

**ELITE SEMICONDUCTOR
MICROELECTRONICS TECHNOLOGY INC.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
March 31, 2024 AND 2023**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Elite Semiconductor Microelectronics Technology Inc. and its subsidiaries (the “Group”) as at March 31, 2024 and 2023, and the related consolidated statements of comprehensive income of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the *Basis for Qualified Conclusion* paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Notes 4(3) and 6(6), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using the equity method were not reviewed by independent auditors. Total assets of these subsidiaries (including the balance of investments accounted for using equity method) amounted to NT\$1,075,081 thousand and NT\$1,597,527 thousand, constituting 6.05% and 8.14% of the consolidated total assets as at March 31, 2024 and 2023, respectively, and total liabilities of these subsidiaries amounted to NT\$235,438 thousand and NT\$109,960 thousand, constituting 2.93% and 1.29% of the consolidated total liabilities as at March 31, 2024 and 2023, respectively, and the total comprehensive (loss) income (including share of profit/loss and other comprehensive income/loss of associates and joint ventures accounted for using equity method) amounted to (NT\$34,487) thousand and (NT\$23,557) thousand, constituting 67.45% and 6.57% of the consolidated total comprehensive (loss) income for the three-month periods then ended, respectively.

Qualified Conclusion

Based on our reviews, except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method been reviewed by independent auditors as described in the *Basis for Qualified Conclusion* paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Shu-Chien, Pai

Chien-Yu, Liu

For and on behalf of PricewaterhouseCoopers, Taiwan

April 26, 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
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE BALANCE SHEETS AS AT MARCH 31, 2024 AND 2023 ARE REVIEWED, NOT AUDITED)

Assets			March 31, 2024		December 31, 2023		March 31, 2023		
			AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets									
1100	Cash and cash equivalents	6(1)	\$ 4,240,227	24	\$ 4,520,314	25	\$ 4,429,248	23	
1110	Financial assets at fair value	6(2)							
	through profit or loss - current		155,077	1	167,295	1	209,512	1	
1136	Financial assets at amortised								
	cost - current		33,697	-	31,791	-	-	-	
1150	Notes receivable, net		202	-	-	-	209	-	
1170	Accounts receivable, net	6(4)	1,414,406	8	1,204,521	7	1,010,056	5	
1200	Other receivables		106,326	1	107,564	1	80,067	-	
1220	Current income tax assets		236,863	1	232,673	1	223,260	1	
130X	Inventories	6(5)	6,653,460	37	6,885,637	38	8,345,773	42	
1410	Prepayments		379,016	2	399,667	2	556,472	3	
1470	Other current assets		538	-	2,862	-	914,488	5	
11XX	Total current assets		13,219,812	74	13,552,324	75	15,769,085	80	
Non-current assets									
1517	Financial assets at fair value	6(3)							
	through other comprehensive								
	income - non-current		21,060	-	22,920	-	23,660	-	
1550	Investments accounted for	6(6)							
	using equity method		138,077	1	135,110	1	109,908	1	
1600	Property, plant and equipment	6(7) and 8	1,907,101	11	1,957,077	11	2,041,197	10	
1755	Right-of-use assets	6(8)	83,409	-	75,942	-	71,020	-	
1760	Investment property, net	6(9)	14,549	-	14,791	-	15,519	-	
1780	Intangible assets	6(10)	104,164	1	117,255	1	125,725	1	
1840	Deferred income tax assets		268,415	2	256,076	1	205,209	1	
1900	Other non-current assets	6(11) and 8	2,006,574	11	1,965,715	11	1,272,183	7	
15XX	Total non-current assets		4,543,349	26	4,544,886	25	3,864,421	20	
1XXX	Total assets		\$ 17,763,161	100	\$ 18,097,210	100	\$ 19,633,506	100	

(Continued)

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE BALANCE SHEETS AS AT MARCH 31, 2024 AND 2023 ARE REVIEWED, NOT AUDITED)

Liabilities and Equity		Notes	March 31, 2024		December 31, 2023		March 31, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 2,010,000	11	\$ 2,620,000	14	\$ 3,540,000	18
2130	Contract liabilities - current	6(21)	37,856	-	4,665	-	21,389	-
2150	Notes payable		2,178	-	2,178	-	2,399	-
2170	Accounts payable		2,549,019	15	2,282,490	13	2,333,840	12
2200	Other payables	6(14)	831,634	5	714,823	4	1,317,823	7
2230	Current income tax liabilities		3,375	-	1,295	-	5,294	-
2250	Provisions for liabilities - current		556,000	3	533,499	3	529,069	3
2280	Lease liabilities - current		17,108	-	13,914	-	11,358	-
2300	Other current liabilities		8,197	-	9,018	-	8,824	-
21XX	Total current liabilities		6,015,367	34	6,181,882	34	7,769,996	40
Non-current liabilities								
2530	Bonds payable	6(13)	947,736	5	942,923	5	-	-
2540	Long-term borrowings	6(15)	643,400	4	643,400	4	643,400	3
2550	Provisions for liabilities - non-current		21,236	-	21,055	-	20,181	-
2570	Deferred income tax liabilities		66,275	-	54,661	-	45,400	-
2580	Lease liabilities - non-current		67,182	-	62,767	-	60,138	1
2600	Other non-current liabilities		269,394	2	270,430	2	14,579	-
25XX	Total non-current liabilities		2,015,223	11	1,995,236	11	783,698	4
2XXX	Total Liabilities		8,030,590	45	8,177,118	45	8,553,694	44
Equity attributable to owners of parent								
	Share capital	6(18)						
3110	Common stock		2,861,722	16	2,861,711	16	2,861,570	15
	Capital surplus	6(19)						
3200	Capital surplus		497,697	3	487,274	2	255,613	1
	Retained earnings	6(20)						
3310	Legal reserve		2,118,375	12	2,118,375	12	2,014,288	10
3320	Special reserve		46,310	-	46,310	-	23,906	-
3350	Unappropriated retained earnings		4,459,254	25	4,688,916	26	6,184,102	32
	Other equity interest							
3400	Other equity interest		(28,798)	-	(36,380)	-	(35,640)	-
3500	Treasury shares	6(18)	(140,320)	(1)	(144,468)	(1)	(147,700)	(1)
31XX	Total equity attributable to owners of the parent		9,814,240	55	10,021,738	55	11,156,139	57
36XX	Non-controlling interests		(81,669)	-	(101,646)	-	(76,327)	(1)
3XXX	Total equity		9,732,571	55	9,920,092	55	11,079,812	56
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	Total liabilities and equity		\$ 17,763,161	100	\$ 18,097,210	100	\$ 19,633,506	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
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSSES PER SHARE AMOUNTS)
(REVIEWED, NOT AUDITED)

		Three-months periods ended March 31			
		2024		2023	
Items	Notes	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(21)	\$ 3,337,962	100	\$ 2,717,377	100
5000 Operating costs	6(5)(26)(27)	(3,146,551)	(94)	(2,557,501)	(94)
5950 Gross profit		191,411	6	159,876	6
Operating expenses	6(26)(27)				
6100 Selling expenses		(64,951)	(2)	(69,419)	(2)
6200 General and administrative expenses		(53,221)	(2)	(62,091)	(2)
6300 Research and development expenses		(344,494)	(10)	(401,194)	(15)
6000 Total operating expenses		(462,666)	(14)	(532,704)	(19)
6900 Operating loss		(271,255)	(8)	(372,828)	(13)
Non-operating income and expenses					
7100 Interest income	6(22)	42,117	1	36,062	2
7010 Other income	6(23)	4,389	-	3,838	-
7020 Other gains and losses	6(24)	183,294	6	(23,003)	(1)
7050 Finance costs	6(25)	(19,305)	(1)	(18,655)	(1)
7060 Share of profit of associates and joint ventures accounted for using equity method	6(6)	3,485	-	5,755	-
7000 Total non-operating income and expenses		213,980	6	3,997	-
7900 Loss before income tax		(57,275)	(2)	(368,831)	(13)
7950 Income tax expense	6(28)	(1,440)	-	(199)	-
8200 Loss for the period		(\$ 58,715)	(2)	(\$ 369,030)	(13)
Components of other comprehensive income (loss)-net					
Other comprehensive income (loss) components that will not be reclassified to profit or loss					
8316 Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(\$ 1,860)	-	\$ 10,670	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		(1,860)	-	10,670	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operation		9,442	-	-	-
8360 Components of other comprehensive income that will be reclassified to profit or loss		9,442	-	-	-
8300 Other comprehensive income for the period-net		\$ 7,582	-	\$ 10,670	-
8500 Total comprehensive (loss) income for the period		(\$ 51,133)	(2)	(\$ 358,360)	(13)
Profit (loss) attributable to:					
8610 Owners of the parent		(\$ 57,959)	(2)	(\$ 369,157)	(13)
8620 Non-controlling interest		(\$ 756)	-	\$ 127	-
Total comprehensive (loss) income attributable to:					
8710 Owners of the parent		(\$ 50,377)	(2)	(\$ 358,487)	(13)
8720 Non-controlling interest		(\$ 756)	-	\$ 127	-
Losses per share(in dollars)	6(29)				
9750 Basic losses per share		0.21		1.32	
9850 Diluted losses per share		0.21		1.32	

