/07/10	License Agreement	Both parties should fulfill confidentiality duty
Technical Authorization	Company F	2023/09/21~2028/09/20	License Agreement	Both parties should fulfill confidentiality duty
Technical Authorization	Company G	2023/09/21~2028/09/20	License Agreement	Both parties should fulfill confidentiality duty
Technical Authorization	Company H	2023/10/12~2028/10/11	License Agreement	Both parties should fulfill confidentiality duty
Technical Authorization	Company I	2023/10/26~2028/10/25	License Agreement	Both parties should fulfill confidentiality duty
Technical Authorization	Company J	2023/11/20~2028/11/19	License Agreement	Both parties should fulfill confidentiality duty
Technical Authorization	Company K	2023/12/28~2028/12/27	License Agreement	Both parties should fulfill confidentiality duty
Technical Authorization	Company L	2024/01/14~2029/01/13	License Agreement	Both parties should fulfill confidentiality duty

07

Financial Status

7.1 Condensed Balance Sheet and Consolidated Income Statement for the Last Five Years, the Names of the CPAs and Their Audit Opinions

7.1.1 Condensed Balance Sheet and Comprehensive Income Statement (IFRSs)

Condensed Balance Sheet—Consolidate

Unit: NT$ thousands

Items		2019	2020	2021	2022	2023
Current assets		5,022,750	4,702,256	7,392,154	9,754,232	8,873,431
Property, plant and equipment		576,808	539,322	517,870	514,367	552,569
Intangible assets		550,567	259,256	505,049	614,985	683,280
Other assets		1,551,903	2,698,322	3,621,432	2,629,221	3,308,781
Total assets		7,702,028	8,199,156	12,036,505	13,512,805	13,418,061
Current liabilities	Before dis-tribution	2,079,109	1,614,085	3,505,683	4,155,877	3,235,822
	After dis-tribution	2,352,514	1,862,635	4,325,899	5,398,629	(Note 1)
Non-current liabilities		360,179	244,077	375,523	388,331	327,689
Total liabilities	Before dis-tribution	2,439,288	1,858,162	3,881,206	4,544,208	3,563,511
	After dis-tribution	2,712,693	2,106,712	4,701,422	5,786,960	(Note 1)
Equity attributable to shareholders of the parent company		5,203,716	6,293,937	7,839,972	8,599,186	9,533,391
Capital stock		2,485,503	2,485,503	2,485,503	2,485,503	2,485,503
Capital surplus		724,895	724,574	705,700	705,700	705,700
Retained earnings	Before dis-tribution	2,363,027	2,371,011	3,278,832	4,929,738	5,275,541
	After dis-tribution	2,089,622	2,122,461	2,458,616	3,686,986	(Note 1)
Other equity		(369,709)	712,849	1,369,937	478,245	1,066,647
Treasury stock		-	-	-	-	-
Non-controlling interest		59,024	47,057	315,327	369,411	321,159
Total liabilities	Before dis-tribution	5,262,740	6,340,994	8,155,299	8,968,597	9,854,550
	After dis-tribution	4,989,335	6,092,444	7,335,083	7,725,845	(Note 1)

Note1: Earnings Distribution of 2023 has not been approved by the Shareholders' Meeting.
Note2: The above financial data of 2019 to 2023 were audited by CPAs.

Condensed Comprehensive Income Statement—Consolidated

Unit: NT$ thousands

Items	2019	2020	2021	2022	2023
Operating revenue	5,306,351	5,495,307	8,085,201	13,065,155	11,965,574
Gross profit	2,799,542	2,599,626	4,089,929	6,375,409	5,307,142
Operating profit/loss	398,300	149,112	1,402,056	2,921,414	1,955,760
Non-operating income and expenses	18,555	164,123	100,123	136,058	114,584
Income before tax	416,855	313,235	1,502,179	3,057,472	2,070,344
Net income from continu-ing operations	336,245	255,997	1,290,048	2,510,468	1,561,284
Profit/Loss from discon-tinued operations	-	-	-	-	-
Net income	336,245	255,997	1,290,048	2,510,468	1,561,284
Other current comprehen-sive income	159,498	1,095,393	658,253	(870,074)	583,114
Total current comprehen-sive income	495,743	1,351,390	1,948,301	1,640,394	2,144,398
Net income attributable to stockholders of the parent	347,877	268,446	1,155,930	2,454,597	1,589,472
Net income attributable to non-controlling interests	(11,632)	(12,449)	134,118	55,871	(28,188)
Total comprehensive in-come attributable to stockholders of the parent	507,878	1,363,947	1,813,459	1,579,430	2,176,957
Total comprehensive in-come attributable to non-controlling interests	(12,135)	(12,557)	134,842	60,964	(32,559)
Earnings per share	1.40	1.08	4.65	9.88	6.39

Note: The above financial data of 2019 to 2023 were audited by CPAs

7.1.2 Condensed Balance Sheet—Parent Company Only

Unit: NT$ thousands

Items		2019	2020	2021	2022	2023
Current assets		3,219,878	3,010,644	4,420,122	6,609,037	5,963,953
Property, plant and equipment		561,903	521,190	494,527	476,181	527,472
Intangible assets		518,209	233,937	441,312	569,762	643,678
Other assets		2,946,760	3,968,630	5,318,126	4,186,092	5,175,045
Total assets		7,246,750	7,734,401	10,674,087	11,841,072	12,310,148
Current liabilities	Before distribu-tion	1,719,831	1,215,528	2,468,405	2,888,349	2,478,713
	After dis-tribution	1,993,236	1,464,078	3,288,621	4,131,101	(Note1)
Non-current liabilities		323,203	224,936	365,710	353,537	298,044
Total lia-bilities	Before distribu-tion	2,043,034	1,440,464	2,834,115	3,241,886	2,776,757
	After dis-tribution	2,316,439	1,689,014	3,654,331	4,484,638	(Note1)
Capital stock		2,485,503	2,485,503	2,485,503	2,485,503	2,485,503
Capital surplus		724,895	724,574	705,700	705,700	705,700
Re-tained earnings	Before distribu-tion	2,363,027	2,371,011	3,278,832	4,929,738	5,275,541
	After dis-tribution	2,089,622	2,122,461	2,458,616	3,686,986	(Note1)
Other equity		(369,709)	712,849	1,369,937	478,245	1,066,647
Treasury stock		-	-	-	-	-
Total lia-bilities	Before distribu-tion	5,203,716	6,293,937	7,839,972	8,599,186	9,533,391
	After dis-tribution	4,930,311	6,045,387	7,019,756	7,356,434	(Note1)

Note1 : Earnings distribution of 2023 has not been approved by the Shareholders' Meeting.
Note2 : The above financial data of 2019 to 2023 were audited by CPAs.

Condensed Comprehensive Income Statement— Parent Company Only

Unit: NT$ thousands

Items	2019	2020	2021	2022	2023
Operating revenue	4,646,362	4,925,300	6,710,159	11,466,455	10,334,478
Gross profit	2,234,644	2,106,948	2,833,639	5,072,741	4,288,924
Operating profit	347,816	204,637	722,762	2,433,895	1,666,645
Non-operating income and ex-penses	42,464	91,816	599,676	403,624	282,290
Income before tax	390,280	296,453	1,322,438	2,837,519	1,948,935
Net income from continuing operations	347,877	268,446	1,155,930	2,454,597	1,589,472
Profit/Loss from dis-continued operations	-	-	-	-	-
Net income (loss)	347,877	268,446	1,155,930	2,454,597	1,589,472
Other com-prehensive income (loss)	160,001	1,095,501	657,529	(875,167)	587,485
Total com-prehensive income (loss)	507,878	1,363,947	1,813,459	1,579,430	2,176,957
Earnings per share	1.40	1.08	4.65	9.88	6.39

Note: The above financial data of 2019 to 2023 were audited by CPAs

7.1.3 Auditors' Name and Opinions from 2018 to 2022:

1. Auditors' Name and Opinions from 2018 to 2022

Year	CPA	Audit Opinion
2019	Wan-Ju Chiu, Shao-Pin Kuo	An Unqualified Opinion with Other Matter paragraph
2020	Wan-Ju Chiu, Hsin-Min Hsu	An Unqualified Opinion with Other Matter paragraph
2021	Wan-Ju Chiu, Hsin-Min Hsu	An Unqualified Opinion with Other Matter paragraph
2022	Yu-Ni Yang, Hsin-Min Hsu	An Unqualified Opinion with Other Matter paragraph
2023	Shen-Jie Hu, Yu-Ni Yang	An Unqualified Opinion with Other Matter paragraph

2. Instructions for replacing CPAs in the most recent five years
   All are in accordance with the internal organizational restructuring of Ernst & Young CPAs.

7.2 Financial Analysis of the Last Five Years

7.2.1 Financial Analysis – Based on IFRS

1. Financial Ratio Analysis - Consolidated

Analyze Items		2019	2020	2021	2022	2023
Financial structure(%)	Liability to asset ratio	31.67	22.66	32.25	33.63	26.56
	Long-term Fund to Property, Plant and Equipment Ratio	974.83	1,220.99	1,647.29	1,819.12	1,842.71
Solvency(%)	Current ratio	241.58	291.33	210.86	234.71	274.22
	Quick ratio	203.80	249.93	168.20	158.36	232.35
	Times Interest Earned (Times)	56.21	48.55	257.21	481.21	156.58
Operating performance analysis	Accounts receivable turnover (times)	6.10	7.10	9.92	11.40	8.21
	Average collection period	59.83	51.40	36.79	32.02	44.46
	Inventory turnover (times)	4.07	5.10	4.39	3.08	3.17
	Accounts payable turnover (times)	2.65	3.36	3.96	5.35	6.26
	Average days in sales	89.68	71.56	83.14	118.51	115.14
	Property, plant and equipment turnover (times)	9.21	9.85	15.30	25.31	22.43
	Total assets turnover (times)	0.73	0.69	0.80	1.02	0.89
Profitability analysis	Return on assets (%)	4.72	3.29	12.80	19.69	11.67
	Return on equity (%)	6.68	4.41	17.80	29.32	16.59
	Pre-tax income to paid-in capital (%)	16.77	12.60	60.44	123.01	83.30
	Net profit ratio (%)	6.34	4.66	15.96	19.21	13.05
	Earnings per share (NT$)	1.40	1.08	4.65	9.88	6.39
Cash flow	Cash flow ratio (%)	41.06	43.41	71.48	28.87	92.93
	Cash flow adequacy ratio (%)	65.40	73.54	108.06	77.48	106.23
	Cash reinvestment ratio (%)	12.96	6.73	27.69	4.33	18.74
Leverage	Operating leverage	6.22	14.66	2.65	2.02	2.45
	Financial leverage	1.02	1.05	1.00	1.00	1.01

If the financial ratio has changed by 20% in the most recent two years, the explanation is as follows:

- The decrease in the debt-to-asset ratio is due to the reduction in contract liabilities and accounts payable.
- The increase in the quick ratio is attributable to the increase in cash and accounts receivable.
- The decrease in the interest coverage ratio is due to the decrease in net profit after tax.
- The decrease in the accounts receivable turnover ratio is a result of the decrease in net sales revenue and the increase in average accounts receivable.
- The increase in the average collection period is due to the decrease in the accounts receivable turnover ratio.
- The decrease in the return on assets, return on equity, ratio of net profit before tax to paid-in capital, net profit ratio and earnings per share is attributable to the decrease in net profit after tax.
- The increase in cash flow ratio, cash flow allowable ratio and cash reinvestment ratio is due to the increase in net cash flow from operating activities.
- The increase in operating leverage is due to the decrease in operating profit.

2. Financial Ratio Analysis - Parent Company Only

Analyze Items		2019	2020	2021	2022	2023
Financial structure (%)	Liability to asset ratio	28.19	18.62	26.55	27.38	22.56
	Long-term fund to property, plant and equipment ratio	983.61	1,250.77	1,659.30	1,880.11	1,863.88
Solvency (%)	Current ratio	187.22	247.68	179.07	228.82	240.61
	Quick ratio	143.07	199.25	123.46	141.23	207.18
	Times interest earned (Times)	82.67	65.66	295.14	663.20	485.09
Operating performance analysis	Accounts receivable turnover (times)	7.36	6.81	7.91	9.04	6.71
	Average collection period	49.59	53.59	46.14	40.38	54.40
	Inventory turnover (times)	4.00	5.24	4.65	3.57	3.96
	Accounts payable turnover (times)	2.63	3.17	3.75	5.36	6.08
	Average days in sales	91.25	69.65	78.49	102.24	92.17
	Property, plant and equipment turnover (times)	8.31	9.09	13.21	23.62	20.59
	Total assets turnover (times)	0.68	0.66	0.73	1.02	0.86
Profitability analysis	Return on assets (%)	5.12	3.63	12.60	21.83	13.19
	Return on equity (%)	6.96	4.67	16.36	29.86	17.53
	Pre-tax income to paid-in capital (%)	15.70	11.93	53.21	114.16	78.41
	Net profit ratio (%)	7.49	5.45	17.23	21.41	15.38
	Earnings per share (NT$)	1.40	1.08	4.65	9.88	6.39
Cash flow	Cash flow ratio (%)	27.47	23.39	55.06	46.59	136.06
	Cash flow adequacy ratio (%)	60.27	57.87	77.46	60.60	95.41
	Cash reinvestment ratio (%)	5.46	0.17	14.09	6.23	23.21
Leverage	Operating leverage	5.79	8.67	3.40	1.93	2.26
	Financial leverage	1.01	1.02	1.01	1.00	1.00

If the financial ratio has changed by 20% in the most recent two years, the explanation is as follows:

- The increase in quick ratio is due to the increase in cash.
- The decrease in interest coverage ratio was due to the decrease in after-tax benefits.
- The decrease in accounts receivable turnover ratio is due to the decrease in net sales revenue and increase in average accounts receivable.
- The increase in the average collection period is due to the decrease in accounts receivable turnover ratio.
- The decrease in the return on assets, return on equity, ratio of net profit before tax to paid-in capital, net profit ratio and earnings per share is due to the decrease in net profit after tax.
- The increase in the cash flow allowable ratio and the cash reinvestment ratio is due to the increase in net cash flow from operating activities.

Note 1: The above financial data of 2019 to 2023 were audited by CPAs.

Note 2: The calculation formulas are as follows:

1. Financial structure
   - Liability to asset ratio = Total liability / Total asset
   - Long-term Fund to Property, Plant and Equipment Ratio = (Total equity + Non-current liability) / Net property, plant and equipment
2. Solvency
   - Current ratio = Current assets / Current liabilities
   - Quick ratio = (Current assets – Inventory- Pre-paid expense) / Current liabilities.
   - Times interest earned = Earnings before interest and taxes / Interest expenses
3. Operating performance analysis
   - Accounts receivable turnover (including bills receivable resulting from accounts receivable and business operations) = Net sales / Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations)
   - Average collection period = 365 / Accounts receivable turnover
   - Inventory turnover = Cost of goods sold / Average inventory
   - Accounts payable turnover (including bills payable resulting from accounts payable and business operations) = Cost of goods sold / Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations)
   - Average days in sales = 365 / Inventory turnover
   - Property, plant and equipment turnover = Net sales / Net average value of PP&E
   - Total assets turnover = Net sales / Average total assets
4. Profitability analysis
   - Return on assets (ROA) = (Net income + Interest expenses * (1- Effective tax rate)) / Average total assets
   - Return on equity (ROE) = Net income / Average shareholders’ equity
   - Net profit before tax accounted for paid-in capital ratio = Net profit before tax / Paid-in capital
   - Net profit ratio = Profit or loss after tax / Net sales.
   - Earnings per share = (Net income- Preferred stock dividend) / Weighted average number of shares outstanding
5. Cash flow
   - Cash flow ratio = Net cash provided by operating activities / Current liabilities
   - Cash flow adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
   - Cash flow reinvestment ratio = (Cash provided by operating activities - Cash dividends) / (Gross fixed assets + Long-term investments + Other assets + Working capital)
6. Leverage
   - Operating leverage = (Net sales- Variable cost) / Income from operations
   - Financial leverage = Income from operations / (Income from operations- Interest expenses)

7.3 Audit Committee's Review Report for the Most Recent Year

Audit Committee's Review Report

The Board of Directors has prepared and submitted to us Faraday's 2023 Business Report, Consolidated and Individual Financial Statements, and proposal for earnings distribution. Financial Statements were audited by Ernst & Young and they issued an audited report accordingly. We, as the Audit Committee of Faraday, have reviewed the Business Report, Financial Statements, and proposal for earnings distribution and do not find any discrepancies. According to Article 14 of the Securities and Exchange Act and Article 219 of Faraday Act, we hereby submit this report.

Submitted to:

Faraday's 2024 Annual Shareholders' Meeting

Convener of the Audit Committee: Bing-Kuan Luo

February 20, 2024

7.4 Latest consolidated financial statements with report of independent auditors

Please refer to Appendix 1 of this annual report (P152)

7.5 Latest parent company only financial statements with report of independent auditors

Please refer to Appendix 2 of this annual report (P259)

7.6 If Faraday or its affiliates have encountered financial difficulties in the most recent year and up to the date of publication of the annual report, the impact on Faraday's financial status: None

08

Analysis of Financial Status and Performance and Risk Issues

8.1 Financial status analysis

Units: NTD$ Thousand

Account	December 31, 2023	December 31, 2022	Difference	
			Amount	%
Current Assets	8,873,431	9,754,232	(880,801)	(9.03)
Funds and Investments	2,693,141	2,023,034	670,107	33.12
Property, plant, and equip-ment	552,569	514,367	38,202	7.43
Right-of-use Assets	311,269	255,483	55,786	21.84
Intangible Assets	683,280	614,985	68,295	11.11
Other Assets	304,371	350,704	(46,333)	(13.21)
Total Assets	13,418,061	13,512,805	(94,744)	(0.70)
Current Liabilities	3,235,822	4,155,877	(920,055)	(22.14)
Non-current Liabilities	327,689	388,331	(60,642)	(15.62)
Total Liabilities	3,563,511	4,544,208	(980,697)	(21.58)
Capital	2,485,503	2,485,503	0	0.00
Additional Paid-in Capital	705,700	705,700	0	0.00
Retained Earnings	5,275,541	4,929,738	345,803	7.01
Other Equity	1,066,647	478,245	588,402	123.03
Treasury Stock	0	0	0	0.00
Non-controlling Interest	321,159	369,411	(48,252)	(13.06)
Total Equity	9,854,550	8,968,597	885,953	9.88

The proportion of change is more than 20%. The main reasons and the analysis of their impact are as follows:

1. Increase in non-current assets and other equity: due to the increase in evaluation of financial asset shares measured at fair value through other comprehensive gains and losses.
2. Increase in right-of-use assets: Mainly due to the change of the office lease contract of the subsidiary, and the amount of right-of-use assets increased.
3. Decrease in current liabilities and total liabilities: due to the recognition of deferred revenue as income and a reduction in accounts payable.

8.2 Financial Performance Analysis

Financial Performance Analysis

Units: NTD$ Thousand

Account	2023	2022	Difference	
			Amount	%
Net Sales Revenues	11,965,574	13,065,155	(1,099,581)	(8.4)
Operating Costs	(6,658,432)	(6,689,746)	31,314	(0.5)
Gross Profits	5,307,142	6,375,409	(1,068,267)	(16.8)
Operating Expenses	(3,351,382)	(3,453,995)	102,613	(3.0)
Operating Profits	1,955,760	2,921,414	(965,654)	(33.1)
Non-operating In-come and Expenses	114,584	136,058	(21,474)	(15.8)
Income before Tax	2,070,344	3,057,472	(987,128)	(32.3)
Income Tax Ex-pense	(509,060)	(547,004)	37,944	(6.9)
Net Income	1,561,284	2,510,468	(949,184)	(37.8)
Other Comprehen-sive Income (Loss)	583,114	(870,074)	1,453,188	(167.0)
Total Comprehen-sive Income (Loss)	2,144,398	1,640,394	504,004	30.7

The proportion of change is more than 20%, the main reasons and their impact analysis are as follows:

1. Decrease in operating profit, income before tax, and net income: due to the decrease in operating income and gross profit margin, resulting in a decrease in overall operating profit.
2. Increase in other comprehensive income and total comprehensive income: increase in unrealized gains on financial assets measured at fair value through other comprehensive income.

Analysis of gross profit changes

Units: NTD$ Thousand

	Variance from previous period	The reason for variance			
		Variance in sales price	Difference in cost price	Variance in sales mix	Difference in quantity
Gross profits	(1,068,267)	(570,732)	(468,017)	(15,272)	(14,245)

Justification:
During this period, slower inventory turnover led to a higher provision for inventory impairment, resulting in unfavorable effects from the differences in cost prices. Additionally, subsidiaries implemented price reductions to clear inventory, contributing to unfavorable effects from differences in selling prices. Furthermore, the impact of variations in sales composition and quantity, attributed to the customers stockpiling goods in the previous year, also presented unfavorable effects.

8.3 Cash flow analysis

1. Analysis of Cash Flow Changes during Current Year

Units: NTD$ Thousand

Item	2023	2022	Difference	
			Amount	%
Operating activities	3,007,157	1,199,680	1,807,477	150.66
Investing activities	(703,743)	(376,942)	(326,801)	86.70
Financing activities	(1,421,281)	(781,780)	(639,501)	81.80
Total	882,133	40,958	841,175	2,053.75

- Increase in net cash inflow from operating activities is due to an increase in inventory turnover.
- Increase in net cash outflow from investing activities is due to an increase in the acquisition of intangible assets.
- Increase in net cash outflow from financing activities is due to an increase in cash dividend payments and repayment of short-term borrowings.

2. Solutions for net cash deficit and solvency analysis: Not applicable.
3. Cash flow analysis for the following year

Units: NTD$ Thousand

Cash and cash equivalents at beginning of period a	(Forecasted) Net cash provided by operating activities b	(Forecasted) Net increase (decrease) in cash and cash equivalents c	(Forecasted) Net cash surplus (deficit) a+b-c	Solutions for net cash deficit	
				Investing projects	Financing projects
5,714,806	1,468,973	701,664	6,482,115	Not appli-cable	Not ap-plicable

8.4 Impact of major capital expenditures in the most recent year on financial operations: None

8.5 Main reasons for the reinvestment policy and profit or loss in the most recent year, improvement plan and investment plan for the next year

1. The reinvestment policy in the most recent year: Faraday does not exercise financial investments in order to avoid market risk. We focus on strategic investments relevant to our operating activities in order to reduce the risk, and improve the control and management toward invested companies.
2. The main reasons for profit : Due to steady sales revenue and service revenue.
3. Improvement plan: Not Applicable.
4. The investment plan for the next year: The investment plan for the next year will focus on the long-term growth of Faraday, and majorly invest in IC design firms with synergy.

8.6 Analysis and assessment of risk issues in the most recent year and up to the date of publication of the annual report

1. The future solutions and influence on Faraday's profits due to interest rate fluctuations, foreign exchange rate fluctuations, and inflations in the most recent year.

- The influence on Faraday's profits due to interest rate fluctuations, foreign exchange rate fluctuations, and inflations
  - Faraday possesses sufficient capital, and does not have to exercise long-term borrowing, so the impact of interest rate fluctuations to Faraday's short-term financing is limited.
  - For foreign exchange rate, Faraday employs accounting natural hedges, forward exchange, and foreign exchange swap to decrease the net asset position of foreign currency, along with the risk of foreign exchange fluctuations.
  - The inflation during recent year does not cast material influence on Faraday's profits or loss.
- The future solutions

  Faraday will continue to trace the fluctuations of foreign exchange rate, and exercise applicable solutions.

2. The major reasons and future solutions for high-risk, high-leverage investments, capital lending, endorsement, and financial derivatives' trading policies, profits, or loss.

   Faraday does not exercise high-risk, high-leverage investments, neither capital lending nor endorsements. Faraday has regulated capital lending process, endorsement process, and acquirement or disposal process of assets, as the principle for relevant matters. Faraday utilizes natural hedges to reduce exchange loss.
3. The research and development plans, and expected investments in research and development in the future.
   - The significant research and development plans and forecasted investments in recent year

Project Name
• Plan to develop 14 nm LPDDR4/3 and DDR4/3 Combo PHY
• Plan to develop 14 nm MIPI C/D-PHY Tx, Rx
• Plan to develop 14 nm USB 2.0 OTG PHY
• Plan to develop 14 nm FPD-Link LVDS Tx, Rx
• Plan to develop 22 nm 2.5Gb Ethernet PHY

   - The anticipated investments in aforementioned research and development projects for following two years are about NTD$ 2 billion.
4. The influence and solutions on Faraday's financial operations by domestic and foreign significant policy and regulation changes.

   Faraday has exercised appropriate solutions against domestic and foreign policy and regulation changes, and the relevant changes do not significantly impact Faraday's financial and operational situations.
5. The influence and solutions of technology and industry changes on Faraday's financial operations.
   - Faraday has been devoting in research and development of advanced process technology from beginning, and invested NTD$ 2,362 million in relevant research and development in 2023, which will benefit the revenue growth in the future. Currently, Faraday's financial situation is healthy, along with sufficient capital for the demand of development in technology in the future.
   - In terms of information security risk control, Faraday has not only continuously reviewed and evaluated information security regulations and procedures to ensure their appropriateness and effectiveness, but also established an information security control mechanism and regularly appoints external experts to implement information security health check to prevent external hacker intrusion and internal secret leakage. To strengthen information security awareness of employees, Faraday also conducted information security training and social engineering drills on a regular basis.
   - In order to protect research and development achievements and strengthen competitiveness, Faraday is committed to technology innovation. Combining incentive mechanisms such as encouraging research and development innovation, with the patent application layout in line with the company's operating goals, Faraday has created a positive cycle of research and development innovation and corporate culture.
6. The influence and solutions of business image changes on corporate crisis management: None.
7. The anticipated benefits, risks, and solutions of merge and acquisition: None.
8. The anticipated benefits, risks, and solutions of expansion of factory buildings: None
9. The anticipated risks and solutions for concentration of stocking and sales.

   There is no concentration of sales in Faraday. For stocking, because the supplier is a critical shareholder with more than 10% of overall equity of Faraday Technology Corporation, and is also a famous wafer foundry in the world, the risk of stocking is considered low.
10. The influence, risks, and solutions of significant equity transfer or changes by critical shareholders with more than 10% overall equity: None.
11. Influence, risks, and solutions of management right changes on Faraday: Not applicable.
12. Faraday's Directors, Supervisors, president, business owner, critical shareholders with more than 10% overall equity, and affiliates with significant litigation of final verdict or pendency, Non-contentious Cases, or administrative case that may materially influence stockholders' equity or stock prices, has to disclose the relevant fact in contention, amount, beginning date of litigation, major parties involved, and the progress by print date of the annual financial report: None.
13. Other significant risks and solutions: None.

