

**ELITE ADVANCED LASER
CORPORATION AND SUBSIDIARIES**

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

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders

Elite Advanced Laser Corporation:

Introduction

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

Scope of the Review

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

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the Group's investments accounted using the equity method on March 31, 2024 and 2023 were NT\$120,216 thousand and NT\$102,489 thousand respectively. For the three months ended March 31, 2024 and 2023, the share of profits and losses of associates and joint ventures accounted using the equity method were NT\$5,323 thousand and NT\$4,898 thousand respectively. The relevant information disclosed in Note 36 to the consolidated financial statements is recognized and disclosed based on the investee company's financial statements for the same period that have not been reviewed.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Company as of March 31, 2024 and 2023, its consolidated financial performance for the three month ended March 31, 2024 and 2023 and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Keng-Hsi, Chang and Chiang-Hsun, Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 9, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(In Thousands of New Taiwan Dollars)

Code	ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Note 6)	\$ 2,226,007	25	\$ 1,967,987	22	\$ 2,328,441	24
1136	Financial assets at amortized cost - Current (Notes 5, 7 and 8)	17,239	-	17,000	-	30,000	-
1140	Current contract assets (Notes 5 and 24)	164,836	2	156,433	2	151,935	2
1170	Accounts receivable (Notes 5, 9, 24 and 30)	932,831	10	1,009,538	11	884,765	9
1180	Accounts receivable due from related parties (Notes 5, 24 and 32)	9,348	-	9,885	-	10,108	-
1200	Other receivables (Notes 5 and 9)	217,758	2	236,212	3	174,767	2
1210	Other receivables due from related parties (Notes 5, 30 and 32)	66	-	45	-	4,388	-
1220	Current tax asset (Note 4)	2,187	-	2,104	-	10,135	-
130X	Inventories (Note 10)	476,843	5	379,895	4	460,171	5
1410	Prepayments (Note 18)	253,212	3	250,555	3	231,419	2
11XX	Total current assets	<u>4,300,327</u>	<u>47</u>	<u>4,029,654</u>	<u>45</u>	<u>4,286,129</u>	<u>44</u>
	NON-CURRENT ASSETS						
1535	Financial assets measured at amortized cost - Non-current (Notes 5, 7, 8 and 33)	754	-	751	-	744	-
1550	Investments accounted for using equity method (Note 12)	120,216	1	116,704	1	102,489	1
1600	Property, plant and equipment (Notes 13, 29 and 33)	4,310,750	48	4,450,664	50	4,927,737	51
1755	Right-of-use assets (Note 14)	105,809	1	113,472	1	144,009	1
1760	Investment property (Note 15)	48,845	1	48,811	1	55,595	1
1805	Goodwill (Note 16)	32,577	-	32,577	-	32,577	-
1821	Intangible assets (Note 17)	5,036	-	5,670	-	5,140	-
1840	Deferred tax assets (Note 4)	93,799	1	108,622	1	106,326	1
1990	Other non-current assets (Notes 5, 9 and 18)	39,866	1	35,850	1	48,938	1
15XX	Total non-current assets	<u>4,757,652</u>	<u>53</u>	<u>4,913,121</u>	<u>55</u>	<u>5,423,555</u>	<u>56</u>
1XXX	TOTAL	<u>\$ 9,057,979</u>	<u>100</u>	<u>\$ 8,942,775</u>	<u>100</u>	<u>\$ 9,709,684</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2130	Current contract liabilities (Notes 24 and 32)	\$ 12,150	-	\$ 51,369	1	\$ 19,685	-
2170	Accounts payable	720,483	8	689,382	8	665,720	7
2200	Other payables (Notes 20 and 30)	975,318	11	836,098	9	1,334,005	14
2230	Current tax liabilities (Note 4)	75,377	1	53,606	1	215,172	2
2250	Current provisions (Note 21)	38,192	-	37,849	-	36,674	-
2280	Current lease liabilities (Note 14)	34,740	-	41,956	-	42,046	-
2300	Other current liabilities (Notes 20 and 30)	160,770	2	160,271	2	146,144	2
2320	Long-term borrowings due within 1 year (Notes 19 and 33)	42,067	1	24,709	-	7,132	-
21XX	Total current liabilities	<u>2,059,097</u>	<u>23</u>	<u>1,895,240</u>	<u>21</u>	<u>2,466,578</u>	<u>25</u>
	NON-CURRENT LIABILITIES						
2540	Long-term borrowings (Notes 19 and 33)	162,933	2	180,291	2	397,868	4
2570	Deferred tax liabilities (Note 4)	315,856	3	312,841	4	306,362	3
2580	Lease liabilities (Note 14)	33,653	-	35,497	-	64,346	1
2640	Net defined benefit liabilities (Notes 4 and 22)	32,974	-	32,845	-	31,707	-
2670	Others (Notes 20, 30 and 32)	514,998	6	530,253	6	537,756	6
25XX	Total non-current liabilities	<u>1,060,414</u>	<u>11</u>	<u>1,091,727</u>	<u>12</u>	<u>1,338,039</u>	<u>14</u>
2XXX	Total liabilities	<u>3,119,511</u>	<u>34</u>	<u>2,986,967</u>	<u>33</u>	<u>3,804,617</u>	<u>39</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)						
	Capital stock						
3110	Common stock	1,456,814	16	1,456,814	17	1,456,814	15
3200	Capital surplus	455,249	5	455,236	5	452,304	5
	Retained earnings						
3310	Legal capital reserve	793,144	9	793,144	9	773,432	8
3320	Special capital reserve	67,718	-	67,718	1	65,301	1
3350	Unappropriated earnings	1,162,302	13	1,117,865	12	1,249,464	13
3300	Total retained earnings	<u>2,023,164</u>	<u>22</u>	<u>1,978,727</u>	<u>22</u>	<u>2,088,197</u>	<u>22</u>
3400	Others	(45,723)	-	(86,025)	(1)	(69,131)	(1)
31XX	Total equity attributable to owners of the Company	<u>3,889,504</u>	<u>43</u>	<u>3,804,752</u>	<u>43</u>	<u>3,928,184</u>	<u>41</u>
36XX	NON-CONTROLLING INTERESTS (Note 23)	<u>2,048,964</u>	<u>23</u>	<u>2,151,056</u>	<u>24</u>	<u>1,976,883</u>	<u>20</u>
3XXX	Total equity	<u>5,938,468</u>	<u>66</u>	<u>5,955,808</u>	<u>67</u>	<u>5,905,067</u>	<u>61</u>
	TOTAL	<u>\$ 9,057,979</u>	<u>100</u>	<u>\$ 8,942,775</u>	<u>100</u>	<u>\$ 9,709,684</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the review report of Deloitte & Touche on May 9, 2024)

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

Code		For the three months ended March 31			
		2024		2023	
		Amount	%	Amount	%
	OPERATING REVENUE (Notes 24 and 32)				
4100	Sales revenue	\$ 1,227,799	96	\$ 1,200,249	95
4800	Other operating revenue	<u>57,689</u>	<u>4</u>	<u>62,683</u>	<u>5</u>
4000	Total revenue	<u>1,285,488</u>	<u>100</u>	<u>1,262,932</u>	<u>100</u>
	OPERATING COSTS (Notes 10, 25 and 29)				
5110	Cost of goods sold	(1,023,608)	(80)	(1,044,758)	(83)
5800	Other operating costs	(<u>4,788</u>)	<u>-</u>	(<u>1,266</u>)	<u>-</u>
5000	Total operating costs	(<u>1,028,396</u>)	(<u>80</u>)	(<u>1,046,024</u>)	(<u>83</u>)
5900	GROSS PROFIT	<u>257,092</u>	<u>20</u>	<u>216,908</u>	<u>17</u>
	OPERATING EXPENSES (Notes 9, 24, 25 and 28)				
6100	Selling and distribution expense	(17,150)	(1)	(15,041)	(1)
6200	General and administrative expense	(104,479)	(8)	(93,561)	(8)
6300	Research and development expense	(44,785)	(4)	(42,871)	(3)
6450	Reversal of expected credit gains (losses)	(<u>5,081</u>)	(<u>1</u>)	<u>783</u>	<u>-</u>
6000	Total operating expenses	(<u>171,495</u>)	(<u>14</u>)	(<u>150,690</u>)	(<u>12</u>)
6500	OTHER GAINS AND LOSSES (Notes 13 and 25)	(<u>1,428</u>)	<u>-</u>	(<u>2,251</u>)	<u>-</u>
6900	INCOME FROM OPERATIONS	<u>84,169</u>	<u>6</u>	<u>63,967</u>	<u>5</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 12, 25 and 32)				
7100	Interest income	11,278	1	10,717	1
7010	Other income	878	-	1,023	-
7020	Other gains and losses	57,675	5	(15,666)	(1)
7050	Finance costs	(1,375)	-	(2,582)	-
7060	Share of profit of subsidiaries and joint ventures accounted for using equity method	<u>5,323</u>	<u>-</u>	<u>4,898</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>73,779</u>	<u>6</u>	(<u>1,610</u>)	<u>-</u>

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Code		For the three months ended March 31			
		2024		2023	
		Amount	%	Amount	%
7900	INCOME BEFORE INCOME TAX	157,948	12	62,357	5
7950	INCOME TAX EXPENSES (Notes 4 and 26)	(42,689)	(3)	(44,806)	(4)
8200	NET INCOME	<u>115,259</u>	<u>9</u>	<u>17,551</u>	<u>1</u>
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 23 and 26)				
8360	Items that will not be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	98,786	8	(3,464)	-
8399	Income tax profit (expense) related to items that will be reclassified subsequently	(10,075)	(1)	<u>353</u>	-
8300	Other comprehensive income(loss) for the period, net of income tax	<u>88,711</u>	<u>7</u>	(3,111)	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 203,970</u>	<u>16</u>	<u>\$ 14,440</u>	<u>1</u>
	NET INCOME (LOSS) ATTRIBUTABLE TO				
8610	Owners of the Company	\$ 44,437	3	(\$ 40,091)	(3)
8620	Non-controlling interests	<u>70,822</u>	<u>6</u>	<u>57,642</u>	<u>4</u>
8600		<u>\$ 115,259</u>	<u>9</u>	<u>\$ 17,551</u>	<u>1</u>
	TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO				
8710	Owners of the Company	\$ 84,739	7	(\$ 41,504)	(3)
8720	Non-controlling interests	<u>119,231</u>	<u>9</u>	<u>55,944</u>	<u>4</u>
8700		<u>\$ 203,970</u>	<u>16</u>	<u>\$ 14,440</u>	<u>1</u>
	EARNINGS (LOSS) PER SHARE (Note 27)				
9710	Basic earnings per share	<u>\$ 0.31</u>		(<u>\$ 0.28</u>)	
9810	Diluted earnings per share	<u>\$ 0.30</u>		(<u>\$ 0.28</u>)	

