

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

Ticker: 6182

**WAFER WORKS CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
AS OF MARCH 31, 2024 AND 2023
AND FOR THE THREE-MONTH PERIODS THEN ENDED**

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

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

REVIEW REPORT OF INDEPENDENT AUDITORS

To The Board of Directors and Shareholders of
Wafer Works Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Wafer Works Corp.(the "Company") and its subsidiaries as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2024 and 2023, and the notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these 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" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these 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 Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China 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 disclosed in Note 4(3), the financial statements of some non-significant subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of NT\$462,141 thousand and NT\$485,427 thousand, constituting 1.39% and 1.70% of the consolidated total assets, and total liabilities of NT\$20,054 thousand and NT\$23,416 thousand, constituting 0.24% and 0.25% of the consolidated total liabilities as of March 31, 2024 and 2023, respectively ; and total comprehensive income of NT\$567 thousand and NT\$(2,772) thousand, constituting 0.09% and (0.66)% of the consolidated total comprehensive income for the three-month periods ended March 31, 2024 and 2023, respectively. The information related to above subsidiaries disclosed in Note 13 was also not reviewed by independent accountants.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries been reviewed by independent accountants described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2024 and 2023, and their consolidated financial performance and cash flows for the three-month periods 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" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Cheng, Ching-Piao

Chang, Chih-Ming

Ernst & Young

May 10, 2024

Taipei, Taiwan,

Republic of China

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Wafer Works Corp. and Subsidiaries

Consolidated Balance Sheets

As of March 31, 2024, December 31, 2023 and March 31, 2023

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of March 31, 2024		As of December 31, 2023		As of March 31, 2023	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	\$9,250,260	28	\$3,835,472	15	\$5,177,795	18
1110	Financial assets at fair value through profit or loss	6(2)	11,110	-	4,165	-	10,029	-
1136	Financial assets measured at amortized cost	6(4), 8	781,648	2	315,799	1	107,578	-
1150	Notes receivable, net	6(5)	5,757	-	5,107	-	14,793	-
1170	Accounts receivable, net	6(6)	1,678,619	5	1,493,580	6	2,175,012	8
1200	Other receivables		46,647	-	28,167	-	116,111	-
1310	Inventories, net	6(7)	2,878,320	9	2,779,309	10	3,144,101	11
1410	Prepayments	6(8)	262,895	1	271,756	1	334,665	1
1470	Other current assets		48,029	-	19,469	-	36,083	-
11xx	Total current assets		<u>14,963,285</u>	<u>45</u>	<u>8,752,824</u>	<u>33</u>	<u>11,116,167</u>	<u>38</u>
	Non-current assets							
1510	Financial assets at fair value through profit or loss	6(2)	-	-	-	-	178	-
1517	Financial asset at fair value through OCI	6(3)	177,650	1	109,694	-	108,712	-
1536	Financial assets measured at amortized cost	6(4), 8	21,967	-	21,967	-	21,967	1
1600	Property, plant and equipment, net	6(9), 8, 9	15,952,029	48	15,568,341	59	15,392,192	54
1755	Right-of-use assets, net	6(23), 8	936,049	3	928,129	4	995,011	4
1780	Intangible assets, net	6(10)	47,268	-	48,412	-	57,946	-
1840	Deferred tax assets	4	42,744	-	42,547	-	43,386	-
1915	Prepayment for equipment	9	957,151	3	853,324	4	646,618	3
1920	Refundable deposits	9	85,450	-	85,039	-	76,396	-
1990	Other non-current assets	9	22,687	-	20,499	-	42,865	-
15xx	Total non-current assets		<u>18,242,995</u>	<u>55</u>	<u>17,677,952</u>	<u>67</u>	<u>17,385,271</u>	<u>62</u>
1xxx	Total Assets		<u>\$33,206,280</u>	<u>100</u>	<u>\$26,430,776</u>	<u>100</u>	<u>\$28,501,438</u>	<u>100</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Wafer Works Corp. and Subsidiaries

Consolidated Balance Sheets-(Continued)

As of March 31, 2024, December 31, 2023 and March 31, 2023

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of March 31, 2024		As of December 31, 2023		As of March 31, 2023	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term loans	6(11)	\$723,069	2	\$961,218	4	\$803,415	3
2120	Financial liabilities at fair value through profit or loss	6(12)	2,528	-	-	-	-	-
2130	Contract liabilities	6(21), 9	437,134	1	431,022	2	228	-
2170	Accounts payable		483,407	2	356,353	1	626,734	2
2200	Other payables	6(13)	852,743	3	872,343	3	1,004,596	4
2230	Current income tax liabilities	4	397,861	1	420,857	2	659,583	2
2322	Current portion of long-term loans	6(17), 8	1,582,691	5	1,572,524	6	804,330	3
2281	Lease liabilities	6(23)	72,569	-	69,735	-	65,251	-
2399	Other current liabilities	6(14)	4,249	-	4,244	-	6,610	-
21xx	Total current liabilities		<u>4,556,251</u>	<u>14</u>	<u>4,688,296</u>	<u>18</u>	<u>3,970,747</u>	<u>14</u>
	Non-current liabilities							
2527	Contract liabilities	6(21), 9	62,847	-	65,976	-	629,853	2
2530	Bonds payable	6(16)	293,748	1	292,695	1	289,536	1
2540	Long-term loans	6(17), 8	2,419,143	8	2,320,146	9	3,551,296	13
2570	Deferred tax liabilities	4	100,802	-	95,649	-	24,721	-
2581	Lease liabilities	6(23)	369,841	1	381,870	2	431,557	2
2630	Long-term deferred revenue	6(15)	355,548	1	356,759	1	360,394	1
2640	Accrued pension liabilities	4	17,342	-	18,684	-	28,462	-
2645	Deposits received		39,173	-	48,108	-	62,699	-
25xx	Total non-current liabilities		<u>3,658,444</u>	<u>11</u>	<u>3,579,887</u>	<u>13</u>	<u>5,378,518</u>	<u>19</u>
2xxx	Total liabilities		<u>8,214,695</u>	<u>25</u>	<u>8,268,183</u>	<u>31</u>	<u>9,349,265</u>	<u>33</u>
31xx	Equity attributable to shareholders of the parent							
3100	Capital	6(19)						
3110	Common stock		5,427,436	16	5,418,836	21	5,409,336	19
3200	Capital surplus	6(19)	6,264,251	19	4,105,199	16	4,074,419	14
3300	Retained earnings							
3310	Legal reserve		718,608	2	718,608	3	500,513	2
3320	Special reserve		265,458	1	265,458	1	326,457	1
3350	Unappropriated earnings		1,920,685	6	1,919,123	7	3,123,927	11
3400	Other components of equity		(215,973)	(1)	(431,111)	(2)	(244,309)	(1)
31xx	Equity attributable to the parent company		<u>14,380,465</u>	<u>43</u>	<u>11,996,113</u>	<u>46</u>	<u>13,190,343</u>	<u>46</u>
36xx	Non-controlling interests	6(19)	<u>10,611,120</u>	<u>32</u>	<u>6,166,480</u>	<u>23</u>	<u>5,961,830</u>	<u>21</u>
3xxx	Total equity		<u>24,991,585</u>	<u>75</u>	<u>18,162,593</u>	<u>69</u>	<u>19,152,173</u>	<u>67</u>
	Total liabilities and equity		<u>\$33,206,280</u>	<u>100</u>	<u>\$26,430,776</u>	<u>100</u>	<u>\$28,501,438</u>	<u>100</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Wafer Works Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three-month periods ended March 31, 2024 and 2023
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Notes	For the three-month periods ended March 31,			
			2024		2023	
			Amount	%	Amount	%
4000	Operating revenues	6(21)	\$1,972,861	100	\$2,705,087	100
5000	Operating costs	6(7), 6(24)	(1,537,342)	(78)	(1,715,571)	(63)
5900	Gross profit		435,519	22	989,516	37
6000	Operating expenses	6(24)				
6100	Sales and marketing		(39,329)	(2)	(41,214)	(2)
6200	General and administrative		(198,967)	(10)	(186,115)	(7)
6300	Research and development		(208,102)	(11)	(241,265)	(9)
6450	Expected credit gains (losses)	6(22)	(1,808)	-	79	-
	Total operating expenses		(448,206)	(23)	(468,515)	(18)
6900	Operating income		(12,687)	(1)	521,001	19
7000	Non-operating incomes and expenses	6(25)				
7100	Interest incomes		32,493	2	15,084	1
7010	Other incomes		21,755	1	56,701	2
7020	Other gains or losses		48,350	3	(39,289)	(2)
7050	Finance costs		(49,349)	(3)	(62,244)	(2)
	Total non-operating incomes and expenses		53,249	3	(29,748)	(1)
7900	Income before income tax		40,562	2	491,253	18
7950	Income tax expenses	4, 6(27)	(19,961)	(1)	(117,615)	(4)
8200	Net income		20,601	1	373,638	14
8300	Other comprehensive income (loss)	6(26)				
8310	Item that not be reclassified to profit or loss					
8316	Unrealized gains or losses on financial assets at fair value through other comprehensive income (loss)		(1,399)	-	(2,173)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation		633,512	32	51,398	2
	Total other comprehensive income (loss), net of tax		632,113	32	49,225	2
8500	Total comprehensive income		\$652,714	33	\$422,863	16
8600	Net income attributable to:					
8610	Stockholders of the parent		\$1,562	-	\$270,241	10
8620	Non-controlling interests		19,039	1	103,397	4
			\$20,601	1	\$373,638	14
8700	Total comprehensive income (loss) attributable to:					
8710	Stockholders of the parent		\$241,161	12	\$291,390	11
8720	Non-controlling interests		411,553	21	131,473	5
			\$652,714	33	\$422,863	16
9750	Earnings per share-basic (in NTD)	6(28)	\$-		\$0.50	
9850	Earnings per share-diluted (in NTD)	6(28)	\$-		\$0.49	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Wafer Works Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the three-month periods ended March 31, 2024 and 2023

(Amounts Expressed In Thousands of New Taiwan Dollars)

	Items	Equity Attributable to Shareholders of the Parent									Non-controlling Interests	Total Equity
		Capital	Capital Surplus	Retained Earnings			Others			Total		
		Common stock		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned Employee Compensation Expense			
Code		3100	3200	3310	3320	3350	3410	3420	3490	31xx	36xx	3xxx
A1	Balance as of January 1, 2023	\$5,409,336	\$4,074,419	\$500,513	\$326,457	\$2,853,686	\$(190,427)	\$(75,031)	\$-	\$12,898,953	\$5,817,291	\$18,716,244
D1	Net income for the three-month periods ended March 31, 2023					270,241				270,241	103,397	373,638
D3	Other comprehensive income (loss), net of tax, for the three-month periods ended March 31, 2023						23,322	(2,173)		21,149	28,076	49,225
D5	Total comprehensive income (loss)	-	-	-	-	270,241	23,322	(2,173)	-	291,390	131,473	422,863
O1	Non-controlling interests increase (decrease)										13,066	13,066
Z1	Balance as of March 31, 2023	<u>\$5,409,336</u>	<u>\$4,074,419</u>	<u>\$500,513</u>	<u>\$326,457</u>	<u>\$3,123,927</u>	<u>\$(167,105)</u>	<u>\$(77,204)</u>	<u>\$-</u>	<u>\$13,190,343</u>	<u>\$5,961,830</u>	<u>\$19,152,173</u>
A1	Balance as of January 1, 2024	\$5,418,836	\$4,105,199	\$718,608	\$265,458	\$1,919,123	\$(285,333)	\$(122,953)	\$(22,825)	\$11,996,113	\$6,166,480	\$18,162,593
D1	Net income for the three-month periods ended March 31, 2024					1,562				1,562	19,039	20,601
D3	Other comprehensive income (loss), net of tax, for the three-month periods ended March 31, 2024						240,998	(1,399)		239,599	392,514	632,113
D5	Total comprehensive income (loss)	-	-	-	-	1,562	240,998	(1,399)	-	241,161	411,553	652,714
M7	Change in ownership interest of subsidiaries		2,130,629							2,130,629	4,027,634	6,158,263
O1	Non-controlling interests increase (decrease)										5,453	5,453
T1	Restricted Employee Stock and Other	8,600	28,423						(24,461)	12,562		12,562
Z1	Balance as of March 31, 2024	<u>\$5,427,436</u>	<u>\$6,264,251</u>	<u>\$718,608</u>	<u>\$265,458</u>	<u>\$1,920,685</u>	<u>\$(44,335)</u>	<u>\$(124,352)</u>	<u>\$(47,286)</u>	<u>\$14,380,465</u>	<u>\$10,611,120</u>	<u>\$24,991,585</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Wafer Works Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the three-month periods ended March 31, 2024 and 2023

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	For the three-month periods ended March 31		Code	Items	For the three-month periods ended March 31	
		2024	2023			2024	2023
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$40,562	\$491,253	B00010	Acquisition of financial assets at fair value through other comprehensive income	(63,100)	-
A20000	Adjustments:			B00040	Disposal (acquisition) of financial assets at amortised cost	(465,849)	96,197
A20010	Profit or loss not effecting cash flows:			B02700	Acquisition of property, plant and equipment	(358,834)	(555,223)
A20100	Depreciation (Including right of use assets)	440,328	403,360	B02800	Proceeds from disposal of property, plant and equipment	1,411	92
A20200	Amortization	3,066	3,364	B03700	Decrease (increase) in refundable deposits	(411)	2,826
A20300	Expected credit losses (gain on recovery)	1,808	(79)	B04500	Acquisition of intangible assets	(250)	(4,697)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	6,693	(59)	B07100	Decrease (increase) in prepayments for equipment	(103,827)	(246,499)
A20900	Interest expense	49,349	62,244	B09900	Proceeds from disposal of right-of-use assets	-	24,420
A21200	Interest income	(32,493)	(15,084)	B09900	Other investing activities	-	16,821
A21900	Share-based payment	18,015	13,066	BBBB	Net cash provided by (used in) investing activities	(990,860)	(666,063)
A22500	Loss (gain) on disposal of property, plant and equipment	(463)	1,985				
A23700	Impairment loss on non-financial assets	-	(1,603)	CCCC	Cash flows from financing activities:		
A29900	Loss (gain) on government grants	(17,240)	(17,269)	C00100	Increase in (repayment of) short-term loans	(238,149)	(196,289)
A30000	Changes in operating assets and liabilities:			C01600	Increase in long-term loans	149,300	128,690
A31115	Financial assets at fair value through profit or loss	(11,110)	(10,029)	C01700	Repayment of long-term loans	(123,678)	(107,221)
A31130	Notes receivable	(650)	7,022	C03000	Increase in guarantee deposits received	(8,935)	(4,066)
A31150	Accounts receivable	(187,151)	277,145	C04020	Payments of lease liabilities	(22,122)	(20,826)
A31180	Other receivable	(17,203)	(25,888)	C05800	Increase (decrease) in non-controlling interests	6,158,263	-
A31200	Inventories	(99,011)	(54,746)	CCCC	Net cash provided by (used in) financing activities	5,914,679	(199,712)
A31230	Prepayment	6,673	9,935				
A31240	Other current assets	(28,560)	5,824	DDDD	Effect of exchange rate changes on cash and cash equivalents	308,145	4,901
A32125	Contract liabilities	2,983	(78,574)				
A32150	Accounts payable	127,054	(179,297)	EEEE	Net Increase (decrease) in cash and cash equivalents	5,414,788	(246,081)
A32180	Other payable	(63,701)	(168,633)	E00100	Cash and cash equivalents at beginning of period	3,835,472	5,423,876
A32230	Other current liabilities	(413)	1,540	E00200	Cash and cash equivalents at end of period	\$9,250,260	\$5,177,795
A32240	Accrued pension liabilities	(1,342)	(1,232)				
A33000	Cash generated from operations	237,194	724,245				
A33100	Interest received	31,716	13,397				
A33300	Interest paid	(46,926)	(59,708)				
A33500	Income tax paid	(39,160)	(63,141)				
AAAA	Net cash provided by (used in) operating activities	182,824	614,793				

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

1. History and organization

Wafer Works Corp. (the “Company”) was incorporated on July 24, 1997. The Company’s major business activities are as follows:

- (1) R&D, design, manufacturing and sales of semiconductor materials;
- (2) Technical consulting business, service business and trading for above items.