8.7 Other important matters: None

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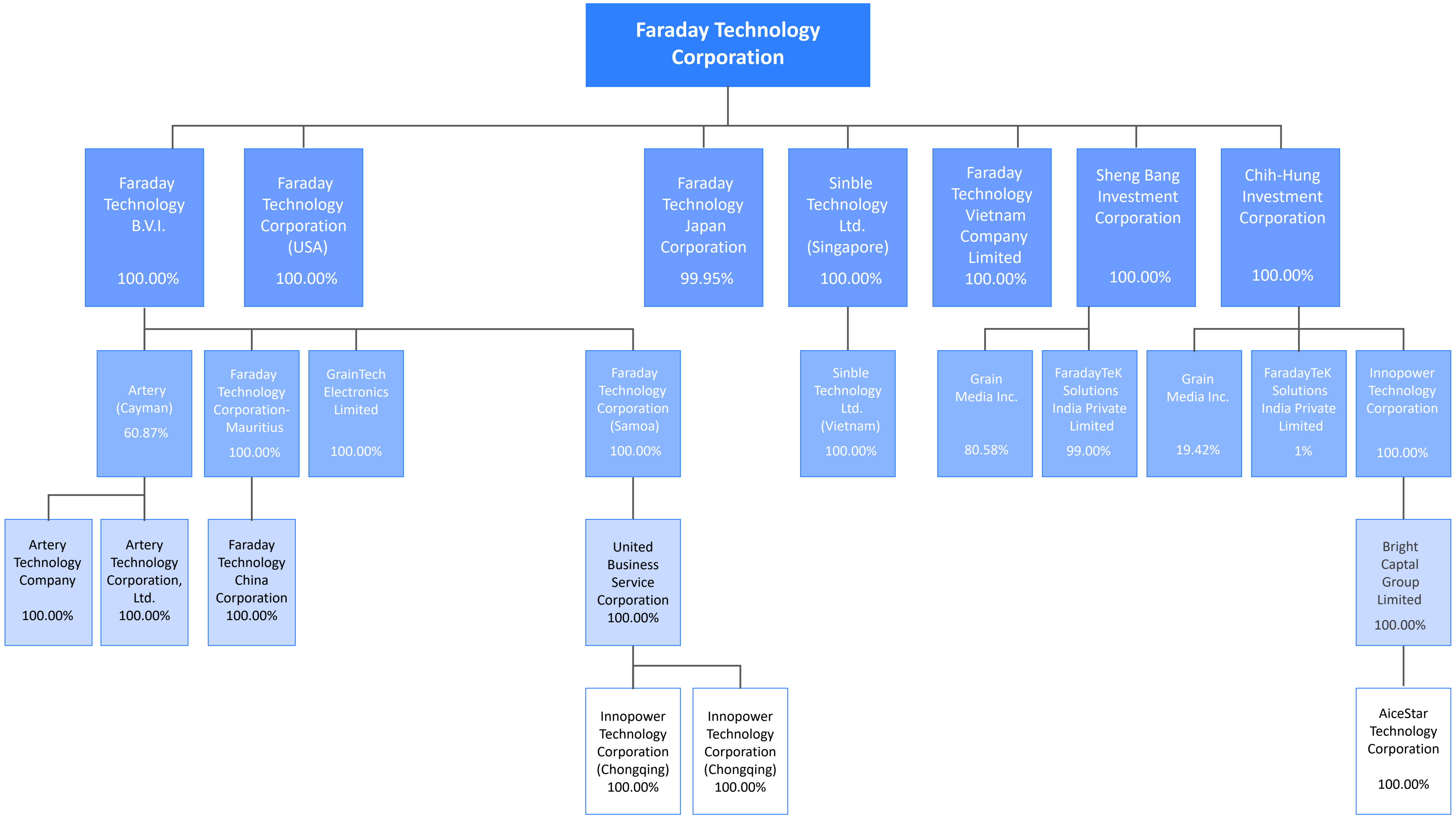
Special Items

9.1 Information on affiliates

9.1.1 Consolidated operation report of affiliates

1. Brief of affiliates

- Organizational chart of related entities



- Basic information for affiliates

March 31, 2023

Corporate Name	Established Date	Address	Contributed Capital	Major Business
Faraday Technology Corp. (USA)	1995.9.5	2860 Zanker Rd., Suite 101, San Jose, CA 95134	USD 11,974,770	The America sales rep-resentative for Faraday Technology Corporation
Faraday Technology Japan Corp.	2000.8.23	Tokyo Central Place Bldg. 3F, 22-6 Kabuto-cho, Nihonbashi Chuo-ku, Tokyo, 103-0026, Japan	JPY 100,000,000	The Japan sales repre-sentative for Faraday Technology Corporation
Faraday Technology Corp. (B.V.I)	2000.3.9	P.O. Box 3340, Road Town, Tortola, British Virgin Island	USD 27,488,585	Trading and investment
Faraday Technology Vietnam Company Limited	2019.4.4	Room 602, 6th floor, Royal Tower B, Royal Tower Center Building, 235 Nguyen Van Cu Street, Nguyen Cu Trinh ward, District 1, HCMC, 700000, Vietnam	USD 5,300,000	IC design
Chi Hong Investment Corporation	2001.3.2	No.70, Shangyi St., Zhubei City, Hsinchu County 302, Taiwan (R.O.C.)	NTD 539,500,000	General investment
Sheng Bang Investment Corporation	2003.4.25	3F., No.1, Ln. 17, Minquan St., Zhubei City, Hsinchu County 302, Taiwan (R.O.C.)	NTD 102,020,000	General investment
Faraday Technology (Mauritius) Corp.	2002.2.8	2F, Felix House, 24 Dr Joseph Riviere Street, Port Louis, Mauritius	USD 12,859,205	General investment
GrainTech Electronics Limited	2010.7.16	Units 3306-12, 33/F., Shui On Centre, Nos. 6-8 Harbour Road, Wanchai, Hong Kong	USD 100,000	Sales and after-sale service for IC products
Bright Capital Group Limited (BCGL)	2004.2.18	P.O. Box 3269, Apia, Samoa	USD 2,301,482	General investment
Grain Media Inc.	2005.12.12	Room 901, West 9th Floor, No. 1905, Hongmei Road, Xuhui District, Shang-hai,China	NTD 7,500,000	Sales and after-sale service for IC products
Innopower Technology Cor-poration	2008.8.18	C302, No.1355 JinJiHu Avenue, Interna-tional Science &Technology Park, Suzhou Industrial Park, 215021, China	NTD 319,700,660	intellectual property product design
FaradayTek Solutions India Private Limited	2019.3.29	5th Floor, Embassy Signet, Cessna business Park Kadubeesanahalli, ORR, Bengaluru-560103 Karnataka, India	INR 10,000,000	IC design
Faraday Technology China Corporation	2001.3.27	Room 901, West 9th Floor, No. 1905, Hongmei Road, Xuhui District, Shang-hai,China	USD 6,000,000	Sales and after-sale service for IC products
Faraday Technology Corporation (Suzhou)	2007.8.10	C302, No.1355 JinJiHu Avenue, Interna-tional Science &Technology Park, Suzhou Industrial Park, 215021, China	USD 5,800,000	Sales and after-sale service for IC products
Faraday Technology (Samoa) Corp.	2015.8.20	P.O. Box 217, Apia, Samoa.	USD 4,715,067	General investment
United Business Service Cor-poration (Chongqing)	2015.10.26	Floor 20, Building 1, No. 60, Kecheng Road, Jiulongqpo District, Chongqing City	CNY 30,000,000	Sales and after-sale service for IC products
Artery Technology Corporation	2016.03.15	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	NTD 511,740,000	General investment
Artery Technology Corpora-tion, Ltd. (Chongqing)	2016.06.20	Floor 10, Building 1, No. 60, Kecheng Road, Jiulongpo District, Chongqing City	USD 11,960,000	Sales and after-sale service for IC products
United Creative Solution Corporation(Shanghai)	2019.08.06	Room 902, West 9th Floor, No. 1905, Hongmei Road, Xuhui District, Shang-hai,China	CNY 10,000,000	Sales and after-sale service for IC products
Innopower Technology Cor-poration (Chongqing)	2019.07.16	No. 3, No. 27, Fengsheng Road, Jiulongpo District, Chongqing, China	CNY 1,000,000	Sales and after-sale service for IC products
Artery Technology Company	2016.12.12	5F., No. 1, Jinshan 8th St., East Dist., Hsinchu City 300 , Taiwan (R.O.C.)	NTD 171,140,750	Sales and after-sale service for IC products
Sinble Technology Pte. Ltd.	2022.11.16	80 Robinson Road, #02-00, Singapore (068898)	SGD 7,800,000	IC design
Sinble Technology Vietnam Company Limited	2023.07.05	Room 502,5th floor, Royal Tower B, Royal Centre Building, 235 Nguyen Van Cu Street,Nguyen Cu Trinh Ward,District 1,Ho Chi Minh City,Viet Nam.	USD 1,300,000	IC design

- The disclosure matters of controlling and subordinate relations by Art. 369-3, Company Act by the Republic of China: None
- The industries relates to overall affiliates' operating businesses. If the operating businesses of affiliates are relevant to each other, the assignment of responsibilities must be illustrated:
  The scope of business operations of Faraday and its subsidiaries focus on IC design-related business, and a small number of affiliates include investment business in their business scope in order to strengthen vertical integration and strategic investment to meet the future operations of Faraday.
- The equity or capital investments for affiliates by their directors, supervisors, and general managers:

December 31, 2023

Corporate Name	Title	Representative	Acquired Equity	
			Shares of Stock (Amount of investment)	Proportion
Faraday Technology Corp. (USA)	Director	Faraday Technology Corporation Rep. :Kuo-Hua, Lee	118,580,000 (common) 2,000,000(preferred) -	100% 100% -
Faraday Technology Japan Corp.	Director Director Supervisor	Faraday Technology Corporation Rep.: Shih-Chin, Lin Kato Yuichi Wen-Ju, Tseng	1,999 shares - - -	99.95% - - -
Faraday Technology Corp. (B.V.I)	Director	Faraday Technology Corporation Rep.: Wen-Ju, Tseng	27,488,585 shares -	100% -
FaradayTechnology Vietnam Company Limited	Director	Faraday Technology Corporation Rep.: Cheng-Hsing Chien	Faraday invested USD5,300,000 -	100% -
Chi Hong Investment Corporation	Director	Faraday Technology Corporation Rep.: Kuo-Yung, Wang	53,950,000 shares	100% -
Sheng Bang Investment Corporation	Director	Faraday Technology Corporation Rep.: Kuo-Yung, Wang	10,202,000 shares -	100% -
Faraday Technology (Mauritius) Corp.	Director	Faraday Technology Corp.(B.V.I.) Rep.: Wen-Ju, Tseng	12,804,214 shares -	100% -
GrainTech Electronics Limited	Director	Faraday Technology Corp.(B.V.I.) Rep.: Yi-Fan Ke	100,000 shares -	100% -
Bright Capital Group Limited (BCGL)	Director	Innopower Technology Corporation Rep.: Wen-Ju, Tseng	2,301,482 shares -	100% -
Grain Media Inc.	Director Supervisor	Chih-Hung Investment Corporation Rep.: Yi-Fan Ke Sheng Bang Invest-ment Corporation Rep.: Wen-Ju, Tseng	145,631 shares - 604,369 shares -	19.42% - 80.58% -
Innopower Technology Corporation	Director	Chih-Hung Investment Corporation Rep.: Shih-Chin, Lin	31,970,066 shares	100% -
FaradayTek Solutions India Private Limited	Director Director	Sheng Bang Invest-ment Corporation Rep.: Shih-Chin, Lin Chih-Hung Investment Corporation Rep.: KRISHNA-MURTHY JAYASHREE	990,000 shares - 10,000 shares -	99% - 1% -
Faraday Technology China Corporation	Director Supervisor	Faraday Technology (Mauritius) Corp Rep.: Shih-Chin, Lin/ Jun-Shan, Ju / Chieh-Kai Liang Rep.: Wen-Ju, Tseng	Mauritius invested USD6,000,000 - -	100% - -

Corporate Name	Title	Representative	Acquired Equity	
			Shares of Stock (Amount of investment)	Proportion
Faraday Technology Corporation (Suzhou)	Director Supervisor	Bright Capital Group Limited (BCGL) Rep.: Chieh-Kai,Liang/ Shih-Chin,Lin/ Jhih-Cyun Chen	BCGL invested USD5,800,000 - -	100% - -
Faraday Technology (Samoa) Corp.	Director	Faraday Technology Corp. (B.V.I). Rep.: Wen-Ju, Tseng	4,715,067 shares	100% -
United Business Service Corporation (Chongqing)	Director Supervisor	Faraday Technology (Samoa) Corp. Rep.: Kuo-Yung, Wang/ Shih-Chin, Lin/ Chieh-Kai Liang Rep.: Wen-Ju, Tseng	Samoa invested CNY30,000,000 - -	100% - -
Artery Technology Corporation	Director	Faraday Technology Corp. (B.V.I.) Rep.: Kuo-Yung, Wang Rep.: Wen-Ju, Tseng Hung-Yu, Lin Hong Ding Venture Capital Corporation Rep.: Bo-Jen, Shen Guo-Yung, Liang Da-Song, Li Zong-Da, Li	31,149,000 shares 228,000 shares 279,420 shares 609,000 shares 5,112,000 shares 18,000 shares 0 shares 0 shares 0 shares	60.87% 0.45% 0.55% 1.19% 9.99% 0.04%
Artery Technology Corporation, Ltd. (Chongqing)	Director Supervisor	Artery Technology Corporation Rep.: Kuo-Yung, Wang/ Wen-Ju, Tseng/ Hung-Yu, Lin/ Bo-Jen, Shen/ Chun-Gu,Chen Rep.: Ya-Ling, Chang	Artery invested USD11,960,000 - -	100% - -
United Creative Solution Corporation(Shanghai)	Director Supervisor	United Business Service Corporation(Chongqing) Rep.: Jen-Shan, Ju Rep.: Wen-Ju, Tseng	United Business Service Corporation (Chongqing) invested CNY10,000,000 - -	100% - -
Innopower Technology Corporation (Chongqing)	Director Supervisor	United Business Service Corporation(Chongqing) Rep.: Shih-Chin, Lin Rep.: Wen-Ju, Tseng	United Business Service Corporation (Chongqing) invested CNY1,000,000 - -	100% - -
Artery Technology Company	Director	Artery Technology Corporation Rep.: Kuo-Yung, Wang/ Wen-Ju, Tseng Hung-Yu, Lin/Bo-Jen, Shen/Chun-Gu,Chen	17,114,075 shares -	100% -
Sinble Technology Pte. Ltd.	Director	Faraday Technology Corporation Rep.: Kuo-Yung, Wang / Shih-Chin Lin / Wen-Ju, Tseng / Siang-Rong Hsu	7,800,000 shares -	100% -
Sinble Technology Vietnam Company Limited	Director	Faraday Technology Corporation Rep.: Cheng-Hsing Chien	Faraday invested USD1,300,000	100% -

2. Brief of Operations

December 31, 2023

Corporate Name	Registered capital	Total Assets	Total Liabilities	Net Assets	Operating Revenues	Operating Profits	Net Income (After-tax)	EPS (NTD$)
Faraday Technology Corp.(USA)	USD 11,974,770	USD 21,297,700	USD 11,522,968	USD 9,774,732	USD 49,962,992	USD 2,084,647	USD 1,648,411	-
Faraday Technology Japan Corp.	JPY 100,000,000	JPY 1,459,154,896	JPY 726,068,762	JPY 733,086,134	JPY 5,631,430,191	JPY 462,971,387	JPY 289,979,453	-
Faraday Technology Corp. (B.V.I.)	NTD 855,769,896	NTD 917,458,785	NTD 228,500	NTD 917,230,285	-	-	NTD 21,055,575	-
Chi Hong Investment Corporation	NTD 539,500,000	NTD 510,338,008	NTD 292,000	NTD 510,078,008	-	NTD -367,024	NTD 95,343,834	-
Sheng Bang Investment Corporation	NTD 102,020,000	NTD 86,202,480	NTD 222,000	NTD 86,012,480	-	NTD -273,252	NTD 1,553,874	-
Faraday Technology (Mauritius) Corp.	NTD 406,711,929	NTD 184,963,265	-	NTD 184,963,265	-	-	NTD 40,631,534	-
GrainTech Electronics Limited	NTD 3,192,500	NTD 5,500,924	NTD 94,280	NTD 5,406,644	NTD 2,375,772	NTD -128,870	NTD -27,548	-
Bright Capital Group Limited	NTD 68,593,066	NTD 357,597,554	-	NTD 357,597,554	-	-	NTD 158,999,139	-
Grain Media Inc.	NTD 7,500,000	NTD 6,005,540	NTD 252,740	NTD 5,752,800	-	NTD 1,000	NTD 1,135	-
Innopower Technology Corporation	NTD 319,700,660	NTD 566,509,780	NTD 175,974,101	NTD 390,535,679	NTD 13,292,816	NTD 6,180,362	NTD 95,591,729	-
Faraday Technology China Corporation	CNY 43,618,000	CNY 116,032,778	CNY 73,849,720	CNY 42,183,058	CNY 372,561,806	CNY 10,467,119	CNY 9,368,216	-
Faraday Technology Corporation (Suzhou)	CNY 39,863,870	CNY 122,803,441	CNY 40,201,627	CNY 82,601,814	CNY 102,134,278	CNY 34,326,926	CNY 36,725,607	-
Faraday Technology (Samoa) Corp.	NTD 155,220,000	NTD 224,916,237	-	NTD 224,916,237	-	-	NTD 23,720,075	-
United Business Service Corporation (Chongqing)	CNY 30,000,000	CNY 53,146,103	CNY 1,190,692	CNY 51,955,411	CNY 5,839,815	CNY 278,695	CNY 5,479,348	-
Artery Technology Corporation	NTD 511,740,000	NTD 786,218,894	NTD 8,231,366	NTD 777,987,528	-	NTD -7,310,303	NTD -72,037,734	-
Artery Technology Corporation, Ltd. (Chongqing)	CNY 81,311,212	CNY 180,462,088	CNY 45,593,778	CNY 134,868,309	CNY 220,660,400	CNY 5,201,690	CNY 7,142,036	-
Artery Technology Company	NTD 211,140,750	NTD 248,242,158	NTD 63,400,188	NTD 184,841,970	NTD 214,529,458	NTD -103,266,504	NTD -103,178,146	-

Corporate Name	Registered capital	Total Assets	Total Liabilities	Net Assets	Operating Revenues	Operating Profits	Net Income (After-tax)	EPS (NTD$)
United Creative Solution Corporation (Shanghai)	CNY 10,000,000	CNY 69,210,869	CNY 43,511,542	CNY 25,699,327	CNY 150,281,114	CNY 5,636,898	CNY 5,120,091	-
Innopower Technology Corporation (Chongqing)	CNY 1,000,000	CNY 1,001,356	CNY 13	CNY 1,001,343	-	CNY -1,000	CNY 471	-
Faraday Technology Vietnam Company Limited	VND 123,878,000,000	VND 150,020,740,800	VND 27,040,557,600	VND 128,980,183,200	VND 116,815,543,750	VND 4,183,974,400	VND 2,853,631,200	-
FaradayTek Solution India Private Limited	INR 10,000,000	INR 40,559,157	INR 12,326,234	INR 28,232,923	INR 61,519,535	INR 6,793,105	INR 3,697,684	-
Sinble Technology Pte. Ltd.	SGD 7,800,000	SGD 7,009,805	SGD 20,636	SGD 6,989,169	-	SGD -808,073	SGD -711,892	-
Sinble Technology Vietnam Company Limited	VND 30,628,000,000	VND 31,435,339,906	VND 1,794,607,402	VND 29,640,732,504	-	VND -1,236,648,245	VND -987,267,496	-

9.2 Status of private equity securities processing in the most recent year and up to the date of publication of the annual report: None.

9.3 Holdings or disposals of Faraday's stock by affiliates in the most recent year and up to the date of publication of the annual report: None.

9.4 Other necessary supplementary notes: None.

9.5 Any matters with significant impact on shareholders' equity or securities prices as stipulated in the second paragraph of item 3 of Article 36 of the Securities Trading Law in the most recent year and up to the date of publication of the annual report: None.

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Appendix

10.1 Latest consolidated financial statements with report of independent auditors

English Translation of a Report and Consolidated Financial Statements Originally Issued in Chinese

FARADAY TECHNOLOGY CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS
FOR THE YEARS THEN ENDED
DECEMBER 31, 2023 AND 2022

Address: No. 5 Li-Hsin Road III, Hsinchu Science Park, Hsinchu City, Taiwan, R.O.C.
Telephone: 886-3-578-7888

Notice to Readers

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2023 and for the year then ended prepared under the International Financial Reporting Standards No.10 "Consolidated Financial Statement" (referred to as "Consolidated Financial Statements") are the same as the entities to be included in the combined financial statements of the Company, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as "Combined Financial Statements"). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.

Very truly yours,

FARADAY TECHNOLOGY CORPORATION

Chairman: Stan Hung

February 20, 2024

EY 安永
Building a better working world

安永聯合會計師事務所

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Independent Auditors' Report Originally Issued in Chinese

To Faraday Technology Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Faraday Technology Corporation and its subsidiaries ("the Group") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of material accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of the other auditors (please refer to the *Other Matter – Making Reference to the Audits of Other Auditors* section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and their consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of the other auditors, 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 2023 consolidated financial statements. 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.

Revenue Recognition

Operating revenues recognized by the Group amounted to NT$11,965,574 thousand for the year ended December 31, 2023, including sale of goods, rendering of services and silicon intellectual property license in the amount of NT$8,839,413 thousand, NT$1,724,577 thousand and NT$1,401,584 thousand, constituting 73.88%, 14.41% and 11.71% of consolidated operating revenues, respectively. Revenue is the main operating activity of the Group. Revenue includes application-specific integrated circuit (ASIC) products, and the services include non-recurring engineering (NRE) and silicon intellectual property license (IP). Revenue includes different sources such as sale of goods and services provided, and judgement is exercised to determine the performance obligations and when those were satisfied. As a result, we determined the matter to be a key audit matter.

Our audit procedures included (but not limited to), assessing the appropriateness of the accounting policies of revenue recognition for sales of goods, rendering of services and silicon intellectual property license, testing the operating effectiveness of internal controls established by management for sale of goods, rendering of services and silicon intellectual property license, performing analytical procedures of gross margin by product, selecting samples to perform test of details of transactions including identification of performance obligations in contracts and verification of when performance obligations were satisfied, reviewing significant service agreements for terms of contracts, project milestones and relevant communication information with the Group's customers for service provided, and inspecting evidence of client acceptance for deliverables, shipping documents and invoices to verify the accuracy of cut-off revenue time, etc. We also assessed the adequacy of accounting policy and disclosures of operating revenues. Please refer to Note 4(16) and Note 6(16).

Other Matter – Making Reference to the Audits of Other Auditors

We did not audit the financial statements of certain subsidiaries, whose statements reflect total assets of NT$981,160 thousand and NT$1,121,758 thousand, constituting 7.31% and 8.30% of total consolidated assets as of December 31, 2023 and 2022, respectively, and total operating revenues of NT$2,716,671 thousand and NT$2,864,327 thousand, constituting 22.70% and 21.92% of consolidated operating revenues for the years ended December 31, 2023 and 2022, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Group, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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 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 internal control of the Group.

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 consolidated financial statements 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.

Others

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent company only financial statements of Faraday Technology Corporation as of and for the years ended December 31, 2023 and 2022.

/s/Hu, Shen-Chieh

/s/Yang, Yu-Ni

Ernst & Young, Taiwan
February 20, 2024

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

The accompanying consolidated financial statements are intended only to present the financial position, results of operations 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 accepted and applied in the Republic of China.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FARADAY TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2023 and December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Assets	Note	As of December 31, 2023	As of December 31, 2022
Current assets			
Cash and cash equivalents	4, 6(1)	$ 5,714,806	$ 4,872,818
Financial assets at fair value through profit or loss, current	4, 6(2)	29,590	21,889
Contract assets, current	4, 6(16), 6(17)	2,961	4,173
Accounts receivable, net	4, 6(4), 6(17)	1,282,393	1,163,789
Accounts receivable - related parties, net	4, 6(4), 6(17), 7	277,008	189,927
Other receivables		80,145	156,591
Inventories, net	4, 5, 6(5)	1,187,210	3,016,901
Other current assets	6(6), 7	188,560	204,786
Costs to fulfil a contract, current	6(16)	110,758	123,358
Total current assets		8,873,431	9,754,232
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4, 6(3)	2,574,066	1,953,282
Financial assets measured at amortized cost, non-current	4, 6(7), 8	119,075	69,752
Property, plant and equipment	4, 6(8)	552,569	514,367
Right-of-use assets	4, 6(18)	311,269	255,483
Intangible assets	4, 6(9), 7	683,280	614,985
Deferred tax assets	4, 6(22)	108,699	47,345
Refundable deposits	7	126,756	139,064
Net defined benefit assets, non-current	4, 6(13)	16,910	18,057
Other non-current assets	6(10)	52,006	146,238
Total non-current assets		4,544,630	3,758,573
Total assets		$ 13,418,061	$ 13,512,805

Liabilities and Equity	Note	As of December 31, 2023	As of December 31, 2022
Current liabilities			
Short-term loans	6(11), 12	$ 94,872	$ 127,241
Financial liabilities at fair value through profit or loss, current	4, 6(2)	-	1,896
Contract liabilities, current	4, 6(16)	787,110	1,452,266
Notes payable		4	4
Accounts payable		646,568	618,932
Accounts payable - related parties	7	352,220	510,387
Payables on equipment		35,371	7,697
Other payables	6(12), 7	833,571	925,105
Current tax liabilities	4, 6(22)	433,648	450,230
Lease liabilities, current	4, 6(18), 12	29,246	49,862
Other current liabilities		23,212	12,257
Total current liabilities		3,235,822	4,155,877
Non-current liabilities			
Deferred tax liabilities	4, 6(22)	35,371	22,125
Lease liabilities, non-current	4, 6(18), 12	199,673	217,379
Long-term payables	6(12)	92,645	148,827
Total non-current liabilities		327,689	388,331
Total liabilities		3,563,511	4,544,208
Equity attributable to the parent company			
Capital	6(14)		
Common stock		2,485,503	2,485,503
Additional paid-in capital	6(14)	705,700	705,700
Retained earnings	6(14)		
Legal reserve		1,914,531	1,667,419
Unappropriated earnings		3,361,010	3,262,319
Other components of equity		1,066,647	478,245
Total equity attributable to the parent company		9,533,391	8,599,186
Non-controlling interests	6(14)	321,159	369,411
Total equity		9,854,550	8,968,597
Total liabilities and equity		$ 13,418,061	$ 13,512,805

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FARADAY TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

	Note	For the years ended December 31 2023	2022
Operating revenues	4, 6(16), 7	$ 11,965,574	$ 13,065,155
Operating costs	6(5), 6(9), 6(19), 7	(6,658,432)	(6,689,746)
Gross profit		5,307,142	6,375,409
Operating expenses	6(9), 6(19), 7		
Selling expenses		(451,535)	(475,455)
Administrative expenses		(531,282)	(542,262)
Research and development expenses		(2,362,449)	(2,422,237)
Expected credit losses	6(17)	(6,116)	(14,041)
Total operating expenses		(3,351,382)	(3,453,995)
Operating income		1,955,760	2,921,414
Non-operating income and expenses			
Interest income	6(20)	65,224	33,175
Other income	6(20)	104,629	115,072
Other gains and losses	6(20)	(41,962)	(5,822)
Finance costs	6(20)	(13,307)	(6,367)
Total non-operating income and expenses		114,584	136,058
Income before income tax		2,070,344	3,057,472
Income tax expense	4, 6(22)	(509,060)	(547,004)
Net income		1,561,284	2,510,468
Other comprehensive income (loss)	4, 6(21)		
Item that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plans		(1,146)	20,657
Unrealized gains (loss) from equity instruments investments measured at fair value through other comprehensive income		620,784	(962,156)
Income tax relating to items that will not be reclassified to profit or loss		229	(4,132)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(44,849)	75,557
Income tax relating to items that may be reclassified to profit or loss		8,096	-
Other comprehensive income (loss) (net of income tax)		583,114	(870,074)
Total comprehensive income		$ 2,144,398	$ 1,640,394
Net income attributable to:			
Stockholders of the parent		$ 1,589,472	$ 2,454,597
Non-controlling interests		(28,188)	55,871
		$ 1,561,284	$ 2,510,468
Comprehensive income (loss) attributable to:			
Stockholders of the parent		$ 2,176,957	$ 1,579,430
Non-controlling interests		(32,559)	60,964
		$ 2,144,398	$ 1,640,394
Earnings per share (NT$)	6(23)		
Earnings per share-basic		$ 6.39	$ 9.88
Earnings per share-diluted		$ 6.37	$ 9.77

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FARADAY TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

	Equity Attributable to the Parent								
			Retained Earnings		Other Equity				
	Common Stock	Additional Paid-in Capital	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets Measured at Fair Value through Other Comprehensive Income	Total	Non-Controlling Interests	Total Equity
Balance as of January 1, 2022	$ 2,485,503	$ 705,700	$ 1,551,782	$ 1,727,050	$ (126,059)	$ 1,495,996	$ 7,839,972	$ 315,327	$ 8,155,299
Appropriation and distribution of 2021 retained earnings									
Legal reserve	-	-	115,637	(115,637)	-	-	-	-	-
Cash dividends	-	-	-	(820,216)	-	-	(820,216)	-	(820,216)
Net income in 2022	-	-	-	2,454,597	-	-	2,454,597	55,871	2,510,468
Other comprehensive income (loss) in 2022	-	-	-	16,525	70,464	(962,156)	(875,167)	5,093	(870,074)
Total comprehensive income (loss) in 2022	-	-	-	2,471,122	70,464	(962,156)	1,579,430	60,964	1,640,394
Non-controlling interests	-	-	-	-	-	-	-	(6,880)	(6,880)
Balance as of December 31, 2022	$ 2,485,503	$ 705,700	$ 1,667,419	$ 3,262,319	$ (55,595)	$ 533,840	$ 8,599,186	$ 369,411	$ 8,968,597
Balance as of January 1, 2023	$ 2,485,503	$ 705,700	$ 1,667,419	$ 3,262,319	$ (55,595)	$ 533,840	$ 8,599,186	$ 369,411	$ 8,968,597
Appropriation and distribution of 2022 retained earnings									
Legal reserve	-	-	247,112	(247,112)	-	-	-	-	-
Cash dividends	-	-	-	(1,242,752)	-	-	(1,242,752)	-	(1,242,752)
Net income (loss) in 2023	-	-	-	1,589,472	-	-	1,589,472	(28,188)	1,561,284
Other comprehensive income (loss) in 2023	-	-	-	(917)	(32,382)	620,784	587,485	(4,371)	583,114
Total comprehensive income (loss) in 2023	-	-	-	1,588,555	(32,382)	620,784	2,176,957	(32,559)	2,144,398
Non-controlling interests	-	-	-	-	-	-	-	(15,693)	(15,693)
Balance as of December 31, 2023	$ 2,485,503	$ 705,700	$ 1,914,531	$ 3,361,010	$ (87,977)	$ 1,154,624	$ 9,533,391	$ 321,159	$ 9,854,550

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FARADAY TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Description	For the years ended December 31	
	2023	2022
Cash flows from operating activities:		
Net income before tax	$ 2,070,344	$ 3,057,472
Adjustments for non-cash gain or loss:		
Depreciation	123,123	118,856
Amortization	378,583	353,856
Expected credit loss	6,116	14,041
(Gain) loss on financial assets and liabilities at fair value through profit or loss	(5,022)	6,303
Interest expense	13,307	6,367
Interest income	(65,224)	(33,175)
Dividend income	(72,163)	(90,321)
Share-based payment expenses	(15,693)	43,181
Others	(1,366)	(1,663)
Changes in operating assets and liabilities:		
Contract assets	1,212	29,115
Notes receivable	-	4,030
Accounts receivable	(124,720)	(396,843)
Accounts receivable - related parties	(87,081)	(36,360)
Other receivables	78,881	(78,698)
Inventories	1,829,691	(1,696,211)
Prepayments	79,119	43,495
Other current assets	(22,071)	(8,497)
Costs to fulfil a contract	12,600	(81,946)
Other operating assets	1,481	-
Financial liabilities held for trading	(4,575)	-
Contract liabilities	(665,156)	141,546
Notes payables	-	1
Accounts payable	27,636	(225,712)
Accounts payable - related parties	(158,167)	(16,891)
Other payables	28,363	219,865
Other current liabilities	10,956	1,406
Defined benefit liabilities	-	(2,488)
Cash generated from operations	3,440,174	1,370,729
Interest received	62,789	32,944
Dividend received	72,163	90,321
Interest paid	(13,307)	(6,367)
Income tax paid	(554,662)	(287,947)
Net cash provided by operating activities	3,007,157	1,199,680

Description	For the years ended December 31	
	2023	2022
Cash flows from investing activities:		
Acquisition of financial assets measured at amortized cost	$ (50,000)	$ (54,112)
Proceeds from principal of financial assets measured at amortized cost upon maturity	-	173,800
Acquisition of property, plant and equipment	(49,312)	(85,575)
Proceeds from disposal of property, plant and equipment	36	-
Decrease (increase) in refundable deposits	12,308	(24,043)
Acquisition of intangible assets	(616,775)	(387,012)
Net cash used in investing activities	(703,743)	(376,942)
Cash flows from financing activities:		
(Decrease) increase in short-term loans	(30,083)	127,241
Cash payments for the principal portion of the lease liabilities	(148,446)	(38,744)
Cash dividends	(1,242,752)	(820,216)
Change in non-controlling interests	-	(50,061)
Net cash used in financing activities	(1,421,281)	(781,780)
Effect of exchange rate changes on cash and cash equivalents	(40,145)	68,780
Net increase in cash and cash equivalents	841,988	109,738
Cash and cash equivalents at beginning of the year	4,872,818	4,763,080
Cash and cash equivalents at end of the year	$ 5,714,806	$ 4,872,818

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and Organization

Faraday Technology Corporation (the "Company") was incorporated on June 10, 1993. The Company is a leading fabless ASIC vendor and silicon intellectual property and system platform provider, with products and services of ASIC/SoC Design Services, ASIC/SoC Production Turnkey Services, and ASIC EDA tools.

