Elite Semiconductor Microelectronics Technology Inc.
Minutes of 2024 Annual Shareholders' Meeting

Time: 9:00 a.m., May 30, 2024 (Thursday)

Place: No. 16, Daxue Rd., East Dist., Hsinchu City, Taiwan

The HO Hotel Zhu hu Hall Meeting, 1F

Meeting type: Physical Shareholders' Meeting

Attendance of shareholders: Total shares represented by shareholders presented in person or proxy are 165,982,196 shares (including 29,896,142 shares which presented through electronic voting). The percentage of shares which presented is 58.00% constituted a quorum.

Attendance of directors: There are 8 directors who presented annual shareholders' meeting exceed half of total 9 seats of directors, including Hsing-Hai, Chen (Chairman of Board of Directors), Ming-Chien, Chang (Director), Chih-Hong, Ho (Director), Yeong-Wen, Daih (Director), William W. Shen (Independent Director and Convener of the Audit Committee), Bing-Yue, Tsui (Independent Director), Tai-Haur, Kuo (Independent Director), and Cheng-Yan, Chien (Independent Director).

Attendance: CPA, Ms. Chien-Yu Liu, PricewaterhouseCoopers, Attorneys-at-law, Mr. Simon Hsiao, Wu & Partners.

Chairman: Hsing-Hai Chen, Chairman of Board of Directors.

Recorder: Hsun-Chu Chen

I. The Chairman called the meeting to order

II. Chairman Remarks: (omitted)

III. Report Matters

Item 1: Business report of 2023

Explanation: Please refer to the attachment 1.

Item 2: Report of audit committee reviews the 2023 annual accounting books and statements.

Explanation: Please refer to attachment 2.

Item 3: Report of 2023 annual cash dividend situation from earnings distribution.

Explanation: 1. Pursuant to the Article 24 of the "Articles of Incorporation", the Company may distribute dividends to shareholders in cash by a resolution of BOD shall be reported to the Shareholders' Meeting.

2. The Company's 2023 earnings distribution is proposed with a cash dividend of NT$0.6 per share by a resolution of BOD in Feb. 27, 2024. Earnings distribution table please refer to the attachment 3.

3. The Chairman is authorized by the BOD to determine an ex-dividend basis date, payment date, and other related matters.

Item 4: Executive report of 1st domestic unsecured convertible corporate bonds.

Explanation: The Company issued the first domestic unsecured convertible corporate bonds in October 27, 2023 to repay bank borrowings. The face value per bond is one hundred thousand New Taiwan Dollars and total amount issued is one billion. Please refer to attachment 4 about the reason of raising corporate bonds and other related matters.

IV. Acknowledged Matters

Item 1: Acknowledgment of 2023 business report and financial statements. (Proposed by the BOD)

Explanation: The Company's 2023 financial statements has completed preparation, together with the business report and audit report of the unqualified opinions issued by Shu-Chian, Pai and Ya-Hui, Cheng from PwC, was submitted to and reviewed by the Audit Committee, found no discrepancy.

1.Business report (please refer to attachment 1)

2.Financial statements (please refer to attachment 5)

Resolution: Voting result is as follow:

Shares represented at the time of voting: 165,982,196 votes

Voting result	The percentage of the total represented share present
Votes in favor 156,584,322 votes (including electronic voting 20,498,268 votes)	94.33 %
Votes in against 97,565 votes (including electronic voting 97,565 votes)	0.05 %
Votes invalid 0 votes (including electronic voting 0 votes)	0.00 %
Votes abstained 9,300,309 votes (including electronic voting 9,300,309 votes)	5.60 %

Resolved, that the above proposal was hereby accepted as submitted.

Item 2: Acknowledgment of 2023 earnings distribution. (Proposed by the BOD)

Explanation: 1. The Company's 2023 earnings distribution is proposed with a cash dividend of NT$0.6 per share.

2. The current cash dividends are calculated according to the distribution ratio up to yuan, and rounded down for numbers less than one yuan; The total amount of the fractional amount is included into the Company's other income.

3. After the proposal has been approved in the Shareholders' Meeting, the Chairman is authorized to determine an ex-dividend basis date, payment date, and other related matters.

4. Where the dividend distribution rate of NT$0.6 per share is maintained in the proposed appropriation of earnings, if, prior to the ex-dividend date, the number of outstanding shares is affected by any amendment by the competent authorities or by any change in the Company's share capital, such as the conversion of domestic unsecured convertible corporate bonds into common shares, which subsequently results in a change in the earnings distribution, the shareholders will authorize the Chairman of the BOD to exercise his or her full authority to deal with such changes.
5. 2023 earnings distribution table is attached hereto as attachment 3.

Resolution: Voting result is as follow:

Shares represented at the time of voting: 165,982,196 votes

Voting result	The percentage of the total represented share present
Votes in favor 156,578,381 votes (including electronic voting 20,492,327 votes)	94.33 %
Votes in against 122,803 votes (including electronic voting 122,803 votes)	0.07 %
Votes invalid 0 votes (including electronic voting 0 votes)	0.00 %
Votes abstained 9,281,012 votes (including electronic voting 9,281,012 votes)	5.59 %

Resolved, that the above proposal was hereby accepted as submitted.

V. Extemporary Motions: None.

VI. Meeting Adjourned

There was no shareholder put question at the annual shareholders' meeting.

Attachment 1

Elite Semiconductor Microelectronics Technology Inc.
Business Report

Due to geopolitical conflicts, the Russo-Ukrainian war has been ongoing for two years and shows no signs of abatement. Additionally, the Israel-Hamas conflict that erupted in October 2023 has not shown any signs of easing, leading to a spill-over effect and the emergence of the Red Sea Crisis, resulting in a rapid increase in shipping costs. The inflation crises in Europe and the United States in 2023 have been partially alleviated by strong interest rate hikes up by the European Central Bank and the Federal Reserve respectively, but they are not yet completely resolved, and high interest rates will continue for some time. The high interest rates has negatively impacted private consumption, ultimately affecting all industries.

Memory is a standard specification product and is among the first to be impacted by economic downturns. Product prices plummet rapidly, while inventory level rises swiftly. In response, major memory manufacturers implemented production reduction measures in 2023. Among them, DRAM production was reduced by approximately 20%, and NAND production was reduced by approximately 30%. However, despite these measures, major manufacturers still experienced historic losses in 2023. For instance, Samsung Memory incurred its first-ever loss since its establishment, with a loss of approximately $10.7 billion. SK Hynix incurred a loss of approximately $5.8 billion, and Micron incurred a loss of approximately $4.9 billion. The effects of production reduction and inventory adjustment gradually became evident in Q1 2024, with prices slowly recovering. DRAM prices have risen by approximately 35% from the lowest point last year, while NAND prices have increased by over 100%.

