

**ETRON TECHNOLOGY, INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022
(Stock Code 5351)**

No. 6, Keji 5th Rd., East Dist., Hsinchu City

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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.

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES

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

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ETRON TECHNOLOGY, INC.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

In 2023 (from January 1, 2023 to December 31, 2023), the companies required to be included in the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and consolidated financial statements of Affiliated Enterprises" are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standards (IFRS) 10, and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. The Company hereby produces this declaration to the effect that no preparation for the separate consolidated financial statements of affiliates is required.

Hereby declare,

Company name: ETRON TECHNOLOGY, INC.

Chairman: Chao-Chun Lu

March 13, 2024

Independent Auditors' Report

(2024) Cai-Shen-Bao-Zi No. 23003853

To the Board of Directors and Shareholders of Etron Technology, Inc.:

Opinions

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

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

Basis for Opinions

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

Key audit matters

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

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

Key audit matters - Valuation of accounts receivable

Description

Please refer to Note 4(10) for accounting policies on valuation of accounts receivable, Note 5 for the uncertainty of accounting estimates and assumptions related to valuation of accounts receivable, and Note 6(5) for details of accounts receivable. As of December 31, 2023, the total amount of accounts receivable and allowance for uncollectible accounts were NT\$721,380 thousand and NT\$76,780 thousand, respectively.

The Group assesses the allowance for uncollectible receivables by each individual counterparty when there are significant past due accounts receivable arising from each individual counterparty. The valuation of allowance for uncollectible accounts receivable for the remaining counterparties is based on the default risk and expected loss rate. The amount of accounts receivable is material to the parent company only financial statements and the valuation involves subjective judgment made by management. Thus, we consider the valuation of accounts receivable a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter, these procedures included obtaining an understanding and evaluating the design and operating effectiveness of internal controls related to revenue and receivable business process, obtaining the aging report of accounts receivable and validating the accuracy, obtaining and validating the assessment made by management in identifying significant expected credit loss for each individual counterparty and respective supporting documents, obtaining and validating the expected credit loss ratios calculated by management based on the Company's historical data of similar credit risk and forward-looking information, and testing subsequent collection in order to assess the reasonableness of allowance for uncollectable accounts.

Key audit matters- Valuation of inventories

Description

Refer to Note 4(14) for accounting policies on valuation of inventories, Note 5 of the consolidated financial statements for the uncertainty of accounting estimates and assumptions related to valuation of inventories, and Note 6(6) of the consolidated financial statements for details of inventories. As of December 31, 2023, the total amount of inventories and allowance for inventory valuation loss were NT\$3,309,688 thousand and NT\$528,123 thousand, respectively.

The Group is primarily engaged in the design, manufacturing and sale of niche memory chips. Due to rapidly technology changing and market demand, there is a higher risk of decline in market values of inventories or obsolescence. The Group's inventories are measured at the lower of cost and net realizable value. The estimation of net realizable value for inventories aged over a certain period of time and individually identified as obsolete involves management's subjective judgment and the amount of inventories is material to the Group's financial statements. Thus, we consider the valuation of inventories a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above matter in order to ascertain the adequacy of allowance for inventory valuation losses include assessing the reasonableness of the provision policies on allowance for inventory valuation losses, checking whether the inventory quantities and amounts at the end of the year on the inventory aging report were consistent with those on the inventory subsidiary ledger, selecting samples to verify the accuracy of the inventory aging report, as well as assessing and verifying the reasonableness of the estimation of the net realizable value by sampling and testing the individual inventory items.

Other matter - Reference to the audits of other auditors

We did not audit the consolidated financial statements of certain investments accounted for under the equity method recognized by the Group's investee accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balances of these investments accounted for under the equity method amounted to NT\$286,929 thousand and NT\$336,110 thousand, constituting 4.20% and 4.08% of the consolidated total assets as at December 31, 2023 and 2022, and the comprehensive income recognized from investments accounted for under the equity method amounted to NT(\$4,245) thousand and NT(\$41,365) thousand, constituting 0.47% and (63.71%) of the consolidated total comprehensive income for the years then ended, respectively.

Other matter - Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of Etron Technology, Inc. as at and for the years ended December 31, 2023 and 2022.

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

To ensure that the consolidated financial statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRS, IAS, law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission, and for preparing and maintaining necessary internal control procedures pertaining to the consolidated financial statements.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

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

For and on Behalf of PricewaterhouseCoopers, Taiwan

Hsu, Sheng-Chung

CPA

Chiang, Tsai-yen

Financial Supervisory Commission

Approved letter No.:

Jin-Guan-Zheng-Shen-Zi No. 1010034097

Jin-Guan-Zheng-Shen-Zi No. 1060025097

March 13, 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.

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

Expressed in thousands of NTD

	Assets	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 707,095	10	\$ 842,402	10
1110	Financial assets at fair value through profit or loss - current	6(2)	13,118	-	60,894	1
1136	Financial assets at amortized cost - current	6(4) and 8	3,307	-	30,057	-
1150	Notes receivable, net	6(5)	1,818	-	73,838	1
1170	Accounts receivable, net	6(5)	644,600	10	878,160	11
1200	Other receivables	7	21,075	-	18,819	-
1220	Current income tax assets		263	-	13	-
130X	Inventories	6(6)	2,781,565	41	3,583,188	44
1410	Prepayments		71,825	1	145,566	2
1470	Other current assets		1,908	-	2,859	-
11XX	Total current assets		<u>4,246,574</u>	<u>62</u>	<u>5,635,796</u>	<u>69</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	784,672	12	680,510	8
1535	Financial assets at amortized cost - non-current	6(4) and 8	5,941	-	5,941	-
1550	Investments Accounted for Using the Equity Method	6(7)	286,929	4	336,110	4
1600	Property, plant, and equipment	6(8)(13) and 8	646,729	10	667,688	8
1755	Right-of-use assets	6(9)	194,785	3	211,371	3
1780	Intangible assets	6(11)	29,409	-	41,586	-
1840	Deferred income tax assets	6(33)	211,142	3	216,766	3
1900	Other non-current assets	6(12)	424,219	6	428,657	5
15XX	Total non-current assets		<u>2,583,826</u>	<u>38</u>	<u>2,588,629</u>	<u>31</u>
1XXX	Total assets		<u>\$ 6,830,400</u>	<u>100</u>	<u>\$ 8,224,425</u>	<u>100</u>

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ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

Expressed in thousands of NTD

Liabilities and Equity		Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current Liabilities						
2100	Short-term borrowings	6(14)	\$ 984,624	15	\$ 1,083,088	13
2120	Financial liabilities at fair value through profit or loss - current	6(15)	2,939	-	8,662	-
2130	Contract liabilities - current	6(25)	2,437	-	2,164	-
2150	Notes payable		5,327	-	753	-
2170	Accounts payable		399,978	6	687,754	8
2200	Other payables	6(16)	233,707	3	298,604	4
2230	Current income tax liabilities		-	-	5,240	-
2280	Lease liabilities - current		24,181	-	22,514	-
2320	Long-term liabilities, current portion	6(18)	332,539	5	197,498	3
2399	Other current liabilities, other		6,504	-	8,452	-
21XX	Total current liabilities		<u>1,992,236</u>	<u>29</u>	<u>2,314,729</u>	<u>28</u>
Non-current liabilities						
2530	Bonds payable	6(17)	752,129	11	739,984	9
2540	Long-term borrowings	6(18) and 8	316,821	5	574,731	7
2570	Deferred income tax liabilities	6(33)	221	-	3,444	-
2580	Lease liabilities - non-current		176,661	2	193,311	2
2600	Other non-current liabilities	6(19) and 7	110,114	2	116,145	2
25XX	Total non-current liabilities		<u>1,355,946</u>	<u>20</u>	<u>1,627,615</u>	<u>20</u>
2XXX	Total liabilities		<u>3,348,182</u>	<u>49</u>	<u>3,942,344</u>	<u>48</u>
Equity attributable to owners of the parent company						
Share capital						
3110	Capital stock - common shares	6(20)	2,889,328	42	2,840,618	34
3140	Capital collected in advance		17,143	-	3,585	-
Capital surplus						
3200	Capital surplus	6(21)	718,483	11	687,164	9
Retained earnings						
3310	Legal reserve	6(22)	96,910	1	78,407	1
3350	Accumulated deficits (undistributed earnings)		(468,959)	(7)	539,784	7
3400	Other equity interest	6(23)	168,230	3	32,746	-
31XX	Equity attributable to owners of the parent company		<u>3,421,135</u>	<u>50</u>	<u>4,182,304</u>	<u>51</u>
36XX	Non-controlling interests	4(3)	<u>61,083</u>	<u>1</u>	<u>99,777</u>	<u>1</u>
3XXX	Total equity		<u>3,482,218</u>	<u>51</u>	<u>4,282,081</u>	<u>52</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments						
Significant Events after the Balance Sheet Date						
3X2X	Total liabilities and equity		<u>\$ 6,830,400</u>	<u>100</u>	<u>\$ 8,224,425</u>	<u>100</u>

Please consult the enclosed notes to the consolidated financial statements, as they form an essential component of this consolidated financial report.

Chairman: Nicky Lu

Manager: Elvis Deng

Accounting Supervisor: Cheng, Yu-Chia

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

Expressed in thousands of NTD
(Except for earnings (loss) per share of NT\$)

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6(25)	\$ 2,661,968	100	\$ 4,684,589	100
5000 Operating costs	6(6)(30)(31)	(2,744,669)	(103)	(3,484,313)	(74)
5950 Gross profit (loss) from operations		(82,701)	(3)	1,200,276	26
Operating expenses	6(30)(31)				
6100 Selling and marketing expenses		(210,845)	(8)	(221,106)	(5)
6200 General and administrative expenses		(264,188)	(10)	(292,019)	(6)
6300 Research and development expenses		(688,596)	(26)	(666,079)	(14)
6450 Expected credit impairment gain (loss)	12(2)	5,873	-	(409)	-
6000 Total operating expenses		(1,157,756)	(44)	(1,179,613)	(25)
6500 Other operating income and expenses - net	6(26) and 7	67,306	3	62,523	1
6900 Operating (loss) profit		(1,173,151)	(44)	83,186	2
Non-operating income and expenses					
7100 Interest income	6(27)	6,876	-	2,437	-
7010 Other income	6(28)	98,951	4	78,052	2
7020 Other gains and losses	6(29)	150,867	6	(33,454)	(1)
7050 Finance costs	6(32)	(76,530)	(3)	(34,413)	(1)
7060 Share of profit (loss) of associates and joint ventures accounted for using the equity method	6(7)	306	-	11,504	-
7000 Total non-operating income and expenses		180,470	7	24,126	-
7900 Net income (loss) before tax		(992,681)	(37)	107,312	2
7950 Income tax expense	6(33)	(2)	-	(33,112)	(1)
8200 Net (loss) income for the year		(\$ 992,683)	(37)	\$ 74,200	1

(Continued)

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

Expressed in thousands of NTD
(Except for earnings (loss) per share of NT\$)

Item	Note	2023		2022	
		Amount	%	Amount	%
Other comprehensive income (loss)					
Components that will not be reclassified to profit or loss					
8311	Gains (losses) on re-measurements of defined benefit plans	6(19)	\$ 5,148	-	(\$ 821) -
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	6(3)(23)	83,547	3	(46,882) (1)
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(7)(23)	(5,003)	-	3,161 -
8310	Components that will not be reclassified to profit or loss		83,692	3	(44,542) (1)
Components that may be reclassified to profit or loss					
8361	Currency translation differences of foreign operations	6(23)	(500)	-	91,297 2
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss	6(7)(23)	452	-	(56,030) (1)
8360	Components that may be reclassified to profit or loss		(48)	-	35,267 1
8300	Other comprehensive income (net)		\$ 83,644	3	(\$ 9,275) -
8500	Total comprehensive income for the year		(\$ 909,039)	(34)	\$ 64,925 1
Net income (loss) attributable to:					
8610	Owners of the parent company		(\$ 892,914)	(33)	\$ 141,895 2
8620	Non-controlling interests		(99,769)	(4)	(67,695) (1)
			(\$ 992,683)	(37)	\$ 74,200 1
Total comprehensive income (loss) attributable to:					
8710	Owners of the parent company		(\$ 809,282)	(30)	\$ 130,647 2
8720	Non-controlling interests		(99,757)	(4)	(65,722) (1)
			(\$ 909,039)	(34)	\$ 64,925 1
9750	Basic (loss) earnings per share	6(34)	(\$ 3.09)		\$ 0.49
9850	Diluted (loss) earnings per share	6(34)	(\$ 3.09)		\$ 0.49

Please consult the enclosed notes to the consolidated financial statements, as they form an essential component of this consolidated financial report.

Chairman: Nicky Lu

Manager: Elvis Deng

Accounting Supervisor: Cheng, Yu-Chia

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022

Expressed in thousands of NTD

Note	Share capital		Equity attributable to owners of the parent company				Total	Non-controlling interests	Total equity
	Capital stock - common shares	Capital collected in advance	Capital surplus	Legal reserve	Retained earnings	Other equity interest			
					Accumulated deficits (undistributed earnings)				
<u>2022</u>									
Balance at January 1, 2022	\$ 2,698,693	\$ 1,530	\$ 568,222	\$ -	\$ 784,069	\$ 87,129	\$ 4,139,643	\$ 103,954	\$ 4,243,597
Net profit (loss) for the year	-	-	-	-	141,895	-	141,895	(67,695)	74,200
Other comprehensive income (loss) for the year	-	-	-	-	821	(10,427)	(11,248)	1,973	(9,275)
Total comprehensive income for the year	-	-	-	-	141,074	(10,427)	130,647	(65,722)	64,925
Appropriation and distribution of 2021 retained earnings:	6(22)								
Legal reserve appropriated	-	-	-	78,407	(78,407)	-	-	-	-
Stock dividends	134,965	-	-	-	(134,965)	-	-	-	-
Cash dividends	-	-	-	-	(215,943)	-	(215,943)	-	(215,943)
Exercise of employee share options	6(20)(21)(24)	6,960	2,055	10,788	-	-	19,803	-	19,803
Net change in equity of associates	6(22)	-	-	30,939	-	-	30,939	-	30,939
Cost of share-based compensation	6(21)(24)	-	-	38,527	-	-	38,527	4,022	42,549
Capital contribution from non-controlling interests	6(21)(36)	-	-	2,613	-	-	2,613	32,974	35,587
Changes in ownership interests in subsidiaries	6(7)(21)	-	-	(24,549)	-	-	(24,549)	24,549	-
Disposal of equity instruments at fair value through other comprehensive income	6(3)(22)	-	-	-	-	43,956	(43,956)	-	-
Issuance of convertible bonds	6(17)(21)	-	-	60,648	-	-	60,648	-	60,648
Repurchase of convertible bonds	6(21)	-	-	(24)	-	-	(24)	-	(24)
Balance at December 31, 2022	\$ 2,840,618	\$ 3,585	\$ 687,164	\$ 78,407	\$ 539,784	\$ 32,746	\$ 4,182,304	\$ 99,777	\$ 4,282,081
<u>2023</u>									
Balance at January 1, 2023	\$ 2,840,618	\$ 3,585	\$ 687,164	\$ 78,407	\$ 539,784	\$ 32,746	\$ 4,182,304	\$ 99,777	\$ 4,282,081
Net loss for the year	-	-	-	-	(892,914)	-	(892,914)	(99,769)	(992,683)
Other comprehensive income (loss) for the year	-	-	-	-	5,148	78,484	83,632	12	83,644
Total comprehensive income for the year	-	-	-	-	(887,766)	78,484	(809,282)	(99,757)	(909,039)
Appropriation and distribution of 2022 retained earnings:	6(22)								
Legal reserve appropriated	-	-	-	18,503	(18,503)	-	-	-	-
Stock dividends	39,790	-	-	-	(39,790)	-	-	-	-
Cash dividends	-	-	-	-	(5,684)	-	(5,684)	-	(5,684)
Exercise of employee share options	6(20)(21)(24)	8,920	13,558	12,537	-	-	35,015	-	35,015
Net change in equity of associates	6(21)	-	-	6,928	-	-	6,928	-	6,928
Cost of share-based compensation	6(21)(24)	-	-	24,166	-	-	24,166	3,886	28,052
Capital contribution from non-controlling interests	6(21)(36)	-	-	20,549	-	-	20,549	24,481	45,030
Changes in ownership interests in subsidiaries	6(21)	-	-	(32,696)	-	-	(32,696)	32,696	-
Disposal of equity instruments at fair value through other comprehensive income	6(3)(22)	-	-	-	-	(57,000)	57,000	-	-
Repurchase of convertible bonds	6(21)	-	-	(165)	-	-	(165)	-	(165)
Balance at December 31, 2023	\$ 2,889,328	\$ 17,143	\$ 718,483	\$ 96,910	(\$ 468,959)	\$ 168,230	\$ 3,421,135	\$ 61,083	\$ 3,482,218

Please consult the enclosed notes to the consolidated financial statements, as they form an essential component of this consolidated financial report.