The Company’s common shares were publicly listed on the Taiwan Gre Tai Securities Market on May 13, 2002. The Company’s registered office and main business address is at No.100, Longyuan 1st Rd., Longtan Science Park, Taoyuan City, Taiwan, R.O.C.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and subsidiaries (“the Group”) for the three-month periods ended March 31, 2024 and 2023 were authorized for issue by the Board of Directors on May 10, 2024.

3. Newly issued or revised standards and interpretations

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2024. The adoption of these new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are not endorsed by FSC, but not yet adopted by the Group as at the

WAFER WORKS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025
d	IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027

- (a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

- (b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant

WAFER WORKS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

(d) IFRS 18 “Presentation and Disclosure in Financial Statements”

The main changes in the new standard are as below:

(1) Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new

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defined subtotals, including operating profit. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities' performance and make it easier to compare entities.

(2) Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(3) Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

IFRS 18 replaces IAS 1 Presentation of Financial Statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (d), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the three-month periods ended March 31, 2024 and 2023 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

Except for the following 4(4)~4(5), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2023. For more details, please refer to Note 4 of the Company's consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

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

(3) Basis of consolidation

The same principles of consolidation have been applied in the Group's consolidated financial statements as those applied in the Group's consolidated financial statements for the year ended December 31, 2023. For the principles of consolidation, please refer to Note 4(3) of the Group's consolidated financial statements for the year ended December 31, 2023.

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The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Wafer Works Corp.	Wafer Works Investment Corp.	Investment Holding Company	100.00%	100.00%	100.00%
Wafer Works Corp.	Heli-Vantech Corp.	Design, trading and manufacturing of semiconductor materials	100.00%	100.00%	100.00%
Wafer Works Corp.	HuaXin (Shanghai) Technology Co., Ltd.	Trading of semiconductor materials	100.00%	100.00%	100.00%
Wafer Works Investment Corp.	Silicon Technology Investment (Cayman) Corp.	Investment Holding Company	89.2615%	89.2615%	89.2615%
Wafer Works Investment Corp.	Wafermaster Investment Corp.	Investment Holding Company	100.00%	100.00%	100.00%
Silicon Technology Investment (Cayman) Corp.	Wafer Works (Shanghai) Co., Ltd.	R&D, production and sales of semiconductor materials	48.2772% (Note)	53.6413%	53.6413%
Silicon Technology Investment (Cayman) Corp.	Sharp Right Limited	Trading company	100.00%	100.00%	100.00%
Wafermaster Investment Corp.	Helitek Company Ltd.	Trading of semiconductor materials	100.00%	100.00%	100.00%
Wafer Works	Wafer Works	R&D, production and sales	100.00%	100.00%	100.00%

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Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
(Shanghai) Co., Ltd.	(Yangzhou) Corp.	of semiconductor materials			
Wafer Works (Shanghai) Co., Ltd.	Wafer Works Epitaxial Corp.	R&D, production and sales of semiconductor materials	100.00%	100.00%	100.00%
Wafer Works (Shanghai) Co., Ltd.	Wafer Works (Zhengzhou) Corp.	R&D, production and sales of semiconductor materials	100.00%	100.00%	100.00%

Note : The subsidiary of the Company, Wafer Works (Shanghai) Co., Ltd. was officially listed on the Shanghai Stock Exchange's STAR Market and increased cash capital through an issuance of 66,206 thousand RMB ordinary new shares (A shares) on February 8, 2024. The subsidiary of the Company, Silicon Technology Investment (Cayman) Corp. did not participate in the cash capital increase according to its shareholding ratio, and its shareholding ratio reduced from 53.6413% to 48.2772%. Although the Group only own the 48.2772% of the voting rights of the entity, the Group is the single largest shareholder of the entity. Moreover, the remaining ownership was not concentrated within specific shareholders and the degree of equity dispersion at the entity's shareholder's meeting, and thus, has control over the entity.

The financial statements of some non-significant subsidiaries were not reviewed by independent accountants. The total assets of these subsidiaries as of March 31, 2024 and 2023 are NT\$462,141 thousand and NT\$485,427 thousand. The total liabilities of these subsidiaries as of March 31, 2024 and 2023 are NT\$20,054 thousand and NT\$23,416 thousand. The total comprehensive income of these subsidiaries for the three-month periods ended March 31, 2024 and 2023 are NT\$567 thousand and NT\$(2,772) thousand.

(4) Current and non-current distinction for assets and liabilities

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Group expects to settle the liability in its normal operating cycle
- (b) The Group holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) Liability for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

(5) Post-employment 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 and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(6) Income taxes

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

Current income tax

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

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

Deferred tax

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

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

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

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

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

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and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

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

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

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

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. Only current income tax expense is using the estimated average annual effective income tax rate while deferred income tax is recognized and measured in consistent with annual financial reporting in accordance with IAS 12, “Income Tax.” The impact of tax rate change in interim period, if any, is recognized in earnings, other comprehensive income or directly equity.

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5. Significant accounting judgments, estimates and assumptions

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

The same significant accounting judgments, estimates and assumptions have been applied in the Group's consolidated financial statements for the three-month periods ended March 31, 2024 as those applied in the Group's consolidated financial statements for the year ended December 31, 2023. For significant accounting judgments, estimates and assumptions, please refer to Note 5 to the Group's consolidated financial statements for the year ended December 31, 2023.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Cash on hand	\$389	\$410	\$516
Checking and savings	8,343,847	2,973,380	2,589,922
Time deposits	756,024	831,682	2,487,357
Resale agreements collateralized by corporate bonds	150,000	30,000	100,000
Total	<u>\$9,250,260</u>	<u>\$3,835,472</u>	<u>\$5,177,795</u>

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

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Mandatorily measured at fair value through profit or loss:			
Embedded derivatives	\$-	\$-	\$178
Forward exchange agreement	-	4,165	-
Stocks	<u>11,110</u>	<u>-</u>	<u>10,029</u>

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	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Total	\$11,110	\$4,165	\$10,207
Current	\$11,110	\$4,165	\$10,029
Non-current	-	-	178
Total	\$11,110	\$4,165	\$10,207

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

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

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Equity instruments investments measured at fair value through other comprehensive income –			
Non-current:			
Listed companies stocks	\$178,452	\$171,458	\$170,081
Unlisted companies stocks	127,800	63,923	18,270
Valuation adjustment of financial assets as measured by fair value through profit and loss	(128,602)	(125,687)	(79,639)
Total	\$177,650	\$109,694	\$108,712

Financial assets at fair value through other comprehensive income were not pledged.

(4) Financial assets measured at amortized cost

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Certificate of deposit – restricted	\$217,289	\$207,710	\$129,545
Time deposits	586,326	130,056	-
	\$803,615	\$337,766	\$129,545

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	As of		
	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Current	\$781,648	\$315,799	\$107,578
Non-current	<u>21,967</u>	<u>21,967</u>	<u>21,967</u>
Total	<u>\$803,615</u>	<u>\$337,766</u>	<u>\$129,545</u>

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(5)Notes receivable

	As of		
	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Notes receivable arising from operating activities	\$5,757	\$5,107	\$14,793
Less: loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$5,757</u>	<u>\$5,107</u>	<u>\$14,793</u>

Notes receivable were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(22) for more details on loss allowance and Note 12 for more details on credit risk management.

(6)Trade receivables

(a)Trade receivables, net consist of the follow:

	As of		
	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Trade receivables	\$1,688,439	\$1,501,288	\$2,183,391
Less: loss allowance	<u>(9,820)</u>	<u>(7,708)</u>	<u>(8,379)</u>
Total	<u>\$1,678,619</u>	<u>\$1,493,580</u>	<u>\$2,175,012</u>

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(b)Accounts receivable were not pledged.

(c)Accounts receivable are generally on 60 to 90 day terms. The total carrying amounts were NT\$1,688,439 thousand, NT\$1,501,288 thousand and NT\$2,183,391 thousand as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively. Please refer to Note 6(22) for more details on loss allowance of accounts receivable for the three-month periods ended March 31, 2024 and 2023, respectively. Please refer to Note 12 for more details on credit risk management.

(7)Inventories

(a)Inventories consist of the following:

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Raw materials	\$420,231	\$432,268	\$559,274
Supplies & parts	936,180	884,809	958,493
Work in progress	817,582	815,497	927,946
Finished goods	687,748	621,143	649,480
Merchandises	16,579	25,592	48,908
Total	<u>\$2,878,320</u>	<u>\$2,779,309</u>	<u>\$3,144,101</u>

(b)The cost of inventories recognized in expenses amounted to NT\$1,537,342 thousand and NT\$1,715,571 thousand for the three-month periods ended March 31, 2024 and 2023, respectively. The following losses were included in cost of sales :

Item	For the three-month periods ended March 31,	
	2024	2023
Loss from inventory market decline	<u>\$5,154</u>	<u>\$12,157</u>

(c)Inventories were not pledged.

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(8)Prepayments

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Office supplies	\$125,428	\$124,848	\$136,911
Other prepaid expenses	84,539	80,666	124,437
Prepayment for purchase	52,928	66,242	73,317
Total	<u>\$262,895</u>	<u>\$271,756</u>	<u>\$334,665</u>

(9)Property, plant and equipment

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Owner occupied property, plant and equipment	<u>\$15,952,029</u>	<u>\$15,568,341</u>	<u>\$15,392,192</u>

(a)Owner occupied property, plant and equipment

	Land	Buildings	Machinery	Transportation	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2024	\$259,131	\$4,380,027	\$22,587,949	\$33,214	\$480,493	\$434,331	\$1,399,814	\$29,574,959
Additions	-	-	-	-	-	-	404,856	404,856
Reclassification	-	181	229,756	-	3,140	1,106	(234,183)	-
Disposals	-	-	(8,234)	-	(11)	-	-	(8,245)
Exchange differences	-	117,103	500,782	932	8,359	5,989	8,958	642,123
As of March 31, 2024	<u>\$259,131</u>	<u>\$4,497,311</u>	<u>\$23,310,253</u>	<u>\$34,146</u>	<u>\$491,981</u>	<u>\$441,426</u>	<u>\$1,579,445</u>	<u>\$30,613,693</u>

Depreciation and impairment:

As of January 1, 2024	\$-	\$963,036	\$12,441,296	\$29,088	\$303,222	\$269,976	\$-	\$14,006,618
Depreciation	-	31,899	364,907	368	14,856	7,999	-	420,029
Disposals	-	-	(7,287)	-	(10)	-	-	(7,297)
Exchange differences	-	19,605	212,793	788	5,480	3,648	-	242,314
As of March 31, 2024	<u>\$-</u>	<u>\$1,014,540</u>	<u>\$13,011,709</u>	<u>\$30,244</u>	<u>\$323,548</u>	<u>\$281,623</u>	<u>\$-</u>	<u>\$14,661,664</u>

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	Land	Buildings	Machinery	Transportation	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2023	\$259,131	\$4,430,332	\$20,604,794	\$34,158	\$391,466	\$413,351	\$1,824,224	\$27,957,456
Additions	-	(1,368)	(1,888)	-	-	-	418,427	415,171
Reclassification	-	727	483,826	-	38,392	6,195	(529,140)	-
Disposals	-	-	(35,816)	-	(3,245)	(217)	(1,603)	(40,881)
Exchange differences	-	14,572	56,762	119	957	688	1,804	74,902
As of March 31, 2023	<u>\$259,131</u>	<u>\$4,444,263</u>	<u>\$21,107,678</u>	<u>\$34,277</u>	<u>\$427,570</u>	<u>\$420,017</u>	<u>\$1,713,712</u>	<u>\$28,406,648</u>
Depreciation and impairment:								
As of January 1, 2023	\$-	\$841,767	\$11,267,346	\$27,510	\$262,648	\$247,864	\$-	\$12,647,135
Depreciation	-	32,714	330,845	698	11,983	7,028	-	383,268
Reversal of impairment losses	-	-	(1,603)	-	-	-	-	(1,603)
Disposals	-	-	(35,516)	-	(3,080)	(207)	-	(38,803)
Exchange differences	-	1,885	21,650	89	505	330	-	24,459
As of March 31, 2023	<u>\$-</u>	<u>\$876,366</u>	<u>\$11,582,722</u>	<u>\$28,297</u>	<u>\$272,056</u>	<u>\$255,015</u>	<u>\$-</u>	<u>\$13,014,456</u>
Net carrying amount as of:								
March 31, 2024	<u>\$259,131</u>	<u>\$3,482,771</u>	<u>\$10,298,544</u>	<u>\$3,902</u>	<u>\$168,433</u>	<u>\$159,803</u>	<u>\$1,579,445</u>	<u>\$15,952,029</u>
December 31, 2023	<u>\$259,131</u>	<u>\$3,416,991</u>	<u>\$10,146,653</u>	<u>\$4,126</u>	<u>\$177,271</u>	<u>\$164,355</u>	<u>\$1,399,814</u>	<u>\$15,568,341</u>
March 31, 2023	<u>\$259,131</u>	<u>\$3,567,897</u>	<u>\$9,524,956</u>	<u>\$5,980</u>	<u>\$155,514</u>	<u>\$165,002</u>	<u>\$1,713,712</u>	<u>\$15,392,192</u>

(b) For the three-month periods ended March 31, 2024, the Group recognized an impairment loss amounting to NT\$1,603 thousand on certain real estate to an extent of the recoverable value. The impairment loss has been recognized in the statement of comprehensive income.