In early 2023, Open AI emerged and amazed the world, sparking global enthusiasm for AI. The belief that the development of AI will revolutionize the future and has led to substantial investments in manpower and resources for development of AI-related product and application. The research and development of generative AI and large language models (LLMs) have become the focal points for major companies in the coming years. These research and development require immense computational power, with main chips needing not only high-speed computing capabilities, but also high-speed, high-capacity, high-bandwidth memory (HBM) for effective operation. The memory capacity of AI chips paired with HBM starts at 64GB, with some exceeding 200GB. The generative AI wave is set to drive significant growth in memory demand in the years to come.

The demand for semiconductor components in the automotive industry gradually eased in 2022. Due to manufacturing disruptions experienced by car manufacturers, governments around the world have increased their investments in the semiconductor industry. The sales volume of electric vehicles in 2023 is estimated at around 14.22 million units, which represents a remarkable growth rate of 39% compared to 2022, and it is projected that the sales volume of electric vehicles will reach 18 million units in 2024. With the doubling demand for semiconductor components in electric vehicles and major car manufacturers declaring the development of electric vehicles as a priority for future growth, the market demand and development of automotive semiconductors will experience rapid growth. By the end of 2023, the Company had obtained the ISO 26262 safety certification, demonstrating our commitment to automotive electronics and anticipating year-on-year growth in revenue from automotive semiconductors in the future.

The surge in generative AI and the significant growth in demand for electric vehicles will drive the demand for semiconductors to another peak in the coming years. According to Gartner, the semiconductor industry was expected to have experienced a 9% decline in revenue to $534 billion in 2023 due to the semiconductor downturn and inventory adjustments. However, it is projected to grow by 16.8% to $624 billion in 2024. In the memory sector, with inventory adjustments almost completed, the memory industry is expected to enter another period of growth in 2024. The market is expected to grow by 66.3%, with DRAM growing by 88% and NAND Flash growing by 49.6%.

The Company specializes in niche memory products, which are less susceptible to economic fluctuations compared to standard memory products. While standard memory products have experienced significant growth, it is typical for niche memory products to experience a lag of one or two quarters. The three major memory manufacturers anticipate a gradual improvement in their operations this year by quarter, resulting in a turnaround and increased profitability for niche memory products. In 2024, the Company's operations will rebound, marking a year filled with opportunities and challenges. We anticipate growth in both shipment volume and revenue.

As regards power IC and analog IC products, product lines are becoming more and more comprehensive after years of hard work and cultivation. The products have gained the recognition of large customers, and in particular, the market share of audio amplifiers in the TV market has been on the rise. In 2023, demand slowed down due to the global economic downturn and inventory adjustments by major customers. Additionally, the sluggish consumer market and falling prices led to a decline in revenue by 24.8%. Looking ahead to 2024, audio amplifiers will thrive in the South Korean television market. However, the television market in mainland China is facing intense competition from domestic alternatives. It is estimated that operations in 2024 will experience a slight growth in shipment volume and revenue.

The Company's consolidated operating revenue for 2023 was NT$11,884,121 thousand, a decrease of 26.68% from the consolidated operating revenue of NT$16,207,898 thousand in 2022, with an annual gross margin of 2.73% and a loss before income tax of NT$1,228,261 thousand.

I. Operating Results for 2023

1. Comparison of the operating condition in 2023 and 2022 is as follows:

Unit: NT$1,000

	2023	2022	Increase (decrease)	Increase (decrease) %
Operating Revenue	11,884,121	16,207,898	(4,323,777)	(26.68)
Gross Profit	324,741	2,978,958	(2,654,217)	(89.10)
Operating Expenses	1,963,293	2,186,248	(222,955)	(10.20)
Operating Profit (Loss)	(1,638,552)	792,710	(2,431,262)	(306.70)
Non-Operating Income (Expense)-net	410,291	512,506	(102,215)	(19.94)
Profit (Loss) Before Income Tax	(1,228,261)	1,305,216	(2,533,477)	(194.10)
Profit (Loss) After Income Tax	(1,208,961)	1,103,715	(2,312,676)	(209.54)

2. Financial Revenue and Expenditure and Profitability Analysis

(1)Financial revenue and expenditure

Unit: NT$1,000

Items	2023	2022	Increase (Decrease)	Increase (Decrease) %
Cashflow from Operating Activities	186,925	(3,528,541)	3,715,466	(105.30)
Cash flow from Investing Activities	(481,876)	(1,273,847)	791,971	(62.17)
Cash flow from Financing Activities	50,584	(223,653)	274,237	(122.62)

(2) Profitability

Items		2023	2022
Return on Assets (%)		(5.96)	5.67
Return on Equity (%)		(11.32)	9.16
Percentage of Paid-in Capital (%)	Operating Profit (Loss)	(57.26)	27.7
	Net Profit (Loss) before Income Tax	(42.92)	45.61
Net Profit (Loss) Margin (%)		(10.17)	6.81
Earnings (Losses) Per Share (NT$)		(4.36)	3.71

(3) R&D status: The R&D expenditure in 2023 was NT$1,458,708 thousand, accounting for approximately 12.27% of operating revenue.

II. 2024 Business Plan

1. Business strategy

(1) Expand the R&D team to enhance the potentials and increase relevant equipment expenditures to improve efficiency.

(2) Expand 25nm low-density niche DRAM memory product lines such as DDR4, DDR3, LP DDR3, DDR2, LP DDR2, etc.

(3) Completed the mass production of 21nm DRAM products and expand related memory product lines.

(4) Accelerate the R&D of 19nm DRAM and begin mass production.

(5) Completed the mass production of 19nm/40nm NAND products.

(6) Accelerate the expansion of MCP, eMCP and eMMC production line.

(7) Expand the 50nm NOR Flash product line and business in full force.

(8) Research and develop niche memory for automotive applications.

(9) Accelerate the development of audio amplifier IC and power IC product lines.

(10) Expand non-memory product lines, such as IoT/AIoT Wireless IC/Solution, Motor Drive IC, Sensor IC (Temperature/Photo), etc.

(11) Maintain a stable financial structure.