Chairman: Nicky Lu

Manager: Elvis Deng

Accounting Supervisor: Cheng, Yu-Chia

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

Expressed in thousands of NTD

	Note	2023	2022
<u>Cash flows from operating activities</u>			
Net profit (loss) before tax for the year		(\$ 992,681)	\$ 107,312
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment (gain) loss	12(2)	(5,873)	409
Depreciation expenses	6(8)(9)(30)	136,413	157,477
Amortization expenses	6(11)(30)	75,872	71,931
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(15)(29)	(18,737)	45,680
Cost of share-based compensation	6(24)	28,052	42,549
Interest expenses	6(32)	72,270	31,153
Interest expense from lease liabilities	6(9)(32)	4,260	3,260
Interest income	6(27)	(6,876)	(2,437)
Dividend income	6(28)	(71,898)	(18,484)
Share of loss of associates accounted for using the equity method	6(7)	(306)	(11,504)
Gain on disposal of investments accounted for using equity method	6(29) and 7	-	(1,921)
Gains on disposal of property, plant and equipment	6(29)	(143,903)	(98)
Gains arising from lease modifications	6(29)	(31)	(55)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		72,020	(63,838)
Accounts receivable		239,433	546,615
Other receivables		(2,294)	36,428
Inventories		801,623	(1,780,707)
Prepayments		73,741	(89,577)
Other current assets		951	(1,591)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss		(27)	1,956
Contract liabilities		273	(2,112)
Notes payable		4,574	(781)
Accounts payable		(287,776)	(255,576)
Other payables		(57,917)	(94,389)
Other current liabilities		(1,948)	(22,702)
Net defined benefit liabilities		(883)	(1,151)
Cash outflow generated from operations		(81,668)	(1,302,153)
Interest received		6,914	2,303
Dividends received		71,898	18,484
Interest paid		(63,744)	(24,842)
Income tax paid		(2)	-
Net cash outflows generated from operating activities		(66,602)	(1,306,208)

(Continued)

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

Expressed in thousands of NTD

	<u>Note</u>	<u>2023</u>	<u>2022</u>
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at fair value through profit or loss		\$ -	(\$ 94,501)
Proceeds from disposal of financial assets at fair value through profit or loss		58,419	-
Acquisition of financial assets at fair value through other comprehensive income		(23,841)	(13,232)
Disposal of financial assets at fair value through other comprehensive income		-	75,473
Recovery of investment cost from financial assets at fair value through other comprehensive income		6,881	-
Increase on financial assets at amortized cost		-	(11,086)
Decrease on financial assets at amortized cost		26,750	-
Proceeds from liquidation of investments accounted for using equity method	6(7)	-	123
Investee accounted for under the equity method, reduced its capital and repurchased shares from the Group		51,899	-
Acquisition of property, plant, and equipment	6(35)	(115,072)	(161,725)
Proceeds from disposal of property, plant, and equipment		150,083	100
Acquisition of intangible assets	6(35)	(64,659)	(55,514)
Increase in refundable deposits		(135)	(241)
Decrease (Increase) in other non-current assets		4,573	(3,213)
Net cash flows from (used in) investing activities		<u>94,898</u>	<u>(263,816)</u>
<u>Cash flows from financing activities</u>			
Increase in short-term loans	6(37)	4,714,308	3,203,595
Decrease in short-term loans	6(37)	(4,812,772)	(2,261,227)
Increase in long-term loans	6(37)	250,000	776,000
Decrease in long-term loans	6(37)	(372,869)	(1,274,973)
Increase in guarantee deposits	6(37)	-	61,708
Payment of lease principal	6(37)	(23,732)	(22,794)
Issuance of convertible bonds payable	6(17)(37)	-	800,000
Repurchase of convertible bonds	6(17)(37)	-	(5,600)
Capital contribution from non-controlling interests	6(36)	45,030	35,587
Exercise of employee share options	6(20)	35,015	19,803
Cash dividends paid	6(22)	(5,684)	(215,943)
Net cash flows (used in) from financing activities		<u>(170,704)</u>	<u>1,116,156</u>
Effect of change in exchange rate		<u>7,101</u>	<u>18,879</u>
Net decrease in cash and cash equivalents		(135,307)	(434,989)
Cash and cash equivalents at beginning of year		<u>842,402</u>	<u>1,277,391</u>
Cash and cash equivalents at end of year		<u>\$ 707,095</u>	<u>\$ 842,402</u>

Please consult the enclosed notes to the consolidated financial statements, as they form an essential component of this consolidated financial report.

Chairman: Nicky Lu

Manager: Elvis Deng

Accounting Supervisor: Cheng, Yu-Chia

ETRON TECHNOLOGY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

1. Company History

Etron Technology, Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the manufacturing and design of various integrated circuits.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on March 13, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuance of or amendments to International Financial Reporting Standards ("IFRS") 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 2023 are as follows:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, 'Disclosure of Accounting Policies'	January 1, 2023
Amendments to IAS 8, 'Definition of Accounting Estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'	January 1, 2023
Amendments to IAS 12, 'International Tax Reform - Pillar Two Model Rules'	May 23, 2023

The above standards and interpretations have been assessed to have no significant impact on the Group's financial position and financial performance.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

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

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
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 IFRS 7 and IAS 7, 'Supplier Finance Arrangements'	January 1, 2024

The above standards and interpretations have been assessed to have no significant impact on the Group's financial position and financial performance.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective date by International Accounting Standards Board</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 International Accounting
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
Amendments to IAS 21, 'Lack of Exchangeability'	January 1, 2025

The above standards and interpretations have been assessed to have no significant impact on the Group's financial position and financial performance.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, 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”).

(2) Preparation basis

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognized 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 “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
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.
 - (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent

losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		
			December 31, 2023	December 31, 2022	
Etron Technology, Inc.	Kingwell Investment Corp.	Investment in the manufacturing and service industries	100	100	
Etron Technology, Inc.	Kingcharm Investment Corp.	Investment holdings	100	100	
Etron Technology, Inc.	Eutrend Technology, Inc.	Testing service for high frequency or high-power radio frequency, analog, digital, and mixed-signal components	93.57	93.57	
Etron Technology, Inc.	Kinglord Corp.	Investment holdings	100	100	
Etron Technology, Inc.	Intercosmos Group Limited	Investment holdings	100	100	
Etron Technology, Inc.	Plusway Corp.	Investment holdings	100	100	
Etron Technology, Inc.	Creative Ally Limited	Investment holdings	100	100	
Etron Technology, Inc.	eEver Technology Limited	Investment holdings	50.42	50.42	Note 1
Etron Technology, Inc.	eYs3D Microelectronics, Inc.	Investment holdings	64.20	61.98	Note 2
Etron Technology, Inc.	eCapture Ltd. Co.	Investment holdings	100	100	
Etron Technology, Inc.	Insignis Technology, Inc.	Investment holdings	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		
			December 31, 2023	December 31, 2022	
Etron Technology, Inc.	DeCloak Intelligences Co.	Information and software services	79.98	80.31	
Etron Technology, Inc.	T-Era Architecture Technology, Inc.	Investment holdings	7.56	4.71	Note 3
Etron Technology, Inc.	TAT Technology, Inc.	Investment holdings	7.33	5.01	Note 4
Etron Technology, Inc.	ValueCreation Technology, Inc.	Intellectual property industry	100	-	
eEver Technology Limited	eEver Technology, Inc.	Electronic component manufacturing industry	100	100	
eYs3D Microelectronics, Inc.	eYs3D Microelectronics Co.	Electronic component manufacturing industry	100	100	
eYs3D Microelectronics, Inc.	AiYs3D Technology, Inc.	Marketing and customer service	100	100	
Kingwell Investment Corp.	Pinoeer Chip Technology Limited	Electronic component manufacturing industry	100	100	
Kingwell Investment Corp.	nD-HI Technologies Lab, Inc.	Electronic component manufacturing industry	96.05	92.67	
Kingcharm Investment Corp.	eEver Technology Limited	Investment holdings	20.66	20.66	Note 1
Kingcharm Investment Corp.	eYs3D Microelectronics, Inc.	Investment holdings	2.31	2.63	Note 2
Kinglord Corp.	Etron Technology America, Inc.	Sales agent of electronic components	100	100	
Kinglord Corp.	Anzon Technology, Inc.	Investment holdings	70.85	70.85	
Kinglord Corp.	Etron Technology (HK) Limited	Sales of electronic components	100	100	
Kinglord Corp.	eYs3D Microelectronics, Inc.	Investment holdings	0.87	0.99	Note 2
Anzon Technology, Inc.	Anzon Corporation	Sales agent of electronic components	100	100	
Etron Technology (HK) Limited	eYs3D Microelectronics, Inc.	Investment holdings	2.58	2.94	Note 2
Plusway Corp.	eYs3D Microelectronics, Inc.	Investment holdings	0.98	1.12	Note 2
Intercosmos Group Limited	Grandsino Technology Limited	Investment holdings	100	100	
Intercosmos Group Limited	Fullboom International Limited	Investment holdings	100	100	
Fullboom International Limited	Fullboom Electronics (Shenzhen) Co., Ltd.	Wholesale and international trade of electronic components	100	100	
Creative Ally Limited	Invention and Collaboration Laboratory Pte. Ltd.	Semiconductor technology development, consulting, and design services	81.11	81.11	
eCapture Ltd. Co.	eCapture Co., Limited	Marketing, sales and development of electronic products	100	100	
Insignis Technology, Inc.	Insignis Technology Corporation	Sales of electronic components	100	100	
Invention and Collaboration Laboratory Pte. Ltd.	Invention and Collaboration Laboratory, Inc.	Electronic component manufacturing industry	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		
			December 31, 2023	December 31, 2022	
Invention and Collaboration Laboratory Pte. Ltd.	T-Era Architecture Technology, Inc.	Investment holdings	51.76	55.80	Note 3
Invention and Collaboration Laboratory Pte. Ltd.	TAT Technology, Inc.	Investment holdings	52.08	55.38	Note 4
T-Era Architecture Technology, Inc.	TAT Technology, Inc.	Investment holdings	3.33	2.28	Note 4
TAT Technology, Inc.	T-Era Architecture Technology, Inc.	Investment holdings	3.44	2.14	Note 3
T-Era Architecture Technology, Inc.	T-Era Architecture Technology Corp.	Semiconductor technology development, consulting, and design services	100	100	
TAT Technology, Inc.	TAT Technology Corp.	Semiconductor technology development, consulting, and design services	100	100	
ValueCreation Technology, Inc.	WeCrevention, Inc.	Intellectual property industry	100	-	

Note:1 As of December 31, 2023 and 2022, the comprehensive shareholding ratio held by the Group in eEver Technology Limited were both 71.08%.

Note:2 As of December 31, 2023 and 2022, the comprehensive shareholding ratios held by the Group in eYs3D Microelectronics, Inc. were 70.94% and 69.66%, respectively.

Note:3 As of December 31, 2023 and 2022, the comprehensive shareholding ratios held by the Group in T-Era Architecture Technology, Inc. were 62.76% and 62.65%, respectively.

Note:4 As of December 31, 2023 and 2022, the comprehensive shareholding ratios held by the Group in TAT Technology, Inc. were 62.74% and 62.67%, respectively.

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

As of December 31, 2023 and 2022, the non-controlling interest amounted to \$61,083 and \$99,777, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interests			
		December 31, 2023		December 31, 2022	
		Amount	Shareholding percentage	Amount	Shareholding percentage
eEver Technology Limited	Cayman Islands	\$ 12,811	28.92%	\$ 37,126	28.92%
eYs3D Microelectronics, Inc.	Cayman Islands	33,699	29.06%	49,812	30.34%

Summarized financial information of the subsidiaries:

Balance sheets

	eEver Technology Limited	
	December 31, 2023	December 31, 2022
Current assets	\$ 2,867	\$ 2,982
Non-current assets	7,192	96,596
Current liabilities	(67)	(71)
Non-current liabilities	-	-
Total net assets	<u>\$ 9,992</u>	<u>\$ 99,507</u>

	eYs3D Microelectronics, Inc.	
	December 31, 2023	December 31, 2022
Current assets	\$ 653	\$ 4,093
Non-current assets	101,148	149,765
Current liabilities	(79)	(82)
Non-current liabilities	-	-
Total net assets	<u>\$ 101,722</u>	<u>\$ 153,776</u>

Statements of comprehensive income

	eEver Technology Limited	
	2023	2022
Revenue	\$ 64	\$ 27
Expense	(91,900)	(52,283)
Net loss before income tax	(91,836)	(52,256)
Income tax expense	-	-
Net loss for the year	(91,836)	(52,256)
Other comprehensive loss, net of tax	(1,227)	(12,088)
Total comprehensive income for the year	<u>(\$ 93,063)</u>	<u>(\$ 64,344)</u>

	eYs3D Microelectronics, Inc.	
	2023	2022
Revenue	\$ 47	\$ 52
Expense	(208,668)	(135,092)
Net loss before income tax	(208,621)	(135,040)
Income tax expense	-	-
Net loss for the year	(208,621)	(135,040)
Other comprehensive loss, net of tax	(1,128)	(13,530)
Total comprehensive income for the year	<u>(\$ 209,749)</u>	<u>(\$ 148,570)</u>

Statements of cash flows

	eEver Technology Limited	
	2023	2022
Net cash outflows generated from operating activities	(\$ 182)	(\$ 245)
Net cash flows used in investing activities	-	(17,515)
Net cash flows from financing activities	-	-
Effect of exchange rates on cash and cash equivalents	2	1,492
Net decrease in cash and cash equivalents	(180)	(16,268)
Cash and cash equivalents at beginning of year	2,419	18,687
Cash and cash equivalents at end of year	<u>\$ 2,239</u>	<u>\$ 2,419</u>

	eYs3D Microelectronics, Inc.	
	2023	2022
Net cash outflows generated from operating activities	(\$ 621)	(\$ 615)
Net cash flows used in investing activities	(158,646)	(140,853)
Net cash flows from financing activities	155,777	142,954
Effect of exchange rates on cash and cash equivalents	49	284
(Decrease) Increase in cash and cash equivalents	(3,441)	1,770
Cash and cash equivalents at beginning of year	3,952	2,182
Cash and cash equivalents at end of year	<u>\$ 511</u>	<u>\$ 3,952</u>

(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 recognized 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 retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized 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 recognized 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 recognized in other comprehensive income. However, nonmonetary 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 other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation differences of foreign operations

- (a) The operating results and financial position of all the group entities and associates 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 recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate, 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 after losing significant influence over the former foreign associate, 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.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
- (b) Assets held mainly for trading purposes.
- (c) Assets that are expected to be realized within twelve months from the balance sheet date.
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged used to settle liabilities more than twelve months after the balance sheet date.