The Company's shares are listed on the Taiwan Stock Exchange ("TWSE"). The address of its registered office and principal place of business is No. 5, Li-Hsin III Road, Hsinchu Science Park, Taiwan.

2. Date and Procedures of Authorization of Financial Statements for Issue

The consolidated financial statements of the Company and subsidiaries (the "Group") for the years ended December 31, 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on February 20, 2024.

3. Newly Issued or Revised Standards and Interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The new or amended standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC, and the local effective dates are to be determined by FSC. The aforementioned standards and interpretations have no material impact on the Group.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by the FSC ("TIFRS").

(2) Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

(a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Company voting rights and potential voting rights

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The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;
(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
(f) recognizes the resulting difference in profit or loss.

The consolidated entities are listed as follows:

			Percentage of ownership (%) As of	
Investor	Subsidiary	Main businesses	December 31, 2023	December 31, 2022
The Company	Faraday Technology Corporation (USA)	Sales representative in America	100.00%	100.00%
The Company	Faraday Technology Japan Corporation	Sales representative in Japan	99.95%	99.95%
The Company	Faraday Technology Corp. (B.V.I.)	General investing	100.00%	100.00%

(To be continued)

(Continued)

Investor	Subsidiary	Main businesses	Percentage of ownership (%) As of December 31, 2023	December 31, 2022
The Company	Faraday Technology Vietnam Company Limited	IC designing service	100.00%	100.00%
The Company	Sinble Technology Pte. Ltd. (Sinble) (Note 1)	IC designing service	100.00%	100.00%
The Company	Chih-Hung Investment Corporation (Chih-Hung)	General investing	100.00%	100.00%
The Company	Sheng Bang Investment Corporation (Sheng Bang)	General investing	100.00%	100.00%
Sinble	Sinble Technology Vietnam Company Limited (Sinble VN) (Note 2)	IC designing service	100.00%	-
Chih-Hung	Grain Media Inc.	IC designing, marketing and customer service	19.42%	19.42%
Chih-Hung	Innopower Technology Corporation (Innopower)	Silicon Intellectual Property designing service	100.00%	100.00%
Chih-Hung	FaradayTek Solutions India Private Limited	IC designing service	1.00%	1.00%
Sheng Bang	Grain Media Inc.	IC designing, marketing and customer service	80.58%	80.58%
Sheng Bang	FaradayTek Solutions India Private Limited	IC designing service	99.00%	99.00%
Innopower	Bright Capital Group Limited (BCGL)	General investing	100.00%	100.00%
BCGL	Faraday Technology Corporation (Suzhou)	IC designing, marketing and customer service	100.00%	100.00%
B.V.I.	Faraday Technology (Mauritius) Corp. (Mauritius)	General investing	100.00%	100.00%
B.V.I.	GrainTech Electronics Limited	IC designing, marketing and customer service	100.00%	100.00%
B.V.I.	Faraday Technology (Samoa) Corp. (Samoa)	General investing	100.00%	100.00%
B.V.I.	Artery Technology Corporation (Artery)	General investing	60.87%	60.87%
Samoa	United Business Service Corporation (UBS)	IC designing, marketing and customer service	100.00%	100.00%

(To be continued)

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(Continued)

Investor	Subsidiary	Main businesses	Percentage of ownership (%) As of December 31, 2023	December 31, 2022
Artery	Artery Technology Corporation, Ltd.	IC designing, marketing and customer service	100.00%	100.00%
Artery	Artery Technology Company	IC designing, marketing and customer service	100.00%	100.00%
UBS	United Creative Solution Corporation	IC designing, marketing and customer service	100.00%	100.00%
UBS	Innopower Technology Corporation (Chongqing)	IC designing, marketing and customer service	100.00%	100.00%
Mauritius	Faraday Technology China Corporation	IC designing, marketing and customer service	100.00%	100.00%

Notes:

(1) The Company established Sinble Technology Pte. Ltd. in November 2022, and completed capital injection of NT$179,400 thousand in January 2023.

(2) Sinble Technology Pte. Ltd. established Sinble Technology Vietnam Company Limited (Sinble VN) with NT$41,219 thousand (USD 1,300 thousand) in August 2023.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars (NTD), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
(b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in

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a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint venture that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(6) Current and non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Group holds the asset primarily for the purpose of trading
(c) The Group expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including time deposits with original maturities of one year or less).

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(1) the Group's business model for managing the financial assets and
(2) the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(1) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(2) 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.

Such financial assets are subsequently measured at amortized cost and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

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Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(1) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(2) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

<u>Financial asset measured at fair value through other comprehensive income</u>

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(1) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(2) 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(1) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(2) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired.
ii. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
iii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if:

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
ii. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative financial instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges and hedges of net investments in foreign operations, which is recognized in equity.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

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A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials — Actual purchase cost on weighted moving average cost basis.
Finished goods and work in progress — Cost of direct materials and manufacturing overheads on weighted moving average cost basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of service is accounted in accordance with IFRS 15 and not within the scope of inventories.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *"Property, plant and equipment"*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings and facilities	6 - 51	Years (including buildings 51 years, facilities 6-16 years)
Machinery	6	Years
Computer equipment	4	Years
Office furniture and fixtures	6	Years
Miscellaneous equipment	4	Years

After initial recognition, an item of property, plant and equipment and any significant component is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and such changes are treated as changes in accounting estimates.

(13) Leases

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

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

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Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liabilities for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liabilities comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liabilities on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liabilities by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liabilities;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

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Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group’s intangible assets is as follows:

	Computer software
Useful lives	2 - 10 years
Amortization method used	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *“Impairment of Assets”* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods, rendering of services and silicon intellectual property license. The accounting policies are explained as follow:

Sale of goods

The Group outsource its manufacturing and sells goods. Sales are recognized when the goods are delivered to the customers and control of the goods is transferred to the customer. The main product of the Group is Application Specific Integrated Circuit (ASIC) and revenue is recognized based on the consideration stated in the contract.

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The credit period for the Group's sale of goods is month-end 30-60 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Group usually collects the payments shortly; therefore, there is no significant financing component to the contract. For some of the contracts, part of the consideration was received from customers before transferring a promised good to a customer, and the Group has the obligation to transfer the goods subsequently. Accordingly, the Group recognized the consideration received in advance from customers under contract liabilities.

Rendering of services

The Group provides design services, and recognizes revenue by reference to the stage of completion in accordance with contracts with customers.

Most of the contractual considerations of the Group are collected throughout the contract periods. When the Group has performed the services to customers but does not have a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. The Group measures the loss allowance of its contract assets at an amount equal to lifetime expected credit losses according to IFRS9. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is aroused.

Silicon intellectual property license

Revenue from silicon intellectual property license is recognized by reference to its nature. When the nature of silicon intellectual property license provides a right to access the Group's intellectual property as it exists throughout the license period, the Group uses straight-line method to recognize revenue during the license period. If the nature of license is not above-mentioned, the license provides a right to use the Group's intellectual property as it existed at a point in time at which the license was granted. Accordingly, the Group recognizes revenue when the license is granted.

Some royalties are determined based on sales of goods. Because the license is a necessary part of goods, the license and goods are combined as a performance obligation. Since the license is the predominant item to which the royalty relates, revenue is recognized when sales of goods occur.

For some silicon intellectual property license contracts, part of the consideration is received from customers upon signing the contract, and the Group has the obligation to provide the services to access or use the Group's intellectual property subsequently. Accordingly, the Group recognizes payments received in advance as contract liabilities.

(17) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

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(18) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(19) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not result in equivalent taxable and deductible temporary differences at the time of the transaction.
ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not result in equivalent taxable and deductible temporary differences at the time of the transaction.

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ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6(5) for more details.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	As of	
	December 31, 2023	December 31, 2022
Cash on hand	$480	$763
Checking and savings	2,330,291	2,177,179
Time deposits	3,314,035	2,564,876
Cash equivalents-commercial paper with repurchase agreements	70,000	130,000
Total	$5,714,806	$4,872,818

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

	As of	
	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments-forward currency	$7,294	$-
Funds	22,296	21,889
Total	$29,590	$21,889
Current	$29,590	$21,889
Financial liabilities held for trading:		
Derivatives not designated as hedging instruments-forward currency	$-	$1,896
Current	$-	$1,896

Financial assets at fair value through profit or loss were not pledged.

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(3) Financial assets at fair value through other comprehensive income

	As of	
	December 31, 2023	December 31, 2022
Equity instrument investments measured at fair value through other comprehensive income – non-current:		
Unlisted companies' stocks	$2,574,066	$1,953,282

The Group classified certain of its financial assets as financial assets at fair value through other comprehensive income which were not pledged.

The Group recognized dividend income related to equity instrument investments measured at fair value through other comprehensive income in the amount of NT$72,163 thousand and NT$90,321 thousand for the years ended December 31, 2023 and 2022, respectively, which were all related to investments held at the end of the reporting period.

(4) Accounts receivable, net and accounts receivable - related parties, net

	As of	
	December 31, 2023	December 31, 2022
Accounts receivable (gross carrying amount)	$1,316,859	$1,192,139
Less：loss allowance	(34,466)	(28,350)
Subtotal	1,282,393	1,163,789
Accounts receivable - related parties (gross carrying amount)	277,008	189,927
Total	$1,559,401	$1,353,716

Accounts receivable were not pledged.

Accounts receivable are generally on 30 - 60 day terms from the date of monthly closing. The gross carrying amount of accounts receivable were NT$1,593,867 thousand, and NT$1,382,066 thousand as of December 31, 2023 and 2022, respectively. Please refer to Note 6(17) for more details on impairment of accounts receivable and Note 12 for credit risk disclosure.

(5) Inventories

	As of	
	December 31, 2023	December 31, 2022
Work in process	$777,073	$1,634,250
Finished goods	410,137	1,382,651
Total	$1,187,210	$3,016,901

The cost of inventories recognized in expenses amounted to NT$6,658,432 thousand and NT$6,689,746 thousand for the years ended December 31, 2023 and 2022, respectively, including the inventory valuation loss of NT$128,018 thousand and NT$69,037 thousand, and loss on scrap of inventories of NT$37,510 thousand and NT$25,561 thousand for the years ended December 31, 2023 and 2022, respectively.

No inventories were pledged.

(6) Other current assets

	As of	
	December 31, 2023	December 31, 2022
Prepaid royalty fee	$126,054	$145,492
Prepaid expenses	7,252	10,045
Prepayment in advance	34,460	593
Others	20,794	48,656
Total	$188,560	$204,786

The prepaid royalty fee was primarily attributable to several agreements which the Group entered into for certain software license and silicon intellectual property license.

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(7) Financial assets measured at amortized cost, non-current

	As of	
	December 31, 2023	December 31, 2022
Corporate bond	$50,000	$-
Time deposit	68,484	69,162
Others	591	590
Total	$119,075	$69,752

Financial assets measured at amortized cost include corporate bonds and time deposits with original maturities more than one year or security deposit. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge and Note 12 for details on credit risk management.

(8) Property, plant and equipment

	As of	
	December 31, 2023	December 31, 2022
Property, plant and equipment for its own use	$552,569	$514,367

	Land	Buildings and facilities	Machinery	Computer equipment	Office furniture and fixtures	Miscellaneous equipment	Total
Cost:							
As of January 1, 2023	$33,576	$599,802	$66,414	$123,935	$36,440	$1,844	$862,011
Additions	-	7,877	31,827	68,505	1,847	-	110,056
Disposals	-	(3,961)	(4,895)	(54,386)	-	(675)	(63,917)
Reclassifications	-	-	-	14,968	(14,968)	-	-
Exchange effect	-	(1,104)	-	(286)	(488)	-	(1,878)
As of December 31, 2023	$33,576	$602,614	$93,346	$152,736	$22,831	$1,169	$906,272

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	Land	Buildings and facilities	Machinery	Computer equipment	Office furniture and fixtures	Miscellaneous equipment	Total
As of January 1, 2022	$33,576	$585,484	$62,910	$174,521	$25,023	$1,758	$883,272
Additions	-	10,768	7,087	30,517	11,277	-	59,649
Disposals	-	(6,667)	(3,583)	(82,424)	(115)	-	(92,789)
Transfers to expenses	-	-	-	(27)	(63)	-	(90)
Reclassifications	-	10,406	-	-	-	-	10,406
Exchange effect	-	(189)	-	1,348	318	86	1,563
As of December 31, 2022	$33,576	$599,802	$66,414	$123,935	$36,440	$1,844	$862,011
Depreciation and impairment:							
As of January 1, 2023	$-	$214,897	$31,139	$76,782	$23,327	$1,499	$347,644
Additions	-	21,300	14,605	30,443	4,526	243	71,117
Disposals	-	(3,961)	(4,895)	(54,350)	-	(675)	(63,881)
Reclassifications	-	-	-	12,124	(12,124)	-	-
Exchange effect	-	(550)	-	(170)	(455)	(2)	(1,177)
As of December 31, 2023	$-	$231,686	$40,849	$64,829	$15,274	$1,065	$353,703
As of January 1, 2022	$-	$195,985	$23,065	$125,601	$19,631	$1,120	$365,402
Additions	-	25,585	11,657	32,711	3,572	295	73,820
Disposals	-	(6,667)	(3,583)	(82,424)	(115)	-	(92,789)
Exchange effect	-	(6)	-	894	239	84	1,211
As of December 31, 2022	$-	$214,897	$31,139	$76,782	$23,327	$1,499	$347,644
Net carrying amount as of:							
December 31, 2023	$33,576	$370,928	$52,497	$87,907	$7,557	$104	$552,569
December 31, 2022	$33,576	$384,905	$35,275	$47,153	$13,113	$345	$514,367

Note:

a. Significant components of buildings are main building structure, air conditioning units and elevators, which are depreciated based on their useful lives over 51 years, 8 years, and 6-16 years, respectively.

b. Property, plant and equipment were not pledged.

(9) Intangible assets

	Software	
	For the years ended December 31	
	2023	2022
Cost		
Beginning balance	$1,187,697	$876,645
Addition－acquired separately	440,696	457,717
Decrease－derecognition	(22,530)	(159,312)
Exchange effect	2,992	12,647
Ending balance	$1,608,855	$1,187,697
Accumulated Amortization		
Beginning balance	$572,712	$371,596
Amortization	378,583	353,856
Decrease－derecognition	(22,530)	(159,312)
Exchange effect	(3,190)	6,572
Ending balance	$925,575	$572,712
Net carrying amount as of:		
December 31, 2023	$683,280	
December 31, 2022	$614,985	

The amortization expenses of intangible assets are as follows:

	For the years ended December 31	
	2023	2022
Operating costs	$12,890	$-
Operating expenses		
Selling expenses	909	168
Administrative expenses	8,742	48,887
Research and development expenses	356,042	304,801
Total	$378,583	$353,856

(10) Other non-current assets

	As of	
	December 31, 2023	December 31, 2022
Long-term prepayments	$51,879	$111,560
Prepayment for equipment	-	33,070
Others	127	1,608
Total	$52,006	$146,238

The long-term prepayments were primarily attributable to several agreements which the Group entered into for certain silicon intellectual property license.

(11) Short-term loans

	As of	
	December 31, 2023	December 31, 2022
Unsecured bank loans	$94,872	$127,241
Interest rates applied	1.95~3.8%	3.8%

The Group's credit limit from short-term loans were NT$1,492,683 thousand and NT$1,372,529 thousand as of December 31, 2023 and 2022, respectively.

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(12) Long-term payables

The payables were primarily attributable to several agreements which the Group entered into for certain software license. As of December 31, 2023 and 2022, payments for future years are as follows:

	As of	
Year of payment	December 31, 2023	December 31, 2022
2023	$-	$298,091
2024	174,476	97,921
2025	58,551	44,875
2026	23,885	6,031
2027	6,806	-
2028	3,403	-
Subtotal	267,121	446,918
Less: Current portion (Recognized as other payables)	(174,476)	(298,091)
Total	$92,645	$148,827

(13) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries would make monthly contributions to the employees' individual pension accounts at the amounts not less than 6% of the employees' monthly wages. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China would contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT$53,371 thousand and NT51,049 thousand, respectively.

Defined benefit plan

The Company and its domestic subsidiaries adopted a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is insufficient to cover pension benefit calculated for employees eligible to retire in the next year, the Company and its domestic subsidiaries would make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT$0 to its defined benefit plan during the 12 months beginning after December 31, 2023.

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The average duration of the defined benefits plan obligation is 10 years and 11 years as of December 31, 2023 and 2022, respectively.

The summarization of defined benefit plan reflected in profit or loss is as follows:

	For the years ended December 31	
	2023	2022
Current service costs	$484	$1,065
Net interest expense on the net defined benefit liabilities (assets)	(483)	21
Total	$1	$1,086

Present value of defined benefit obligation and plan assets at fair value are as follows:

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Present value of defined benefit obligation	$121,006	$122,777	$139,999
Fair value of plan assets	(137,916)	(140,834)	(134,911)
Net defined benefit (assets) liabilities, non-current	$(16,910)	$(18,057)	$5,088

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Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
As of January 1, 2022	$139,999	$(134,911)	$5,088
Current service costs	1,065	-	1,065
Net interest expense (income)	702	(681)	21
Subtotal	141,766	(135,592)	6,174
Remeasurements of the net defined benefit liability/asset:			
Actuarial gains and losses arising from changes in financial assumptions	(10,122)	-	(10,122)
Experience adjustments	(738)	-	(738)
Remeasurements of defined benefit asset	-	(9,797)	(9,797)
Subtotal	(10,860)	(9,797)	(20,657)
Benefits paid	(8,129)	8,129	-
Contributions by employer	-	(3,574)	(3,574)
As of December 31, 2022	122,777	(140,834)	(18,057)
Current service costs	484	-	484
Net interest expense (income)	1,695	(2,178)	(483)
Subtotal	124,956	(143,012)	(18,056)
Remeasurements of the net defined benefit liability/asset:			
Actuarial gains and losses arising from changes in financial assumptions	7,315	-	7,315
Experience adjustments	(5,640)	-	(5,640)
Remeasurements of defined benefit asset	-	(529)	(529)
Subtotal	1,675	(529)	1,146
Benefits paid	(5,625)	5,625	-
As of December 31, 2023	$121,006	$(137,916)	$(16,910)

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of	
	December 31, 2023	December 31, 2022
Discount rate	1.1960%	1.6970%
Expected rate of salary increases	3.50%	3.50%

A sensitivity analysis for significant assumption as of December 31, 2023 and 2022 is as shown below:

	Effect on the defined benefit obligation			
	2023		2022	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rates increase by 0.25%	$-	$3,132	$-	$3,300
Discount rates decrease by 0.25%	3,243	-	3,421	-
Expected salary increase by 0.5%	6,327	-	6,711	-
Expected salary decrease by 0.5%	-	5,967	-	6,312

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(14) Equity

A. Capital stock

The Company's authorized capital were NT$6,000,000 thousand, divided into 600,000 thousand shares (including 55,000 thousand shares reserved for exercise of employee stock options), as of December 31, 2023 and 2022, each at a par value of NT$10.

The Company's issued capital were NT$2,485,503 thousand, divided into 248,550 thousand shares, as of December 31, 2023 and 2022. Each share has one voting right and a right to receive dividends.

On December 12, 2023, a resolution was passed by the Board of Directors to increase the capital by cash and issue 12,000 thousand ordinary shares at par value of NT$10. Which has been approved by the FSC. The tentative offering price per share is NT$280, the actual issue price shall be determined in accordance with the relevant regulations, as of the issuance date of the financial statements, the record date for capital increase has not been determined yet.

B. Additional paid-in capital

	As of	
	December 31, 2023	December 31, 2022
Premiums in excess of par	$594,782	$594,782
Change in subsidiaries' ownership	108,352	108,352
Employee stock option and others	2,566	2,566
Total	$705,700	$705,700

According to the Company Act, the additional paid-in capital shall not be used except for offsetting deficit of the company. When a company does not have deficit, it may distribute the additional paid-in capital derived from the issuance of new shares at premiums in excess of par or income from endowments received by the Company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Reserve for tax payments;
b. Offset accumulated losses in previous years, if any;
c. Legal reserve, which is 10% of leftover profits;
d. Allocation or reverse of special reserves as required by law or government authorities;
e. The remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. Except partial retained earnings will be distributed in future years, the distribution proposal is resolved by shareholder's meeting.

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The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition, and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. The Company is in the growth stage, in order to plan for future funding requirement and long-term financial planning, and to satisfy shareholders' need for cash dividend, cash dividends shall not be less than 10% of total dividends for distribution.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company does not have deficit, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the board meeting and shareholders' meeting on February 20, 2024, and May 24, 2023, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2023	2022	2023	2022
Legal reserve	$158,856	$247,112	$-	$-
Common stock-cash dividend	1,118,476	1,242,752	4.5	5.0

Please refer to Note 6(19) for more details on employees' compensations and the remunerations to directors.

D. Non-controlling interests

	For the years ended December 31	
	2023	2022
Beginning balance	$369,411	$315,327
(Losses) income attributable to non-controlling interests	(28,188)	55,871
Other comprehensive income (losses), attributable to non-controlling interests, net of tax:		
Exchange differences on translation of foreign operations	(4,371)	5,093
Cash dividend distributed by the subsidiaries	-	(50,061)
Issuance of employee stock options by the subsidiaries	(15,693)	43,181
Ending balance	$321,159	$369,411

(15) Share-based payment plans

A. Share-based payment plans of the subsidiary, Artery Technology Corporation

On December 9, 2021, shareholders of the subsidiary Artery Technology Corporation resolved in their special shareholders' meeting for the change of the denomination of common shares from one common share with a par value of US$1 per share to 6 common shares with a par value of NT$10 per share. In the same year, on December 27, 2021, the board of directors issued and granted 2,442 thousand units of stock options to those who meet certain conditions, and each option unit could subscribe one common share of Artery Technology Corporation (collectively, the "2021 Stock Option Plan"). The option holders may exercise the option rights upon two-year maturity from the grant of the options and from the date the shares of Artery Technology Corporation are primary listed on the Taiwan Stock Exchange or on the Taipei Exchange. When an employee exercises a stock option, a new share will be issued. On December 15, 2023, a resolution was passed by the Board of Directors to extend the duration of the stock options from six years to ten years in response to the needs of long-term plan.

Artery Technology Corporation estimates compensation cost with the fair value method and uses the Black-Scholes option pricing model to estimate the fair value of the stock options on the grant date, with parameters and assumptions in consideration of the terms and conditions of the stock option plans.

The contract term of the aforementioned stock option plans is ten years and no cash settlement option is available. Artery Technology Corporation did not have a prior practice of cash settlement of the stock options under these plans.

The information related to the aforementioned share-based payment plan is as follows:

Grant date of stock options	Total number of units issued (units in thousands)	Exercise price per unit (dollar)
December 27, 2021	2,442	NT$10

In view of the aforementioned share-based payment plans, the valuation model and assumptions applied are as follows:

	Granted on December 27, 2021
Dividend yield (%)	0%
Expected volatility (%)	50.63%
Risk-free interest rates (%)	0.4082%
Expected life of stock options (year)	2 years
Fair value of stock option (NT$)	NT$44.74
Option pricing model	Black-Scholes option pricing model

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

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Details of Artery Technology Corporation's stock option plans are as follows:

	For the years ended December 31			
	2023		2022	
	Number of stock options (in thousand units)	Weighted average exercise price (NT$)	Number of stock options (in thousand units)	Weighted average exercise price (NT$)
Options outstanding as of January 1	2,442	$10	2,442	$10
Options granted in the current period	-	-	-	-
Options forfeited in the current period	(141)	-	-	-
Options outstanding as of December 31	2,301	10	2,442	10
Options exercisable as of December 31	-		-	
Weighted average fair value of options granted in the current period(NT$)	$-		$-	

The information on the abovementioned share-based payment plans as of December 31, 2023 and 2022 is as follows:

	Range of execution price/per unit	Weighted average remaining life (years)
As of December 31, 2023		
Options outstanding	NT$10	4
As of December 31, 2022		
Options outstanding	NT$10	5

B. The expenses related to the share-based payment plans are as follows:

	For the years ended December 31	
	2023	2022
Stock options	$(15,693)	$43,181

(16) Operating revenue

Analysis of revenue from contracts with customers for the years ended December 31, 2023 and 2022 is as follows:

(1) Disaggregation of revenue

	For the years ended December 31	
	2023	2022
Sale of goods	$8,839,413	$10,002,490
Rendering of services	1,724,577	1,719,859
Silicon intellectual property license	1,401,584	1,342,806
Total	$11,965,574	$13,065,155
Timing of revenue recognition:		
At a point in time	$9,522,567	$10,900,777
Over time	2,443,007	2,164,378
Total	$11,965,574	$13,065,155

(2) Contract balances

A. Contract assets – current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Rendering of services	$2,961	$4,173	$33,288

The significant changes in the Group's balances of contract assets for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31	
	2023	2022
The opening balance transferred to accounts receivable	$1,229	$33,288
Change in the progress of completion	-	3,778
Exchange rate changes	17	395

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B. Contract liabilities – current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	$428,138	$888,221	$769,005
Rendering of services	332,592	414,048	541,480
Silicon intellectual property license	26,380	149,997	235
Total	$787,110	$1,452,266	$1,310,720

The significant changes in the Group's balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31	
	2023	2022
The opening balance transferred to revenue	$1,296,205	$1,196,151
Increase in receipts in advance during the period (netting the amount incurred and transferred to revenue during the same period)	631,049	1,337,697

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2023 and 2022, there is no need to provide relevant information of the unsatisfied performance obligations as the contract terms with customers about the sales of goods are all shorter than one year. Besides, the summarized amount of transaction price allocated to unsatisfied performance obligations about rendering of services and silicon intellectual property license were NT$2,531,134 thousand and NT$2,729,784 thousand, respectively. The Group will recognize revenue based on the stage of completion of the contracts. Those contracts are expected to complete within the next 1 to 1.5 years.

D. Assets recognized from costs to fulfil a contract

	As of	
	December 31, 2023	December 31, 2022
Costs to fulfil a contract, current	$110,758	$123,358

The costs to fulfil a contract are the costs incurred by the Group for non-recurring engineering projects and will be recognized as operating costs when the performance obligations are satisfied.

For the years ended December 31, 2023 and 2022, amortization expenses amounted to NT$101,512 thousand and NT$183,485 thousand are recognized as operating costs, respectively.

(17) Expected credit losses

	For the years ended December 31	
	2023	2022
Operating expenses – Expected credit losses		
Contract assets	$-	$-
Accounts receivable	(6,116)	(14,041)
Total	$(6,116)	$(14,041)

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its contract assets and accounts receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessments of the Group's loss allowance as of December 31, 2023 and 2022 are as follows:

i. the loss allowance of contract assets is measured at an amount equal to lifetime expected credit losses, details are as follows:

	As of	
	December 31, 2023	December 31, 2022
Gross carrying amount	$6,004	$7,216
Expected credit loss rates	0%~100%	0%~100%
Loss allowance	(3,043)	(3,043)
Carry amount	$2,961	$4,173

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ii. the Group considers the grouping of accounts receivables by counterparties' credit rating, by geographical region and by industry sector, and its loss allowance is measured by using a provision matrix, details are as follows:

2023.12.31

Group 1		Overdue					
	Not yet due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$1,379,982	$103,188	$13,801	$6,480	$4,359	$25,965	$1,533,775
Expected credit loss rates	-%	-%	2%	10%	50%	100%	
Lifetime expected credit losses	-	-	276	648	2,180	25,965	29,069
Subtotal	$1,379,982	$103,188	$13,525	$5,832	$2,179	$-	$1,504,706

Group 2		Overdue							
	Not yet due	<=120 days	121-150 days	151-180 days	181-210 days	211-270 days	271-300 days	>=301 days	Total
Gross carrying amount	$14,375	$38,971	$-	$-	$-	$-	$6,746	$-	$60,092
Expected credit loss rates	-%	-%	-%	2%	10%	50%	80%	100%	
Lifetime expected credit losses	-	-	-	-	-	-	5,397	-	5,397
Subtotal	$14,375	$38,971	$-	$-	$-	$-	$1,349	$-	$54,695
Carrying amount									$1,559,401

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2022.12.31

Group 1		Overdue					
	Not yet due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$998,827	$183,959	$41,395	$28,656	$2,085	$23,614	$1,278,536
Expected credit loss rates	-%	-%	2%	10%	50%	100%	
Lifetime expected credit losses	-	-	828	2,866	1,042	23,614	28,350
Subtotal	$998,827	$183,959	$40,567	$25,790	$1,043	$-	$1,250,186

Group 2		Overdue							
	Not yet due	<=120 days	121-150 days	151-180 days	181-210 days	211-270 days	271-300 days	>=301 days	Total
Gross carrying amount	$52,521	$51,009	$-	$-	$-	$-	$-	$-	$103,530
Expected credit loss rates	-%	-%	-%	2%	10%	50%	80%	100%	
Lifetime expected credit losses	-	-	-	-	-	-	-	-	-
Subtotal	$52,521	$51,009	$-	$-	$-	$-	$-	$-	$103,530
Carrying amount									$1,353,716

iii. The movements in the provision for impairment of contract assets and accounts receivable for the years ended December 31, 2023 and 2022 are as follows:

	Contract assets	Accounts receivable
As of January 1, 2023	$3,043	$28,350
Increase for the current period	-	6,116
As of December 31, 2023	$3,043	$34,466
As of January 1, 2022	$15,202	$26,108
Increase for the current period	-	14,041
Write-off	(12,159)	(11,799)
As of December 31, 2022	$3,043	$28,350

(18) Leases

The Group as lessee

The Group leases various properties, including real estate such as land and buildings, transportation equipment and office equipment. These leases have terms between 2 and 38 years.