2. Sales Volume Forecast and its Basis

Since 2020, the demand from the stay-at-home economy brought about by the COVID-19 pandemic, coupled with the shortage caused by the congestion of international shipping during the same period, has led to a booming semiconductor market that has lasted for over two years. However, with the outbreak of the Russo-Ukrainian war and the inflation crises in Europe and the United States, the global economy has taken a turn for the worse. Additionally, the cooling down of the stay-at-home economy after post-COVID-19 reopening has resulted in an oversupply of consumer electronics products and caused the memory market to enter a downturn in the second half of 2022. This situation continued to worsen in 2023, resulting in significant losses for international memory giants. As a result of this market trend, the Company had also experienced a significant decline in performance and losses in 2023. Fortunately, major manufacturers have initiated significant production cuts in the second quarter of 2023 to reduce ongoing losses. Furthermore, with the rise of AI applications and the anticipated high demand in the memory market, it is expected that the market will gradually enter a recovery period of demand and supply balance in 2024.

Memory ICs are products that are particularly vulnerable to economic fluctuations. The specialized niche memory products that the Company focuses on have encountered a significant challenge due to the substantial increase in costs and subsequent decline in prices since 2020. However, through inventory adjustments and accelerated product development planning in 2023, we are optimistic about embracing the upcoming wave of growth. It is projected that the shipment volume and operating revenue will gradually recover in 2024.

3. Policies on Production and Marketing

(1) Strengthen the partnership with wafer suppliers and post-production outsourcers to maintain stable production capacity and supply.

(2) Strengthen the promotion of SOC Memory, NOR Flash, NAND Flash and MCP/eMCP.

(3) Provide cost structure and quality superior to peers and expand the market share in domestic and foreign markets.

(4) Strengthen the interactive relationship with customers and distributors and expand the application fields of new products to increase business sales.

III. Future Development Strategies of the Company

Global suppliers of DRAM and NAND flash tend to consolidate and they are no longer in cut-throat price competition like the past. Since 2020, the shortages and economic downturn have posed severe challenges to major factories, despite their efforts to accelerate capacity expansion. In addition, China has enthusiastically supported the semiconductor industry through governmental resources, especially the DRAM and NAND memory industry, which has added a variable into the demand of future memory market and will also affect the niche memory market. The niche memory market is still in a state of inventory adjustment in the short term. In this macro-environment, improving technical strength, accelerating new product development, and continuing to reduce costs are the only ways to prepare for future competition.

The Company's focus on low-density niche memory applications has been expanding, as these electronic components are essential for technology products. Global demand for niche memory in technology products was expected to continue growing in 2024. To meet market demands, the Company plans to increase new product development. In addition to focusing on memory IC products with high integration, high speed, and low power consumption, as well as offering Known Good Die (KGD), NOR and NAND Flash, and MCP/eMCP/eMMC services, the Company will accelerate the development of analog ICs and analog/digital mixed-signal integrated circuits which includes audio amplifiers, power management, IoT/AIoT wireless communication, temperature/imaging sensing ICs, aiming to enhance product competitiveness and meet various customer needs.

Furthermore, our Company's process of memory development had successfully undergone system verification for advanced automotive electronic safety in 2023 and has attained the highest level of ISO 26262 ASIL-D functional safety process certification. This accomplishment will enable us to enter the global supply chain of advanced automotive electronic safety systems, establishing a strong foundation for future competition and maximizing the Company's profits.

IV. Impacts of the External Competition Environment, Regulatory Environment, and the Overall Business Environment

The Company's operations in 2023 are facing the most severe challenges in history due to factors such as high inventory, high inflation, high interest rates, and weak demand for technology terminal products. Fortunately, major manufacturers, unable to withstand the operational pressure, have reduced production, controlled manufacturing, and improved processes to manage capacity. The reduction in production by these major manufacturers has effectively slowed down the continuous decline in memory prices. Additionally, with inflation easing and the recovery of demand for some technology products, inventory adjustments have come to an end, and front-end manufacturers have shown an increased willingness to stock up, leading to some improvement in overall operations, although still difficult. Looking ahead, the first half of 2024 is expected to remain a period of inventory adjustment for the semiconductor market. However, it is also expected that inflation will slow down, major central banks will end the tightening cycle and initiate interest rate cuts. Furthermore, driven by the decline in interest rates and AI wave, the demand for memory chips is expected to gradually recover and grow. It is anticipated that the overall operational difficulties in the semiconductor industry will gradually improve. However, in 2024, there are numerous risks and uncertainties in the overall environment, including the progress of inflation and interest rates, the weakness of the China economy, the US ban on China chips, the results of the US election, international geopolitical instability, and climate change. These factors will impact the global economic outlook and development, and consequently affect the recovery of the industry.

The Company's current operations are in compliance with the relevant existing laws and regulations of domestic and foreign reinvestment countries. The management team will also continue to pay close attention to any changes in policies and laws that may affect the Company's finances and business, as a reference for operations. In addition, the Company also cooperates with professional organizations, pays close attention to the development of relevant laws and regulations, and adjusts strategies to meet the needs of operations in a timely manner. In other words, the Company is able to timely grasp and respond to important domestic and foreign policy and legal changes.

Chairman of the Board:	President:	Accounting Officer:
Hsing-Hai, Chen	Ming-Chien, Chang	Hui-Wen, Cheng

Attachment 2

Audit Committees' Review Report

The BOD has prepared business report, financial statements, and proposal for earnings distribution of the Company for the year 2023. The Certified Public Accountant firm of PricewaterhouseCoopers has audited the financial statements and issued an audit report relating to the financial statements. The business report, financial statements, and proposal for earnings distribution have been reviewed and determined to be correct and accurate by the Audit Committee of the Elite Semiconductor Microelectronics Technology Inc. We hereby report to the shareholders as described above in accordance with relevant requirements of the Securities and Exchange Act and the Company Act.

To: 2024 Annual General Shareholders' Meeting of Elite Semiconductor Microelectronics Technology Inc.

Elite Semiconductor Microelectronics Technology Inc.
Convener of the Audit Committee: William W. Shen

February 27, 2024

Attachment 3

Elite Semiconductor Microelectronics Technology Inc.
2023 Earnings Distribution Table

Unit: NT$

Items	Amount	Remarks
I.Earnings available for distribution		
1.Undistributed earnings of previous year	5,911,660,647	
2.Add Actuarial profit of defined benefit plan	100,634	
3.Less: Net loss of 2023	(1,222,844,533)	
4.Less: Reversal of special reserve	9,929,212	
Total	4,698,845,960	
II.Distribution item:		
1.Cash dividend to shareholders	(171,703,343)	NT$0.6 per share
III.Undistributed earnings transferred to the following year	4,527,142,617	

Note：2023 cash dividend was NT$0.6 per share.

The cash dividend distribution is calculated temporarily based on the Company’s outstanding common shares of 286,172,238 shares as of February 27, 2024. To maintain the dividend distribution of NT$0.6 per share, if, prior to the ex-dividend date, the number of outstanding shares is affected by any amendment by the competent authorities or by any change in the Company's share capital, such as the conversion of domestic unsecured convertible corporate bond into common shares and other factors, which subsequently results in a change in the earnings distribution, it is intended that the Chairman of the BOD will be authorized to deal with such changes.