The Group classifies all other assets not meeting the above mentioned criteria as non-current assets.

- B. Liabilities that meet one of the following criteria are classified as current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle.
 - (b) Assets held mainly for trading purposes.
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date.
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities not meeting the above mentioned criteria as non-current liabilities.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to fulfill short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets that are not measured at amortized cost nor at fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.
 - (b) The terms of the financial asset contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(9) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The terms of the financial asset contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

- A. For financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.
- B. For accounts receivable that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventory is valued at the lower of cost or net realizable value, with cost calculated using the weighted average method. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

(15) Investments accounted for using the equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) Property, plant, and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.
- C. Land is not depreciated. Other property, plant and equipment apply cost model for subsequent measurement and are depreciated using the straight-line method to allocate their cost over their estimated useful lives.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors,' from the date of the change.

The estimated useful lives of the main property, plant and equipment are as follows:

Buildings and structures	3~50 years
Machinery and equipment	2~10 years
Other equipment	2~10 years

(17) Leasing arrangements (lessee) - right-of-use asset / lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the Group's incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost. Cost recognized is the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(18) Intangible assets

A. Patents and special technology

Separately acquired patents and special technology are stated at historical cost. Patents and special technology have a finite useful life and are amortized on a straight-line basis over their economic benefits.

B. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its contract period.

(19) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(20) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(21) Accounts and notes payable

Accounts and notes payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Financial liabilities at fair value through profit or loss

Mandatory convertible bonds

A. Mandatory convertible bonds issued by the Group are initially recognized at fair value. The bonds will be settled by exchanging a fixed amount for an unfixed number of shares, which does not meet the definition of an equity component, and therefore are classified as liabilities. The bonds are subsequently remeasured at the present value of the redemption amount over the period of circulation.

B. The mandatory convertible bonds are transferred from liabilities to equity when the bonds are converted at maturity.

(23) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognized initially at net fair value as

'financial assets or financial liabilities at fair value through profit or loss.' They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss.'

- B. The host contracts of bonds are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognized in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus - share options.'

(24) Derecognition of financial liabilities

A financial liability is derecognized by the Group when the obligation specified in the contract is either discharged or cancelled or expired.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead and conducts an

actuarial valuation at the end of the year.

- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(26) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and nonvesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each

balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

(28) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Group repurchases the Group's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

(29) Dividends

Dividends are recorded in the Group's financial statements in the period in which they are resolved by the Group's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(30) Revenue recognition

- A. Sales of goods

The Group designs, manufactures and sells integrated circuits. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. As the time interval between the transfer of committed goods and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

- B. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(31) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Valuation of accounts receivable

The Group evaluates the allowance for uncollectible accounts receivable by individual counterparties when there are significant past due accounts receivable arising from those individual counterparties. The evaluation of allowance for uncollectible accounts and notes receivable for the remaining counterparties is based on the default risk and expected loss rate. The Group considers the historical experience in determining the assumptions adopted and the inputs used when calculating the impairment. Such valuation of accounts receivable is estimated based on the reasonable expectation about expected credit losses on the basis of conditions existing at the balance sheet date although the estimation may differ from the actual result. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of accounts receivable was \$644,600.

B. Valuation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such valuation of inventories is valued based on the current market conditions and historical sales experience. Any changes in the market conditions may have material impact on the results of valuation. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was \$2,781,565.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 3,785	\$ 2,346
Checking accounts and demand deposits	531,167	765,002
Time deposits	166,663	74,249
Deposits in transit	<u>5,480</u>	<u>805</u>
Total	<u>\$ 707,095</u>	<u>\$ 842,402</u>

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

B. The Group's cash and cash equivalents shown on the balance sheet were not pledged to others as collateral. Details of the Company's cash and cash equivalents (shown as current and noncurrent financial assets at amortized cost) pledged to others as collateral are provided in Note 8.

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

Item	December 31, 2023	December 31, 2022
Current items:		
Listed stocks	\$ 27,602	\$ 92,314
Hybrid instruments	-	3,071
Valuation adjustment		
Equity instruments	(16,904)	(34,747)
Foreign exchange swap contracts	2,420	-
Hybrid instruments	-	256
Total	\$ 13,118	\$ 60,894

- A. The Group recognized net profit (loss) amounting to \$13,041 and (\$38,973) on financial assets at fair value through profit or loss for the years ended December 31, 2023 and 2022, respectively.
- B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

Derivative financial assets	December 31, 2023	
	Contract amount (Notional principal)	Contract period
Assets - current items:		
Foreign exchange swap contracts	USD 4,000 (thousands)	2023.12.5 ~ 2024.2.29

December 31, 2022: None.

- C. The Group entered into forward exchange contracts and foreign exchange swap contracts to hedge exchange rate risk of export proceeds. However, these contracts are not accounted for under hedge accounting.
- D. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

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

Item	December 31, 2023	December 31, 2022
Non-current items:		
Listed stocks	\$ 91,248	\$ 91,249
Unlisted stocks	499,347	478,624
Valuation adjustment	194,077	110,637
Total	\$ 784,672	\$ 680,510

- A. 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 \$784,672 and \$680,510 as at December 31, 2023 and 2022, respectively.

- B. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive (loss) income	<u>\$ 83,547</u>	<u>(\$ 46,882)</u>
Cumulative (losses) gains reclassified to retained earnings due to derecognition	<u>\$ 57,000</u>	<u>(\$ 43,956)</u>
Dividend income recognized in profit or loss held at end of year	<u>\$ 71,246</u>	<u>\$ 17,224</u>

- C. For the year ended December 31, 2022, the Group disposed the investee, PLSense Ltd. for proceeds of \$83,867, and transferred cumulative valuation gain of \$43,956 to retained earnings.
- D. For the year ended December 31, 2023, the Group recovered investment cost of \$6,881 from the investee, Walden Technology Ventures II, L.P.
- E. During the fiscal year 2023, our group made the decision to exclude Feng Hong Technology Corporation, the investment target, from the consolidated financial statements. As a result, an accumulated evaluation loss of \$57,000 was transferred to retained earnings.
- F. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current items</u>		
Restricted time deposits and performance guarantee	<u>\$ 3,307</u>	<u>\$ 30,057</u>
<u>Non-current items</u>		
Preference share	\$ -	\$ 63,000
Restricted time deposits	<u>5,941</u>	<u>5,941</u>
	5,941	68,941
Less: Accumulated impairment	<u>-</u>	<u>(63,000)</u>
	<u>\$ 5,941</u>	<u>\$ 5,941</u>

- A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	2023	2022
Interest income	\$ 52	\$ 23

- B. The preference shares are invested for a period of 7 years from May 6, 2017 to May 5, 2024 and cannot be converted into ordinary shares. The issue company may redeem the shares at the actual issue price at the maturity. The investors have no right to ask for early redemption of preference shares. The dividends are cumulative at the rate of 5% per annum. If the dividends are undistributed or are not distributed in full, it will be accumulated for deferred payment in the subsequent years where there are earnings.
- C. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 1,818	\$ 73,838
Accounts receivable	721,380	960,813
Less: Allowance for uncollectible accounts	(76,780)	(82,653)
	<u>\$ 646,418</u>	<u>\$ 951,998</u>

- A. The ageing analysis of accounts and notes receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not Past Due	\$ 597,565	\$ 1,818	\$ 682,931	\$ 73,838
Up to 30 days	41,366	-	140,870	-
31 to 90 days	81,491	-	134,368	-
91 to 120 days	958	-	1,984	-
Over 180 days	-	-	660	-
	<u>\$ 721,380</u>	<u>\$ 1,818</u>	<u>\$ 960,813</u>	<u>\$ 73,838</u>

The above aging schedule for ageing analysis was calculated based on expected payment date.

- B. As of December 31, 2023 and 2022, and January 1, 2022, the balances of receivables from contracts with customers amounted to \$723,198, \$1,034,651, and \$1,517,429, respectively.
- C. As at December 31, 2023 and 2022, 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 and notes receivable was \$646,418 and \$951,998, respectively.

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

(6) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Carrying amount
Raw materials	\$ 884,740	(\$ 38,668)	\$ 846,072
Work in progress	1,596,040	(326,906)	1,269,134
Finished goods	828,908	(162,549)	666,359
Total	<u>\$ 3,309,688</u>	<u>(\$ 528,123)</u>	<u>\$ 2,781,565</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Carrying amount
Raw materials	\$ 1,694,511	(\$ 41,428)	\$ 1,653,083
Work in progress	1,466,174	(264,541)	1,201,633
Finished goods	937,735	(209,263)	728,472
Total	<u>\$ 4,098,420</u>	<u>(\$ 515,232)</u>	<u>\$ 3,583,188</u>

The cost of inventories recognized as expense for the year:

	2023	2022
Cost of goods sold (including cost of services)	\$ 2,653,094	\$ 3,420,091
Loss on decline in market value	91,575	64,222
Transferred to expenses	17,049	16,703
	<u>\$ 2,761,718</u>	<u>\$ 3,501,016</u>

(7) Investments Accounted for Using the Equity Method

A. Details of changes in investments accounted for using the equity method are as follows:

Investees	December 31, 2023		December 31, 2022	
	Carrying amount	Shareholding ratio	Carrying amount	Shareholding ratio
Investments Accounted for Using the Equity Method				
Great Team Backend				
Foundry, Inc.	<u>\$ 286,929</u>	42.18%	<u>\$ 336,110</u>	41.39%

B. The summarized financial information of the associates that are material to the Group is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Assets	<u>\$ 817,479</u>	<u>\$ 818,832</u>
Liabilities	<u>\$ 91,497</u>	<u>\$ 99,862</u>
	<u>2023</u>	<u>2022</u>
Revenue	<u>\$ -</u>	<u>\$ -</u>
Profit (loss) for the year	<u>(\$ 4,096)</u>	<u>\$ 20,486</u>

- C. For the years ended December 31, 2023 and 2022, the investment (loss) profit and other comprehensive (loss) income of investments accounted for using the equity method amounted to \$306 and \$11,504, (\$4,551) and (\$52,869), respectively.
- D. In the fourth quarter of 2022, NetVinci, Inc. completed the liquidation process, and the Group recognized gain on disposal of investments accounted for using the equity method of \$1,921. After the liquidation process, this company returned the residual proceeds from liquidation of \$123.
- E. The Group is the largest shareholder of Great Team Backend Foundry, Inc. with a 42.18% equity interest. However, in accordance with rule for director election stated in the Articles of Incorporation of the investee, the Group could not obtain more than half of the seats on the Board, which indicated that the Group has no right to direct the operating decisions. Thus, the investee was accounted for using the equity method.

(8) Property, plant, and equipment

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Others</u>	<u>Total</u>
<u>January 1, 2023</u>				
Cost	\$ 542,242	\$ 576,159	\$ 3,083,966	\$ 4,202,367
Accumulated depreciation and impairment	(247,570)	(557,537)	(2,729,572)	(3,534,679)
	<u>\$ 294,672</u>	<u>\$ 18,622</u>	<u>\$ 354,394</u>	<u>\$ 667,688</u>
January 1	\$ 294,672	\$ 18,622	\$ 354,394	\$ 667,688
Additions	467	20,396	75,415	96,278
Disposals	-	(6,114)	(66)	(6,180)
Depreciation charge for the year	(11,808)	(9,020)	(90,218)	(111,046)
Net exchange differences	-	-	(11)	(11)
December 31	<u>\$ 283,331</u>	<u>\$ 23,884</u>	<u>\$ 339,514</u>	<u>\$ 646,729</u>
<u>December 31, 2023</u>				
Cost	\$ 542,709	\$ 446,425	\$ 3,142,174	\$ 4,131,308
Accumulated depreciation and impairment	(259,378)	(422,541)	(2,802,660)	(3,484,579)
	<u>\$ 283,331</u>	<u>\$ 23,884</u>	<u>\$ 339,514</u>	<u>\$ 646,729</u>

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Others</u>	<u>Total</u>
<u>January 1, 2022</u>				
Cost	\$ 536,498	\$ 573,812	\$ 2,918,312	\$ 4,028,622
Accumulated depreciation and impairment	(235,943)	(538,442)	(2,629,552)	(3,403,937)
	<u>\$ 300,555</u>	<u>\$ 35,370</u>	<u>\$ 288,760</u>	<u>\$ 624,685</u>
January 1	\$ 300,555	\$ 35,370	\$ 288,760	\$ 624,685
Additions	5,744	2,679	168,351	176,774
Disposals	-	-	(2)	(2)
Depreciation charge for the year	(11,627)	(19,427)	(102,772)	(133,826)
Net exchange differences	-	-	57	57
December 31	<u>\$ 294,672</u>	<u>\$ 18,622</u>	<u>\$ 354,394</u>	<u>\$ 667,688</u>
<u>December 31, 2022</u>				
Cost	\$ 542,242	\$ 576,159	\$ 3,083,966	\$ 4,202,367
Accumulated depreciation and impairment	(247,570)	(557,537)	(2,729,572)	(3,534,679)
	<u>\$ 294,672</u>	<u>\$ 18,622</u>	<u>\$ 354,394</u>	<u>\$ 667,688</u>

- A. Impairment information about the property, plant and equipment is provided in Note 6(13).
- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements – lessee

- A. The Group leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 3 to 30 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.
- B. Short-term leases with a lease term of 12 months or less comprise parking spaces.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Carrying amount	
	December 31, 2023	December 31, 2022
Land	\$ 116,023	\$ 120,485
Buildings	72,021	84,659
Transportation equipment (Business vehicles)	6,741	6,227
	<u>\$ 194,785</u>	<u>\$ 211,371</u>

	Depreciation expenses	
	2023	2022
Land	\$ 4,462	\$ 4,430
Buildings	19,154	17,172
Transportation equipment (Business vehicles)	1,751	2,049
	<u>\$ 25,367</u>	<u>\$ 23,651</u>

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

	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 4,260</u>	<u>\$ 3,260</u>
Expense on short-term lease contracts	<u>\$ 7,071</u>	<u>\$ 6,830</u>
Gains arising from lease modifications	<u>\$ 31</u>	<u>\$ 55</u>

- E. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$8,620 and \$96,001, respectively.
- F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$35,063 and \$32,884, respectively.