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

(Please refer to the review report of Deloitte & Touche on May 9, 2024)

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

Code		Equity attributable to owners of the Company						Other equity Exchange differences on translation of foreign financial statements	Total	Non-controlling interests	Total equity
		Capital stock	Capital surplus	Retained earnings							
				Legal capital reserve	Special capital reserve	Unappropriated earnings					
A1	BALANCE AT JANUARY 1, 2023	\$ 1,456,814	\$ 452,294	\$ 773,432	\$ 65,301	\$ 1,289,555	(\$ 67,718)	\$ 3,969,678	\$ 2,268,740	\$ 6,238,418	
D1	Net (loss) income for the three months ended March 31, 2023	-	-	-	-	(40,091)	-	(40,091)	57,642	17,551	
D3	Other comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	(1,413)	(1,413)	(1,698)	(3,111)	
D5	Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	(40,091)	(1,413)	(41,504)	55,944	14,440	
N1	Remuneration costs of employee stock options by subsidiaries (Notes 23, 25, and 28)	-	10	-	-	-	-	10	8	18	
O1	Cash dividends issued from subsidiaries (Note 23)	-	-	-	-	-	-	-	(347,809)	(347,809)	
Z1	BALANCE AT MARCH 31, 2023	<u>\$ 1,456,814</u>	<u>\$ 452,304</u>	<u>\$ 773,432</u>	<u>\$ 65,301</u>	<u>\$ 1,249,464</u>	<u>(\$ 69,131)</u>	<u>\$ 3,928,184</u>	<u>\$ 1,976,883</u>	<u>\$ 5,905,067</u>	
A1	BALANCE AT JANUARY 1, 2024	\$ 1,456,814	\$ 455,236	\$ 793,144	\$ 67,718	\$ 1,117,865	(\$ 86,025)	\$ 3,804,752	\$ 2,151,056	\$ 5,955,808	
D1	Net income for the three months ended March 31, 2024	-	-	-	-	44,437	-	44,437	70,822	115,259	
D3	Other comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	40,302	40,302	48,409	88,711	
D5	Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	44,437	40,302	84,739	119,231	203,970	
N1	Remuneration costs of employee stock options by subsidiaries (Notes 23, 25, and 28)	-	13	-	-	-	-	13	10	23	
O1	Cash dividends issued from subsidiaries (Note 23)	-	-	-	-	-	-	-	(221,333)	(221,333)	
Z1	BALANCE AT MARCH 31, 2024	<u>\$ 1,456,814</u>	<u>\$ 455,249</u>	<u>\$ 793,144</u>	<u>\$ 67,718</u>	<u>\$ 1,162,302</u>	<u>(\$ 45,723)</u>	<u>\$ 3,889,504</u>	<u>\$ 2,048,964</u>	<u>\$ 5,938,468</u>	

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

(Please refer to the review report of Deloitte & Touche on May 9, 2024)

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

Code		For the three months ended	
		March 31	
		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
A10000	Income before income tax	\$ 157,948	\$ 62,357
A20010	Adjustments for:		
A20100	Depreciation expense	214,547	215,718
A20200	Amortization expense	773	1,284
A20300	Reversal of expected credit losses (gains)	5,081	(783)
A20900	Finance costs	1,375	2,582
A21200	Interest income	(11,278)	(10,717)
A21900	Stock option compensation cost of subsidiary	23	18
A22300	Share of profit of subsidiaries and joint ventures accounted for using equity method	(5,323)	(4,898)
A22500	Losses (gains) on disposal of property, plant and equipment	146	(83)
A23500	Impairment loss on property, plant and equipment	1,428	2,251
A23700	Inventory loss (reversal of write-down of inventories)	16,861	31,026
A24100	Gains on foreign exchange, net	(93,318)	(8,912)
A29900	Liability provisions	631	258
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	(2,223)	858
A31150	Accounts receivable	106,471	108,197
A31160	Accounts receivable due from related parties	919	(479)
A31180	Other receivables	28,146	(6,627)
A31200	INVENTORIES	(107,187)	37,013
A31230	Prepayments	(1,554)	(8,620)
A32125	Contract liabilities	(39,378)	3,643
A32150	Accounts payable	3,731	(217,517)
A32160	Accounts payable due from related parties	-	(1,922)
A32180	Other payables	(83,400)	(115,976)
A32220	Provisions	(288)	(3)
A32230	Other current liabilities	76	(760)
A32240	Net defined benefit liabilities	129	145
A33000	Net cash generated by operating activities	194,336	88,053
A33100	Interest received	10,757	9,018

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**For the three months ended
March 31**

<u>Code</u>		<u>2024</u>	<u>2023</u>
A33300	Interest paid	(1,375)	(2,551)
A33500	Income taxes paid	(12,382)	(9,601)
AAAA	Net cash flows from operating activities	<u>191,336</u>	<u>84,919</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00050	Proceeds from disposal of financial assets at amortized cost	-	12,500
B00040	Acquisition of financial assets at amortized cost	(242)	(30,003)
B02700	Acquisition of property, plant and equipment	(18,386)	(126,093)
B02800	Disposal of property, plant and equipment	-	761
B03700	Increase in refundable deposits	(20)	-
B03800	Decrease in refundable deposits	933	-
B04300	Increase in other receivables - from related parties	(18)	-
B04400	Decrease in other receivables - from related parties	-	43
B04500	Acquisition of intangible assets	-	(236)
B07100	Increase in prepayments for equipment	(10,331)	(54,894)
B07600	Dividends received	<u>6,500</u>	<u>-</u>
BBBB	Net cash used in investing activities	<u>(21,564)</u>	<u>(197,922)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C00200	Decrease in short-term borrowings	-	(71,170)
C01600	Long-term borrowings	-	270,000
C01700	Repay long-term borrowings	-	(270,000)
C03000	Increase in guarantee deposits received	-	6,664
C03800	Decrease in other receivables - related parties	-	(15,000)
C04020	Repayment of the principal portion of lease liabilities	<u>(10,700)</u>	<u>(10,742)</u>
CCCC	Net cash used in financing activities	<u>(10,700)</u>	<u>(90,248)</u>
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	<u>98,948</u>	<u>(10,731)</u>
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	258,020	(213,982)
E00100	CASH AND CASH EQUIVALENTS,BEGINNING OF PERIOD	<u>1,967,987</u>	<u>2,542,423</u>
E00200	CASH AND CASH EQUIVALENTS,END OF PERIOD	<u>\$ 2,226,007</u>	<u>\$ 2,328,441</u>

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

(Please refer to the review report of Deloitte & Touche on May 9, 2024)

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 and 2023 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

- a. Elite Advanced Laser Corporation (hereinafter referred to as “the Company”) was established in New Taipei City in September 2000 and started operation in September of the same year. The registered capital of establishment was NT\$5,000 thousand. After years of capital increase and decrease, the current total capital is NT\$1,456,814 thousand. eLaser’s business affairs consists of 1. optical information and optical communication products; 2. power semiconductor packaging and testing.
- b. The Company’s stock has been listed on the Taiwan Stock Exchange since April 2006.
- c. The Company has no ultimate parent company due to dispersed shareholding.
- d. The consolidated financial statements are expressed in New Taiwan Dollars, the Company’s functional currency.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on May 9, 2024.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC). The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of eLaser and its subsidiaries (collectively as “the Group”).
- b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New, revised or amended standards and interpretations</u>	<u>Effective date issued by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	NA
IFRS 17 - Insurance Contracts	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - Comparative Information	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
Amendments to IAS 21 - Lack of Exchangeability	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above new/revised/amended standards or interpretations are effective for annual reporting periods beginning on their respective effective dates.

Note 2: The amendments apply to the annual reporting periods beginning on or after January 1, 2025. When the amendments apply for the first time, the comparative period shall not be restated; instead, the effect shall be recognized in the retained earnings or exchange differences arising from the translation of the financial statements of foreign operations under equity (as appropriate) and the relevant affected assets and liabilities on the initial application date.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS 1 “Presentation of Financial Statements”. The main changes in this standard include:

- The statement of profit or loss should classify income and expenses in the operating, investing, financing, income taxes, and discontinued operations categories.
- An entity has to present totals and subtotals in the statement of profit or loss for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Requirements for provision of guidance to enhance aggregation and disaggregation: The Consolidated Company should identify assets, liabilities, equity, income, expenses, losses, and cash flows in each transaction or other events, and classify and aggregate them based on shared characteristics so that

the main line items presented in the financial statements share at least one similar characteristic. Items should be disaggregated based on characteristics that are not shared. The Consolidated Company should label such items as "other" only if it cannot find a more informative title.

- Increasing the disclosure of management-defined performance measures (MPMs): When the Consolidated Company engages in public communications outside financial statements and communicate to management's view of an aspect of the financial performance of the entity as a whole, the Consolidated Company should disclose information about its MPMs in a single note to the financial statements, including a description of how the MPM is measured, how the MPM is calculated, and a reconciliation between the MPM and the total or subtotal required by IFRS Accounting Standards, including the income tax effect and the effect on non-controlling interests for each item disclosed in the reconciliation.

In addition to the above impacts, as of the reporting date of this consolidated financial statement, the Group continues to assess the impact of amendments to the above other standards and Interpretations on the consolidated financial position and consolidated financial performance, and the relevant impact will be disclosed when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

This consolidated financial statement has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" approved and issued by the FSC. This consolidated financial statement does not contain all the IFRSs disclosures required by the annual report.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the net defined benefit liability recognized at the present value of the defined benefit obligation less the fair value of the plan assets.

Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable and its significance:

- 1) Level 1 Inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- 2) Level 2 Inputs: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly (including market-corroborated data).
- 3) Level 3 Inputs: unobservable inputs and are used when relevant observable inputs are not available.

c. Consolidation basis

This consolidated financial statement includes the financial statement of the Company and the entities (subsidiaries) controlled by the Company. The financial statements of subsidiaries have been adjusted to ensure the accounting policies are line with those of the Group. Transactions between entities, account balances, profit and losses have been fully eliminated in preparing the consolidated financial statements.

For details of subsidiaries, shareholding ratio and business activities, please refer to Note 11 and Table 4 and Table 5 of Note 36.

d. Other significant accounting policies

In addition to the following descriptions, please refer to the Summary of Significant Accounting Policies in the 2023 consolidated financial statement.

- 1) Criteria for classifying assets and liabilities into current and non-current.

Current assets:

- (1) Assets held primarily for the purpose of trading;
- (2) Assets expected to be realized within 12 months after the balance sheet date; and
- (3) Cash and cash equivalents (unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the balance sheet date).

