

**Greatek Electronics Inc. and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Greatek Electronics Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Greatek Electronics Inc. and its subsidiaries (the "Corporation") as of March 31, 2024 and 2023 and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three-months periods then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 12 to the consolidated financial statements, we did not review the financial statements of some immaterial subsidiaries, which included in the consolidated financial statements, as of and for the three months ended March 31, 2024 and 2023, which represented total assets of 0.52% \$132,888 thousand and 0.63% \$155,686 thousand of the consolidated assets; and total liabilities of 1.69% \$48,321 thousand and 1.66% \$57,797 thousand of the consolidated liabilities. These statements also reflected these subsidiaries' comprehensive income of (0.21)% \$(2,597) thousand and (0.56)% \$(2,761) thousand of the consolidated comprehensive income for the three months ended March 31, 2024 and 2023, respectively. These investment amounts, as well as related information disclosed in Note 31 to the consolidated financial statements, were based on unreviewed financial statements of the investees for the same reporting periods as those of the Corporation and subsidiaries.

Conclusion

Based on our reviews, except for the consolidated financial statements of subsidiaries and investees as well as related information disclosed referred to in preceding paragraph, were based on unreviewed financial statements of the investees for the same reporting periods as those of the Corporation and subsidiaries, if those consolidated financial statements had been reviewed and any adjustments were determined to be necessary, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of the Corporation as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Cheng-Chih Lin and Su-Li Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 3, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. The English version have not reviewed by Deloitte & Touche. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

GREATEK ELECTRONICS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

ASSETS	March 31, 2024 (Reviewed)		December 31, 2023 (Audited)		March 31, 2023 (Reviewed)		LIABILITIES AND EQUITY	March 31, 2024 (Reviewed)		December 31, 2023 (Audited)		March 31, 2023 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash (Note 6)	\$ 5,522,838	22	\$ 4,727,979	19	\$ 4,413,849	18	Financial liabilities at fair value through profit or loss - current (Note 7)	\$ 1,767	-	\$ 6	-	\$ 84	-
Financial assets at fair value through profit or loss - current (Note 7)	-	-	1,978	-	30,389	-	Contract liabilities - current (Note 21)	110,132	-	112,686	1	165,492	1
Financial assets at amortized cost - current (Note 9)	50,000	-	50,000	-	50,000	-	Notes payable	4,930	-	3,773	-	5,920	-
Contract assets - current (Notes 21 and 27)	736,287	3	741,563	3	838,039	3	Accounts payable	671,659	3	647,650	3	580,897	2
Notes receivable (Notes 10 and 21)	24,774	-	16,338	-	28,975	-	Payables to equipment suppliers	190,000	1	251,727	1	352,058	2
Accounts receivable (Notes 10 and 21)	2,639,204	10	2,391,859	10	2,200,663	9	Accrued compensation to employees and remuneration to directors (Note 22)	436,754	2	351,971	1	568,406	2
Receivables from related parties (Notes 21 and 27)	309,395	1	397,557	2	204,588	1	Current income tax liabilities	199,874	1	82,063	-	328,880	1
Inventories (Note 11)	883,897	3	1,006,081	4	1,261,505	5	Lease liabilities - current (Note 14)	8,515	-	8,554	-	8,537	-
Prepaid expenses and other current assets (Notes 16 and 27)	133,487	1	139,297	1	227,383	1	Accrued expenses and other current liabilities (Notes 17 and 27)	842,246	3	1,115,633	5	924,244	4
Total current assets	10,299,882	40	9,472,652	39	9,255,391	37	Guarantee deposits - current (Note 18)	73,600	-	70,622	-	69,920	-
NON-CURRENT ASSETS							Total current liabilities	2,539,477	10	2,644,685	11	3,004,438	12
Financial assets at fair value through other comprehensive income - non-current (Note 8)	2,365,900	9	1,663,800	7	1,073,800	4	NON-CURRENT LIABILITIES						
Financial assets at amortized cost - noncurrent (Note 9)	-	-	-	-	50,000	-	Deferred income tax liabilities	16,006	-	10,169	-	11,058	-
Property, plant and equipment (Note 13)	12,706,642	50	13,115,915	53	14,238,595	57	Lease liabilities - noncurrent (Note 14)	28,440	-	30,554	-	36,955	-
Right-of-use assets (Note 14)	34,850	-	37,022	-	43,539	-	Guarantee deposits-non current (Note 18)	261,296	1	264,846	1	314,656	1
Intangible assets (Note 15)	81,166	-	81,237	-	93,205	1	Net defined benefit liability - noncurrent (Notes 4 and 19)	10,826	-	29,597	-	114,817	1
Deferred income tax assets	353	-	14,812	-	4,013	-	Total non-current liabilities	316,568	1	335,166	1	477,486	2
Other noncurrent assets (Notes 16 and 28)	125,400	1	127,218	1	127,536	1	Total liabilities	2,856,045	11	2,979,851	12	3,481,924	14
Total non-current assets	15,314,311	60	15,040,004	61	15,630,688	63	EQUITY (Notes 20 and 25)						
TOTAL							EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
							Capital stock						
							Common stock	5,688,459	22	5,688,459	23	5,688,459	23
							Capital surplus	2,539	-	2,539	-	2,412	-
							Retained earnings						
							Legal reserve	4,297,180	17	4,297,180	17	3,984,926	16
							Special reserve	157,984	1	157,984	1		
							Unappropriated earnings	11,386,097	44	10,812,748	44	11,744,068	47
							Other equity	1,273,356	5	571,256	3	(18,744)	-
							Total equity attributable to shareholders of the Parent	22,755,615	89	21,530,166	88	21,401,121	86
							NON-CONTROLLING INTERESTS						
								2,533	-	2,639	-	3,034	-
							Total equity	22,758,148	89	21,532,805	88	21,404,155	86
TOTAL							TOTAL	\$ 25,614,193	100	\$ 24,512,656	100	\$ 24,886,079	100

GREATEK ELECTRONICS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
NET SALES (Notes 21 and 27)	\$ 3,479,721	100	\$ 3,016,735	100
OPERATING COSTS (Notes 11, 19, 22 and 27)	<u>2,787,620</u>	<u>80</u>	<u>2,480,294</u>	<u>82</u>
GROSS PROFIT	<u>692,101</u>	<u>20</u>	<u>536,441</u>	<u>18</u>
OPERATING EXPENSES (Notes 19 and 22)				
Selling and marketing expenses	13,413	1	10,915	-
General and administrative	74,753	2	46,805	2
Research and development	<u>66,001</u>	<u>2</u>	<u>54,288</u>	<u>2</u>
Total operating expenses	<u>154,167</u>	<u>5</u>	<u>112,008</u>	<u>4</u>
OPERATING INCOME	<u>537,934</u>	<u>15</u>	<u>424,433</u>	<u>14</u>
NONOPERATING INCOME AND EXPENSES (Note 22)				
Interest income	20,928	1	14,698	1
Other income	24,935	1	8,114	-
Other gains and losses	<u>78,912</u>	<u>2</u>	<u>(11,322)</u>	<u>-</u>
Total nonoperating income and expenses	<u>124,775</u>	<u>4</u>	<u>11,490</u>	<u>1</u>
INCOME BEFORE INCOME TAX	662,709	19	435,923	15
INCOME TAX EXPENSE (Notes 4 and 23)	<u>139,466</u>	<u>4</u>	<u>80,032</u>	<u>3</u>
NET INCOME	523,243	15	355,891	12
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income (Note 20)	<u>702,100</u>	<u>20</u>	<u>139,240</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,225,343</u>	<u>35</u>	<u>\$ 495,131</u>	<u>16</u>
NET INCOME ATTRIBUTABLE TO				
Shareholders of the Parent	\$ 523,349	15	\$ 356,002	12
Non-controlling interests	<u>(106)</u>	<u>-</u>	<u>(111)</u>	<u>-</u>
	<u>\$ 523,243</u>	<u>15</u>	<u>\$ 355,891</u>	<u>12</u>