The effect that leases have on the financial position, financial performance and cash flows of the Group are as follows:

A. Amounts recognized in the balance sheet

(a) Right-of-use asset

The carrying amount of right-of-use assets

	As of	
	December 31, 2023	December 31, 2022
Land	$163,379	$184,663
Buildings and facilities	147,180	68,841
Transportation equipment	476	1,617
Office equipment	234	362
Total	$311,269	$255,483

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During the years ended December 31, 2023 and 2022, the additions to right-of-use assets of the Group amounted to NT$117,551 thousand and NT$89,242 thousand, respectively.

(b) Lease liabilities

	As of	
	December 31, 2023	December 31, 2022
Lease liabilities	$228,919	$267,241
Lease liabilities-current	$29,246	$49,862
Lease liabilities-noncurrent	199,673	217,379
Total	$228,919	$267,241

Please refer to Note 6 (20) for the interest on lease liabilities recognized during the years ended December 31, 2023 and 2022 and refer to Note 12 (5) for the maturity analysis for lease liabilities as of December 31, 2023 and 2022.

B. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended December 31	
	2023	2022
Land	$5,231	$5,431
Buildings and facilities	45,506	38,433
Transportation equipment	1,141	1,141
Office equipment	128	31
Total	$52,006	$45,036

C. Income and costs relating to leasing activities

	For the years ended December 31	
	2023	2022
The expense relating to short-term leases	$8,121	$6,846

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D. Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases amounted to NT$163,814 thousand and NT$51,957 thousand, respectively.

E. Other information relating to leasing activities

Extension option

Some of the Group's property rental agreement contain extension options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with period covered by an option to extend the lease if the Group is reasonably certain to exercise that option. The options are used to maximize operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group. After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(19) Summary statement of employee benefits, depreciation and amortization expenses by function:

	For the years ended December 31					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$99,583	$1,964,800	$2,064,383	$86,768	$2,175,335	$2,262,103
Labor and health insurance	9,073	154,334	163,407	6,865	142,703	149,568
Pension	3,033	50,339	53,372	2,436	49,699	52,135
Others	1,654	39,337	40,991	1,345	42,008	43,353
Depreciation	1,273	121,850	123,123	1,048	117,808	118,856
Amortization	12,890	365,693	378,583	-	353,856	353,856

A resolution was approved in the Shareholders' meeting to amend the Company's Article of Incorporation on May 24, 2023, no less than 1% of profit of the current year is distributable as employees' compensation and no more than 2% of profit of the current year is distributable as remuneration to directors. According to the Company's Article of Incorporation before May 24, 2023, no less than 10% of profit of the current year is distributable as employees' compensation and no more than 2% of profit of the current year is distributable as remuneration to directors. However, before distributing employees' compensation and remuneration to directors, the Company's profit should offset its accumulated losses, if any. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended December 31, 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors to be NT$237,433 thousand and NT$2,681 thousand, respectively, which were recognized as payroll expenses. The Company recognized the amounts of the employees' compensation and remuneration to directors to be NT$237,433 thousand and NT$2,681 thousand for the year ended December 31, 2023.

Based on profit of the year ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors to be NT$367,486 thousand and NT$6,333 thousand, respectively, which were recognized as payroll expenses. The Company recognized the amounts of the employees' compensation and remuneration to directors to be NT$367,486 thousand and NT$6,333 thousand for the year ended December 31, 2022.

A resolution was approved in a meeting of the Board of Directors held on February 20, 2024 to distribute NT$237,433 thousand and NT$2,681 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no differences between the aforementioned approved amounts and the amounts charged against earnings in 2023.

A resolution was approved in a meeting of the Board of Directors held on February 21, 2023 to distribute NT$367,486 thousand and NT$6,333 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no differences between the aforementioned approved amounts and the amounts charged against earnings in 2022.

(20) Non-operating income and expenses

A. Interest income

	For the years ended December 31	
	2023	2022
Interest income		
Financial assets measured at amortized cost	$65,224	$33,175

B. Other income

	For the years ended December 31	
	2023	2022
Dividend income	$72,163	$90,321
Other income-others	32,466	24,751
Total	$104,629	$115,072

C. Other gains and losses

	For the years ended December 31	
	2023	2022
Foreign exchange (losses) gains	$(15,421)	$11,736
Gains (losses) on financial assets and liabilities at fair value through profit or loss	5,022	(6,303)
Others	(31,563)	(11,255)
Total	$(41,962)	$(5,822)

D. Finance costs

	For the years ended December 31	
	2023	2022
Interest expenses on bank loans	$6,060	$-
Interest expenses on lease liabilities	7,247	6,367
Total	$13,307	$6,367

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(21) Components of other comprehensive income

For the year ended December 31, 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	$(1,146)	$-	$(1,146)	$229	$(917)
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income	620,784	-	620,784	-	620,784
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(44,849)	-	(44,849)	8,096	(36,753)
Total other comprehensive income	$574,789	$-	$574,789	$8,325	$583,114

For the year ended December 31, 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	$20,657	$-	$20,657	$(4,132)	$16,525
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income	(962,156)	-	(962,156)	-	(962,156)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	75,557	-	75,557	-	75,557
Total other comprehensive income	$(865,942)	$-	$(865,942)	$(4,132)	$(870,074)

(22) Income tax

The major components of income tax expense are as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended December 31	
	2023	2022
Current income tax expense:		
Current income tax payable	$547,071	$539,031
Adjustments in respect of current income tax of prior periods	1,009	(769)
Deferred tax expense (income):		
Deferred tax income related to origination and reversal of temporary differences	(39,783)	11,641
Others	763	(2,899)
Total income tax expense	$509,060	$547,004

Income tax recognized in other comprehensive income

	For the years ended December 31	
	2023	2022
Deferred tax (income) expense:		
Exchange differences on translation of foreign operations	$(8,096)	$-
Remeasurements of defined benefit plans	(229)	4,132
Income tax relating to the components of other comprehensive income	$(8,325)	$4,132

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Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31	
	2023	2022
Accounting profit before tax from continuing operations	$2,070,344	$3,057,472
Tax at the statutory rates applicable to profits in the perspective tax jurisdictions	$550,168	$704,186
Tax effect of revenues exempted from taxation	(52,933)	(30,672)
Tax effect of deferred tax assets/liabilities	31,054	(24,029)
Adjustments in respect of current income tax of prior periods	1,009	(769)
Tax credits	(29,682)	(130,000)
Tax effect of withholding tax under other tax jurisdiction	7,753	25,254
Others	1,691	3,034
Total income tax expense recognized in profit or loss	$509,060	$547,004

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Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance as of January 1, 2023	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2023
Temporary differences				
Unrealized exchange loss	$3,474	$5,411	$-	$8,885
Unrealized exchange gain	-	(2,838)	-	(2,838)
Unrealized (realized) gain from sales	11,673	3,812	-	15,485
Unrealized allowance for inventory valuation and obsolescence losses	13,233	27,213	-	40,446
Valuation gain/ loss on financial assets/ liabilities at fair value through profit or loss	379	(1,838)	-	(1,459)
Defined benefit liabilities	-	(229)	229	-
Unrealized bad debts expense	3,385	(3,385)	-	-
Impairment loss on financial assets	7,953	609	-	8,562
Investment income accounted for using equity method	(22,125)	(8,949)	-	(31,074)
Investment loss accounted for using equity method	-	23,091	-	23,091
Exchange differences on translation of foreign operations	-	-	8,096	8,096
Others	7,248	(3,114)	-	4,134
Deferred tax expense		$39,783	$8,325	
Net deferred tax assets/(liabilities)	$25,220			$73,328
Reflected in balance sheet as follows:				
Deferred tax assets	$47,345			$108,699
Deferred tax liabilities	$(22,125)			$(35,371)

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For the year ended December 31, 2022

	Beginning balance as of January 1, 2022	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2022
Temporary differences				
Unrealized exchange loss	$781	$2,693	$-	$3,474
Unrealized exchange gain	(8,111)	8,111	-	-
Unrealized (realized) gain from sales	(198)	11,871	-	11,673
Unrealized allowance for inventory valuation and obsolescence losses	10,631	2,602	-	13,233
Valuation gain/ loss on financial assets/ liabilities at fair value through profit or loss	(285)	664	-	379
Defined benefit liabilities	1,018	3,114	(4,132)	-
Unrealized bad debts expense	2,000	1,385	-	3,385
Depreciation difference for tax purposes	346	(346)	-	-
Impairment loss on financial assets	7,953	-	-	7,953
Investment income accounted for using equity method	-	(22,125)	-	(22,125)
Others	3,576	3,672	-	7,248
Deferred tax expense		$11,641	$(4,132)	
Net deferred tax assets/(liabilities)	$17,711			$25,220
Reflected in balance sheet as follows:				
Deferred tax assets	$26,305			$47,345
Deferred tax liabilities	$(8,594)			$(22,125)

The following table contains information of the unused tax losses of the Group:

Year	Accumulated loss	Unutilized accumulated loss as of December 31, 2023	Unutilized accumulated loss as of December 31, 2022	Expiration Year
2013	$8,763	$-	$8,763	2023
2015	66,089	66,089	66,089	2025
2016	11,777	11,537	11,537	2026
2017	19,544	19,544	19,544	2027
2018	14,435	14,435	14,435	2028
2019	479	479	479	2029
2020	28,888	28,888	28,888	2030
2021	69	69	69	2031
2022	166	166	166	2032
		$141,207	$149,970	

Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets that were not recognized amounted to NT$140,723 thousand and NT$165,472 thousand, respectively.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

As of December 31, 2022, the Group did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Company's overseas subsidiaries, as the Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. The taxable temporary differences associated with an investment in subsidiaries, for which deferred tax liabilities have not been recognized, amounted to NT$36,407 thousand, respectively.

The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2021
Chih-Hung Investment Corporation	Assessed and approved up to 2021
Sheng Bang Investment Corporation	Assessed and approved up to 2021
Grain Media Inc.	Assessed and approved up to 2021
Innopower Technology Corporation	Assessed and approved up to 2021
Artery Technology Company	Assessed and approved up to 2021

(23) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent entity by the weighted-average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted-average number of ordinary shares outstanding during the period plus the weighted-average number of ordinary shares that would be issued assuming all the dilutive potential ordinary shares were converted into ordinary shares.

	For the years ended December 31 2023	For the years ended December 31 2022
(a) Basic earnings per share		
Profit attributable to ordinary equity owners of the parent (in thousand NT$)	$1,589,472	$2,454,597
Weighted-average number of ordinary shares outstanding for basic earnings per share (in thousands)	248,550	248,550
Basic earnings per share (NT$)	$6.39	$9.88
(b) Diluted earnings per share		
Profit attributable to ordinary equity owners of the parent (in thousand NT$)	$1,589,472	$2,454,597
Weighted-average number of ordinary shares outstanding for basic earnings per share (in thousands)	248,550	248,550
Effect of dilution:		
Employee compensation (in thousands)	929	2,682
Weighted-average number of ordinary shares outstanding after dilution (in thousands)	249,479	251,232
Diluted earnings per share (NT$)	$6.37	$9.77

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

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7. Related Party Transactions

Information of the related parties that had transactions with the Group during the financial reporting years is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
United Microelectronics Corporation	Entity with joint control or significant influence over the Company
United Semiconductor Japan Co., Ltd.	Other related parties
HeJian Technology (Suzhou) Co., Ltd.	Other related parties
Wavetek Microelectronics Corporation	Other related parties
United Semiconductor (Xiamen) Co., Ltd.	Other related parties
Unitedds Semiconductor (Shandong) Co., Ltd.	Other related parties

Significant transactions with the related parties

(1) Operating revenues

	For the years ended December 31	
	2023	2022
Entity with joint control or significant influence over the Company	$746,787	$732,338
Other related parties	88,804	86,007
Total	$835,591	$818,345

The Group's sales terms were month-end 30-60 days for non-related parties, while month-end 60 days for related parties. Selling prices for related parties were different from each other and a direct comparison was impractical since the products or services were customized based on each order.

(2) Purchases

	For the years ended December 31	
	2023	2022
United Microelectronics Corporation	$1,569,882	$3,913,483
United Semiconductor (Xiamen) Co., Ltd.	1,514,543	1,490,099
Other related parties	10,187	144,622
Total	$3,094,612	$5,548,204

The purchase price to the related parties above was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are month-end 45-60 days.

(3) Rental expenses

	For the years ended December 31	
	2023	2022
Entity with joint control or significant influence over the Company	$4,720	$4,325

The Group leases offices from related parties, the transaction terms are negotiated by both parties, and the rent is paid on a monthly basis.

(4) Research expenses

	For the years ended December 31	
	2023	2022
Entity with joint control or significant influence over the Company	$39,501	$24,729
Other related parties	4,785	-
Total	$44,286	$24,729

The payment terms from the related party suppliers are month-end 45-60 days.

(5) Testing expenses

	For the years ended December 31	
	2023	2022
Entity with joint control or significant influence over the Company	$641	$51
Other related parties	-	748
Total	$641	$799

The payment terms from the related party suppliers are month-end 45-60 days.

(6) Accounts receivable - related parties, net

	As of	
	December 31, 2023	December 31, 2022
United Microelectronics Corporation	$277,008	$189,927

(7) Acquisition of intangible assets

	For the years ended December 31	
	2023	2022
Other related parties	$-	$865

(8) Refundable deposits

	As of	
	December 31, 2023	December 31, 2022
Entity with joint control or significant influence over the Company	$778	$778

(9) Accounts payable - related parties

	As of	
	December 31, 2023	December 31, 2022
United Microelectronics Corporation	$170,223	$313,455
United Semiconductor (Xiamen) Co., Ltd.	180,337	193,127
Other related parties	1,660	3,805
Total	$352,220	$510,387

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(10) Other payables

	As of	
	December 31, 2023	December 31, 2022
Entity with joint control or significant influence over the Company	$3,367	$-

(11) Key management personnel compensation

	For the years ended December 31	
	2023	2022
Short-term employee benefits	$147,015	$189,840
Post-employment benefits	981	1,359
Total	$147,996	$191,199

8. Assets Pledged as Collateral

The Group's assets pledged as collateral were as follows:

	Carrying amount as of		
Assets pledged for security	December 31, 2023	December 31, 2022	Secured liabilities
Financial assets measured at amortized cost	$15,135	$15,072	Custom clearance deposit
Financial assets measured at amortized cost	10,060	10,000	Science Park Administration land rental deposits
Financial assets measured at amortized cost	591	590	Office rental deposit
Total	$25,786	$25,662	

9. Significant Contingencies and Unrecognized Contractual Commitments

None.

10. Losses Due to Major Disasters

None.

11. Significant Subsequent Events

A resolution was passed on the Company's board meeting held on January 15, 2024 to increase the share capital of the subsidiary, Sheng Bang Investment Corporation, by cash in the amount of NT$700,000 thousand. On the same day, another resolution was passed by the Board of Directors that, to cope with the Group's operating strategy and achieve strategic investment and layout synergy, the subsidiary, Sheng Bang Investment Corporation, is expected to acquire 100% of the ordinary shares of Solid Silicon Technology LLC dba Aragio Solution at a transaction price of US$20,000 thousand in total.

12. Others

(1) Categories of financial instruments

Financial assets

	As of	
	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$29,590	$21,889
Financial assets at fair value through other comprehensive income	2,574,066	1,953,282
Financial assets measured at amortized cost (Note)	7,599,703	6,591,178
Total	$10,203,359	$8,566,349

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Financial liabilities

	As of	
	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss:		
Held for trading	$-	$1,896
Financial liabilities measured at amortized cost:		
Short-term loans	94,872	127,241
Accounts payable (including related parties)	998,792	1,129,323
Other payables	868,942	932,802
Long-term payables	92,645	148,827
Lease liabilities	228,919	267,241
Total	$2,284,170	$2,607,330

Note: Including cash and cash equivalents (exclude cash on hand), notes receivable, accounts receivable, other receivables, refundable deposits and financial assets measured at amortized cost, non-current.

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk exposures.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is achieved. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 10%, the profit for the years ended December 31, 2023 and 2022 would decrease/increase by NT$67,676 thousand and NT$63,328 thousand, respectively.

When NTD strengthens/weakens against RMB by 10%, the profit for the years ended December 31, 2023 and 2022 would decrease/increase by NT$171,453 thousand and NT$187,897 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates primarily related to the Group's debt instrument investments at variable and fixed interest rates and bank loans with variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and loans with variable interest rates. At the reporting date, a rise/fall of 0.1% of interest rate in a reporting period could cause the profit for the years ended December 31, 2023 and 2022 to decrease/increase by NT$5,739 thousand and NT$4,815 thousand, respectively.

Equity price risk

The Group's unlisted equity securities and other investments are susceptible to market price risk arising from uncertainties about future values of the investment objectives. The Group's unlisted equity securities and other investment are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Group manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Group's top management for reviews and approvals on a regular basis.

Please refer to Note 12(9) for sensitivity analysis information of equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for contract assets, accounts receivable and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all trading partners based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain trading partners' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of December 31, 2023 and 2022, top ten customers represented 65% and 61% of the total contract assets and accounts receivable of the Group, respectively. The credit concentration risk of other contract assets and accounts receivable is insignificant.

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Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for contract assets and the trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis. An assessment is made at each reporting date as to whether the credit risk has substantially increased in order to determine the method of measuring the loss allowance and the loss ratio. The measurement indicators of the Group are described as follows:

Level of credit risk	Indicator	Measurement method for expected credit losses	Loss rate	Gross carrying amount As of December 31, 2023	Gross carrying amount As of December 31, 2022
Low credit risk	Rated as twAA-	12-month expected credit losses	0%	$50,000	$-
Simplified approach (Note)	Not applicable	Lifetime expected credit losses	0%-100%	$1,599,871	$1,389,282

Note: By using simplified approach loss allowance (lifetime expected credit losses) is measured at contract assets, notes receivables and accounts receivables.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amounts include the contractual interest.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2023					
Short-term loans	$96,289	$-	$-	$-	$96,289
Accounts payable (including related parties)	998,792	-	-	-	998,792
Other payables	868,942	-	-	-	868,942
Long-term payables	-	82,436	10,209	-	92,645
Lease liabilities	32,082	24,880	17,638	229,588	304,188
As of December 31, 2022					
Short-term loans	$128,124	$-	$-	$-	$128,124
Accounts payable (including related parties)	1,129,323	-	-	-	1,129,323
Other payables	932,802	-	-	-	932,802
Long-term payables	-	142,796	6,031	-	148,827
Lease liabilities	52,337	43,662	15,973	231,614	343,586

Derivative financial assets (liabilities)

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2023					
Inflows	$450,824	$-	$-	$-	$450,824
Outflows	(443,530)	-	-	-	(443,530)
Net	$7,294	$-	$-	$-	$7,294
As of December 31, 2022					
Inflows	$432,246	$-	$-	$-	$432,246
Outflows	(434,142)	-	-	-	(434,142)
Net	$(1,896)	$-	$-	$-	$(1,896)

The table above contains the undiscounted net cash flows of derivative financial instruments.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for year ended December 31, 2023:

	Short-term loans	Lease liabilities
As of January 1, 2023	$127,241	$267,241
Cash flows	(30,083)	(148,446)
Non-cash flows		
Additions	-	117,551
Lease modification	-	(1,366)
Exchange rate changes	(2,286)	(6,061)
As of December 31, 2023	$94,872	$228,919

Reconciliation of liabilities for year ended December 31, 2022:

	Short-term loans	Lease liabilities
As of January 1, 2022	$-	$218,947
Cash flows	127,241	(38,744)
Non-cash flows		
Additions	-	89,242
Lease modification	-	(3,032)
Exchange rate changes	-	828
As of December 31, 2022	$127,241	$267,241

(7) Fair values of financial instruments

a. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

i. The carrying amount of cash and cash equivalents, notes receivable and accounts receivable, other receivables, short-term loans, accounts payable and other payables approximate their fair value due to their short maturities.

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ii. Fair value of equity instruments (including unlisted equity securities) without active market and market quotations cannot be reliably measured. Its amount is estimated using the market approach or asset approach based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information.

iii. The financial assets measured at amortized cost, long-term payables and lease liabilities are determined by discounted cash flow analysis. The Group estimates the fair value based on book value due to the insignificant difference between the fair value from discounted cash flow analysis and carrying amount.

iv. The fair value of derivative financial instrument is based on market quotations. For unquoted derivatives that are not options, the fair value is determined based on discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the option pricing model.

b. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial instruments measured at amortized cost, except for cash and cash equivalents, accounts receivable, short-term borrowings, accounts payable and other current liabilities approximate their fair value. The table below lists the fair value of other financial assets measured at amortized cost:

	Carrying amount		Fair value	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Financial assets:				
Financial assets measured at amortized cost				
Corporate Bond	$50,000	$-	$49,870	$-

c. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2023 and 2022 is as follows:

Forward currency contracts

The Group entered into forward exchange contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward exchange contracts:

Items (by contract)	Notional Amount	Contract Period
As of December 31, 2023		
Forward currency contract	Sell USD 12,000 thousand	From December 4, 2023 to January 29, 2024
Forward currency contract	Sell RMB 17,509 thousand	From November 21, 2023 to January 31, 2024
As of December 31, 2022		
Forward currency contract	Sell USD 20,000 thousand	From December 6, 2022 to January 17, 2023
Forward currency contract	Sell RMB 15,000 thousand	From December 9, 2022 to January 13, 2023

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

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For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	$-	$7,294	$-	$7,294
Funds	-	-	22,296	22,296
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	-	-	2,574,066	2,574,066

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Funds	$-	$-	$21,889	$21,889
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	-	-	1,953,282	1,953,282
Financial liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	$-	$1,896	$-	$1,896

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Movements of fair value measurement in Level 3 on recurring basis

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the year is as follows:

	Assets		
	At fair value through profit or loss	At fair value through other comprehensive income	
	Funds	Stocks	Total
As of January 1, 2023	$21,889	$1,953,282	$1,975,171
Total gains and losses recognized for the year ended December 31, 2023:			
Amount recognized in profit or loss ("other gains or losses")	407	-	407
Amount recognized in other comprehensive income ("Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income")	-	620,784	620,784
As of December 31, 2023	$22,296	$2,574,066	$2,596,362

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	Assets		
	At fair value through profit or loss	At fair value through other comprehensive income	
	Funds	Stocks	Total
As of January 1, 2022	$24,872	$2,915,438	$2,940,310
Total gains and losses recognized for the year ended December 31, 2022:			
Amount recognized in profit or loss ("other gains or losses")	(2,983)	-	(2,983)
Amount recognized in other comprehensive income ("Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income")	-	(962,156)	(962,156)
As of December 31, 2022	$21,889	$1,953,282	$1,975,171

Recognized as gain (loss) above, the gain (loss) from financial assets still held by the Group as of December 31, 2023 and 2022 was NT$407 thousand and NT$(2,983) thousand, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through profit or loss					
Fund	Net asset approach	Net asset approach	-	Not applicable	Not applicable
At fair value through other comprehensive income					
Stocks and others	Asset approach	Discount for lack of marketability and non-controlling interest	10%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability and non-controlling interest would result in decrease/increase in the Group's equity by NT$257,407 thousand

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through profit or loss					
Fund	Net asset approach	Net asset approach	-	Not applicable	Not applicable
At fair value through other comprehensive income					
Stocks and others	Asset approach	Discount for lack of marketability and non-controlling interest	10%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability and non-controlling interest would result in decrease/increase in the Group's equity by NT$195,328 thousand

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Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Financial assets measured at amortized cost				
Corporate Bond	$49,870	$-	$-	$49,870

(10) Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

Unit: in thousands

	As of December 31, 2023			As of December 31, 2022		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary items:						
USD	$43,799	30.71	$1,345,069	$43,993	30.70	$1,350,601
RMB	409,675	4.329	1,773,484	433,911	4.409	1,913,112

Unit: in thousands

	As of December 31, 2023			As of December 31, 2022		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial liabilities						
Monetary items:						
USD	$21,762	30.71	$668,304	$23,365	30.70	$717,317
RMB	13,619	4.329	58,955	7,744	4.409	34,144

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

Because there are several types of functional currencies within the Group, it is not practical to disclose the exchange gains and losses of monetary financial assets and liabilities by each significant asset and liability denominated in foreign currencies. The foreign exchange (loss) gain was NT$(15,421) thousand and NT$11,736 thousand for the years ended December 31, 2023 and 2022, respectively.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information related to significant transactions

Additional disclosures for information of the Group for the year ended December 31, 2023:

(a) Financing provided to others for the year ended December 31, 2023: None.

(b) Endorsement/Guarantee provided to others for the year ended December 31, 2023: Please refer to Attachment 1.

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(c) Securities held as of December 31, 2023: Please refer to Attachment 2.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2023: Please refer to Attachment 3.

(h) Receivables from related parties with amount exceeding the lower of NT$100 million or 20 percent of the capital stock as of December 31, 2023: Please refer to Attachment 4.

(i) Trading in derivative instruments: Please refer to Note 12.

(j) Other: Significant intercompany transactions between consolidated entities: Please refer to Attachment 5.

(2) Information on investees

Information on investees which significant influenced or controlled by the Group: Please refer to Attachment 6.

(3) Information on investments in Mainland China

(a) Investee company name, main business and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 7.

(b) Significant transaction to investee company in Mainland China for the year ended December 31, 2023:

i. Purchases amount and percentage, and related ending balance and percentage of payables: None.

ii. Sales amount and percentage, and related ending balance and related ending balance and percentage of receivables: Please refer to Attachment 5.

iii. Property transaction amount and occurred gain (loss): None.

iv. Ending balance and purpose of endorsement/guarantee provided for notes or collateral: None.

v. Highest balance, ending balance, interest rate interval and total interest amount in current period of financing: None.

vi. Other transactions with significant influence on current period income or financial position: Please refer to Attachment 5.

(4) Major shareholder information

Please refer to Attachment 8.

14. Segment information

(1) General Information

The products of the Company and its subsidiaries are all related to integrated circuit design products and the chief operating decision maker reviews the Group's operating results as a whole to make decisions about resources to be allocated and assess its performance; therefore, the Group is considered a single segment. The preparation basis of the segment is the same with the preparation of this financial statements, and the policies are the same with those mentioned in Note 4, Summary of Significant Accounting Policies.

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(2) Geographical information

a. Revenue from external customers

	For the years ended December 31	
	2023	2022
China	$4,897,026	$6,115,226
Taiwan	2,051,741	2,582,942
Japan	1,246,084	1,395,699
United States	307,266	399,811
Others	3,463,457	2,571,477
Total	$11,965,574	$13,065,155

The revenue information above is based on the locations of the customers.

b. Non-current assets

	As of	
	December 31, 2023	December 31, 2022
Taiwan	$1,404,775	$1,397,054
Others	194,349	134,019
Total	$1,599,124	$1,531,073

c. Major customers information

Individual customers accounting for at least 10% of net sales for the years ended December 31,2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Customer A	$1,738,350	$866,439
Customer B	1,494,366	1,247,607
Total	$3,232,716	$2,114,046

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ATTACHMENT 1 (Endorsement/Guarantee provided to others for the year period ended December 31, 2023)

Unit: New Taiwan Dollars in thousands and RMB in dollars

No. (Note 1)	Endorsor/Guarantor	Receiving party: Company name	Receiving party: Relationship (Note 2)	Limit of guarantee/endorsement amount for receiving party (Note 3)	Maximum balance for the period	Ending balance (Note 4)	Actual amount provided	Amount of collateral guarantee/endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/endorsement amount (Note 3)	Endorsement guarantee from parent company to subsidiary	Endorsement guarantee from the subsidiary to the parent company	Endorsement guarantee for mainland areas
1	Artery Technology Corporation	Artery Technology Corporation, Ltd.	4	$346,611	$200,250 (RMB 45,000,000)	$197,730 (RMB 45,000,000)	$70,922	$-	25.67%	$346,611	N	N	Y
2	Artery Technology Corporation	Artery Technology Company	4	$346,611	25,000	25,000	25,000	-	3.25%	346,611	N	N	N

Note 1: Faraday Technology Corporation and its subsidiaries are coded as follows:
1. Faraday Technology Corporation is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: There are the following 7 types of relationships between the endorsement guarantor and the object of the endorsement, and the type can be indicated:
1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: According to the regulations of Artery Technology Corporation's endorsement guarantee operation method:
1. Limit of total guarantee/endorsement amount shall not exceed 45% of Artery Technology Corporation's net worth as stated in the latest financial statements.
2. The amount of endorsements/guarantees for any single entity shall not exceed 45% of Artery Technology Corporation's net worth as stated in the latest financial statementst.
3. Artery Technology Corporation and its subsidiaries endorsements/guarantees to others shall not excess 45% of Artery Technology Corporation's net worth as stated in the latest financial statements.
4. Artery Technology Corporation and its subsidiaries endorsements/guarantees for any single entity shall not exceed 45% of Artery Technology Corporation's net worth as stated in the latest financial statements.
5. The amount of endorsements/guarantees for a company which endorsor/guarantor does business with, except the ceiling rules abovementioned shall not exceed the needed amounts arising from business dealings which is the higher amount of total sales or purchase transactions between endorsor/guarantor and the receiving party.

Note 4: Amounts denominated in foreign currency is translated into New Taiwan Dollars by using customs adminstration's average exchange rate in December 2023.