Current liabilities:

- (1) Liabilities held primarily for the purpose of trading;
- (2) Liabilities expected to be settled within 12 months of the balance sheet date, and
- (3) Liabilities for which there is no substantive right at the balance sheet date to defer settlement of the liability for at least 12 months after the balance sheet date.

Current assets or current liabilities other than those stated above are classified as non-current assets or liabilities.

2) Defined post-retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate from the beginning of the year to the end of the period, adjusted and disclosed for significant market fluctuations, significant curtailments, settlements, or other significant one-off events after the end of the prior financial year.

3) Income tax expenses

Income tax expense is the sum of current income tax and deferred income tax. Income tax for the interim period is assessed on an annual basis and is calculated on the interim pre-tax profit at the tax rate applicable to the expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

When the Group adopts accounting policies, the management must make relevant judgments, estimates and assumptions based on experience and other relevant factors for the information that is not easily obtained from other sources. Actual results may differ from estimates.

The Group will take the possible impact on the economic environment, inflation, and market interest rate fluctuations into consideration when making major accounting estimates such as cash flow estimates, growth rates, discount rates, and profitability. The management will continue to review the estimates and the basic assumptions.

Main sources of uncertainty in estimates and assumptions

Estimated impairment of financial assets and contract assets

The estimated impairment of accounts receivable, uncollectible receivables, other receivables, contract assets and debt instrument investments is based on the Group's assumptions about the loss given default and probability of default. The Group takes experience, current market conditions and forward-looking information into account to develop assumptions and inputs for impairment assessments. Please refer to Note 8, Note 9 and Note 24 for the key assumptions and inputs used. If the actual future cash flow is less than the Group's expectations, there may be significant impairment losses.

6. CASH AND CASH EQUIVALENTS

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Cash on hand and working fund	\$ 287	\$ 343	\$ 325
Demand deposit in banks	1,616,520	1,436,447	1,440,007
Cash equivalent (Investments with original maturities of less than 3 months)			
Bank fixed deposit	<u>609,200</u>	<u>531,197</u>	<u>888,109</u>
	<u>\$ 2,226,007</u>	<u>\$ 1,967,987</u>	<u>\$ 2,328,441</u>

As of March 31, 2024 and December 31 and March 31, 2023, the interest rate ranges for bank deposits were 0.001% to 5.35%, 0.001% to 5.45%, and 0.001% to 4.90%, respectively.

7. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
<u>Current</u>			
Term deposit with an initial maturity of more than three months (1)	<u>\$ 17,239</u>	<u>\$ 17,000</u>	<u>\$ 30,000</u>
<u>Non-current</u>			
Restricted assets – time deposit (2)	<u>\$ 754</u>	<u>\$ 751</u>	<u>\$ 744</u>

- a. As of March 31, 2024, December 31, 2023, and March 31, 2023, the rates of annual interest for time deposits with the initial duration exceeding three months were 1.69%, 1.57%, and 1.57%, respectively.
- b. As of March 31, 2024, December 31, 2023, and March 31, 2023, the restricted time deposit interest rates were 1.69%, 1.57%, and 1.57% per annum.
- c. For credit risk management and impairment assessment related to financial assets measured at amortized cost, please refer to Note 8.
- d. For pledge of financial assets measured at amortized cost, please refer to Note 33.
- e.

8. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

The debt instruments invested by the Group are financial assets measured at amortized cost (including current and non-current):

	March 31, 2024	December 31, 2023	March 31, 2023
At amortized cost			
Total amount	\$ 17,993	\$ 17,751	\$ 30,744
Less: Loss allowances	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 17,993</u>	<u>\$ 17,751</u>	<u>\$ 30,744</u>

The Group adopts the policy to invest only in debt instruments issued by creditworthy entities. The Group continues to track changes in the credit risk of the invested debt instruments, and reviews other information such as significant information of the debtor to assess whether the credit risk of the debt instrument investment has increased significantly since the original recognition.

To mitigate credit risk, the management of the Group will collect relevant information to assess the default risk of debt instrument investment. The Group gives appropriate internal ratings with reference to publicly available financial information.

The Group considers the debtor's historical record, current market conditions and business outlook to measure the 12-month expected credit loss or lifetime expected credit loss of the debt investment paid. As of March 31, 2024, December 31, 2023, and March 31, 2023, the Group assessed that it was not necessary to report expected credit losses for debt investment paid.

9. ACCOUNT RECEIVABLES, UNCOLLECTIBLE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Accounts receivable</u>			
At amortized cost			
Total amount	\$ 938,530	\$ 1,010,713	\$ 885,965
Less: Loss allowances	(<u>5,699</u>)	(<u>1,175</u>)	(<u>1,200</u>)
	<u>\$ 932,831</u>	<u>\$ 1,009,538</u>	<u>\$ 884,765</u>
<u>Uncollectible receivables</u>			
At amortized cost			
Total amount	\$ 6,936	\$ 6,936	\$ 6,936
Less: Loss allowances	(<u>6,936</u>)	(<u>6,936</u>)	(<u>6,936</u>)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other receivables</u>			
OEM collection and	\$ 195,620	\$ 217,461	\$ 154,651

payment			
Income tax refund			
receivable	11,514	14,186	7,550
Scrap receivable	5,555	2	5,806
Interest receivable	3,445	2,924	2,970
Others	<u>1,624</u>	<u>1,639</u>	<u>3,790</u>
	<u>\$ 217,758</u>	<u>\$ 236,212</u>	<u>\$ 174,767</u>

a. Accounts receivable

The Group's average credit period for commodity sales is 30 to 90 days, and the collection policy does not add interest to overdue accounts receivable. When determining the recoverability of accounts receivable, the Group considers any changes in the quality of notes receivable from the original credit date to the balance sheet date. Experience shows that most accounts receivable are recovered well.

To mitigate credit risk, the management of the Group performs credit limit determination, credit approval and other monitoring procedures for each counterparty to ensure appropriate actions have been taken to recover overdue accounts receivable. In addition, the Group will review the recoverable amount of accounts receivable one by one on the balance sheet date to ensure the unrecoverable accounts receivable are recognized as impairment losses. Accordingly, the management of the Group believes that the credit risk of the Group has been significantly reduced.

The Group recognizes loss allowance for accounts receivable based on lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix, which considers experience, current market conditions and business outlook. As the Group's credit loss experience shows that there is no significant difference in the provision matrix of different customer groups, the provision matrix does not further differentiate customer groups, and only sets the expected credit loss rate based on the number of days overdue for accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Group cannot reasonably expect the recoverable amount, the Group will write off the relevant accounts receivable, but will continue to pursue account recovery, and the amount recovered due to pursuit and recovery will be recognized in profit or loss.

The Group measures the loss allowance of accounts receivable according to the provision matrix as follows:

March 31, 2024

	<u>Not past due</u>	<u>Past due within 60 days</u>	<u>Past due 61-90 days</u>	<u>Past due 91-120 days</u>	<u>Past due Over 120 days</u>	<u>Total</u>
Expected credit loss rate	0.01%~0.64%	0.02%~22.34%	4.48%~33.33%	11.58%~100%	22.99%~100%	
Total amount	\$ 885,984	\$ 39,540	\$ 12,351	\$ -	\$ 655	\$ 938,530
Loss allowance (lifetime expected credit losses)	(477)	(563)	(4,110)	-	(549)	(5,699)
Amortized cost	<u>\$ 885,507</u>	<u>\$ 38,977</u>	<u>\$ 8,241</u>	<u>\$ -</u>	<u>\$ 106</u>	<u>\$ 932,831</u>

December 31, 2023

	<u>Not past due</u>	<u>Past due within 60 days</u>	<u>Past due 61-90 days</u>	<u>Past due 91-120 days</u>	<u>Past due Over 120 days</u>	<u>Total</u>
Expected credit loss rate	0.01%~1.77%	0.05%~45.53%	6.33%~80.47%	16.71%~100%	39.23%~100%	
Total amount	\$ 950,574	\$ 59,865	\$ 67	\$ 175	\$ 32	\$ 1,010,713
Loss allowance (lifetime expected credit losses)	(553)	(582)	(15)	-	(25)	(1,175)
Amortized cost	<u>\$ 950,021</u>	<u>\$ 59,283</u>	<u>\$ 52</u>	<u>\$ 175</u>	<u>\$ 7</u>	<u>\$ 1,009,538</u>

March 31, 2023

	<u>Not past due</u>	<u>Past due within 60 days</u>	<u>Past due 61-90 days</u>	<u>Past due 91-120 days</u>	<u>Past due Over 120 days</u>	<u>Total</u>
Expected credit loss rate	0.0002%~1.59%	0.002%~28.80%	0.02%~8.12%	0.01%~14.07%	22.52%~100%	
Total amount	\$ 824,192	\$ 60,546	\$ 648	\$ 142	\$ 437	\$ 885,965
Loss allowance (lifetime expected credit losses)	(48)	(699)	(16)	-	(437)	(1,200)
Amortized cost	<u>\$ 824,144</u>	<u>\$ 59,847</u>	<u>\$ 632</u>	<u>\$ 142</u>	<u>\$ -</u>	<u>\$ 884,765</u>

Movements of the loss allowance for accounts receivable

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Balance, beginning of period	\$ 1,175	\$ 792
Impairment losses	<u>4,524</u>	<u>408</u>
Balance, end of period	<u>\$ 5,699</u>	<u>\$ 1,200</u>

Uncollectible receivables

The Group recognizes loss allowance for uncollectible receivable based on lifetime expected credit losses. Lifetime expected credit losses considers experience, current market conditions and business outlook. As of March 31, 2024 and December 31 and March 31, 2023, the expected credit loss rate for overdue receivables is 100%.

b. Other receivables

The Group accounts for other receivables such as OEM collection and payment, income tax refund receivable, unrecovered amount from the sale of scraps and interest receivable. The Group's policy is to only conduct business with customers with good credit. The Group continues to track and refer to the past default

records of the counterparty and analyze its current financial position to assess whether the credit risk of other receivables has increased significantly since the original recognition and to measure the expected credit loss. If there is evidence that the counterparty has signs of default or the recoverable amount cannot be reasonably expected due to termination of the contract, the Group will write off the relevant other receivables, but will continue to pursue recovery where the amount recovered will be recognized in profit or loss. As of March 31, 2024 and December 31 and March 31, 2023, the Group assessed other receivables without the need to report expected credit losses.

10. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Finished goods	\$ 44,683	\$ 26,391	\$ 23,699
Goods-in-process	37,788	33,292	59,142
Raw materials	394,372	318,799	377,330
Inventory in transit	-	1,413	-
	<u>\$ 476,843</u>	<u>\$ 379,895</u>	<u>\$ 460,171</u>

The nature of cost of goods sold is as follows:

	For the three months ended March 31	
	2024	2023
Cost of inventories sold	\$ 1,004,693	\$ 1,011,671
Lease cost	2,054	2,061
Inventory loss (reversal of write-down of inventories)	16,861	31,026
	<u>\$ 1,023,608</u>	<u>\$ 1,044,758</u>

11. SUBSIDIARY COMPANY

a. Subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

<u>Investment Company</u>	<u>Subsidiary</u>	<u>Main Activities</u>	<u>% of Ownership</u>			<u>Remark</u>
			<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	
The Company	eLaser Technologies Co., Ltd.	Manufacture and sales of electronic parts	-	-	100%	Note 3
The Company	Centera Photonics Inc.	Manufacture and sales of electronic parts	56.41%	56.41%	57.97%	Notes 4 and 5
The Company	GEM Services, Inc.	Holding company business	51%	51%	51%	Note 1
GEM Services, Inc.	GEM Electronics Company Limited	Holding company business	100%	100%	100%	Note 1
GEM Services, Inc.	GEM Tech Ltd.	Sales of electronic parts	100%	100%	100%	Note 1
GEM Electronics Company Limited	GEM Electronics (Shanghai) Co., Ltd.	Manufacture and sales of electronic parts	100%	100%	100%	Note 2
GEM Electronics (Shanghai) Co., Ltd.	GEM Electronics (Hefei) Co., Ltd.	Manufacture and sales of electronic parts, factory leasing	100%	100%	100%	Note 2

- Note 1: The main business risk is currency risk.
- Note 2: The main business risks are political risks and currency risks faced by government decrees and the changes between Taiwan and Mainland China.
- Note 3: The Board of Directors, on December 22, 2022, approved eLaser Technologies Co., Ltd.'s dissolution and liquidation by resolution (on behalf of the shareholders' meeting), and the liquidation of the company was completed on August 10, 2023.
- Note 4: Centera Photonics Inc. issued 330,000 new shares on May 9, 2023 due to the exercise of stock options by its employees, causing the Company's shareholding in the subsidiary to fall from 57.97% to 57.48%. As the aforementioned transaction did not change the Company's control over this subsidiary, the change is treated as an equity transaction.
- Note 5: In November 2023, the Company did not participate in the cash capital increase of NT\$46,562 thousand of subsidiary, Centera Photonics Inc., in proportion to its shareholding, causing the Company's shareholding in the subsidiary to fall from 57.48% to 56.41%. As the aforementioned transaction did not change the Company's control over this subsidiary, the change is treated as an equity transaction.

b. Information on subsidiaries with material non-controlling interests

<u>Subsidiary</u>	<u>% of Non-controlling interests</u>		
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
GEM Services, Inc.	49%	49%	49%
Centera Photonics Inc.	43.59%	43.59%	42.03%

Please refer to Table 4 for the country information of the principal business site and company registration.

<u>Subsidiary</u>	<u>Net income (loss) distribution to non-controlling interests</u>		<u>Non-controlling interests</u>		
	<u>For the three months ended</u>		<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
	<u>2024</u>	<u>2023</u>			
GEM Services, Inc.	<u>\$ 76,668</u>	<u>\$ 78,378</u>	<u>\$ 1,939,978</u>	<u>\$ 2,036,234</u>	<u>\$ 1,857,496</u>
Centera Photonics Inc.	<u>(\$ 5,846)</u>	<u>(\$ 20,736)</u>	<u>\$ 108,986</u>	<u>\$ 114,822</u>	<u>\$ 119,387</u>

The consolidated financial information for the following subsidiaries has been prepared at balances before intercompany transactions are eliminated:

GEM Services, Inc.

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 3,213,182	\$ 2,949,942	\$ 3,315,214
Non-current assets	3,098,523	3,197,037	3,566,950
Current liabilities	(1,817,097)	(1,441,079)	(2,507,539)
Non-current liabilities	(<u>535,766</u>)	(<u>550,631</u>)	(<u>584,099</u>)
Equity	<u>\$ 3,958,842</u>	<u>\$ 4,155,269</u>	<u>\$ 3,790,526</u>
Equity attributable to:			
Owners of the Company	\$ 2,018,864	\$ 2,119,035	\$ 1,933,030
Non-controlling interests	<u>1,939,978</u>	<u>2,036,234</u>	<u>1,857,496</u>
	<u>\$ 3,958,842</u>	<u>\$ 4,155,269</u>	<u>\$ 3,790,526</u>

	For the three months ended March 31	
	2024	2023
Revenue	<u>\$ 1,061,426</u>	<u>\$ 1,067,258</u>
Net income	\$ 156,453	\$ 159,942
Other comprehensive income	<u>98,786</u>	(<u>3,464</u>)
Total comprehensive income	<u>\$ 255,239</u>	<u>\$ 156,478</u>
Net income attributable to:		
Owners of the Company	\$ 79,785	\$ 81,564
Non-controlling interests	<u>76,668</u>	<u>78,378</u>
	<u>\$ 156,453</u>	<u>\$ 159,942</u>
Total comprehensive income attributable to		
Owners of the Company	\$ 130,162	\$ 79,798
Non-controlling interests	<u>125,077</u>	<u>76,680</u>
	<u>\$ 255,239</u>	<u>\$ 156,478</u>
Cash flow		
From operating activities	\$ 192,691	\$ 241,711
From investing activities	(5,644)	(165,141)
From financing activities	(7,873)	(1,136)
Effect of exchange rate changes	<u>96,898</u>	(<u>9,865</u>)
Net cash generated	<u>\$ 276,072</u>	<u>\$ 65,569</u>

Centera Photonics Inc.

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 304,267	\$ 285,849	\$ 294,541
Non-current assets	26,213	29,488	33,342
Current liabilities	(80,442)	(51,925)	(43,798)
Non-current liabilities	(16)	-	(16)
Equity	<u>\$ 250,022</u>	<u>\$ 263,412</u>	<u>\$ 284,069</u>
Equity attributable to:			
Owners of the Company	\$ 141,036	\$ 148,590	\$ 164,682
Non-controlling interests	<u>108,986</u>	<u>114,822</u>	<u>119,387</u>
	<u>\$ 250,022</u>	<u>\$ 263,412</u>	<u>\$ 284,069</u>

	For the three months ended March 31	
	2024	2023
Revenue	<u>\$ 48,014</u>	<u>\$ 27,982</u>
Current period net loss	(\$ 13,412)	(\$ 49,340)
Other comprehensive income	-	-
Total comprehensive income	<u>(\$ 13,412)</u>	<u>(\$ 49,340)</u>
Net loss attributable to:		
Owners of the Company	(\$ 7,566)	(\$ 28,604)
Non-controlling interests	<u>(5,846)</u>	<u>(20,736)</u>
	<u>(\$ 13,412)</u>	<u>(\$ 49,340)</u>
Total comprehensive income attributable to:		
Owners of the Company	(\$ 7,566)	(\$ 28,604)
Non-controlling interests	<u>(5,846)</u>	<u>(20,736)</u>
	<u>(\$ 13,412)</u>	<u>(\$ 49,340)</u>
Cash flow		
From operating activities	(\$ 32,562)	(\$ 88,234)
From investing activities	(1,406)	(20,620)
From financing activities	(1,001)	(87,191)
Effect of exchange rate changes	<u>49</u>	<u>(17)</u>
Net cash used	<u>(\$ 34,920)</u>	<u>(\$ 196,062)</u>

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Associates that are not individually material			
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	<u>\$ 120,216</u>	<u>\$ 116,704</u>	<u>\$ 102,489</u>

Shareholding and voting rights of the Group in the associates at the balance sheet date are as follows:

<u>Name of Company</u>	<u>Main Activities</u>	<u>Location</u>	<u>% of Ownership</u>		
			<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Production, design, packaging and testing of power management electronic accessories	Hefei City, Anhui Province, China	20%	20%	20%

Aggregate information of associates that are not individually material

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Attributable to the Group		
Net income	\$ 5,323	\$ 4,898
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 5,323</u>	<u>\$ 4,898</u>

The financial statements of associate for the three months ended March 31, 2023 and 2022 was not reviewed.

13. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Group

	<u>Self-owned land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Miscellaneous equipment</u>	<u>Property under construction and equipment to be inspected</u>	<u>Total</u>
<u>Cost</u>									
Balance at January 1, 2024	\$ 743,384	\$ 1,019,524	\$ 7,239,402	\$ 10,479	\$ 73,864	\$ 179,404	\$ 117,641	\$ 186,307	\$ 9,570,005
Additions	-	-	469	-	-	-	720	3,090	4,279
Reclassification (Note)	-	-	58,756	-	21	-	-	(52,430)	6,347
Disposal	-	-	(64,086)	-	(213)	(643)	(158)	-	(65,100)
Effect of exchange rate changes	-	20,987	119,922	151	2,368	3,198	3,642	5,150	155,418
Balance at March 31, 2024	<u>\$ 743,384</u>	<u>\$ 1,040,511</u>	<u>\$ 7,354,463</u>	<u>\$ 10,630</u>	<u>\$ 76,040</u>	<u>\$ 181,959</u>	<u>\$ 121,845</u>	<u>\$ 142,117</u>	<u>\$ 9,670,949</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2024	\$ -	\$ 322,892	\$ 4,515,191	\$ 8,969	\$ 61,718	\$ 123,138	\$ 87,433	\$ -	\$ 5,119,341
Disposal	-	-	(63,943)	-	(213)	(643)	(155)	-	(64,954)
Depreciation expense	-	12,473	172,514	211	1,390	11,235	4,040	-	201,863
Impairment losses	-	-	1,428	-	-	-	-	-	1,428
Effect of exchange rate changes	-	6,365	88,968	145	2,180	1,930	2,933	-	102,521
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 341,730</u>	<u>\$ 4,714,158</u>	<u>\$ 9,325</u>	<u>\$ 65,075</u>	<u>\$ 135,660</u>	<u>\$ 94,251</u>	<u>\$ -</u>	<u>\$ 5,360,199</u>
Carrying amount at March 31, 2024	<u>\$ 743,384</u>	<u>\$ 698,781</u>	<u>\$ 2,640,305</u>	<u>\$ 1,305</u>	<u>\$ 10,965</u>	<u>\$ 46,299</u>	<u>\$ 27,594</u>	<u>\$ 142,117</u>	<u>\$ 4,310,750</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 743,384</u>	<u>\$ 696,632</u>	<u>\$ 2,724,211</u>	<u>\$ 1,510</u>	<u>\$ 12,146</u>	<u>\$ 56,266</u>	<u>\$ 30,208</u>	<u>\$ 186,307</u>	<u>\$ 4,450,664</u>