(Continued)

GREATEK ELECTRONICS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO				
Shareholders of the Parent	\$ 1,225,449	35	\$ 495,242	16
Non-controlling interests	<u>(106)</u>	<u>-</u>	<u>(111)</u>	<u>-</u>
	<u>\$ 1,225,343</u>	<u>35</u>	<u>\$ 495,131</u>	<u>16</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 0.92</u>		<u>\$ 0.63</u>	
Diluted	<u>\$ 0.91</u>		<u>\$ 0.62</u>	

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

(With Deloitte & Touche review report dated May 3, 2024)

(Concluded)

GREATEK ELECTRONICS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Corporation							Other Equity Unrealized Gain (Loss) on Investments in Equity Instruments at Fair Value Through Other Comprehensive Income	Total	Noncontrolling Interest	Total Shareholders' Equity
	Share Capital Issued and Outstanding		Capital Surplus	Retained Earnings							
	Share (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2023	568,846	\$ 5,688,459	\$ 2,282	\$ 3,984,926	\$ -	\$ 11,388,066	\$ (157,984)	\$ 20,905,749	\$ 3,145	\$ 20,908,894	
Capital surplus - donations from shareholders	-	-	130	-	-	-	-	130	-	130	
Net income for the three months ended March 31, 2023	-	-	-	-	-	356,002	-	356,002	(111)	355,891	
Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	139,240	139,240	-	139,240	
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	356,002	139,240	495,242	(111)	495,131	
BALANCE, MARCH 31, 2023	<u>568,846</u>	<u>\$ 5,688,459</u>	<u>\$ 2,412</u>	<u>\$ 3,984,926</u>	<u>\$ -</u>	<u>\$ 11,744,068</u>	<u>\$ (18,744)</u>	<u>\$ 21,401,121</u>	<u>\$ 3,034</u>	<u>\$ 21,404,155</u>	
BALANCE, JANUARY 1, 2024	568,846	\$ 5,688,459	\$ 2,539	\$ 4,297,180	\$ 157,984	\$ 10,812,748	\$ 571,256	\$ 21,530,166	\$ 2,639	\$ 21,532,805	
Net income for the three months ended March 31, 2024	-	-	-	-	-	523,349	-	523,349	(106)	523,243	
Other comprehensive income (loss) for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	-	702,100	702,100	-	702,100	
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	523,349	702,100	1,225,449	(106)	1,225,343	
BALANCE, MARCH 31, 2024	<u>568,846</u>	<u>\$ 5,688,459</u>	<u>\$ 2,539</u>	<u>\$ 4,297,180</u>	<u>\$ 157,984</u>	<u>\$ 11,336,097</u>	<u>\$ 1,273,356</u>	<u>\$ 22,755,615</u>	<u>\$ 2,533</u>	<u>\$ 22,758,148</u>	

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

(With Deloitte & Touche review report dated May 3, 2024).

GREATEK ELECTRONICS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Current income before income tax	\$ 662,709	\$ 435,923
Adjustments to reconcile income before income tax to net cash provided by operating activities:		
Depreciation	755,324	765,554
Amortization	4,378	5,604
Net loss (gain) on fair value change of financial instruments designated as at fair value through profit or loss	3,739	(1,337)
Finance costs	225	278
Interest revenue	(20,928)	(14,698)
Net gain on disposal of property, plant and equipment	(5)	-
Net gain on foreign currency exchange	(114,603)	(24,909)
Changes in operating assets and liabilities:		
Decrease in contract assets	5,276	45,325
(Increase) decrease in notes receivable	(8,436)	15,604
Increase in accounts receivable	(134,793)	(172,388)
Decrease (increase) in accounts receivable from related parties	88,162	(35,258)
Decrease in inventories	122,184	163,502
Decrease (increase) in prepaid expenses and other current assets	10,602	(6,420)
Decrease in contract liabilities	(2,554)	(34,714)
Increase (decrease) in notes payable	1,157	(643)
Increase in accounts payable	14,361	174,180
Increase in accrued bonus to employees and remuneration to directors	84,783	57,717
Decrease in accrued expenses and other accounts payable	(273,387)	(389,467)
Decrease in net defined benefit liability	(18,771)	(95,811)
Cash generated from operations	1,179,423	888,042
Interest received	16,136	14,346
Interest paid	(225)	(278)
Income tax paid	(1,359)	(1,132)
Net cash provided by operating activities	<u>1,193,975</u>	<u>900,978</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(410,697)	(293,430)
Proceeds from disposal of property, plant and equipment	5	-
Decrease in guarantee deposits	1,818	117
Increase in intangible assets	-	(1,190)
Net cash used in investing activities	<u>(408,874)</u>	<u>(294,503)</u>

(Continued)

GREATEK ELECTRONICS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in guarantee deposits	\$ (13,444)	\$ (16,715)
Repayment of the principal portion of lease liabilities	(2,153)	(2,103)
Donations from shareholders	<u>-</u>	<u>130</u>
Cash used in financing activities	<u>(15,597)</u>	<u>(18,688)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>25,355</u>	<u>(9,467)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	794,859	578,320
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>4,727,979</u>	<u>3,835,529</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u><u>\$ 5,522,838</u></u>	<u><u>\$ 4,413,849</u></u>

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

(With Deloitte & Touche review report dated May 3, 2024)

(Concluded)

GREATEK ELECTRONICS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Greatek Electronics Inc. (Greatek) was incorporated in the Republic of China (“ROC”) on March 7, 1983. Greatek mainly provides semiconductor assembly and testing services on a turnkey basis.

Greatek’s shares have been listed on the Taiwan Stock Exchange (TSE) on October 26, 2000.

Powertech Technology Inc. (PTI) acquired Greatek’s 44.09% ownership, pursuant to Greatek’s board approval on December 21, 2011. On the reelection of the directors and supervisors of Greatek, PTI holds a majority of the directors seats and become parent. PTI has 42.91% ownership of Greatek as of March 31, 2024 and 2023.

The consolidated financial statements are presented in the Greatek’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved to the Board of Directors and issued on May 3, 2024.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Corporation’s accounting policies.

- b. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

These interim financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosure information included in the financial statements is less than those required in a complete set of annual financial statements.

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

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

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

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

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

See Notes 12 and 31 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, the accounting policies applied in these financial statements are consistent with those applied in the financial statements for the year ended December 31, 2023. For the summary of other significant accounting policies, refer to the financial statements for the year ended December 31, 2023.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and this is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgments and key sources of estimation uncertainty followed in these consolidated financial statements refer to the consolidated financial statements for the year ended December 31, 2023.