(c) Please refer to Note 8 for more details on property, plant and equipment under pledge.

(d) Significant components of PPE are depreciation over their useful lives.

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(10)Intangible assets

	Computer software
Cost:	
As of January 1, 2024	\$78,381
Addition	250
Reduction	(287)
Exchange differences	2,621
As of March 31, 2024	<u>\$80,965</u>

Cost:	
As of January 1, 2023	\$77,869
Addition	4,697
Reduction	(950)
Exchange differences	304
As of March 31, 2023	<u>\$81,920</u>

Amortization:	
As of January 1, 2024	\$29,969
Amortization and Impairment	3,066
Decrease	(287)
Exchange differences	949
As of March 31, 2024	<u>\$33,697</u>

Amortization:	
As of January 1, 2023	\$21,480
Amortization and Impairment	3,364
Decrease	(950)
Exchange differences	80
As of March 31, 2023	<u>\$23,974</u>

Net carrying amount as of:	
March 31, 2024	<u>\$47,268</u>
December 31, 2023	<u>\$48,412</u>

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	Computer software
March 31, 2023	<u>\$57,946</u>

Amortization expense of intangible assets under the statement of comprehensive income:

	For the three-month periods ended March 31,	
	2024	2023
Operating costs	\$297	\$238
General and administrative	2,764	3,077
Research and development	5	49
Total	<u>\$3,066</u>	<u>\$3,364</u>

(11) Short-term loans

		As of		
	Interest Rate (%)	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Unsecured financial structure loans	1.6959%~6.8%	<u>\$723,069</u>	<u>\$961,218</u>	<u>\$803,415</u>

The Group's unused short-term lines of credits amounted to NT\$7,315,691 thousand, NT\$7,773,711 thousand and NT\$8,143,844 thousand as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

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

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Mandatorily measured at fair value through profit or loss:			
Forward exchange contracts	<u>\$2,528</u>	<u>\$-</u>	<u>\$-</u>
Current	\$2,528	\$-	\$-
Non-current	-	-	-
Total	<u>\$2,528</u>	<u>\$-</u>	<u>\$-</u>

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(13)Other payables

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Accrued expense	\$650,039	\$713,740	\$750,809
Payable on equipment	192,224	146,202	239,022
Accrued interest payable	10,480	12,401	14,765
Total	<u>\$852,743</u>	<u>\$872,343</u>	<u>\$1,004,596</u>

(14)Other current liabilities

(a)Other current liabilities consist of the following:

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Other current liabilities	\$2,181	\$2,594	\$5,421
Deferred government grants income	2,068	1,650	1,189
Total	<u>\$4,249</u>	<u>\$4,244</u>	<u>\$6,610</u>

(b)Please refer to Note 6(15) for more details on the change of the deferred government grants income for the three-month periods ended March 31, 2024 and 2023.

(c)Please refer to Note 6(17) for more details on interest rate of the deferred government grants income.

(15)Deferred revenue

Government grants

	For the three-month periods ended Mar. 31,	
	2024	2023
Beginning balance	\$358,409	\$358,372
Received during the period	2,525	18,731
Released to the statement of comprehensive income	(17,240)	(17,269)

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Exchange differences	13,922	1,749
Ending Balance	<u>\$357,616</u>	<u>\$361,583</u>

	As of		
	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Current	\$2,068	\$1,650	\$1,189
Non-current	355,548	356,759	360,394
Total	<u>\$357,616</u>	<u>\$358,409</u>	<u>\$361,583</u>

The Group obtain Government grants because the local semiconductor industry in mainland China develops and throws facilities for manufacture. The grants relates to assets, so it recognizes to deferred revenue and install to recognize to revenue.

(16)Bonds payable

A. The details of the bonds payable as of March 31, 2024, December 31, 2023 and March 31, 2023 are as follows:

	As of		
	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Liability component:			
Principal amount	\$297,600	\$297,600	\$297,600
Less: discounts on bonds payable	(3,852)	(4,905)	(8,064)
Subtotal	293,748	292,695	289,536
Less: current portion	-	-	-
Net	<u>\$293,748</u>	<u>\$292,695</u>	<u>\$289,536</u>
Embedded derivative - redemption, put options	<u>\$-</u>	<u>\$-</u>	<u>\$178</u>
Equity component - conversion right	<u>\$12,685</u>	<u>\$12,685</u>	<u>\$12,685</u>

For the details of the gain and loss from valuation through profit and loss on embedded derivative, redemption, put options, and the interest expense on the convertible bonds payable, please refer to Notes 6(25) to the consolidated financial statement.

B. On July 27, 2021, the Group issued the 7th unsecured domestic convertible bonds. The

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terms of the bonds are as follows:

(A) Issue amount: NT\$300,000 thousand

(B) Issue date: July 27, 2021

(C) Issue price: Issued at par value

(D) Coupon rate: 0%

(E) Period: July 27, 2021 to July 27, 2026

(F) Settlement: The convertible bonds' holder (hereinafter referred to as "bondholders") can convert the bond into the Company's common stock in accordance with Article 10 of the Company's conversion rules. The Company can also recall the bonds before maturity and buy back the cancellation from bonds dealer in accordance with Article 18 of the Company's conversion rules. Otherwise, the Company will repay the convertible bonds held by the bondholder in cash at 102.016% of the par value of the bonds (the actual annual yield is 0.4%) within 15 business days after maturity date of the convertible bonds.

(G) Conversion period: The bondholders will have the right to convert their bonds at any time during the conversion period commencing on October 28, 2021 (the 90th day following the closing date) and ending at the close of business on July 27, 2026 (the maturity date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date on (and including)

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such record; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction; (iv) no request for conversion other than the starting date of the stop of the conversion for the change of stock denomination to the day before the trading day before the start of the new stock exchange.

(H) Conversion price and adjustment: The conversion price was originally at NT\$70 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

Due to the distribution of cash dividends at NT\$1.1 per ordinary share in 2021, the Company adjusted the conversion price in accordance with the Company's 7th domestic unsecured conversion corporate bond issuance and conversion measures. Therefore, the conversion price was adjusted to NT\$68.9 since August 15, 2021.

Due to the distribution of cash dividends at NT\$1.35 per ordinary share in 2022, the Company adjusted the conversion price in accordance with the Company's 7th domestic unsecured conversion corporate bond issuance and conversion measures. Therefore, the conversion price was adjusted to NT\$66.2 since July 25, 2022.

Due to the distribution of cash dividends at NT\$2.50 per ordinary share in 2023, the Company adjusted the conversion price in accordance with the Company's 7th domestic unsecured conversion corporate bond issuance and conversion measures. Therefore, the conversion price was adjusted to NT\$62.7 since July 25, 2023.

(I) Redemption clauses: (i) The Company may redeem the convertible bonds from the next day (October 28, 2021) following a three-month period after the bonds are issued to 40 days before the maturity date (June 17,

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2026) if the following terms are met: when the closing price of the Company's common shares is 30% above the convertible price for 30 consecutive trading days, the Company may, within the following 30 business days (the aforesaid period shall start from the day the letter is delivered by the Company, and the expiry date of the period shall be the measurement date for bond recovery, and the aforesaid period shall not fall in the period of conversion suspension stated in Article 9 of the Regulation), send a bond redemption notification letter via registered mail to the bondholders. (The bondholders list shall be based on the updated list five business days before sending the bond redemption notification letter to the bondholders. Public announcements will be made for bondholders who acquire the convertible bonds subsequently from transactions or other reasons). The redemption price would be set at the face value and the bond is purchased by cash, which would be announced over the Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within eight business days after the bond recovery measurement date.

- (ii) The Company may redeem the convertible bonds from the next day (October 28, 2021) following a three-month period after the bonds are issued to 40 days before the maturity date (June 17, 2026) if the following terms are met: when the total value of outstanding convertible bonds becomes less than 10% of the total principal, the Company may, within the following 30 business days (the aforesaid period shall start from the day the letter is delivered by the Company, and the expiry date of the period shall be the measurement date for bond recovery, and the aforesaid period shall not fall in the period of conversion suspension stated in Article 9 of the Regulation), send a bond redemption notification letter via registered mail to the bondholders. (The bondholders list shall be based on the updated list five business days before sending the bond redemption notification letter to the bondholders. Public

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announcements will be made for bondholders who acquire the convertible bonds subsequently from transactions or other reasons). The redemption price would be set at the face value and the bond is purchased by cash, which would be announced over the Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within eight business days after the bond recovery measurement date.

(iii) The business day following the base date for the recovery of the convertible bonds is the Taipei Exchange termination date for the convertible bonds, and the deadline for the bondholders to request conversion is the second business day after the Taipei Exchange termination date, but the bondholders shall apply to the original trading broker to convert the convertible bonds into ordinary shares of the Company one business day after the date of termination of listing of the convertible bonds. If the bondholder does not apply for conversion within the aforesaid period, the Company will redeem the convertible bonds held by such bondholder at the bond face value. The converted bonds will be recovered in cash within eight days after the bond recovery base date. If the aforementioned date is the day when the Taipei Stock Exchange Market is closed, it will be postponed to the next business day.

C. The 7th secured convertible bonds in the amount of NT\$2,400 thousand have been converted to 35 thousand common shares as of March 31, 2024. The surplus due to the conversion amounted to NT\$1,938 thousand, recorded under additional paid-in capital.

(17) Long-term loans

Details of long-term loan as of March 31, 2024, December 31, 2023 and March 31, 2023 are as follows:

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Debtor	As of March	Maturity and Terms
	31, 2024	
Secured Long-Term Joint guarantee Loan from Land Bank of Taiwan and others	\$1,300,000	Effective January 16, 2023 to January 16, 2028. Grace period is 2 years from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 3 months since then. The remaining principal is repaid in installments of equal amount for 13 terms. Interest shall be paid monthly. The 1st to 4th payments will each repay 3% of the principal, 5th to 8th payments will be 5% each, 9th to 12th payments will be 7% each and the remaining principal will be repaid up at maturity.
Secured Long-Term Loan from Land Bank of Taiwan	5,120	Effective September 8, 2023 to September 8, 2026. Interest is paid monthly and calculated based on the outstanding principal balance, with the principal paid off at maturity.
Secured Long-Term Loan from Land Bank of Taiwan	73,576	Effective July 9, 2020 to June 15, 2027. Interest payments are due monthly for the first three years. Principal is prepaid form the third year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Secured Long-Term Loan from Land Bank of Taiwan	78,733	Effective June 9, 2021 to June 15, 2027. Interest payments are due monthly for the first two years. Principal is prepaid form the third year monthly on the 15th day of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Taiwan Cooperative Bank	9,145	Effective October 19, 2020 to October 19, 2025. The principal will be paid monthly on the 15th day of each month and interest shall be paid monthly.

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Debtor	As of March 31, 2024	Maturity and Terms
Credit Long-Term Loan from Taiwan Cooperative Bank	35,474	Effective March 10, 2022 to March 10, 2027. The principal will be paid monthly on the 15th day of each month and interest shall be paid monthly.
Credit Long-Term Loan from Taiwan Cooperative Bank	228,078	Effective May 20, 2022 to May 20, 2027. Interest payments are due monthly for the first two years. Principal is prepaid form the third year monthly on the 15th day of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Taiwan Cooperative Bank	60,676	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15th day of each month. Interest will be paid on the 15th of each month.
Secured Long-Term Loan from Land Bank of Taiwan	54,228	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15th day of each month. Interest will be paid on the 15th of each month.
Secured Long-Term Loan from Chang Hwa Bank	16,637	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first two years. Principal is prepaid form the third year monthly on the 15th day of each month. Interest will be paid on the 15th of each month.
Secured Long-Term Loan from Hua Nan Bank	60,220	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15th day of each month.
Secured Long-Term Loan from	8,121	Effective March 1, 2023 to February 15,

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Debtor	As of March 31, 2024	Maturity and Terms
Taiwan Business Bank		2030. Interest payments are due monthly for the first three years. Principal is prepaid from the fourth year monthly on the 15th day of each month.
Secured Long-Term Joint guarantee Loan from Taiwan Cooperative Bank	347,286	Effective July 30, 2019 to July 30, 2024. Grace period is 42 months from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly. The 1st to 3rd payments will each repay 10% of the principal, and the remaining principal will be repaid up at maturity.
Secured Long-Term Joint guarantee Loan from Taiwan Cooperative Bank	404,176	Effective July 30, 2019 to July 30, 2024. Grace period is 42 months from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly. The 1st to 3rd payments will each repay 10% of the principal, and the remaining principal will be repaid up at maturity.
Secured Long-Term Loan from China Development Bank	640,449	Effective September 25, 2018 to September 25, 2026. Grace period is 1 years. the following terms are defined as every 6 months since then. The principal and interest are repayable in installments of equal amount for 15 terms. Interest shall be paid quarterly.
Credit Long-Term Loan from China Construction Bank	90,204	Effective May 24, 2023 to November 23, 2024. Interest is paid quarterly and calculated

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Debtor	As of March 31, 2024	Maturity and Terms
		based on the outstanding principal balance, with the principal paid off at maturity.
Secured Long-Term Loan from China Development Bank	549,119	Effective October 23, 2019 to October 22, 2025. Grace period is 1 year from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 9 terms. Interest shall be paid quarterly.
Credit Long-Term Loan from China Construction Bank	40,592	Effective November 14, 2022 to November 13, 2024. Grace period is half year from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly.
Total	4,001,834	
Less: current portion	(1,582,691)	
Non-current portion	<u>\$2,419,143</u>	

Debtor	As of December 31, 2023	Maturity and Terms
Secured Long-Term Joint guarantee Loan from Land Bank of Taiwan and others	\$1,300,000	Effective January 16, 2023 to January 16, 2028. Grace period is 2 years from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 3 months since then. The remaining principal is repaid in installments of equal amount for 13 terms. Interest shall be paid monthly. The 1st to 4th payments will each repay 3% of the principal,