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
THREE-MONTHS PERIODS ENDED MARCH 31, 2024 AND 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

		Equity attributable to owners of the parent											
		Retained earnings					Other equity interest						
							Financial statements translation difference of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interest	Total equity	
Notes		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings							
<u>2023</u>													
		\$ 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	
		-	-	-	-	(369,157)	-	-	-	(369,157)	127	(369,030)	
		-	-	-	-	-	-	10,670	-	10,670	-	10,670	
		-	-	-	-	(369,157)	-	10,670	-	(358,487)	127	(358,360)	
Change in equity of associates and joint ventures accounted for using equity method	6(19)	-	296	-	-	-	-	-	-	296	-	296	
		\$ 2,861,570	\$ 255,613	\$ 2,014,288	\$ 23,906	\$ 6,184,102	\$ -	(\$ 35,640)	(\$ 147,700)	\$ 11,156,139	(\$ 76,327)	\$ 11,079,812	
<u>2024</u>													
		\$ 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	
		-	-	-	-	(57,959)	-	-	-	(57,959)	(756)	(58,715)	
		-	-	-	-	-	9,442	(1,860)	-	7,582	-	7,582	
		-	-	-	-	(57,959)	9,442	(1,860)	-	(50,377)	(756)	(51,133)	
Distribution of 2023 earnings	6(20)												
		-	-	-	-	(171,703)	-	-	-	(171,703)	-	(171,703)	
Disposal of parent company's share by a subsidiary recognised as treasury share	6(19)	-	10,779	-	-	-	-	-	4,148	14,927	20,733	35,660	
Changes in equity of associates and joint ventures accounted for using equity method	6(19)	-	(518)	-	-	-	-	-	-	(518)	-	(518)	
Expired cash dividends transferred to capital surplus	6(19)	-	79	-	-	-	-	-	-	79	-	79	
Conversion of convertible bonds	6(13)(18)(19)	11	83	-	-	-	-	-	-	94	-	94	
		\$ 2,861,722	\$ 497,697	\$ 2,118,375	\$ 46,310	\$ 4,459,254	\$ 9,442	(\$ 38,240)	(\$ 140,320)	\$ 9,814,240	(\$ 81,669)	\$ 9,732,571	

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	Three-month periods ended March 31,	
		2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax for the period		(\$ 57,275)	(\$ 368,831)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(9)(26)	121,792	141,989
Amortisation	6(10)(26)	36,885	42,432
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(24)	8,632	(4,494)
Interest expense	6(25)	19,305	18,655
Interest income	6(22)	(42,117)	(36,062)
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(3,485)	(5,755)
Net changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit and loss		4,930	492
Notes receivable	(	202)	(200)
Accounts receivable	(	209,885)	(48,279)
Accounts receivable - related parties		-	606
Other receivables	(	7,018)	5,347
Inventories		232,177	23,452
Prepayments		20,651	(111,911)
Other current assets		2,324	(167)
Other non-current assets		10,392	59,696
Changes in operating liabilities			
Accounts payable		266,529	8,179
Contract liabilities		33,191	15,293
Other payables	(	76,913)	(63,375)
Provisions for liabilities		22,501	(1,819)
Other current liabilities	(	821)	(606)
Other non-current liabilities	(	1,096)	24
Cash inflow (outflow) generated from operations		380,497	(325,334)
Interest received		50,373	35,121
Interest paid	(	15,162)	(18,444)
Income taxes paid	(	4,275)	(2,986)
Net cash flows from (used in) operating activities		411,433	(311,643)

(Continued)

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	Three-month periods ended March 31,	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 34,929)	\$ -
Proceeds from disposal of financial assets at amortised cost		33,023	-
Acquisition of property, plant and equipment	6(30)	(53,666)	(276,971)
Acquisition of intangible assets	6(10)	(23,810)	(116,747)
(Increase) decrease in refundable deposits		(40,638)	8,343
Net cash flows used in investing activities		(120,020)	(385,375)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings	6(30)	(610,000)	365,000
Increase in short-term notes and bills payable	6(30)	-	435
Repayments of lease liabilities	6(30)	(4,251)	(3,806)
Increase (decrease) in guarantee deposits received	6(30)	60	(44)
Expired cash dividends	6(19)	79	-
Proceeds from disposal of treasury shares		35,660	-
Net cash flows (used in) from financing activities		(578,452)	361,585
Effect of exchange rate changes		6,952	-
Net decrease in cash and cash equivalents		(280,087)	(335,433)
Cash and cash equivalents at beginning of period	6(1)	4,520,314	4,764,681
Cash and cash equivalents at end of period	6(1)	<u>\$ 4,240,227</u>	<u>\$ 4,429,248</u>

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

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2024 AND 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE
INDICATED)
(REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANISATION

Elite Semiconductor Microelectronics Technology Inc. (the “Company”) was incorporated in May 1998 and commenced operations in December 1998. The Company and its subsidiaries (collectively referred herein as “the Group”) are engaged in the research, development, production, manufacturing, and sales of dynamic and static random access memory, flash memory, analog integrated circuit, analog and digital mixed integrated circuit. The Group is also engaged in the related design and technical R&D services for the above products.

The Company merged with Ji Xin Technology Co., Ltd. on December 5, 2005, and merged with Eon Silicon Solution Inc. on June 8, 2016, with the Company as the surviving company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on April 26, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (“IASB”)
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

None.

(3) Effect of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by IASB
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

A. IFRS 18, ‘Presentation and disclosure in financial statements’

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparations, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the IAS 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.

B. These consolidated financial statements should be read along with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

Basis of preparation for the consolidated financial statements is consistent with the consolidated financial statements for the year ended December 31, 2023.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
Elite Semiconductor Microelectronics Technology Inc.	Elite Semiconductor Memory Technology Inc.	Research and development, production, sales and related consulting services of integrated circuit	100	100	100	Note 2
Elite Semiconductor Microelectronics Technology Inc.	Charng Feng Investment Ltd.	General investment	100	100	100	Note 2
Elite Semiconductor Microelectronics Technology Inc.	Jie Yong Investment Ltd.	General investment	41.86	41.86	41.86	Note 1 and 2
Elite Semiconductor Microelectronics Technology Inc.	Elite Investment Services Ltd.	General investment	100	100	100	
Elite Semiconductor Microelectronics Technology Inc.	Eon Silicon Solutions, Inc. USA	Product design, development and test	100	100	100	Note 2
Charng Feng Investment Ltd.	Elite Memory Technology Inc.	Product design, wholesale and retail of electronic materials, manufacturing of electronic components, information software services and international trade	100	100	100	Note 2

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
Charng Feng Investment Ltd.	Elite Innovation Japan Ltd.	Product design, wholesale and retail of electronic materials, manufacturing of electronic components, information software services and international trade	100	100	100	Note 2
Charng Feng Investment Ltd.	Elite Semiconductor Microelectronics Technology (shenzhen) Inc.	Trading of goods or technical services, development and sales products of networking system , storage and peripherals, technical consulting services of integrated circuit, and after-sales service	100	100	100	Note 2
Charng Feng Investment Ltd.	Elite Semiconductor Microelectronics (Shanghai) Technology Inc.	Product design, wholesale and retail of electronic materials, information software services and international trade	100	100	100	Note 2
Charng Feng Investment Ltd.	CHI Microelectronics Limited	General trading	100	100	100	Note 2

Note 1: Elite Semiconductor Microelectronics Technology Inc. accounts for the majority of voting rights of Jie Yong Investment Ltd. and both have the same management. It is concluded to have substantial control; therefore, it was included in the consolidated financial statements.

Note 2: As the subsidiaries do not meet the definition of significant subsidiaries, their financial statements as at March 31, 2024 and 2023 were not reviewed by independent auditors.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And the related information is disclosed accordingly.

(6) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hand and revolving funds	\$ 137	\$ 137	\$ 137
Checking accounts and demand deposits	1,649,790	1,324,622	865,190
Time deposits	2,590,300	3,195,555	3,563,921
	<u>\$ 4,240,227</u>	<u>\$ 4,520,314</u>	<u>\$ 4,429,248</u>

A. The Group transacts with a variety of financial institutions with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Details of the Group's cash and cash equivalents pledged to others as collateral are provided in Note 8.

C. To achieve its goal of sustainable development for the environment, the Group's time deposits include the green deposits amounted to \$10,000, \$15,000 and \$10,000 as at March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

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

Items	March 31, 2024	December 31, 2023	March 31, 2023
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 20,367	\$ 20,367	\$ 20,657
Emerging stocks	30,552	38,134	38,134
Unlisted stocks	8,113	8,113	8,113
Beneficiary certificates	76,393	75,141	74,895
Call options of convertible bonds	1,300	1,300	-
Corporate bonds	-	-	31,226
Subtotal	136,725	143,055	173,025
Valuation adjustment	18,352	24,240	36,487
Total	<u>\$ 155,077</u>	<u>\$ 167,295</u>	<u>\$ 209,512</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Three-month periods ended March 31,	
	2024	2023
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 10,168)	\$ 2,656
Beneficiary certificates	2,236	961
Call options of convertible bonds	(700)	-
Debt instruments	-	877
Total	<u>(\$ 8,632)</u>	<u>\$ 4,494</u>

B. The Group has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2)C(b).

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

Items	March 31, 2024	December 31, 2023	March 31, 2023
Non-current items:			
Equity instruments			
Unlisted stocks	\$ 59,300	\$ 59,300	\$ 59,300
Valuation adjustment	(38,240)	(36,380)	(35,640)
	<u>\$ 21,060</u>	<u>\$ 22,920</u>	<u>\$ 23,660</u>

The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$21,060, \$22,920 and \$23,660 as at March 31, 2024, December 31, 2023

and March 31, 2023, respectively.