(10) Leasing arrangements - lessor

- A. The Group leases various assets including buildings and machinery and equipment. Rental contracts are typically made for periods of 2 to 5 years.
- B. For the years ended December 31, 2023 and 2022, the Group recognized rent income in the amounts of \$71,729 and \$66,810 respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
2023	\$ -	\$ 71,107
2024	71,870	68,991
2025	69,105	68,991
2026	67,510	67,396
2027	34,401	34,286
2028	86	-
Total	<u>\$ 242,972</u>	<u>\$ 310,771</u>

(11) Intangible assets

	<u>Patents and special technology</u>	<u>Computer software</u>	<u>Total</u>
<u>January 1, 2023</u>			
Cost	\$ 181,196	\$ 196,007	\$ 377,203
Accumulated amortization and impairment	(157,496)	(178,121)	(335,617)
	<u>\$ 23,700</u>	<u>\$ 17,886</u>	<u>\$ 41,586</u>
January 1	\$ 23,700	\$ 17,886	\$ 41,586
Additions	1,697	61,991	63,688
Current period amortization expense	(17,894)	(57,978)	(75,872)
Net exchange differences	7	-	7
December 31	<u>\$ 7,510</u>	<u>\$ 21,899</u>	<u>\$ 29,409</u>
<u>December 31, 2023</u>			
Cost	\$ 182,900	\$ 257,998	\$ 440,898
Accumulated amortization and impairment	(175,390)	(236,099)	(411,489)
	<u>\$ 7,510</u>	<u>\$ 21,899</u>	<u>\$ 29,409</u>
<u>January 1, 2022</u>			
Cost	\$ 175,556	\$ 144,637	\$ 320,193
Accumulated amortization and impairment	(133,658)	(130,028)	(263,686)
	<u>\$ 41,898</u>	<u>\$ 14,609</u>	<u>\$ 56,507</u>

	Patents and special technology	Computer software	Total
January 1	\$ 41,898	\$ 14,609	\$ 56,507
Additions	5,640	51,370	57,010
Current period amortization expense	(23,838)	(48,093)	(71,931)
December 31	<u>\$ 23,700</u>	<u>\$ 17,886</u>	<u>\$ 41,586</u>
 <u>December 31, 2022</u>			
Cost	\$ 181,196	\$ 196,007	\$ 377,203
Accumulated amortization and impairment	(157,496)	(178,121)	(335,617)
	<u>\$ 23,700</u>	<u>\$ 17,886</u>	<u>\$ 41,586</u>

Details of amortization on intangible assets are as follows:

	2023	2022
Operating costs	\$ 568	\$ 412
Operating expenses	<u>75,304</u>	<u>71,519</u>
	<u>\$ 75,872</u>	<u>\$ 71,931</u>

(12) Other non-current assets

	December 31, 2023	December 31, 2022
Refundable deposits	\$ 419,961	\$ 419,826
Prepayments for equipment	<u>4,258</u>	<u>8,831</u>
	<u>\$ 424,219</u>	<u>\$ 428,657</u>

Part of the refundable deposits were prepayments made under the production capacity reservation agreements with suppliers.

(13) Impairment of non-financial assets

Idle assets

	December 31, 2023	December 31, 2022
Idle assets (shown as machinery and equipment)	\$ 43,144	\$ 43,144
Less: Accumulated depreciation	(43,144)	(43,144)
Net realizable value	<u>\$ -</u>	<u>\$ -</u>

(14) Short-term borrowings

Type of borrowings	December 31, 2023	December 31, 2022
Bank borrowings		
Unsecured borrowings	<u>\$ 984,624</u>	<u>\$ 1,083,088</u>

The interest rate ranges as of December 31, 2023 and 2022 were 2.05%~7.09% and 1.66%~6.31%, respectively.

(15) Financial liabilities at fair value through profit or loss

Item	December 31, 2023	December 31, 2022
Current items:		
Financial liabilities designated at fair value through profit or loss		
Call options and put options of convertible bonds	1,928	1,955
Valuation adjustment	<u>1,011</u>	<u>6,707</u>
Total	<u>\$ 2,939</u>	<u>\$ 8,662</u>

The Group recognized net gain (loss) amounting to \$5,696 and (\$6,707) on financial liabilities at fair value through profit or loss for the years ended December 31, 2023 and 2022, respectively.

(16) Other payables

	December 31, 2023	December 31, 2022
Wages and salaries payable	\$ 104,149	\$ 107,776
Employees' compensation payable	-	24,510
Directors' remuneration payable	-	4,070
Payable on equipment	5,871	25,636
Others	<u>123,687</u>	<u>136,612</u>
	<u>\$ 233,707</u>	<u>\$ 298,604</u>

(17) Bonds payable

	December 31, 2023	December 31, 2022
Bonds payable	\$ 794,400	\$ 794,400
Less: Discount on bonds payable	<u>(42,271)</u>	<u>(54,416)</u>
	<u>\$ 752,129</u>	<u>\$ 739,984</u>

- A. Domestic convertible bonds issued by the Company
- (a) The terms of the third domestic unsecured convertible bonds issued by the Company are as follows:
- i. The Company issued \$800,000 at 100.8% of face value, the third domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 5 years from the issue date (May 24, 2022 ~ May 24, 2027) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on May 24, 2022.
 - ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Group during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/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 effective date for the conversion price of the convertible bonds was set on May 16, 2022. The conversion price was set up based on multiplying a benchmark price which was the closing price of the Company's common share calculated at simple arithmetic mean of one of 1, 3, 5 trading days before the effective date (effective date is excluded) by convertible premium rate of 106%. If there is an ex-right or ex-dividend before the pricing effective date, the closing price adopted to calculate conversion price shall be imputed with ex-right or ex-dividend; if there is an ex-right or ex-dividend during the period that the conversion price was set up but prior to share issuance, the conversion price shall be adjusted based on the conversion price adjustment formula. The conversion price was NT\$63.9 (in dollars) per share based on the aforementioned method. After the effective date of the ex-right and ex-dividend, September 20, 2022, the conversion price was adjusted from NT\$63.9 (in dollars) to NT\$59.9 (in dollars). After the effective date of the ex-right and ex-dividend, September 9, 2023, the conversion price was adjusted from NT\$59.9 (in dollars) to NT\$59.1 (in dollars).
 - iv. The Company may repurchase the bonds held by bondholders in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period within 30 days after three months of the bonds issue to 40 days before the maturity date.
 - v. The date of full three years after the issuance of the convertible bonds shall be the early redemption reference date for bondholders to request the Company to redeem their convertible bonds in cash at a redemption price (100.751877% of the face value of the bonds, including interest) 40 days prior to the redemption reference date.
 - vi. 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 re-issued; all rights and obligations attached to the bonds are also extinguished.
- B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$60,648 were separated from the liability component and were recognized in 'capital

surplus— share options' in accordance with IAS 32. The call and put options and put options embedded in bonds payable were separated from their host contracts and were recognized 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.

- C. As of December 31, 2023, the Company's the third domestic unsecured convertible bonds have not been exercised.
- D. For the year ended December 31, 2022, the amount of convertible bonds repurchased by the Group (including repurchased from Taipei Exchange) was \$5,600.

(18) Long-term borrowings

Type of borrowings	Repayment term	December 31, 2023	December 31, 2022
Installment loans			
Secured borrowings - Land Bank of Taiwan	Installment before 2031.2.17	\$ 9,260	\$ 10,436
Secured borrowings - Sunny Bank	Installment before 2027.9.23	26,000	26,000
Long-term unsecured borrowings from Mega International Commercial Bank	Installment before 2025.10.14	88,889	50,000
Long-term unsecured borrowings from KGI Bank	Installment before 2024.8.8	50,000	300,000
Long-term unsecured borrowings from Taichung Commercial Bank Co., Ltd	Installment before 2025.8.30	59,136	89,185
Long-term unsecured borrowings from First Commercial Bank	Installment before 2025.9.8	61,337	94,059
Long-term unsecured borrowings from First Commercial Bank	Installment before 2026.1.9	77,249	-
Long-term unsecured borrowings from Taiwan Cooperative Bank Co., Ltd.	Installment before 2025.9.15	175,000	200,000
Long-term unsecured borrowings from Chang Hwa Bank	Installment before 2026.3.2	100,000	-
U.S. Small Business Administration (SBA) secured borrowings	Installment before 2050.10.7	2,489	2,549
		649,360	772,229
Less: Current portion		(332,539)	(197,498)
		\$ 316,821	\$ 574,731

- A. Interest rate ranges as of December 31, 2023 and 2022 for the above borrowings were 2.178%~3.75% and 1.95%~3.75%, respectively.
- B. Information about the collateral pledged for the aforementioned secured borrowings is provided in Note 8.

(19) Pensions

- 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 and its domestic subsidiaries contribute 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.

(b) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	(\$ 86,924)	(\$ 102,167)
Fair value of plan assets	<u>55,616</u>	<u>64,829</u>
Net defined benefit liability (shown as other non-current liabilities)	<u>(\$ 31,308)</u>	<u>(\$ 37,338)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
2023			
Balance at January 1	(\$ 102,167)	\$ 64,829	(\$ 37,338)
Current service cost	(546)	-	(546)
Interest (expense) income	<u>(1,261)</u>	<u>807</u>	<u>(454)</u>
	<u>(103,974)</u>	<u>65,636</u>	<u>(38,338)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	520	520
Change in demographic assumptions	(10)	-	(10)
Change in financial assumptions	(345)	-	(345)
Experience adjustments	<u>4,983</u>	<u>-</u>	<u>4,983</u>
	<u>4,628</u>	<u>520</u>	<u>5,148</u>
Amount of benefit payment	12,422	(12,422)	-
Pension fund contribution	<u>-</u>	<u>1,882</u>	<u>1,882</u>
Balance at December 31	<u>(\$ 86,924)</u>	<u>\$ 55,616</u>	<u>(\$ 31,308)</u>

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
2022			
Balance at January 1	(\$ 95,745)	\$ 58,077	(\$ 37,668)
Current service cost	(490)	-	(490)
Interest (expense) income	(663)	405	(258)
Amount of benefit payment	-	-	-
	<u>(96,898)</u>	<u>58,482</u>	<u>(38,416)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,448	4,448
Change in demographic assumptions	(176)	-	(176)
Change in financial assumptions	4,769	-	4,769
Experience adjustments	(9,862)	-	(9,862)
	<u>(5,269)</u>	<u>4,448</u>	<u>(821)</u>
Pension fund contribution	-	1,899	1,899
Balance at December 31	<u>(\$ 102,167)</u>	<u>\$ 64,829</u>	<u>(\$ 37,338)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	2023	2022
Discount rate	<u>1.20%</u>	<u>1.25%</u>
Future salary increases	<u>2.50%</u>	<u>2.50%</u>

Assumptions regarding future mortality experience are set based on the 6th Taiwan

Standard Ordinary Experience Mortality Table for the years ended December 31, 2023 and 2022.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	<u>(\$ 1,707)</u>	<u>\$ 1,758</u>	<u>\$ 1,731</u>	<u>(\$ 1,690)</u>
December 31, 2022				
Effect on present value of defined benefit obligation	<u>(\$ 2,070)</u>	<u>\$ 2,134</u>	<u>\$ 2,102</u>	<u>(\$ 2,050)</u>

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ended December 31, 2024 amount to \$1,824.
- (g) As of December 31, 2023, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

	Amount
Within 1 year	\$ 2,221
1-2 year(s)	6,073
2-5 years	22,780
Over 5 years	<u>63,363</u>
	<u>\$ 94,437</u>

- 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 Group’s mainland China subsidiary, Fullboom Electronic (Shenzhen), has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic

of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

- (c) Etron Technology (HK) Limited have a defined contribution plan. Annual pension contributions or retirement allowance for the locally hired employees are based on their salaries and wages. Other than the annual contributions, the Group has no further obligations.
- (d) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022, were \$30,302 and \$28,008, respectively.

(20) Share capital

- A. As of December 31, 2023, the Company's authorized capital was \$6,500,000, consisting of 650 million shares of ordinary stock (including 65 million shares reserved for employee stock options), and the paid-in capital was \$2,889,328 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	Unit: Thousand shares	
	2023	2022
January 1	284,062	269,869
Capitalization of earnings	3,979	13,497
Exercise of employee share options	892	696
December 31	<u>288,933</u>	<u>284,062</u>

- B. For the year ended December 31, 2023, the employees exercised 1,191 thousand shares of stock options in accordance with the terms of stock options. 892 thousand shares have been registered (including 150 thousand shares paid but yet to be registered at the beginning of the period). Proceeds from the remaining 449 thousand shares amounting to \$17,143 have been collected as of December 31, 2023 and the effective date of the capital increase for conversion was set on March 14, 2024 as resolved by the Board of Directors on March 13, 2024.
- C. For the year ended December 31, 2022, the employees exercised 786 thousand shares of stock options in accordance with the terms of stock options. 696 thousand shares have been registered (60 thousand shares paid but yet to be registered at the beginning of the period). Proceeds from the remaining 150 thousand shares amounting to \$3,585 have been collected as of December 31, 2022 and the effective date of the capital increase for conversion was set on March 15, 2023 as resolved by the Board of Directors on March 13, 2023.

(21) 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 capitalized mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

Item	Issuance premium	Net change in equity of associates	Changes in ownership interests in subsidiaries	Employee stock options	Convertible bonds	Treasury share transactions	Others
January 1, 2023	\$ 291,802	\$ 88,153	\$ 167,411	\$ 75,632	\$ 60,648	\$ 348	\$3,170
Exercise of employee share options	12,537	-	-	-	-	-	-
Capital contribution from non-controlling interests	-	-	20,549	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	(32,696)	-	-	-	-
Net change in equity of associates	-	6,928	-	-	-	-	-
Cost of share-based compensation	-	-	-	24,166	-	-	-
Repurchase of convertible bonds	-	-	-	-	-	(165)	-
December 31, 2023	<u>\$ 304,339</u>	<u>\$ 95,081</u>	<u>\$ 155,264</u>	<u>\$ 99,798</u>	<u>\$ 60,648</u>	<u>\$ 183</u>	<u>\$3,170</u>

Item	Issuance premium	Net change in equity of associates	Changes in ownership interests in subsidiaries	Employee stock options	Convertible bonds	Treasury share transactions	Others
January 1, 2022	\$ 281,014	\$ 57,214	\$ 189,347	\$ 37,105	\$ -	\$ 372	\$3,170
Exercise of employee share options	10,788	-	-	-	-	-	-
Capital contribution from non-controlling interests	-	-	2,613	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	(24,549)	-	-	-	-
Net change in equity of associates	-	30,939	-	-	-	-	-
Cost of share-based compensation	-	-	-	38,527	-	-	-
Issuance of convertible bonds	-	-	-	-	60,648	-	-
Repurchase of convertible bonds	-	-	-	-	-	(24)	-
December 31, 2022	<u>\$ 291,802</u>	<u>\$ 88,153</u>	<u>\$ 167,411</u>	<u>\$ 75,632</u>	<u>\$ 60,648</u>	<u>\$ 348</u>	<u>\$3,170</u>

(22) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Also, the Company shall set aside or reverse special reserve as resolved by the stockholders, or by order of the competent authority. The appropriation of remaining earnings along with accumulated unappropriated earnings from prior years shall be proposed by the Board of Directors and approved by the shareholders.
- B. The Company's dividend policy is set out by the Board of Directors according to the Company's medium- and long-term operational plan, investment plans, capital budget as well as internal and external situations, while considering the interests of stockholders. Except for the aforementioned regulations, cash dividends shall not be less than 5% of total dividends when appropriating the dividends to stockholders.