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Debtor	As of December 31, 2023	Maturity and Terms
		5th to 8th payments will be 5% each, 9th to 12th payments will be 7% each and the remaining principal will be repaid up at maturity.
Secured Long-Term Loan from Land Bank of Taiwan	5,120	Effective September 8, 2023 to September 8, 2026. Interest is paid monthly and calculated based on the outstanding principal balance, with the principal paid off at maturity.
Secured Long-Term Loan from Land Bank of Taiwan	79,187	Effective July 9, 2020 to June 15, 2027. Interest payments are due monthly for the first three years. Principal is prepaid form the third year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Secured Long-Term Loan from Land Bank of Taiwan	84,739	Effective June 9, 2021 to June 15, 2027. Interest payments are due monthly for the first two years. Principal is prepaid form the third year monthly on the 15th day of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Taiwan Cooperative Bank	10,583	Effective October 19, 2020 to October 19, 2025. The principal will be paid monthly on the 15th day of each month and interest shall be paid monthly.
Credit Long-Term Loan from Taiwan Cooperative Bank	38,492	Effective March 10, 2022 to March 10, 2027. The principal will be paid monthly on the 15th day of each month and interest shall be paid monthly.
Credit Long-Term Loan from Taiwan Cooperative Bank	227,771	Effective May 20, 2022 to May 20, 2027. Interest payments are due monthly for the first two years. Principal is prepaid form the third year monthly on the 15th day of each

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Debtor	As of December 31, 2023	Maturity and Terms
		month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Taiwan Cooperative Bank	12,326	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15th day of each month. Interest will be paid on the 15th of each month.
Secured Long-Term Loan from Land Bank of Taiwan	4,821	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15th day of each month. Interest will be paid on the 15th of each month.
Secured Long-Term Loan from Chang Hwa Bank	16,621	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first two years. Principal is prepaid form the third year monthly on the 15th day of each month. Interest will be paid on the 15th of each month.
Secured Long-Term Loan from Hua Nan Bank	11,184	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15th day of each month.
Secured Long-Term Loan from Taiwan Business Bank	8,117	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15th day of each month.
Secured Long-Term Joint guarantee Loan from Taiwan	381,498	Effective July 30, 2019 to July 30, 2024. Grace period is 42 months from the initial

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Debtor	As of December 31, 2023	Maturity and Terms
Cooperative Bank		draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly. The 1st to 3rd payments will each repay 10% of the principal, and the remaining principal will be repaid up at maturity.
Secured Long-Term Joint guarantee Loan from Taiwan Cooperative Bank	443,993	Effective July 30, 2019 to July 30, 2024. Grace period is 42 months from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly. The 1st to 3rd payments will each repay 10% of the principal, and the remaining principal will be repaid up at maturity.
Secured Long-Term Loan from China Development Bank	615,600	Effective September 25, 2018 to September 25, 2026. Grace period is 1 years. the following terms are defined as every 6 months since then. The principal and interest are repayable in installments of equal amount for 15 terms. Interest shall be paid quarterly.
Credit Long-Term Loan from China Construction Bank	86,704	Effective May 24, 2023 to November 23, 2024. Interest is paid quarterly and calculated based on the outstanding principal balance, with the principal paid off at maturity.
Secured Long-Term Loan from China Development Bank	526,897	Effective October 23, 2019 to October 22, 2025. Grace period is 1 year from the initial draw-down date. The initial draw-down date

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Debtor	As of December 31, 2023	Maturity and Terms
		is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 9 terms. Interest shall be paid quarterly.
Credit Long-Term Loan from China Construction Bank	39,017	Effective November 14, 2022 to November 13, 2024. Grace period is half year from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly.
Total	3,892,670	
Less: current portion	(1,572,524)	
Non-current portion	<u>\$2,320,146</u>	
Debtor	As of March 31, 2023	Maturity and Terms
Secured Long-Term Joint guarantee Loan from Land Bank of Taiwan and others	\$1,300,000	Effective January 16, 2023 to January 16, 2028. Grace period is 2 years from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 3 months since then. The remaining principal is repaid in installments of equal amount for 13 terms. Interest shall be paid monthly. The 1 st to 4 th payments will each repay 3% of the principal, 5 th to 8 th payments will be 5% each, 9 th to 12 th payments will be 7% each and the remaining principal will be repaid up at maturity.
Secured Long-Term Loan from Land Bank of Taiwan	90,282	Effective July 9, 2020 to June 15, 2027. Interest payments are due monthly for the

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Debtor	As of March 31, 2023	Maturity and Terms
		first three years. Principal is prepaid form the fourth year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Secured Long-Term Loan from Land Bank of Taiwan	96,610	Effective June 9, 2021 to June 15, 2027. Interest payments are due monthly for the first two years. Principal is prepaid form the third year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Taiwan Cooperative Bank	16,335	Effective October 19, 2020 to October 19, 2025. The principal will be paid monthly on the 15 th day of each month and interest shall be paid monthly.
Credit Long-Term Loan from Taiwan Cooperative Bank	4,654	Effective March 10, 2022 to March 10, 2027. The principal will be paid monthly on the 15 th day of each month and interest shall be paid monthly.
Credit Long-Term Loan from Taiwan Cooperative Bank	101,379	Effective May 20, 2022 to May 20, 2027. Interest payments are due monthly for the first two years. Principal is prepaid form the third year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Taiwan Cooperative Bank	12,299	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Bank of Taiwan	4,818	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15 th day of each month. Interest will be paid on the 15th

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Debtor	As of March 31, 2023	Maturity and Terms
		of each month.
Credit Long-Term Loan from Chang Hwa Bank	16,575	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first two years. Principal is prepaid form the third year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Hua Nan Bank	11,161	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Taiwan Business Bank	8,104	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Secured Long-Term Joint guarantee Loan from Taiwan Cooperative Bank	438,689	Effective July 30, 2019 to July 30, 2024. Grace period is 42 months from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly. The 1 st to 3 rd payments will each repay 10% of the principal, and the remaining principal will be repaid up at maturity.
Credit Long-Term Loan from Taiwan Cooperative Bank	510,553	Effective July 30, 2019 to July 30, 2024. Grace period is 42 months from the initial draw-down date. The initial draw-down date is considered the 1st term and the following

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Debtor	As of March 31, 2023	Maturity and Terms
		terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly. The 1 st to 3 rd payments will each repay 10% of the principal, and the remaining principal will be repaid up at maturity.
Secured Long-Term Loan from China Development Bank	926,123	Effective September 25, 2018 to September 25, 2026. Grace period is 1 years. the following terms are defined as every 6 months since then. The principal and interest are repayable in installments of equal amount for 15 terms. Interest shall be paid quarterly.
Secured Long-Term Loan from China Development Bank	773,732	Effective October 23, 2019 to October 22, 2025. Grace period is 1 year from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 9 terms. Interest shall be paid quarterly.
Credit Long-Term Loan from China Construction Bank	44,312	Effective November 14, 2022 to November 13, 2024. Grace period is half year from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly.
Total	4,355,626	
Less: current portion	(804,330)	
Non-current portion	<u>\$3,551,296</u>	

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- (a) On December 26, 2022, the Company has entered into a 5-year agreement of syndicated loans in credit line of NT\$3,360,000 thousand, with Land Bank of Taiwan and 9 other banks for the purpose of settling the unpaid loan balance mentioned above and replenishing operating capital.

In the event that the Company's financial statements do not meet with any of the criteria or restrictions specified, the Company shall improve it in five months starting from April 1 of the following year on the audited financial fiscal year. The improvement documentation proposed by the Company shall also be audited by certified public accountants. The Company will not be treated as a breach of the loan agreement during the period of improvement.

- (b) The Group has entered into an agreement of syndicated loans in credit line of RMB370,000 thousand with Taiwan Cooperative Bank and 3 other banks on May 6, 2019. According to the agreement, the Company's annual consolidated financial statements should meet certain criteria with respect to liquidity ratio, liability ratio and interest expenditure coverage, and the tangible net value shall not be less than RMB1,000,000 thousand.

- (c) On September 19, 2019, the Group signed a loan contract with China Development Bank in credit line of USD50,000 thousand. According to the contract, the Company's financial statements should maintain a specific debt ratio during the loan period.

- (d) As of March 31, 2024, December 31, 2023 and March 31, 2023, the interest rate intervals for long-term loans were 1.33%~7.88%, 1.2%~7.88% and 1.20%~7.05%, respectively.

- (e) The Group received a low-interest government loan from the Ministry of Economic Affairs in the amounting NT\$691,990 thousand with a term of 5~7 years and annual interest rates of 1.33%~1.63% payable monthly on the 15th day each month. The government grant of the low-interest government loan was recorded under other liabilities-deferred government grants income. The Group shall recognize the government grant income when it is reasonably assured that the Group meets all the terms of the government grant agreement.

- (f) Please refer to Note 8 for more detail of assets pledged as collaterals.

(18) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended March 31, 2024 and 2023 were NT\$8,279 thousand and NT\$9,231 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended March 31, 2024 and 2023 were NT\$90 thousand and NT\$138 thousand, respectively.

(19) Equity

(a) Common stock

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Company's authorized capital were NT\$7,000,000 thousand, each share at par value of NT\$10, divided into 700,000 thousand shares. The Company's paid-in capital were NT\$5,427,436 thousand, NT\$5,418,836 thousand and NT\$5,409,336 thousand, respectively, divided into 542,744 thousand shares, 541,884 thousand shares and 540,934 thousand shares, respectively. Each share has one voting right and a right to receive dividends.

The Company, upon resolution at the shareholders' meeting held on June 21, 2022, resolved to issue no more than 1,000,000 new shares through the employee stock option. Effective December 9, 2022 the application has been approved by the FSC with Order No. Jin-Guan-Cheng-Fa-Zi-1110365780. The Board of Directors subsequently resolved to set May 12, 2022 and January 5, 2024 as the base dates for capital increase, with a par value of \$10 per share, and issued 950 thousand and 50 thousand shares respectively.

The Company, upon resolution at the shareholders' meeting held on June 19, 2023, resolved to issue no more than 1,500,000 new shares through the employee stock option. Effective December 2, 2023 the application has been approved by the FSC with Order No. Jin-Guan-Cheng-Fa-Zi-1120356740. The Board of Directors subsequently resolved to set January 5, 2024 as the base dates for capital increase, with a par value of \$10 per share, and issued 810 thousand shares.

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(b) Additional paid-in capital

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Additional paid-in capital	\$3,065,181	\$3,065,181	\$3,065,181
All changes in interests in subsidiaries	3,095,943	965,314	965,314
Stock options – convertible rights	12,685	12,685	12,685
Restricted employee stock option	59,203	30,780	-
Other	31,239	31,239	31,239
Total	\$6,264,251	\$4,105,199	\$4,074,419

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made either in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Retained earnings and dividend policies

(1) Distribution of earnings

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

- i Payment of all taxes and dues;
- ii Offset prior years' operation losses;
- iii Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
- iv The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

(2) Dividend policy

The policy of dividend distribution should reflect factors such as the current and future

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investment environment, fund requirements, domestic and international competition and capital budgets, as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting for final approval. And by the Company's policy, the portion of cash dividend shall not be less than 10% of total shareholders' bonus.

(3)Legal reserve

According to the Company Act, the Company has to set aside an amount for legal reserve from current year's earnings until such legal reserve reaches the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital either by shares or by cash.

(4)Special reserve

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

The FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion and transfer to retained earnings.

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As of March 31, 2024 and 2023, special reserve set aside for the first-time adoption of T-IFRS amounted to NT\$175,749 thousand.

The appropriations of earnings for the years 2023 and 2022 were approved through the Board of Directors' meetings and shareholders' meetings held on March 15, 2024 and June 19, 2023, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT\$)	
	2023	2022	2023	2022
Legal reserve	\$57,487	\$218,095		
Special reserve	142,828	(60,999)		
Common stock — cash dividend	352,783	1,352,334	\$0.65	\$2.5
Total	<u>\$553,098</u>	<u>\$1,509,430</u>		

Please refer to 6(24) for detail on employees' compensation and remuneration to directors and supervisors.

(d)Non-controlling interests

	For the three-month periods ended March 31,	
	2024	2023
Beginning balance	\$6,166,480	\$5,817,291
Profit attributable to non-controlling interests	19,039	103,397
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	392,514	28,076
Issue of shares by the subsidiary	6,158,263	-
Acquisition of new shares in a subsidiary not in proportionate to ownership interest	(2,130,629)	-
Issuance of employees share options by the subsidiary	5,453	13,066
Ending balance	<u>\$10,611,120</u>	<u>\$5,961,830</u>

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(20) Share-based payment plans

(a) Share-based payment plan for employees of the parent entity

Remuneration-based restricted employee stock option plan.

The Company, upon resolution at the shareholders' meeting held on June 21, 2022, resolved to issue no more than 1,000,000 new shares through the restricted employee share scheme at no cost, targeting employees who meet specific conditions. The registration became effective after filing with the Securities and Futures Bureau of the Financial Supervisory Commission. On May 5, 2023 and December 10, 2023, the Board of Directors issued 950 thousand shares and 50 thousand shares, respectively; the base date for capital increase was set May 12, 2023 and January 5, 2024, respectively; the actual number of new shares issued was 950 thousand shares and 50 thousand shares, respectively; the share price on the grant date was \$42.4 per share and \$43.05 per share, respectively.

The Company, upon resolution at the shareholders' meeting held on June 19, 2023, resolved to issue no more than 1,500,000 new shares through the restricted employee share scheme at no cost, targeting employees who meet specific conditions. The registration became effective after filing with the Securities and Futures Bureau of the Financial Supervisory Commission. The Board of Directors resolved on December 22, 2023 to issue 810 thousand shares and set January 5, 2024 as the base date for capital increase. The actual number of new shares issued was 810 thousand shares and the share price on the grant date was \$43.05 per share.

The employees eligible for the aforementioned restricted employee stock option may receive shares under the following conditions from the date of subscription:

Vesting conditions	Issue vesting proportion
Issue vesting proportion	40%
Two years from the grant date	30%
Three years from the grant date	30%

The rights of employees are restricted as follows before meeting the vesting conditions after receiving the new shares:

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A. Upon issuance, the restricted employee stock option plan shares shall be immediately entrusted/kept in custody, and senior executives must not request the return of such shares from the trustee for any reason or by any means before the vesting conditions are met.