6. CASH

	March 31, 2024	December 31, 2023	March 31, 2023
Bank deposits	<u>\$ 5,522,838</u>	<u>\$ 4,727,979</u>	<u>\$ 4,413,849</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Bank deposits	0.55%-5.15%	0.55%-5.15%	0.43%-4.70%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets at FVTPL - current</u>			
Financial assets held for trading - current			
Non-derivative financial assets			
Mutual funds	\$ -	\$ -	\$ 29,858
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	<u>-</u>	<u>1,978</u>	<u>531</u>
	<u>\$ -</u>	<u>\$ 1,978</u>	<u>\$ 30,389</u>

Financial liabilities at FVTPL - current

Financial liabilities held for trading - current			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 1,767</u>	<u>\$ 6</u>	<u>\$ 84</u>

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

	Currency	Maturity Date	Contract Amounts (In Thousands)
<u>March 31, 2024</u>			
Sell forward exchange contracts	USD to NTD	2024.04.11-2024.05.13	USD4,700/NTD148,212
<u>December 31, 2023</u>			
Sell forward exchange contracts	USD to NTD	2024.01.11-2024.01.16	USD3,600/NTD112,236
<u>March 31, 2023</u>			
Sell forward exchange contracts	USD to NTD	2023.04.11-2023.05.11	USD5,200/NTD158,114

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Non-current</u>			
Domestic investments			
Listed shares			
Ordinary shares - Powertech Technology Inc.	<u>\$ 2,365,900</u>	<u>\$ 1,663,800</u>	<u>\$ 1,073,800</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Domestic investments			
Corporate bonds - P08 Taiwan Power			
Company 3A Bond	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
<u>Noncurrent</u>			
Domestic investments			
Corporate bonds - P08 Taiwan Power			
Company 3A Bond	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>

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

Refer to Note 26 for information relating to their credit risk management and impairment.

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable - operating	<u>\$ 24,774</u>	<u>\$ 16,338</u>	<u>\$ 28,975</u>
Accounts receivable	\$ 2,699,704	\$ 2,452,359	\$ 2,261,163
Less: Allowance for impairment loss	<u>(60,500)</u>	<u>(60,500)</u>	<u>(60,500)</u>
	<u>\$ 2,639,204</u>	<u>\$ 2,391,859</u>	<u>\$ 2,200,663</u>

The average credit period of sales of goods was 60-90 days. No interest was charged on accounts receivables. In order to minimize credit risk, the management of the Corporation has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Corporation's credit risk was significantly reduced.

The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivables. The expected credit losses on accounts receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Corporation's historical credit loss

experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation's different customer base.

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

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

March 31, 2024

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 2,670,929	\$ 28,003	\$ 533	\$ 170	\$ 39	\$ 2,699,704
Loss allowance (Lifetime ECL)	<u>(31,725)</u>	<u>(28,003)</u>	<u>(533)</u>	<u>(170)</u>	<u>(39)</u>	<u>(60,500)</u>
Amortized cost	<u>\$ 2,639,204</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,639,204</u>

December 31, 2023

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 2,443,616	\$ 7,206	\$ 149	\$ 126	\$ 1,262	\$ 2,452,359
Loss allowance (Lifetime ECL)	<u>(51,757)</u>	<u>(7,206)</u>	<u>(149)</u>	<u>(126)</u>	<u>(1,262)</u>	<u>(60,500)</u>
Amortized cost	<u>\$ 2,391,859</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,391,859</u>

March 31, 2023

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 2,231,250	\$ 26,759	\$ 2,581	\$ 512	\$ 61	\$ 2,261,163
Loss allowance (Lifetime ECL)	<u>(30,587)</u>	<u>(26,759)</u>	<u>(2,581)</u>	<u>(512)</u>	<u>(61)</u>	<u>(60,500)</u>
Amortized cost	<u>\$ 2,200,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,200,663</u>

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

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1 and March 31	<u>\$ 60,500</u>	<u>\$ 60,500</u>

11. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 775,860	\$ 889,772	\$ 1,131,485
Supplies	<u>108,037</u>	<u>116,309</u>	<u>130,020</u>
	<u>\$ 883,897</u>	<u>\$ 1,006,081</u>	<u>\$ 1,261,505</u>

The costs of inventories recognized as cost of goods sold were as follows:

	For the Three Months Ended March 31	
	2024	2023
Unallocated overheads	\$ 177,477	\$ 267,803
Sales of scrapes	\$ (15,539)	\$ (14,889)
Operating Costs	<u>\$ 2,787,620</u>	<u>\$ 2,480,294</u>

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	Proportion of Ownership			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
Greatek Electronics Inc.	Get-Team Tech Corporation (Get-Team)	Metal plating on semiconductor lead frame	97.46%	97.46%	97.46%	Notes 1 and 2

Note: It is a non-significant subsidiary, its financial statements for three months ended March 31, 2024 have not been reviewed.

13. PROPERTY, PLANT AND EQUIPMENT

	For the Three Months Ended March 31, 2023									
	Land	Building	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Equipment under Installation	Construction in Progress	Spare Parts	Total
Cost										
Balance, beginning of period	\$ 1,981,352	\$ 4,817,450	\$ 19,956,436	\$ 28,481	\$ 150,278	\$ 656,832	\$ 835,990	\$ 1,983,196	\$ 258,547	\$ 30,668,562
Additions	-	140,489	12,290	-	334	25,560	88,139	150,093	68,531	485,436
Disposals	-	-	-	-	-	-	-	-	(72,596)	(72,596)
Reclassified	-	1,229,033	375,517	-	168	11,700	(387,385)	(1,229,033)	-	-
Balance, end of period	<u>1,981,352</u>	<u>6,186,972</u>	<u>20,344,243</u>	<u>28,481</u>	<u>150,780</u>	<u>694,092</u>	<u>536,744</u>	<u>904,256</u>	<u>254,482</u>	<u>31,081,402</u>
Accumulated depreciation										
Balance, beginning of period	-	2,491,245	13,093,970	16,036	88,918	461,853	-	-	-	16,152,022
Depreciation expense	-	73,038	597,697	995	4,509	14,546	-	-	72,596	763,381
Disposals	-	-	-	-	-	-	-	-	(72,596)	(72,596)
Balance, end of period	-	<u>2,564,283</u>	<u>13,691,667</u>	<u>17,031</u>	<u>93,427</u>	<u>476,399</u>	-	-	-	<u>16,842,807</u>
Net book value, beginning of period	<u>\$ 1,981,352</u>	<u>\$ 2,326,205</u>	<u>\$ 6,862,466</u>	<u>\$ 12,445</u>	<u>\$ 61,360</u>	<u>\$ 194,979</u>	<u>\$ 835,990</u>	<u>\$ 1,983,196</u>	<u>\$ 258,547</u>	<u>\$ 14,516,540</u>
Net book value, end of period	<u>\$ 1,981,352</u>	<u>\$ 3,622,689</u>	<u>\$ 6,652,576</u>	<u>\$ 11,450</u>	<u>\$ 57,353</u>	<u>\$ 217,693</u>	<u>\$ 536,744</u>	<u>\$ 904,256</u>	<u>\$ 254,482</u>	<u>\$ 14,238,595</u>