- 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 reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriation of 2022 and 2021 earnings as proposed by the stockholders on June 27, 2023 and June 8, 2022 are as follows:

	2022		2021	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	\$ 18,503		\$ 78,407	
Cash dividends	5,684	\$ 0.02	215,943	\$ 0.8
Stock dividends	39,790	0.14	134,965	0.5
Total	<u>\$ 63,977</u>		<u>\$ 429,315</u>	

(23) Other equity interest

	Currency translation differences of foreign operations	Financial assets at fair value through other comprehensive income	Total
January 1, 2023	(\$ 67,871)	\$ 100,617	\$ 32,746
Revaluation - Group	-	83,547	83,547
Revaluation - Associates	-	(5,003)	(5,003)
Revaluation transferred to retained earnings – disposal of financial assets	-	57,000	57,000
Currency translation differences:			
— Group	(512)	-	(512)
— Associates	452	-	452
December 31, 2023	<u>(\$ 67,931)</u>	<u>\$ 236,161</u>	<u>\$ 168,230</u>

	Currency translation differences of foreign operations	Financial assets at fair value through other comprehensive income	Total
January 1, 2022	(\$ 101,165)	\$ 188,294	\$ 87,129
Revaluation - Group	-	(46,882)	(46,882)
Revaluation - Associates	-	3,161	3,161
Revaluation transferred to retained earnings – disposal of financial assets	-	(43,956)	(43,956)
Currency translation differences:			
— Group	89,324	-	89,324
— Associates	(56,030)	-	(56,030)
December 31, 2022	<u>(\$ 67,871)</u>	<u>\$ 100,617</u>	<u>\$ 32,746</u>

(24) Share-based payment

A. (a) For the years ended December 31, 2023 and 2022, the Company's share-based payment arrangements are as follows:

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
The 4th employee stock options plan	2016.3.23	7,300	8 years	Note 1
The 4th employee stock options plan	2016.8.10	300	8 years	Note 1
The 4th employee stock options plan	2016.11.10	400	8 years	Note 1
Employee stock options plan in 2021	2021.8.9	8,000	6 years	Note 2

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

Note:1 40% vested after two years of issuance; 70% after three years; 100% after four years.

Note:2 50% vested after two years of issuance; 75% after three years; 100% after four years.

(b) For the years ended December 31, 2023 and 2022, details of the share-based payment arrangements are as follows:

Options	2023		2022	
	No. of options (share in thousands)	Weighted-average exercise price (in dollars)	No. of options (share in thousands)	Weighted-average exercise price (in dollars)
Outstanding at the beginning of the year	9,544	\$ 39.44	10,818	\$ 41.10
Options exercised	(1,191)	29.40	(786)	25.20
Options forfeited due to resignations	(620)	-	(488)	-
Outstanding at the end of the year	<u>7,733</u>	40.04	<u>9,544</u>	39.44
Exercisable at the end of the year	<u>4,317</u>	37.55	<u>2,092</u>	23.90

(c) Details of stock options outstanding are as follows:

Date	Weighted-average period remaining contractual life	Range of exercise prices (in dollars) (Note)
December 31, 2023	3.06 years	\$23.60~43.20
December 31, 2022	3.87 years	\$23.90~43.80

Note: The range of exercise prices was adjusted according to annual stock dividends and cash dividends after the grant date.

- (d) The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	Grant date	Grant date	Grant date
	March 23, 2016	August 10, 2016	November 10, 2016
Dividend yield	0%	0%	0%
Expected price volatility	44.51% ~ 44.71%	43.38% ~ 45.60%	41.80% ~ 44.32%
Risk-free interest rate	0.375% ~ 0.400%	0.375% ~ 0.500%	0.375% ~ 0.625%
Expected option life	8 years	8 years	8 years
Fair value per share	3.73 ~ 4.92 (in dollars)	3.45~4.64 (in dollars)	3.02~4.18 (in dollars)
	Grant date		
	August 9, 2021		
Dividend yield	0%		
Expected price volatility	51.78% ~ 59.71%		
Risk-free interest rate	0.125%		
Expected option life	6 years		
Fair value per share	16.03 ~ 18.77 (in dollars)		

- B. For the years ended December 31, 2023 and 2022, the subsidiaries' share-based payment arrangements are as follows:

Number	Type of arrangement	Company	Grant date	Quantity granted (share in thousands)	Vesting conditions
1	Employee stock options	eEver Technology Limited	November 2017	2,340	Description (a)
			August 2019	1,080	
			May and October 2020	3,070	
			November 2021	30	
			March, May, and August 2022	1,400	
			March 2023	30	
2	Employee stock options	eYs3D Microelectronics, Inc.	November 2017	3,429	Description (b)
			August and November 2018	400	
			March, August and November 2019	2,120	
			February, May, August and November 2020	3,470	
			March, September and November 2021	1,450	
			March and August 2022	1,165	
3	Employee stock options	DeCloak Intelligences Co.	May and August 2023	255	Description (c)
			March and November 2021	212	
			August 2022	315	
4	Employee stock options	Invention and Collaboration Laboratory Pte. Ltd.	September 2023	261	Description (d)
			August and October 2021	1,063	
			February and August 2022	267	
5	Employee stock options	TAT Technology, Inc.	October 2022	84	Description (e)
			March 2023	172	
6	Employee stock options	T-Era Architecture Technology, Inc.	September 2022	495	Description (f)
7	Employee stock options	Insignis Technology Inc.	January 2017	1875	Description (g)
			February 2023	1800	
8	Employee stock options	nD-HI Technologies Lab, Inc.	March 2023	216	Description (h)

Description:

- (a) i. It refers to the employee stock options issued by eEver Technology Limited to the employees of its subsidiary, eEver Technology, Inc.
 - ii. Due to the reorganization, eEver Technology Limited assumed the eEver Technology, Inc.'s liabilities to issue employee stock options.
 - iii. The employees whose service year longer than 1 years' service can be vested with 25%, 2 years' service with 50%, 3 years' service with 75% and 4 years' service with 100%.
 - (b) i. Due to the reorganization, eYs3D Microelectronics, Inc. assumed the eYs3D Microelectronics, Co.'s liabilities to issue employee stock options.
 - ii. The employees whose service year longer than 1 years' service can be vested with 25%, 2 years' service with 50%, 3 years' service with 75% and 4 years' service with 100%.
 - (c) The employees whose service year longer than 2 years' service can be vested with 50% and 4 years' service with 100%.
 - (d) The employees whose service year longer than 1 years' service can be vested with 25%, 2 years' service with 50%, 3 years' service with 75% and 4 years' service with 100%.
 - (e) 2.08% vested after one month of services.
 - (f) 2.08% vested after one month of services.
 - (g) 100% vested after four years of services.
 - (h) 50% vested after two years of services, 75% vested after three years of services, 100% vested after four years of services.
- C. Employee share option - eEver Technology Limited

Options	2023		2022	
	No. of options (share in thousands)	Weighted-average exercise price (in dollars)	No. of options (share in thousands)	Weighted-average exercise price (in dollars)
Outstanding at the beginning of the year	6,850	\$ 10.00	6,530	\$ 10.00
Options granted	30	10.00	1,150	10.00
Options forfeited due to resignations	(745)	-	(830)	-
Outstanding at the end of the year	<u>6,135</u>	10.00	<u>6,850</u>	10.00
Exercisable at the end of the year	<u>4,460</u>	10.00	<u>3,345</u>	10.00

The share-based payment transactions mentioned above utilize the Black-Scholes option pricing model to estimate the fair value of stock options.

D. Employee share option - eYs3D Microelectronics, Inc.

Options	2023		2022	
	No. of options (share in thousands)	Weighted-average exercise price (in dollars)	No. of options (share in thousands)	Weighted-average exercise price (in dollars)
Outstanding at the beginning of the year	7,300	\$ 10.00	6,488	\$ 10.00
Options granted	255	7.61	1,165	10.00
Options forfeited due to resignations	(580)	-	(353)	-
Outstanding at the end of the year	<u>6,975</u>	7.62	<u>7,300</u>	10.00
Exercisable at the end of the year	<u>4,916</u>	7.77	<u>3,711</u>	10.00

The share-based payment transactions mentioned above utilize the Black-Scholes option pricing model to estimate the fair value of stock options.

E. Employee share option - DeCloak Intelligences Co.

Options	2023		2022	
	No. of options (share in thousands)	Weighted-average exercise price (in dollars)	No. of options (share in thousands)	Weighted-average exercise price (in dollars)
Outstanding at the beginning of the year	505	\$ 1.00	190	\$ 1.00
Options granted	<u>261</u>	1.00	<u>315</u>	1.00
Outstanding at the end of the year	<u>766</u>	1.00	<u>505</u>	1.00
Exercisable at the end of the year	<u>95</u>	1.00	<u>-</u>	-

The share-based payment transactions mentioned above utilize the Black-Scholes option pricing model to estimate the fair value of stock options.

F. Employee share option - Invention and Collaboration Laboratory Pte. Ltd.

Options	2023		2022	
	No. of options (share in thousands)	Weighted-average exercise price (in dollars)	No. of options (share in thousands)	Weighted-average exercise price (in dollars)
Outstanding at the beginning of the year	1,330	\$ 0.14	1,063	\$ 0.14
Options granted	-	-	267	0.14
Outstanding at the end of the year	<u>1,330</u>	0.14	<u>1,330</u>	0.14
Exercisable at the end of the year	<u>598</u>	0.14	<u>266</u>	0.14

The share-based payment transactions mentioned above utilize the Black-Scholes option pricing model to estimate the fair value of stock options.

G. Employee share option - TAT Technology, Inc.

Options	2023		2022	
	No. of options (share in thousands)	Weighted-average exercise price (in dollars)	No. of options (share in thousands)	Weighted-average exercise price (in dollars)
Outstanding at the beginning of the year	84	\$ 0.066	-	\$ 0.066
Options granted	<u>172</u>	0.066	<u>84</u>	0.066
Outstanding at the end of the year	<u>256</u>	0.066	<u>84</u>	0.066
Exercisable at the end of the year	<u>53</u>	0.066	<u>3</u>	0.066

The share-based payment transactions mentioned above utilize the Black-Scholes option pricing model to estimate the fair value of stock options.

H. Employee share option - T-Era Architecture Technology, Inc.

Options	2023		2022	
	No. of options (share in thousands)	Weighted-average exercise price (in dollars)	No. of options (share in thousands)	Weighted-average exercise price (in dollars)
Outstanding at the beginning of the year	495	\$ 0.066	-	\$ -
Options granted	-	-	495	0.066
Outstanding at the end of the year	<u>495</u>	0.066	<u>495</u>	0.066
Exercisable at the end of the year	<u>124</u>	0.066	<u>31</u>	0.066

The share-based payment transactions mentioned above utilize the Black-Scholes option pricing model to estimate the fair value of stock options.

I. Employee share option - Insignis Technology Inc.

Options	2023		2022	
	No. of options (share in thousands)	Weighted-average exercise price (in dollars)	No. of options (share in thousands)	Weighted-average exercise price (in dollars)
Outstanding at the beginning of the year	1,875	\$ 0.001	1,875	\$ 0.001
Options granted	<u>1,800</u>	0.001	-	-
Outstanding at the end of the year	<u>3,675</u>	0.001	<u>1,875</u>	0.001
Exercisable at the end of the year	<u>1,875</u>	0.001	<u>1,875</u>	0.001

The share-based payment transactions mentioned above utilize the Black-Scholes option pricing model to estimate the fair value of stock options.

J. Employee share option - nD-HI Technologies Lab, Inc.

Options	2023	
	No. of options (share in thousands)	Weighted-average exercise price (in dollars)
Outstanding at the beginning of the year	-	\$ -
Options granted	<u>216</u>	1.000
Outstanding at the end of the year	<u>216</u>	1.000
Exercisable at the end of the year	<u>-</u>	-

The share-based payment transactions mentioned above utilize the Black-Scholes option pricing model to estimate the fair value of stock options.

- K. For the years ended December 31, 2023 and 2022, expenses incurred on equity-settled share-based payment transactions amounted to \$28,052 and \$42,549, respectively.

(25) Operating revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers	<u>\$ 2,661,968</u>	<u>\$ 4,684,589</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time as follows:

	<u>2023</u>	<u>2022</u>
Integrated circuits related	<u>\$ 2,660,978</u>	<u>\$ 4,683,659</u>
Others	<u>990</u>	<u>930</u>
	<u>\$ 2,661,968</u>	<u>\$ 4,684,589</u>

B. Contract liabilities

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities:	<u>\$ 2,437</u>	<u>\$ 2,164</u>	<u>\$ 4,276</u>

	<u>2023</u>	<u>2022</u>
Revenue recognized that was included in the contract liability balance at the beginning of the year	<u>\$ 2,162</u>	<u>\$ 4,272</u>

(26) Other operating income and expenses - net

	<u>2023</u>	<u>2022</u>
Rent income, net	<u>\$ 67,306</u>	<u>\$ 62,523</u>

(27) Interest income

	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	<u>\$ 6,876</u>	<u>\$ 2,437</u>

(28) Other income

	<u>2023</u>	<u>2022</u>
Dividend income	\$ 71,898	\$ 18,484
Other income - others	<u>27,053</u>	<u>59,568</u>
	<u>\$ 98,951</u>	<u>\$ 78,052</u>

(29) Other gains and losses

	<u>2023</u>	<u>2022</u>
Gains on disposals of investments	\$ -	\$ 1,921
Gains arising from lease modifications	31	55
Gains on disposal of property, plant and equipment	143,903	98
Foreign exchange (losses) gains	(11,804)	10,848
Net gains (losses) on financial assets (liabilities) at fair value through profit or loss	18,737	(45,680)
Miscellaneous disbursements	<u>-</u>	<u>(696)</u>
	<u>\$ 150,867</u>	<u>(\$ 33,454)</u>

(30) Expenses by nature

	<u>2023</u>	<u>2022</u>
Employee benefit expense	<u>\$ 795,986</u>	<u>\$ 859,365</u>
Depreciation charges on property, plant and equipment (Note)	<u>\$ 136,413</u>	<u>\$ 157,477</u>
Amortization charges on intangible assets	<u>\$ 75,872</u>	<u>\$ 71,931</u>

Note: Including the depreciation charges presented as a deduction item to rent income under other income.