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ATTACHMENT 2 (Securities held as of December 31, 2023) (Excluding subsidiaries and associates)

Faraday Technology Corporation

Type of securities	Name of securities	Relationship	Financial statement account	As of December 31, 2023: Units/shares	Carrying amount	Percentage of ownership (%)	Fair value	Note
Common Stock	SHIEH YONG Investment Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	260,055,495	$2,397,413	12.12%	$2,397,413	-
Common Stock	Unitech Capital Inc.	-	Financial assets at fair value through other comprehensive income, non-current	2,500,000	67,173	5.00%	67,173	-
Corporate Bond	United Microelectronics Corporation		Financial assets measured at amortized cost, non-current	50 bonds	50,000	-	49,870	(Note 1)

Chih-Hung Investment Corporation

Type of securities	Name of securities	Relationship	Financial statement account	As of December 31, 2023: Units/shares	Carrying amount	Percentage of ownership (%)	Fair value	Note
Preferred stock Common Stock	Aviacomm Ltd.	-	Financial assets at fair value through profit or loss, non-current	14,600,000 1,714,285	$-	14.08%	$-	-
Common Stock	Innostor Technology Corporation	-	Financial assets at fair value through profit or loss, non-current	59,167	-	0.70%	-	-
Common Stock	APM Communication, Inc.	-	Financial assets at fair value through profit or loss, non-current	12,600	-	0.13%	-	-
Common Stock	Storm Semiconductors, Inc.	-	Financial assets at fair value through profit or loss, non-current	2,115,000	-	8.01%	-	-
Common Stock	SanJet Technology Corporation	-	Financial assets at fair value through other comprehensive income, non-current	3,000,000	-	9.53%	-	-
Preferred stock	Gear Radio Limited	-	Financial assets at fair value through other comprehensive income, non-current	1,200,000	-	2.79%	-	-
Preferred stock	NeuroSky	-	Financial assets at fair value through other comprehensive income, non-current	44,312,575	-	6.15%	-	-
Preferred stock	Floadia	-	Financial assets at fair value through other comprehensive income, non-current	1,818	-	7.91%	-	-
Common Stock	Hsun Chieh Capital Corp.	-	Financial assets at fair value through other comprehensive income, non-current	3,000,000	71,539	15.00%	71,539	-

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ATTACHMENT 2 (Securities held as of December 31, 2023) (Excluding subsidiaries and associates)

Sheng Bang Investment Corporation

				As of December 31, 2023				
Type of securities	Name of securities	Relationship	Financial statement account	Units/shares	Carrying amount	Percentage of ownership (%)	Fair value	Note
Fund	IB FUND SPC -RCM Auto Parts Industry Fund Segregated Portfolio	-	Financial assets at fair value through profit or loss, current	10,000	$22,296	-	$22,296	-
Common Stock	Storm Semiconductors, Inc.	-	Financial assets at fair value through profit or loss, non-current	641,000	-	2.43%	-	-
Common Stock	Sifotonics Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	800,000	-	1.33%	-	-
Common Stock	Ascent Venture Capital	-	Financial assets at fair value through other comprehensive income, non-current	3,000,000	27,046	19.67%	27,046	-
Capital	Jian Rui Venture Capital (translated from Chinese)	-	Financial assets at fair value through other comprehensive income, non-current	-	10,895	8.50%	10,895	-

Note 1: Each at a bond value of NT$1,000 thousand.

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ATTACHMENT 3 (Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of capital stock)

Faraday Technology Corporation

		Transactions					Notes and accounts receivable (payable)		
Counter-party	Relationship	Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Details of non-arm's length transaction	Balance	Percentage of total receivables (payable)	Note
United Microelectronics Corporation	Entity with joint control or significant influence over the Company	Purchases	$1,481,221	47.48%	Month-end 60 days	-	$128,960	13.74%	-
United Microelectronics Corporation	Entity with joint control or significant influence over the Company	Sales	745,182	7.21%	Month-end 60 days	-	276,976	17.94%	-
United Semiconductor (Xiamen) Co., Ltd.	Other related parties	Purchases	1,388,813	44.52%	Month-end 60 days	-	180,337	19.22%	-

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ATTACHMENT 4 (Receivables from related parties with amount exceeding the lower of NT$100 million or 20 percent of the capital stock)

Faraday Technology Corporation

Counter-party	Relationship	Ending Balance of Notes/Trade Receivables from Related Party (Note1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Doubtful Debts
				Amount	Action Taken		
United Microelectronics Corporation	Entity with joint control or significant influence over the Company	$276,976	3.2	$-	-	$188,567	$-

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ATTACHMENT 5 (Significant intercompany transactions between consolidated entities)

For the year ended December 31, 2023

No. (Note 1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Term	Percentage of consolidated operating revenues or consolidated total assets (Note 3)
0	Faraday Technology Corporation	Faraday Technology Corporation (USA)	1	Operating revenue	$1,326,388	Note 4	11.09%
0	Faraday Technology Corporation	Faraday Technology Corporation (USA)	1	Research expenses	42,247	According to the contract	0.35%
0	Faraday Technology Corporation	Faraday Technology Corporation (USA)	1	Accounts receivable	252,064	Month-end 60 days	1.88%
0	Faraday Technology Corporation	Faraday Technology Corporation (USA)	1	Other receivables	42,417	Month-end 60 days	0.32%
0	Faraday Technology Corporation	Faraday Technology Corporation (USA)	1	Other payables	5,541	Month-end 60 days	0.04%
0	Faraday Technology Corporation	Faraday Technology Japan Corporation	1	Operating revenue	1,074,264	Note 4	8.98%
0	Faraday Technology Corporation	Faraday Technology Japan Corporation	1	Accounts receivable	139,144	Month-end 60 days	1.04%
0	Faraday Technology Corporation	FaradayTek Solutions India Private Limited	1	Research expenses	22,813	According to the contract	0.19%
0	Faraday Technology Corporation	Faraday Technology Vietnam Company Limited	1	Research expenses	152,041	According to the contract	1.27%
0	Faraday Technology Corporation	Faraday Technology Vietnam Company Limited	1	Other payables	23,538	Month-end 60 days	0.18%
0	Faraday Technology Corporation	GrainTech Electronics Limited	1	Operating revenue	2,352	Note 5	0.02%
0	Faraday Technology Corporation	United Creative Solution Corporation	1	Operating revenue	596,084	Note 5	4.98%
0	Faraday Technology Corporation	United Creative Solution Corporation	1	Contract assets	15,983	According to the contract	0.12%
0	Faraday Technology Corporation	United Creative Solution Corporation	1	Accounts receivable	6,467	Month-end 60 days	0.05%
0	Faraday Technology Corporation	United Creative Solution Corporation	1	Contract liabilities	3,028	According to the contract	0.02%

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ATTACHMENT 5 (Significant intercompany transactions between consolidated entities)

No. (Note 1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transactions: Account	Transactions: Amount	Transactions: Terms	Transactions: Percentage of consolidated operating revenues or consolidated total assets (Note 3)
0	Faraday Technology Corporation	Faraday Technology China Corporation	1	Operating revenue	$1,678,133	Note 5	14.02%
0	Faraday Technology Corporation	Faraday Technology China Corporation	1	Contract assets	4,049	According to the contract	0.03%
0	Faraday Technology Corporation	Faraday Technology China Corporation	1	Accounts receivable	379,485	Month-end 60 days	2.83%
0	Faraday Technology Corporation	Faraday Technology China Corporation	1	Accounts payable	133	Month-end 60 days	-
0	Faraday Technology Corporation	Faraday Technology China Corporation	1	Contract liabilities	1,061	According to the contract	0.01%
0	Faraday Technology Corporation	Faraday Technology Corporation (Suzhou)	1	Operating revenue	4,018	Note 5	0.03%
0	Faraday Technology Corporation	Faraday Technology Corporation (Suzhou)	1	Contract assets	2,973	According to the contract	0.02%
0	Faraday Technology Corporation	United Business Service Corporation	1	Operating revenue	574	Note 5	-
0	Faraday Technology Corporation	Innopower Technology Corporation	1	Operating revenue	299,269	Note 5	2.50%
0	Faraday Technology Corporation	Innopower Technology Corporation	1	Accounts receivable	113,263	Month-end 60 days	0.84%
0	Faraday Technology Corporation	Innopower Technology Corporation	1	Other receivables	34,258	Month-end 60 days	0.26%
0	Faraday Technology Corporation	Innopower Technology Corporation	1	Other payables	302	Month-end 60 days	-
0	Faraday Technology Corporation	Artery Technology Corporation, Ltd.	1	Operating revenue	113,416	Note 5	0.95%
0	Faraday Technology Corporation	Artery Technology Company	1	Operating revenue	15,364	Note 5	0.13%
0	Faraday Technology Corporation	Artery Technology Company	1	Royalty expenses	4,904	Note 5	0.04%

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ATTACHMENT 5 (Significant intercompany transactions between consolidated entities)

No. (Note 1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transactions: Account	Transactions: Amount	Transactions: Terms	Transactions: Percentage of consolidated operating revenues or consolidated total assets (Note 3)
1	Artery Technology Corporation, Ltd.	Artery Technology Company	3	Operating revenue	$49,948	Note 5	0.42%
1	Artery Technology Corporation, Ltd.	Artery Technology Company	3	Accounts receivable	11,402	Month-end 60 days	0.08%
1	Artery Technology Corporation, Ltd.	Artery Technology Company	3	Purchases	109,032	Note 5	0.91%
1	Artery Technology Corporation, Ltd.	Artery Technology Company	3	Accounts payable	19,001	Month-end 60 days	0.14%
1	Artery Technology Corporation, Ltd.	Faraday Technology Corporation (Suzhou)	3	Research expenses	5,607	According to the contract	0.05%
2	United Business Service Corporation	Faraday Technology Corporation (Suzhou)	3	Operating revenue	25,284	Note 5	0.21%

Note 1: Faraday Technology Corporation and its subsidiaries are coded as follows:

1. Faraday Technology Corporation is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

1. The holding company to subsidiary
2. Subsidiary to holding company
3. Subsidiary to subsidiary

Note 3: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end. For profit or loss items, cumulative balances are used as basis.

Note 4: The sales price to the above related parties was determined through mutual agreement in reference to resale price.

Note 5: As the sale of product or service is individually designed based on requirement of customers, the sales price was determined through mutual agreement.

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ATTACHMENT 6 (Related information of investee companies)

Faraday Technology Corporation

			Initial Investment (Note 1)		Investment as of December 31, 2023				
Investee company	Location	Main businesses and products	December 31, 2023	December 31, 2022	Number of shares	Percentage of ownership (%)	Carrying amount	Net income (loss) of investee company	Investment income (loss) recognized
Faraday Technology Corporation (USA)	California, USA	Sales representive in America	$403,600	$371,224	Common stock 118,580 thousand shares and preferred stock 2,000 thousand shares	Common stock owned 100.00% and preferred stock owned 100.00%	$300,182	$50,623	$50,623
Faraday Technology Corp. (B.V.I.)	British Virgin Islands	General investing	855,770	855,770	Common stock 27,489 thousand shares	100.00%	839,805	21,056	21,056
Faraday Technology Japan Corporation	Tokyo, Japan	Sales representive in Japan	29,320	29,320	Common stock 2 thousand shares	99.95%	159,410	63,056	63,025
Chih-Hung Investment Corporation	Taiwan	General Investing	539,500	539,500	Common stock 53,950 thousand shares	100.00%	510,078	95,344	95,344
Sheng Bang Investment Corporation	Taiwan	General Investing	102,020	102,020	Common stock 10,202 thousand shares	100.00%	86,013	1,554	1,554
Faraday Technology Vietnam Company Limited	Vietnam	IC design services	164,392	9,287	-	100.00%	161,225	3,567	3,567
Sinble Technology Pte. Ltd.	Singapore	IC design services	179,400	- (Note 2)	Common stock 7,800 thousand shares	100.00%	162,987	(16,602)	(16,602)

Chih-Hung Investment Corporation

			Initial Investment (Note 1)		Investment as of December 31, 2023				
Investee company	Location	Main businesses and products	December 31, 2023	December 31, 2022	Number of shares	Percentage of ownership (%)	Carrying amount	Net income (loss) of investee company	Investment income (loss) recognized
Grain Media Inc.	Taiwan	IC designing, marketing and customer service	$1,456	$1,456	Common stock 146 thousand shares	19.42%	$1,117	$1	$-
Innopower Technology Corporation	Taiwan	Silicon Intellectual Property designing	80,000	80,000	Common stock 31,970 thousand shares	100.00%	390,536	95,592	95,592
FaradayTek Solutions India Private Limited	India	IC design services	45	45	Common stock 10 thousand shares	1.00%	104	1,368	14

Sheng Bang Investment Corporation

			Initial Investment (Note 1)		Investment as of December 31, 2023				
Investee company	Location	Main businesses and products	December 31, 2023	December 31, 2022	Number of shares	Percentage of ownership (%)	Carrying amount	Net income (loss) of investee company	Investment income (loss) recognized
Grain Media Inc.	Taiwan	IC designing, marketing and customer service	$6,044	$6,044	Common stock 604 thousand shares	80.58%	$4,636	$1	$1
FaradayTek Solutions India Private Limited	India	IC design services	4,462	4,462	Common stock 990 thousand shares	99.00%	10,342	1,368	1,354

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ATTACHMENT 6 (Related information of investee companies)

Innopower Technology Corporation

			Initial Investment (Note 1)		Investment as of December 31, 2023				
Investee company	Location	Main businesses and products	December 31, 2023	December 31, 2022	Number of shares	Percentage of ownership (%)	Carrying amount	Net income (loss) of investee company	Investment income (loss) recognized
Bright Capital Group Limited (BCGL)	Samoa	General investing	$68,593	$68,593	Common stock 2,301 thousand shares	100.00%	$357,598	$158,999	$158,999

Faraday Technology Corp. (B.V.I.)

			Initial Investment (Note 1)		Investment as of December 31, 2023				
Investee company	Location	Main businesses and products	December 31, 2023	December 31, 2022	Number of shares	Percentage of ownership (%)	Carrying amount	Net income (loss) of investee company	Investment income (loss) recognized
Faraday Technology (Mauritius) Corp.	Mauritius	General investing	USD $12,859,205	USD $12,859,205	Common stock 12,804 thousand shares	100.00%	$184,963	$40,632	$40,632
GrainTech Electronics Limited	Hong Kong	IC designing, marketing and customer service	USD 100,000	USD 100,000	Common stock 100 thousand shares	100.00%	5,407	28	28
Faraday Technology (Samoa) Corp.	Samoa	General investing	USD 4,715,067	USD 4,715,067	Common stock 4,715 thousand shares	100.00%	224,916	23,720	23,720
Artery Technology Corporation	Cayman	General investing	USD 9,809,000	USD 9,809,000	Common stock 31,149 thousand shares	60.87%	456,829	(72,038)	(43,849)

Artery Technology Corporation

			Initial Investment (Note 1)		Investment as of December 31, 2023				
Investee company	Location	Main businesses and products	December 31, 2023	December 31, 2022	Number of shares	Percentage of ownership (%)	Carrying amount	Net income (loss) of investee company	Investment income (loss) recognized
Artery Technology Company	Taiwan	IC designing, marketing and customer service	$211,141	$171,141	Common stock 17,114 thousand shares (Note 5)	60.87% (Note 3)	$112,159	$(103,761)	$(63,159)

Sinble Technology Pte. Ltd.

			Initial Investment (Note 1)		Investment as of December 31, 2023				
Investee company	Location	Main businesses and products	December 31, 2023	December 31, 2022	Number of shares	Percentage of ownership (%)	Carrying amount	Net income (loss) of investee company	Investment income (loss) recognized
Sinble Technology Vietnam Company Limited (Sinble VN)	Vietnam	IC design services	USD $1,300,000	- (Note 4)	-	100.00%	$37,051	$(1,283)	$(1,283)

Note 1: USD are expressed in dollars.

Note 2: The Company established Sinble Technology Pte. Ltd. in November 2022, and completed capital injection of NT$179,400 thousand in January 2023.

Note 3: The Company owns 100% of Faraday Technology Corp. (B.V.I.) and Faraday Technology Corp. (B.V.I.) owns 60.87% of Artery Technology Corporation. Artery Technology Corporation owns 100% of Artery Technology Company; therefore, the Group's shareholding of Artery Technology Company is 60.87%.

Note 4: Sinble Technology Pte. Ltd. established Sinble Technology Vietnam Company Limited (Sinble VN) with NT$41,219 thousand (equal to USD 1,300 thousand) in August 2023.

Note 5: Artery Technology Company has 4,000 thousand shares registration in progress.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
FARADAY TECHNOLOGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 7 (Investment in Mainland China)

Unit: New Taiwan Dollars in thousands, USD and RMB in dollars

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows: Outflow	Investment Flows: Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2023	Accumulated inward remittance of earnings as of December 31, 2023
Faraday Technology China Corporation	IC designing, marketing and customer service	$184,260 (USD 6,000,000)	Note 1, 3	$184,260 (USD 6,000,000)	$-	$-	$184,260 (USD 6,000,000)	$40,555	100.00%	$40,555 Note 8 (1)	$144,558	$-
Faraday Technology Corporation (Suzhou)	IC designing, marketing and customer service	178,118 (USD 5,800,000)	Note 4	178,118 (USD 5,800,000)	-	178,118 (USD 5,800,000)	-	158,985	100.00%	158,985 Note 8 (1)	357,583	185,291 (USD 6,033,563)
United Business Service Corporation	IC designing, marketing and customer service	129,870 (RMB 30,000,000)	Note 1	129,870 (RMB 30,000,000)	-	-	129,870 (RMB 30,000,000)	23,720	100.00%	23,720 Note 8 (1)	224,915	-
Artery Technology Corporation, Ltd.	IC designing, marketing and customer service	367,292 (USD 11,960,000)	Note 1, 5, 6	184,070 (USD 5,993,815)	-	38,388 (USD 1,250,000)	145,682 (USD 4,743,815)	31,524	60.87%	19,189 Note 8 (1)	355,755	38,388 (USD 1,250,000)
United Creative Solution Corporation	IC designing, marketing and customer service	43,290 (RMB 10,000,000)	Note 7	-	-	-	-	22,165	100.00%	22,165 Note 8 (1)	110,351	-
Innopower Technology Corporation (Chongqing)	IC designing, marketing and customer service	4,329 (RMB 1,000,000)	Note 7	-	-	-	-	2	100.00%	2 Note 8 (1)	4,335	-

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FARADAY TECHNOLOGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 7 (Investment in Mainland China)

Accumulated investment in Mainland China as of December 31, 2023	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
$474,742 (Note 2) (USD 15,458,882)	$784,143 (Note 2) (USD 25,533,815)	$5,720,035

Note 1: Indirectly investment in Mainland China through subsidiaries of Faraday Technology Corp. (B.V.I.) (registered in a third region) such as Faraday Technology (Mauritius) Corp., Faraday Technology (Samoa) Corp., and Artery Technology Corporation.

Note 2: Amounts denominated in foreign currency is translated into New Taiwan Dollars by using exchange rate on December 31, 2023.

Note 3: As of December 31, 2023, Investment Commission, MOEA approved the total investment amount USD 6,000 thousand. The Company had remitted investment amounted USD 5,500 thousand, and Faraday Technology (Mauritius) Corp. had remitted investment amounted USD 500 thousand from its owned capital.

Note 4: On May 19, 2010, Investment Commission, MOEA approved Innopower Technology Corporation acquired the 100% of ownership of Faraday Technology Corporation (Suzhou) (Mainland China company owned by Faraday Technology (Mauritius) Corp., which owned by Faraday Technology Corp. (B.V.I.)) with USD 602,182 through Bright Capital Group Limited (BCGL). Before the transaction, Investment Commission, MOEA had approved the total investment amount USD 5,800 thousand, On May 24, 2023, the cash dividend of USD 6,034 thousand was repatriated to deduct the accumulative amount of investment in Mainland China. Therefore, the accumulative remittance of investment funds at the end of the period was nil.

Note 5: As of December 31, 2023, Investment Commission, MOEA approved the total investment amount USD 7,033 thousand , and the Company had remitted USD 4,744 thousand for the investment.

Note 6: The Company owns 100% of Faraday Technology Corp. (B.V.I.) and Faraday Technology Corp. (B.V.I.). owns 60.87% in Artery Technology Corporation.The Artery Technology Corporation owns 100% of Artery Technology Corporation, Ltd.; therefore, the Group's share of profit or loss of Artery Technology Corporation, Ltd. is 60.87%.

Note 7: These companies were directly invested by United Business Service Corporation.

Note 8: The investment income (loss) recognized in current period, the investment income (loss) were determined based on the following basis:
1. The financial statements were audited by the auditors of the parent company.
2. The financial presentations were audited by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.
3. Others

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English Translation of Consolidated Financial Statements Originally Issued in Chinese
FARADAY TECHNOLOGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 8 (The information of main shareholders)

Number of ordinary shares / Name of major shareholders	Number of shares held (shares)	Percentage of ownership
United Microelectronics Corporation	34,240,213	13.77%
Fubon Life Insurance Co., Ltd.	13,801,000	5.55%

Note 1: The main shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the Company without physical registration (including treasury shares) is more than 5%. As for the share capital recorded in the Company's financial report and the number of shares actually delivered by the Company without physical registration, the calculation basis may be different or inconsistent.

Note 2: If the above data is number of trusted shares, it is disclosed by accounts of trustee. The report of shareholders who holding more than 10% ownership according to Securities and Exchange Act, inclueds the shares held by shareholders and trusted assets with right to use. Please refer to Market Observation Post System.

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English Translation of a Report and Parent Company Only Financial Statements Originally Issued in Chinese

FARADAY TECHNOLOGY CORPORATION
PARENT COMPANY ONLY
FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS
FOR THE YEARS THEN ENDED
DECEMBER 31, 2023 AND 2022

Address: No. 5 Li-Hsin Road III, Hsinchu Science Park, Hsinchu City, Taiwan, R.O.C.
Telephone: 886-3-578-7888

Notice to Readers

The reader is advised that these parent company only financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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Independent Auditors' Report Originally Issued in Chinese

To Faraday Technology Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Faraday Technology Corporation (the "Company") as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including the summary of material accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits and the reports of the other auditors (please refer to the *Other Matter – Making Reference to the Audits of Other Auditors* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of 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 Statements 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 Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of the other auditors, 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 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Revenue Recognition

Operating revenues recognized by the Company amounted to NT$10,334,478 thousand for the year ended December 31, 2023, including sale of goods, rendering of services and silicon intellectual property license in the amount of NT$7,701,979 thousand, NT$1,356,630 thousand and NT$1,275,869 thousand, constituting 74.53%, 13.13% and 12.34% of operating revenues, respectively. Revenue is the main operating activity of the Company. Revenue includes application-specific integrated circuit (ASIC) products, and the services include non-recurring engineering (NRE) and silicon intellectual property license (IP). Revenue includes different sources such as sale of goods and services provided, and judgement is exercised to determine the performance obligations and when those were satisfied. As a result, we determined the matter to be a key audit matter.

Our audit procedures included (but not limited to), assessing the appropriateness of the accounting policies of revenue recognition for sales of goods, rendering of services and silicon intellectual property license, testing the operating effectiveness of internal controls established by management for sale of goods, rendering of services and silicon intellectual property license, performing analytical procedures of gross margin by product, selecting samples to perform test of details including identification of performance obligations in contracts and verification of when performance obligations were satisfied, reviewing significant service agreements for terms of contracts, project milestones and relevant communication information with the Company's customers for service provided, and inspecting evidence of client acceptance for deliverables, shipping documents and invoices to verify the accuracy of cut-off revenue time, etc. We also assessed the adequacy of accounting policy and disclosures of operating revenues. Please refer to Note 4(16) and Note 6(16).

Other Matter – Making Reference to the Audits of Other Auditors

We did not audit the financial statements of certain subsidiaries, associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. These subsidiaries, associates and joint ventures under equity method amounted to NT$459,592 thousand and NT$423,158 thousand, representing 3.73% and 3.57% of total assets as of December 31, 2023 and 2022, respectively. The related shares of profits from the subsidiaries, associates and joint ventures under the equity method amounted to NT$113,648 thousand and NT$131,340 thousand, representing 5.83% and 4.63% of the net income before tax for the years ended December 31, 2023 and 2022, respectively, and the related shares of other comprehensive income from the subsidiaries, associates and joint ventures under the equity method amounted to NT$(10,182) thousand and NT$52,660 thousand, representing (1.73)% and (6.02)% of the other comprehensive income, for the years ended December 31, 2023 and 2022, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only 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.

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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 internal control of the Company.

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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 parent company only financial statements 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.

/s/ Hu, Shen-Chieh

/s/ Yang, Yu-Ni

Ernst & Young, Taiwan
February 20, 2024

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

The accompanying parent company only financial statements are intended only to present the financial position, results of operations 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

FARADAY TECHNOLOGY CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2023 and December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Assets	Note	As of December 31, 2023	As of December 31, 2022	Liabilities and Equity	Note	As of December 31, 2023	As of December 31, 2022
Current assets				**Current liabilities**			
Cash and cash equivalents	4, 6(1)	$ 3,354,646	$ 2,244,993	Financial liabilities at fair value through profit or loss, current	4, 6(2)	$ -	$ 1,896
Financial assets at fair value through profit or loss, current	4, 6(2)	7,294	-	Contract liabilities, current	4, 6(16), 7	374,378	659,335
Contract assets, current	4, 6(16), 6(17), 7	26,531	40,546	Accounts payable		628,176	612,859
Accounts receivable, net	4, 6(4), 6(17)	362,904	422,867	Accounts payable - related parties	7	310,069	432,172
Accounts receivable - related parties, net	4, 6(4), 6(17), 7	1,167,399	1,126,534	Payables on equipment		34,790	7,697
Other receivables	7	106,297	153,948	Other payables	6(13), 7	727,079	807,790
Inventories, net	4, 5, 6(5)	701,481	2,340,153	Current tax liabilities	4, 6(22)	386,126	352,399
Other current assets	6(6), 7	145,179	210,137	Lease liabilities, current	4, 6(18), 12	5,475	6,280
Costs to fulfil a contract, current	6(16)	92,222	69,859	Other current liabilities		12,620	7,921
Total current assets		5,963,953	6,609,037	Total current liabilities		2,478,713	2,888,349
Non-current assets				**Non-current liabilities**			
Financial assets at fair value through other comprehensive income, non-current	4, 6(3),12	2,464,586	1,861,071	Deferred tax liabilities	4, 6(22)	34,353	15,956
				Lease liabilities, non-current	4, 6(18), 12	171,046	188,754
Financial assets measured at amortized cost, non-current	4, 6(7), 8,12	75,195	25,072	Long-term payables	6(13)	92,645	148,827
Investments accounted for using the equity method	4, 6(8)	2,219,700	1,820,242	Total non-current liabilities		298,044	353,537
Property, plant and equipment	4, 6(9)	527,472	476,181	**Total liabilities**		2,776,757	3,241,886
Right-of-use assets	4, 6(18)	167,786	187,717				
Intangible assets	4, 6(10)	643,678	569,762	**Equity**			
Deferred tax assets	4, 6(22)	99,199	33,933	Capital	6(15)		
Refundable deposits		79,790	95,370	Common stock		2,485,503	2,485,503
Defined benefit assets, non-current	4, 6(14)	16,910	18,057	Additional paid-in capital	6(15)	705,700	705,700
Other non-current assets	6(11)	51,879	144,630	Retained earnings	6(15)		
Total non-current assets		6,346,195	5,232,035	Legal reserve		1,914,531	1,667,419
				Unappropriated earnings		3,361,010	3,262,319
				Other components of equity		1,066,647	478,245
				Total equity		9,533,391	8,599,186
Total assets		$ 12,310,148	$ 11,841,072	**Total liabilities and equity**		$ 12,310,148	$ 11,841,072

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

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English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

FARADAY TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

	Note	For the years ended December 31 2023	2022
Operating revenues, net	4, 6(16), 7	$ 10,334,478	$ 11,466,455
Operating costs	6(5), 6(19), 7	(6,026,492)	(6,341,228)
Gross profit		4,307,986	5,125,227
Unrealized gross profit on sales		(19,062)	(52,486)
Gross profit, net		4,288,924	5,072,741
Operating expenses	6(10), 6(19), 7		
Selling expenses		(214,263)	(228,158)
Administrative expenses		(356,913)	(403,908)
Research and development expenses		(2,047,249)	(2,001,853)
Expected credit loss	6(17)	(3,854)	(4,927)
Total operating expenses		(2,622,279)	(2,638,846)
Operating income		1,666,645	2,433,895
Non-operating income and expenses			
Interest income	6(20)	28,854	7,259
Other income	6(20)	78,033	97,608
Other gains and losses	6(20)	(39,138)	(12,052)
Financial costs	6(20)	(4,026)	(4,285)
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method		218,567	315,094
Total non-operating income and expenses		282,290	403,624
Income before income tax		1,948,935	2,837,519
Income tax expense	4, 6(22)	(359,463)	(382,922)
Net income		$ 1,589,472	$ 2,454,597
Other comprehensive income (loss)	4, 6(21)		
Item that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plans		(1,146)	20,657
Unrealized gain (loss) from equity instruments investment measured at fair value through other comprehensive income		603,515	(914,736)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method		17,269	(47,420)
Income tax relating to items that will not be reclassified to profit or loss		229	(4,132)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(19,736)	53,847
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method		(20,742)	16,617
Income tax relating to items that may be reclassified to profit or loss		8,096	-
Other comprehensive income (loss) (net of income tax)		587,485	(875,167)
Total comprehensive income		$ 2,176,957	$ 1,579,430
Earnings per share (NT$)	6(23)		
Earnings per share-basic		$ 6.39	$ 9.88
Earnings per share-diluted		$ 6.37	$ 9.77

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

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English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

FARADAY TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

			Retained Earnings		Other Equity		
	Common Stock	Additional Paid-in Capital	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets Measured at Fair Value through Other Comprehensive Income	Total Equity
Balance as of January 1, 2022	$ 2,485,503	$ 705,700	$ 1,551,782	$ 1,727,050	$ (126,059)	$ 1,495,996	$ 7,839,972
Appropriation and distribution of 2021 retained earnings							
Legal reserve	-	-	115,637	(115,637)	-	-	-
Cash dividends	-	-	-	(820,216)	-	-	(820,216)
Net income in 2022	-	-	-	2,454,597	-	-	2,454,597
Other comprehensive income (loss) in 2022	-	-	-	16,525	70,464	(962,156)	(875,167)
Total comprehensive income (loss) in 2022	-	-	-	2,471,122	70,464	(962,156)	1,579,430
Balance as of December 31, 2022	$ 2,485,503	$ 705,700	$ 1,667,419	$ 3,262,319	$ (55,595)	$ 533,840	$ 8,599,186
Balance as of January 1, 2023	$ 2,485,503	$ 705,700	$ 1,667,419	$ 3,262,319	$ (55,595)	$ 533,840	$ 8,599,186
Appropriation and distribution of 2022 retained earnings							
Legal reserve	-	-	247,112	(247,112)	-	-	-
Cash dividends	-	-	-	(1,242,752)	-	-	(1,242,752)
Net income in 2023	-	-	-	1,589,472	-	-	1,589,472
Other comprehensive income (loss) in 2023	-	-	-	(917)	(32,382)	620,784	587,485
Total comprehensive income (loss) in 2023	-	-	-	1,588,555	(32,382)	620,784	2,176,957
Balance as of December 31, 2023	$ 2,485,503	$ 705,700	$ 1,914,531	$ 3,361,010	$ (87,977)	$ 1,154,624	$ 9,533,391

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

FARADAY TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Description	For the years ended December 31 2023	2022
Cash flows from operating activities:		
Net income before tax	$ 1,948,935	$ 2,837,519
Adjustments for non-cash gain or loss:		
Depreciation	59,912	60,849
Amortization	351,532	289,399
Expected credit loss	3,854	4,927
(Gain) loss on financial assets and liabilities at fair value through profit or loss	(4,616)	3,320
Interest expense	4,026	4,285
Interest income	(28,854)	(7,259)
Dividend income	(72,163)	(90,321)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(218,567)	(315,094)
Unrealized gross profit on sales	19,062	52,486
Others	(9)	-
Changes in operating assets and liabilities:		
Contract assets	14,015	35,084
Notes receivable	-	4,030
Accounts receivable	56,109	(78,581)
Accounts receivable - related parties	(40,865)	(490,985)
Other receivables	49,675	(82,302)
Inventories	1,638,672	(1,131,742)
Prepayment	79,119	52,565
Other current assets	45,520	(43,516)
Costs to fulfil a contract	(22,363)	(49,039)
Financial liabilities held for trading	(4,574)	-
Contract liabilities	(284,957)	186,591
Accounts payable	15,317	(223,225)
Accounts payable - related parties	(122,103)	(54,994)
Other payables	39,187	179,593
Other current liabilities	4,699	(191)
Defined benefit liabilities	-	(2,488)
Cash generated from operations	3,530,563	1,140,911
Interest received	26,707	7,028
Dividend received	183,506	378,804
Interest paid	(4,026)	(4,285)
Income tax paid	(364,280)	(176,843)
Net cash provided by operating activities	3,372,470	1,345,615

Description	For the years ended December 31 2023	2022
Cash flows from investing activities:		
Acquisition of financial assets measured at amortized cost	$ (50,000)	$ (10,022)
Acquisition of investments accounted for using equity method	(334,505)	-
Proceeds from capital return of investments accounted for using the equity method	-	266,183
Acquisition of property, plant and equipment	(43,360)	(60,653)
Decrease (increase) in refundable deposits	15,580	(28,336)
Acquisition of intangible assets	(601,527)	(321,854)
Net cash used in investing activities	(1,013,812)	(154,682)
Cash flows form financing activities:		
Cash payments for principal portion of the lease liabilities	(6,253)	(6,109)
Cash dividends	(1,242,752)	(820,216)
Net cash used in financing activities	(1,249,005)	(826,325)
Effect of exchange rate changes on cash and cash equivalents	-	(5,013)
Net increase in cash and cash equivalents	1,109,653	359,595
Cash and cash equivalents at beginning of the year	2,244,993	1,885,398
Cash and cash equivalents at end of the year	$ 3,354,646	$ 2,244,993

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and Organization

Faraday Technology Corporation (the "Company") was incorporated on June 10, 1993. The Company is a leading fabless ASIC vendor and silicon intellectual property and system platform provider, with products and services of ASIC/SoC Design Services, ASIC/SoC Production Turnkey Services, and ASIC EDA tools.