B. Prior to fulfilment of the vesting conditions, senior executives who receive the new shares are not allowed to sell, pledge, transfer, gift, create a right or dispose of the restricted employee stock option plan shares in any other way, except in the case of inheritance.

C. In addition to the aforementioned restrictions, the rights of senior executives for restricted employee stock option plan shares granted through this method, before their vesting conditions are met, including but not limited to rights to dividends, bonuses, and capital reserve distributions, and rights to subscribe in cash capital increases, shall be the same as that of the Company's issued common shares. The related operational methods shall be conducted in accordance with the custody/trust agreement.

D. Before the senior executives meet the vesting conditions, all shareholder rights, including attendance, proposals, speeches, voting rights at the company's shareholder meetings, and other related shareholder rights, are entrusted to be exercised by the trust/custody institution.

E. During the vesting period, if the Company carries out capital reductions such as cash capital reductions or capital reductions to offset losses other than statutory capital reductions, the restricted employee stock option plan shares shall be cancelled in accordance with the reduction ratio. If it is a cash capital reduction, the returned cash must be entrusted/kept in custody and may only be delivered to senior executives after the vesting conditions have been met; however, if the vesting conditions are not met, the Company will reclaim such cash.

If employees voluntarily resign, retire, or are laid off, the restricted employee stock option plan shares that have not met the vesting conditions will be deemed as unvested starting from the effective date, and the shares will be recollected by the Company without compensation and cancelled.

On May 12, 2023, the Company issued 950 thousand restricted employee stock option

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through a capital increase, generating a capital surplus - employee stock options of \$30,780 thousand. As of March 31, 2024, the unearned employee compensation balance was \$16,280 thousand.

On January 5, 2024, the Company issued 860 thousand restricted employee stock option through a capital increase, generating a capital surplus - employee stock options of \$28,423 thousand. As of March 31, 2024, the unearned employee compensation balance was \$31,006 thousand.

(b) Share-based payment plan for employees of the subsidiary

On May 15, 2020, the subsidiary was authorized by the Shareholders' meeting to issue employee share options with a total number of 8,080 thousands units. Each unit entitles an optionee to subscribe for one share of the subsidiary's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares by the subsidiary. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 12 months and after the completion of the initial public offering and listing of the company from the grant date.

The fair value of the share options is estimated at the grant date using a binomial option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The contractual term of each option granted is six years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

On November 7, 2022, the subsidiary was authorized by the Extraordinary Shareholders' meeting to issue employee share options with a total number of 4,450 thousands units. Each unit entitles an optionee to subscribe for one share of the subsidiary's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares by the subsidiary. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 12 months and after the completion of the initial public offering and listing of the company from the grant date.

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The fair value of the share options is estimated at the grant date using a Black-Scholes-model, taking into account the terms and conditions upon which the share options were granted.

The contractual term of each option granted is eight years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (in thousands)	Exercise price of share options (in dollars)
2020.05.15	8,080	RMB 3.13
2022.11.18	4,450	RMB 3.79

The following table lists the inputs to the model used for the plan granted during the period ended 31 December 2022 and 2020:

	For the year ended December 31, 2022	For the year ended December 31, 2020
Expected volatility (%)	43.36%	52.3%~59.0%
Risk-free interest rate (%)	2.43%	1.54%~1.77%
Expected option life (Years)	8 years	6 years
Option pricing model	Black-Scholes-model	Binomial option pricing model

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

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The following table contains further details on the aforementioned share-based payment plan:

	For the three-month periods ended March 31,			
	2024		2023	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (in dollars)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (in dollars)
Outstanding at beginning of period	11,064	RMB 3.40	11,064	RMB 3.40
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at end of period	<u>11,064</u>	RMB 3.40	<u>11,064</u>	RMB 3.40
Exercisable at end of period	-	-	-	-
For share options granted during the period, weighted average fair value of those options at the measurement date (in dollars)		-		-

The information on the outstanding share options as of March 31, 2024, December 31, 2023 and March 31, 2023, are as follows:

	<u>exercise price</u>	<u>Weighted average remaining contractual life (Years)</u>
As at 31 March 2024		
share options outstanding at the end of the period	RMB 3.13	2 Years
share options outstanding at the end of the period	RMB 3.79	6.75 Years

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As at 31 December 2023

share options outstanding at the end of the period	RMB 3.13	2 Years
share options outstanding at the end of the period	RMB 3.79	7 Years

As at 31 March 2023

share options outstanding at the end of the period	RMB 3.13	3 Years
share options outstanding at the end of the period	RMB 3.79	7.75Years

(c)The expense recognized for employee services received for the the three-month periods ended March 31, 2024 and 2023, are shown in the following table:

	For the three-month periods ended March 31,	
	2024	2023
Total expense arising from equity-settled share-based payment transactions	\$18,015	\$13,066

(d)No modification or cancellation of share-based payment plan has occurred during the three-month periods ended March 31, 2024 and 2023, respectively.

(21)Operating revenue

	For the year ended March 31,	
	2024	2023
Revenue from customer contracts		
Sale of goods	\$1,972,861	\$2,705,087

Analysis of revenue from contracts with customers during the three-month periods ended March 31, 2024 and 2023 are as follows:

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(a) Disaggregation of revenue

	For the year ended March 31,	
	2024	2023
	Semi-conductor business	Semi-conductor business
Sale of goods	\$1,972,861	\$2,705,087
The timing for revenue recognition:		
At a point in time	\$1,972,861	\$2,705,087

(b) Contract balances

A. Contract liabilities

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Sales of goods	\$499,981	\$496,998	\$630,081
Current	\$437,134	\$431,022	\$228
Non-current	62,847	65,976	629,853
Total	\$499,981	\$496,998	\$630,081

Analysis of contract liabilities during the three-month periods ended March 31, 2024 are as follows:

	Sales of goods
The opening balance transferred to revenue	\$(12,475)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	15,458

Analysis of contract liabilities during the three-month periods ended March 31, 2023 are as follows:

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	<u>Sales of goods</u>	
The opening balance transferred to revenue	\$(78,755)	
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	181	
(22)Expected credit losses (gains)		
	<u>For the three-month periods ended</u>	
	<u>Mar. 31,</u>	
	<u>2024</u>	<u>2023</u>
Operating expenses – Expected credit losses (gains)		
Account receivables	\$1,808	\$(79)

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

The Group measures the loss allowance of its trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively, are as follows:

A. The Group needs to consider the grouping of trade receivables by counter-parties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follow:

As of March 31, 2024

		Past due					
	Neither past due (Note)	<=90 days	91-120 days	121-180 days	181-365 days	>=365 days	Total
Gross carrying amount	\$1,495,260	\$188,348	\$-	\$1,456	\$8,122	\$1,010	\$1,694,196
Loss ratio	0.18%	1%	5%	10%	50%	100%	
Lifetime expected credit losses	(2,720)	(1,883)	-	(146)	(4,061)	(1,010)	(9,820)
Carrying amount of trade receivables	\$1,492,540	\$186,465	\$-	\$1,310	\$4,061	\$-	\$1,684,376

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As of December 31, 2023

	Neither past due (Note)	Past due					Total
		<=90 days	91-120 days	121-180 days	181-365 days	>=365 days	
Gross carrying amount	\$1,366,726	\$128,628	\$1,294	\$4,994	\$3,736	\$1,017	\$1,506,395
Loss ratio	0.22%	1%	5%	10%	50%	100%	
Lifetime expected credit losses	(2,973)	(1,286)	(65)	(499)	(1,868)	(1,017)	(7,708)
Carrying amount of trade receivables	\$1,363,753	\$127,342	\$1,229	\$4,495	\$1,868	\$-	\$1,498,687

As of March 31, 2023

	Neither past due (Note)	Past due					Total
		<=90 days	91-120 days	121-180 days	181-365 days	>=365 days	
Gross carrying amount	\$2,050,403	\$146,330	\$435	\$72	\$944	\$-	\$2,198,184
Loss ratio	0.31%	1%	5%	10%	50%	100%	
Lifetime expected credit losses	(6,415)	(1,463)	(22)	(7)	(472)	-	(8,379)
Carrying amount of trade receivables	\$2,043,988	\$144,867	\$413	\$65	\$472	\$-	\$2,189,805

Note: all the Group's note receivables were not past due.

B. The movement in the provision for impairment of notes receivable and accounts receivable during the three-month periods ended March 31, 2024 and 2023 are as follows:

	Notes receivable	Accounts receivable
Beginning balance as of January 1, 2024	\$-	\$7,708
Addition (reversal) for the current period	-	1,808
Effect of exchange rate	-	304
Ending balance as of March 31, 2024	\$-	\$9,820

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Beginning balance as of January 1, 2023	\$-	\$8,431
Addition (reversal) for the current period	-	(79)
Effect of exchange rate	-	27
Ending balance as of March 31, 2023	<u>\$-</u>	<u>\$8,379</u>

(23)Leases

(a)Group as a lessee

The Group leases various properties, including real estate such as buildings, transportation equipment and other equipment. The Group leases various properties, including real estate such as land and buildings, machinery and equipment. The lease terms range from 1 to 50 years. The Group is not allowed to loan, sublease or sell without obtaining the consent from the lessors.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

(i)Right-of-use assets

	Land	Buildings	Machinery and equipment	Other equipment	Total
Cost:					
As of January 1, 2024	\$814,241	\$27,606	\$10,112	\$281,560	\$1,133,519
Additions	-	-	-	-	-
Reclassification	-	-	-	-	-
Disposals	-	-	-	-	-
Exchange differences	22,430	1,164	-	11,366	34,960
As of March 31, 2024	<u>\$836,671</u>	<u>\$28,770</u>	<u>\$10,112</u>	<u>\$292,926</u>	<u>\$1,168,479</u>

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	Land	Buildings	Machinery and equipment	Other equipment	Total
As of January 1, 2023	\$852,605	\$27,610	\$-	\$295,154	\$1,175,369
Additions	-	-	-	-	-
Reclassification	-	-	-	-	-
Disposals	(27,387)	-	-	-	(27,387)
Exchange differences	2,922	(234)	-	(7,646)	(4,958)
As of March 31, 2023	<u>\$828,140</u>	<u>\$27,376</u>	<u>\$-</u>	<u>\$287,508</u>	<u>\$1,143,024</u>
Depreciation and impairment:					
As of January 1, 2024	\$110,109	\$7,118	\$590	\$87,573	\$205,390
Depreciation	7,518	1,303	253	11,225	20,299
Reclassification	-	-	-	-	-
Disposals	-	-	-	-	-
Exchange differences	2,677	323	-	3,741	6,741
As of March 31, 2024	<u>\$120,304</u>	<u>\$8,744</u>	<u>\$843</u>	<u>\$102,539</u>	<u>\$232,430</u>
As of January 1, 2023	\$84,031	\$2,114	\$-	\$53,325	\$139,470
Depreciation	7,649	1,227	-	11,216	20,092
Reclassification	-	-	-	-	-
Disposals	(2,967)	-	-	-	(2,967)
Exchange differences	272	(16)	-	(8,838)	(8,582)
As of March 31, 2023	<u>\$88,985</u>	<u>\$3,325</u>	<u>\$-</u>	<u>\$55,703</u>	<u>\$148,013</u>
Net carrying amount:					
March 31, 2024	<u>\$716,367</u>	<u>\$20,026</u>	<u>\$9,269</u>	<u>\$190,387</u>	<u>\$936,049</u>
December 31, 2023	<u>\$704,132</u>	<u>\$20,488</u>	<u>\$9,522</u>	<u>\$193,987</u>	<u>\$928,129</u>
March 31, 2023	<u>\$739,155</u>	<u>\$24,051</u>	<u>\$-</u>	<u>\$231,805</u>	<u>\$995,011</u>

Please refer to Note 8 for more details on right-of-use assets under pledge.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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(ii) Lease liabilities

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Lease liabilities	\$442,410	\$451,605	\$496,808
Current	\$72,569	\$69,735	\$65,251
Non-current	369,841	381,870	431,557
Total	\$442,410	\$451,605	\$496,808

Please refer to Note 6(25)(d) for the interest on lease liabilities recognized during the three-month periods ended March 31, 2024 and 2023, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as on March 31, 2024, December 31, 2023 and March 31, 2023.

B. Income and costs relating to leasing activities

	For the three-month periods ended March 31,	
	2024	2023
Short-term leased expense (rental expense)	\$13,507	\$5,843

As of March 31, 2024, December 31, 2023, and March 31, 2023, the portfolio of short-term leases of the Group to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above and the amount of its lease commitments is NT\$0.

C. Cash outflow relating to leasing activities

During the three-month periods ended March 31, 2024 and 2023, the Group's total cash outflow for leases amounting to NT\$35,629 thousand and NT\$26,669 thousand, respectively.

(24) Summary of employee benefits, depreciation and amortization by function are as follows:

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	For the three-month periods ended March 31,					
	2024			2023		
	Cost of goods sold	Operating expense	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries & wages	\$227,835	\$128,059	\$355,894	\$263,186	\$115,988	\$379,174
Labor and health insurance	15,890	4,264	20,154	18,825	3,947	22,772
Pension	6,163	2,206	8,369	7,282	2,087	9,369
Other employee benefits	34,168	6,651	40,819	42,506	7,043	49,549
Depreciation	353,252	87,076	440,328	326,336	77,024	403,360
Amortization	297	2,769	3,066	238	3,126	3,364

According to the resolution, no higher than 2% of profit of the current year is distributable as remuneration to directors and supervisors and no lower than 5% of profit of the current year is distributable as employees' compensation. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors' attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the three-month periods ended March 31, 2024, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the three-month periods ended March 31, 2024 to be 12.831% of profit of the current year and 1.989% of profit of the current year, respectively. As such, employees' compensation and remuneration to directors and supervisors for the three-month periods ended March 31, 2024 amount to NT\$1,000 thousand and NT\$155 thousand, respectively. The Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the three-month periods ended March 31, 2023 to be 6.994% of profit of the current year and 0.617% of profit of the current year, respectively. As such, employees' compensation and remuneration to directors and supervisors for the three-month periods ended March 31, 2023 amount to NT\$25,500 thousand and NT\$2,250 thousand, respectively. The employees's compensation and remuneration to directors and supervisors were recognized as salaries.

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The Company's Board has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$45,000 thousand and NT\$6,300 thousand, respectively, in a meeting held on March 15, 2024. No differences exist between the estimated amount and the actual distribution of the employee bonuses and remuneration to directors for the year ended December 31, 2023.