	For the Three Months Ended March 31, 2024									
	Land	Building	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Equipment under Installation	Construction in Progress	Spare Parts	Total
Cost										
Balance, beginning of period	\$ 1,981,352	\$ 6,639,658	\$ 16,155,519	\$ 27,671	\$ 136,908	\$ 645,141	\$ 328,048	\$ 778,129	\$ 257,904	\$ 26,950,330
Additions	-	37,163	61,338	-	2,738	13,504	128,376	16,600	88,467	348,186
Disposals	-	-	-	-	-	-	-	-	(98,114)	(98,114)
Reclassified	-	393,818	250,944	-	-	56,667	(311,912)	(393,817)	-	(4,307)
Balance, end of period	<u>1,981,352</u>	<u>7,070,639</u>	<u>16,467,801</u>	<u>27,671</u>	<u>139,646</u>	<u>715,312</u>	<u>144,505</u>	<u>400,912</u>	<u>248,257</u>	<u>27,196,095</u>
Accumulated depreciation										
Balance, beginning of period	-	2,890,486	10,441,882	19,003	69,796	413,248	-	-	-	13,834,415
Depreciation expense	-	109,260	523,071	838	5,004	16,865	-	-	98,114	753,152
Disposals	-	-	-	-	-	-	-	-	(98,114)	(98,114)
Balance, end of period	-	<u>2,999,746</u>	<u>10,864,953</u>	<u>19,841</u>	<u>74,800</u>	<u>430,113</u>	-	-	-	<u>14,489,453</u>
Net book value, beginning of period	<u>\$ 1,981,352</u>	<u>\$ 3,749,172</u>	<u>\$ 5,713,637</u>	<u>\$ 8,668</u>	<u>\$ 67,112</u>	<u>\$ 231,893</u>	<u>\$ 328,048</u>	<u>\$ 778,129</u>	<u>\$ 257,904</u>	<u>\$ 13,115,915</u>
Net book value, end of period	<u>\$ 1,981,352</u>	<u>\$ 4,070,893</u>	<u>\$ 5,502,848</u>	<u>\$ 7,830</u>	<u>\$ 64,846</u>	<u>\$ 285,199</u>	<u>\$ 144,505</u>	<u>\$ 400,912</u>	<u>\$ 248,257</u>	<u>\$ 12,706,642</u>

The above items of property, plant and equipment were depreciated on a straight-line basis at the following rates per annum:

Buildings	
Main plants	26 years
Mechanical and electrical power equipment	2-11 years
Others	2-51 years
Machinery and equipment	2-10 years
Transportation equipment	4-6 years
Office equipment	3-7 years
Other equipment	2-16 years
Spare parts	0.5 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Building	\$ 24,511	\$ 26,262	\$ 31,514
Machinery and Equipment	<u>10,339</u>	<u>10,760</u>	<u>12,025</u>
	<u>\$ 34,850</u>	<u>\$ 37,022</u>	<u>\$ 43,539</u>
	For the Three Months Ended March 31		
		2024	2023
<u>Depreciation charge for right-of-use assets</u>			
Building		\$ 1,751	\$ 1,751
Machinery and Equipment		<u>421</u>	<u>422</u>
		<u>\$ 2,172</u>	<u>\$ 2,173</u>

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Current	\$ 8,515	\$ 8,554	\$ 8,537
Non-current	<u>\$ 28,440</u>	<u>\$ 30,554</u>	<u>\$ 36,955</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Building	2.525%	2.525%	2.525%
Machinery and equipment	1.695%-2.300%	1.695%-2.300%	1.695%-2.300%

c. Material lease-in activities and terms

Get-Team leases certain buildings for the use of production line with lease terms of 5 years. Get-Team has no options to purchase the buildings for a nominal amount at the end of the lease terms.

Grtatek leases certain machinery equipment for the use of assembly and testing service with lease terms of 14 years. Grtatek has no options to purchase the equipment for a nominal amount at the end of the lease terms.

15 INTANGIBLE ASSETS

	For the Three Months Ended March 31, 2023			
	Goodwill	Trade secret	Computer Software	Total
<u>Cost</u>				
Balance, beginning of period	\$ 17,896	\$ 41,383	\$ 92,692	\$ 151,971
Additions	-	-	1,190	1,190
Balance, end of period	<u>17,896</u>	<u>41,383</u>	<u>93,882</u>	<u>153,161</u>
<u>Accumulated amortization</u>				
Balance, beginning of period	-	1,035	53,317	54,352
Additions	-	1,035	4,569	5,604
Balance, end of period	-	<u>2,070</u>	<u>57,886</u>	<u>59,956</u>
Net book value, end of period	<u>\$ 17,896</u>	<u>\$ 39,313</u>	<u>\$ 35,996</u>	<u>\$ 93,205</u>
	For the Three Months Ended March 31, 2024			
	Goodwill	Trade secret	Computer Software	Total
<u>Cost</u>				
Balance, beginning of period	\$ 17,896	\$ 41,383	\$ 64,512	\$ 123,791
Additions	-	-	4,307	4,307
Balance, end of period	<u>17,896</u>	<u>41,383</u>	<u>68,819</u>	<u>128,098</u>
<u>Accumulated amortization</u>				
Balance, beginning of period	-	5,174	37,380	42,554
Additions	-	1,035	3,343	4,378
Balance, end of period	-	<u>6,209</u>	<u>40,723</u>	<u>46,932</u>
Net book value, end of period	<u>\$ 17,896</u>	<u>\$ 35,174</u>	<u>\$ 28,096</u>	<u>\$ 81,166</u>

The Corporation acquired Get-Team in October, 2022 and recognized goodwill of \$17,896 thousand.

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

Trade secret	10 years
Computer Software	5 years

16. OTHER ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Inventory of supplies	\$ 35,300	\$ 38,295	\$ 32,875
Tax refund receivables	32,752	13,189	53,103
Tax overpaid	18,580	43,923	112,133
Other receivables	17,313	19,435	7,954
Interest receivables	8,033	3,241	2,427
Payment on behalf of others	7,211	6,580	3,350
Others (a)	<u>14,298</u>	<u>14,634</u>	<u>15,541</u>
	<u>\$ 133,487</u>	<u>\$ 139,297</u>	<u>\$ 227,383</u>
<u>Non-current</u>			
Pledged deposits (b)	\$ 118,700	\$ 118,700	\$ 118,700
Refundable deposits	<u>6,700</u>	<u>8,518</u>	<u>8,836</u>
	<u>\$ 125,400</u>	<u>\$ 127,218</u>	<u>\$ 127,536</u>

- a. Other current assets include prepaid insurances, prepayments in advance, temporary debits, and prepaid rents.
- b. Pledge deposits are guarantee deposits for domestic sales, gas volume in CPC Corporation, and environmental protection of lease buildings.

17. OTHER LIABILITIES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Accrued expenses			
Bonus	\$ 460,868	\$ 707,093	\$ 493,919
Utilities	51,678	49,522	42,395
Labor and health insurance	50,114	61,358	46,096
Indemnification payable (a)	35,664	35,664	131,408
Others (b)	<u>190,449</u>	<u>228,059</u>	<u>160,786</u>
	<u>788,773</u>	<u>1,081,696</u>	<u>874,604</u>
Other current liabilities			
Behalf of the collection	33,213	19,035	26,912
Temporary receipts	<u>20,260</u>	<u>14,902</u>	<u>22,728</u>
	<u>53,473</u>	<u>33,937</u>	<u>49,640</u>
	<u>\$ 842,246</u>	<u>\$ 1,115,633</u>	<u>\$ 924,244</u>

- a. Indemnification payable are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.
- b. Other accrued expenses include accrued spare parts, benefit retirement, services, and utilization of the foreign employment security.

18. GUARANTEE DEPOSITS

	March 31, 2024	December 31, 2023	March 31, 2023
Capacity guarantee	\$ 334,880	\$ 335,452	\$ 384,560
Others	<u>16</u>	<u>16</u>	<u>16</u>
	<u>\$ 334,896</u>	<u>\$ 335,468</u>	<u>\$ 384,576</u>
Current	<u>\$ 73,600</u>	<u>\$ 70,622</u>	<u>\$ 69,920</u>
Non-current	<u>\$ 261,296</u>	<u>\$ 264,846</u>	<u>\$ 314,656</u>

19. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages. Employee benefit expenses in respect of the Corporation’s defined contribution retirement plans were \$31,806 thousand and \$27,906 thousand for the three months ended March 31, 2024 and 2023, respectively.