(4) Accounts receivable

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Accounts receivable			
- general customers	\$ 1,414,406	\$ 1,204,521	\$ 1,009,180
Accounts receivable			
- related parties	-	-	876
	<u>1,414,406</u>	<u>1,204,521</u>	<u>1,010,056</u>
Less: Allowance for uncollectible accounts	-	-	-
	<u>\$ 1,414,406</u>	<u>\$ 1,204,521</u>	<u>\$ 1,010,056</u>

A. The aging analysis of accounts receivable is as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Not past due	\$ 1,414,322	\$ 1,198,010	\$ 1,010,029
Up to 30 days	84	6,511	27
31 to 90 days	-	-	-
91 to 180 days	-	-	-
Over 181 days	-	-	-
	<u>\$ 1,414,406</u>	<u>\$ 1,204,521</u>	<u>\$ 1,010,056</u>

The above aging analysis is based on past due date.

B. As at March 31, 2024, December 31, 2023 and March 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$1,414,406, \$1,204,521 and \$1,010,056, respectively.

C. The fair value of the collaterals held by the Group as guarantee for accounts receivable are as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Bank guarantee	\$ 33,600	\$ 37,211	\$ 42,680
Pledged certificates of deposit	21,920	21,033	39,585
Guarantee deposits received	5,839	5,620	5,576
(shown as "other non-current liabilities")			
Letters of credit	741,601	730,029	792,990
Company promissory notes/checks	443,122	432,156	506,655
	<u>\$ 1,246,082</u>	<u>\$ 1,226,049</u>	<u>\$ 1,387,486</u>

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

E. As at March 31, 2024, December 31, 2023 and March 31, 2023, accounts receivable were all from contracts with customers. As at January 1, 2023, the balance of receivables from contracts with customers amounted to \$962,392.

F. The Group has no accounts receivable pledged to others.

(5) Inventories

March 31, 2024			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 114,090	(\$ 2,244)	\$ 111,846
Work in process	5,753,904	(196,496)	5,557,408
Finished goods	1,127,203	(160,142)	967,061
Inventory in transit	17,145	-	17,145
	<u>\$ 7,012,342</u>	<u>(\$ 358,882)</u>	<u>\$ 6,653,460</u>
December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 84,520	(\$ 1,232)	\$ 83,288
Work in process	6,091,559	(243,709)	5,847,850
Finished goods	1,172,084	(221,247)	950,837
Inventory in transit	3,662	-	3,662
	<u>\$ 7,351,825</u>	<u>(\$ 466,188)</u>	<u>\$ 6,885,637</u>
March 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 398,678	(\$ 4,286)	\$ 394,392
Work in process	6,724,568	(496,940)	6,227,628
Finished goods	1,904,549	(237,531)	1,667,018
Inventory in transit	56,735	-	56,735
	<u>\$ 9,084,530</u>	<u>(\$ 738,757)</u>	<u>\$ 8,345,773</u>

The cost of inventories recognised as expense for the periods:

Three-month periods ended March 31,		
	2024	2023
Cost of goods sold	\$ 3,253,857	\$ 2,684,183
Gain on reversal of decline in market value	(107,306)	(126,682)
	<u>\$ 3,146,551</u>	<u>\$ 2,557,501</u>

As the Group sold some inventories which were previously provided with allowance for decline in market value, the Group recognised gain on reversal of decline in market value for the three-month periods ended March 31, 2024 and 2023.

(6) Investments accounted for using equity method

	2024	2023
At January 1	\$ 135,110	\$ 103,857
Share of profit or loss of investments accounted for using equity method	3,485	5,755
Changes in capital surplus	(518)	296
At March 31	<u>\$ 138,077</u>	<u>\$ 109,908</u>

	March 31, 2024	December 31, 2023	March 31, 2023
Associates	<u>\$ 138,077</u>	<u>\$ 135,110</u>	<u>\$ 109,908</u>

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery equipment	Test equipment	Others	Total
At January 1, 2024						
Cost	\$ 562,898	\$ 1,088,733	\$ 499,738	\$ 530,147	\$ 2,565,560	\$ 5,247,076
Accumulated depreciation and impairment	-	(521,118)	(246,988)	(270,224)	(2,251,669)	(3,289,999)
	<u>\$ 562,898</u>	<u>\$ 567,615</u>	<u>\$ 252,750</u>	<u>\$ 259,923</u>	<u>\$ 313,891</u>	<u>\$ 1,957,077</u>
<u>2024</u>						
At January 1	\$ 562,898	\$ 567,615	\$ 252,750	\$ 259,923	\$ 313,891	\$ 1,957,077
Additions	-	-	-	505	57,539	58,044
Transfers (Note)	-	-	-	-	7,975	7,975
Depreciation charge	-	(11,047)	(14,648)	(13,080)	(78,382)	(117,157)
Net exchange difference	-	1,055	2	-	105	1,162
At March 31	<u>\$ 562,898</u>	<u>\$ 557,623</u>	<u>\$ 238,104</u>	<u>\$ 247,348</u>	<u>\$ 301,128</u>	<u>\$ 1,907,101</u>
At March 31, 2024						
Cost	\$ 562,898	\$ 1,034,421	\$ 438,070	\$ 386,919	\$ 731,580	\$ 3,153,888
Accumulated depreciation and impairment	-	(476,798)	(199,966)	(139,571)	(430,452)	(1,246,787)
	<u>\$ 562,898</u>	<u>\$ 557,623</u>	<u>\$ 238,104</u>	<u>\$ 247,348</u>	<u>\$ 301,128</u>	<u>\$ 1,907,101</u>

	Land	Buildings and structures	Machinery equipment	Test equipment	Others	Total
At January 1, 2023						
Cost	\$ 562,898	\$ 1,085,790	\$ 757,193	\$ 378,316	\$ 2,320,503	\$ 5,104,700
Accumulated depreciation and impairment	-	(476,457)	(470,637)	(229,128)	(1,875,486)	(3,051,708)
	<u>\$ 562,898</u>	<u>\$ 609,333</u>	<u>\$ 286,556</u>	<u>\$ 149,188</u>	<u>\$ 445,017</u>	<u>\$ 2,052,992</u>
<u>2023</u>						
At January 1	\$ 562,898	\$ 609,333	\$ 286,556	\$ 149,188	\$ 445,017	\$ 2,052,992
Additions	-	1,947	6	12,527	104,889	119,369
Transfers (Note)	-	-	-	-	6,679	6,679
Depreciation charge	-	(11,398)	(13,340)	(8,514)	(104,591)	(137,843)
At March 31	<u>\$ 562,898</u>	<u>\$ 599,882</u>	<u>\$ 273,222</u>	<u>\$ 153,201</u>	<u>\$ 451,994</u>	<u>\$ 2,041,197</u>
At March 31, 2023						
Cost	\$ 562,898	\$ 1,087,737	\$ 757,199	\$ 390,843	\$ 2,432,071	\$ 5,230,748
Accumulated depreciation and impairment	-	(487,855)	(483,977)	(237,642)	(1,980,077)	(3,189,551)
	<u>\$ 562,898</u>	<u>\$ 599,882</u>	<u>\$ 273,222</u>	<u>\$ 153,201</u>	<u>\$ 451,994</u>	<u>\$ 2,041,197</u>

Note: Transferred from prepayments for equipment (shown as “Other non-current assets”).

- A. For the three-month periods ended March 31, 2024 and 2023, there was no capitalisation of borrowing costs attributable to the property, plant and equipment.
- B. Information about property, plant and equipment pledged to others as collateral is provided in Note 8.

(8) Leasing arrangements — lessee

- A. The Group leases assets including land, buildings and structures, business vehicles, and printers. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Short-term leases with a lease term of 12 months or less comprise of business vehicles and staff dormitory.
- B. The carrying amount of right-of-use assets and depreciation charge are as follows:

	Carrying amount		
	March 31, 2024	December 31, 2023	March 31, 2023
Land	\$ 53,444	\$ 54,338	\$ 57,018
Buildings and structures	25,297	15,736	5,570
Business vehicles	2,953	3,997	6,094
Printers	1,715	1,871	2,338
	<u>\$ 83,409</u>	<u>\$ 75,942</u>	<u>\$ 71,020</u>

	Depreciation charge	
	Three-month periods ended March 31,	
	2024	2023
Land	\$ 894	\$ 894
Buildings and structures	2,299	1,744
Business vehicles	1,044	1,110
Printers	156	156
	<u>\$ 4,393</u>	<u>\$ 3,904</u>

C. For the three-month periods ended March 31, 2024 and 2023, the additions to right-of-use assets were \$11,284 and \$0, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Three-month periods ended March 31,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 271	\$ 238
Expense on short-term lease contracts	<u>\$ 569</u>	<u>\$ 1,499</u>

E. For the three-month periods ended March 31, 2024 and 2023, the Group's total cash outflow for leases were \$5,091 and \$5,543, respectively.