<u>Cost</u>									
Balance at January 1, 2023	\$ 743,384	\$ 1,014,002	\$ 7,013,234	\$ 10,543	\$ 72,523	\$ 180,847	\$ 130,900	\$ 112,158	\$ 9,277,591
Additions	-	3,300	1,751	-	2,250	-	675	18,202	26,178
Reclassification (Note)	-	-	233,051	-	123	-	1,010	196,722	430,906
Disposal	-	-	(12,789)	-	(271)	-	-	-	(13,060)
Effect of exchange rate changes	-	2,571	17,664	19	290	354	444	(541)	20,801
Balance at March 31, 2023	\$ 743,384	\$ 1,019,873	\$ 7,252,911	\$ 10,562	\$ 74,915	\$ 181,201	\$ 133,029	\$ 326,541	\$ 9,742,416
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2023	\$ -	\$ 275,939	\$ 4,082,198	\$ 8,188	\$ 58,433	\$ 85,777	\$ 96,670	\$ -	\$ 4,607,205
Disposal	-	-	(12,111)	-	(271)	-	-	-	(12,382)
Depreciation expense	-	12,265	173,265	211	1,579	11,505	3,896	-	202,721
Impairment losses	-	-	2,251	-	-	-	-	-	2,251
Effect of exchange rate changes	-	644	13,622	17	258	16	327	-	14,884
Balance at March 31, 2023	\$ -	\$ 288,848	\$ 4,259,225	\$ 8,416	\$ 59,999	\$ 97,298	\$ 100,893	\$ -	\$ 4,814,679
Carrying amount at March 31, 2023	\$ 743,384	\$ 731,025	\$ 2,993,686	\$ 2,146	\$ 14,916	\$ 83,903	\$ 32,136	\$ 326,541	\$ 4,927,737

Note: It was transferred from other non-current assets - prepaid equipment.

Due to the impact of the industry and market environment, the sales of the Group did not meet expectations. After evaluation, the future cash generated will be reduced, resulting in the recoverable amount being less than the carrying amount. Thus, impairment losses of NT\$1,428 thousand and NT\$2,251 thousand were recognized from January 1 to March 31, 2024 and 2023, respectively. The impairment loss has been accounted for under other income and expenses and losses in the consolidated statement of comprehensive income. The Group adopts value in use as the recoverable amount of such machinery and equipment, and the discount rates used were 18.11% and 17.02%, respectively.

Depreciation expense is accrued on a straight-line basis for the following economic life:

Buildings

Factory main building	20 to 50 years
Building improvement	5 to 20 years
Machinery and equipment	3 to 15 years
Transportation equipment	5 years
Office equipment	3 to 7 years
Leasehold improvements	2 to 10 years
Miscellaneous equipment	2 to 10 years

Please refer to Note 33 for the amount of property, plant and equipment pledged as collateral.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount			
Land (Note)	\$ 39,907	\$ 38,639	\$ 40,355
Buildings	61,610	70,341	98,385
Office equipment	<u>4,292</u>	<u>4,492</u>	<u>5,269</u>
	<u>\$ 105,809</u>	<u>\$ 113,472</u>	<u>\$ 144,009</u>
	For the three months ended March 31		
	2024	2023	
Addition of right-of-use assets Lease addition	<u>\$ 321</u>	<u>\$ 325</u>	
Depreciation of right-of-use assets			
Land	\$ 287	\$ 288	
Buildings	10,255	10,533	
Office equipment	<u>242</u>	<u>270</u>	
	<u>\$ 10,784</u>	<u>\$ 11,091</u>	

Note: For the land use right in mainland China, the Group has obtained the Land Use Certificates for State Owned Land, and the lease period is 50 years.

Part of the land leased by the Group in Hefei, Anhui Province, China has been sub-leased to Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd. under operational leasing from January 1, 2022, and the relevant right-of-use assets are presented as investment properties please refer to Note 15. The relevant amount of the above right-of-use assets does not include the right-of-use assets that meet the definition of investment properties.

Except for the above-mentioned the Group recognition of depreciation expenses, there was no impairment of the right-of-use assets for from January 1 to March 31, 2024 and 2023.

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amounts			
Current	<u>\$ 34,740</u>	<u>\$ 41,956</u>	<u>\$ 42,046</u>
Non-current	<u>\$ 33,653</u>	<u>\$ 35,497</u>	<u>\$ 64,346</u>

Ranges of discount rates for lease liabilities are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	0.99% ~ 4.35%	0.99% ~ 4.35%	0.99% ~ 4.35%
Office equipment	1.36% ~ 4.35%	1.36% ~ 4.35%	0.99% ~ 4.35%

c. Other lease information

	For the three months ended March 31	
	2024	2023
Expense relating to short-term leases	<u>\$ 1,977</u>	<u>\$ 1,431</u>
Total cash outflow for leases	<u>(\$ 13,159)</u>	<u>(\$ 12,975)</u>

15. INVESTMENT PROPERTY

	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	\$ 43,927	\$ 44,049	\$ 50,622
Right-of-use assets - Land	<u>4,918</u>	<u>4,762</u>	<u>4,973</u>
	<u>\$ 48,845</u>	<u>\$ 48,811</u>	<u>\$ 55,595</u>

The right-of-use assets in the investment property is the subleasing of the leased land located in Hefei City, Anhui Province, China to Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd. under operational leasing.

The lease term of the investment property is 5 years with an option to extend the lease term for 2 years. The lessees do not have purchase options to acquire the assets at the expiration of the lease periods.

The maturity analysis of operating lease payments receivable from the investment property is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Year 1	\$ 49,335	\$ 47,420	\$ 48,471
Year 2	49,335	47,420	48,471
Year 3	37,001	47,420	48,471
Year 4	-	-	36,353
Year 5	-	-	-
	<u>\$ 135,671</u>	<u>\$ 142,260</u>	<u>\$ 181,766</u>

Except for the recognition of depreciation expenses, there was no significant addition, disposal or impairment of the investment properties of the Group from January 1 to March 31, 2024 and 2023. Investment properties are depreciated on a straight-line basis over the following economic life:

Buildings	
Factory main building	20 years
Right-of-use assets - Land	50 years

The Group implements a general risk management policy to reduce the residual risk of the leased buildings and right-of-use assets upon expiry of the lease term.

The fair value of the investment properties is measured by the independent appraisal company Anhui Huateng Property Assessment Office as a Level 3 input on the balance sheet date. The evaluation is based on market evidence of similar property transaction prices and the cash flow method, and the important unobservable input used include discount rate. The fair value obtained from the evaluation is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value	<u>\$ 267,497</u>	<u>\$ 258,103</u>	<u>\$ 280,463</u>

16. GOODWILL

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount	<u>\$ 32,577</u>	<u>\$ 32,577</u>	<u>\$ 32,577</u>

The cost of the Group acquiring the subsidiary, Centera Photonics Inc., higher than the net value of the identifiable assets and liabilities assumed on the date of acquisition is recognized in goodwill.

The Group has conducted an impairment assessment on the recoverable amount of goodwill, and does not recognize any impairment loss of goodwill from January 1 to March 31, 2024, using the value in use as the calculation basis for the recoverable amount.

17. INTANGIBLE ASSETS

	<u>Computer software</u>
<u>Cost</u>	
Balance at January 1, 2024	\$ 9,292
Disposal	(301)
Effect of exchange rate changes	<u>204</u>
Balance at March 31, 2024	<u>\$ 9,195</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2024	\$ 3,622
Amortization expense	773
Disposal	(301)
Effect of exchange rate changes	<u>65</u>

Balance at March 31, 2024	<u>\$ 4,159</u>
Carrying amount at March 31, 2024	<u>\$ 5,036</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 5,670</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 13,212
Additions	236
Disposal	(2,331)
Effect of exchange rate changes	<u>39</u>
Balance at March 31, 2023	<u>\$ 11,156</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2023	\$ 7,036
Amortization expense	1,284
Disposal	(2,331)
Effect of exchange rate changes	<u>27</u>
Balance at March 31, 2023	<u>\$ 6,016</u>
Carrying amount at March 31, 2023	<u>\$ 5,140</u>

Amortization expenses are accrued on a straight-line basis over the economic life:

Computer software 1 to 5 years

18. OTHER ASSETS

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
<u>Current</u>			
Prepayments			
Tax credit	\$ 216,574	\$ 215,486	\$ 210,365
Prepayments to suppliers	15,532	11,944	6,310
Others	<u>21,106</u>	<u>23,125</u>	<u>14,744</u>
	<u>\$ 253,212</u>	<u>\$ 250,555</u>	<u>\$ 231,419</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 28,924	\$ 24,356	\$ 38,259
Refundable deposits paid			
(Note)	10,942	11,494	10,679
Uncollectible receivables			
(Note 9)	<u>6,936</u>	<u>6,936</u>	<u>6,936</u>
	46,802	42,786	55,874
Less: Loss allowances	(<u>6,936</u>)	(<u>6,936</u>)	(<u>6,936</u>)
	<u>\$ 39,866</u>	<u>\$ 35,850</u>	<u>\$ 48,938</u>

Note: The Group considers the debtor's historical record, current market conditions and business outlook to measure the 12-month expected credit loss or lifetime

expected credit loss of the refundable deposit paid. As of March 31, 2024 and December 31 and March 31, 2023, the Group assessed that it was not necessary to report expected credit losses for refundable deposits paid.