- b. Defined benefit plans

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

In February 2024, Greatek reached an agreement with part of its employees for terminating their defined benefit pension plans and to settle its defined benefit obligation by relevant regulations.

Employee benefit expenses in respect of the Corporation’s defined benefit retirement plans were \$267 thousand and \$950 thousand for the three months ended March 31, 2024 and 2023, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2023 and 2022.

20. EQUITY

a. Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Numbers of shares authorized (in thousands)	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>
Shares authorized	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>568,846</u>	<u>568,846</u>	<u>568,846</u>
Shares issued	<u>\$ 5,688,459</u>	<u>\$ 5,688,459</u>	<u>\$ 5,688,459</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

There are 20,000 thousand shares reserved for employee stock options.

b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
May be used to offset a deficit, distributed as cash dividends or transferred to share capital			
Share premium	\$ 1,647	\$ 1,647	\$ 1,647
<u>May be used to offset a deficit only</u>			
Donations from shareholders	<u>892</u>	<u>892</u>	<u>765</u>
	<u>\$ 2,539</u>	<u>\$ 2,539</u>	<u>\$ 2,412</u>

The premium from shares issued in excess of par may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Corporation's capital surplus and once a year). The capital surplus from employee share options and share warrants may not be used for any purpose.

c. Retained earnings and dividend policy

Under the Corporation's Articles of Incorporation, the Corporation should make appropriations from its net income in the following order:

- 1) Deducted for accumulated deficits. (include current year's adjusted undistributed earnings)
- 2) Appropriate the 10% as the legal reserve. However when the legal reserve amounts to the authorized capital, this shall not apply.
- 3) Appropriate or reverse the special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge.
- 4) The board of directors will draft a resolution declaring a dividend equaling the sum of previous years' surpluses and current year's adjusted undistributed earnings, less previous expense balances. The shareholders will ultimately decide whether the amount should be distributed as dividends or retained within the Corporation.

For information on the accrued employees' compensation and remuneration to directors and the actual appropriations, please refer to the employee benefit expense shown in Note 22 (f).

Dividends are distributed in the form of cash, common shares or a combination of cash and common shares. In consideration of the Corporation's being in a capital-intensive industry as well as the long-term development, overall environment, industrial growth characteristics, capital demand, capital budget, shareholders' interests, balanced dividend considerations and long-term financial plans, the Corporation's Articles of Incorporation provide that the total of cash dividends paid in any given year should be at least 30% of total dividends distributed.

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

The Corporation appropriates or reverses a special reserve in accordance with Rule No.1010012865 issued by the FSC.

The appropriations of earnings for 2023 and 2022 had been proposed by the board of directors on February 23, 2024 and approved in the shareholders' meetings on May 30, 2023, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For Year 2023	Appropriation of Earnings For Year 2022	Dividends Per Share (\$)	
			For Year 2023	For Year 2022
Legal reserve	\$ 199,965	\$ 312,254	\$ -	\$ -
Special reserve	(157,984)	157,984	-	-
Cash dividends	1,422,115	2,104,730	2.5	3.7

The appropriations from the 2023 of earnings will be presented to the shareholders for their approval in their meeting on May 27, 2024.

d. Special reserve

	For the Three Months Ended December 31, 2023
Balance at January 1 and March 31	<u>\$ 157,984</u>

e. Other equity items

Unrealized gain (loss) on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 571,256	\$ (157,984)
Add: Net measurement of loss allowance (a)	<u>702,100</u>	<u>139,240</u>
Balance at March 31	<u>\$ 1,273,356</u>	<u>\$ (18,744)</u>

f. Non-controlling interests

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 2,639	\$ 3,145
Share in loss for the period	<u>(106)</u>	<u>(111)</u>
Balance at March 31	<u>\$ 2,533</u>	<u>\$ 3,034</u>

21. REVENUE

a. Contract information

	For the Three Months Ended March 31	
	2024	2023
Revenue from contracts with customers		
Revenue from assembly service	\$ 2,938,931	\$ 2,635,746
Revenue from testing service	<u>540,790</u>	<u>380,989</u>
	<u>\$ 3,479,721</u>	<u>\$ 3,016,735</u>

When the Corporation fulfilled the assembly service contract, the customer controls the goods when they are created or enhanced, the Corporation has the right to perform the collection if partial of the assembly service contract have been fulfilled, and the revenue from assembly service is recognized over time. When the Corporation fulfilled the testing service contract, the customer simultaneously receives and consumes the benefits provided by the Corporation's performance, the Corporation has the right to perform the collection if partial of the testing service contract have been fulfilled, and the revenue from testing service is recognized over time.

b. Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Notes and accounts receivables (included related parties) (Note 10)	<u>\$ 2,973,373</u>	<u>\$ 2,805,754</u>	<u>\$ 2,434,226</u>	<u>\$ 2,213,615</u>
Contract assets-current				
Revenue from services	\$ 736,287	\$ 741,563	\$ 838,039	\$ 883,364
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 736,287</u>	<u>\$ 741,563</u>	<u>\$ 838,039</u>	<u>\$ 883,364</u>
Contract liabilities- current				
Revenue from services	<u>\$ 110,132</u>	<u>\$ 112,686</u>	<u>\$ 165,492</u>	<u>\$ 200,206</u>

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

Revenue of the reporting period recognized from the beginning contract liability and from the performance obligations satisfied in previous periods is as follows:

	For the Three Months Ended March 31	
	2024	2023
From the beginning contract liability		
Revenue from services	<u>\$ 24,551</u>	<u>\$ 88,536</u>

c. Disaggregation of revenue

	For the Three Months Ended March 31	
	2024	2023
<u>Primary geographical markets</u>		
Taiwan (The location of the Corporation)	\$ 2,149,509	\$ 1,743,613
Asia	552,743	650,162
America	493,093	334,329
Europe	284,136	288,631
Africa	<u>240</u>	<u>-</u>
	<u>\$ 3,479,721</u>	<u>\$ 3,016,735</u>

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended March 31	
	2024	2023
Bank deposits	\$ 20,840	\$ 14,520
Financial assets measured at amortized cost	<u>88</u>	<u>178</u>
	<u>\$ 20,928</u>	<u>\$ 14,698</u>

b. Other income

	For the Three Months Ended March 31	
	2024	2023
Rent income	\$ 205	\$ 265
Others	<u>24,730</u>	<u>7,849</u>
	<u>\$ 24,935</u>	<u>\$ 8,114</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2024	2023
Net gain (loss) on foreign currency exchange	\$ 84,343	\$ (13,777)
Net (loss) gain arising on financial instruments classified as held for trading	(5,141)	2,742
Financial costs	(225)	(278)
Others	<u>(65)</u>	<u>(9)</u>
	<u>\$ 78,912</u>	<u>\$ (11,322)</u>

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2024	2023
An analysis of deprecation by function		
Operating costs	\$ 743,314	\$ 755,750
Operating expenses	<u>12,010</u>	<u>9,804</u>
	<u>\$ 755,324</u>	<u>\$ 765,554</u>
An analysis of amortization by function		
Operating costs	\$ 3,339	\$ 3,652
Selling and marketing expenses	-	-
General and administrative	445	412
Research and development	<u>594</u>	<u>1,540</u>
	<u>\$ 4,378</u>	<u>\$ 5,604</u>

e. Employee benefits expense

	For the Three Months Ended March 31	
	2024	2023
Post-employment benefits (see Note 19)		
Defined contribution plans	\$ 31,806	\$ 27,906
Defined benefit plans	<u>267</u>	<u>950</u>
	32,073	28,856
Other employee benefits	<u>948,328</u>	<u>775,217</u>
Total employee benefits expense	<u>\$ 980,401</u>	<u>\$ 804,073</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 862,186	\$ 719,692
Operating expenses	<u>118,215</u>	<u>84,381</u>
	<u>\$ 980,401</u>	<u>\$ 804,073</u>

f. Employees' compensation and remuneration of directors

The Corporation stipulate to distribute employees' compensation and remuneration of directors at the rates between 9% to 15% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the three month ended March 31, 2024 and 2023, the employees' compensation and the remuneration of directors were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2024	2023
Employees' compensation	10%	10%
Remuneration of directors	2%	2%