(9) Investment property

	<u>Buildings and structures</u>
<u>At January 1, 2024</u>	
Cost	\$ 20,369
Accumulated depreciation and impairment	(5,578)
	<u>\$ 14,791</u>
<u>2024</u>	
At January 1	\$ 14,791
Depreciation charge	(242)
At March 31	<u>\$ 14,549</u>
<u>At March 31, 2024</u>	
Cost	\$ 20,369
Accumulated depreciation and impairment	(5,820)
	<u>\$ 14,549</u>

	<u>Buildings and structures</u>
<u>At January 1, 2023</u>	
Cost	\$ 20,369
Accumulated depreciation and impairment	(4,608)
	<u>\$ 15,761</u>
<u>2023</u>	
At January 1	\$ 15,761
Depreciation charge	(242)
At March 31	<u>\$ 15,519</u>
<u>At March 31, 2023</u>	
Cost	\$ 20,369
Accumulated depreciation and impairment	(4,850)
	<u>\$ 15,519</u>

- A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>Three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Rental income from investment property	<u>\$ 641</u>	<u>\$ 641</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 242</u>	<u>\$ 242</u>

- B. The fair value of the investment property held by the Group as at March 31, 2024, December 31, 2023 and March 31, 2023 was \$8,967, \$8,707 and \$8,576, respectively, which was valued by income approach. Key assumptions are as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Rate of net return on capital (Note)	<u>16.42%</u>	<u>17.45%</u>	<u>18.47%</u>

Note: Calculated based on the weighted average capital cost of capital.

- C. For the three-month periods ended March 31, 2024 and 2023, there was no capitalisation of borrowing costs attributable to the investment property.
- D. The Group has no investment property pledged to others.

(10) Intangible assets

	Patents and professional technology	Customer relationship	Goodwill	Computer software	Total
<u>At January 1, 2024</u>					
Cost	\$ 34,478	\$ 11,000	\$ 80,758	\$ 872,261	\$ 998,497
Accumulated amortisation and impairment	(34,478)	(11,000)	(80,758)	(755,006)	(881,242)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,255</u>	<u>\$ 117,255</u>
<u>2024</u>					
At January 1	\$ -	\$ -	\$ -	\$ 117,255	\$ 117,255
Additions	-	-	-	23,810	23,810
Amortisation charge	-	-	-	(36,885)	(36,885)
Net exchange differences	-	-	-	(16)	(16)
At March 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,164</u>	<u>\$ 104,164</u>
<u>At March 31, 2024</u>					
Cost	\$ 34,478	\$ 11,000	\$ 80,758	\$ 676,447	\$ 802,683
Accumulated amortisation and impairment	(34,478)	(11,000)	(80,758)	(572,283)	(698,519)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,164</u>	<u>\$ 104,164</u>
	Patents and professional technology	Customer relationship	Goodwill	Computer software	Total
<u>At January 1, 2023</u>					
Cost	\$ 34,478	\$ 11,000	\$ 80,758	\$ 639,003	\$ 765,239
Accumulated amortisation and impairment	(34,478)	(11,000)	(80,758)	(587,593)	(713,829)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,410</u>	<u>\$ 51,410</u>
<u>2023</u>					
At January 1	\$ -	\$ -	\$ -	\$ 51,410	\$ 51,410
Additions	-	-	-	116,747	116,747
Amortisation charge	-	-	-	(42,432)	(42,432)
At March 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,725</u>	<u>\$ 125,725</u>
<u>At March 31, 2023</u>					
Cost	\$ 34,478	\$ 11,000	\$ 80,758	\$ 755,750	\$ 881,986
Accumulated amortisation and impairment	(34,478)	(11,000)	(80,758)	(630,025)	(756,261)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,725</u>	<u>\$ 125,725</u>

A. Details of amortisation on intangible assets are as follows:

	Three-month periods ended March 31,	
	2024	2023
Operating costs	\$ 8	\$ -
Selling expenses	39	60
General and administrative expenses	900	826
Research and development expenses	35,938	41,546
	<u>\$ 36,885</u>	<u>\$ 42,432</u>

B. For the three-month periods ended March 31, 2024 and 2023, there was no capitalisation of borrowing costs attributable to the intangible assets.

C. The Group has no intangible assets pledged to others.

(11) Other non-current assets

	March 31, 2024	December 31, 2023	March 31, 2023
Prepayments for purchases	\$ 976,937	\$ 987,329	\$ 1,123,254
Refundable deposits (Note1)	968,782	928,144	6,910
Prepayments for equipment	56,886	46,273	138,050
Pledged time deposits	3,969	3,969	3,969
	<u>\$ 2,006,574</u>	<u>\$ 1,965,715</u>	<u>\$ 1,272,183</u>

Note1 : A portion of refundable deposits of the Group is a capacity reservation agreement with the supplier. According to the agreement, the Group promises to purchase wafer production capacity within the agreed period and quantities after the Group has paid the guaranty fund in advance, the supplier will then provide the agreed production capacity to the Group. If the Group's actual purchased quantities does not meet the agreed requirements, the prepaid guaranty fund will be forfeited based on the agreement, and the agreement cannot be terminated. In response to the recent fluctuations in the overall market economic environment affecting market demand, the Group made provision for onerous contracts liabilities (shown as "provisions for liabilities") for the year ended December 31, 2022.

(12) Short-term borrowings

Type of borrowings	March 31, 2024	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	\$ 2,010,000	1.65%~1.83%	None
Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	\$ 2,620,000	1.65%~1.87%	None
Type of borrowings	March 31, 2023	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	\$ 3,540,000	1.45%~1.886%	None

Interest expense recognised in profit or loss amounted to \$11,244 and \$15,140 for the three-month periods ended March 31, 2024 and 2023, respectively.

(13) Bonds payable

	March 31, 2024	December 31, 2023
Convertible bonds payable	\$ 1,000,000	\$ 1,000,000
Less: Conversion of convertible bonds	(100)	-
Less: Discount on bonds payable	(52,164)	(57,077)
	\$ 947,736	\$ 942,923
Less: Current portion	-	-
	\$ 947,736	\$ 942,923

As at March 31, 2023: None.

A. The issuance of domestic convertible bonds:

- (a) The terms of the first domestic unsecured convertible bonds issued by the Company are as follows:
- The regulatory authority has approved the first domestic unsecured convertible bonds issued by the Company. The total issuance amount is \$1,000,000 at 115.42% of the bond's face value with coupon rate of 0%, covering a 3-year period of issuance and a circulation period from October 27, 2023 to October 27, 2026. The convertible bonds will be settled by cash with principal value at maturity. The bonds were listed on the Taipei Exchange on October 27, 2023.
 - The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from three months after the bonds issuance date to the maturity date, except for the suspended transfer period as specified in the terms of the bonds or the regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

- iii. The conversion price of the convertible bonds was set at NT\$85.6 (in dollars) per share. However, the conversion price is adjusted according to the formula set out in the indenture if any of the following event occurs after the issuance of the Company's convertible bonds:
 - (i) Increase in outstanding (or private placement) common shares.
 - (ii) The conversion price should be reduced on the effective date of ex-dividend for distributing cash dividends of ordinary shares.
 - (iii) Reissuance (or private placement) of various securities with conversion options or stock options to common shares at a conversion or an exercise price lower than the market price per share.
 - (iv) Reduction in ordinary share capital that is not caused by the retirement of treasury shares.
 - iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time during the period from the date after three months of the bonds issue to 40 days before the maturity date if the following events occur: (i) the closing price of the Company's common shares is above the conversion price by 30% (including 30%) for 30 consecutive trading days, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount.
 - v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be sold or re-issued; the conversion options attached to the bonds are also extinguished.
 - (b) As of March 31, 2024, the Company's first domestic unsecured convertible bonds with a face value of \$100 were converted into 1,168 ordinary shares.
- B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$210,801 were separated from the liability component and were recognised in 'capital surplus-share options' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.

(14) Other payables

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Accrued salaries and bonuses	\$ 542,513	\$ 581,256	\$ 1,153,132
Cash dividends payables	171,703	-	-
Accrued employees' compensation and directors' remuneration	265	261	26,405
Payables on equipment	36,688	13,722	44,416
Others	80,465	119,584	93,870
	<u>\$ 831,634</u>	<u>\$ 714,823</u>	<u>\$ 1,317,823</u>

(15) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>March 31, 2024</u>
Long-term bank borrowings				
Secured borrowings	Note	1.675%~1.800%	Land, buildings and structures	\$ 643,400
Less: Current portion				-
				<u>\$ 643,400</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Secured borrowings	Note	1.55%~1.675%	Land, buildings and structures	\$ 643,400
Less: Current portion				-
				<u>\$ 643,400</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>March 31, 2023</u>
Long-term bank borrowings				
Secured borrowings	Note	1.55%~1.675%	Land, buildings and structures	\$ 643,400
Less: Current portion				-
				<u>\$ 643,400</u>

Interest expense recognised in profit or loss amounted to \$2,694 and \$2,501 for the three-month periods ended March 31, 2024 and 2023, respectively.