(31) Employee benefit expense

	<u>2023</u>	<u>2022</u>
Post-employment benefits		
Defined contribution plans	\$ 30,302	\$ 28,008
Defined benefit plans	<u>1,000</u>	<u>748</u>
	31,302	28,756
Other personnel expenses	<u>764,684</u>	<u>830,609</u>
	<u>\$ 795,986</u>	<u>\$ 859,365</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 12% for employees' compensation and shall not be higher than 2% for directors' remuneration. The employees' compensation can be distributed in the form of shares or cash. Including the employees of subsidiaries of the company meeting certain specific requirements, are entitled to receive aforementioned shares or cash.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$0 and \$24,420, respectively; while directors' remuneration was accrued at \$0 and \$4,070, respectively. The aforementioned amounts were recognized in salary expenses. Employees' compensation of \$24,420 and directors' remuneration of \$4,070 for the year ended December 31, 2022 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2022 financial statements.
- C. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(32) Finance costs

	2023	2022
Interest expense on bank loan	\$ 60,333	\$ 24,232
Interest expense on bonds payable	11,937	6,921
Interest expense from lease liabilities	4,260	3,260
	<u>\$ 76,530</u>	<u>\$ 34,413</u>

(33) Income tax

- A. Components of income tax expense:

Relationship between income tax expense and accounting profit:

	2023	2022
Current tax:		
Overestimated income tax from (\$ the previous fiscal year	2,399)	-
Tax on undistributed surplus earnings	-	5,416
Total current tax	<u>(2,399)</u>	<u>5,416</u>
Deferred tax:		
Origination and reversal of temporary differences	\$ 22,872	\$ 21,269
Change in tax losses	<u>(20,471)</u>	<u>6,427</u>
Total deferred tax	<u>2,401</u>	<u>27,696</u>
Income tax expense	<u>\$ 2</u>	<u>\$ 33,112</u>

B. Relationship between income tax expense and accounting profit:

	2023	2022
Tax calculated based on net (loss) income before tax and statutory tax rate	(\$ 178,583)	\$ 21,462
Effects from items disallowed by tax regulation	7,865	1,791
Temporary difference not recognized as deferred tax assets	40,902	41,656
Change in realization of deferred tax assets	-	(52,261)
Overestimated income tax from the previous fiscal year	(2,399)	-
Tax on undistributed surplus earnings	-	5,416
Taxable loss not recognized as deferred tax assets	<u>132,217</u>	<u>15,048</u>
Income tax expense	<u>\$ 2</u>	<u>\$ 33,112</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2023		
	January 1	Recognized in profit or loss	December 31
Temporary differences:			
— Deferred income tax assets:			
Unrealized allowance for loss on decline in value of inventories	\$ 90,202	(\$ 15,737)	\$ 74,465
Others	25,333	(6,390)	18,943
Tax losses	<u>101,231</u>	<u>16,503</u>	<u>117,734</u>
Subtotal	<u>\$ 216,766</u>	<u>(\$ 5,624)</u>	<u>\$ 211,142</u>
— Deferred income tax liabilities:			
Unrealized exchange gains	(\$ 3,444)	\$ 3,223	(\$ 221)
Total	<u>\$ 213,322</u>	<u>(\$ 2,401)</u>	<u>\$ 210,921</u>

	2022		
	January 1	Recognized in profit or loss	December 31
Temporary differences:			
— Deferred income tax assets:			
Unrealized allowance for loss on decline in value of inventories	\$ 90,202	\$ -	\$ 90,202
Unrealized investment losses	27,473	(27,473)	-
Others	16,168	9,165	25,333
Tax losses	107,658	(6,427)	101,231
Subtotal	<u>\$ 241,501</u>	<u>(\$ 24,735)</u>	<u>\$ 216,766</u>
— Deferred income tax liabilities:			
Unrealized exchange gains	(\$ 483)	(\$ 2,961)	(\$ 3,444)
Total	<u>\$ 241,018</u>	<u>(\$ 27,696)</u>	<u>\$ 213,322</u>

- D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2015	\$ 70,039	\$ 26,083	\$ 26,083	2025
2016	252,201	213,186	213,186	2026
2017	398,425	398,425	398,425	2027
2018	568,288	561,966	561,966	2028
2019	737,250	737,250	399,463	2029
2020	344,285	344,285	93,402	2030
2021	124,111	124,111	124,111	2031
2022	184,559	184,559	184,559	2032
2023	661,085	661,085	661,085	2033
	<u>\$ 3,340,243</u>	<u>\$ 3,250,950</u>	<u>\$ 2,662,280</u>	

December 31, 2022

Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2015	\$ 70,139	\$ 64,514	\$ 64,514	2025
2016	252,201	213,186	213,186	2026
2017	398,425	398,425	398,425	2027
2018	568,288	568,288	568,288	2028
2019	737,250	737,250	481,978	2029
2020	354,398	354,398	103,515	2030
	<u>\$ 2,380,701</u>	<u>\$ 2,336,061</u>	<u>\$ 1,829,906</u>	

E. The Company's, Kingcharm Investment Corp.'s, Kingwell Investment Corp.'s, Invention and Collaboration Laboratory, Inc., Eutrend Technology, Inc., DeCloak Intelligences Co., eEver Technology, Inc., eYs3D Microelectronics, Co., Pioneer Chip Technology Limited and nD-HI Technologies Lab, Inc. (formerly named Silicon Spintronics Inc.) income tax returns through 2021 have been assessed.

(34) (Loss) earnings per share

	2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Net loss for the current period that can be attributed to common stock shareholders of the parent company	(\$ 892,914)	288,616	(\$ 3.09)
<u>Diluted loss per share</u>			
Net loss for the current period that can be attributed to common stock shareholders of the parent company	(\$ 892,914)	288,616	(\$ 3.09)

2022

	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Net profit for the current period that can be attributed to common stock shareholders of the parent company	\$ 141,895	287,834	\$ 0.49
<u>Diluted earnings per share</u>			
Net profit for the current period that can be attributed to common stock shareholders of the parent company	\$ 141,895	287,834	
Assumed conversion of all dilutive potential ordinary shares			
— Employee stock options	-	1,231	
— Employees' compensation	-	627	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	\$ 141,895	\$ 289,692	\$ 0.49

Note:1 For the year ended December 31, 2023, if the employees' compensation and the convertible bonds were accrued, there would be anti-dilutive effect, thus, they would not be included in the calculation of dilutive number of shares.

Note:2 For the year ended December 31, 2022, if the convertible bonds were accrued, there would be anti-dilutive effect, thus, it would not be included in the calculation of dilutive number of shares.

Note:3 For the years ended December 31, 2023 and 2022, the weighted average numbers of outstanding shares were retrospectively adjusted in proportion to 101.4% and 105% of the capitalized amount of unappropriated earnings in September 2023 and September 2022.

(35) Supplemental cash flow information

Investing activities with partial cash payments:

	<u>2023</u>	<u>2022</u>
Purchase of property, plant, equipment and intangible assets	\$ 159,966	\$ 233,784
Add: Opening balance of payable	25,636	9,091
Less: Ending balance of payable	(5,871)	(25,636)
Cash paid during the year	<u>\$ 179,731</u>	<u>\$ 217,239</u>

(36) Transactions with non-controlling interest

- A. The Group's subsidiary, eYs3D Microelectronics, Inc.(eYs3D), increased its capital by issuing new shares in 2023 and 2022. As a result, the Group increased its share interest by 1.28% and 2.09% due to the above effects, respectively.
- B. For the years ended December 31, 2023 and 2022, the Group's subsidiary, DeCloak Intelligences Co., increased its capital by issuing new shares, as a result, the Group increased its share interest by 0.33% and 2.56%, respectively.
- C. The Group's subsidiary, T-Era Architecture Technology, Inc., increased its capital by issuing new shares in 2023. As a result, the Group increased its share interest by 0.11% due to the above effects. The Group's subsidiary, T-Era Architecture Technology, Inc., increased its capital by issuing new shares in 2022, and the Group held 62.65% share interest in the end of period.
- D. The Group's subsidiary, TAT Technology, Inc., increased its capital by issuing new shares in 2023. As a result, the Group increased its share interest by 0.07% due to the above effects. In 2022, T-Era Architecture Technology, Inc. increased its capital by issuing new shares, and the Group held 62.67% share interest in the end of period as a result.
- E. The Group's subsidiary, nD-HI Technologies Lab, Inc., increased its capital by issuing new shares in 2023. As a result, the Group increased its share interest by 3.38% due to the above effects.

The effect of change in interest contributed to the aforementioned transactions on the equity attributable to owners of the parent for the year ended December 31, 2023 is shown below:

	<u>2023</u>	<u>2022</u>
Cash contributed by non-controlling interests	\$ 45,030	\$ 35,587
Changes in ownership interests in subsidiaries	(24,481)	(32,974)
	<u>\$ 20,549</u>	<u>\$ 2,613</u>
Increase in capital surplus attributable to:		
Owners of the parent	<u>\$ 20,549</u>	<u>\$ 2,613</u>

(37) Changes in liabilities from financing activities

	Short-term borrowings	Bonds payable	Long-term loans (note)	Lease liability	Guarantee deposits received
January 1, 2023	\$ 1,083,088	\$ 739,984	\$ 772,229	\$ 215,825	\$ 78,807
Changes in cash flows	(98,464)	-	(122,869)	(23,732)	-
Changes in non-cash					
Bond discount payable	-	208	-	-	-
Amortization of bond discount payable	-	11,937	-	-	-
New lease agreement	-	-	-	8,620	-
Lease agreement amendment	-	-	-	(68)	-
Net exchange differences	-	-	-	197	-
December 31, 2023	<u>\$ 984,624</u>	<u>\$ 752,129</u>	<u>\$ 649,360</u>	<u>\$ 200,842</u>	<u>\$ 78,807</u>

	Short-term borrowings	Bonds payable	Long-term loans (note)	Lease liability	Guarantee deposits received
January 1, 2022	\$ 140,720	\$ -	\$ 1,271,250	\$ 146,070	\$ 17,099
Changes in cash flows	942,368	794,400	(498,973)	(22,794)	61,708
Changes in non-cash					
Bond discount payable	-	(61,337)	-	-	-
Amortization of bond discount payable	-	6,921	-	-	-
New lease agreement	-	-	-	96,001	-
Lease agreement amendment	-	-	-	(3,314)	-
Net exchange differences	-	-	(48)	(138)	-
December 31, 2022	<u>\$ 1,083,088</u>	<u>\$ 739,984</u>	<u>\$ 772,229</u>	<u>\$ 215,825</u>	<u>\$ 78,807</u>

Note: Including current portion

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Giga Solution Tech Co., Ltd.	The chairman of the investee and the chairman of the Company are relatives within the second degree of kinship
Kai Chun Investment Corp.	The Company's corporate director
Great Team Backend Foundry, Inc.	The Company's investees indirectly accounted for using the equity method

(2) Significant related party transactions
A. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables:		
— Other related parties	<u>\$ 6,535</u>	<u>\$ 6,329</u>

Other receivables arose from leasing assets to related parties and are collected within 30 days after the invoices are issued. The receivables are unsecured in nature and bear no interest.

B. Guarantee deposits received

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related parties		
Giga Solution Tech Co., Ltd.	\$ 16,487	\$ 16,487
Others	3	3
	<u>\$ 16,490</u>	<u>\$ 16,490</u>

It refers to lease deposits.

C. Other transactions

Other related party transactions are summarized below:

	<u>2023</u>	<u>2022</u>
Rent income:		
— Giga Solution Tech Co., Ltd.	\$ 69,475	\$ 65,929
— Others	11	11
	<u>\$ 69,486</u>	<u>\$ 65,940</u>

The Group's investee, Great Team Backend Foundry, Inc., which accounted for the equity method, reduced its capital and repurchased its shares from the Group in the number of 2,445 thousand shares totaling \$51,899 in 2023.

(3) Information on remuneration to the management

	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 81,686	\$ 84,190
Post-employment benefits	1,371	1,435
Service expenses	2,148	1,860
Cost of share-based compensation	5,682	8,997
Total	<u>\$ 90,887</u>	<u>\$ 96,482</u>

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Time deposits and performance guarantee (shown as "Current financial assets at amortized cost")	\$ 3,307	\$ 30,057	Government subsidy programs and tariff guarantees
Time deposits (shown as "Non-current financial assets at amortized cost")	5,941	5,941	Land lease agreement guarantee
Buildings and structures	43,995	45,093	Long-term borrowings
	<u>\$ 53,243</u>	<u>\$ 81,091</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

In February 2017, Securities and Futures Investors Protection Center (the "SFIPC") filed a civil lawsuit against the Company, the former subsidiary, TM Technology, Inc. and other defendants, claiming that they are jointly liable for compensation, on behalf of the investors of the former subsidiary, TM Technology, Inc., as the company's former director Mr. Wu was sued for violating the Securities and Exchange Act in January 2016. On March 18, 2019, Taiwan HsinChu District Court dismissed the lawsuit. However, the SFIPC filed an appeal with Taiwan High Court, which was dismissed on February 26, 2021. On March 24, 2021, SFIPC disagreed with the ruling rendered by the Taiwan High Court and filed an application for an appeal; On March 16, 2023, the Company received a notice of judgment in chief from the Supreme Court, which ruled that the original judgment was annulled and remanded to the High Court for trial.

Important Contracts

The Company entered into a production capacity reservation agreement with a supplier. Under the agreement, the supplier provides production capacity to the Company after the Company makes a deposit in advance. Please refer to Note 6(12) for details of the guarantee deposits paid by the Company.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On March 13, 2024, the Board of Directors of the Company resolved the effective date of capital increase for exercise of employee stock option. Refer to Note 6(20) for details.

12. Others

(1) Capital management

The Group must maintain adequate capital to expand product lines and that sales could achieve economic of scale. The Group's objectives when managing capital are to secure necessary financial resources to meet the needs of operating funds for the next year, capital expenditure, research and development activities expenditures and debt repayment.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ <u>13,118</u>	\$ <u>60,894</u>
Equity instrument investments designated at fair value through other comprehensive income	\$ <u>784,672</u>	\$ <u>680,510</u>
Financial assets at amortized cost/Loans and receivables		
Cash and cash equivalents	707,095	842,402
Financial assets at amortized cost	9,248	35,998
Notes receivable	1,818	73,838
Accounts receivable	644,600	878,160
Other receivables	21,075	18,819
Guarantee deposits paid (shown as other non-current assets)	419,961	419,826
	\$ <u>1,803,797</u>	\$ <u>2,269,043</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities designated at fair value through profit or loss	\$ <u>2,939</u>	\$ <u>8,662</u>
Financial liabilities at amortized cost		
Short-term borrowings	984,624	1,083,088
Notes payable	5,327	753
Accounts payable	399,978	687,754
Other payables	233,707	298,604
Convertible bonds payable	752,129	739,984
Long-term borrowings (including current portion)	649,360	772,229
Guarantee deposits received (shown as other non-current liabilities)	78,807	78,807
	\$ <u>3,103,932</u>	\$ <u>3,661,219</u>
Lease liability	\$ <u>200,842</u>	\$ <u>215,825</u>

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including

foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's entire risk management policies focus on unpredictable matters in financial market and reducing the potential negative effects on the Group's financial condition and financial performance.

- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and reduce financial risks in close co-operation with the Group's operating units. The Group provides written principles for specific areas and matters, such as use of derivative financial instruments.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The consolidated entities exposed to the exchange rate risk arising from operating activities which were denominated in non-functional currency. The Group's functional currency includes New Taiwan dollars, US Dollars, RMB and JPY. Those transactions were mainly denominated in New Taiwan dollars, US Dollars, RMB, HKD and JPY.
- ii. The Group employs foreign currency derivative financial instruments, including forward exchange contracts or foreign exchange swap contracts to hedge exchange rate risk arising from monetary financial assets and liabilities and forecast transactions that are not denominated in NTD. These hedges can minimize the effects of changes in foreign exchange rates on assets and liabilities, but the risk cannot be eliminated entirely.
- iii. The Group's businesses involve some non-functional currency operations (The Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	December 31, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)
<u>Financial assets</u>			
Monetary items			
USD:NTD	\$ 27,992	30.705	\$ 859,494
Non-monetary items			
USD:NTD	52,964	30.705	1,626,245
JPY:NTD	10,516	0.2172	2,284
<u>Financial liabilities</u>			
Monetary items			
USD:NTD	17,507	30.705	537,552

(Foreign currency: functional currency)	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (NTD)
<u>Financial assets</u>			
Monetary items			
USD:NTD	\$ 37,142	30.710	\$ 1,140,616
Non-monetary items			
USD:NTD	54,835	30.710	1,683,982
JPY:NTD	14,251	0.2324	3,312
<u>Financial liabilities</u>			
Monetary items			
USD:NTD	28,117	30.710	863,457

- iv. The unrealized exchange gain (loss) arising from the monetary items with significant influence held by the Group for the years ended December 31, 2023 and 2022, amounted to \$968 and \$13,119, respectively.