The Company's shares are listed on the Taiwan Stock Exchange ("TWSE"). The address of its registered office and principal place of business is No. 5, Li-Hsin III Road, Hsinchu Science Park, Taiwan.

2. Date and Procedures of Authorization of Financial Statements for Issue

The parent company only financial statements for the years ended December 31, 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on February 20, 2024.

3. Newly Issued or Revised Standards and Interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The new or amended standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC, and the local effective dates are to be determined by FSC. The aforementioned standards and interpretations have no material impact on the Company.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of Preparation

According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under "Investments accounted for using the equity method" in the parent company only financial report and change in value will be adjusted.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Foreign currency transactions

The Company's parent company only financial statements are presented in New Taiwan Dollars (NTD).

Transactions in foreign currencies are initially recorded by the Company at its functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

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All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

Each foreign operation of the Company determines its function currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint venture that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(5) Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Company holds the asset primarily for the purpose of trading
(c) The Company expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Company expects to settle the liability in its normal operating cycle
(b) The Company holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including time deposits with original maturities of one year or less).

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(7) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(1) the Company's business model for managing the financial assets and
(2) the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(1) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(2) 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.

Such financial assets are subsequently measured at amortized cost and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(1) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(2) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(1) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(2) 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(1) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(2) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired
ii. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
iii. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

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D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if:

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
ii. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

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E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Derivative financial instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges and hedges of net investments in foreign operations, which is recognized in equity.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials — Actual purchase cost on weighted moving average cost basis.
Finished goods and work in progress — Cost of direct materials and manufacturing overheads on weighted moving average cost basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of service is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Investments accounted for using equity method

According to article 21 of the Regulations, the investments in subsidiaries will be disclosed under "Investments accounted for using the equity method" and change in value will be adjusted to comply. The profit or loss and other comprehensive income presented in parent company only financial reports will be the same as the allocations of profit or loss and other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. The difference of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under "investments accounted for using the equity method," "share of profit of subsidiaries and associates accounted for using the equity method" and "share of other comprehensive income of subsidiaries and associates accounted for using the equity method."

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The Company's investment in associates is accounted for using equity method. An associate is an equity over which the Company has significant influence.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a prorata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures.* If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *"Impairment of Assets".* In determining the value in use of the investment, the Company estimates:

(1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36*"Impairment of Assets"* .

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *"Property, plant and equipment"*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings and facilities	6 - 51	Years (including buildings 51 years, facilities 6-16 years)
Machinery	6	Years
Computer equipment	4	Years
Office furniture and fixtures	6	Years
Miscellaneous equipment	4	Years

After initial recognition, an item of property, plant and equipment and any significant component is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and such changes are treated as changes in accounting estimates.

(13) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liabilities for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liabilities at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liabilities comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liabilities on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liabilities by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liabilities;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Company's intangible assets is as follows:

	Computer software
Useful lives	2 - 3 years
Amortization method used	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *"Impairment of Assets"* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods, rendering of services and silicon intellectual property license. The accounting policies are explained as follow:

Sale of goods

The Company outsource its manufacturing and sells goods. Sales are recognized when the goods are delivered to the customers and control of the goods is transferred to the customer. The main product of the Company is Application Specific Integrated Circuit (ASIC) and revenue is recognized based on the consideration stated in the contract.

The credit period for the Company's sale of goods is month-end 30-60 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Company usually collects the payments shortly; therefore, there is no significant financing component to the contract. For some of the contracts, part of the consideration was received from customers before transferring a promised good to a customer, and the Company has the obligation to transfer the goods subsequently. Accordingly, the Company recognized the consideration received in advance from customers under contract liabilities.

Rendering of services

The Company provides design services, and recognizes revenue by reference to the stage of completion in accordance with contracts with customers.

Most of the contractual considerations of the Company are collected throughout the contract periods. When the Company has performed the services to customers but does not have a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. The Company measures the loss allowance of its contract assets at an amount equal to lifetime expected credit losses according to IFRS9. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is aroused.

Silicon intellectual property license

Revenue from silicon intellectual property license is recognized by reference to its nature. When the nature of silicon intellectual property license provides a right to access the Company's intellectual property as it exists throughout the license period, the Company uses straight-line method to recognize revenue during the license period. If the nature of license is not above-mentioned, the license provides a right to use the Company's intellectual property as it existed at a point in time at which the license was granted. Accordingly, the Company recognizes revenue when the license is granted.

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Some royalties are determined based on sales of goods. Because the license is a necessary part of goods, the license and goods are combined as a performance obligation. Since the license is the predominant item to which the royalty relates, revenue is recognized when sales of goods occur.

For some silicon intellectual property license contracts, part of the consideration is received from customers upon signing the contract, and the Company has the obligation to provide the services to access or use the Company's intellectual property subsequently. Accordingly, the Company recognizes payments received in advance as contract liabilities.

(17) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(18) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not result in equivalent taxable and deductible temporary differences at the time of the transaction.
ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

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i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not result in equivalent taxable and deductible temporary differences at the time of the transaction.
ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's parent company only financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6(5) for more details.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	As of	
	December 31, 2023	December 31, 2022
Cash on hand	$200	$200
Checking and Savings	758,753	449,793
Time deposits	2,525,693	1,665,000
Cash equivalents-commercial paper with repurchase agreements	70,000	130,000
Total	$3,354,646	$2,244,993

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

	As of	
	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments-forward currency	$7,294	$-
Current	$7,294	$-
Financial liabilities held for trading:		
Derivatives not designated as hedging instruments-forward currency	$-	$1,896
Current	$-	$1,896

Financial assets at fair value through profit or loss were not pledged.

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(3) Financial assets at fair value through other comprehensive income

	As of	
	December 31, 2023	December 31, 2022
Equity instrument investments measured at fair value through other comprehensive income – non-current:		
Unlisted companies' stocks	$2,464,586	$1,861,071

The Company classified certain of its financial assets as financial assets at fair value through other comprehensive income which were not pledged.

The Company recognized dividend income related to equity instrument investments measured at fair value through other comprehensive income in the amount of NT$72,163 thousand and NT$90,321 thousand for the years ended December 31, 2023 and 2022, respectively, which were all related to investments held at the end of the reporting period.

(4) Accounts receivable, net and accounts receivable - related parties, net

	As of	
	December 31, 2023	December 31, 2022
Accounts receivable (gross carrying amount)	$376,078	$432,187
Less：loss allowance	(13,174)	(9,320)
Subtotal	362,904	422,867
Accounts receivable - related parties (gross carrying amount)	1,167,399	1,126,534
Total	$1,530,303	$1,549,401

Accounts receivable were not pledged.

Accounts receivable are generally on 30 - 60 day terms from the date of monthly closing. The gross carrying amount of accounts receivable were NT$1,543,477 thousand, and NT$1,558,721 thousand as of December 31, 2023 and 2022, respectively. Please refer to Note 6(17) for more details on impairment of accounts receivable and Note 12 for credit risk disclosures.

(5) Inventories

	As of	
	December 31, 2023	December 31, 2022
Work in process	$490,379	$1,690,082
Finished goods	211,102	650,071
Total	$701,481	$2,340,153

The cost of inventories recognized in expenses amounted to NT$6,026,492 thousand and NT$6,341,228 thousand for the years ended December 31, 2023 and 2022, respectively, including the inventory valuation loss of NT$136,063 thousand and NT$13,014 thousand, and loss on inventory obsolescence of NT$37,510 thousand and NT$25,561 thousand for the years ended December 31, 2023 and 2022, respectively.

No inventories were pledged.

(6) Other current assets

	As of	
	December 31, 2023	December 31, 2022
Prepaid royalty fee	$126,054	$145,492
Prepaid expenses	1,022	44,156
Others	18,103	20,489
Total	$145,179	$210,137

The prepaid royalty fee was primarily attributable to several agreements which the Company entered into for certain software license and silicon intellectual property license.

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(7) Financial assets measured at amortized cost, non-current

	As of	
	December 31, 2023	December 31, 2022
Corporate bond	$50,000	$-
Time deposit	25,195	25,072
Total	$75,195	$25,072

Financial assets measured at amortized cost is corporate time deposits bond and under pledge. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(8) Investments accounted for using the equity method

	As of			
	December 31, 2023		December 31, 2022	
Investee company	Amount	Percentage of Ownership or Voting Rights	Amount	Percentage of Ownership or Voting Rights
Faraday Technology Corporation (USA)	$300,182	100.00%	$248,833	100.00%
Faraday Technology Corp. (B.V.I.)	839,805	100.00%	851,949	100.00%
Faraday Technology Japan Corporation	159,410	99.95%	174,325	99.95%
Chih-Hung Investment Corporation	510,078	100.00%	451,187	100.00%
Sheng Bang Investment Corporation	86,013	100.00%	75,663	100.00%
Faraday Technology Vietnam Company Limited	161,225	100.00%	18,285	100.00%
Sinble Technology Pte. Ltd.	162,987	100.00%	-	100.00%
Total	$2,219,700		$1,820,242	

1. The investments in subsidiaries are presented as investments accounted for using the equity method in the parent company only financial report with necessary adjustments.

2. The Company received cash dividend of NT$67,032 thousand from Faraday Technology Japan Corporation for the year ended December 31, 2023.

3. The Company received cash dividend of NT$38,322 thousand from Chih-Hung Investment Corporation for the year ended December 31, 2023.

4. The Company increased its investment in the amount of NT$155,105 thousand in Faraday Technology Vietnam Company Limited and received cash dividend of NT$5,989 thousand for the year ended December 31, 2023.

5. The Company received capital return of NT$65,683 thousand and cash dividend of NT$230,460 thousand from Faraday Technology Corporation (USA) during the year ended December 31, 2022.

6. The Company received cash dividend of NT$38,605 thousand from Faraday Technology Corp. (B.V.I.) for the year ended December 31, 2022.

7. The Company received capital return of NT$80,500 thousand and cash dividend of NT$19,418 thousand from Chih-Hung Investment Corporation during the year ended December 31, 2022.

8. The Company received capital return of NT$120,000 thousand from Sheng Bang Investment Corporation for the year ended December 31, 2022.

9. The Company established Sinble Technology Pte. Ltd. in November 2022 and completed capital injection of NT$179,400 thousand in January 2023.

(9) Property, plant and equipment

	As of	
	December 31, 2023	December 31, 2022
Property, plant and equipment for its own use	$527,472	$476,181

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	Land	Buildings and facilities	Machinery	Computer equipment	Office furniture and fixtures	Miscellaneous equipment	Total
Cost:							
As of January 1, 2023	$33,576	$559,578	$64,809	$100,771	$1,091	$975	$760,800
Additions	-	6,000	31,827	65,266	430	-	103,523
Disposals	-	(3,961)	(4,895)	(54,033)	-	(675)	(63,564)
As of December 31, 2023	$33,576	$561,617	$91,741	$112,004	$1,521	$300	$800,759
As of January 1, 2022	$33,576	$564,155	$62,771	$157,009	$261	$975	$818,747
Additions	-	2,090	5,621	26,186	830	-	34,727
Disposals	-	(6,667)	(3,583)	(82,424)	-	-	(92,674)
As of December 31, 2022	$33,576	$559,578	$64,809	$100,771	$1,091	$975	$760,800
Depreciation and impairment:							
As of January 1, 2023	$-	$191,416	$30,972	$61,368	$228	$635	$284,619
Additions	-	11,610	14,071	26,101	210	240	52,232
Disposals	-	(3,961)	(4,895)	(54,033)	-	(675)	(63,564)
As of December 31, 2023	$-	$199,065	$40,148	$33,436	$438	$200	$273,287
As of January 1, 2022	$-	$186,713	$23,054	$113,986	$101	$366	$324,220
Additions	-	11,370	11,501	29,806	127	269	53,073
Disposals	-	(6,667)	(3,583)	(82,424)	-	-	(92,674)
As of December 31, 2022	$-	$191,416	$30,972	$61,368	$228	$635	$284,619
Net carrying amount as of:							
December 31, 2023	$33,576	$362,552	$51,593	$78,568	$1,083	$100	$527,472
December 31, 2022	$33,576	$368,162	$33,837	$39,403	$863	$340	$476,181

Note:

a. Significant components of buildings are main building structure, air conditioning units and elevators, which are depreciated based on their useful lives over 51 years, 8 years, and 6-16 years, respectively.

b. Property, plant and equipment were not pledged.

(10) Intangible assets

	Software	
	For the years ended December 31	
	2023	2022
Cost		
Beginning balance	$926,080	$667,543
Addition－acquired separately	425,448	412,836
Decrease－derecognition	(22,530)	(159,312)
Exchange effect	-	5,013
Ending balance	$1,328,998	$926,080
Accumulated Amortization		
Beginning balance	$356,318	$226,231
Amortization	351,532	289,399
Decrease－derecognition	(22,530)	(159,312)
Ending balance	$685,320	$356,318
Net carrying amount as of:		
December 31, 2023	$643,678	
December 31, 2022	$569,762	

The amortization expenses of intangible assets are as follows:

	For the years ended December 31	
	2023	2022
Operating costs	$12,890	$-
Operating expenses		
Research and development expenses	338,642	289,399
Total	$351,532	$289,399

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(11) Other non-current assets

	As of	
	December 31, 2023	December 31, 2022
Long-term prepayments	$51,879	$111,560
Prepayments for equipment	-	33,070
Total	$51,879	$144,630

The long-term prepayments were primarily attributable to several agreements which the Company entered into for certain silicon intellectual property license.

(12) Short-term loans

The Company's credit limit from short-term loans were NT$1,367,750 thousand and NT$1,367,500 thousand as of December 31, 2023 and 2022, respectively, and all of which was unused.

(13) Long-term payables

The payables were primarily attributable to several agreements which the Company entered into for certain software license. As of December 31, 2023 and 2022, payments for future years are as follows:

	As of	
Year of payment	December 31, 2023	December 31, 2022
2023	$-	$298,091
2024	174,476	97,921
2025	58,551	44,875
2026	23,885	6,031
2027	6,806	-
2028	3,403	-
Subtotal	267,121	446,918
Less: Current portion (Recognized as other payables)	(174,476)	(298,091)
Total	$92,645	$148,827

(14) Post-employment benefits

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company would make monthly contributions to the employees' individual pension accounts at the amounts not less than 6% of the employees' monthly wages. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT$46,660 thousand and NT$45,161 thousand, respectively.

Defined benefit plan

The Company and its domestic subsidiaries adopted a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is insufficient to cover pension benefit calculated for employees eligible to retire in the next year, the Company and its domestic subsidiaries would make up the difference in one appropriation before the end of March the following year.

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The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$0 to its defined benefit plan during the 12 months beginning after December 31, 2023.

The average duration of the defined benefits plan obligation is 10 years and 11 years as of December 31, 2023 and 2022, respectively.

The summarization of defined benefit plan reflected in profit or loss is as follows:

	For the years ended December 31	
	2023	2022
Current service costs	$484	$1,065
Net interest expense on the net defined benefit liabilities (assets)	(483)	21
Total	$1	$1,086

Present value of defined benefit obligation and plan assets at fair value are as follows:

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Present value of defined benefit obligation	$121,006	$122,777	$139,999
Fair value of plan assets	(137,916)	(140,834)	(134,911)
Net defined benefit (assets) liabilities, non-current	$(16,910)	$(18,057)	$5,088

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
As of January 1, 2022	$139,999	$(134,911)	$5,088
Current service costs	1,065	-	1,065
Net interest expense (income)	702	(681)	21
Subtotal	141,766	(135,592)	6,174
Remeasurements of the net defined benefit liability/asset:			
Actuarial gains and losses arising from changes in financial assumptions	(10,122)	-	(10,122)
Experience adjustments	(738)	-	(738)
Remeasurements of defined benefit asset	-	(9,797)	(9,797)
Subtotal	(10,860)	(9,797)	(20,657)
Benefits paid	(8,129)	8,129	-
Contributions by employer	-	(3,574)	(3,574)
As of December 31, 2022	122,777	(140,834)	(18,057)
Current service costs	484	-	484
Net interest expense (income)	1,695	(2,178)	(483)
Subtotal	124,956	(143,012)	(18,056)
Remeasurements of the net defined benefit liability/asset:			
Actuarial gains and losses arising from changes in financial assumptions	7,315	-	7,315
Experience adjustments	(5,640)	-	(5,640)
Remeasurements of defined benefit asset	-	(529)	(529)
Subtotal	1,675	(529)	1,146
Benefits paid	(5,625)	5,625	-
As of December 31, 2023	$121,006	$(137,916)	$(16,910)

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The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of	
	December 31, 2023	December 31, 2022
Discount rate	1.1960%	1.6970%
Expected rate of salary increases	3.50%	3.50%

A sensitivity analysis for significant assumption as of December 31, 2023 and 2022 is as shown below:

	Effect on the defined benefit obligation			
	2023		2022	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rates increase by 0.25%	$-	$3,132	$-	$3,300
Discount rates decrease by 0.25%	3,243	-	3,421	-
Expected salary increase by 0.5%	6,327	-	6,711	-
Expected salary decrease by 0.5%	-	5,967	-	6,312

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(15) Equity

A. Capital stock

The Company's authorized capital were NT$6,000,000 thousand, divided into 600,000 thousand shares (including 55,000 thousand shares reserved for exercise of employee stock options), as of December 31, 2023 and 2022, each at a par value of NT$10.

The Company's issued capital were NT$2,485,503 thousand, divided into 248,550 thousand shares, as of December 31, 2023 and 2022. Each share has one voting right and a right to receive dividends.

On December 12, 2023, a resolution was passed by the Board of Directors to increase the capital by cash and issue 12,000 thousand ordinary shares at par value of NT$10. Which has been approved by the FSC. The tentative offering price per share is NT$280, the actual issue price shall be determined in accordance with the relevant regulations, as of the issuance date of the financial statements, the record date for capital increase has not been determined yet.

B. Additional paid-in capital

	As of	
	December 31, 2023	December 31, 2022
Premiums in excess of par	$594,782	$594,782
Change in subsidiaries' ownership	108,352	108,352
Employee stock option and others	2,566	2,566
Total	$705,700	$705,700

According to the Company Act, the additional paid-in capital shall not be used except for offsetting deficit of the company. When a company does not have deficit, it may distribute the additional paid-in capital derived from the issuance of new shares at premiums in excess of par or income from endowments received by the Company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

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C. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Reserve for tax payments;
b. Offset accumulated losses in previous years, if any;
c. Legal reserve, which is 10% of leftover profits;
d. Allocation or reverse of special reserves as required by law or government authorities;
e. The remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. Except partial retained earnings will be distributed in future years, the distribution proposal is resolved by shareholder's meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. The Company is in the growth stage, in order to plan for future funding requirement and long-term financial planning, and to satisfy shareholders' need for cash dividend, cash dividends shall not be less than 10% of total dividends for distribution.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company does not have deficit, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the board meeting and shareholders' meeting on February 20, 2024 and May 24, 2023, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2023	2022	2023	2022
Legal reserve	$158,856	$247,112	$-	$-
Common stock-cash dividend	1,118,476	1,242,752	4.5	5.0

Please refer to Note 6(19) for more details on employees' compensations and the remunerations to directors.

(16) Operating revenue

Analysis of revenue from contracts with customers for the years ended December 31, 2023 and 2022 is as follows:

(1) Disaggregation of revenue

	For the years ended December 31	
	2023	2022
Sale of goods	$7,701,979	$8,833,559
Rendering of services	1,356,630	1,706,867
Silicon intellectual property license	1,275,869	926,029
Total	$10,334,478	$11,466,455
Timing of revenue recognition:		
At a point in time	$8,372,013	$9,705,827
Over time	1,962,465	1,760,628
Total	$10,334,478	$11,466,455

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(2) Contract balances

A. Contract assets – current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Rendering of services	$26,531	$40,546	$75,630

The significant changes in the Company's balances of contract assets for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31	
	2023	2022
The opening balance transferred to accounts receivable	$14,015	$75,630
Change in the progress of completion	-	35,044
Exchange rate changes	-	5,502

B. Contract liabilities – current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	$184,227	$309,242	$317,543
Rendering of services	172,860	234,050	154,966
Silicon intellectual property license	17,291	116,043	235
Total	$374,378	$659,335	$472,744

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31	
	2023	2022
The opening balance transferred to revenue	$298,512	$71,185
Increase in receipts in advance during the period (netting the amount incurred and transferred to revenue during the same period)	13,555	257,776

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2023 and 2022, there is no need to provide relevant information of the unsatisfied performance obligations as the contract terms with customers about the sales of goods are all shorter than one year. Besides, the summarized amount of transaction price allocated to unsatisfied performance obligations about rendering of services and silicon intellectual property license were NT$2,344,831 thousand and NT$2,356,026 thousand, respectively. The Company will recognize revenue based on the stage of completion of the contracts. Those contracts are expected to complete within the next 1 to 1.5 years.

D. Assets recognized from costs to fulfil a contract

	As of	
	December 31, 2023	December 31, 2022
Costs to fulfil a contract, current	$92,222	$69,859

The costs to fulfil a contract are the costs incurred by the Company for non-recurring engineering projects, and will be recognized as operating costs when the performance obligations are satisfied.

For the years ended December 31, 2023 and 2022, amortization expenses amounted to NT$71,989 thousand and NT$140,793 thousand are recognized as operating costs, respectively.

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(17) Expected credit losses

	For the years ended December 31	
	2023	2022
Operating expenses – Expected credit losses		
Contract assets	$-	$-
Accounts receivable	(3,854)	(4,927)
Total	$(3,854)	$(4,927)

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its contract assets and accounts receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessments of the Company's loss allowance as of December 31, 2023 and 2022 are as follows:

i. the loss allowance of contract assets is measured at an amount equal to lifetime expected credit losses, details are as follows:

	As of	
	December 31, 2023	December 31, 2022
Gross carrying amount	$29,574	$43,589
Expected credit loss rates	0%~100%	0%~100%
Loss allowance	(3,043)	(3,043)
Carry amount	$26,531	$40,546

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ii. the Company considers the grouping of accounts receivables by counterparties' credit rating, by geographical region and by industry sector, and its loss allowance is measured by using a provision matrix, details are as follows:

2023.12.31

		Overdue					
	Not yet due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$1,385,884	$40,594	$12,971	$87,435	$4,342	$12,251	$1,543,477
Expected credit loss rates	-%	-%	0%~2%	0%~10%	0%~50%	0%~100%	
Lifetime expected credit losses	-	-	276	647	-	12,251	13,174
Subtotal	$1,385,884	$40,594	$12,695	$86,788	$4,342	$-	$1,530,303

2022.12.31

		Overdue					
	Not yet due	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$1,258,542	$126,522	$27,447	$137,036	$189	$8,985	$1,558,721
Expected credit loss rates	-%	-%	0%~2%	0%~10%	0%~50%	0%~100%	
Lifetime expected credit losses	-	-	335	-	-	8,985	9,320
Subtotal	$1,258,542	$126,522	$27,112	$137,036	$189	$-	$1,549,401

iii. The movements in the provision for impairment of contract assets and accounts receivable for the years ended December 31, 2023 and 2022 are as follows:

	Contract assets	Accounts receivable
As of January 1, 2023	$3,043	$9,320
Increase for the current period	-	3,854
As of December 31, 2023	$3,043	$13,174
As of January 1, 2022	$3,043	$4,393
Increase for the current period	-	4,927
As of December 31, 2022	$3,043	$9,320

(18) Leases

The Company as lessee

The Company leases various properties, including real estate such as land and buildings, transportation equipment and office equipment. These leases have terms between 2 and 38 years.

The effect that leases have on the financial position, financial performance and cash flows of the Company are as follows:

A. Amounts recognized in the balance sheet

(a) Right-of-use asset

The carrying amount of right-of-use assets

	As of	
	December 31, 2023	December 31, 2022
Land	$163,379	$184,664
Buildings and facilities	3,697	1,074
Transportation equipment	476	1,617
Office equipment	234	362
Total	$167,786	$187,717

During the years ended December 31, 2023 and 2022, the additions to right-of-use assets of the Company amounted to NT$3,803 thousand and NT$4,271 thousand, respectively.

(b) Lease liabilities

	As of	
	December 31, 2023	December 31, 2022
Lease liabilities	$176,521	$195,034
Lease liabilities-current	$5,475	$6,280
Lease liabilities-noncurrent	171,046	188,754
Total	$176,521	$195,034

Please refer to Note 6(20) for the interest on lease liabilities recognized during the years ended December 31, 2023 and 2022 and refer to Note 12(5) for the maturity analysis for lease liabilities,as of December 31, 2023 and 2022.

B. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended December 31	
	2023	2022
Land	$5,231	$5,431
Buildings and facilities	1,180	1,173
Transportation equipment	1,141	1,141
Office equipment	128	31
Total	$7,680	$7,776

C. Income and costs relating to leasing activities

	For the years ended December 31	
	2023	2022
The expense relating to short-term leases	$240	$218

D. Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases amounted to NT$10,519 thousand and NT$10,612 thousand, respectively.

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E. Other information relating to leasing activities

Extension option

Some of the Company's property rental agreement contain extension options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with period covered by an option to extend the lease if the Company is reasonably certain to exercise that option. The options are used to maximize operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Company. After the commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(19) Summary statement of employee benefits, depreciation and amortization expenses by function:

	For the years ended December 31					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$82,893	$1,416,769	$1,499,662	$72,614	$1,615,529	$1,688,143
Labor and health insurance	5,554	77,923	83,477	4,313	79,220	83,533
Pension	3,033	43,628	46,661	2,436	43,811	46,247
Remuneration to directors	-	9,881	9,881	-	14,172	14,172
Others	1,654	23,998	25,652	1,345	23,523	24,868
Depreciation	1,273	58,639	59,912	1,048	59,801	60,849
Amortization	12,890	338,642	351,532	-	289,399	289,399

(1) The average number of employees of the Company were 606 and 598 for the years ended December 31, 2023 and 2022, respectively, including 5 non-employee directors for the years ended December 31, 2023 and 2022.

(2) Listed companies need to disclose the following additional information:

A. The average employee benefits expense for the current year was NT$2,754 thousand, and the average employee benefits expense for the previous year was NT$3,108 thousand.

B. The average employee salaries for the current year was NT$2,495 thousand, and the average employee salaries for the previous year was NT$2,848 thousand.

C. The Company's average salary expense adjustment decreased by (12.4%).

D. The Company has established the Audit Committee in replace of supervisors and therefore the supervisors' remuneration for the years ended December 31, 2023 and 2022 were both nil.

E. The Company set the directors' compensation policy in its Article of Incorporation in Article 27-1: The Company shall allocate no more than 2% of profit as directors' compensation for each profitable fiscal year after offsetting any cumulative losses. According to Article 16 of the Company's Article of Incorporation, the Board of Directors will calculate the directors' remuneration regardless in the profit or loss by referencing individual's involvement in operations and contributions with benchmarking to market compensation surveys.