Note: Borrowing period is from October 7, 2022 to October 7, 2037, interest is repayable monthly, and starting from October, 2025, the same amount of principal is repayable every three months.

(16) Pension

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$71 and \$72 for the three-month periods ended March 31, 2024 and 2023, respectively.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company's subsidiaries, Eon Silicon Solutions, Inc. USA has established a 401(K) pension plan in accordance with Section 401(K) of the Internal Revenue Code (IRC) of the U.S. Local employees may raise a certain amount of salary to the employee's individual pension account each month within the upper limit; while the Company's subsidiary may provide a matching contribution to the above account based on its policies of rewarding or comforting employees.
- (c) The Company's mainland China subsidiaries, Elite Semiconductor Microelectronics Technology (shenzhen) Inc. and Elite Semiconductor Microelectronics (Shanghai) Technology Inc., have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(d) The pension costs under the defined contribution pension plans of the Group for the three-month periods ended March 31, 2024 and 2023 were \$11,692 and \$11,056, respectively.

(17) Share-based payment

A. For the three-month periods ended March 31, 2024 and 2023, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Succeeding of 2013 Eon Silicon Solution Inc.'s employee stock options	August 19, 2013	7,500 thousand shares (Note 2)	10 years	Note 1

Note 1: The accumulative proportion of the new shares that can be vested and exercised after fulfilling two years of service, three years of service, and four years of service are 50%, 75% and 100%, respectively.

Note 2: The quantities granted by the Company from the succeeding of Eon Silicon Solution Inc. employee stock option plan was the same quantities granted on the grant date of the original plan. After the merger, the succeeding of Eon Silicon Solution Inc.'s 2013 employee stock option plans were 688 thousand shares.

The above share-based payment arrangements are settled by equity.

B. Details of the share-based payment arrangements are as follows:

Succeeding of Eon Silicon Solution Inc.'s employee stock options:

	2023	
	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1 and March 31	14	\$ 53.3
Option exercisable at March 31	14	

C. No stock options were exercised for the three-month period ended March 31, 2023.

D. As at December 31, 2023, no stock options were outstanding. As at March 31, 2023, the exercise price of stock options outstanding was NT\$53.3 (in dollars), and the weighted-average remaining contractual period was 0.39 years.

E. There were no expenses incurred on share-based payment transactions for the three-month period ended March 31, 2023.

F. For the three-month period ended March 31, 2024, there was no share-based payment agreements.

(18) Share capital

A. As at March 31, 2024, the Company's authorised capital was \$3,500,000, consisting of 350,000 thousand shares of ordinary stock (including 20,000 thousand shares reserved for employee stock options), and the paid-in capital was \$2,861,711 with a par value of \$10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	Unit : Thousands of shares	
	2024	2023
Outstanding ordinary shares at January 1	272,762	272,448
Conversion of convertible bonds	1	-
Disposal of parent company's share by a subsidiary recognised as treasury shares	385	-
Outstanding ordinary shares at March 31	273,148	272,448
Treasury stocks at the end of the period	13,024	13,709
Issued ordinary shares at March 31	286,172	286,157

B. Treasury shares

Due to the Company's business strategy, the number of the Company's shares held by the Company's subsidiary, Jie Young Investment Ltd., as at March 31, 2024, December 31, 2023 and March 31, 2023, were 13,024 thousand shares, 13,409 thousand shares and 13,709 thousand shares with carrying amounts of \$335,214, \$345,123 and \$352,845, respectively; the average carry amount per share was \$25.74 (in dollars), and the fair values per share were \$86.9 (in dollars), \$98.0 (in dollars) and \$83.3 (in dollars), respectively.

(19) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

2024						
	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries and associates	Stock options	Others	Total
At January 1	\$ 23,470	\$ 50,290	\$ 198,570	\$210,822	\$4,122	\$487,274
Disposal of company's share by a subsidiary recognised as treasury share transaction	-	10,779	-	-	-	10,779
Change in equity of associates and joint ventures accounted for using equity method	-	-	(518)	-	-	(518)
Expired cash dividends transferred to capital surplus	-	-	-	-	79	79
Conversion of convertible bonds	104	-	-	(21)	-	83
At March 31	<u>\$ 23,574</u>	<u>\$ 61,069</u>	<u>\$ 198,052</u>	<u>\$210,801</u>	<u>\$4,201</u>	<u>\$497,697</u>

2023						
	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries	Employee stock options	Others	Total
At January 1	\$ 20,162	\$ 41,750	\$ 186,631	\$ 2,697	\$4,077	\$255,317
Change in equity of associates and joint ventures accounted for using equity mothod	-	-	296	-	-	296
At March 31	<u>\$ 20,162</u>	<u>\$ 41,750</u>	<u>\$ 186,927</u>	<u>\$ 2,697</u>	<u>\$4,077</u>	<u>\$255,613</u>

(20) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be appropriated in the following order:
- Payment of all taxes and dues.
 - Offset previous year's operating losses, if any.
 - Setting aside 10% of remaining amount as legal reserve, unless the accumulated amount of the legal reserve has reached the total authorised capital of the Company.
 - Setting aside or reversing a special reserve according to relevant regulations.
 - The remainder from this year and prior years may be appropriated as dividends according to a resolution in the shareholders' meeting.

B. Dividend policy

The Company is in the growth phase. To meet future operation requirements, long-term financial plan and the requirement of cash dividends distributing to the shareholders, the distributable earnings for current year can be entirely distributed to the shareholders, which shall be proposed by the Board of Directors and resolved in the shareholders' meeting every year. Dividends to the shareholders can be distributed in the form of cash or shares, and cash dividends shall account for at least 50% of the total dividends distributed.

If all or part of the Company's earnings distribution, legal reserve, or capital reserve is distributed in form of cash, the Board of Directors is authorised to approve and report to the shareholders' meeting, while in accordance with Articles 240 and 241 of the Company Act, two-thirds of directors shall be present, and more than half of the directors present shall agree.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reserved subsequently, the reversed amount could be included in the distributable earnings.

E. As approved by the Board of Directors on February 23, 2023, the appropriations of 2022 earnings would be setting aside of legal reserve of \$104,087 and distribution of cash dividends of \$515,108, constituting \$1.8 (in dollars) per share. The aforementioned appropriations had been resolved in the shareholders' meeting on May 30, 2023 and distributed on July 31, 2023.

F. As approved by the Board of Directors on February 27, 2024, the appropriations of 2023 earnings would be reversal of special reserve of \$9,929 and distribution of cash dividends of \$171,703, constituting \$0.6 (in dollars) per share. The aforementioned appropriations has not yet been approved at the shareholders' meeting.

(21) Operating revenue

	Three-month periods ended March 31,	
	2024	2023
Revenue from contracts with customers	\$ 3,337,962	\$ 2,717,377

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major geographical regions:

Three-month periods ended March

<u>31,2024</u>	<u>Domestic area</u>	<u>Asia</u>	<u>Others</u>	<u>Total</u>
Integrated circuits	<u>\$ 1,473,905</u>	<u>\$ 1,838,942</u>	<u>\$ 25,115</u>	<u>\$ 3,337,962</u>

Three-month periods ended March

<u>31,2023</u>	<u>Domestic area</u>	<u>Asia</u>	<u>Others</u>	<u>Total</u>
Integrated circuits	<u>\$ 1,176,682</u>	<u>\$ 1,497,396</u>	<u>\$ 43,299</u>	<u>\$ 2,717,377</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	<u>January 1, 2023</u>
Contract liabilities-advance sales receipts	<u>\$ 37,856</u>	<u>\$ 4,665</u>	<u>\$ 21,389</u>	<u>\$ 6,096</u>

Revenue recognised that was included in the contract liability balance at the beginning of the period:

	<u>Three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Contract liabilities – advance sales receipts	<u>\$ 3,274</u>	<u>\$ 5,658</u>

(22) Interest income

	<u>Three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	<u>\$ 41,700</u>	<u>\$ 35,459</u>
Interest income from financial assets at amortised cost	<u>417</u>	<u>-</u>
Other interest income	<u>-</u>	<u>603</u>
	<u>\$ 42,117</u>	<u>\$ 36,062</u>

(23) Other income

	<u>Three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Rent income	<u>\$ 1,384</u>	<u>\$ 1,612</u>
Other income, others	<u>3,005</u>	<u>2,226</u>
	<u>\$ 4,389</u>	<u>\$ 3,838</u>

(24) Other gains and losses

	Three-month periods ended March 31,	
	2024	2023
Foreign exchange gains (losses)	\$ 192,280	(\$ 26,995)
(Losses) gains on financial assets at fair value through profit or loss	(8,632)	4,494
Miscellaneous disbursements	(354)	(502)
	<u>\$ 183,294</u>	<u>(\$ 23,003)</u>