19. BORROWINGS

Long-term bank borrowings

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Secured borrowings</u> (Note 33)			
Bank borrowings	\$ 205,000	\$ 205,000	\$ 405,000
Less: Current portion	(42,067)	(24,709)	(7,132)
Long-term bank borrowings	<u>\$ 162,933</u>	<u>\$ 180,291</u>	<u>\$ 397,868</u>

The borrowings of the Group include:

	<u>Due date</u>	<u>Material terms</u>	<u>March 31, 2024</u>		<u>December 31, 2023</u>		<u>March 31, 2023</u>	
			<u>Amount</u>	<u>Effective rate %</u>	<u>Amount</u>	<u>Effective rate %</u>	<u>Amount</u>	<u>Effective rate %</u>
Floating rate borrowings								
Taiwan Cooperative Bank								
Machinery and equipment secured borrowings	October 20, 2026	The borrowings amount of NTS80,000 thousand is divided into 36 monthly installments starting November 2023 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting November 2024.	\$ 80,000	1.74	\$ 80,000	1.74	\$ -	-
Machinery and equipment secured borrowings	October 20, 2026	The borrowings amount of NTS20,000 thousand is divided into 36 monthly installments starting November 2023 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting November 2024.	20,000	1.74	20,000	1.74	-	-
Secured borrowings for land and buildings	March 20, 2030	The borrowings amount of NTS135,000 thousand is divided into 84 monthly installments starting April 2023 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting April 2024. (An amount of NTS30,000 was repaid for the principal in advance in September 2023).	105,000	1.74	105,000	1.74	135,000	1.62
Secured borrowings for land and buildings	February 20, 2030	The borrowings amount of NTS135,000 thousand is divided into 84 monthly installments starting March 2023 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting March 2024. (Early repayment in July 2023).	-	-	-	-	135,000	1.62
Secured borrowings for land and buildings	December 19, 2029	The borrowings amount of NTS135,000 thousand is divided into 84 monthly installments starting December 2022 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting January 2024. (Early repayment in July 2023).	-	-	-	-	135,000	1.62
			<u>205,000</u>	-	<u>205,000</u>	-	<u>135,000</u>	1.62
Less: Current portion			(42,067)		(24,709)		(7,132)	
Balance of long-term bank borrowings			<u>\$ 162,933</u>		<u>\$ 180,291</u>		<u>\$ 397,868</u>	

20. OTHER LIABILITIES

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
<u>Current</u>			
Other payables			
Payable for equipment (Note 30)	\$ 160,811	\$ 174,918	\$ 440,190
Salaries payable and bonus	274,053	323,877	312,375
Cash dividends (Note 30)	221,464	131	347,980
OEM collection and payment	155,315	185,486	87,255
Insurance premium	48,944	46,286	49,289
Pension	21,324	20,398	19,891
Professional service fee	8,263	7,611	5,764
Repair and maintenance expense	5,268	5,861	4,220
Processing fee	151	1,706	4,918
Commission expense	2,024	411	126
Business tax	932	1,906	1,048
Contract service payment	1,277	1,277	1,277
Interest	117	117	221
Others	<u>75,375</u>	<u>66,113</u>	<u>59,451</u>
	<u>\$ 975,318</u>	<u>\$ 836,098</u>	<u>\$ 1,334,005</u>
Other current liabilities			
Guarantee deposit - payments received to retain capacity (Note)	\$ 158,603	\$ 158,181	\$ 144,255
Others	<u>2,167</u>	<u>2,090</u>	<u>1,889</u>
	<u>\$ 160,770</u>	<u>\$ 160,271</u>	<u>\$ 146,144</u>
<u>Non-current</u>			
Guarantee deposits and margins received			
Payments received to retain capacity (Note)	\$ 494,511	\$ 510,561	\$ 517,628
Others (Note 32)	<u>20,487</u>	<u>19,692</u>	<u>20,128</u>
	<u>\$ 514,998</u>	<u>\$ 530,253</u>	<u>\$ 537,756</u>

Note: To expand the production capacity in response to the increase in customer demand, the Group has signed a production capacity agreement with its customers and collected a production capacity deposit which the customers can offset the payment for shipments in phases during the production capacity guarantee period according to the conditions stipulated in the agreement.

21. PROVISIONS

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Current</u>			
Warranties	<u>\$ 38,192</u>	<u>\$ 37,849</u>	<u>\$ 36,674</u>
	<u>For the three months ended March 31</u>		
	<u>2024</u>	<u>2023</u>	
Balance, beginning of period	\$ 37,849	\$ 36,419	
Additions	631	258	
Usage	(288)	(3)	
Balance, end of period	<u>\$ 38,192</u>	<u>\$ 36,674</u>	

The warranties provision for liabilities is the present value of the best estimate of the future economic outflows due to the warranties obligations by the management of the Group according to the contract for the sale of goods. This estimate is based on historical warranties and adjusted by taking into account new raw materials, changes in the process or other factors that affect product quality.

22. RETIREMENT BENEFIT PLANS

The pension expenses related to the defined benefit plan recognized from January 1 to March 31, 2024 and 2023 are calculated based on the pension cost rate determined by the actuarial on December 31, 2023 and 2022, and the amounts are NT\$227 thousand and NT\$243 thousand.

23. EQUITY

a. Capital stock

Common stock

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Authorized shares (in thousands)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Authorized capital (NTD in thousand)	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Issued and paid shares (in thousands)	<u>145,681</u>	<u>145,681</u>	<u>145,681</u>
Issued capital (NTD in thousand)	<u>\$ 1,456,814</u>	<u>\$ 1,456,814</u>	<u>\$ 1,456,814</u>

The authorized shares include 10,000 thousand shares allocated for the exercise of employee stock options.

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>May be used to offset a deficit, distributed as cash dividends or transferred to capital</u> (Note 1)			
Additional paid-in capital	\$ 322,130	\$ 322,130	\$ 322,130
Treasury stocks	<u>6,420</u>	<u>6,420</u>	<u>6,420</u>
	<u>\$ 328,550</u>	<u>\$ 328,550</u>	<u>\$ 328,550</u>
<u>May only be used to offset a deficit</u> From share of changes in equities of subsidiaries (Note 2)	<u>\$ 126,699</u>	<u>\$ 126,686</u>	<u>\$ 123,754</u>

Note 1: Such capital surplus can be used to offset a deficit, in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of eLaser's paid-in capital.

Note 2: This capital surplus is the amount of equity transaction impact recognized due to changes in the Company's equity when the Company does not subscribe to the subsidiary's equity in proportion to its shareholding, or the adjusted amount recognized by the Company using the equity method to recognize the subsidiary's capital surplus.

c. Retained earnings and dividend policy

In accordance with eLaser's earnings distribution policy in the Articles of Association, if there is a surplus after the annual financial report, eLaser will pay taxes and make up for previous annual deficit and add items other than the after-tax net profit to the undistributed earnings for the current period. Also, 10% of legal reserve shall be set aside and if necessary, the special reserve shall be set aside in accordance with relevant laws or regulations, and the accumulated undistributed earnings of the previous year shall be added as the distributable surplus, which shall be reserved by the Board of Directors according to operation

capital demand and distributed in accordance with the earnings distribution proposal submitted to the shareholder's meeting for resolution. When the net amount of other equity deductions accumulated in the previous period is set aside as a special reserve, if the undistributed earnings in the previous period is insufficient to be set aside, items other than after-tax net profit plus after-tax net profit for the current period are included in the undistributed earnings for the current period. The Company's dividend policy is to evaluate the Company's future capital needs, financial structure, and earnings. As the Company is in the growth stage with the industry outlook and development trend changing rapidly, continuous investment, R&D and a sound financial structure are required to create a competitive advantage. Future earnings will be appropriately distributed in the form of stock dividends or cash dividends, depending on the Company's operation. The total amount of dividends shall be at least 5% of the distributable earnings for the current year, of which cash dividends shall not be less than 20% of the total dividends.

Please refer to Note 25 (9) Employee Remuneration and Director Remuneration for the employees and directors remuneration policy stipulated in the Articles of Association of the Company.

According to Article 237 of the Company Act of the Republic of China, Act, when allocating surplus profits after having paid all taxes and dues, shall first set aside 10% of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. The legal reserve can be used to make up for losses. When the Company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in capital can be allocated in cash in addition to being accounted as share capital.

The Company set aside the special reserve in accordance with the Official Letter Chin-Kuan-Cheng-Fa-Tzu No. 1090150022 and "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs".

The Company held a board meeting on March 14, 2024 and a regular shareholders' meetings on June 6, 2023 to propose and approve the 2023 and 2022 earnings distribution proposals as follows:

	<u>2023</u>	<u>2022</u>
Legal capital reserve	\$ -	\$ 19,712
Special capital reserve	\$ 18,307	\$ 2,417
Cash dividends	\$ -	\$ 72,841
Cash dividend per share (NT\$)	\$ -	\$ 0.5

The 2023 earnings distribution plan is yet to be resolved at the shareholders' meeting which is expected to be held on June 7, 2024.

d. Special capital reserve

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Balance, beginning of period	\$ 67,718	\$ 65,301
Balance, end of period	\$ 67,718	\$ 65,301

e. Other equity

Exchange differences on translation of foreign financial statements:

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Balance, beginning of period	(\$ 86,025)	(\$ 67,718)
Recognized in the current period		
Foreign operations – foreign currency translation differences	50,377	(1,766)
Related tax	(10,075)	353
Other comprehensive income	40,302	(1,413)
Balance, end of period	(\$ 45,723)	(\$ 69,131)

f. Non-controlling interests

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Balance, beginning of period	\$ 2,151,056	\$ 2,268,740
Net income	70,822	57,642
Other comprehensive income		
Exchange differences on translation of foreign financial statements	48,409	(1,698)
Cash dividend issued from subsidiaries	(221,333)	(347,809)
Remuneration costs of employee stock options by subsidiaries (Note 28)	10	8
Balance, end of period	\$ 2,048,964	\$ 1,976,883

24. REVENUE

	For the three months ended March 31	
	2024	2023
Revenue from contracts with customers		
Packaging and testing	\$ 1,165,151	\$ 1,148,008
Other operating revenue		
Others (Note 32)	<u>120,337</u>	<u>114,924</u>
	<u>\$ 1,285,488</u>	<u>\$ 1,262,932</u>

a. Contract balance

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Accounts receivable (Note 9)	\$ 932,831	\$ 1,009,538	\$ 884,765	\$ 986,290
Accounts receivable due from related parties (Note 32)	<u>9,348</u>	<u>9,885</u>	<u>10,108</u>	<u>9,583</u>
	<u>\$ 942,179</u>	<u>\$ 1,019,423</u>	<u>\$ 894,873</u>	<u>\$ 995,873</u>
Contract assets				
Packaging and testing	\$ 201,618	\$ 192,649	\$ 188,698	\$ 190,216
Less: Loss allowances	(<u>36,782</u>)	(<u>36,216</u>)	(<u>36,763</u>)	(<u>38,454</u>)
	<u>\$ 164,836</u>	<u>\$ 156,433</u>	<u>\$ 151,935</u>	<u>\$ 151,762</u>
Contract liabilities (including related parties) (Note 32)				
Packaging and testing	\$ 12,150	\$ 35,188	\$ 19,263	\$ 16,000
Merchandise sales	<u>-</u>	<u>16,181</u>	<u>422</u>	<u>19</u>
	<u>\$ 12,150</u>	<u>\$ 51,369</u>	<u>\$ 19,685</u>	<u>\$ 16,019</u>

The Group recognizes loss allowance for contract assets based on lifetime expected credit losses. The average process duration of the packaging and testing service contracts signed by the Group is 20 to 60 days. When determining the possibility of obtaining an unconditional right of payment for contract assets in the future, the policy adopted by the Group refers to the historical experience of the counterparty's relevant contract assets, current market conditions and business outlook, considers the contracts that are still under obligations on the balance sheet date, examines each contract for stagnation, and recognizes the loss allowance for contract assets according to the expected credit losses during the duration. If there is evidence that the obligation of the contract have been stagnant beyond the normal process period and the Group cannot reasonably anticipate

when the contract will be restarted, the Group will recognize the loss allowance at full amount, but will continue to pursue the stagnation of the contract, and carry out the obligation when the stagnation has been eliminated. If there is evidence that the counterparty has signs of breach of contract or is facing serious debt difficulties where the recoverable amount cannot be reasonably estimated, the Group will directly write off the relevant contract assets and loss allowance, but will continue to pursue for recovery. The amount recovered by the pursuit will be recognized in profit or loss.