Attachment 4

Executive report of the 1st domestic unsecured convertible corporate bonds

As of March 31, 2024

Unit:Share,%,NT$

<table>
<tr><td colspan="2">Types of Corporate Bonds</td><td>First Domestic Unsecured Convertible Bonds</td></tr>
<tr><td colspan="2">Date of Issue (Processing)</td><td>October 27, 2023</td></tr>
<tr><td colspan="2">Face Value</td><td>NT$100,000</td></tr>
<tr><td colspan="2">Place of Issuance and Trade</td><td>Taipei Exchage</td></tr>
<tr><td colspan="2">Issue Price</td><td>Issued at 115.42% of the Face Value</td></tr>
<tr><td colspan="2">Total Amount</td><td>NT$1 billion</td></tr>
<tr><td colspan="2">Interest Rate</td><td>Fixed Interest Rate: 0%</td></tr>
<tr><td colspan="2">Deadline</td><td>Term: 3 years; Maturity Date: October 27, 2026</td></tr>
<tr><td colspan="2">Guarantee Institution</td><td>None</td></tr>
<tr><td colspan="2">Trustee</td><td>KGI Bank Co., Ltd. Trust Department</td></tr>
<tr><td colspan="2">Underwriting Agency</td><td>KGI Securities Co., Ltd.</td></tr>
<tr><td colspan="2">Immigration Lawyer</td><td>Handsome Attorneys-at-Law</td></tr>
<tr><td colspan="2">Chartered Public Accountant</td><td>PricewaterhouseCoopers Taiwan</td></tr>
<tr><td colspan="2">Repayment Method</td><td>Except for holders of the convertible corporate bond who convert it into ordinary shares of the Company in accordance with Article 10 of the Company's 1st Domestic Unsecured Convertible Bond Issuance and Conversion Measures (hereinafter referred to as the 'Measures'), or if the Company redeems it in advance in accordance with Article 18 of the Measures, or if the Company repurchases and cancels it through the securities dealer's business office, the Company shall repay the holders of this convertible corporate bond in cash within ten business days after the maturity date of the bond, based on the face value of the bond. If the aforementioned date falls on a non-business day of the TWSE trading floor, it will be postponed to the next business day.</td></tr>
<tr><td colspan="2">Outstanding Principal</td><td>NT$ 999.9 million</td></tr>
<tr><td colspan="2">Terms for Redemption or Early Repayment</td><td>As per Article 18 of the Measures.</td></tr>
<tr><td colspan="2">Restriction Clause</td><td>None</td></tr>
<tr><td colspan="2">Credit Rating Agency Name, Rating Date, Corporate Bond Rating</td><td>None</td></tr>
<tr><td rowspan="2">Other Rights as Attached</td><td>The amount of common stock, global depositary receipts, or other securities that have been converted (exchanged or subscribed) as of the publication date of the annual report</td><td>As of March 31, 2024, a convertible corporate bond has been converted into 1,168 common shares;NT$11,680。</td></tr>
<tr><td>Method of Issuance and Conversion (Exchange or Subscription)</td><td>The Measures have been announced on the Market Observation Post System.</td></tr>
<tr><td colspan="2">Effects of Issuance, Conversion, Exchange, or Subscription Methods, and Issuance Conditions on Possible</td><td>Based on the evaluation data submitted by our Company to the competent authority, 1st domestic unsecured convertible bonds have a maximum potential dilution effect of 4.08% on the original</td></tr>
</table>

Dilution of Equity and Impact on Existing Shareholders' Rights and Interests	shareholders' equity. However, they do not have a significant adverse impact on existing shareholders' equity.
Name of the Entrusted Guarantee Institution of the Exchange Target	None

Attachment 5

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Elite Semiconductor Microelectronics Technology Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Elite Semiconductor Microelectronics Technology Inc. as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Elite Semiconductor Microelectronics Technology Inc. as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of Elite Semiconductor Microelectronics Technology Inc.'s 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, we do not provide a separate opinion on these matters.

Key audit matters for Elite Semiconductor Microelectronics Technology Inc.'s 2023 parent company only financial statements are stated as follows:

Allowance for inventory valuation losses

Description

Refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(5) for details of inventories. As at December 31, 2023, the Company's inventories and allowance for inventory valuation losses amounted to NT$7,342,465 thousand and NT$466,188 thousand, respectively.

Elite Semiconductor Microelectronics Technology Inc. is primarily engaged in researching, developing, manufacturing, selling integrated circuits. Elite Semiconductor Microelectronics Technology Inc. recognises inventories at the lower of cost and net realisable value. An allowance for inventory valuation losses is provided for those inventories aged over a certain period and those individually identified as obsolete or damaged. As the estimation of net realisable value for individually obsolete or damaged inventories is subject to management's judgment, we considered the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above matter, including assessed the reasonability of the policies and procedures adopted to provide for inventory losses based on our understanding of Elite Semiconductor Microelectronics Technology Inc. operations and industry, validated the appropriateness of relevant information in the inventory aging report utilised by Elite Semiconductor Microelectronics Technology Inc., and evaluated and tested the reasonability of estimation of net realizable value. We then evaluated the reasonableness of Elite Semiconductor Microelectronics Technology Inc. decided the allowance for inventory valuation losses.

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 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 Elite Semiconductor Microelectronics Technology Inc.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Elite Semiconductor Microelectronics Technology Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing Elite Semiconductor Microelectronics Technology Inc.'s financial reporting process.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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:

A. 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.

B. 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 Elite Semiconductor Microelectronics Technology Inc.'s internal control.

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

D. 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 Elite Semiconductor Microelectronics Technology Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause Elite Semiconductor Microelectronics Technology Inc. to cease to continue as a going concern.