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

(Foreign currency: functional currency)	2023		
	Sensitivity analysis		
	Degree of variation	Effects on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
Monetary items			
USD:NTD	1%	\$ 8,595	\$ -
Non-monetary items			
USD:NTD	1%	-	16,263
JPY:NTD	1%	-	23
<u>Financial liabilities</u>			
Monetary items			
USD:NTD	1%	5,376	-

(Foreign currency: functional currency)	2022		
	Sensitivity analysis		
	Degree of variation	Effects on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
Monetary items			
USD:NTD	1%	\$ 11,406	\$ -
Non-monetary items			
USD:NTD	1%	-	16,840
JPY:NTD	1%	-	33
<u>Financial liabilities</u>			
Monetary items			
USD:NTD	1%	8,635	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.
- ii. The Group invested in domestic and foreign listed and unlisted equity securities. The prices of equity securities would change due to the change of the future value of investee companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, before-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$535 and \$3,045, 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 \$39,234 and \$34,026, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from time deposits maturing over three months and long-term borrowings at variable rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2023 and 2022, the Group's borrowings were denominated in New Taiwan dollars and US Dollars.
- ii. On December 31, 2023 and 2022, if the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have decreased / increased by \$1,294 and \$1,539, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.
- iii. On December 31, 2023 and 2022, if the interest rate of New Taiwan dollars time deposits and time deposits maturing over three months had increased/decreased by 0.25% with all other variables held constant, the impact to profit, net of tax for the years ended December 31, 2023 and 2022 would be immaterial. The main factor is that changes in interest income result in floating-rate borrowings.

(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. Policy for credit risk management of the Group's operating units is as follows:
 - (i) The Company sets the relevant procedures to monitor, manage and reduce the credit risk of accounts receivable; however, it is not guaranteed that the procedures can effectively exclude the credit risk and avoid losses. The exposure of such credit risk will increase in the deteriorating economic environment.
 - (ii) The Group periodically monitors, reviews and adjusts the credit limits based on the market conditions and credit status of counterparties to timely manage the credit risk. The Group only transacts with banks and financial institutions with high credit quality, and therefore does not expect to assume the credit

- risk.
- (iii) The main credit risks arise from deposits with bank and financial institutions, financial assets at amortized cost and receivables.
 - ii. The situation that the Group regards as breach of contract specified in the contract are as follows: when the contract payments may not be recovered and have to be transferred to overdue receivables, the default has occurred.
 - iii. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies loss rate methodology to estimate expected credit loss under the provision matrix basis.
 - iv. The Group adopts following assumptions 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 90 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 reorganization 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.
 - vi. The Group used the historical information and the forecastability of Taiwan Institute of Economic Research boom observation report to assess the default possibility of accounts receivable.
 - vii. 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.
 - viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the loss rate methodology is as follows:

Accounts receivable			
December 31, 2023	Individual	Group	Total
Expected loss rate		5.55%~7.89%	
Total book value	\$ -	\$ 721,380	\$ 721,380
Loss allowance	\$ -	\$ 76,780	\$ 76,780
Accounts receivable			
December 31, 2022	Individual	Group	Total
Expected loss rate		5.55%~7.89%	
Total book value	\$ -	\$ 960,813	\$ 960,813
Loss allowance	\$ -	\$ 82,653	\$ 82,653

- ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2023	2022
January 1	\$ 82,653	\$ 82,244
Provision for impairment loss	-	409
Gain on reversal of expected credit loss	(5,873)	-
December 31	<u>\$ 76,780</u>	<u>\$ 82,653</u>

- x. As of December 31, 2023 and 2022, the collateral held by the Group as security for accounts receivable was letters of credit, promissory note and cheques with book value amounting to \$733,001 and \$880,157, respectively.
- xi. Movements in loss allowance for investments in debt instruments carried at amortized cost are as follows:

	2023		
	12 months	Lifetime	
		Significant increase in credit risk	Impairment of credit
January 1	\$ -	\$ 63,000	\$ -
Derecognition	-	(63,000)	-
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

In 2023, the Group derecognized its investment in preferred stock, which was measured at amortized cost.

	2022		
	12 months	Lifetime	
		Significant increase in credit risk	Impairment of credit
January 1 (December 31)	\$ -	\$ 63,000	\$ -

(c) Liquidity risk

- i. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs for the next one year.
- ii. The table below analyses the Group's non-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.

December 31, 2023	Between 1 and		
	Less than 1 year	5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 989,786	\$ -	\$ -
Notes payable	5,327	-	-

December 31, 2023	Between 1 and		
	Less than 1 year	5 years	Over 5 years
Accounts payable	399,978	-	-
Other payables	233,707	-	-
Lease liability	28,012	73,274	125,213
Long-term liabilities, current portion	344,043	-	-
Bonds payable	-	794,400	-
Long-term borrowings	-	317,004	6,019
Guarantee deposits received	-	78,807	-

December 31, 2022	Between 1 and		
	Less than 1 year	5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 1,088,285	\$ -	\$ -
Notes payable	753	-	-
Accounts payable	687,754	-	-
Other payables	298,604	-	-
Lease liability	12,459	28,685	131,176
Long-term liabilities, current portion	211,697	-	-
Bonds payable	-	794,400	-
Long-term borrowings	-	578,934	7,493
Guarantee deposits received	-	78,807	-

(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 the listed stocks classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is 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. The fair value of the Group's investment in derivatives is included in Level 2.

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. The carrying amounts of financial instruments not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, lease liabilities and long-term borrowings are approximate to their fair values.

C. The related information of financial instruments and non-financial instruments measured at

fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 10,698	\$ -	\$ -	\$ 10,698
Foreign exchange swap contracts	-	2,420	-	2,420
Financial assets at fair value through other comprehensive income				
Equity securities	277,001	-	507,671	784,672
Total	<u>\$ 287,699</u>	<u>\$ 2,420</u>	<u>\$ 507,671</u>	<u>\$ 797,790</u>
Liabilities				
Financial liabilities at fair value through profit or loss				
Call options and put options of convertible bonds	-	-	2,939	2,939
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,939</u>	<u>\$ 2,939</u>
December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 57,567	\$ -	\$ -	\$ 57,567
Hybrid instruments	-	-	3,327	3,327
Financial assets at fair value through other comprehensive income				
Equity securities	187,885	-	492,625	680,510
Total	<u>\$ 245,452</u>	<u>\$ -</u>	<u>\$ 495,952</u>	<u>\$ 741,404</u>
Liabilities				
Financial liabilities at fair value through profit or loss				
Call options and put options of convertible bonds	\$ -	\$ -	\$ 8,662	\$ 8,662

- D. The methods and assumptions the Group used to measure fair value are as follows:
- (a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

Market quoted price	Listed share Closing price
---------------------	-------------------------------

- (b) When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (c) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants. Forward exchange contracts and foreign exchange swap contracts are usually valued based on the current forward exchange rate.
- (d) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- F. If one or more of the significant inputs are not based on observable market data, such financial instrument is included in level 3.
- G. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	Equity securities	
	2023	2022
January 1	\$ 492,625	\$ 542,813
Gains or losses recognized in other comprehensive income	(5,532)	(16,953)
Acquired in the year	23,841	13,232
Disposal and liquidation in the year	-	(83,968)
Transfer to (from) Level 3	4,253	(9,316)
Recovery of investment cost	(6,881)	-
Effect of change in exchange rate	(635)	46,817
December 31	\$ 507,671	\$ 492,625

- H. Because Senti Bioscience Inc. was listed in the public market from the second quarter of 2022, and there is sufficient observable market information, thus the Group has transferred the fair value from Level 3 into Level 1 at the end of the month when the event occurred.
- I. Investment segment is in charge of valuation procedures for fair value measurements being adopted 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.

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

	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 stocks	\$ 53,377	Market price method	Discount for lack of marketability	10%~50%	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares	454,294	Net asset value	Net asset value	15%~30%	The higher the net asset value, the higher the fair value
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 67,587	Market price method	Discount for lack of marketability	15%~35%	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares	425,038	Net asset value	Net asset value	15%~35%	The higher the net asset value, the higher the fair value
Hybrid instruments:					
Convertible bond	3,327	Binomial Model	Discount rate	-	The higher the discount rate, the lower the fair value

- K. 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 and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

		December 31, 2023			
		Recognized in profit or loss		Recognized in other comprehensive income	
		Favorable change	Unfavorable change	Favorable change	Unfavorable change
	Input	Change			
Financial assets					
Equity instruments	Discount for lack of ± 1% marketability, weighted average cost of capital and long-term revenue growth rate.		\$ -	\$ -	\$ 5,077 (\$ 5,077)

		December 31, 2022			
		Recognized in profit or loss		Recognized in other comprehensive income	
		Favorable change	Unfavorable change	Favorable change	Unfavorable change
	Input	Change			
Financial assets					
Equity instruments	Discount for lack of ± 1% marketability, weighted average cost of capital and long-term revenue growth rate.		\$ -	\$ -	\$ 4,926 (\$ 4,926)

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: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 6(15).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 5.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: The details of commissions expense and service expense paid by the Group to Fullboom Electronics (Shenzhen) Co., Ltd. for the years ended December 31, 2023 and 2022, and their outstanding balances (shown as ‘other payables’) as of December 31, 2023 and 2022 are as follows:

	2023	2022
Commission expenses	\$ 10,589	\$ 15,382
Service expense	\$ 22,259	\$ 17,178
	December 31, 2023	December 31, 2022
Other payables	\$ 4,688	\$ 3,880

- (4) Information on major shareholders
None.

14. **Operating Segment Information**

- (1) General information

The Group operates business only in a single industry. The Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment. The Group manages the business from each consolidated entity’s perspective.

- (2) Segment information

Years ended December 31, 2023 and 2022: Only one reportable operating segment. Refer to the statements of comprehensive income for details.

The accounting policies of the operating segments are no significant different to the significant accounting policies summarized in Note 4. The Company’s reportable segment income or loss are measured using the income/(loss) before tax.

- (3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm’s length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

Years ended December 31, 2023 and 2022: Only one reportable operating segment. Refer to the statements of comprehensive income for details.

- (4) Information on products and services

Revenue from external customers is mainly from design, manufacturing and sale of integrated circuits. Components of revenue are as follows:

	2023	2022
Sales revenue	\$ 2,660,978	\$ 4,683,659
Others	990	930
Total	\$ 2,661,968	\$ 4,684,589

(5) Geographical information

	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 645,836	\$ 1,284,988	\$ 1,283,666	\$ 1,338,348
Hong Kong	977,031	2,964	1,398,744	882
Mainland China	96,781	635	203,129	445
Others	942,320	2,299	1,799,050	797
Total	<u>\$ 2,661,968</u>	<u>\$ 1,290,886</u>	<u>\$ 4,684,589</u>	<u>\$ 1,340,472</u>

(6) Major customer information

	2023			2022	
	Revenue	Segment		Revenue	Segment
ALM	\$ 282,571	The Group	ALM	\$ 908,068	The Group

Etron Technology, Inc.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Type of marketable securities	Name of marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Remark
					Number of shares	Carrying amount	Shareholding ratio	Fair value	
Etron Technology, Inc.	Stock	uPI Semiconductor Corp.	None	Financial assets at fair value through profit or loss - current	32,000	\$ 10,048	-	\$ 10,048	
Kingwell Investment Corp.	Stock	Macronix International Co., Ltd.	The president of the investee and the chairman of the Company are relatives within second degree of kinship	Financial assets at fair value through profit or loss - current	15,840	497	-	497	
Kingcharm Investment Corp.	Stock	Walton Advanced Engineering, Inc.	None	Financial assets at fair value through profit or loss - current	10,000	153	-	153	
Kingcharm Investment Corp.	Stock	ProMos Technology, Inc.	None	Financial assets at fair value through profit or loss - current	6	-	-	-	
Creative Ally Limited	Stock	Cognito Health International Inc.	None	Financial assets at fair value through other comprehensive income - non-current	1,010,101	16,748	1.07%	16,748	
Etron Technology (HK) Limited	Equity investment	Shanghai Walden Venture Capital Enterprise	None	Financial assets at fair value through other comprehensive income - non-current	-	177,332	1.52%	177,332	
Etron Technology (HK) Limited	Equity investment	Walden Technology Ventures II,L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	147,752	2.64%	147,752	
Etron Technology (HK) Limited	Equity investment	Arm IoT Fund L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	28,115	4.65%	28,115	
Etron Technology (HK) Limited	Equity investment	WI Harper Fund IX, L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	16,035	1.06%	16,035	
Kinglord Corp.	Stock	Senti Biosciences, Inc.	The chairman of the investee and the chairman of the Company are relatives within the second degree of kinship	Financial assets at fair value through other comprehensive income - non-current	41,475	840	0.09%	840	
Kinglord Corp.	Stock	Personal Genomics, Inc.	None	Financial assets at fair value through other comprehensive income - non-current	741,926	2,659	0.91%	2,659	
Plusway Corp.	Stock	Personal Genomics, Inc.	None	Financial assets at fair value through other comprehensive income - non-current	6,261,451	6,911	7.69%	6,911	

					As of December 31, 2023				
Securities held by	Type of marketable securities	Name of marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Carrying amount	Shareholding ratio	Fair value	Remark
Plusway Corp.	Equity investment	WI Harper Fund IX, L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	24,053	1.59%	24,053	
Plusway Corp.	Equity investment	IT-Farm J-Tech Fund Investment Limited Partnership	None	Financial assets at fair value through other comprehensive income - non-current	-	8,943	4.55%	8,943	
Plusway Corp.	Stock	Cognito Health International Inc.	None	Financial assets at fair value through other comprehensive income - non-current	219,635	3,642	0.23%	3,642	
Kingwell Investment Corp.	Stock	Bridge Semiconductor Corporation	None	Financial assets at fair value through other comprehensive income - non-current	1,375,000	\$ -	5.75%	\$ -	
Kingwell Investment Corp.	Stock	Innorich Venture Capital Corp.	None	Financial assets at fair value through other comprehensive income - non-current	6,000,000	28,748	11.21%	28,748	
Kingwell Investment Corp.	Stock	Raytek Semiconductor, Inc.	None	Financial assets at fair value through other comprehensive income - non-current	1,852,000	23,417	1.54%	23,417	
Kingwell Investment Corp.	Stock	Ardentec Corporation	The chairman of the investee and the chairman of the Company are relatives within second degree of kinship	Financial assets at fair value through other comprehensive income - non-current	3,712,457	274,722	0.76%	274,722	
Kingwell Investment Corp.	Stock	Anqing Innovation Investment Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	2,000,000	13,180	4.33%	13,180	
Kingwell Investment Corp.	Stock	Mosa Industrial Corporation	None	Financial assets at fair value through other comprehensive income - non-current	38,000	903	0.02%	903	
Kingwell Investment Corp.	Equity investment	Arm IoT Fund L.P.	None	Financial assets at fair value through other comprehensive income - non-current	-	9,311	1.54%	9,311	
Kingwell Investment Corp.	Stock	IQE PLC	None	Financial assets at fair value through other comprehensive income - non-current	55,916	536	0.01%	536	
Kingcharm Investment Corp.	Stock	Bridge Semiconductor Corporation	None	Financial assets at fair value through other comprehensive income - non-current	1,988,970	-	8.32%	-	
Kingcharm Investment Corp.	Stock	Digitimes Inc.	None	Financial assets at fair value through other comprehensive income - non-current	78,750	825	0.37%	825	

Table 1 on Page 2

Etron Technology, Inc.