The compensation of the executives of the Company is guided in accordance with Performance Management Policy. Executives' compensation packages are calculated by taking into consideration these individuals' achievements in the key performance indicators and contributions to the Company's overall operations, bench-marking industry averages. The Compensation Committee shall review the proposals prepared by Human Resources and subsequently reward the Executives with the approval of the Board of Directors.

Compensation and Remuneration Policy of the Company is based on individuals' competency, contributions, and performance results, which is positively related to the Company's overall performance. The compensation and remuneration are primarily the combination of base salary, incentive & profit sharing, and benefits. Base salary is determined by roles & responsibilities, competency in the market, and policy of the Company. Incentives & profit sharing are in relation to individual contribution, departmental achievements or the Company's performance. Benefits are designed not only in accordance with laws and government regulations but also to meet individual's need, providing all employees with mutual welfare conditions.

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A resolution was approved in the Shareholders' meeting to amend the Company's Article of Incorporation on May 24, 2023, no less than 1% of profit of the current year is distributable as employees' compensation and no more than 2% of profit of the current year is distributable as remuneration to directors. According to the Company's Article of Incorporation before May 24, 2023, no less than 10% of profit of the current year is distributable as employees' compensation and no more than 2% of profit of the current year is distributable as remuneration to directors. However, before distributing employees' compensation and remuneration to directors, the Company's profit should offset its accumulated losses, if any. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended December 31, 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors to be NT$237,433 thousand and NT$2,681 thousand, respectively, which were recognized as payroll expenses. The Company recognized the amounts of the employees' compensation and remuneration to directors to be NT$237,433 thousand and NT$2,681 thousand for the year ended December 31, 2023.

Based on profit of the year ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors to be NT$367,486 thousand and NT$6,333 thousand, respectively, which were recognized as payroll expenses. The Company recognized the amounts of the employees' compensation and remuneration to directors to be NT$367,486 thousand and NT$6,333 thousand for the year ended December 31, 2022.

A resolution was approved in a meeting of the Board of Directors held on February 20, 2024 to distribute NT$237,433 thousand and NT$2,681 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no differences between the aforementioned approved amounts and the amounts charged against earnings in 2023.

A resolution was approved in a meeting of the Board of Directors held on February 21, 2023 to distribute NT$367,486 thousand and NT$6,333 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no differences between the aforementioned approved amounts and the amounts charged against earnings in 2022.

(20) Non-operating income and expenses

A. Interest income

	For the years ended December 31	
	2023	2022
Interest income		
Financial assets measured at amortized cost	$28,854	$7,259

B. Other income

	For the years ended December 31	
	2023	2022
Dividend income	$72,163	$90,321
Rental income	2,143	2,014
Others	3,727	5,273
Total	$78,033	$97,608

C. Other gains and losses

	For the years ended December 31	
	2023	2022
Foreign exchange (losses) gains	$(12,922)	$1,763
Gains (losses) on financial assets and liabilities at fair value through profit or loss	4,616	(3,320)
Others	(30,832)	(10,495)
Total	$(39,138)	$(12,052)

D. Finance costs

	For the years ended December 31	
	2023	2022
Interest expenses on lease liabilities	$4,026	$4,285

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(21) Components of other comprehensive income

For the year ended December 31, 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	$(1,146)	$-	$(1,146)	$229	$(917)
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income	603,515	-	603,515	-	603,515
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	17,269	-	17,269	-	17,269
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(19,736)	-	(19,736)	8,096	(11,640)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(20,742)	-	(20,742)	-	(20,742)
Total other comprehensive income	$579,160	$-	$579,160	$8,325	$587,485

For the year ended December 31, 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	$20,657	$-	$20,657	$(4,132)	$16,525
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income	(914,736)	-	(914,736)	-	(914,736)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(47,420)	-	(47,420)	-	(47,420)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	53,847	-	53,847	-	53,847
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	16,617	-	16,617	-	16,617
Total other comprehensive income	$(871,035)	$-	$(871,035)	$(4,132)	$(875,167)

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(22) Income tax

The major components of income tax expense are as follows:

Income tax expense recognized in profit or loss

	For the years ended December 31	
	2023	2022
Current income tax expense:		
Current income tax payable	$398,007	$396,263
Deferred tax expense:		
Deferred tax expense related to origination and reversal of temporary differences	(38,544)	(13,341)
Total income tax expense	$359,463	$382,922

Income tax recognized in other comprehensive income

	For the years ended December 31	
	2023	2022
Deferred tax (income) expense:		
Exchange differences on translation of foreign operations	$(8,096)	$-
Remeasurements of defined benefit plans	(229)	4,132
Income tax relating to the components of other comprehensive income	$(8,325)	$4,132

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31	
	2023	2022
Accounting profit before tax from continuing operations	$1,948,935	$2,837,519
Tax at the statutory rates applicable to profits in the perspective tax jurisdictions	$389,787	$567,504
Tax effect of revenues exempted from taxation	(33,812)	(24,058)
Tax effect of deferred tax assets/liabilities	32,483	(56,864)
Tax credits	(29,682)	(130,000)
Tax effect of withholding tax under other tax jurisdiction	-	20,984
Others	687	5,356
Total income tax expense recognized in profit or loss	$359,463	$382,922

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Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance as of January 1, 2023	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2023
Temporary differences				
Unrealized exchange loss	$2,411	$6,091	$-	$8,502
Unrealized exchange gain	-	(1,820)	-	(1,820)
Unrealized allowance for inventory valuation and obsolescence losses	13,234	27,212	-	40,446
Valuation gain/ loss on financial assets/ liabilities at fair value through profit or loss	379	(1,838)	-	(1,459)
Defined benefit liabilities	-	(229)	229	-
Unrealized asset impairment losses	2,970	609	-	3,579
Unrealized (realized) gain from sales	11,673	3,812	-	15,485
Unrealized bad debts expense	3,266	(3,266)	-	-
Investment income accounted for using equity method	(15,956)	(15,118)	-	(31,074)
Investment loss accounted for using equity method	-	23,091	-	23,091
Exchange differences on translation of foreign operations	-	-	8,096	8,096
Deferred tax expense		$38,544	$8,325	
Net deferred tax assets/(liabilities)	$17,977			$64,846
Reflected in balance sheet as follows:				
Deferred tax assets	$33,933			$99,199
Deferred tax liabilities	$(15,956)			$(34,353)

For the year ended December 31, 2022

	Beginning balance as of January 1, 2022	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2022
Temporary differences				
Unrealized exchange loss	$625	$1,786	$-	$2,411
Unrealized exchange gain	(7,992)	7,992	-	-
Unrealized allowance for inventory valuation and obsolescence losses	10,631	2,603	-	13,234
Valuation gain/ loss on financial assets/ liabilities at fair value through profit or loss	(285)	664	-	379
Defined benefit liabilities	1,017	3,115	(4,132)	-
Unrealized asset impairment losses	2,970	-	-	2,970
Unrealized (realized) gain from sales	(198)	11,871	-	11,673
Unrealized bad debts expense	2,000	1,266	-	3,266
Investment income accounted for using equity method	-	(15,956)	-	(15,956)
Deferred tax expense		$13,341	$(4,132)	
Net deferred tax assets/(liabilities)	$8,768			$17,977
Reflected in balance sheet as follows:				
Deferred tax assets	$17,243			$33,933
Deferred tax liabilities	$(8,475)			$(15,956)

Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets that were not recognized amounted to NT$3,965 thousand and NT$8,874 thousand, respectively.

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Unrecognized deferred tax liabilities relating to the investment in subsidiaries

As of December 31, 2022, the Company did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Company's overseas subsidiaries, as the Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. The taxable temporary differences associated with an investment in subsidiaries, for which deferred tax liabilities have not been recognized, amounted to NT$36,407 thousand.

The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax of returns the Company is assessed and approved up to 2021.

(23) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent entity by the weighted-average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted-average number of ordinary shares outstanding during the period plus the weighted-average number of ordinary shares that would be issued assuming all the dilutive potential ordinary shares were converted into ordinary shares.

	For the years ended December 31	
	2023	2022
(a) Basic earnings per share		
Net income(in thousand NT$)	$1,589,472	$2,454,597
Weighted-average number of ordinary shares outstanding for basic earnings per share (in thousands)	248,550	248,550
Basic earnings per share (NT$)	$6.39	$9.88

	For the years ended December 31	
	2023	2022
(b) Diluted earnings per share		
Net income (in thousand NT$)	$1,589,472	$2,454,597
Weighted-average number of ordinary shares outstanding for basic earnings per share (in thousands)	248,550	248,550
Effect of dilution:		
Employee compensation (in thousands)	929	2,682
Weighted-average number of ordinary shares outstanding after dilution (in thousands)	249,479	251,232
Diluted earnings per share (NT$)	$6.37	$9.77

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. Related Party Transactions

Information of the related parties that had transactions with the Company during the financial reporting years is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
United Microelectronics Corporation	Entity with joint control or significant influence over the Company
HeJian Technology (Suzhou) Co., Ltd.	Other related parties
Wavetek Microelectronics Corporation	Other related parties
United Semiconductor (Xiamen) Co., Ltd.	Other related parties
Unitedds Semiconductor (Shandong) Co., Ltd.	Other related parties
United Semiconductor Japan Co., Ltd.	Other related parties
Faraday Technology Corporation (USA)	Subsidiaries
Faraday Technology Japan Corporation	Subsidiaries
FaradayTek Solutions India Private Limited	Subsidiaries

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Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Faraday Technology Vietnam Company Limited	Subsidiaries
GrainTech Electronics Limited	Subsidiaries
Faraday Technology China Corporation	Subsidiaries
Innopower Technology Corporation	Subsidiaries
United Creative Solution Corporation	Subsidiaries
Faraday Technology Corporation (Suzhou)	Subsidiaries
United Business Service Corporation	Subsidiaries
Artery Technology Corporation, Ltd.	Subsidiaries
Artery Technology Company	Subsidiaries

Significant transactions with the related parties

(1) Operating revenues

	For the years ended December 31	
	2023	2022
Entity with joint control or significant influence over the Company	$745,182	$730,676
Faraday Technology Corporation (USA)	1,326,388	1,412,099
Faraday Technology China Corporation	1,678,133	1,216,159
Faraday Technology Japan Corporation	1,074,264	1,122,182
United Creative Solution Corporation	596,084	530,797
Subsidiaries	434,993	1,293,988
Other related parties	71,689	85,160
Total	$5,926,733	$6,391,061

The Company's sales terms were month-end 30-60 days for non-related parties, while month-end 60 days for related-parties. Selling prices for related parties were different from each other and a direct comparison was impractical since the products or services were customized based on each order.

(2) Purchases

	For the years ended December 31	
	2023	2022
United Microelectronics Corporation	$1,481,221	$3,445,529
United Semiconductor (Xiamen) Co., Ltd.	1,388,813	1,309,066
Other related parties	10,186	142,382
Total	$2,880,220	$4,896,977

The purchase price to the related parties above was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are month-end 45-60 days.

(3) Expense and Income

	Items	For the years ended December 31	
		2023	2022
Subsidiaries	Research and development expenses	$217,101	$163,895
Entity with joint control or significant influence over the Company	Research and development expenses	14,071	8,410
Other related parties	Research and development expenses	3,043	-
Entity with joint control or significant influence over the Company	Testing expenses	641	51
Other related parties	Testing expenses	-	748
Subsidiaries	Selling Expense	4,904	-
Other related parties	Selling Expense	-	375
Total		$239,760	$173,479

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(4) Contract assets-current

	As of	
	December 31, 2023	December 31, 2022
United Creative Solution Corporation	$15,983	$10,421
Faraday Technology China Corporation	4,049	4,075
Faraday Technology Corporation (Suzhou)	2,973	-
Total	$23,005	$14,496

(5) Accounts receivables - related parties, net

	As of	
	December 31, 2023	December 31, 2022
Faraday Technology China Corporation	$379,485	$113,645
United Microelectronics Corporation	276,976	189,300
Faraday Technology Corporation (USA)	252,064	422,669
Faraday Technology Japan Corporation	139,144	109,894
Innopower Technology Corporation	113,263	188,551
Subsidiaries	6,467	102,475
Total	$1,167,399	$1,126,534

(6) Other receivables

	As of	
	December 31, 2023	December 31, 2022
Faraday Technology Corporation (USA)	$42,417	$367
Innopower Technology Corporation	34,258	68,721
Subsidiaries	80	5,084
Total	$76,755	$74,172

(7) Other current assets

	As of	
	December 31, 2023	December 31, 2022
Faraday Technology Vietnam Company Limited	$-	$41,371

(8) Contract liabilities-current

	As of	
	December 31, 2023	December 31, 2022
Subsidiaries	$4,089	$41,016

(9) Accounts payable - related parties

	As of	
	December 31, 2023	December 31, 2022
United Semiconductor (Xiamen) Co., Ltd.	$180,337	$162,231
United Microelectronics Corporation	128,960	265,996
Subsidiaries	138	140
Other related parties	634	3,805
Total	$310,069	$432,172

(10) Other payables

	As of	
	December 31, 2023	December 31, 2022
Subsidiaries	$29,381	$12,772

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(11) Key management personnel compensation

	For the years ended December 31	
	2023	2022
Short-term employee benefits	$121,876	$183,931
Post-employment benefits	981	1,359
Total	$122,857	$185,290

8. Assets Pledged as Collateral

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

	Carrying amount as of		
Assets pledged for security	December 31, 2023	December 31, 2022	Secured liabilities
Financial assets measured at amortized cost	$15,135	$15,072	Custom clearance deposit
Financial assets measured at amortized cost	10,060	10,000	Science Park Administration land rental deposits
Total	$25,195	$25,072	

9. Significant Contingencies and Unrecognized Contractual Commitments

None.

10. Losses Due to Major Disasters

None.

11. Significant Subsequent Events

A resolution was passed on the Company's board meeting held on January 15, 2024 to increase the share capital of the subsidiary, Sheng Bang Investment Corporation, by cash in the amount of NT$700,000 thousand. On the same day, another resolution was passed by the Board of Directors that, to cope with the Company and subsidiaries' operating strategy and achieve strategic investment and layout synergy, the subsidiary, Sheng Bang Investment Corporation, is expected to acquire 100% of the ordinary shares of Solid Silicon Technology LLC dba Aragio Solution at a transaction price of US$20,000 thousand in total.

12. Others

(1) Categories of financial instruments

Financial assets

	As of	
	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$7,294	$-
Financial assets at fair value through other comprehensive income	2,464,586	1,861,071
Financial assets measured at amortized cost (Note)	5,146,031	4,068,584
Total	$7,617,911	$5,929,655

Financial liabilities

	As of	
	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss:		
Held for trading	$-	$1,896
Financial liabilities measured at amortized cost:		
Accounts payable (including related parties)	938,245	1,045,031
Other payables	761,869	815,487
Long-term payables	92,645	148,827
Lease liabilities	176,521	195,034
Total	$1,969,280	$2,206,275

Note: Including cash and cash equivalents (exclude cash on hand), notes receivable, accounts receivable, other receivables, refundable deposits and financial assets measured at amortized cost, non-current.

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(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk exposures.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is achieved. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

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The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 10%, the profit for the years ended December 31, 2023 and 2022 would decrease /increase by NT$51,422 thousand and NT$73,968 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates primarily related to the Company's short-term deposits at variable interest rates. Therefore, interest rate risk is low.

Equity price risk

The Company's unlisted equity securities and other investments are susceptible to market price risk arising from uncertainties about future values of the investment objectives. The Company's unlisted equity securities and other investment are classified under financial assets measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Company's top management for reviews and approvals on a regular basis.

Please refer to Note 12(9) for sensitivity analysis information of equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for contract assets, accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all trading partners based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain trading partners' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of December 31, 2023, and 2022, top ten customers represented 88% and 89% of the contract assets and accounts receivable of the Company, respectively. The credit concentration risk of other contract assets and accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. Except for contract assets and the trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis. An assessment is made at each reporting date as to whether the credit risk has substantially increased in order to determine the method of measuring the loss allowance and the loss ratio. The measurement indicators of the Group are described as follows:

				Gross carrying amount	
				As of	
Level of credit risk	Indicator	Measurement method for expected credit losses	Loss rate	December 31, 2023	December 31, 2022
Low credit risk	Rated as twAA-	12-month expected credit losses	0%	$50,000	$-
Simplified approach (Note)	Not applicable	Lifetime expected credit losses	0%-100%	$1,573,050	$1,602,310

Note: By using simplified approach loss allowance (lifetime expected credit losses) is measured at contract assets, notes receivables and accounts receivables.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amounts include the contractual interest.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2023					
Accounts payable (including related parties)	$938,245	$-	$-	$-	$938,245
Other payables	761,869	-	-	-	761,869
Long-term payables	-	82,436	10,209	-	92,645
Lease liabilities	9,227	17,214	14,621	204,697	245,759
As of December 31, 2022					
Accounts payable (including related parties)	$1,045,031	$-	$-	$-	$1,045,031
Other payables	815,487	-	-	-	815,487
Long-term payables	-	142,796	6,031	-	148,827
Lease liabilities	10,414	15,973	15,973	231,614	273,974

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Derivative financial assets (liabilities)

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2023					
Inflows	$450,824	$-	$-	$-	$450,824
Outflows	(443,530)	-	-	-	(443,530)
Net	$7,294	$-	$-	$-	$7,294
As of December 31, 2022					
Inflows	$432,246	$-	$-	$-	$432,246
Outflows	(434,142)	-	-	-	(434,142)
Net	$(1,896)	$-	$-	$-	$(1,896)

The table above contains the undiscounted net cash flows of derivative financial instruments.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for year ended December 31, 2023:

	Lease liabilities
As of January 1, 2023	$195,034
Cash flows	(6,253)
Non-cash flows	
Decrease	(12,251)
Lease modification	(9)
As of December 31, 2023	$176,521

Reconciliation of liabilities for year ended December 31, 2022:

	Lease liabilities
As of January 1, 2022	$196,872
Cash flows	(6,109)
Non-cash flows	
Additions	4,271
As of December 31, 2022	$195,034

(7) Fair values of financial instruments

a. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

i. The carrying amount of cash and cash equivalents, notes receivables and accounts receivable, other receivables, accounts payable and other payables approximate their fair value due to their short maturities.

ii. Fair value of equity instruments (including unlisted equity securities) without active market and market quotations cannot be reliably measured. Its amount is estimated using the market approach or asset approach based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information.

iii. The financial assets measured at amortized cost, long-term payables and lease liabilities are determined by discounted cash flow analysis. The Company estimates the fair value based on book value due to the insignificant difference between the fair value from discounted cash flow analysis and carrying amount.

iv. The fair value of derivative financial instrument is based on market quotations. For unquoted derivatives that are not options, the fair value is determined based on discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the option pricing model.

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b. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial instruments measured at amortized cost, except for cash and cash equivalents, accounts receivable, short-term borrowings, accounts payable and other current liabilities approximate their fair value. The table below lists the fair value of other financial assets measured at amortized cost:

	Carrying amount		Fair value	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Financial assets:				
Financial assets measured at amortized cost				
Corporate Bond	$50,000	$-	$49,870	$-

c. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2023 and 2022 is as follows:

Forward currency contracts

The Company entered into forward exchange contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward exchange contracts:

Items (by contract)	Notional Amount	Contract Period
As of December 31, 2023		
Forward currency contract	Sell USD 12,000 thousand	From December 4, 2023 to January 29, 2024
Forward currency contract	Sell RMB 17,509 thousand	From November 21, 2023 to January 31, 2024

Items (by contract)	Notional Amount	Contract Period
As of December 31, 2022		
Forward currency contract	Sell USD 20,000 thousand	From December 6, 2022 to January 17, 2023
Forward currency contract	Sell RMB 15,000 thousand	From December 9, 2022 to January 13, 2023

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

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As of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contracts	$-	$7,294	$-	$7,294
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	$-	$-	2,464,586	2,464,586

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	$-	$-	$1,861,071	$1,861,071
Financial liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contracts	$-	$1,896	$-	$1,896

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Movements of fair value measurement in Level 3 on recurring basis

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the year is as follows:

	Assets
	At fair value through other comprehensive income
	Stocks
As of January 1, 2023	$1,861,071
Total gains and losses recognized for the year ended December 31, 2023:	
Amount recognized in other comprehensive income ("Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income")	603,515
As of December 31, 2023	$2,464,586

	Assets
	At fair value through other comprehensive income
	Stocks
As of January 1, 2022	$2,775,807
Total gains and losses recognized for the year ended December 31, 2022:	
Amount recognized in other comprehensive income ("Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income")	(914,736)
As of December 31, 2022	$1,861,071

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Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks and others	Asset approach	Discount for lack of marketability and non-controlling interest	10%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability and minority interest would result in decrease/increase in the Company's equity by NT$246,459 thousand

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks and others	Asset approach	Discount for lack of marketability and non-controlling interest	10%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability and minority interest would result in decrease/increase in the Company's equity by NT$186,107 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

(c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Financial assets measured at amortized cost				
Corporate Bond	$49,870	$-	$-	$49,870

(10) Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

Unit: in thousands

	As of December 31, 2023			As of December 31, 2022		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary items:						
USD	$41,978	30.71	$1,289,144	$47,459	30.70	$1,456,997
Non-monetary items:						
USD	9,775	30.71	300,182	8,105	30.70	248,833
Financial liabilities						
Monetary items:						
USD	25,234	30.71	774,927	23,365	30.70	717,313

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The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

Because there are several types of foreign currency transactions within the Company, it is not practical to disclose the exchange gains and losses of monetary financial assets and liabilities by each significant asset and liability denominated in foreign currencies. The foreign exchange (loss) gain was NT$(12,922) thousand and NT$1,763 thousand for the years ended December 31, 2023 and 2022, respectively.

(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information related to significant transactions

Additional disclosures for information of the Company for the year ended December 31, 2023:

(a) Financing provided to others for the year ended December 31, 2023: None.

(b) Endorsement/Guarantee provided to others for the year ended December 31, 2023: Please refer to Attachment 1.

(c) Securities held as of December 31, 2023: Please refer to Attachment 2.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2023: Please refer to Attachment 3.

(h) Receivables from related parties with amount exceeding the lower of NT$100 million or 20 percent of the capital stock as of December 31, 2023: Please refer to Attachment 4.

(i) Trading in derivative instruments: Please refer to Note 12.

(j) Other: Significant intercompany transactions between consolidated entities: Please refer to Attachment 5.

(2) Information on investees

Information on investees which significant influenced or controlled by the Company: Please refer to Attachment 6.

(3) Information on investments in Mainland China

(a) Investee company name, main business and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 7.

(b) Significant transaction to investee company in Mainland China for the year ended December 31, 2023:

i. Purchases amount and percentage, and related ending balance and percentage of payables: None.

ii. Sales amount and percentage, and related ending balance and related ending balance and percentage of receivables: Please refer to Attachment 5.

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iii. Property transaction amount and occurred gain (loss): None.

iv. Ending balance and purpose of endorsement/guarantee provided for notes or collateral: None.

v. Highest balance, ending balance, interest rate interval and total interest amount in current period of financing: None.

vi. Other transactions with significant influence on current period income or financial position: Please refer to Attachment 5.

(4) Major shareholder information

Please refer to Attachment 8.

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ATTACHMENT 1 (Endorsement/Guarantee provided to others for the year period ended December 31, 2023)

Unit: New Taiwan Dollars in thousands and RMB in dollars

No. (Note 1)	Endorsor/Guarantor	Receiving party: Company name	Receiving party: Relationship (Note 2)	Limit of guarantee/endorsement amount for receiving party (Note 3)	Maximum balance for the period	Ending balance (Note 4)	Actual amount provided	Amount of collateral guarantee/endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/endorsement amount (Note 3)	Endorsement guarantee from parent company to subsidiary	Endorsement guarantee from the subsidiary to the parent company	Endorsement guarantee for mainland areas
1	Artery Technology Corporation	Artery Technology Corporation, Ltd.	4	$346,611	$200,250 (RMB 45,000,000)	$197,730 (RMB 45,000,000)	$70,922	-	25.67%	$346,611	N	N	Y
2	Artery Technology Corporation	Artery Technology Company	4	346,611	25,000	25,000	25,000	-	3.25%	346,611	N	N	N

Note 1: Faraday Technology Corporation and its subsidiaries are coded as follows:
1. Faraday Technology Corporation is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: There are the following 7 types of relationships between the endorsement guarantor and the object of the endorsement, and the type can be indicated:
1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: According to the regulations of Artery Technology Corporation's endorsement guarantee operation method:
1. Limit of total guarantee/endorsement amount shall not exceed 45% of Artery Technology Corporation's net worth as stated in the latest financial statements.
2. The amount of endorsements/guarantees for any single entity shall not exceed 45% of Artery Technology Corporation's net worth as stated in the latest financial statementst.
3. Artery Technology Corporation and its subsidiaries endorsements/guarantees to others shall not excess 45% of Artery Technology Corporation's net worth as stated in the latest financial statements.
4. Artery Technology Corporation and its subsidiaries endorsements/guarantees for any single entity shall not exceed 45% of Artery Technology Corporation's net worth as stated in the latest financial statements.
5. The amount of endorsements/guarantees for a company which endorsor/guarantor does business with, except the ceiling rules abovementioned shall not exceed the needed amounts arising from business dealings which is the higher amount of total sales or purchase transactions between endorsor/guarantor and the receiving party.

Note 4: Amounts denominated in foreign currency is translated into New Taiwan Dollars by using customs adminstration's average exchange rate in December 2023.

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ATTACHMENT 2 (Securities held as of December 31, 2023) (Excluding subsidiaries and associates)

Faraday Technology Corporation

Type of securities	Name of securities	Relationship	Financial statement account	As of December 31, 2023: Units/shares	Carrying amount	Percentage of ownership (%)	Fair value	Note
Common Stock	SHIEH YONG Investment Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	260,055,495	$2,397,413	12.12%	$2,397,413	-
Common Stock	Unitech Capital Inc.	-	Financial assets at fair value through other comprehensive income, non-current	2,500,000	67,173	5.00%	67,173	-
Corporate Bond	United Microelectronics Corporation		Financial assets measured at amortized cost, non-current	50 bonds	50,000	-	49,870	(Note 1)

Chih-Hung Investment Corporation

Type of securities	Name of securities	Relationship	Financial statement account	As of December 31, 2023: Units/shares	Carrying amount	Percentage of ownership (%)	Fair value	Note
Preferred stock Common Stock	Aviacomm Ltd.	-	Financial assets at fair value through profit or loss, non-current	14,600,000 1,714,285	$-	14.08%	$-	-
Common Stock	Innostor Technology Corporation	-	Financial assets at fair value through profit or loss, non-current	59,167	-	0.70%	-	-
Common Stock	APM Communication, Inc.	-	Financial assets at fair value through profit or loss, non-current	12,600	-	0.13%	-	-
Common Stock	Storm Semiconductors, Inc.	-	Financial assets at fair value through profit or loss, non-current	2,115,000	-	8.01%	-	-
Common Stock	SanJet Technology Corporation	-	Financial assets at fair value through other comprehensive income, non-current	3,000,000	-	9.53%	-	-
Preferred stock	Gear Radio Limited	-	Financial assets at fair value through other comprehensive income, non-current	1,200,000	-	2.79%	-	-
Preferred stock	NeuroSky	-	Financial assets at fair value through other comprehensive income, non-current	44,312,575	-	6.15%	-	-
Preferred stock	Floadia	-	Financial assets at fair value through other comprehensive income, non-current	1,818	-	7.91%	-	-
Common Stock	Hsun Chieh Capital Corp.	-	Financial assets at fair value through other comprehensive income, non-current	3,000,000	71,539	15.00%	71,539	-

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ATTACHMENT 2 (Securities held as of December 31, 2023) (Excluding subsidiaries and associates)

Sheng Bang Investment Corporation

				As of December 31, 2023				
Type of securities	Name of securities	Relationship	Financial statement account	Units/shares	Carrying amount	Percentage of ownership (%)	Fair value	Note
Fund	IB FUND SPC -RCM Auto Parts Industry Fund Segregated Portfolio	-	Financial assets at fair value through profit or loss, current	10,000	$22,296	-	$22,296	-
Common Stock	Storm Semiconductors, Inc.	-	Financial assets at fair value through profit or loss, non-current	641,000	-	2.43%	-	-
Common Stock	Sifotonics Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	800,000	-	1.33%	-	-
Common Stock	Ascent Venture Capital	-	Financial assets at fair value through other comprehensive income, non-current	3,000,000	27,046	19.67%	27,046	-
Capital	Jian Rui Venture Capital (translated from Chinese)	-	Financial assets at fair value through other comprehensive income, non-current	-	10,895	8.50%	10,895	-

Note 1: Each at a bond value of NT$1,000 thousand.

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ATTACHMENT 3 (Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of capital stock)

Faraday Technology Corporation

		Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		
Counter-party	Relationship	Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit Price	Payment Term	Balance	Percentage of total receivables (payable)	Note
Faraday Technology Corporation (USA)	Subsidiary	Sales	$1,326,388	12.83%	Month-end 60 days	Note 1	Note3	$252,064	16.33%	-
Faraday Technology Japan Corporation	Subsidiary	Sales	1,074,264	10.39%	Month-end 60 days	Note 1	Note3	139,144	9.01%	-
Faraday Technology China Corporation	Subsidiary	Sales	1,678,133	16.24%	Month-end 60 days	Note 2	Note3	379,485	24.59%	-
United Creative Solution Corporation	Subsidiary	Sales	596,084	5.77%	Month-end 60 days	Note 2	Note3	6,467	0.42%	-
Innopower Technology Corporation	Subsidiary	Sales	299,269	2.90%	Month-end 60 days	Note 2	Note 2	113,263	7.34%	-
Artery Technology Corporation, Ltd.	Subsidiary	Sales	113,416	1.10%	Month-end 60 days	Note 2	Note3	-	-	
United Microelectronics Corporation	Entity with joint control or significant influence over the Company	Sales	745,182	7.21%	Month-end 60 days	-	-	276,976	17.94%	-
United Microelectronics Corporation	Entity with joint control or significant influence over the Company	Purchases	1,481,221	47.48%	Month-end 60 days	-	-	128,960	13.74%	-
United Semiconductor (Xiamen) Co., Ltd.	Other related parties	Purchases	1,388,813	44.52%	Month-end 60 days	-	-	180,337	19.22%	-

Note 1: The sales price to the above related parties was determined through mutual agreement in reference to resale price.