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

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Elite Semiconductor Microelectronics Technology Inc. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of parent company only audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Shu-Chien, Pai	Ya-Huei, Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2024

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

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 3,713,204	21	$ 3,705,997	19
1110	Financial assets at fair value through profit or loss - current	6(2)	63,440	-	94,813	1
1136	Financial assets at amortised cost - current		31,791	-	-	-
1150	Notes receivable, net		-	-	9	-
1170	Accounts receivable, net	6(4)	1,132,044	6	886,551	5
1180	Accounts receivable-related parties, net	6(4) and 7(2)	-	-	1,482	-
1200	Other receivables		102,852	1	81,556	-
1210	Other receivables-related parties	7(2)	25,200	-	100	-
1220	Current income tax assets		232,673	1	220,468	1
130X	Inventories	6(5)	6,876,277	38	8,346,916	42
1410	Prepayments		394,453	2	440,854	2
1470	Other current assets		2,862	-	821	-
11XX	**Total current assets**		12,574,796	69	13,779,567	70
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	11,460	-	6,495	-
1550	Investments accounted for using equity method	6(6)	1,248,535	7	1,423,932	7
1600	Property, plant and equipment	6(7) and 8	1,894,390	11	1,991,347	10
1755	Right-of-use assets	6(8)	62,556	-	71,272	1
1760	Investment property, net	6(9)	14,791	-	15,761	-
1780	Intangible assets	6(10)	117,255	1	51,410	-
1840	Deferred income tax assets	6(28)	256,076	1	213,192	1
1900	Other non-current assets	6(11) and 8	1,964,366	11	2,140,867	11
15XX	**Total non-current assets**		5,569,429	31	5,914,276	30
1XXX	**Total assets**		$ 18,144,225	100	$ 19,693,843	100

(Continued)

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12)	$ 2,620,000	15	$ 3,175,000	16
2130	Contract liabilities - current	6(21)	4,665	-	6,096	-
2150	Notes payable		2,178	-	2,399	-
2170	Accounts payable		2,187,588	12	2,132,751	11
2180	Accounts payable - related parties	7(2)	39,981	-	88,172	1
2200	Other payables	6(14) and 7(2)	730,949	4	1,432,504	7
2250	Provisions for liabilities - current	6(11)(24)	533,499	3	530,888	3
2280	Lease liabilities - current		9,056	-	9,224	-
2300	Other current liabilities		7,895	-	6,966	-
21XX	**Total current liabilities**		6,135,811	34	7,384,000	38
	Non-current liabilities					
2530	Bonds payable	6(13)	942,923	5	-	-
2540	Long-term borrowings	6(15)	643,400	4	643,400	3
2550	Provisions for liabilities -non-current		21,055	-	19,850	-
2570	Deferred income tax liabilities	6(28)	54,661	-	55,208	-
2580	Lease liabilities - non-current		54,172	-	62,421	1
2600	Other non-current liabilities		270,465	2	14,634	-
25XX	**Total non-current liabilities**		1,986,676	11	795,513	4
2XXX	**Total Liabilities**		8,122,487	45	8,179,513	42
	Equity					
	Share capital	6(18)				
3110	Common stock		2,861,711	16	2,861,570	15
	Capital surplus	6(19)				
3200	Capital surplus		487,274	2	255,317	1
	Retained earnings	6(20)				
3310	Legal reserve		2,118,375	12	2,014,288	10
3320	Special reserve		46,310	-	23,906	-
3350	Unappropriated retained earnings		4,688,916	26	6,553,259	33
	Other equity interest					
3400	Other equity interest		(36,380)	-	(46,310)	-
3500	Treasury shares	6(18)	(144,468)	(1)	(147,700)	(1)
3XXX	**Total equity**		10,021,738	55	11,514,330	58
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 18,144,225	100	$ 19,693,843	100

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21) and 7(2)	$ 11,884,121	100	$ 16,207,898	100
5000	Operating costs	6(5)(26)(27) and 7(2)	(11,608,742)	(98)	(13,290,337)	(82)
5950	Gross profit		275,379	2	2,917,561	18
	Operating expenses	6(26)(27)				
6100	Selling expenses	7(2)	(278,286)	(2)	(337,139)	(2)
6200	General and administrative expenses		(231,784)	(2)	(321,690)	(2)
6300	Research and development expenses	7(2)	(1,459,115)	(12)	(1,533,186)	(10)
6000	Total operating expenses		(1,969,185)	(16)	(2,192,015)	(14)
6900	Operating (loss) profit		(1,693,806)	(14)	725,546	4
	Non-operating income and expenses					
7100	Interest income	6(22)	139,917	1	83,306	1
7010	Other income	6(23) and 7(2)	61,925	1	69,068	-
7020	Other gains and losses	6(24)	271,397	2	360,144	2
7050	Finance costs	6(25)	(82,612)	(1)	(33,488)	-
7070	Share of profit of associates and joint ventures accounted for using equity method	6(6)	58,656	1	35,216	-
7000	Total non-operating income and expenses		449,283	4	514,246	3
7900	**(Loss) profit before income tax**		(1,244,523)	(10)	1,239,792	7
7950	Income tax benefit (expense)	6(28)	21,678	-	(197,599)	(1)
8200	**(Loss) profit for the year**		($ 1,222,845)	(10)	$ 1,042,193	6
	Other comprehensive income (loss)-net					
	Other comprehensive income (loss) components that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	6(16)	$ 101	-	($ 1,322)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	4,965	-	(11,202)	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		4,965	-	(11,202)	-
8300	**Other comprehensive (loss) income for the year-net**		$ 10,031	-	($ 23,726)	-
8500	**Total comprehensive (loss) income for the year**		($ 1,212,814)	(10)	$ 1,018,467	6
	(Losses) earnings per share (in dollars)	6(29)				
9750	Basic (losses) earnings per share		($ 4.36)		$ 3.71	
9850	Diluted (losses) earnings per share		($ 4.36)		$ 3.71	