Actual distribution of employees' compensation and remuneration to directors and supervisors of 2022 amount to NT\$150,000 thousand and NT\$10,500 thousand, respectively. No differences exist between the estimated amount and the actual distribution of the employee bonuses and remuneration to directors for the year ended December 31, 2022.

(25) Non-operating income and expenses

(a) Interest income

	For the three-month periods ended March 31,	
	2024	2023
Financial assets measured at amortized cost		
Interest income	\$32,493	\$15,084

(b) Other incomes

	For the three-month periods ended March 31,	
	2024	2023
Other income – others	\$21,755	\$56,701

(c) Other gains and losses

	For the three-month periods ended March 31,	
	2024	2023
Foreign exchange gains (losses), net	\$57,019	\$(37,287)
Gains (losses) on financial assets at fair value through profit or loss	(6,693)	59

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Others	(2,439)	(1,679)
Gains (losses) on disposal of property, plant and equipment	463	(1,985)
Reversal of impairment loss on property, plant and equipment	-	1,603
Total	<u>\$48,350</u>	<u>\$(39,289)</u>

(d) Finance costs

	For the three-month periods ended March 31,	
	<u>2024</u>	<u>2023</u>
Interest on borrowings from bank	\$44,580	\$56,910
Interests on lease liabilities	3,716	4,308
Interests on bonds payable	1,053	1,026
Total	<u>\$49,349</u>	<u>\$62,244</u>

(26) Components of other comprehensive income

For the three-month periods ended March 31, 2024

			Other	Tax relating to components of	Other
	Arising during the period	Reclassification during the period	comprehensive income, pre- tax	other comprehensive income	comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	\$(1,399)	\$-	\$(1,399)	\$-	\$(1,399)
May be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign financial statements	633,512	-	633,512	-	633,512

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(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

Total of other comprehensive income	\$632,113	\$-	\$632,113	\$-	\$632,113
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For the three-month periods ended March 31, 2023

	Arising during the period	Reclassification during the period	Other comprehensive income, pre- tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	\$(2,173)	\$-	\$(2,173)	\$-	\$(2,173)
May be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign financial statements	51,398	-	51,398	-	51,398
Total of other comprehensive income	\$49,225	\$-	\$49,225	\$-	\$49,225

(27) Income tax

(a) The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Current income tax expense (income):		
Current income tax charge	\$14,884	\$93,000
Adjustments in respect of current income tax of prior periods	(76)	(106)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination		

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and reversal of temporary differences	5,153	24,721
Total income tax expense	<u>\$19,961</u>	<u>\$117,615</u>

(b)The assessment of income tax returns

As of March 31, 2024, the assessment status of income tax returns of the Company and subsidiaries are as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2022
Subsidiary- Heli-Vantech Corp.	Assessed and approved up to 2022

(28)Earnings per share

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

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$1,562</u>	<u>\$270,241</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	<u>540,934</u>	<u>540,934</u>
Basic earnings per share (in NT\$)	<u>\$-</u>	<u>\$0.50</u>

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	For the three-month periods ended March 31,	
	2024	2023
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$1,562	\$270,241
Gain or loss on valuation of redemption	-	(48)
Interest expense from convertible bonds	842	821
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	<u>\$2,404</u>	<u>\$271,014</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	540,934	540,934
Effect of dilution:		
Employee compensation — stock (in thousand shares)	948	3,236
Restricted employee stock option	175	-
Convertible bonds (in thousand shares)	4,746	4,495
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	<u>546,803</u>	<u>548,665</u>
Diluted earnings per share (in NT\$)	<u>\$-</u>	<u>\$0.49</u>

There were no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(29) The changes of the ownership interests in subsidiaries

Acquisition of new shares in a subsidiary not in proportionate to ownership interest

Wafer Works (Shanghai) Co., Ltd. was officially listed on the Shanghai Stock Exchange's STAR Market on February 8, 2024. As a result of the completion of the initial public offering, the Group's holding interest on Wafer Works (Shanghai) Corp., has been reduced to 48.2772%. The Group received additional cash of NT\$6,158,263 thousand and the carrying amount of Wafer Works (Shanghai) Corp.'s net assets (excluding goodwill on the original acquisition) became NT\$8,706,047 thousand. Details of reduction on Wafer Works (Shanghai) Corp.'s equity, including changes in non-controlling interests and adjustments to accumulate other

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comprehensive income, were listed below:

Additional cash received from the offerings	\$6,158,263
Increase (decrease) to non-controlling interests	(4,027,634)
Difference recognized in capital surplus or retained earning within equity	<u>\$2,130,629</u>

(30)Subsidiary that has material non-controlling interests

Financial information of subsidiary in which the Group has material non-controlling interests are as below:

Proportion of equity interest held by non-controlling interests:

Name	Country	As of		
		Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Silicon Technology Investment (Cayman) Corp.	Cayman	10.74%	10.74%	10.74%
Wafer Works (Shanghai) Co., Ltd.	China	51.73%	46.36%	46.36%

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Accumulated balances of material non-controlling interest:			
Silicon Technology Investment (Cayman) Corp.	<u>\$954,446</u>	<u>\$669,082</u>	<u>\$650,187</u>
Wafer Works (Shanghai) Co., Ltd.	<u>\$9,656,674</u>	<u>\$5,497,398</u>	<u>\$5,311,643</u>

	For the three-month periods ended	
	March 31,	
	2024	2023
Profit(loss) allocated to material non-controlling interest:		
Silicon Technology Investment (Cayman) Corp.	<u>\$1,467</u>	<u>\$11,327</u>

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Wafer Works (Shanghai) Co., Ltd.	\$17,572	\$92,070
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The summarized financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Silicon Technology Investment (Cayman) Corp. and Wafer Works (Shanghai) Co., Ltd. summarized information of profit or loss for the three-month periods ended Mar. 31, 2024 and 2023, respectively, are as follows:

	For the three-month periods ended March 31,			
	2024		2023	
	Wafer Works (Shanghai) Silicon Co., Ltd.		Wafer Works (Shanghai) Silicon Co., Ltd.	
Operating revenue	\$1,105,036	\$1,105,036	\$1,510,446	\$1,510,446
Profit/loss from continuing operation	31,229	33,524	197,551	198,605
Total comprehensive income	648,321	727,287	252,860	253,281

Silicon Technology Investment (Cayman) Corp. summarized information of financial position as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively, are as follows:

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Current assets	\$10,284,793	\$4,247,263	\$4,994,906
Non-current assets	11,852,525	11,465,204	11,341,162
Current liabilities	2,551,650	2,955,083	2,128,900
Non-current liabilities	1,155,586	1,139,340	2,949,916

Wafer Works (Shanghai) Co., Ltd. summarized information of financial position as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively, are as follows:

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Current assets	\$10,265,957	\$4,226,946	\$4,978,607

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	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Non-current assets	11,852,525	11,465,205	11,341,162
Current liabilities	2,454,948	2,862,292	2,037,187
Non-current liabilities	1,155,586	1,139,340	2,949,916

Silicon Technology Investment (Cayman) Corp. and Wafer Works (Shanghai) Co., Ltd. summarized information of cash flows for the three-month periods ended March 31, 2024 and 2023, respectively, are as follows:

	For the three-month periods ended March 31,			
	2024		2023	
	Wafer Works (Shanghai)		Wafer Works (Shanghai)	
	Silicon	Co., Ltd.	Silicon	Co., Ltd.
Operating activities	\$231,026	\$233,364	\$328,248	\$329,618
Investing activities	(731,134)	(731,134)	(223,019)	(223,019)
Financing activities	5,812,826	5,812,826	(15,771)	(15,771)
Net increase(decrease) in cash and cash equivalents	5,318,868	5,321,206	92,257	93,628

7. Related party transactions

(a) Key management personnel compensation

	For the three-month periods ended March 31,	
	2024	2023
Short-term employee benefits	\$6,819	\$7,781
Post-employment benefits	196	167
Total	<u>\$7,015</u>	<u>\$7,948</u>

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8. Assets pledged as collateral

Assets pledged for security	Carrying Amount As of			Secured liabilities
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023	
Financial assets measured at amortized cost-current	\$157,951	\$41,828	\$62,071	Customs duty guarantee and loans
Financial assets measured at amortized cost-current	37,371	143,915	45,507	Long-term loans
Financial assets measured at amortized cost-noncurrent	21,967	21,967	21,967	Land leased
Property, plant and equipment – land	259,131	259,131	259,131	Long-term loans
Property, plant and equipment – buildings	2,689,949	2,645,646	2,793,281	Long-term loans
Property, plant and equipment – machinery and equipment	1,596,326	1,504,205	1,727,298	Long-term loans
Property, plant and equipment –office equipment	839	1,033	2,116	Long-term loans
Property, plant and equipment –other equipment	1,582	1,896	3,089	Long-term loans
Right-of-use assets – land	259,666	251,566	237,776	Long-term loans
Right-of-use assets – land	208,903	201,981	274,913	Performance guarantee
Total	<u>\$5,233,685</u>	<u>\$5,073,168</u>	<u>\$5,427,149</u>	

9. Significant contingencies and unrecognized contract commitments

(a)The Group's unused letters of credit (LC) as of March 31, 2024 were as follows:

Currency	LC Amount		Security
USD	USD	798 thousand	RMB 29,129 thousand

The security were classified under financial assets measured at amortized cost-current.

(b)As of March 31, 2024, outstanding contracts related to the purchased property, plant and equipment were as follows:

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Type of Asset	Total Amount	Amount paid to date	Amount outstanding
Construction in progress	\$3,480,766	\$447,855	\$3,032,911
Equipment	2,042,271	1,654,534	387,737
Total	\$5,523,037	\$2,102,389	\$3,420,648

The above amount paid are classified under prepayment for equipment, construction in progress and equipment awaiting examination.

(c)The Company signed a 3-year purchase contracts with Supplier A for the period from August 16, 2021 through August 16, 2024 for stabilizing the material sources and to enhance the relationship with the supplier. Under the agreements, installment prepayments which are to be offset by the Company's future purchase orders were agreed and paid by the Company.

(d)The Company signed a 3-year purchase contracts with Supplier B for the period from August 15, 2022 through December 31, 2025 for stabilizing the material sources and to enhance the relationship with the supplier. Under the agreements, installment prepayments which are to be offset by the Company's future purchase orders were agreed and paid by the Company.

(e)To develop long-term business and establishing long-term strategic alliances relation with ownstream suppliers. The Company is entitled to receive in advance specific payments in an installment basis while customers shall put their purchase orders in compliance with the regulation within the agreement by using its prepayment. As of March 31, 2024, the Group's contracts are as follows:

Customer	Contract period	Contract liability balance
Customer A	2022.04.26~2024.12.31	\$249,341
Customer B	2022.01.01~2024.12.31	109,725
Customer C	2022.01.01~2024.12.31	52,651
Customer D	2022.01.01~2024.12.31	55,224
Customer E	2021.10.01~2024.12.31	18,161
Customer F	2022.01.01~2024.12.01	13,609
Total		\$498,711

(f)As of March 31, 2024, the Group issued a tariff guarantee of NT\$32,000 thousand to the bank for the purpose of importing goods.

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10. Significant disaster loss

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Financial asset at fair value through P/L:			
Mandatorily measured at fair value through P/L	\$11,110	\$4,165	\$10,207
Financial assets at fair value through OCI	177,650	109,694	108,712
Financial assets measured at amortized cost			
Cash and petty cash	9,250,260	3,835,472	5,177,795
Financial assets measured at amortized cost	803,615	337,766	129,545
Notes receivables	5,757	5,107	14,793
Accounts receivables	1,678,619	1,493,580	2,175,012
Other receivables	46,647	28,167	116,111
Total	<u>\$11,973,658</u>	<u>\$5,813,951</u>	<u>\$7,732,175</u>

Financial liabilities

	As of		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Financial liabilities at fair value through P/L:			
Mandatorily measured at fair value through P/L	\$2,528	\$-	\$-
Financial liabilities at amortized cost:			
Short-term loans	723,069	961,218	803,415
Payable	1,336,150	1,228,696	1,631,330

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Long-term loans (current portion included)	4,001,834	3,892,670	4,355,626
Bonds payable	293,748	292,695	289,536
Lease liabilities (current portion included)	442,410	451,605	496,808
Total	<u>\$6,799,739</u>	<u>\$6,826,884</u>	<u>\$7,576,715</u>

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rare that a single risk variable will change independently from other risk variable, i.e., there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign

WAFER WORKS CORPORATION AND SUBSIDIARIES

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currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency. The information of the sensitivity analysis are as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the three-month periods ended March 31, 2024 and 2023 would decreased/increased by NT\$17,447 thousand and NT\$20,918 thousand, respectively.

When NTD strengthens/weakens against RMB by 1%, the profit for the three-month periods ended March 31, 2024 and 2023 would increased/decreased by NT\$55,308 thousand and NT\$11,029 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investments with variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the three-month periods ended March 31, 2024 and 2023 to decrease/increase by NT\$4,725 thousand and NT\$5,159 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities are susceptible to market

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price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities, including fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT\$1,777 and NT\$1,087 on the equity attributable to the Group for the three-month periods ended March 31, 2024 and 2023, respectively.

Please refer to Note12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4)Credit risk management

Credit risk is the risk that the counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counterparties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of March 31, 2024, December 31, 2023 and March 31, 2023, receivables from the top ten customers were accounted for 59.32%, 55.64% and 59.28% of of the Group's total accounts receivable, respectively. The concentration of credit risk is relatively insignificant for the remaining receivables.