	March 31, 2024	December 31, 2023	March 31, 2023
Expected credit loss rate	18%	19%	19%
Total amount	\$ 201,618	\$ 192,649	\$ 188,698
Loss allowance (lifetime expected credit losses)	(<u>36,782</u>)	(<u>36,216</u>)	(<u>36,763</u>)
	<u>\$ 164,836</u>	<u>\$ 156,433</u>	<u>\$ 151,935</u>

Movements of the loss allowance for contract assets

	For the three months ended March 31	
	2024	2023
Balance, beginning of period	\$ 36,216	\$ 38,454
Impairment losses for the current period	557	-
Reversal	-	(1,191)
Write-offs (Note)	-	(511)
Exchange differences on translation of foreign currency	9	11
Balance, end of period	<u>\$ 36,782</u>	<u>\$ 36,763</u>

Note: From January 1 to March 31, 2023, as some orders have reached termination, the Group directly wrote off the relevant contract assets and loss allowance.

b. Detail of customer contracts

Please refer to Note 37 for detailed revenue information.

25. NET PROFIT FROM CONTINUING OPERATION

a. Other income (expenses)

	For the three months ended March 31	
	2024	2023
Impairment loss on property, plant and equipment	(\$ 1,428)	(\$ 2,251)

b. Interest income

	For the three months ended March 31	
	2024	2023
Bank deposit	\$ 11,278	\$ 10,717

c. Other income

	For the three months ended March 31	
	2024	2023
Government subsidy	\$ 57	\$ 109
Others	821	914
	<u>\$ 878</u>	<u>\$ 1,023</u>

d. Other gains and losses

	For the three months ended March 31	
	2024	2023
Foreign exchange gains(losses)	\$ 58,224	(\$ 15,701)
Gains (losses) on disposal of property, plant and equipment	(146)	83
Others	(403)	(48)
	<u>\$ 57,675</u>	<u>(\$ 15,666)</u>

e. Finance costs

	For the three months ended March 31	
	2024	2023
Bank borrowings interest	\$ 893	\$ 1,764
Interest expense on lease liability	482	802
Interest on loans from related parties (Note 32)	-	16
	<u>\$ 1,375</u>	<u>\$ 2,582</u>

f. Depreciation and amortization

	For the three months ended March 31	
	2024	2023
Depreciation expenses summarized by function		
Cost of revenue	\$ 199,405	\$ 199,366
Operating expenses	<u>15,142</u>	<u>16,352</u>
	<u>\$ 214,547</u>	<u>\$ 215,718</u>
Amortization expenses summarized by function		
Cost of revenue	\$ -	\$ 47
General and administrative expense	773	1,180
Research and development expense	<u>-</u>	<u>57</u>
	<u>\$ 773</u>	<u>\$ 1,284</u>

g. Direct operating expenses of investment property

	For the three months ended March 31	
	2024	2023
Lease revenue		
Depreciation expense	\$ 1,900	\$ 1,906
Others	<u>154</u>	<u>155</u>
	<u>\$ 2,054</u>	<u>\$ 2,061</u>

h. Employee benefits expenses

	For the three months ended March 31	
	2024	2023
Share-based payment		
Equity-settled (Note 28)	\$ 23	\$ 18
Post-employment benefits		
Determined contribution plans	36,765	34,920
Defined benefit plans (Note 22)	<u>227</u>	<u>243</u>
	37,015	35,181
Others	<u>398,782</u>	<u>401,186</u>
Total employee benefits expenses	<u>\$ 435,797</u>	<u>\$ 436,367</u>
Summarized by function		
Cost of revenue	\$ 335,657	\$ 337,115
Operating expenses	<u>100,140</u>	<u>99,252</u>
	<u>\$ 435,797</u>	<u>\$ 436,367</u>

i. Remuneration to the employees and directors

According to the Articles of Association, the Company allocates 8% to 15% of the employee's remuneration and no more than 3% of the director's remuneration according to the pre-tax profit before deducting the employee' and director's remuneration in the current year.

The Company is recorded a loss before tax for the three months ended March 31, 2023, so employee remuneration and director remuneration were not estimated and recognized. Estimated employee remuneration and director remuneration for the three months ended March 31, 2024 are as follows:

Estimated ratio

	For the three months ended March 31, 2024
Remuneration to employees	10%
Compensation to directors	2.5%

Amount

	For the three months ended March 31, 2024
Remuneration to employees	<u>\$ 5,417</u>
Compensation to directors	<u>\$ 1,354</u>

If there is still a change in the amount after the annual consolidated financial statement is approved, it will be treated as a change in accounting estimates and adjusted and recorded in the following year.

It was a net loss before tax for 2023. On March 14, 2024, the Board of Directors resolved a decision not to distribute employee remuneration and director remuneration. The employee remuneration and director remuneration for 2022 as resolved by the Board of Directors on March 23, 2023 are as follows:

Amount

	2022
	Cash
Remuneration to employees	<u>\$ 34,000</u>
Compensation to directors	<u>\$ 8,000</u>

There is no significant difference between the aforementioned approved amounts and the amounts charged against earnings of 2022.

The information about the appropriations of the Company's Remuneration to employees and compensation to directors is available at the Market Observation Post System website.

j. Foreign exchange gains and losses

	For the three months ended March 31	
	2024	2023
Foreign currency exchange gains	\$ 66,464	\$ 88,225
Foreign currency exchange losses	(8,240)	(103,926)
Net gains (losses)	<u>\$ 58,224</u>	<u>(\$ 15,701)</u>

26. INCOME TAX

a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	For the three months ended March 31	
	2024	2023
Current income tax		
Recognized in the current period	\$ 42,180	\$ 90,650
Levied undistributed surplus earnings	-	5,107
Income tax adjustments on prior years	(8,110)	-
	<u>34,070</u>	<u>95,757</u>
Deferred income tax		
Recognized in the current period	<u>8,619</u>	(50,951)
Income tax expense recognized in profit or loss	<u>\$ 42,689</u>	<u>\$ 44,806</u>

b. Income tax recognized in other comprehensive income

	For the three months ended March 31	
	2024	2023
<u>Deferred income tax</u>		
Recognized in the current period		
Foreign operations - foreign currency translation differences	\$ 10,075	(\$ 353)
Income tax recognized in other comprehensive income	<u>\$ 10,075</u>	<u>(\$ 353)</u>

c. Income tax examination

The tax authorities have examined income tax returns of the Company through 2022. As of March 31, 2024, the Group had no pending tax litigation.

27. EARNINGS (LOSS) PER SHARE

	For the three months ended March 31	
	2024	2023
Basic earnings (loss) per share	<u>\$ 0.31</u>	<u>(\$ 0.28)</u>
Diluted earnings (loss) per share	<u>\$ 0.30</u>	<u>(\$ 0.28)</u>

Earnings (loss) and the weighted average number of ordinary shares used to calculate earnings (loss) per share are as follows:

Current period net profit (loss)

	For the three months ended March 31	
	2024	2023
Net income (loss) attributable to owners of the Company	<u>\$ 44,437</u>	<u>(\$ 40,091)</u>
Net income (loss) used to calculate basic earnings (loss) per share	\$ 44,437	(\$ 40,091)
Effects of all dilutive potential common shares:		
Subsidiaries' stock option	-	-
Net profit (loss) used to calculate diluted earnings (loss) per share	<u>\$ 44,437</u>	<u>(\$ 40,091)</u>

Shares

Unit: thousand shares

	For the three months ended March 31	
	2024	2023
Weighted average number of common shares used to calculate basic earnings (loss) per share	145,681	145,681
Effects of all dilutive potential common shares:		
Remuneration to employees	73	-
Weighted average number of common shares used to calculate diluted earnings (loss) per share	<u>145,754</u>	<u>145,681</u>

Note: It is excluded from the calculation due to anti-dilution.

If the Group can choose to pay employee remuneration in shares or cash, when calculating diluted EPS, assumed that employee remuneration will be issued in shares, the weighted average number of outstanding shares shall be included in the potentially dilutive common shares to calculate the diluted EPS. When calculating the diluted EPS before deciding on the number of shares for employee remuneration in the following year, the potentially dilutive common shares will also be considered.

28. SHARE-BASED PAYMENT ARRANGEMENTS

The subsidiary Centera Photonics Inc. has issued a share option plan in 2018

Centera Photonics Inc. was approved by the Board of Directors on May 17, 2018 to issue 2,000 thousand units of employee stock warrant, and each unit subscribed for 1 common share. The total number of common shares to be for this stock warrant was 2,000 thousand shares, and the grantees are limited to the employees of Centera Photonics Inc. According to the warrant exercise rules, warrant holders can exercise a certain proportion of warrants granted after half a year, one year and one and a half years after the issuance respectively. The duration of the warrants is 7 years, and each share and the subscription price is NT\$10, with a total of 2,000 thousand units. Authorized by the Board of Directors, the chairman decided to issue 599 thousand units, 713 thousand units, 289 thousand units and 99 thousand units on May 20, 2019, November 12, 2019, May 24, 2021 and May 11, 2023, respectively. As of March 31, 2024, the outstanding shares are 130 thousand units.

Information relating to issued employee stock options is as follows:

<u>Employee stock option</u>	For the three months ended March 31, 2024	
	<u>Unit (in thousands)</u>	<u>Weighted average exercise price (NT\$)</u>
Circulation at the beginning of the period	156	\$ 10
Forfeited this period	(26)	10
Circulation at the end of the period	<u>130</u>	10
Exercisable at the end of the period	<u>61</u>	
Weighted average fair value of the stock options in the current period (NT\$)	<u>\$ -</u>	

Employee stock option	For the three months ended March 31, 2023	
	Unit (in thousands)	Weighted average exercise price (NT\$)
Circulation at the beginning of the period	548	\$ 40
Forfeited this period	(90)	40
Circulation at the end of the period	<u>458</u>	10 (Note)
Exercisable at the end of the period	<u>367</u>	
Weighted average fair value of the stock options in the current period (NT\$)	<u>\$ -</u>	

Note: The Board of Directors, on March 21, 2023, approved Centera Photonics Inc.'s amendment to the employee stock subscription regulations on March 21, 2023 by resolution. According to the amended regulations, the subscription price per share is NT\$10.