(25) Finance costs

	Three-month periods ended March 31,	
	2024	2023
Interest expense:		
Bank borrowings	\$ 13,938	\$ 17,641
Provisions for liabilities-amortisation of discount	181	331
Lease liabilities	271	238
Amortisation of discount on bonds payable	4,907	-
Total interest expense	<u>19,297</u>	<u>18,210</u>
Others	<u>8</u>	<u>445</u>
	<u>\$ 19,305</u>	<u>\$ 18,655</u>

(26) Expenses by nature

	Three-month periods ended March 31,	
	2024	2023
Employee benefit expenses	<u>\$ 318,861</u>	<u>\$ 397,377</u>
Depreciation charges on property, plant and equipment	<u>\$ 117,157</u>	<u>\$ 137,843</u>
Depreciation charges on right-of-use assets	<u>\$ 4,393</u>	<u>\$ 3,904</u>
Depreciation charges on investment property	<u>\$ 242</u>	<u>\$ 242</u>
Amortisation charges on intangible assets	<u>\$ 36,885</u>	<u>\$ 42,432</u>

(27) Employee benefit expenses

	Three-month periods ended March 31,	
	2024	2023
Wages and salaries	\$ 274,607	\$ 351,927
Labor and health insurance fees	22,794	25,136
Pension costs	11,763	11,128
Directors' remuneration	1,729	1,765
Other personnel expenses	7,968	7,421
	<u>\$ 318,861</u>	<u>\$ 397,377</u>

- A. In accordance with the Articles of Incorporation of the Company, the distributable profit of the current year, shall be distributed as employees' compensation and directors' remuneration, the ratio shall not be lower than 1% for employees' compensation and shall not be higher than 1% for directors' remuneration.
- B. For the three-month periods ended March 31, 2024 and 2023, the Company had no employees' and directors' compensation accrued.
- C. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three-month periods ended March 31,	
	2024	2023
Current tax:		
Current tax on profit for the period	\$ 2,165	\$ 2,024
Deferred tax:		
Origination and reversal of temporary differences	(725)	(1,825)
Income tax expense	<u>\$ 1,440</u>	<u>\$ 199</u>

(b) The income tax charge relating to components of other comprehensive income: None.

(c) The income tax charged to equity during the period: None.

- B. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(29) Losses per share

	<u>Three-month period ended March 31, 2024</u>		
	<u>Amount after</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Losses per share (in dollars)</u>
	<u>tax</u>		
<u>Basic and diluted losses per share (note)</u>			
Loss attributable to ordinary shareholders of the parent company	(\$ 57,959)	280,634	(\$ 0.21)

	<u>Three-month period ended March 31, 2023</u>		
	<u>Amount after</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Losses per share (in dollars)</u>
	<u>tax</u>		
<u>Basic and diluted losses per share</u>			
Loss attributable to ordinary shareholders of the parent company	(\$ 369,157)	280,418	(\$ 1.32)

Note: As the convertible bonds payable has anti-dilutive effect for the three-month period ended March 31, 2024, it is not included in the calculation of diluted losses per share.

(30) Supplemental cash flow information

A. Investing activities with partial cash payments:

	<u>Three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Purchase of property, plant and equipment (including transferred amount)	\$ 66,019	\$ 126,048
Add: Ending balance of prepayment for equipment	56,886	138,050
Less: Opening balance of prepayment for equipment	(46,273)	(32,800)
Add: Opening balance of payable on equipment	13,722	90,089
Less: Ending balance of payable on equipment	(36,688)	(44,416)
Cash paid during the period	<u>\$ 53,666</u>	<u>\$ 276,971</u>

B. Financing activities with no cash flow effects:

	<u>Three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Cash dividends	\$ 171,703	\$ -
Less: Cash dividends payable	(171,703)	-
	<u>\$ -</u>	<u>\$ -</u>

C. Changes in liabilities from financing activities

	Short-term borrowings	Bonds payable	Long-term borrowings	Lease liabilities	Guarantee deposits received	Cash dividends payable	Liabilities from financing activities- gross
At January 1, 2024	\$ 2,620,000	\$ 942,923	\$ 643,400	\$ 76,681	\$ 6,216	\$ -	\$ 4,289,220
Changes in cash flow from financing activities	(610,000)	-	-	(4,251)	60	-	(614,191)
Interest paid	-	-	-	(271)	-	-	(271)
Interest expense	-	4,907	-	271	-	-	5,178
Changes in other non-cash items	-	(94)	-	11,860	-	171,703	183,469
At March 31, 2024	<u>\$ 2,010,000</u>	<u>\$ 947,736</u>	<u>\$ 643,400</u>	<u>\$ 84,290</u>	<u>\$ 6,276</u>	<u>\$171,703</u>	<u>\$ 3,863,405</u>

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities- gross
At January 1, 2023	\$ 3,175,000	\$ -	\$ 643,400	\$ 75,302	\$ 6,217	\$ 3,899,919
Changes in cash flow from financing activities	365,000	435	-	(3,806)	(44)	361,585
Interest paid	-	-	-	(238)	-	(238)
Interest expense	-	-	-	238	-	238
Changes in other non-cash items	-	(435)	-	-	-	(435)
At March 31, 2023	<u>\$ 3,540,000</u>	<u>\$ -</u>	<u>\$ 643,400</u>	<u>\$ 71,496</u>	<u>\$ 6,173</u>	<u>\$ 4,261,069</u>

7. RELATED PARTY TRANSACTIONS

A. Names of related parties and relationship with the Group

Names of related parties	Relationship with the Group
Canyon Semiconductor Inc.	Associates
ESMT Educational Foundation	Substantial related party

B. Key management compensation

	Three-month periods ended March 31,	
	2024	2023
Salaries and other short-term employee benefits	\$ 6,690	\$ 7,868
Post-employment benefits	135	162
Total	<u>\$ 6,825</u>	<u>\$ 8,030</u>

8. PLEDGED ASSETS

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

Assets item	Book value			Purposes
	March 31, 2024	December 31, 2023	March 31, 2023	
Land, buildings and structures	\$ 736,327	\$ 738,052	\$ 743,228	Long-term borrowings
Time deposits (shown as "other non-current assets")	3,969	3,969	3,969	Guarantee deposits for land leasing
	<u>\$ 740,296</u>	<u>\$ 742,021</u>	<u>\$ 747,197</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

A. The Company entered into capacity reservation agreements with suppliers. According to the agreements, the supplier shall provide agreed production capacity with the Company after prepayment made by the Company.

B. Unused letters of credit issued

Unused letters of credit issued from purchases of equipment by the Company is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Unused letters of credit issued	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,818</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

Considering the current industry environment, future operating development, and changes in the external environment, the Group plans the future requirement of working capital, expenditure of research and development and dividends paid to shareholders to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders, to take care of the benefit of stakeholders, and to maintain an optimal capital structure, so as to promote the shareholders' value in the future.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders, or repurchase the Company's shares.

The equity to assets ratios on March 31, 2024, December 31, 2023 and March 31, 2023 were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Total assets	\$ 17,763,161	\$ 18,097,210	\$ 19,633,506
Total liabilities	(8,030,590)	(8,177,118)	(8,553,694)
Total equity	<u>\$ 9,732,571</u>	<u>\$ 9,920,092</u>	<u>\$ 11,079,812</u>
Equity to assets ratio	<u>55%</u>	<u>55%</u>	<u>56%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial assets</u>			
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 155,077</u>	<u>\$ 167,295</u>	<u>\$ 209,512</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 21,060</u>	<u>\$ 22,920</u>	<u>\$ 23,660</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 4,240,227	\$ 4,520,314	\$ 4,429,248
Financial assets at amortised cost-current	33,697	31,791	-
Notes receivable	202	-	209
Accounts receivable	1,414,406	1,204,521	1,010,056
Other receivables	106,326	107,564	80,067
Refundable deposits (shown as "Other current assets")	-	-	913,500
Time deposits (shown as "Other non-current assets")	3,969	3,969	3,969
Refundable deposits (shown as "Other non-current assets")	<u>968,782</u>	<u>928,144</u>	<u>6,910</u>
	<u>\$ 6,767,609</u>	<u>\$ 6,796,303</u>	<u>\$ 6,443,959</u>

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 2,010,000	\$ 2,620,000	\$ 3,540,000
Notes payable	2,178	2,178	2,399
Accounts payable	2,549,019	2,282,490	2,333,840
Other payables	831,634	714,823	1,317,823
Bonds payable (including current portion)	947,736	942,923	-
Long-term borrowings (including current portion)	643,400	643,400	643,400
Guarantee deposits received (shown as "Other non-current liabilities")	6,276	6,216	6,173
	<u>\$ 6,990,243</u>	<u>\$ 7,212,030</u>	<u>\$ 7,843,635</u>
Lease liabilities	<u>\$ 84,290</u>	<u>\$ 76,681</u>	<u>\$ 71,496</u>

B. Financial risk management policies

- (a) The Group implements a comprehensive system of risk management and control to identify, measure and monitor a variety of financial risks, including market risk, credit risk, liquidity risk, and risk of cash flow so that management can effectively control and measure market risk, credit risk, liquidity risk, and risk of cash flow.
- (b) The Group's objective in managing the market risk is to reach optimisation, maintain the proper liquidity and manage all market risks collectively by taking into account the economic environment, competitive edge and risk of market value.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

1. The Group operates internationally and is exposed to foreign exchange risk arising from the various currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
2. Management has set up a policy to require companies of the Group to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group finance team. The companies adopt forward foreign exchange contracts through the Group finance team to manage the foreign exchange risk from future commercial transactions and recognised assets and liabilities. The foreign exchange risk will exist when future commercial transactions and recognised assets and liabilities use the currency different from the functional currency of the companies.

3. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through deposits denominated in the relevant foreign currencies (see Note 6(1)).
4. The Group's business involves some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, JPY, HKD, and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	March 31, 2024		
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 183,681	32.000	\$ 5,877,792
RMB:NTD	138,423	4.408	610,169
RMB:USD	12,092	0.1378	53,302
USD:HKD	4,415	7.8259	141,280
<u>Non-monetary items</u>			
USD:NTD	1,756	32.000	56,192
RMB:NTD	23,252	4.408	102,495
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 73,137	32.000	\$ 2,340,384
RMB:NTD	7,423	4.408	32,721
USD:HKD	4,389	7.8259	140,448

	December 31, 2023		
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 219,183	30.705	\$ 6,730,014
RMB:NTD	158,028	4.327	683,787
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 50,689	30.705	\$ 1,556,406
RMB:NTD	5,541	4.327	23,976
	March 31, 2023		
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 220,684	30.450	\$ 6,719,828
RMB:NTD	173,994	4.431	770,967
JPY:NTD	471,330	0.229	107,935
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 62,041	30.450	\$ 1,889,148
RMB:NTD	2,463	4.431	10,914

5. The total exchange gains (losses), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2024 and 2023, amounted to \$192,280 and (\$26,995), respectively.

6. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Three-month periods ended March 31, 2024				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	58,778	\$ -
RMB:NTD	1%		6,102	
RMB:USD	1%		533	
USD:HKD	1%		1,413	-
<u>Non-monetary items</u>				
USD:NTD	1%		562	-
RMB:NTD	1%		1,025	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	23,404)	\$ -
RMB:NTD	1%	(	327)	-
USD:HKD	1%	(	1,404)	-
Three-month periods ended March 31, 2023				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	67,198	\$ -
RMB:NTD	1%		7,710	-
JPY:NTD	1%		1,079	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	18,891)	\$ -
RMB:NTD	1%	(	109)	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise equity securities and open-end funds issued by the domestic or foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2024 and 2023 would have increased/decreased by \$15,368 and \$17,698, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$2,106 and \$2,366, respectively, as a result of other comprehensive income/loss classified as equity investment at fair value through other comprehensive income/loss.

Cash flow and fair value interest rate risk

- i. The Group's cash flow interest rate risk arises from long-term and short-term borrowings with variable rate. During the three-month periods ended March 31, 2024 and 2023, the Group's borrowings at variable rate were denominated in the NTD.
- ii. If the borrowing interest rate had increased/decreased by 0.2% with all other variables held constant, profit net of tax for the three-month periods ended March 31, 2024 and 2023 would have decreased/increased by \$257 and \$497, respectively. The main factor is that the floating-rate borrowings resulted in changes in interest expense.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments stated at amortised cost and debt instruments at fair value through profit or loss.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only these with good rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new customers before standard payment, delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored.

- iii. The Group adopts the assumption under IFRS 9, the default occurs when the contract payments are past due over 90 days .
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. The financial assets at amortised cost include time deposits and restricted time deposits. The banks have good rating and have no past due before. In addition to the above, the whole economic environment has not changed significantly, so the risk of credit risk is low and the effect to the financial statements is insignificant.
- viii. The information about aging analysis and collaterals of accounts receivable is provided in Note 6(4). The Group requests its significant sales customers to provide collaterals or other rights of guarantee, therefore, the Group classifies customers' accounts receivable in accordance with the nature of collaterals. The Group applies the simplified approach using loss rate methodology to assess expected credit loss. Based on the assessment, the allowance for losses that the Group should recognise is immaterial on March 31, 2024, December 31, 2023 and March 31, 2023.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance team. Group finance team monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management should be invested in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>Non-derivative financial liabilities:</u>	Less than 1	Between 1	
	year	and 5 years	Over 5 years
March 31, 2024			
Short-term borrowings	\$ 2,013,864	\$ -	\$ -
Notes payable	2,178	-	-
Accounts payable	2,549,019	-	-
Other payables	831,634	-	-
Lease liabilities	18,176	32,476	39,910
Bonds payable (including current portion)	19,941	979,959	-
Long-term borrowings (including current portion)	10,777	217,037	507,029
Guarantee deposits received	-	-	6,276

Derivative financial liabilities: None.

<u>Non-derivative financial liabilities:</u>	Less than 1	Between 1	
	year	and 5 years	Over 5 years
December 31, 2023			
Short-term borrowings	\$ 2,627,204	\$ -	\$ -
Notes payable	2,178	-	-
Accounts payable	2,282,490	-	-
Other payables	714,823	-	-
Lease liabilities	14,828	27,221	40,907
Bonds payable (including current portion)	19,895	980,105	-
Long-term borrowings (including current portion)	10,777	201,409	520,023
Guarantee deposits received	-	-	6,216

Derivative financial liabilities: None.

<u>Non-derivative financial liabilities:</u>	Less than 1	Between 1	
	year	and 5 years	Over 5 years
March 31, 2023			
Short-term borrowings	\$ 3,550,298	\$ -	\$ -
Notes payable	2,399	-	-
Accounts payable	2,333,840	-	-
Other payables	1,317,823	-	-
Lease liabilities	12,203	21,993	43,897
Long-term borrowings (including current portion)	-	154,594	566,838
Guarantee deposits received	-	-	6,173

Derivative financial liabilities: None.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and emerging stocks, beneficiary

certificates and debt securities are included in Level 1.

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. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments not measured at fair value of the Group include cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, refundable deposits, short-term and long-term borrowings, notes payable, accounts payable, other payables, lease liabilities and guarantee deposits received. Their carrying amounts approximate to their fair values.

March 31, 2024				
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable (including current portion)	\$ 947,736	\$ -	\$ 950,005	\$ -
December 31, 2023				
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable (including current portion)	\$ 942,923	\$ -	\$ 946,900	\$ -

March 31, 2023 : None.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information of nature of the assets and liabilities is as follows:

March 31, 2024	Level 1	Level 2	Level 3	Total
<u>Financial Assets</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 61,701	\$ -	\$ 1,010	\$ 62,711
Beneficiary certificates	90,966	-	-	90,966
Call options of convertible bonds	-	-	1,400	1,400
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	21,060	21,060
	<u>\$ 152,667</u>	<u>\$ -</u>	<u>\$ 23,470</u>	<u>\$ 176,137</u>

Financial liabilities: None.

December 31, 2023	Level 1	Level 2	Level 3	Total
<u>Financial Assets</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 76,993	\$ -	\$ 817	\$ 77,810
Beneficiary certificates	87,385	-	-	87,385
Call options of convertible bonds	-	-	2,100	2,100
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	22,920	22,920
	<u>\$ 164,378</u>	<u>\$ -</u>	<u>\$ 25,837</u>	<u>\$ 190,215</u>

Financial liabilities: None.

March 31, 2023	Level 1	Level 2	Level 3	Total
<u>Financial Assets</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 88,133	\$ -	\$ 277	\$ 88,410
Beneficiary certificates	88,573	-	-	88,573
Debt securities	32,529	-	-	32,529
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	23,660	23,660
	<u>\$ 209,235</u>	<u>\$ -</u>	<u>\$ 23,937</u>	<u>\$ 233,172</u>

Financial liabilities: None.

(b) The methods and assumptions that the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed and emerging stocks</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

E. For the three-month periods ended March 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

F. The following table is the movement of Level 3 for the three-month periods ended March 31, 2024 and 2023:

	2024		2023
	Equity instrument	Call options of convertible bonds	Equity instrument
At January 1	\$ 23,737	\$ 2,100	\$ 13,404
Valuation adjustment	(1,667)	(700)	10,533
At March 31	<u>\$ 22,070</u>	<u>\$ 1,400</u>	<u>\$ 23,937</u>

G. Accounting segment is in charge of the valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following table is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at March 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 1,010	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
Financial assets at fair value through profit or loss -call options of convertible bonds	1,400	Binary tree convertible evaluation model	Stock price volatility	39.69%	The higher the volatility, the lower the fair value
Unlisted shares	21,060	Market comparable companies	Discount for lack of marketability	45%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2023		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:						
Unlisted shares	\$	817	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
Financial assets at fair value through profit or loss -call options of convertible bonds		2,100	Binary tree convertible evaluation model	Stock price volatility	40.36%	The higher the volatility, the lower the fair value
Unlisted shares		22,920	Market comparable companies	Discount for lack of marketability	45%	The higher the discount for lack of marketability, the lower the fair value
	Fair value at March 31, 2023		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:						
Unlisted shares	\$	277	Market comparable companies	Discount for lack of marketability	30%	The higher the discount of lack of marketability, the lower the fair value
Unlisted shares		23,660	Market comparable companies	Discount for lack of marketability	45%	The higher the discount of lack of marketability, the lower the fair value

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			March 31, 2024			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets	Discount for					
Equity instrument	lack of					
	marketability	± 10%	\$ 43	(\$ 43)	\$ 1,724	(\$ 1,724)
Financial assets at						
fair value through						
profit or loss - call						
options of						
convertible bonds	Volatility	± 1%	\$ 100	(\$ 400)	\$ -	\$ -
			December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets	Discount for					
Equity instrument	lack of					
	marketability	± 10%	\$ 35	(\$ 35)	\$ 1,876	(\$ 1,876)
Financial assets at						
fair value through						
profit or loss - call						
options of						
convertible bonds	Volatility	± 1%	\$ 400	(\$ 100)	\$ -	\$ -
			March 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets	Discount for					
Equity instrument	lack of					
	marketability	± 10%	\$ 12	(\$ 12)	\$ 1,936	(\$ 1,936)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- I. Trading in derivative instruments undertaken during the reporting period: None.
- J. Significant inter-company transactions during the reporting period: Please refer to table 4.