Credit risk from balances with banks, fixed income securities and other financial instruments

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is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counterparties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5)Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, etc. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1					Over than	
	year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 years	Total
As of Mar. 31, 2024							
Loans	\$2,461,713	\$958,385	\$609,827	\$887,475	\$50,992	\$46,087	\$5,014,479
Payables	1,336,150	-	-	-	-	-	1,336,150
Bonds payable	-	-	297,600	-	-	-	297,600
Lease Liabilities	85,901	86,083	82,100	34,613	29,552	189,587	507,836
As of Dec. 31, 2023							
Loans	\$2,700,962	\$906,834	\$540,907	\$455,065	\$544,795	\$14,813	\$5,163,376

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Payables	1,228,696	-	-	-	-	-	1,228,696
Bonds payable	-	-	297,600	-	-	-	297,600
Lease Liabilities	83,412	83,586	80,709	46,380	30,025	195,634	519,746

As of Mar. 31, 2023

Loans	\$1,806,002	\$1,537,476	\$847,785	\$470,956	\$823,946	\$-	\$5,486,165
Payables	1,631,330	-	-	-	-	-	1,631,330
Bonds payable	-	-	-	297,600	-	-	297,600
Lease Liabilities	80,925	81,093	81,266	80,972	34,395	218,693	577,344

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the three-month periods ended March 31, 2024:

	Short-term borrowings	Bonds payable	Long-term borrowings	Guarantee deposit received	Lease liabilities	Total liabilities from financing activities
As of January 1, 2024	\$961,218	\$292,695	\$3,892,670	\$48,108	\$451,605	\$5,646,296
Cash flows	(238,149)	-	25,622	(8,935)	(22,122)	(243,584)
Non-cash changes						
Lease range changes	-	-	-	-	3,716	3,716
Interest expense	-	1,053	-	-	-	1,053
Other	-	-	(1,928)	-	-	(1,928)
Currency rate change	-	-	85,470	-	9,211	94,681
As of March 31, 2024	<u>\$723,069</u>	<u>\$293,748</u>	<u>\$4,001,834</u>	<u>\$39,173</u>	<u>\$442,410</u>	<u>\$5,500,234</u>

Movement schedule of liabilities for the three-month periods ended March 31, 2023:

	Short-term borrowings	Bonds payable	Long-term borrowings	Guarantee deposit received	Lease liabilities	Total liabilities from financing activities
As of January 1, 2023	\$999,704	\$288,510	\$4,332,242	\$66,765	\$512,305	\$6,199,526
Cash flows	(196,289)	-	21,469	(4,066)	(20,826)	(199,712)
Non-cash changes						
Lease range changes	-	-	-	-	4,308	4,308

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Interest expense	-	1,026	-	-	-	1,026
Other	-	-	(1,428)	-	-	(1,428)
Currency rate change	-	-	3,343	-	1,021	4,364
As of March 31, 2023	<u>\$803,415</u>	<u>\$289,536</u>	<u>\$4,355,626</u>	<u>\$62,699</u>	<u>\$496,808</u>	<u>\$6,008,084</u>

(7)Fair values of financial instruments

(a)The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- i. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value.
- ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.
- iii. The fair value of derivative financial instrument is based on market quotations. For unquoted derivatives that are not options, the fair value is determined based on discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the option pricing model.
- iv. The fair value of other financial assets and liabilities is determined using discounted cash flow analysis. The interest rate and discount rate are selected with reference to those of similar financial instruments.

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(b) Fair value of financial instruments measured at amortized cost

Other than the item is listed in the table below, the carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value:

	Carrying amount		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Financial liabilities:			
Bonds payable	\$293,748	\$292,695	\$289,536
	Fair value		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Financial liabilities:			
Bonds payable	\$289,624	\$288,464	\$284,357

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of March 31, 2024, December 31, 2023 and March 31, 2023 are as follows:

Forward Foreign Exchange Contract

Forward foreign exchange contracts manage exposures of certain transactions but have not been designated as hedging instruments.

As of March 31, 2024, December 31, 2023 and March 31, 2023, the held forward foreign exchange contracts are as follows (foreign currency unit: thousand dollars):

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Item	Contract amount	Contract period
As of March 31, 2024		
Forward foreign exchange contract	Sell USD 5,734	2024.02.15~2024.05.24
As of December 31, 2023		
Forward foreign exchange contract	Sell USD 7,220	2023.11.21~2024.02.29
As of March 31, 2023		
None		

The counterparties for the aforementioned derivative financial instrument transactions are well-known domestic and foreign banks with good creditworthiness, therefore the credit risk is not high.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6 for further information on this transaction.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

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Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis are as follows:

As of March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Stock	\$11,110	\$-	\$-	\$11,110
Financial assets at fair value through other comprehensive income				
Equity instruments investments measured at fair value through other comprehensive income	\$63,771	\$-	\$113,879	\$177,650
Financial liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Forward exchange agreement	\$-	\$2,528	\$-	\$2,528

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As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Forward exchange agreement	\$-	\$4,165	\$-	\$4,165
Financial assets at fair value through other comprehensive income				
Equity instruments investments measured at fair value through other comprehensive income	\$59,129	\$-	\$50,565	\$109,694

As of March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Embedded derivative	\$-	\$-	\$178	\$178
Stock	\$10,029	\$-	\$-	\$10,029
Financial assets at fair value through other comprehensive income				
Equity instruments investments measured at fair value through other comprehensive income	\$103,689	\$-	\$5,023	\$108,712

Transfers between Level 1 and Level 2 during the period

For the three-month periods ended March 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value hierarchy.

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Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	At fair value through OCI
	Stock
Beginning balances as of January 1, 2024	\$50,565
Total gains and losses recognized for the three-month periods ended March 31, 2024:	
Amount recognized in profit or loss (presented in “ Other gains and losses ”)	-
Amount recognized in OCI(presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	63,100
Currency rate change	214
Ending balances as of March 31, 2024	<u>\$113,879</u>

	Assets	
	At fair value through OCI	At fair value through P/L
	Stock	Derivative financial instruments
Beginning balances as of January 1, 2023	\$5,066	\$119
Total gains and losses recognized for the three-month periods ended March 31, 2023:		
Amount recognized in profit or loss (presented in “ Other gains and losses ”)	-	59
Currency rate change	(43)	-
Ending balances as of March 31, 2023	<u>\$5,023</u>	<u>\$178</u>

Total gains and losses recognized in profit or loss for the three-month periods ended March 31, 2024 and 2023 in the table above contain gains and losses related to assets or liabilities on hand in the amount of NT\$0 and NT\$59 thousand, respectively.

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Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy are as below:

As of March 31, 2024

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	
				Sensitivity of the input to fair value	
Financial assets:					
At fair value through OCI					
Stock	Market approach	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT\$11,388 thousand

	Relationship				
	Valuation techniques	Significant unobservable inputs	Quantitative information	between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives	Binary tree-based model for valuation of convertible bonds	Volatility	22.06%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$0

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As of December 31, 2023

	Valuation	Significant	Quantitative	Relationship	
	techniques	unobservable inputs	information	between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through OCI					
Stock	Market approach	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT\$5,057 thousand
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives	Binary tree-based model for valuation of convertible bonds	Volatility	23.14%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$0 thousand

As of March 31, 2023

	Valuation	Significant	Quantitative	Relationship	
	techniques	unobservable inputs	information	between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through OCI					
Stock	Market approach	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the	10% increase (decrease) in the discount for lack of marketability would result

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lower the fair value of the stocks in decrease (increase) in the Group's equity by NT\$502 thousand

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives	Binary tree-based model for valuation of convertible bonds	Volatility	39.53%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$15 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Financial Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(C) Fair value measurement hierarchy of the Group's liabilities not measured at fair value but for which the fair value is disclosed

As of March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair				

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value is disclosed:

Bonds payable (Please refer to
6(16))

\$-	\$-	\$289,624	\$289,624
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As of December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (Please refer to 6(16))	\$-	\$-	\$288,464	\$288,464

As of March 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (Please refer to 6(16))	\$-	\$-	\$284,357	\$284,357

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies are listed below:

As of						
March 31, 2024				December 31, 2023		
Foreign currencies	Exchange rate	NTD		Foreign currencies	Exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$78,199	32.00	\$2,502,356	\$86,373	30.705	\$2,652,088
RMB	\$1,667,353	4.51	\$7,520,004	\$328,539	4.335	\$1,424,270

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	As of					
	March 31, 2024			December 31, 2023		
	Foreign currencies	Exchange rate	NTD	Foreign currencies	Exchange rate	NTD
<u>Financial liabilities</u>						
Monetary items:						
USD	\$23,685	32.00	\$757,630	\$26,668	30.705	\$818,834
RMB	\$441,068	4.51	\$1,989,184	\$523,951	4.335	\$2,271,434

	As of		
	March 31, 2023		
	Foreign currencies	Exchange rate	NTD

Financial assets

Monetary items:			
USD	\$109,211	30.45	\$3,325,473
RMB	\$360,061	4.43	\$1,595,503

Financial liabilities

Monetary items:			
USD	\$40,516	30.45	\$1,233,701
RMB	\$608,947	4.43	\$2,698,367

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Group entities' functional currency is variety. It can not be disclosed the foreign exchange gains or losses on monetary financial assets and financial liabilities with each significant influence. The Foreign exchange gains or losses of the Group amounted to NT\$57,019 thousand and NT\$(37,287) thousand for the three-month periods ended March 31, 2024 and 2023, respectively.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information on significant transactions:

- a. Financing provided to others for the three-month periods ended March 31, 2024: None.
- b. Endorsement/Guarantee provided to others for the three-month periods ended March 31, 2024: None.
- c. Securities held as of March 31, 2024 (excluding subsidiaries, associates and joint ventures): Please refer to Attachment 4.
- d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the three-month periods ended March 31, 2024: None.
- e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the three-month periods ended March 31, 2024: None.
- f. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the three-month periods ended March 31, 2024: None.
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the three-month periods ended March 31, 2024: Please refer to Attachment 2.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or

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20 percent of capital stock as of March 31, 2024: None.

i. Financial instruments and derivative transactions: Please refer to Attachment 12(8).

j. Other: Significant intercompany transactions between the parent with subsidiaries or among subsidiaries were disclosed in Attachment 7.

(2) Information on investees:

A. If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 3.

B. If an investee is controlled by an investor, the related information for the investee shall be disclosed as the same as Note 13(1):

(a) Financing provided to others for the three-month periods ended March 31, 2024: None.

(b) Endorsement/Guarantee provided to others for the three-month periods ended March 31, 2024: Please refer to Attachment 1.

(c) Securities held as of March 31, 2024 (excluding subsidiaries, associates and joint ventures): Please refer to Attachment 4.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the three-month periods ended March 31, 2024: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the three-month periods ended March 31, 2024: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the three-month periods ended March 31, 2024: None.

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- (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the three-month periods ended March 31, 2024: Please refer to Attachment 5.
- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of March 31, 2024: Please refer to Attachment 6.
- (i) Financial instruments and derivative transactions: None.

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(3) Information on investments in Mainland China:

A. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), book value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China:

Investee company	Main businesses and products	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Mar. 31, 2024	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Mar. 31, 2024	Accumulated Inward Remittance of Earnings as of Mar. 31, 2024	Accumulated Investment in Mainland China as of Mar. 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	per Limit on Investment Up
					Outflow	Inflow									
Wafer Works (Shanghai) Co., Ltd.	R&D, production and sales of semiconductor materials	\$2,986,030 (Note1,3)	Reinvesting in a Mainland company through reinvestment in an existing company in a third location.	\$510,951	\$-	\$-	\$510,951	\$34,112	43.09%	\$14,489 (Note3,4,12)	\$7,898,266 (Note3,4,12)	\$117,468	\$510,951	\$2,206,113	No maximum (Note5)

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Investee company	Main businesses and products	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Mar. 31, 2024	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Mar. 31, 2024	Accumulated Inward Remittance of Earnings as of Mar. 31, 2024	Accumulated Investment in Mainland China as of Mar. 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	per Limit on Investment Up
					Outflow	Inflow									
Wafer Works Epitaxial Corp.	R&D, production and sales of semiconductor materials	\$2,201,205 (Note3,6)	Reinvesting in a Mainland company through reinvestment in an existing company in a third location.	\$516,782	\$-	\$-	\$516,782	\$62,229	43.09%	\$62,229 (Note3,4,12)	\$1,689,996 (Note3,4,12)	\$-	\$516,782	\$562,736	
Wafer Works (Yangzhou) Corp.	R&D, production and sales of semiconductor materials	\$491,613 (Note3,7)	(Note2)	\$-	\$-	\$-	\$-	\$1,022	43.09%	\$1,022 (Note3,12)	\$196,320 (Note3,12)	\$-	\$-	\$-	

English Translation of Financial Statements and Footnotes Originally Issued in Chinese

WAFER WORKS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

Investee company	Main businesses and products	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Mar. 31, 2024	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Mar. 31, 2024	Accumulated Inward Remittance of Earnings as of Mar. 31, 2024	Accumulated Investment in Mainland China as of Mar. 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	per Limit on Investment Up
					Outflow	Inflow									
Wafer Works (Zhengzhou) Corp.	R&D, production and sales of semiconductor materials	\$4,600,412 (Note3,8)	(Note 8)	\$-	\$-	\$-	\$-	\$9,717	43.09%	\$9,717 (Note3,4,12)	\$2,211,335 (Note3,4,12)	\$-	\$-	\$-	
HuaXin (Shanghai) Technology Co., Ltd.	Trading of semiconductor materials	\$30,211 (Note 10)	(Note 11)	\$30,211	\$-	\$-	\$30,211	\$(1,589)	100.00%	\$(1,589) (Note3,4,12)	\$(74,512) (Note3,4,12)	\$-	\$30,211	\$30,211	

English Translation of Financial Statements and Footnotes Originally Issued in Chinese

WAFER WORKS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

Note 1: 48.2772% shares of Wafer Works (Shanghai) Co., Ltd. owned by Silicon Technology Investment (Cayman) Corp. But 89.2615% shares of Silicon Technology Investment (Cayman) Corp. owned by Wafer Works Investment Corp. Therefore, Wafer Works (Shanghai) Co., Ltd. indirectly invested by Wafer Works Corp.

Note 2: Wafer Works (Shanghai) Co., Ltd. invested directly to Wafer Works (Yangzhou) Corp.

Note 3: Foreign currencies were converted into New Taiwan dollars based on exchanged rate on March 31, 2024.

Note 4: The investment income (loss) recognized under equity method and by calculation was based on audited financial statements.

Note 5: The Company qualified and approved by Taiwan, R.O.C. government to be operation headquarter in Taiwan, thus there are no limitation of investee in mainland China.

Note 6: It was a wholly-owned subsidiary by the Company's indirect subsidiary, Silicon Technology Investment (Cayman) Corp. The Company's board in a meeting held on November 10, 2016 has resolved that Silicon Technology Investment (Cayman) Corp. participates in a cash addition conducted by Wafer Works (Shanghai) Co., Ltd. by using all ownership interest on Wafer Works Epitaxial Corp. As a result of the capital addition, Wafer Works (Shanghai) Co., Ltd. owns 100% interest of Wafer Works Epitaxial Corp.

Note 7: The Company's board in a meeting held on November 10, 2016 resolved that Wafer Works (Shanghai) Co., Ltd. participates in a cash addition conducted by Wafer Works (Yangzhou) Corp. for 30% ownership interest.