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

				Retained Earnings					
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealised gains (losses) from financial assets at fair value through other comprehensive income	Treasury shares	Total equity
2022									
Balance at January 1, 2022		$ 2,861,570	$ 181,329	$ 1,516,762	$ -	$ 8,323,076	($ 23,906)	($ 137,416)	$ 12,721,415
Profit for the year		-	-	-	-	1,042,193	-	-	1,042,193
Other comprehensive loss for the year		-	-	-	-	(1,322)	(22,404)	-	(23,726)
Total comprehensive income (loss) for the year		-	-	-	-	1,040,871	(22,404)	-	1,018,467
Distribution of 2021 earnings:	6(20)								
Legal reserve appropriated		-	-	497,526	-	(497,526)	-	-	-
Cash dividends of ordinary share		-	-	-	-	(2,289,256)	-	-	(2,289,256)
Special reserve appropiated		-	-	-	23,906	(23,906)	-	-	-
Acquisition of the Company's share by subsidiary recognised as treasury share		-	-	-	-	-	-	(10,284)	(10,284)
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	6(19)	-	989	-	-	-	-	-	989
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	6(19)	-	44,720	-	-	-	-	-	44,720
Recognition of changes in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	6(19)	-	(29)	-	-	-	-	-	(29)
Change in equity of associates and joint ventures accounted for using equity method	6(19)	-	28,165	-	-	-	-	-	28,165
Expired cash dividends transferred to capital surplus	6(19)	-	143	-	-	-	-	-	143
Balance at December 31, 2022		$ 2,861,570	$ 255,317	$ 2,014,288	$ 23,906	$ 6,553,259	($ 46,310)	($ 147,700)	$ 11,514,330
2023									
Balance at January 1, 2023		$ 2,861,570	$ 255,317	$ 2,014,288	$ 23,906	$ 6,553,259	($ 46,310)	($ 147,700)	$ 11,514,330
Loss for the year		-	-	-	-	(1,222,845)	-	-	(1,222,845)
Other comprehensive income for the year		-	-	-	-	101	9,930	-	10,031
Total comprehensive income (loss) for the year		-	-	-	-	(1,222,744)	9,930	-	(1,212,814)
Distribution of 2022 earnings:	6(20)								
Legal reserve appropriated		-	-	104,087	-	(104,087)	-	-	-
Cash dividends of ordinary shares		-	-	-	-	(515,108)	-	-	(515,108)
Special reserve appropiated		-	-	-	22,404	(22,404)	-	-	-
Disposal of parent company's share by subsidiary recognised as treasury share	6(19)	-	8,540	-	-	-	-	3,232	11,772
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	6(19)	-	989	-	-	-	-	-	989
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	6(19)	-	10,329	-	-	-	-	-	10,329
Change in equity of associates and joint ventures accounted for using equity method	6(19)	-	621	-	-	-	-	-	621
Issuance of new shares due to employee stock options exercised	6(17)(18)(19)	141	611	-	-	-	-	-	752
Expired cash dividends transferred to capital surplus	6(18)	-	45	-	-	-	-	-	45
Issuance of convertible bonds	6(13)(19)	-	210,822	-	-	-	-	-	210,822
Balance at December 31, 2023		$ 2,861,711	$ 487,274	$ 2,118,375	$ 46,310	$ 4,688,916	($ 36,380)	($ 144,468)	$ 10,021,738

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before income tax		($ 1,244,523)	$ 1,239,792
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(9)(26)	527,980	505,867
Amortisation	6(10)(26)	167,417	122,085
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(24)	(15,171)	11,804
Interest expenses	6(25)	82,612	33,488
Interest income	6(22)	(139,917)	(83,306)
Dividend income	6(23)	(513)	(771)
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(58,656)	(35,216)
Gains on disposals of property, plant and equipment	6(24)	(281,765)	-
Onerous contracts losses	6(11)(24)	-	530,888
Gains on lease modifications	6(24)	(51)	(1,213)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit and loss		47,844	66,896
Notes receivable		9	(9)
Accounts receivable		(245,493)	1,024,294
Accounts receivable - related parties		1,482	(1,482)
Other receivables		(15,403)	35,879
Other receivables - related parties		(25,100)	100
Inventories		1,470,639	(2,983,607)
Prepayments		46,401	(380,078)
Other current assets		(2,041)	(651)
Other non-current assets		195,621	(1,182,950)
Changes in operating liabilities			
Notes payable		(221)	194
Accounts payable		54,837	(667,094)
Accounts payable-related parties		(48,191)	35,233
Contract liabilities		(1,431)	(15,303)
Other payables		(624,932)	(395,340)
Provisions for liabilities		2,611	-
Other current liabilities		929	1,355
Other non-current liabilities		255,933	104
Cash inflow (outflow) generated from operations		150,907	(2,139,041)
Interest received		134,024	81,174
Interest paid		(79,842)	(29,390)
Income taxes paid		(33,958)	(1,492,972)
Net cash flows from (used in) operating activities		171,131	(3,580,229)

(Continued)

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 31,791)	($ 83,540)
Disposal of financial assets at amortised cost		-	194,260
Acquisition of property, plant and equipment	6(30)	(516,503)	(1,269,380)
Disposal of property, plant and equipment		281,765	-
Acquisition of intangible assets	6(30)	(233,262)	(89,454)
Decrease (increase) in refundable deposits		585	(86,279)
Dividends received		263,243	50,343
Net cash flows used in investing activities		(235,963)	(1,284,050)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings	6(30)	(555,000)	1,475,000
Increase in long-term borrowings	6(30)	-	643,400
Increase in short-term notes and bills payable	6(30)	1,723	271
Repayment of lease liabilities	6(30)	(9,273)	(8,241)
Decrease in guarantee deposit received	6(30)	(1)	(280)
Issuance of convertible bonds	6(30)	1,148,901	-
Proceeds from exercise of employee stock options		752	-
Cash dividends paid	6(20)	(515,108)	(2,289,256)
Expired cash dividends	6(19)	45	143
Net cash flows from (used in) financing activities		72,039	(178,963)
Net increase (decrease) in cash and cash equivalents		7,207	(5,043,242)
Cash and cash equivalents at beginning of year	6(1)	3,705,997	8,749,239
Cash and cash equivalents at end of year	6(1)	$ 3,713,204	$ 3,705,997

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Elite Semiconductor Microelectronics Technology Inc.

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 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, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Allowance for inventory valuation losses

Description

Refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(5) for details of inventories. As at December 31, 2023, the Group's inventories and allowance for inventory valuation losses amounted to NT$7,351,825 thousand and NT$466,188 thousand, respectively.

The Group is primarily engaged in researching, developing, manufacturing, selling of integrated circuits. The Group recognises inventories at the lower of cost and net realisable value. An allowance for inventory valuation losses is provided for those inventories aged over a certain period and those individually identified as obsolete or damaged. As the estimation of net realisable value for individually obsolete or damaged inventories is subject to management's judgment, we considered the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above matter, including assessed the reasonability of the policies and procedures adopted to provide for inventory losses based on our understanding of the Group’s operations and industry, validated the appropriateness of relevant information in the inventory aging report utilised by the Group, and evaluated and tested the reasonability of estimation of net realizable value. We then evaluated the reasonableness of the Group decided the allowance for inventory valuation losses.