(2) Information on investees

Names, locations, and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

As at March 31, 2024, the Company had no shareholders who hold over 5% (including 5%) of the Company's shares.

14. OPERATING SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Chief Operating Decision-Maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Three-month periods ended March 31,	
	2024	2023
Revenue from external customers	\$ 3,337,962	\$ 2,717,377
Segment (loss) income before income tax	(\$ 57,275)	(\$ 368,831)
	March 31, 2024	March 31, 2023
Segment assets	\$ 17,763,161	\$ 19,633,506
Segment liabilities	\$ 8,030,590	\$ 8,553,694

(3) Reconciliation for segment income (loss): None.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Holding of marketable securities at the end of the period

March 31, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Name and category of marketable securities	Relationship with the securities issuer	General ledger account	As at March 31, 2024					Footnote
				Number of shares	Book value (Note 1)	Ownership (%)	Fair value (Note 1)		
Elite Semiconductor Microelectronics Technology Inc.	Arima Lasers Corporation stock	None	Financial assets at fair value through profit or loss	103,700	\$ 2,027	0.33	\$ 2,027		
Elite Semiconductor Microelectronics Technology Inc.	BGF RENMINBI BOND FUND	None	Financial assets at fair value through profit or loss	127,986	57,911	Not applicable	57,911		
Elite Semiconductor Microelectronics Technology Inc.	Turning Point Lasers Ltd, preferred stock	None	Financial assets at fair value through other comprehensive income	1,000,000	10,530	6.29	10,530		
Elite Investment Services Ltd.	HSBC ALL CHINA BOND FUND - AC (2802)	None	Financial assets at fair value through profit or loss	600,000	33,055	Not applicable	33,055		
Charng Feng Investment Ltd.	Arima Lasers Corporation stock	None	Financial assets at fair value through profit or loss	900,700	17,609	2.91	17,609		
Charng Feng Investment Ltd.	M2 Communication Inc. stock	None	Financial assets at fair value through profit or loss	100,542	1,010	0.99	1,010		
Charng Feng Investment Ltd.	Powership Semiconductor Manufacturing Corporation	None	Financial assets at fair value through profit or loss	1,630,426	42,065	0.04	42,065		
Charng Feng Investment Ltd.	Turning Point Lasers Ltd, preferred stock	None	Financial assets at fair value through other comprehensive income	1,000,000	10,530	6.29	10,530		
Jie Yong Investment Ltd.	Elite Semiconductor Microelectronics Technology Inc. stock	Parent Company	Financial assets at fair value through other comprehensive income	13,024,000	1,131,786	4.55	1,131,786		

Note 1: Valuation adjustment of financial assets and cumulative translation differences are included.

Table 1

Table 2

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Three-month period ended March 31, 2024

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchase/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable(payable)		Footnote
			Purchase (sales)	Amount	Percentage of total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
CHI Microelectronics Limited	Elite Semiconductor Microelectronics Technology Inc.	Ultimate parent company	Sales	\$ 182,533	5.47%	monthly payment in 30 days	\$ -	-	\$ 140,461	9.93%	

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

March 31, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2024	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
CHI Microelectronics Limited	Elite Semiconductor Microelectronics Technology Inc.	Ultimate parent company	\$ 140,461	8.09	\$ -	-	\$ -	\$ -

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
Three-month period ended March 31, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	CHI Microelectronics Limited	Elite Semiconductor Microelectronics Technology Inc.	(2)	Sales	\$ 182,533	Note 4	5.47%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is ‘0’.
- (2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The transaction terms are decided by the two parties through negotiation.

Note 5: The disclosure requirement for the above disclosed amount is 1% of the consolidated total assets for balance sheet accounts and 1% of the consolidated total revenue for income statement accounts.

Note 6: The transaction between parent company to subsidiary and subsidiaries were eliminated when preparing consolidated financial statements.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Information on investees (exclude investees in Mainland China)

Three-month period ended March 31, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at March 31, 2024						
Investor	Investee	Location	Main business activities	Balance as at March 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value	Net profit (loss)	Investment income	Footnote	
									of the investee for the three-month period ended March 31, 2024	recognised by the Company for the three-month period ended March 31, 2024		
Elite Semiconductor Microelectronics Technology Inc.	Elite Semiconductor Memory Technology Inc.	Taiwan	Research and development, production, sales and related consulting services of integrated circuit	\$ 272	\$ 272	100,000	100	\$ 21,920	\$ 1,403	\$ 1,403		
Elite Semiconductor Microelectronics Technology Inc.	Charng Feng Investment Ltd.	Taiwan	General investment	500,000	500,000	50,000,000	100	584,532	(1,485)	(1,485)		
Elite Semiconductor Microelectronics Technology Inc.	Elite Investment Services Ltd.	British Virgin Islands	General investment	32,000	480,000	1	100	54,617	(928)	(928)		
Elite Semiconductor Microelectronics Technology Inc.	Jie Yong Investment Ltd.	Taiwan	General investment	270,000	270,000	3,600,000	41.86	175,200	(1,301)	(545)		
Elite Semiconductor Microelectronics Technology Inc.	Eon Silicon Solutions, Inc. USA	U.S.A.	Product design, development and test	13,304	13,304	200,000	100	1,585	3,153	3,153		
Charng Feng Investment Ltd.	Elite Memory Technology Inc.	Taiwan	Product design, wholesale and retail of electronic materials, manufacturing of electronic compenents, information software services and international trade	69,407	69,407	10,000,000	100	22,382	821	821		
Charng Feng Investment Ltd.	Canyon Semiconductor Inc.	Taiwan	International trade, manufacturing of electronic components, product design and information software services	80,337	80,337	8,350,000	36.86	138,077	9,395	3,485		
Charng Feng Investment Ltd.	Elite Innovation Japan Ltd.	Japan	Product design, wholesale and retail of electronic materials, manufacturing of electronic components, information software services and international trade	2,372	2,372	200	100	2,571	1,305	1,305		
Charng Feng Investment Ltd.	CHI Microelectronics Limited	Hong Kong	General trading	818	818	20,000	100	1,256	194	194		

Note 1: The foreign investment amount was translated at the exchange rate as at March 31, 2024.

ELITE SEMICONDUCTOR MICROELECTRONICS TECHNOLOGY INC. AND SUBSIDIARIES

Information on investments in Mainland China

Three-month period ended March 31, 2024

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in Capital (Note 4)	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as at January 1, 2024	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three-month period ended March 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as at March 31, 2024	Net income (loss) of investee for the three-month period ended March 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three- month period ended March 31, 2024 (Note 2)	Book value of investment in Mainland China as at March 31, 2024	Accumulated amount of investment income remitted back to Taiwan as at March 31, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Elite Semiconductor Microelectronics Technology (shenzhen) Inc.	Trading of goods or technical services, develop and sale products of networking system, storage, and peripherals, technical consulting services of integrated circuit, and after - sales services	\$ 97,263	(1)	\$ 97,263	\$ -	\$ -	\$ 97,263	\$ 116	100	\$ 116	\$ 92,630	\$ -	Note 5
Elite Semiconductor Microelectronics Technology (Shanghai) Inc.	Product design, wholesale and retail of electronic materials, information software services and international trade	6,400	(1)	6,400	-	-	6,400	50	100	50	9,862	-	Note 6
Company name	Accumulated amount of remittance from Taiwan to Mainland China as at March 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)(Note 6)	Ceiling of investments in Mainland China imposed by the Investment Commission of MOEA										
Charng Feng Investment Ltd.	\$ 103,663	\$ 103,663	\$ 350,719										

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others.

Note 2: Investment income (loss) was recognised based on financial statements prepared by each company which were unreviewed by independent auditors.

Note 3: The amount of the statement should show as New Taiwan dollars.

Note 4: Paid-in capital and investment amount translated at the exchange rate as at March 31, 2024.

Note 5: The Company's subsidiary, Charng Feng Investment Ltd., obtained the revised investment amount of USD 39,485.42, USD 2,500,000, and USD 500,000 approved by the Investment Commission, MOEA on February 6, 2020, July 10, 2020 and November 30, 2021, respectively.

Note 6: The Company's subsidiary, Charng Feng Investment Ltd., obtained the investment amount of USD 200,000 approved by the Investment Commission of MOEA on May 20, 2020.

Table 6