Amount

	For the Three Months Ended March 31	
	2024	2023
Employees' compensation	<u>\$ 70,652</u>	<u>\$ 48,098</u>
Remuneration of directors	<u>\$ 14,131</u>	<u>\$ 9,619</u>

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

The appropriations of employees' compensation and remuneration of directors for 2023 and 2022 having been resolved by the board of directors on February 23, 2024 and February 24, 2023, respectively, were as below:

	For the Year Ended December 31			
	2023		2021	
	Cash	Share	Cash	Share
Employees' compensation	\$ 293,309	\$ -	\$ 429,978	\$ -
Remuneration of directors	58,662	-	80,711	-

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the year ended December 31, 2023 and 2022.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors in 2024 and 2023 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain or loss on foreign currency exchange

	For the Three Months Ended March 31	
	2024	2023
Foreign exchange gains	\$ 84,343	\$ 14,748
Foreign exchange losses	<u>-</u>	<u>(28,525)</u>
	<u>\$ 84,343</u>	<u>\$ (13,777)</u>

23 INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2024	2023
Current tax		
In respect of the current period	\$ 118,776	\$ 81,300
Deferred tax		
In respect of the current period	<u>20,690</u>	<u>(1,268)</u>
Income tax expense recognized in profit or loss	<u>\$ 139,466</u>	<u>\$ 80,032</u>

b. Income tax assessments

Income tax returns through 2022 have been examined and cleared by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2024	2023
Basic earnings per share	<u>\$ 0.92</u>	<u>\$ 0.63</u>
Diluted earnings per share	<u>\$ 0.91</u>	<u>\$ 0.62</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Periods

	For the Three Months Ended March 31	
	2024	2023
Net profit attributable to owners of the Corporation	\$ 523,349	\$ 356,002
Effect to dilutive potential ordinary shares:		
Employees' compensation	<u>-</u>	<u>-</u>
Net profit in computation of diluted earnings per share	<u>\$ 523,349</u>	<u>\$ 356,002</u>

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	568,846	568,846
Effect to dilutive potential ordinary share:		
Employees' compensation	<u>3,959</u>	<u>5,761</u>
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	<u>572,805</u>	<u>574,607</u>

Since the Corporation offered to settle compensation paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure its ability to continue as going concerns while maximizing the return to stakeholders. The Corporation's overall strategy has no significant variations.

The capital structure of the Corporation consists of comprising issued capital, reserves and retained earnings.

Key management personnel of the Corporation review the capital structure on a annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Corporation may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

26. FINANCIAL INSTRUMENTS

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

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values or their fair values cannot be reliably measured.

March 31, 2024

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

December 31, 2023

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

March 31, 2023

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 100,000	\$ -	\$ 100,064	\$ -	\$ 100,064

The fair value of level 2 mentioned above was used quoted price from Taipei Exchange (Taiwan GreTai Securities Market).

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

1) Fair value hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic Listed shares	<u>\$ 2,365,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,365,900</u>
Financial liabilities at FVTPL				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 1,767</u>	<u>\$ -</u>	<u>\$ 1,767</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 1,978</u>	<u>\$ -</u>	<u>\$ 1,978</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic Listed shares	<u>\$ 1,663,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,663,800</u>
Financial liabilities at FVTPL				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 6</u> (Concluded)

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 29,858	\$ -	\$ -	\$ 29,858
Forward exchange contracts	<u>-</u>	<u>531</u>	<u>-</u>	<u>531</u>
	<u>\$ 29,858</u>	<u>\$ 531</u>	<u>\$ -</u>	<u>\$ 30,389</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic Listed shares	<u>\$ 1,073,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,073,800</u>
Financial liabilities at FVTPL				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 84</u>	<u>\$ -</u>	<u>\$ 84</u>

There were no transfers between Level 1 and 2 in the current and prior periods.

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

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)			
Held for trading	\$ -	\$ 1,978	\$ 30,389
Financial assets at amortized cost (Note 1)	8,696,957	7,733,627	7,085,992
Financial assets at FVTOCI			
Equity instruments	2,365,900	1,663,800	1,073,800
<u>Financial liabilities</u>			
Fair value through profit or loss (FVTPL)			
Held for trading	1,767	6	84
Amortized cost (Note 2)	1,336,672	1,396,659	1,426,215

Note 1: The balances include financial assets measured at amortized cost, which comprise cash, debt investments, notes and accounts receivables (included related parties), other receivables, other assets, and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise notes and accounts payable, payables to equipment suppliers, other payables, and guarantee deposits.

d. Financial risk management objectives and policies

The Corporation's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

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

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

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

a) Foreign currency risk

The Corporation had foreign currency sales and purchases, which exposed the Corporation to foreign currency risk. Approximately 71% and 74% of the Corporation's sales were denominated in currencies other than the functional currency of the Corporation entity making the sale, whilst almost 16% and 14% of costs were denominated in the Corporation entity's functional currency for the three months ended March 31, 2024 and 2023. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 30.

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

Sensitivity analysis

The Corporation was mainly exposed to the currency USD. The sensitivity analysis included currency USD denominated monetary items at the end of the reporting period. For a 1% strengthening and weakening of New Taiwan dollars against US dollars, the Corporation's pre-tax profit for the three months ended March 31, 2024 and 2023 would decrease/increase by \$18,273 thousand and \$17,497 thousand.

b) Interest rate risk

The carrying amount of the Corporation's financial assets with exposure to interest rates at the end of the reporting period was as follows. The Corporation's interest rate risk also comes from borrowings at floating interest rates.

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

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial assets	\$ 5,417,200	\$ 4,649,417	\$ 4,276,080
Cash flow interest rate risk			
Financial assets	224,338	197,262	256,469

Sensitivity analysis

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the three months ended March 31, 2024 and 2023 would increase/decrease by \$280 thousand and \$321 thousand, respectively, which was mainly attributable to the Corporation's exposure to interest rates on its variable-rate net assets.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in financial assets classified as fair value through profit or loss (i.e. FVTPL), available-for-sale, and fair value through other comprehensive income (i.e. FVTOCI).

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 1% higher/lower, the Corporation's pre-tax profit for the three months ended March 31, 2023 would increase/decrease by \$299 thousand, respectively, as a result of the changes in fair value of financial instruments classified as FVTPL. If equity prices had been 1% higher/lower, the Corporation's other comprehensive income for the three months ended March 31, 2024 and 2023 would increase/decrease by \$23659 thousand and \$10,738 thousand, respectively, as a result of the changes in fair value of financial instruments classified as FVTOCI.

2) Credit risk

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

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

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

Credit risk management for investments in debt instruments classified as at amortized cost was as follow.