Other matter–Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Elite Semiconductor Microelectronics Technology Inc. as at and for the years ended December 31, 2023 and 2022.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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:

A. 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.

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

F. 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 the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Shu-Chien, Pai	Ya-Huei, Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan
February 27, 2024

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

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 4,520,314	25	$ 4,764,681	24
1110	Financial assets at fair value through profit or loss - current	6(2)	167,295	1	205,510	1
1136	Financial assets at amortised cost - current		31,791	-	-	-
1150	Notes receivable, net		-	-	9	-
1170	Accounts receivable, net	6(4)	1,204,521	7	962,383	5
1200	Other receivables		107,564	1	84,473	1
1220	Current income tax assets		232,673	1	220,468	1
130X	Inventories	6(5)	6,885,637	38	8,369,225	42
1410	Prepayments		399,667	2	444,561	2
1470	Other current assets		2,862	-	821	-
11XX	**Total current assets**		13,552,324	75	15,052,131	76
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	22,920	-	12,990	-
1550	Investments accounted for using equity method	6(6)	135,110	1	103,857	1
1600	Property, plant and equipment	6(7) and 8	1,957,077	11	2,052,992	11
1755	Right-of-use assets	6(8)	75,942	-	74,924	-
1760	Investment property, net	6(9)	14,791	-	15,761	-
1780	Intangible assets	6(10)	117,255	1	51,410	-
1840	Deferred income tax assets	6(28)	256,076	1	213,192	1
1900	Other non-current assets	6(11) and 8	1,965,715	11	2,148,472	11
15XX	**Total non-current assets**		4,544,886	25	4,673,598	24
1XXX	**Total assets**		$ 18,097,210	100	$ 19,725,729	100

(Continued)

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12)	$ 2,620,000	14	$ 3,175,000	16
2130	Contract liabilities - current	6(21)	4,665	-	6,096	-
2150	Notes payable		2,178	-	2,399	-
2170	Accounts payable		2,282,490	13	2,325,661	12
2200	Other payables	6(14)	714,823	4	1,426,556	7
2230	Current income tax liabilities		1,295	-	3,464	-
2250	Provisions for liabilities - current		533,499	3	530,888	3
2280	Lease liabilities - current		13,914	-	12,881	-
2300	Other current liabilities		9,018	-	9,430	-
21XX	**Total current liabilities**		6,181,882	34	7,492,375	38
	Non-current liabilities					
2530	Bonds payable	6(13)	942,923	5	-	-
2540	Long-term borrowings	6(15)	643,400	4	643,400	3
2550	Provisions for liabilities - non-current		21,055	-	19,850	-
2570	Deferred income tax liabilities	6(28)	54,661	-	55,208	-
2580	Lease liabilities - non-current		62,767	-	62,421	1
2600	Other non-current liabilities		270,430	2	14,599	-
25XX	**Total non-current liabilities**		1,995,236	11	795,478	4
2XXX	**Total Liabilities**		8,177,118	45	8,287,853	42
	Equity attributable to owners of parent					
	Share capital	6(18)				
3110	Common stock		2,861,711	16	2,861,570	15
	Capital surplus	6(19)				
3200	Capital surplus		487,274	2	255,317	1
	Retained earnings	6(20)				
3310	Legal reserve		2,118,375	12	2,014,288	10
3320	Special reserve		46,310	-	23,906	-
3350	Unappropriated retained earnings		4,688,916	26	6,553,259	33
	Other equity interest					
3400	Other equity interest		(36,380)	-	(46,310)	-
3500	Treasury shares	6(18)	(144,468)	(1)	(147,700)	(1)
31XX	**Total equity attributable to owners of the parent**		10,021,738	55	11,514,330	58
36XX	**Non-controlling interests**		(101,646)	-	(76,454)	-
3XXX	**Total equity**		9,920,092	55	11,437,876	58
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 18,097,210	100	$ 19,725,729	100

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,EXCEPT(LOSSES)EARNINGS PER SHARE AMOUNTS)

			Year ended December 31,			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21)	$ 11,884,121	100	$ 16,207,898	100
5000	Operating costs	6(5)(26)(27)	(11,559,380)	(97)	(13,228,940)	(82)
5950	Gross profit		324,741	3	2,978,958	18
	Operating expenses	6(26)(27)				
6100	Selling expenses		(271,256)	(3)	(328,630)	(2)
6200	General and administrative expenses		(233,329)	(2)	(325,125)	(2)
6300	Research and development expenses		(1,458,708)	(12)	(1,532,493)	(9)
6000	Total operating expenses		(1,963,293)	(17)	(2,186,248)	(13)
6900	Operating (loss) profit		(1,638,552)	(14)	792,710	5
	Non-operating income and expenses					
7100	Interest income	6(22)	170,442	2	97,380	1
7010	Other income	6(23)	32,761	-	92,266	-
7020	Other gains and losses	6(24)	259,145	2	332,510	2
7050	Finance costs	6(25)	(82,689)	-	(33,530)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)	30,632	-	23,880	-
7000	Total non-operating income and expenses		410,291	4	512,506	3
7900	**(Loss) profit before income tax**		(1,228,261)	(10)	1,305,216	8
7950	Income tax benefit (expense)	6(28)	19,300	-	(201,501)	(1)
8200	**(Loss) profit for the year**		($ 1,208,961)	(10)	$ 1,103,715	7
	Other comprehensive income (loss)-net					
	Other comprehensive income (loss) components that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	6(16)	$ 101	-	($ 1,322)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	9,930	-	(22,404)	-
8300	**Other comprehensive income (loss) for the year-net**		$ 10,031	-	($ 23,726)	-
8500	**Total comprehensive income (loss) for the year**		($ 1,198,930)	(10)	$ 1,079,989	7
8610	Owners of the parent		($ 1,222,845)	(10)	$ 1,042,193	7
8620	Non-controlling interest		$ 13,884	-	$ 61,522	-
	Total comprehensive (loss) income attributable to:					
8710	Owners of the parent		($ 1,212,814)	(10)	$ 1,018,467	7
8720	Non-controlling interest		$ 13,884	-	$ 61,522	-
	(Losses) earnings per share(in dollars)	6(29)				
9750	Basic (losses) earnings per share		($ 4.36)		$ 3.71	
9850	Diluted (losses) earnings per share		($ 4.36)		$ 3.71	