Note 2: As the sale of product or service is individually designed based on requirement of customers, the sales term was determined through mutual agreement.

Note 3: The Company's sales terms were month-end 30-60 days for non-related parties, while month-end 60 days for related-parties.

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FARADAY TECHNOLOGY CORPORATION

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ATTACHMENT 4 (Receivables from related parties with amount exceeding the lower of NT$100 million or 20 percent of the capital stock)

Faraday Technology Corporation

Counter-party	Relationship	Ending Balance of Notes/Trade Receivables from Related Party (Note1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Doubtful Debts
				Amount	Action Taken		
United Microelectronics Corporation	Entity with joint control or significant influence over the Company	$276,976	3.20	$-	$-	$188,567	$-
Faraday Technology Corporation (USA)	Subsidiary	252,064	3.93	-	-	33,131	-
Faraday Technology China Corporation	Subsidiary	379,485	6.81	-	-	165,664	-
Faraday Technology Japan Corporation	Subsidiary	139,144	8.63	-	-	39,357	-
Innopower Technology Corporation	Subsidiary	113,263	1.98	-	-	39,584	-

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FARADAY TECHNOLOGY CORPORATION

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ATTACHMENT 5 (Significant intercompany transactions between consolidated entities)

For the year ended December 31, 2023

No. (Note 1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Term	Percentage of consolidated operating revenues or consolidated total assets (Note 3)
0	Faraday Technology Corporation	Faraday Technology Corporation (USA)	1	Operating revenues	$1,326,388	Note 4	11.09%
0	Faraday Technology Corporation	Faraday Technology Corporation (USA)	1	Research expenses	42,247	According to the contract	0.35%
0	Faraday Technology Corporation	Faraday Technology Corporation (USA)	1	Accounts receivable	252,064	Month-end 60 days	1.88%
0	Faraday Technology Corporation	Faraday Technology Corporation (USA)	1	Other receivables	42,417	Month-end 60 days	0.32%
0	Faraday Technology Corporation	Faraday Technology Corporation (USA)	1	Other payables	5,541	Month-end 60 days	0.04%
0	Faraday Technology Corporation	Faraday Technology Japan Corporation	1	Operating revenues	1,074,264	Note 4	8.98%
0	Faraday Technology Corporation	Faraday Technology Japan Corporation	1	Accounts receivable	139,144	Month-end 60 days	1.04%
0	Faraday Technology Corporation	FaradayTek Solutions India Private Limited	1	Research expenses	22,813	According to the contract	0.19%
0	Faraday Technology Corporation	Faraday Technology Vietnam Company Limited	1	Research expenses	152,041	According to the contract	1.27%
0	Faraday Technology Corporation	Faraday Technology Vietnam Company Limited	1	Other payables	23,538	Month-end 60 days	0.18%
0	Faraday Technology Corporation	GrainTech Electronics Limited	1	Operating revenues	2,352	Note 5	0.02%
0	Faraday Technology Corporation	United Creative Solution Corporation	1	Operating revenues	596,084	Note 5	4.98%
0	Faraday Technology Corporation	United Creative Solution Corporation	1	Contract assets	15,983	According to the contract	0.12%
0	Faraday Technology Corporation	United Creative Solution Corporation	1	Accounts receivable	6,467	Month-end 60 days	0.05%
0	Faraday Technology Corporation	United Creative Solution Corporation	1	Contract liabilities	3,028	According to the contract	0.02%

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ATTACHMENT 5 (Significant intercompany transactions between consolidated entities)

No. (Note 1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transactions: Account	Amount	Terms	Percentage of consolidated operating revenues or consolidated total assets (Note 3)
0	Faraday Technology Corporation	Faraday Technology China Corporation	1	Operating revenues	$1,678,133	Note 5	14.02%
0	Faraday Technology Corporation	Faraday Technology China Corporation	1	Contract assets	4,049	According to the contract	0.03%
0	Faraday Technology Corporation	Faraday Technology China Corporation	1	Accounts receivable	379,485	Month-end 60 days	2.83%
0	Faraday Technology Corporation	Faraday Technology China Corporation	1	Accounts payables	133	Month-end 60 days	-
0	Faraday Technology Corporation	Faraday Technology China Corporation	1	Contract liabilities	1,061	According to the contract	0.01%
0	Faraday Technology Corporation	Faraday Technology Corporation (Suzhou)	1	Operating revenues	4,018	Note 5	0.03%
0	Faraday Technology Corporation	Faraday Technology Corporation (Suzhou)	1	Contract assets	2,973	According to the contract	0.02%
0	Faraday Technology Corporation	United Business Service Corporation	1	Operating revenues	574	Note 5	-
0	Faraday Technology Corporation	Innopower Technology Corporation	1	Operating revenues	299,269	Note 5	2.50%
0	Faraday Technology Corporation	Innopower Technology Corporation	1	Accounts receivable	113,263	Month-end 60 days	0.84%
0	Faraday Technology Corporation	Innopower Technology Corporation	1	Other receivables	34,258	Month-end 60 days	0.26%
0	Faraday Technology Corporation	Innopower Technology Corporation	1	Other payables	302	Month-end 60 days	-
0	Faraday Technology Corporation	Artery Technology Corporation, Ltd.	1	Operating revenues	113,416	Note 5	0.95%
0	Faraday Technology Corporation	Artery Technology Company	1	Operating revenues	15,364	Note 5	0.13%
0	Faraday Technology Corporation	Artery Technology Company	1	Royalty expenses	4,904	Note 5	0.04%

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ATTACHMENT 5 (Significant intercompany transactions between consolidated entities)

No. (Note 1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transactions: Account	Amount	Terms	Percentage of consolidated operating revenues or consolidated total assets (Note 3)
1	Artery Technology Corporation, Ltd.	Artery Technology Company	3	Operating revenues	$49,948	Note 5	0.42%
1	Artery Technology Corporation, Ltd.	Artery Technology Company	3	Accounts receivable	11,402	Month-end 60 days	0.08%
1	Artery Technology Corporation, Ltd.	Artery Technology Company	3	Purchases	109,032	Note 5	0.91%
1	Artery Technology Corporation, Ltd.	Artery Technology Company	3	Accounts payables	19,001	Month-end 60 days	0.14%
1	Artery Technology Corporation, Ltd.	Faraday Technology Corporation (Suzhou)	3	Research expenses	5,607	According to the contract	0.05%
2	United Business Service Corporation	Faraday Technology Corporation (Suzhou)	3	Operating revenues	25,284	Note 5	0.21%

Note 1: Faraday Technology Corporation and its subsidiaries are coded as follows:

1. Faraday Technology Corporation is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

1. The holding company to subsidiary
2. Subsidiary to holding company
3. Subsidiary to subsidiary

Note 3: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end. For profit or loss items, cumulative balances are used as basis.

Note 4: The sales price to the above related parties was determined through mutual agreement in reference to resale price.

Note 5: As the sale of product or service is individually designed based on requirement of customers, the sales price was determined through mutual agreement.

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ATTACHMENT 6 (Related information of investee companies)

Faraday Technology Corporation

			Initial Investment (Note 1)		Investment as of December 31, 2023				
Investee company	Location	Main businesses and products	December 31, 2023	December 31, 2022	Number of shares	Percentage of ownership (%)	Carrying amount	Net income (loss) of investee company	Investment income (loss) recognized
Faraday Technology Corporation (USA)	California, USA	Sales representive in America	$403,600	$371,224	Common stock 118,580 thousand shares and preferred stock 2,000 thousand shares	Common stock owned 100.00% and preferred stock owned 100.00%	$300,182	$50,623	$50,623
Faraday Technology Corp. (B.V.I.)	British Virgin Islands	General investing	855,770	855,770	Common stock 27,489 thousand shares	100.00%	839,805	21,056	21,056
Faraday Technology Japan Corporation	Tokyo, Japan	Sales representive in Japan	29,320	29,320	Common stock 2 thousand shares	99.95%	159,410	63,056	63,025
Chih-Hung Investment Corporation	Taiwan	General Investing	539,500	539,500	Common stock 53,950 thousand shares	100.00%	510,078	95,344	95,344
Sheng Bang Investment Corporation	Taiwan	General Investing	102,020	102,020	Common stock 10,202 thousand shares	100.00%	86,013	1,554	1,554
Faraday Technology Vietnam Company Limited	Vietnam	IC design services	164,392	9,287	-	100.00%	161,225	3,567	3,567
Sinble Technology Pte. Ltd.	Singapore	IC design services	179,400	- (Note 2)	Common stock 7,800 thousand shares	100.00%	162,987	(16,602)	(16,602)

Chih-Hung Investment Corporation

			Initial Investment (Note 1)		Investment as of December 31, 2023				
Investee company	Location	Main businesses and products	December 31, 2023	December 31, 2022	Number of shares	Percentage of ownership (%)	Carrying amount	Net income (loss) of investee company	Investment income (loss) recognized
Grain Media Inc.	Taiwan	IC designing, marketing and customer service	$1,456	$1,456	Common stock 146 thousand shares	19.42%	$1,117	$1	$-
Innopower Technology Corporation	Taiwan	Silicon Intellectual Property designing	80,000	80,000	Common stock 31,970 thousand shares	100.00%	390,536	95,592	95,592
FaradayTek Solutions India Private Limited	India	IC design services	45	45	Common stock 10 thousand shares	1.00%	104	1,368	14

Sheng Bang Investment Corporation

			Initial Investment (Note 1)		Investment as of December 31, 2023				
Investee company	Location	Main businesses and products	December 31, 2023	December 31, 2022	Number of shares	Percentage of ownership (%)	Carrying amount	Net income (loss) of investee company	Investment income (loss) recognized
Grain Media Inc.	Taiwan	IC designing, marketing and customer service	$6,044	$6,044	Common stock 604 thousand shares	80.58%	$4,636	$1	$1
FaradayTek Solutions India Private Limited	India	IC design services	4,462	4,462	Common stock 990 thousand shares	99.00%	10,342	1,368	1,354

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ATTACHMENT 6 (Related information of investee companies)

Innopower Technology Corporation

			Initial Investment (Note 1)		Investment as of December 31, 2023				
Investee company	Location	Main businesses and products	December 31, 2023	December 31, 2022	Number of shares	Percentage of ownership (%)	Carrying amount	Net income (loss) of investee company	Investment income (loss) recognized
Bright Capital Group Limited (BCGL)	Samoa	General investing	$68,593	$68,593	Common stock 2,301 thousand shares	100.00%	$357,598	$158,999	$158,999

Faraday Technology Corp. (B.V.I.)

			Initial Investment (Note 1)		Investment as of December 31, 2023				
Investee company	Location	Main businesses and products	December 31, 2023	December 31, 2022	Number of shares	Percentage of ownership (%)	Carrying amount	Net income (loss) of investee company	Investment income (loss) recognized
Faraday Technology (Mauritius) Corp.	Mauritius	General investing	USD $12,859,205	USD $12,859,205	Common stock 12,804 thousand shares	100.00%	$184,963	$40,632	$40,632
GrainTech Electronics Limited	Hong Kong	IC designing, marketing and customer service	USD 100,000	USD 100,000	Common stock 100 thousand shares	100.00%	5,407	28	28
Faraday Technology (Samoa) Corp.	Samoa	General investing	USD 4,715,067	USD 4,715,067	Common stock 4,715 thousand shares	100.00%	224,916	23,720	23,720
Artery Technology Corporation	Cayman	General investing	USD 9,809,000	USD 9,809,000	Common stock 31,149 thousand shares	60.87%	456,829	(72,038)	(43,849)

Artery Technology Corporation

			Initial Investment (Note 1)		Investment as of December 31, 2023				
Investee company	Location	Main businesses and products	December 31, 2023	December 31, 2022	Number of shares	Percentage of ownership (%)	Carrying amount	Net income (loss) of investee company	Investment income (loss) recognized
Artery Technology Company	Taiwan	IC designing, marketing and customer service	$211,141	$171,141	Common stock 17,114 thousand shares (Note 5)	60.87% (Note 3)	$112,159	$(103,761)	$(63,159)

Sinble Technology Pte. Ltd.

			Initial Investment (Note 1)		Investment as of December 31, 2023				
Investee company	Location	Main businesses and products	December 31, 2023	December 31, 2022	Number of shares	Percentage of ownership (%)	Carrying amount	Net income (loss) of investee company	Investment income (loss) recognized
Sinble Technology Vietnam Company Limited (Sinble VN)	Vietnam	IC design services	USD $1,300,000	$- (Note 4)	-	100.00%	$37,051	($1,283)	($1,283)

Note 1: USD are expressed in dollars.

Note 2: The company established Sinble Technology Pte. Ltd. in November 2022, and completed capital injection of NT$179,400 thousand in January 2023.

Note 3: The Company owns 100% of Faraday Technology Corp. (B.V.I.) and Faraday Technology Corp. (B.V.I.) owns 60.87% of Artery Technology Corporation. Artery Technology Corporation owns 100% of Artery Technology Company; therefore, the Group's shareholding of Artery Technology Company is 60.87%.

Note 4: Sinble Technology Pte. Ltd. established Sinble Technology Vietnam Company Limited (Sinble VN) with NT$41,219 (USD$1,300) thousand in August 2023.

Note 5: Artery Technology Company has 4,000 thousand shares registration in progress.

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ATTACHMENT 7 (Investment in Mainland China)

Unit: New Taiwan Dollars in thousands, USD and RMB in dollars

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows: Outflow	Investment Flows: Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2023	Accumulated inward remittance of earnings as of December 31, 2023
Faraday Technology China Corporation	IC designing, marketing and customer service	$184,260 (USD 6,000,000)	Note 1, 3	$184,260 (USD 6,000,000)	$-	$-	$184,260 (USD 6,000,000)	$40,555	100.00%	$40,555 Note 8 (1)	$144,558	$-
Faraday Technology Corporation (Suzhou)	IC designing, marketing and customer service	178,118 (USD 5,800,000)	Note 4	178,118 (USD 5,800,000)	-	178,118 (USD5,800,000)	-	158,985	100.00%	158,985 Note 8 (1)	357,583	185,291 (USD6,033,563)
United Business Service Corporation	IC designing, marketing and customer service	129,870 (RMB 30,000,000)	Note 1	129,870 (RMB 30,000,000)	-	-	129,870 (RMB 30,000,000)	23,720	100.00%	23,720 Note 8 (1)	224,915	-
Artery Technology Corporation, Ltd.	IC designing, marketing and customer service	367,292 (USD 11,960,000)	Note 1, 5, 6	184,070 (USD 5,993,815)	-	38,388 (USD1,250,000)	145,682 (USD 4,743,815)	31,524	60.87%	19,189 Note 8 (1)	355,755	38,388 (USD1,250,000)
United Creative Solution Corporation	IC designing, marketing and customer service	43,290 (RMB 10,000,000)	Note 7	-	-	-	-	22,165	100.00%	22,165 Note 8 (1)	110,351	-
Innopower Technology Corporation (Chongqing)	IC designing, marketing and customer service	4,329 (RMB 1,000,000)	Note 7	-	-	-	-	2	100.00%	2 Note 8 (1)	4,335	-

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
FARADAY TECHNOLOGY CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 7 (Investment in Mainland China)

Accumulated investment in Mainland China as of December 31, 2023	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
$474,742 (Note 2) (USD 15,458,882)	$784,143 (Note 2) (USD 25,533,815)	$5,720,035

Note 1: Indirectly investment in Mainland China through subsidiaries of Faraday Technology Corp. (B.V.I.) (registered in a third region) such as Faraday Technology (Mauritius) Corp., Faraday Technology (Samoa) Corp., and Artery Technology Corporation.

Note 2: Amounts denominated in foreign currency is translated into New Taiwan Dollars by using exchange rate on December 31, 2023.

Note 3: As of December 31, 2022, Investment Commission, MOEA approved the total investment amount USD 6,000 thousand. The Company had remitted investment amounted to USD 5,500 thousand, and Faraday Technology (Mauritius) Corp. had remitted investment amounted to USD 500 thousand from its owned capital.

Note 4: On May 19, 2010, Investment Commission, MOEA approved Innopower Technology Corporation acquired the 100% of ownership of Faraday Technology Corporation (Suzhou) (Mainland China company owned by Faraday Technology (Mauritius) Corp., which owned by Faraday Technology Corp. (B.V.I.)) with USD 602,182 through Bright Capital Group Limited (BCGL). Before the transaction, Investment Commission, MOEA had approved the total investment amount USD 5,800 thousand. On May 24, 2023, the cash dividend of USD 6,034 thousand was repatriated to deduct the accumulative amount of investment in Mainland China. Therefore, the accumulative remittance of investment funds at the end of the period was nil.

Note 5: As of December 31, 2023, Investment Commission, MOEA approved the total investment amount USD 7,033 thousand , and the Company had remitted USD 4,744 thousand for the investment.

Note 6: The Company owns 100% of Faraday Technology Corp. (B.V.I.) and Faraday Technology Corp. (B.V.I.). owns 60.87% in Artery Technology Corporation.The Artery Technology Corporation owns 100% of Artery Technology Corporation, Ltd. ; therefore, the Group's share of profit or loss of Artery Technology Corporation, Ltd. is 60.87%.

Note 7: These companies were directly invested by United Business Service Corporation.

Note 8: The investment income (loss) recognized in current period, the investment income (loss) were determined based on the following basis:
1. The financial statements were audited by the auditors of the parent company.
2. The financial presentations were audited by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.
3. Others

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

FARADAY TECHNOLOGY CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 8 (The information of main shareholders)

Name of major shareholders / Number of ordinary shares	Number of shares held (shares)	Percentage of ownership
United Microelectronics Corporation	34,240,213	13.77%
Fubon Life Insurance Co., Ltd.	13,801,000	5.55%

Note 1: The main shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the Company without physical registration (including treasury shares) is more than 5%. As for the share capital recorded in the Company's financial report and the number of shares actually delivered by the Company without physical registration, the calculation basis may be different or inconsistent.

Note 2: If the above data is number of trusted shares, it is disclosed by accounts of trustee. The report of shareholders who holding more than 10% ownership according to Securities and Exchange Act, includeds the shares held by shareholders and trusted assets with right to use. Please refer to Market Observation Post System.

FARADAY TECHNOLOGY CORPORATION

1. STATEMENT OF CASH AND CASH EQUIVALENTS

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars and Dollars of Foreign Currencies)

Item	Description	Amount	Note
Petty cash		$ 200	1. Cash and cash equivalents were not pledged.
Saving			
NT Dollars		672,250	2. Foreign exchange rate as of December 31, 2023
Foreign currency	Including USD 2,663,469	81,807	USD1=NTD30.71
	and CNY 2,471		CNY1=NTD4.329
Checking deposits			
Foreign currency	USD 152,927	4,696	
Time Deposits			
NT Dollars		2,510,000	
Foreign currency	USD 511,000	15,693	
Cash equivalents			
Commercial paper with repurchase agreements		70,000	3. Expiration date：2023/12/11-2024/01/11； annual interest rate 1.17%
Total		$ 3,354,646	

FARADAY TECHNOLOGY CORPORATION
2. STATEMENT OF ACCOUNTS RECEIVABLES
As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Client	Description	Amount	Note
Non-related parties			The accounts receivables were all derived from daily operations.
Client A		$ 181,404	
Client B		42,267	
Client C		32,641	
Client D		21,993	
Others	The amount of individual	97,773	
Subtotal	client in others does not	376,078	
Less : loss allowance	exceed 5% of the account	(13,174)	
Total	balance.	362,904	
Related parties			
Faraday Technology China Corporation		$ 379,485	
United Microelectronics Corporation		276,976	
Faraday Technology Corporation (USA)		252,064	
Faraday Technology Japan Corporation		139,144	
Innopower Technology Corporation		113,263	
Others	The amount of individual	6,467	
Subtotal	client in others does not	1,167,399	
Less : loss allowance	exceed 5% of the account	-	
Total	balance.	$ 1,167,399	

FARADAY TECHNOLOGY CORPORATION
3. STATEMENT OF INVENTORIES
As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount		Note
		Cost	Fair Value	
Work in process		$ 596,831	$ 1,109,526	1. Inventories were not pledged.
Finished goods		306,881	477,251	
Total		903,712	$ 1,586,777	2. Inventories are valued at lower of cost and net realizable value item by item. In addition, allowance of inventory obsolescence is reserved for slow moving item.
Less：Allowance for inventory valuation and obsolescence losses		(202,231)		
Net Amount		$ 701,481		

4. Statement of other current assets
Please refer to Note 6(6).

FARADAY TECHNOLOGY CORPORATION
5. STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Investee Company	Kind	Beginning Balance Shares (Thousands)	Beginning Balance Amount	Acquisition Shares (Thousands)	Acquisition Amount	Disposal Note (1) Shares (Thousands)	Disposal Note (1) Amount	Investment Income (Loss)	Exchange Differences on Translation of Foreign Operations	Others Note (2)	Ending Balance Shares (Thousands)	Ending Balance %	Ending Balance Amount	Fair Value / Net Assets Value	Collateral	Note
Faraday Technology Corporation (USA)	Common stock	118,580	$ 248,833	-	$ -	-	$ -	$ 50,623	$ 726	$ -	118,580	100%	$ 300,182	$ 300,182.00	None	-
	Preferred stock	2,000	-	-	-	-	-	-	-	-	2,000	100%	-	-	None	-
Faraday Technology Corp. (B.V.I.)	Common stock	27,489	851,949	-	-	-	-	21,056	(14,138)	(19,062)	27,489	100%	839,805	858,867.00	None	-
Faraday Technology Japan Corporation	Common stock	2	174,325	-	-	-	(67,032)	63,025	(10,908)	-	2	99.95%	159,410	159,410	None	-
Chih-Hung Investment Corporation	Common stock	53,950	451,187	-	-	-	(38,322)	95,344	(6,382)	8,251	53,950	100%	510,078	510,078.00	None	-
Sheng Bang Investment Corporation	Common stock	10,202	75,663	-	-	-	-	1,554	(222)	9,018	10,202	100%	86,013	86,013.00	None	-
Faraday Technology Vietnam Company Limited	Capital	-	18,285	-	155,105	-	(5,989)	3,567	(9,743)	-	-	100%	161,225	161,225	None	-
Sinble Technology Pte. Ltd.	Common stock	-	-	7,800	179,400	-	-	(16,602)	189	-	7,800	100%	162,987	162,987	None	Note (3)
The total of investments accounted for using the equity method			$ 1,820,242		$ 334,505		$ (111,343)	$ 218,567	$ (40,478)	$ (1,793)			$ 2,219,700	$ 2,238,762		

Note 1: The decrease is due to proceed of cash dividends.

Note 2: Others include unrealized gains and losses on financial assets measured at fair value through other comprehensive income and adjustments to unrealized gross profit on sales of subsidiaries, affiliates and joint ventures accounted for using the equity method.

Note 3: The company established Sinble Technology Pte. Ltd. in November 2022, and completed capital injection of NT$179,400 thousand in January 2023.

FARADAY TECHNOLOGY CORPORATION
6. STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Beginning Balance Shares	Beginning Balance Fair Value	Acquisition Shares	Acquisition Amount	Disposal Shares	Disposal Amount	Unrealized loss on financial assets measured at fair value through other comprehensive income	Ending Balance Shares	Ending Balance Fair Value	Collateral	Note
SHIEH YONG Investment Co., Ltd.	267,271,834	$ 1,815,315	-	$ -	(7,216,339)	$ -	$ 582,098	260,055,495	$ 2,397,413	None	1
Unitech Capital Inc.	2,500,000	45,756	-	-	-	-	21,417	2,500,000	67,173	None	
Total		$ 1,861,071		$ -		$ -	$ 603,515		$ 2,464,586		

Note 1: The decrease in the number of shares for the period is due to capital reduction and repayment of paid-up capital.

7. Statement of changes in property, plant and equipment
   Please refer to Note 6(9).

8. Statement of changes in depreciation of property, plant and equipment
   Please refer to Note 6(9).

FARADAY TECHNOLOGY CORPORATION

9. STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST, NON-CURRENT

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Interest rate	Period	Note
Corporate bond					
United Microelectronics Corporation 1st unsecured ordinary corporate bonds in 2023	P12UMC1	$ 50,000	1.620%	2023/09/15~2028/09/15	
Time Deposits					Please refer to Note 8
Taiwan Cooperative Bank	Custom clearance deposit	15,135	0.695%	2019/10/25-2025/10/25	
Taiwan Cooperative Bank	Science Park Administration Lease execution deposits	9,047	0.695%	2022/12/19-2028/12/19	
Taiwan Cooperative Bank	Science Park Administration land rental deposits	1,013	1.575%	2022/11/28-2028/11/28	
	Total	$ 75,195			

FARADAY TECHNOLOGY CORPORATION

10. STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Supplier	Beginning Balance	Acquisition	Disposal	Derecognition	Ending Balance	Note
Cost						
Land	$ 206,055	$ -	$ (16,054)	$ -	$ 190,001	
Buildings and facilities	5,763	3,803	-	(5,763)	3,803	
Transportation equipment	6,244	-	-	-	6,244	
Office equipment	727	-	-	-	727	
Total	$ 218,789	$ 3,803	$ (16,054)	$ (5,763)	$ 200,775	
Accumulated Depreciation						
Land	$ 21,391	$ 5,231	$ -	$ -	$ 26,622	
Buildings and facilities	4,689	1,180	-	(5,763)	106	
Transportation equipment	4,627	1,141	-	-	5,768	
Office equipment	365	128	-	-	493	
Total	$ 31,072	$ 7,680	$ -	$ (5,763)	$ 32,989	
Carrying amount, net	$ 187,717				$ 167,786	

11. Statement of changes in Intangible assets
    Please refer to changes in Note 6(10).

12. Statement of changes in other non-current assets
    Please refer to Note 6(11).

FARADAY TECHNOLOGY CORPORATION
13. STATEMENT OF ACCOUNTS PAYABLES
As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Supplier	Description	Amount	Note
Non-related parties			The accounts payable was all derived from daily operations.
Siliconware Precision Industries Co., Ltd.		$ 190,153	
Others	The amount of individual vendor in others does not exceed 5% of the account balance.	438,023	
Subtotal		$ 628,176	
Related parties			
United Semiconductor (Xiamen) Co., Ltd.		$ 180,337	
United Microelectronics Corporation		128,960	
Others	The amount of individual vendor in others does not exceed 5% of the account balance.	772	
Subtotal		$ 310,069	

FARADAY TECHNOLOGY CORPORATION
14. STATEMENT OF OTHER PAYABLES
As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salaries and bonuses payable		$ 371,394	
Research expenses payable	Include EDA Tool and Authorization fee	174,477	
Others	The amount of individual item in others does not exceed 5% of the account balance.	181,208	
Total		$ 727,079	

FARADAY TECHNOLOGY CORPORATION

15. STATEMENT OF LEASE LIABILITIES

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Lease Term	Discount rate (year)	Ending Balance	Note
Land	2019/01/01-2056/12/31	2.174%~2.227%	$ 172,113	
Buildings and facilities	2023/12/01-2026/11/30	1.392%	3,671	
Transportation equipment	2021/06/24-2024/06/23	1.817%	489	
Office equipment	2022/11/01-2025/10/31	2.174%	248	
Total			176,521	
Less：Current portion of lease liabilities			(5,475)	
			$ 171,046	

FARADAY TECHNOLOGY CORPORATION

16. STATEMENT OF OPERATING REVENUES

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Sales of goods		$ 7,701,979	
Rendering of services		1,356,630	
Silicon intellectual property license		1,275,869	
Net operating revenues		$ 10,334,478	

FARADAY TECHNOLOGY CORPORATION

17. STATEMENT OF OPERATING COSTS

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Direct material			
Beginning of year		$ -	
Add: Raw material purchased		3,056,118	
Less: Raw material, end of year		-	
Direct material uesd		3,056,118	
Direct labor		-	
Manufacturing Expenses		1,277,453	
Manufacturing Costs		4,333,571	
Add: Work in process, beginning of year		1,737,361	
Returns for rework		13,321	
Less: Work in process, end of year		(596,831)	
Scrap		(33,902)	
Cost of Finished Goods		5,453,520	
Add: Finished goods, beginning of year		668,960	
Finished goods purchased		50,348	
Less: Finished goods, end of year		(306,881)	
Sample		(8,713)	
Picking for rework		(13,321)	
Scrap		(3,608)	
Revenue from sales of scrap		(1,641)	
Add: Employee compensation		14,255	
Add: Loss on inventory valuation		136,063	
Add: Loss on inventory obsolescence		37,510	
Total Operating Costs		$ 6,026,492	

FARADAY TECHNOLOGY CORPORATION

18. STATEMENT OF MANUFACTURING EXPENSES

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Variable manufacturing expenses			
C/P		$ 54,968	
ASSY		892,910	
F/T		216,747	
Subtotal		1,164,625	
Fixed manufacturing expenses			
Wages and salaries		71,671	
Amortization		12,890	
Grinding expense		10,291	
Insurance expense		5,731	
Others	The amount of individual item in others does not exceed 5% of the account balance.	12,245	
Subtotal		112,828	
Total		$ 1,277,453	

FARADAY TECHNOLOGY CORPORATION

19. STATEMENT OF SELLING EXPENSES

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Royalty		$ 94,572	
Wages and salaries		81,650	
Other expenses	The amount of individual item in others does not exceed 5% of the account balance.	38,041	
Total		$ 214,263	

FARADAY TECHNOLOGY CORPORATION

20. STATEMENT OF ADMINISTRATIVE EXPENSES

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Wages and salaries		$ 223,364	
Park management fee		19,587	
Employee benefits		19,162	
Insurance expense		19,039	
Other expenses	The amount of individual item in others does not exceed 5% of the account balance.	75,761	
Total		$ 356,913	

FARADAY TECHNOLOGY CORPORATION

21. STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Summary	Amount	Note
Wages and salaries		$ 1,165,264	
Amortization		338,642	
Research and design expense		267,471	
Other expenses	The amount of individual item in others does not exceed 5% of the account balance.	275,872	
Total		$ 2,047,249	

22. Summary statement of employee benefits, depreciation and amortization expenses by function

Please refer to Note 6(19).

FARADAY

Faraday Technology Corporation

Chairman

Chia-Tsung Hung