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

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

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECL	0%

3) Liquidity risk

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

a) Liquidity of non-derivative financial liabilities

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

March 31, 2024

	On Demand or Less than 3 Month	3-6 Months	6 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Notes and accounts payable	\$ 676,589	\$ -	\$ -	\$ -	\$ -
Lease liabilities	2,333	2,333	4,622	24,728	5,240
Payables to equipment suppliers	190,000	-	-	-	-
Guarantee deposits	18,400	18,400	36,800	261,280	16
Other payables	<u>135,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,022,509</u>	<u>\$ 20,733</u>	<u>\$ 41,422</u>	<u>\$ 286,008</u>	<u>\$ 5,256</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Guarantee deposits	\$ 73,600	\$ 261,280	\$ -	\$ -	\$ -	\$ 16
Lease liabilities	<u>9,288</u>	<u>24,728</u>	<u>4,120</u>	<u>1,120</u>	<u>-</u>	<u>-</u>
	<u>\$ 82,888</u>	<u>\$ 286,008</u>	<u>\$ 4,120</u>	<u>\$ 1,120</u>	<u>\$ -</u>	<u>\$ 16</u>

December 31, 2023

	On Demand or Less than 3 Month	3-6 Months	6 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Notes and accounts payable	\$ 651,423	\$ -	\$ -	\$ -	\$ -
Lease liabilities	2,378	2,333	4,667	26,777	5,480
Payables to equipment suppliers	251,727	-	-	-	-
Guarantee deposits	17,655	17,655	35,312	264,830	16
Other payables	<u>158,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,081,224</u>	<u>\$ 19,988</u>	<u>\$ 39,979</u>	<u>\$ 291,607</u>	<u>\$ 5,496</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Guarantee deposits	\$ 70,622	\$ 264,830	\$ -	\$ -	\$ -	\$ 16
Lease liabilities	<u>9,378</u>	<u>26,777</u>	<u>4,240</u>	<u>1,240</u>	<u>-</u>	<u>-</u>
	<u>\$ 80,000</u>	<u>\$ 291,607</u>	<u>\$ 4,240</u>	<u>\$ 1,240</u>	<u>\$ -</u>	<u>\$ 16</u>

March 31, 2023

	On Demand or Less than 3 Month	3-6 Months	6 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Notes and accounts payable	\$ 586,817	\$ -	\$ -	\$ -	\$ -
Lease liabilities	2,378	2,378	4,757	32,997	6,260
Payables to equipment suppliers	352,058	-	-	-	-
Guarantee deposits	17,480	17,480	34,960	279,680	34,976
Other payables	<u>102,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,061,497</u>	<u>\$ 19,858</u>	<u>\$ 39,717</u>	<u>\$ 312,677</u>	<u>\$ 41,236</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Guarantee deposits	\$ 69,920	\$ 279,680	\$ 34,960	\$ -	\$ -	\$ 16
Lease liabilities	<u>9,513</u>	<u>32,997</u>	<u>4,660</u>	<u>1,600</u>	<u>-</u>	<u>-</u>
	<u>\$ 79,433</u>	<u>\$ 312,677</u>	<u>\$ 39,620</u>	<u>\$ 1,600</u>	<u>\$ -</u>	<u>\$ 16</u>

b) Liquidity of derivative financial liabilities

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

March 31, 2024

	On Demand or Less than 3 Month	3-6 Months	6 Months to 1 Year	1-5 Years	5+ Years
Gross settled					
Forward exchange contracts					
Inflows	\$ 148,212	\$ -	\$ -	\$ -	\$ -
Outflows	<u>(150,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (2,188)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

	On Demand or Less than 3 Month	3-6 Months	6 Months to 1 Year	1-5 Years	5+ Years
<u>Gross settled</u>					
Foreign exchange forward contracts					
Inflows	\$ 112,236	\$ -	\$ -	\$ -	\$ -
Outflows	(110,538)	-	-	-	-
	<u>\$ 1,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2023

	On Demand or Less than 3 Month	3-6 Months	6 Months to 1 Year	1-5 Years	5+ Years
<u>Gross settled</u>					
Forward exchange contracts					
Inflows	\$ 158,114	\$ -	\$ -	\$ -	\$ -
Outflows	(158,080)	-	-	-	-
	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

27. TRANSACTIONS WITH RELATED PARTIES

The Corporation's parent is PTL, which held 42.91% of common shares of the Corporation as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

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

a. Related party name and relationship

Related Party Name	Relationship with the Corporation
Powertech Technology Inc.	Parent entity
Realtek Semiconductor Corp.	Other related parties
Realtek Singapore Private Limited	Other related parties
Raymx Microelectronics Corp.	Other related parties

b. Revenue

Account Items	Related Parties Types	For the Three Months Ended March 31	
		2024	2023
Subcontract revenue	Other related parties	\$ 285,886	\$ 216,496
	Parent entity	<u>17,383</u>	<u>16,016</u>
		<u>\$ 303,269</u>	<u>\$ 232,512</u>

Sales transactions with related parties were made at the Corporation's usual list prices. The selling prices and collection terms for products sold to related parties were similar to those for products sold to third parties.

The prices and payment terms were negotiated and thus not comparable with those in the market.

c. Contract assets

Related Parties Types	March 31, 2024	December 31, 2023	March 31, 2023
Other related parties	\$ 39,750	\$ 24,977	\$ 57,349
Parent entity	<u>3,099</u>	<u>6,874</u>	<u>4,355</u>
	<u>\$ 42,849</u>	<u>\$ 31,851</u>	<u>\$ 61,704</u>

For the three months ended March 31, 2024 and 2023, and for the year ended December 31, 2023, no impairment loss was recognized for contract assets from related parties.

d. Manufacturing expenses

Related Parties Types	For the Three Months Ended March 31	
	2024	2023
Parent entity	<u>\$ 423</u>	<u>\$ 1,188</u>

The prices and payment terms were negotiated and thus not comparable with those in the market.

e. Account receivables from related parties

Account Items	Related Parties Types	March 31, 2024	December 31, 2023	March 31, 2023
Account receivables from related parties	Other related parties	\$ 282,023	\$ 359,053	\$ 182,996
	Parent entity	<u>27,372</u>	<u>38,504</u>	<u>21,592</u>
		<u>\$ 309,395</u>	<u>\$ 397,557</u>	<u>\$ 204,588</u>

f. Other receivables

Account Items	Related Parties Types	March 31, 2024	December 31, 2023	March 31, 2023
Prepaid expenses and other current assets	Parent entity	\$ 1,652	\$ 1,988	\$ 309
	Other related parties	<u>511</u>	<u>-</u>	<u>4</u>
		<u>\$ 2,163</u>	<u>\$ 1,988</u>	<u>\$ 313</u>

g. Payables to related parties

Account Items	Related Parties Types	March 31, 2024	December 31, 2023	March 31, 2023
Trade payables	Parent entity	<u>\$ 543</u>	<u>\$ 1,822</u>	<u>\$ 1,150</u>

h. Compensation of key management personnel

	For the Three Months Ended March 31	
	2024	2023
Short-term benefits	\$ 31,731	\$ 14,756
Post-employment benefits	<u>176</u>	<u>48</u>
	<u>\$ 31,907</u>	<u>\$ 14,804</u>

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged as collateral mainly for guarantee deposits for domestic sales, gas volume in CPC Corporation, and environmental protection of lease buildings.