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent									
				Retained Earnings							
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealised gains (losses) from financial assets at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interest	Total equity
2022											
Balance at January 1, 2022		$ 2,861,570	$ 181,329	$ 1,516,762	$ -	$ 8,323,076	($ 23,906)	($ 137,416)	$ 12,721,415	($ 61,855)	$ 12,659,560
Profit for the year		-	-	-	-	1,042,193	-	-	1,042,193	61,522	1,103,715
Other comprehensive loss for the year		-	-	-	-	(1,322)	(22,404)	-	(23,726)	-	(23,726)
Total comprehensive income (loss) for the year		-	-	-	-	1,040,871	(22,404)	-	1,018,467	61,522	1,079,989
Distribution of 2021 earnings:	6(20)										
Legal reserve appropriated		-	-	497,526	-	(497,526)	-	-	-	-	-
Cash dividends of ordinary share		-	-	-	-	(2,289,256)	-	-	(2,289,256)	-	(2,289,256)
Special reserve appropriated		-	-	-	23,906	(23,906)	-	-	-	-	-
Acquisition of parent company's share by subsidiary recognised as treasury share		-	-	-	-	-	-	(10,284)	(10,284)	(14,284)	(24,568)
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	6(19)	-	989	-	-	-	-	-	989	(61,155)	(60,166)
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	6(19)	-	44,720	-	-	-	-	-	44,720	-	44,720
Recognition of changes in ownership interests in subsidiaries - subsidiary acquired non-controlling interests	6(19)(30)	-	(29)	-	-	-	-	-	(29)	(18)	(47)
Change in associates and joint ventures accounted for using equity method	6(19)	-	28,165	-	-	-	-	-	28,165	-	28,165
Expired cash dividends transferred to capital surplus	6(19)	-	143	-	-	-	-	-	143	-	143
Disposal of a subsidiary		-	-	-	-	-	-	-	-	(664)	(664)
Balance at December 31, 2022		$ 2,861,570	$ 255,317	$ 2,014,288	$ 23,906	$ 6,553,259	($ 46,310)	($ 147,700)	$ 11,514,330	($ 76,454)	$ 11,437,876
2023											
Balance at January 1, 2023		$ 2,861,570	$ 255,317	$ 2,014,288	$ 23,906	$ 6,553,259	($ 46,310)	($ 147,700)	$ 11,514,330	($ 76,454)	$ 11,437,876
Profit (loss) for the year		-	-	-	-	(1,222,845)	-	-	(1,222,845)	13,884	(1,208,961)
Other comprehensive income for the year		-	-	-	-	101	9,930	-	10,031	-	10,031
Total comprehensive income (loss) for the year		-	-	-	-	(1,222,744)	9,930	-	(1,212,814)	13,884	(1,198,930)
Distribution of 2022 earnings	6(20)										
Legal reserve appropriated		-	-	104,087	-	(104,087)	-	-	-	-	-
Cash dividends of ordinary shares		-	-	-	-	(515,108)	-	-	(515,108)	-	(515,108)
Special reserve appropriated		-	-	-	22,404	(22,404)	-	-	-	-	-
Disposal of parent company's share by subsidiary recognised as treasury share	6(19)	-	8,540	-	-	-	-	3,232	11,772	16,349	28,121
Recognition of changes in ownership interests in subsidiaries - cash dividends distributed by subsidiaries	6(19)	-	989	-	-	-	-	-	989	(55,425)	(54,436)
Adjustment of capital surplus due to cash dividends that subsidiaries received from parent	6(19)	-	10,329	-	-	-	-	-	10,329	-	10,329
Changes in equity of associates and joint ventures accounted for using equity method	6(19)	-	621	-	-	-	-	-	621	-	621
Issuance of new shares due to employee stock options exercised	6(17)(18) (19)	141	611	-	-	-	-	-	752	-	752
Expired cash dividends transferred to capital surplus	6(19)	-	45	-	-	-	-	-	45	-	45
Issuance of convertible bonds	6(13)(19)	-	210,822	-	-	-	-	-	210,822	-	210,822
Balance at December 31, 2023		$ 2,861,711	$ 487,274	$ 2,118,375	$ 46,310	$ 4,688,916	($ 36,380)	($ 144,468)	$ 10,021,738	($ 101,646)	$ 9,920,092

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before income tax		($ 1,228,261)	$ 1,305,216
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(9)(26)	538,796	514,396
Amortisation	6(10)(26)	167,413	122,101
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(24)	(9,172)	87,280
Interest expense	6(25)	82,689	33,530
Interest income	6(22)	(170,442)	(97,380)
Dividend income	6(23)	(17,380)	(68,750)
Losses on disposal of a subsidiary	6(24)	-	161
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(30,632)	(23,880)
Gains on disposals of property, plant and equipment	6(24)	(281,765)	-
Transfer of property, plant and equipment to miscellaneous expenses	6(7)	-	477
Onerous contracts losses	6(24)	-	530,888
Gains on lease modifications	6(24)	(67)	(1,213)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit and loss		48,687	66,896
Notes receivable		9	(9)
Accounts receivable		(243,620)	1,028,518
Accounts receivable - related parties		1,482	(1,482)
Other receivables		(16,749)	36,041
Inventories		1,483,588	(2,993,540)
Prepayments		44,894	(375,495)
Other current assets		(2,041)	(651)
Other non-current assets		195,621	(1,182,950)
Changes in operating liabilities			
Notes payable		(221)	194
Accounts payable		(43,171)	(655,040)
Contract liabilities		(1,431)	(15,303)
Other payables		(635,111)	(404,101)
Provisions for liabilities		2,611	-
Other current liabilities		(412)	1,521
Other non-current liabilities		255,933	106
Cash inflow (outflow) generated from operations		141,248	(2,092,469)
Interest received		164,100	93,328
Interest paid		(79,918)	(29,432)
Income taxes paid		(38,505)	(1,499,968)
Net cash flows from (used in) operating activities		186,925	(3,528,541)

(Continued)

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31, 2023	Year ended December 31, 2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 31,791)	($ 114,250)
Disposal of financial assets at amortised cost		-	224,970
Decrease in cash due to disposal of a subsidiary		-	(793)
Acquisition of property, plant and equipment	6(31)	(516,581)	(1,276,718)
Disposal of property, plant and equipment		281,765	-
Dividends received	6(23)	17,380	68,750
Acquisition of intangible assets	6(10)(31)	(233,258)	(89,470)
Decrease (increase) in refundable deposits		609	(86,336)
Net cash flows used in investing activities		(481,876)	(1,273,847)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings	6(31)	(555,000)	1,475,000
Increase in long-term borrowings	6(31)	-	643,400
Increase in short-term notes and bills payable	6(31)	1,723	271
Repayments of lease liabilities	6(31)	(14,742)	(13,030)
Decrease in guarantee deposit received	6(31)	(1)	(120)
Issuance of convertible bonds	6(31)	1,148,901	-
Proceeds from exercise of employee stock options		752	-
Cash dividends paid	6(20)	(515,108)	(2,289,256)
Expired cash dividends	6(19)	45	143
Subsidiaries paid cash dividends to non-controlling interests		(54,436)	(60,166)
Subsidiaries received cash dividends from parent company	6(19)	10,329	44,720
Purchase of treasury shares		-	(24,568)
Proceeds from disposal of treasury shares		28,121	-
Acquisition of additional shares of a subsidiary from non-controlling interests		-	(47)
Net cash flows from (used in) financing activities		50,584	(223,653)
Net decrease in cash and cash equivalents		(244,367)	(5,026,041)
Cash and cash equivalents at beginning of year	6(1)	4,764,681	9,790,722
Cash and cash equivalents at end of year	6(1)	$ 4,520,314	$ 4,764,681

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