Note 8: The Company's board has resolved on February 16, 2017 Wafer Works (Zhengzhou) Corp. to be established through Wafer Works (Shanghai) Co., Ltd.'s investment.

Note 9: Wafer Works (Shanghai) Co., Ltd. applied for a shareholding restructuring to become a company limited by shares in September 2019. The registration procedures were completed on December 17, 2019.

Note 10: The paid-in capital is USD1,000 thousand, equivalent to NT\$30,211 thousand.

Note 11: An investee company in which the Company holds a 100% equity interest through reinvestment using the Company's own funds.

Note 12: Transactions between consolidated entities are eliminated in the consolidated financial statements.

B. Significant transactions with the investees in mainland China:

- (a) Purchase and accounts payable with the related parties: Please refer to Attachment 7.
- (b) Sales and receivables with the related parties: Please refer to Attachment 7.
- (c) Property transaction amounts and resulting gain or loss: None.
- (d) The purpose and balance of a note guarantee and a guarantee endorsement or providing for secure: Please refer to Attachment 1.
- (e) The amount of maximum financing, the balance interest rates, and lump sum interest expense: None.
- (f) The other events' impact over current profit or loss or the significant influence of transaction events over the financial conditions: Please refer to Attachment 7.
- (g) The aforementioned transaction had been eliminated in the consolidated financial statements: Please refer to Attachment 7.

(4) Information on major shareholders:

None.

14. Segment information

The Group's revenue is primarily derived from the manufacture and sale of semiconductor wafers. The Group's chief operating decision maker reviews the consolidated operating results to make decisions about resources to be allocated to the segment and to assess its overall performance. Therefore, it operates as a single operating segment and the financial statements are prepared on the same basis as the significant accounting policies described in Note 4.

(All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified)

WAFER WORKS CORP. AND SUBSIDIARIES

No. (Note1)	Endorser/Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note3)	Maximum balance for the period (Note4)	Ending balance (Note5)	Actual amount provided (Note6)	Amount of collateral guarantee/endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/endorsemen t amount (Note3)	Guarantee Provided by Parent Company (Note7)	Guarantee Provided by A Subsidiary (Note7)	Guarantee Provided to Subsidiaries in Mainland China (Note7)
		Company name	Relationship (Note2)										
1	Wafer Works (Shanghai) Corp.	Wafer Works (ZhengZhou) Corp.	Affiliated Company	\$5,752,186	\$625,936	\$625,936	\$625,936	\$-	4.35%	\$5,752,186	N	N	Y

Note1: Wafer Works Corp. and its subsidiaries are coded as follows:

- 1.Wafer Works Corp. is coded "0".
- 2.The subsidiaries are coded consecutively beginning from "1" in the order presented in the above table.

Note2: The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

- 1.The company with business contacts.
- 2.The company directly and indirectly holds more than 50% of the shares with voting rights.
- 3.Companies that directly and indirectly holds more than 50% of the shares of the company with voting rights.
- 4.The company directly and indirectly holds more than 90% of the shares with voting rights.
- 5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.
- 6.A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.
- 7.The performance guarantee of the preconstruction real estate contract between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

Note3: According to the procedures of Endorsement and Guarantee, the limitation of endorsement or guarantee for other subsidiaries shall not exceed 40% of the current net value of the Company. Also, the limitation of endorsement or guarantee for one of the subsidiaries shall not exceed 10% of the current net value of Company, but the limitation of endorsement or guarantee for the Company shall be up to 40% of the current net value of one of subsidiaries.

Note4: Maximum amount of endorsements or guarantees for others in the current year.

Note5: At the end of the year, the Company assumes the responsibility of endorsement or guarantee as soon as the amount of endorsement or guarantee agreements or bills signed with banks is approved; moreover, any other related endorsements or guarantees should be included in the balance of endorsements or guarantees.

Note6: The actual amount drawn within the endorsement/guarantee balance by the Company being endorsed or guaranteed should be entered.

Note7: A "Y" should be filled in for endorsements or guarantees provided by a listed parent company for its subsidiary, by a subsidiary for its listed parent company, or originating from mainland China.

ATTACHMENT 2 (Related party transactions for purchases and sales amounts exceeding the lower of 100 million dollars or 20 percent of capital stock for the three-month periods ended March 31, 2024)

(All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified)

WAFER WORKS CORP. AND SUBSIDIARIES

			Transactions			Details of non-arm's length transaction		Notes and accounts receivables(payable)			
			Purchases	Percentage of total purchases				Percentage of total notes and accounts			
Company	Related party	Relationship	(Sales)	Amount	(sales)(%)	Term	Unit Price	Term	Balance	receivable (payable)(%)	Note
Wafer Works Corp.	Helitek Company Ltd.	Affiliated Company	Sales	\$174,487	18.62%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	\$36,351	4.65%	Note

Note : Transactions between consolidated entities are eliminated in the consolidated financial statements.

(All the currencies are denominated in Thousands of New Taiwan Dollars, HKD, and USD unless otherwise specified)

WAFER WORKS CORP. AND SUBSIDIARIES

Investor	Investee	Address	Main businesses and products	Initial Investment		Investments as of 31 March 2024						Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book Value	Net income (loss)of investee company	Investment income (loss) recognized		
Wafer Works Corp.	Wafer Works Investment Corp.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	Investment Holding Company	USD 66,566	USD 66,566	66,566,226	100.00%	\$8,153,359	\$10,032	\$10,032	Note	
Wafer Works Corp.	Heli-Vantech Corp.	No.1, Ln. 445, Sec. 2, Meishih Rd., Yangmei Township, Taoyuan County, Taiwan	Design, trading and manufacturing of semiconductor materials.	5,000	5,000	500,000	100.00%	2,910	-	-	Note	
Wafer Works Investment Corp.	Silicon Technology Investment (Cayman) Corp.	Grand Pavilion, Hibiscus Way, P.O.Box 31119, Grand Cayman, KY1-1205, Cayman Islands	Investment Holding Company	USD 53,141	USD 53,141	Common stock 1 Preferred stockA 6,970,327 Preferred stockB 38,991,198	89.26%	7,818,963	13,657	12,190	Note	
Wafer Works Investment Corp.	Wafermaster Investment Corp.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	Investment Holding Company	USD 5,084	USD 5,084	5,083,900	100.00%	197,280	(2,687)	(2,687)	Note	
Silicon Technology Investment (Cayman) Corp.	Sharp Right Limited Co., Ltd.	Rooms 2006-8.20/F., Two Chinachem Exchange Square, 338 King's Road	Trading Company	HKD 10	HKD 10	-	100.00%	(98,923)	-	-	Note	
Wafermaster Investment Corp.	Helitek Company Ltd.	4033 Clipper CT Fremint, CA 94538-6540	Manufacturing and trading of semiconductor materials.	USD 2,200	USD 2,200	3,400,000 (Preferred stock 2,000,000)	100.00%	197,272	(2,687)	(2,687)	Note	

Note : Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 4 (Securities held as of March 31, 2024) (excluding subsidiaries, associates and joint ventures)

(All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified)

WAFER WORKS CORP. AND SUBSIDIARIES

				As of March 31, 2024			
Holding Company	Securities Type and Name	Relationship	Financial Statement Account	Shares/Units	Book Value	Percentage of ownership (%)	Fair value
Wafer Works Corp.	GaN Power Technology Co., Ltd.	-	Financial asset at fair value through OCI, noncurrent	4,550,000	\$45,500	10.00%	<u>\$45,500</u>
	Loss: Financial assets at fair value through other comprehensive income, valuation adjustments				-		
	Net				<u>\$45,500</u>		
Wafer Works Corp.	SweGaN AB	-	Financial asset at fair value through OCI, noncurrent	33,945	\$63,100	5.40%	<u>\$63,100</u>
	Loss: Financial assets at fair value through other comprehensive income, valuation adjustments				-		
	Net				<u>\$63,100</u>		
Wafer Works Investment Corp.	Can Yang Investments Limited	-	Financial asset at fair value through OCI, noncurrent	153,488	\$19,200	0.20%	<u>\$5,279</u>
	Loss: Financial assets at fair value through other comprehensive income, valuation adjustments				(13,921)		
	Net				<u>\$5,279</u>		
Wafer Works Investment Corp.	Solargiga Energy Holdings Limited	-	Financial asset at fair value through OCI, noncurrent	96,227,822	\$172,830	2.90%	<u>\$62,169</u>
	Loss: Financial assets at fair value through other comprehensive income, valuation adjustments				(110,661)		
	Net				<u>\$62,169</u>		
Heli-Vantech Corp.	New Solar Power Corp.	-	Financial asset at fair value through OCI, noncurrent	138,747	\$5,622	0.01%	<u>\$1,602</u>
	Loss: Financial assets at fair value through other comprehensive income, valuation adjustments				(4,020)		
	Net				<u>\$1,602</u>		
Helitek Company Ltd.	SCHWAB VARIABLE SHARE PR:SVUXX	-	Financial assets at fair value through profit or loss, current	347,120	\$11,110	-%	<u>\$11,110</u>
	Loss: Financial assets at fair value through profit or loss, valuation adjustments				-		
	Net				<u>\$11,110</u>		

ATTACHMENT5 (Related party transactions for purchases and sales amount exceeding the lower of 100 million dollars or 20 percent of capital stock for the three-month period ended March 31, 2024)

(All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified)

WAFER WORKS CORP. AND SUBSIDIARIES

			Transactions				Details of non-arm's length transaction		Notes and accounts receivables(payable)		
Purchase (sales)			Purchases	Percentage of total purchases					Percentage of total notes and accounts		
company	Counterparty	Relationship	(Sales)	Amount	(sales) (%)	Term	Unit Price	Term	Balance	receivable (payable)(%)	Note
Wafer Works (Zhengzhou) Corp.	Wafer Works Epitaxial Corp.	Affiliated Company	Sales	\$430,364	92.91%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	\$343,743	95.00%	Note
Helitek Company Ltd.	Wafer Works Corp.	Affiliated Company	Purchases	\$174,487	97.74%	Paid at 60 days after shipment arrival by using telegraphic transfer (T/T)	Specs of goods purchased are different from others. Cannot be reasonably compared.	No othersuppliers available for comparison	\$(36,351)	(96.44)%	Note

Note : Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 6 (Receivable from related parties with amounts exceeding the lower of 100 million dollars or 20 percent of capital stock as of March 31, 2024)

(All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified)

WAFER WORKS CORP. AND SUBSIDIARIES

Company	Counterparty	Relationship	Ending Balance	Turnover Rate (times)	Overdue Receivables		Subsequent collection	Allowance for doubtful accounts
					Amount	Actions taken		
Wafer Works (Zhengzhou) Corp.	Wafer Works	Affiliated Company	Accounts receivable	5.15	\$-	-	\$172,897	\$-
	Epitaxial Corp.		\$343,743					
			(Note)					

Note : Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 7 (Intercompany Relationships and significant intercompany transactions for the Three-month Period Ended March 31, 2024)
(All the currencies are denominated in Thousands of New Taiwan Dollars)

WAFER WORKS CORP. AND SUBSIDIARIES

No. (Note1)	Company name	Counterparty	Nature of relationship (Note 2)	Intercompany transactions			
				Financial Statement Account	Amount	Terms	Percentage of consolidated total gross sales or total assets (Note3)
	<u>2024.01.01~2024.03.31</u>						
0	Wafer Works Corp.	Wafer Works Epitaxial Corp.	1	Operating revenues	\$39,969	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	2.03%
0	Wafer Works Corp.	Helitek Company Ltd.	1	Operating revenues	174,487	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	8.84%
0	Wafer Works Corp.	Wafer Works (Zhengzhou) Corp.	1	Operating revenues	10,344	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.52%
0	Wafer Works Corp.	Wafer Works (Yangzhou) Corp.	1	Purchases	32,857	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	1.67%
0	Wafer Works Corp.	HuaXin (Shanghai) Technology Co., Ltd.	1	Accounts receivables	99,768	Received at 150 days after shipment arrival by using telegraphic transfer (T/T)	0.30%
0	Wafer Works Corp.	Wafer Works Epitaxial Corp.	1	Accounts receivables	25,041	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.08%
0	Wafer Works Corp.	Helitek Company Ltd.	1	Accounts receivables	36,351	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.11%
0	Wafer Works Corp.	Wafer Works (Zhengzhou) Corp.	1	Accounts receivables	10,500	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.03%
0	Wafer Works Corp.	Sharp Right Limited Co., Ltd.	1	Accounts receivables	45,294	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.14%
0	Wafer Works Corp.	Sharp Right Limited Co., Ltd.	1	Other receivables	50,949	-	0.15%
0	Wafer Works Corp.	Wafer Works (Yangzhou) Corp.	1	Accounts payable	10,910	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.03%
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works Epitaxial Corp.	3	Operating revenues	56,490	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	2.86%
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works (Zhengzhou) Corp.	3	Operating revenues	18,790	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.95%
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works (Yangzhou) Corp.	3	Purchases	14,159	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.72%
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works Epitaxial Corp.	3	Accounts receivables	57,517	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.17%
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works Epitaxial Corp.	3	Dividend receivables	658,490	-	1.98%
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works (Zhengzhou) Corp.	3	Dividend receivables	584,523	-	1.76%
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works (Zhengzhou) Corp.	3	Accounts receivables	21,622	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.07%
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works (Zhengzhou) Corp.	3	Other receivables	12,784	-	0.04%
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works (Yangzhou) Corp.	3	Accounts payable	19,462	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.06%
2	Wafer Works Epitaxial Corp.	Wafer Works (Zhengzhou) Corp.	3	Operating revenues	14,232	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.72%
2	Wafer Works Epitaxial Corp.	Wafer Works (Zhengzhou) Corp.	3	Purchases	430,364	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	21.81%
2	Wafer Works Epitaxial Corp.	Wafer Works (Zhengzhou) Corp.	3	Accounts receivables	15,397	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.05%
2	Wafer Works Epitaxial Corp.	Wafer Works (Zhengzhou) Corp.	3	Accounts payable	343,743	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	1.04%
3	Wafer Works (Yangzhou) Corp.	Wafer Works (Zhengzhou) Corp.	3	Other payables	17,914	-	0.05%

Note 1: Wafer Works Corp. and its subsidiaries are coded as follows:

1. Wafer Works Corp. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows :

1. Investor to investee.
2. Investee to investor.
3. Investee to investee.

Note 3: The percentage base with respect to the total consolidated revenue-weighted average(about income statement accounts) or total assets(about balance sheet accounts).

Note 4: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 5: Transactions exceeding NT\$10,000 thousand have been disclosed.