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table2

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship	Transaction Situation			Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Remark (Note 2)	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
Etron Technology, Inc.	Etron Technology (HK) Limited	An indirectly held subsidiary of the Company	Sales	(\$ 107,553)	4.18%	90 days end of month	Not applicable	Not applicable	\$ 22,820	3.61%	

Etron Technology, Inc.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

Table3

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transactions			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms (Note 4)	
0	Etron Technology, Inc.	Etron Technology America, Inc.	1	Service expense	\$ 18,605	-	0.70%
0	Etron Technology, Inc.	Etron Technology America, Inc.	1	Commission expenses	16,299	-	0.61%
0	Etron Technology, Inc.	Etron Technology America, Inc.	1	Other accrued expense	1,840	-	0.03%
0	Etron Technology, Inc.	Anzon Corporation	1	Service expense	2,522	-	0.09%
0	Etron Technology, Inc.	Fullboom Electronics (Shenzhen) Co., Ltd.	1	Commission expenses	10,589	-	0.40%
0	Etron Technology, Inc.	Fullboom Electronics (Shenzhen) Co., Ltd.	1	Service expense	4,855	-	0.18%
0	Etron Technology, Inc.	Fullboom Electronics (Shenzhen) Co., Ltd.	1	Other accrued expense	2,159	-	0.03%
0	Etron Technology, Inc.	Etron Technology (HK) Limited	1	Sales revenue	107,553	-	4.04%
0	Etron Technology, Inc.	Etron Technology (HK) Limited	1	Accounts receivable	22,820	-	0.33%
0	Etron Technology, Inc.	eEver Technology, Inc.	1	Sales revenue	1,137	-	0.04%
0	Etron Technology, Inc.	eEver Technology, Inc.	1	Other receivables	6,605	-	0.10%
0	Etron Technology, Inc.	eEver Technology, Inc.	1	Other income	15,527	-	0.58%
0	Etron Technology, Inc.	eEver Technology, Inc.	1	Support service income	2,645	-	0.10%
0	Etron Technology, Inc.	eYs3D Microelectronics Co.	1	Support service income	4,450	-	0.17%
0	Etron Technology, Inc.	eYs3D Microelectronics Co.	1	Other receivables	14,356	-	0.21%
0	Etron Technology, Inc.	eYs3D Microelectronics Co.	1	Other income	20,773	-	0.78%
0	Etron Technology, Inc.	Insignis Technology Corporation	1	Sales revenue	20,337	-	0.76%
0	Etron Technology, Inc.	ValueCreation Technology, Inc.	1	Miscellaneous income	8,174	-	0.31%
0	Etron Technology, Inc.	Invention and Collaboration Laboratory Pte. Ltd.	1	Service expense	1,446	-	0.05%
1	eYs3D Microelectronics Co.	Fullboom Electronics (Shenzhen) Co., Ltd.	3	Service expense	13,094	-	0.49%
1	eYs3D Microelectronics Co.	Fullboom Electronics (Shenzhen) Co., Ltd.	3	Other accrued expense	2,170	-	0.03%
1	eYs3D Microelectronics Co.	AiYs3D Technology, Inc.	3	Service expense	6,081	-	0.23%
2	eEver Technology, Inc.	Fullboom Electronics (Shenzhen) Co., Ltd.	3	Service expense	4,310	-	0.16%
3	Invention and Collaboration Laboratory, Inc.	Invention and Collaboration Laboratory Pte. Ltd.	3	Income received in advance	2,401	-	0.04%

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; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) The parent company to subsidiaries.
- (2) Subsidiaries to the parent company.
- (3) Subsidiaries to subsidiaries.

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 prices and credit terms for the transactions between parent company and subsidiaries would be available for third parties. The terms for incomparable transactions are negotiated by the both parties.

Etron Technology, Inc.
Names, locations and other information of investees (not including investees in Mainland China)
Year ended December 31, 2023

Table4

Expressed in thousands of NTD
(Except as otherwise indicated)

Name of investor	Name of Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Profit (loss) of the investee for the year	Investment income (loss) recognized by the Company for the year	Remark
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Carrying amount			
Etron Technology, Inc.	Eutrend Technology, Inc.	Taiwan	Testing service for high frequency or high-power radio frequency, analog, digital, and mixed-signal components	\$ 112,099	\$ 112,099	2,702,522	93.57%	\$ 263	(\$ 75)	(\$ 70)	Subsidiaries
Etron Technology, Inc.	Kinglord Corp.	British Virgin Islands	Investment holdings	853,849	853,849	25,458	100.00%	473,031	39,843	39,843	Subsidiaries
Etron Technology, Inc.	Plusway Corp.	British Virgin Islands	Investment holdings	501,877	511,185	9,825	100.00%	139,041	(1,162)	(1,162)	Subsidiaries
Etron Technology, Inc.	Kingwell Investment Corp.	Taiwan	Investment in the manufacturing and service industries	8,215	22,861	14,083,000	100.00%	417,977	8,607	8,607	Subsidiaries
Etron Technology, Inc.	Kingcharm Investment Corp.	Taiwan	Investment holdings	188,512	188,512	18,000,000	100.00%	9,924	(23,986)	(23,986)	Subsidiaries
Etron Technology, Inc.	Intercosmos Group Limited	British Virgin Islands	Investment holdings	106,429	142,188	4,488	100.00%	193,133	896	896	Subsidiaries
Etron Technology, Inc.	Creative Ally Limited	British Virgin Islands	Investment holdings	127,141	111,921	4,220	100.00%	32,451	(16,345)	(16,345)	Subsidiaries
Etron Technology, Inc.	eCapture Ltd. Co.	Cayman Islands	Investment holdings	31,051	31,051	11,666,667	100.00%	2,083	(258)	(258)	Subsidiaries
Etron Technology, Inc.	Insignis Technology, Inc.	Cayman Islands	Investment holdings	60,488	60,488	24,500,000	100.00%	17,634	(6,423)	(6,423)	Subsidiaries
Etron Technology, Inc.	eEver Technology Limited	Cayman Islands	Investment holdings	44,857	44,857	14,250,001	50.42%	(2,001)	(91,836)	(43,270)	Subsidiaries
Etron Technology, Inc.	eYs3D Microelectronics, Inc.	Cayman Islands	Investment holdings	553,326	429,195	58,019,238	64.20%	60,962	(208,621)	(133,567)	Subsidiaries
Etron Technology, Inc.	DeCloak Intelligences Co.	Taiwan	Information and software services	53,017	35,600	4,155,203	79.98%	10,569	(22,324)	(17,904)	Subsidiaries
Etron Technology, Inc.	T-Era Architecture Technology, Inc.	Cayman Islands	Investment holdings	11,249	6,309	2,921,600	7.56%	888	(7,607)	(442)	Subsidiaries
Etron Technology, Inc.	TAT Technology, Inc.	Cayman Islands	Investment holdings	7,553	4,730	1,971,200	7.33%	448	(5,367)	(313)	Subsidiaries
Etron Technology, Inc.	ValueCreation Technology, Inc.	Taiwan	Intellectual property industry	15,000	-	1,500,000	100.00%	3,675	(3,224)	(11,193)	Subsidiaries
Kingwell Investment Corp.	Pinoer Chip Technology Limited.	Taiwan	Electronic component manufacturing industry	2,000	2,000	200,000	100.00%	73	(4)	(4)	Second-tier subsidiary
Kingwell Investment Corp.	nD-HI Technologies Lab, Inc.	Taiwan	Electronic component manufacturing industry	24,093	12,093	2,500,000	96.05%	(427)	(13,229)	(12,707)	Second-tier subsidiary
Kingwell Investment Corp.	Great Team Backend Foundry, Inc.	British Virgin Islands	Investment holdings	27,020	33,737	1,555,390	5.39%	31,170	(4,096)	39	Investee company of the subsidiary
Kingcharm Investment Corp.	eEver Technology Limited	Cayman Islands	Investment holdings	58,969	58,969	5,838,680	20.66%	(820)	(91,836)	(18,958)	Subsidiaries
Kingcharm Investment Corp.	eYs3D Microelectronics, Inc.	Cayman Islands	Investment holdings	21,654	21,654	2,084,340	2.31%	2,214	(208,621)	(5,088)	Subsidiaries
Kinglord Corp.	Etron Technology America, Inc.	U.S.A	Sales agent of electronic components	172,562	172,590	47,666,666	100.00%	20,081	(8,414)	(8,095)	Second-tier subsidiary
Kinglord Corp.	Anzon Technology, Inc.	British Virgin Islands	Investment holdings	11,085	11,086	1,681,000	70.85%	1,678	(820)	(606)	Second-tier subsidiary
Kinglord Corp.	Etron Technology (HK) Limited	Hong Kong	Sales of electronic components	147,384	147,408	37,440,000	100.00%	442,052	50,932	50,932	Second-tier subsidiary
Kinglord Corp.	eYs3D Microelectronics, Inc.	Cayman Islands	Investment holdings	8,608	8,609	785,273	0.87%	834	(208,621)	(1,916)	Subsidiaries
Etron Technology (HK) Limited	eYs3D Microelectronics, Inc.	Cayman Islands	Investment holdings	25,540	25,544	2,329,918	2.58%	2,472	(208,621)	(5,693)	Subsidiaries

Name of investor	Name of Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Profit (loss) of the investee for the year	Investment income (loss) recognized by the Company for the year	Remark
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Carrying amount			
Anzon Technology, Inc.	Anzon Corporation	Japan	Sales agent of electronic components	17,365	17,368	185	100.00%	2,284	(921)	(830)	Third-tier subsidiary
Intercosmos Group Limited	Grandsino Technology Limited	British Virgin Islands	Investment holdings	42,763	78,346	3,866	100.00%	177,016	307	307	Second-tier subsidiary
Intercosmos Group Limited	Fullboom International Limited	Samoa	Investment holdings	32,240	32,246	1,050,000	100.00%	14,678	704	670	Second-tier subsidiary
Grandsino Technology Limited	Great Team Backend Foundry, Inc.	British Virgin Islands	Investment holdings	41,192	75,186	7,979,999	27.67%	175,666	(4,096)	201	Investee of the second-tier subsidiary
Plusway Corp.	Great Team Backend Foundry, Inc.	British Virgin Islands	Investment holdings	64,938	76,151	2,410,886	9.12%	80,093	(4,096)	66	Investee company of the subsidiary
Plusway Corp.	eYs3D Microelectronics, Inc.	Cayman Islands	Investment holdings	8,989	8,990	887,121	0.98%	939	(208,621)	(2,167)	Subsidiaries
Creative Ally Limited	Invention and Collaboration Laboratory Pte. Ltd.	Singapore	Semiconductor technology development, consulting, and design services	30,718	15,362	10,428,000	81.11%	14,642	(20,305)	(16,470)	Second-tier subsidiary
eCapture Ltd. Co.	eCapture Co., Limited	Hong Kong	Marketing, sales and development of electronic products	29,170	29,175	950,000	100.00%	1,869	(92)	(92)	Second-tier subsidiary
Insignis Technology, Inc.	Insignis Technology Corporation	U.S.A	Sales of electronic components	58,800	58,810	1,915,000	100.00%	17,528	(6,159)	(6,311)	Second-tier subsidiary
eEver Technology Limited	eEver Technology, Inc.	Taiwan	Electronic component manufacturing industry	200,739	200,772	29,450,000	100.00%	7,192	(89,404)	(89,404)	Second-tier subsidiary
eYs3D Microelectronics, Inc.	eYs3D Microelectronics Co. Inc.	Taiwan	Electronic component manufacturing industry	935,941	779,718	101,600,000	100.00%	100,541	(206,624)	(206,624)	Second-tier subsidiary
eYs3D Microelectronics, Inc.	AiYs3D Technology, Inc	U.S.A	Marketing and customer service	307	307	10,000	100.00%	607	7	7	Second-tier subsidiary
Invention and Collaboration Laboratory Pte. Ltd.	Invention and Collaboration Laboratory, Inc.	Taiwan	Electronic component manufacturing industry	\$ 1,476	\$ 1,477	\$ 134,000	100.00%	\$ 1,251	\$ 72	\$ 72	Third-tier subsidiary
Invention and Collaboration Laboratory Pte. Ltd.	T-Era Architecture Technology, Inc.	Cayman Islands	Investment holdings	614	614	20,000,000	51.76%	6,082	(7,607)	(4,129)	Third-tier subsidiary
Invention and Collaboration Laboratory Pte. Ltd.	TAT Technology, Inc.	Cayman Islands	Investment holdings	430	430	14,000,000	52.08%	3,178	(5,367)	(2,911)	Third-tier subsidiary
T-Era Architecture Technology, Inc.	T-Era Architecture Technology Corp.	Taiwan	Semiconductor technology development, consulting, and design services	19,868	10,281	2,000,000	100.00%	9,002	(7,319)	(7,319)	Third-tier subsidiary
T-Era Architecture Technology, Inc.	TAT Technology, Inc.	Cayman Islands	Investment holdings	3,439	2,211	896,000	3.33%	210	(5,367)	(136)	Third-tier subsidiary
TAT Technology, Inc.	TAT Technology Corp.	Taiwan	Semiconductor technology development, consulting, and design services	11,334	7,711	1,128,000	100.00%	4,799	(4,968)	(4,968)	Third-tier subsidiary
TAT Technology, Inc.	T-Era Architecture Technology, Inc.	Cayman Islands	Investment holdings	5,097	2,948	1,328,000	3.44%	409	(7,607)	(196)	Third-tier subsidiary
ValueCreation Technology, Inc.	WeCrevention, Inc.	U.S.A	Intellectual property industry	3,209	-	100,000	100.00%	2,907	(170)	(170)	Second-tier subsidiary

Table 4, Page 2

Etron Technology, Inc.
Information on investments in Mainland China
Year ended December 31, 2023

Table5

Expressed in thousands of NTD
(Except as otherwise indicated)

1. Basic information

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Profit (loss) of the investee for the year	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year (Note 2)	Carrying amount of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Remark
					Remitted to Mainland China	Remitted back to Taiwan							
Great Team Backend Foundry (Dongguan), Ltd.	Other transistors	\$ 2,705,620	(2)	\$248,045	\$ -	\$ 51,784	\$196,261	\$ 19,507	12.65%	\$ 2,468	\$ 258,908	\$ -	Note 3, Note 4, Note 5
Fullboom Electronics (Shenzhen) Co., Ltd.	Wholesale and international trade of electronic components	30,705	(2)	32,285	-	-	32,285	704	100.00%	704	13,755	-	Note 6
Shanghai Walden Venture Capital Enterprise	Investment in new venture companies	39,633	(2)	35,154	-	-	35,154	-	1.52%	-	177,332	-	Note 7
Walden Technology Ventures II, L.P.	Investment in new venture companies	2,163,751	(2)	95,668	-	-	95,668	-	2.64%	-	147,752	-	Note 7

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 from Fullboom Electronics (Shenzhen) Co., Ltd. was recognized based on the financial statements that are audited and attested by R.O.C. parent company's CPA; Investment income from Great Team Backend Foundry (Dongguan), Ltd. was recognized based on the financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

Note:3 Investing through Great Team Backend Foundry, Inc., which is invested by Kingwell Investment Corp.

Note:4 Investing through Great Team Backend Foundry, Inc., which is invested by Grandsino Technology Limited and Grandsino Technology Limited is invested by Intercosmos Group Limited.

Note:5 Investing through Great Team Backend Foundry, Inc., which is invested by Plusway Corp.

Note:6 Investing through Fullboom International Limited, which is invested by Intercosmos Group Limited.

Note:7 Investing through Etron Technology (HK) Limited, which is invested by Kinglord Corp.

2. Ceiling on reinvestments in Mainland China:

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China
Etron Technology, Inc.	\$ 359,368 (USD 10,790 thousands)	\$ 437,086 (USD 14,235 thousands)	\$ 2,089,331