	March 31, 2024	December 31, 2023	March 31, 2023
Pledge deposits (classified as other asset - noncurrent)	<u>\$ 118,700</u>	<u>\$ 118,700</u>	<u>\$ 118,700</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencie of the Corporation at March 31, 2024 was as follows:

a. Contingent liabilities

According to the draft “Regulations of Carbon Fee Collection”, starting in 2024, companies belonging to the power generation industry and large-scale operators in the manufacturing industry, with total annual greenhouse gas emissions generated by direct emissions and indirect emissions that occur through the use of purchased electricity exceeding 25,000 metric tons of carbon dioxide equivalent (tCO₂e), shall pay carbon fees if their plants are the emission sources subject to inventory, registration and inspection as announced by the Ministry of Environment. As of March 31, 2024, the accumulated greenhouse gas emissions of Greatek have reached 25,000 tCO₂e. However, since the rates of the carbon fee have not yet been announced, Greatek is not able to reliably estimate the amount of contingent liabilities.

b. Significant unrecognized commitments

- 1) In April 2022, Greatek signed a contract worth \$414,000 thousand with Jian Ming Contractor Co., Ltd. to set up a dormitory. As of March 31, 2024, the Corporation has paid a total of \$414,000 thousand.
- 2) In July 2022, Greatek signed a contract worth \$418,000 thousand with Jiu Han System Technology Co., Ltd. to set up MEP systems of the dormitory. As of March 31, 2024, the Corporation has paid a total of \$376,200 thousand.

30. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

March 31, 2024			
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 75,203	32.000 (USD:NTD)	\$ 2,406,494
HKD	1	4.089 (HKD:NTD)	<u>3</u>
			<u>\$ 2,406,497</u>
<u>Financial liabilities</u>			
Monetary items			
USD	18,100	32.000 (USD:NTD)	\$ 579,203
JPY	134,194	0.2115 (JPY:NTD)	<u>28,382</u>
			<u>\$ 607,585</u>
Non-monetary items			
Derivative instruments			
USD	4,700	31.911 (USD:NTD)	<u>\$ 1,767</u>
December 31, 2023			
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 78,404	30.705 (USD:NTD)	\$ 2,407,399
HKD	1	3.929 (HKD:NTD)	<u>3</u>
			<u>\$ 2,407,402</u>
Non-monetary items			
Derivative instruments			
USD	3,300	30.629 (USD:NTD)	<u>\$ 1,978</u>
<u>Financial liabilities</u>			
Monetary items			
USD	17,744	30.705 (USD:NTD)	\$ 544,838
JPY	119,710	0.2172 (JPY:NTD)	<u>26,001</u>
			<u>\$ 570,839</u>

(Continued)

December 31, 2023			
	Foreign Currencies	Exchange Rate	Carrying Amount
Non-monetary items			
Derivative instruments			
USD	\$ 300	30.629 (USD:NTD)	\$ <u>6</u> (Concluded)
March 31, 2023			
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 76,500	30.400 (USD:NTD)	\$ 2,325,592
HKD	1	3.849 (HKD:NTD)	<u>3</u>
			<u>\$ 2,325,595</u>
Non-monetary items			
Derivative instruments			
USD	4,000	30.321 (USD:NTD)	\$ <u>531</u>
<u>Financial liabilities</u>			
Monetary items			
USD	18,923	30.500 (USD:NTD)	\$ 575,893
JPY	193,896	0.2308 (JPY:NTD)	44,751
EUR	12	33.350 (EUR:NTD)	<u>384</u>
			<u>\$ 621,028</u>
Non-monetary items			
Derivative instruments			
USD	1,200	30.321 (USD:NTD)	\$ <u>84</u>

For the three months ended March 31, 2024 and 2023, realized and unrealized net foreign exchange gains (losses) were \$84,343 thousand and \$(13,777) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Corporation entities.

31. SEPARATELY DISCLOSED ITEMS

Information about significant transactions and investees:

- Loans provided to other parties: None.
- Endorsement/guarantee provided: None.
- Marketable securities held: Table 1 (attached).
- Purchases or sales of the same marketable securities amounting to at least NT\$300 million or 20% of the paid-in capital: None.

- e. Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: None.
- f. Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: None.
- g. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: Table 2 (attached).
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached).
- i. Derivative transactions: Note 7.
- j. Information of intercompany relationships and significant intercompany transactions: Table 4 (attached).
- k. Names, locations, and related information of investees over which the Corporation exercises significant influence: Table 5 (attached).
- l. Information on investment in mainland China: None.
- m. Information of major shareholders: Table 6 (attached).

32. SEGMENT INFORMATION

The revenues, operating results and financial information of each plant presented to the chief operating decision maker are consistent with the information in the financial statements. The segment revenues and operating results for the three months ended March 31, 2024 and 2023 are shown in the income statements for the three months ended March 31, 2024 and 2023. The segment assets as of March 31, 2024, December 31, 2023, and March 31, 2023 are shown in the balance sheets as of March 31, 2024, December 31, 2023, and March 31, 2023.

TABLE 1

GREATEK ELECTRONICS INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares (Thousands)	Carrying Value	% of Ownership	Fair Value	
Greatek Electronics Inc.	<u>Bond</u> P08 Taipower 3A	-	Financial assets at amortized cost - current	50	50,000	-	50,000	Note 1
	<u>Stock</u> Powertech Technology Inc.	Parent entity	Financial assets at fair value through other comprehensive profit or loss - noncurrent	11,800	2,365,900	2	2,365,900	Note 2
	SAMHOP Microelectronics Corp.	-	Financial assets at fair value through profit or loss - noncurrent	268	-	3	-	Note 3
	Terawins Inc.	-	Financial assets at fair value through profit or loss - noncurrent	643	-	2	-	Note 3
	Airwave Technologies Inc.	-	Financial assets at fair value through profit or loss - noncurrent	93	-	1	-	Note 3

Note 1: The fair value was based on trading market in hundreds of new Taiwan dollars as of March 31, 2024.

Note 2: The fair value of common shares was based on stock closing price as of March 31, 2024.

Note 3: The fair value was based on the carrying value as of as of March 31, 2024.

Note 4: As of March 31, 2024, the above marketable securities had not been pledged or mortgaged.

TABLE 2

GREATEK ELECTRONICS INC. AND SUBSIDIARIES

**TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Greatek Electronics Inc.	Realtek Semiconductor corp.	Parent company of the corporate supervisor	Sale	\$ 205,758	6	Net 60 days from monthly closing dates	Note	-	\$ 211,126	7	-

Note : Sales transactions with related parties were made at the Corporation’s usual list prices.

TABLE 3

GREATEK ELECTRONICS INC. AND SUBSIDIARIES

**RECEIVABLE FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2024**

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Greatek Electronics Inc.	Realtek Semiconductor corp.	Parent company of the corporate supervisor	\$ 211,126	3.19	\$ -	-	\$ 72,350	\$ -

TABLE 4

GREATEK ELECTRONICS INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024

(In Thousands of New Taiwan Dollars)

Company Name	Counterparty	Transaction Flow (Note 1)	Intercompany Transactions			
			Financial Statement Item	Amount	Terms	Percentage to Consolidated Total Gross Sales or Total Assets
Greatek Electronics Inc.	Get-Team Tech Corporation	1	Subcontract costs	\$ 32,919	Note 2	1%
	Get-Team Tech Corporation	1	Accounts payables	25,757	Note 2	-

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

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

TABLE 5

GREATEK ELECTRONICS INC. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE CORPORATION EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2024			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2024	December 31, 2023	Number of Shares	% of Ownership	Carrying Value			
Greatek Electronics Inc.	Get-Team Tech Corporation	Hsinchu	Metal plating on semiconductor lead frame	\$ 171,523	\$ 171,523	7,796,498	97.46	\$ 140,957	\$ (2,597)	\$ (4,062)	Subsidiary

TABLE 5**GREATEK ELECTRONICS INC. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Powertech Technology Inc.	244,064,379	42.91