Information relating to outstanding employee stock options is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Exercise price (NT\$)	\$ 10	\$ 10	\$ 10
Weighted average remaining contractual life (years)	5.65 years	5.65 years	4.34 years

Centera Photonics Inc. granted its employees stock options on May 11, 2023, May 24, 2021, November 12, 2019, and May 20, 2019, respectively, using the Black-Scholes valuation model. The inputs used in the valuation model are as follows:

	May 11, 2023	May 24, 2021	November 12, 2019	May 20, 2019
Share price on grant day	NT\$8.12	NT\$4.75	NT\$4.98	NT\$5.73
Exercise price	NT\$10	NT\$10	NT\$10	NT\$10
Expected volatility	45.40%	39.66%	32.18%	32.08%
Duration	4.3 years	4.3 years	4.3 years	4.3 years
Expected dividend rate	0%	0%	0%	0%
Risk-free interest rate	1.0498%	0.1689%	0.5758%	0.5546%

The expected volatility is based on the historical stock price volatility of the same industry, and the annualized standard deviation is obtained based on the duration of the option.

The remuneration costs recognized for the three months ended March 31, 2023 and 2022 were NT\$23 thousand and NT\$18 thousand respectively.

29. GOVERNMENTS SUBSIDY

GEM Electronics (Hefei) Co., Ltd., a subsidiary of the Group, met the subsidy conditions of the local government and received a subsidy of NT\$84,796 thousand after filing an application for the buildings built and the machinery and equipment purchased by the subsidiary.

This amount has been deducted from the relevant asset's carrying amount and carried forward to profit or loss over the asset's economic life by reducing the depreciation expense. As of March 31, 2024 and 2023, the depreciation expenses were reduced NT\$8,052 thousand and NT\$809, respectively.

30. CASH FLOW INFORMATION

a. Non-cash transaction

Unless disclosed in other notes, the Group conducted the following non-cash investment and financing activities for the three months ended March 31, 2024 and 2023:

- 1) As of March 31, 2024 and December 31 and March 31, 2023, the purchase price of unpaid properties, plant and equipment acquired by the Group were NT\$160,811 thousand, NT\$174,918 thousand and NT\$440,190 thousand respectively, and were accounted as other payables.
- 2) Subsidiary GEM Services, Inc. as of March 31, 2024 and December 31 and March 31, 2023, had announced cash dividends of NT\$221,464 thousand, NT\$131 thousand and NT\$347,980 thousand respectively that have not been distributed and are listed under other payables.
- 3) As of March 31, 2024 and December 31 and March 31, 2023, the affiliated companies have announced cash dividends of NT\$0 thousand, NT\$0, and NT\$4,387 thousand, respectively, and were accounted as other payables - related parties.
- 4) Subsidiary GEM Services, Inc. signed a production capacity guarantee agreement with the customer and offset the security deposit by offsetting the payment according to the conditions stipulated in the contract. From January 1 to March 31, 2024 and 2023, the amounts of NT\$17,557 thousand and NT\$8,541 thousand, respectively, were used to offset the security deposit by offsetting accounts receivable.

b. Reconciliation of liabilities arising from financing activities

For the three months ended March 31, 2024

	January 1, 2024	Cash flow	Non-cash changes				Others	March 31, 2024
			Lease addition	Payment refund	Finance costs	Foreign exchange movement		
Long-term bank borrowings	\$ 205,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205,000
Guarantee deposits and margins received	688,434	-	-	(17,557)	-	2,724	-	673,601
Lease liabilities	77,453	(10,700)	321	-	482	1,319	(482)	68,393
	<u>\$ 970,887</u>	<u>(\$ 10,700)</u>	<u>\$ 321</u>	<u>(\$ 17,557)</u>	<u>\$ 482</u>	<u>\$ 4,043</u>	<u>(\$ 482)</u>	<u>\$ 946,994</u>

For the three months ended March 31, 2023

	January 1, 2023	Cash flow	Non-cash changes				Others	March 31, 2023
			Lease addition	Payment refund	Finance costs	Foreign exchange movement		
Short-term borrowings	\$ 71,170	(\$ 71,170)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other payables - related parties	15,014	(15,000)	-	-	-	-	(14)	-
Long-term bank borrowings	405,000	-	-	-	-	-	-	405,000
Guarantee deposits and margins received	683,583	6,664	-	(8,541)	-	305	-	682,011
Lease liabilities	116,454	(10,742)	325	-	802	355	(802)	106,392
	<u>\$ 1,291,221</u>	<u>(\$ 90,248)</u>	<u>\$ 325</u>	<u>(\$ 8,541)</u>	<u>\$ 802</u>	<u>\$ 660</u>	<u>(\$ 816)</u>	<u>\$ 1,193,403</u>

31. FINANCIAL INSTRUMENTS

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

The management of the Group considers that the carrying amounts of financial instruments in the consolidated financial statements that are not measured at fair value approximate their fair values.

- b. Categories of financial instruments

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial assets</u>			
Amortized cost (Note 1)	\$ 3,403,431	\$ 3,238,726	\$ 3,436,342
<u>Financial liabilities</u>			
Amortized cost (Note 2)	1,354,571	1,357,574	1,694,270

Note 1: Including cash and cash equivalents, financial assets measured at amortized cost, accounts receivable (including related parties), other receivables (including related parties; excluding income tax refund receivable), uncollectible receivables and refundable deposits and other financial assets.

Note 2: The balance includes financial liabilities are measured at amortized cost such as accounts payable, other payables (excluding salaries and bonuses payable, dividends payable, insurance premiums payable, pensions payable and business tax payable), long-term loans and guarantee deposit.

c. Financial risk management objectives and policies

The major financial instruments of the Group include cash and cash equivalents, investments in debt instruments, receivables, payables, lease liabilities and borrowings. Among the financial instruments held by the Group, financial risks related to operations include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The main financial risks borne by the Group's operating activities are the exchange rate risk (see 1) below) and the interest rate risk (see 2) below).

(1) Foreign currency risk

The Group is engaged in foreign currency-denominated sales and purchase transactions, thus causing the Group to be exposed to exchange rate risk. The Group regularly evaluates the net risk position of the sales amount and cost amount denominated in non-functional currency, and adjusts the cash holding position of the non-functional currency accordingly to achieve hedging.

For the carrying amounts of monetary assets and liabilities of the Group denominated in non-functional currencies on the balance sheet date (including those monetary items denominated in non-functional currencies that have been eliminated in the consolidated financial statements), please refer to Note 35.

Sensitivity analysis

The Group is mainly affected by fluctuations in the exchange rates of USD, JPY and NTD.

The table below details the sensitivity analysis of the Group when the exchange rate of each functional currency of each entity against each relevant foreign currency increases/decreases by 1%. 1% is the sensitivity rate used when reporting exchange rate risk within the Group to key management, and also represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. Sensitivity analysis only includes foreign currency monetary items in circulation which is translated at the end of the period with a 1% exchange rate adjustment.

When foreign currency monetary items are net assets, a positive number in the table below means that when the functional currency of each consolidated entity depreciates by 1% relative to each related currency (mainly USD, JPY and NTD), the pre-tax net profit or equity will increase by a number of the same amount; when the functional currency of each consolidated entity appreciates by 1% relative to each relevant currency, its impact on pre-tax net profit or equity will be a negative number of the same amount.

	The impact of USD		The impact of JPY		The impact of NTD	
	For the three months ended		For the three months ended		For the three months ended	
	March 31		March 31		March 31	
	2024	2023	2024	2023	2024	2023
Gains or (losses)	\$ 18,464 (i)	\$ 18,581 (i)	\$ 189 (ii)	\$ 145 (ii)	(\$ 5,928)(iii)	(\$ 8,140)(iii)

- (i) Mainly from the Group's USD-denominated cash and cash equivalents, receivables, and payables that were in circulation on the balance sheet date without cash flow hedging.

The Group's sensitivity to USD exchange rates did not change significantly this year compared with the same period last year.

- (ii) Mainly from the Group's JPY-denominated cash and cash equivalents, receivables, and payables that were in circulation on the balance sheet date without cash flow hedging.

The Group's sensitivity to JPY exchange rates did not change significantly this year compared with last year.

- (iii) Mainly from the Group's NTD-denominated payables that were still in circulation on the balance sheet date without cash flow hedging.

The Group's sensitivity to the NTD exchange rate decreased in the current period, which was due to the decrease in payables denominated in NTD.

(2) Interest rate risk

Interest rate risk exposure is incurred due to the bank deposits, lease liabilities and borrowings within the Group include fixed and floating interest rates.

The carrying amounts of financial assets and financial liabilities of the Group subject to interest rate risk exposure on the balance sheet date are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
- Financial assets	\$ 609,954	\$ 531,948	\$ 888,853
- Financial liabilities	68,393	77,453	106,392
Cash flow interest rate risk			
- Financial assets	1,633,759	1,453,447	1,470,007
- Financial liabilities	205,000	205,000	405,000

Sensitivity analysis

The sensitivity analysis below is based on the interest rate exposure of non-derivative instruments at the balance sheet date. The analysis for floating rate liabilities assumes that the amounts of the liabilities outstanding at the balance sheet date were all outstanding during the reporting period. The rate of change used in reporting interest rates within the Group to key management is a 1% increase or decrease in interest rates, which represents management's assessment of the reasonably possible range of changes in interest rates.

If interest rates increased/decreased by 1% when all other variables are held constant, the Group's net profit before tax from January 1 to March 31, 2024 and 2023 will increase/decrease by NT\$3,572 thousand and NT\$2,663 thousand respectively, mainly due to the interest rate risk with fluctuations arising from the bank deposits and bank loans floating interest rate.

The Group's sensitivity to interest rates increased in this period, which is due to the increase in net assets with floating interest rates.

2) Credit risk

Credit risk refers to the risk that the counterparty defaults on its contractual obligations resulting in financial losses to the Group. As of the balance sheet date, the maximum credit risk exposure of the Group that may result in financial losses due to the counterparty's failure to perform its obligations is from the carrying amount of financial assets recognized in the consolidated balance sheet.

The policy adopted by the Group is to transact with reputable counterparties and to obtain adequate guarantees to mitigate the risk of financial loss due to default when necessary. The Group rates major customers by creating complete customer profiles, using publicly available financial and non-financial information, and referring to past transaction records with the Group. The Group continuously monitors the credit exposure and the credit rating of the counterparty and controls the credit exposure through the counterparty's credit limit which is reviewed and approved annually by the responsible supervisor.

The Group continuously evaluates the financial status of customers with accounts receivable and contract assets and reviews the recoverable amounts of accounts receivable and contract assets to ensure that unrecoverable accounts receivable and contract assets have been properly set aside for impairment losses. When necessary, receipts in advance will be adopted as a transaction term to reduce credit risk. Thus, the credit risk on accounts receivable and contract assets is expected to be limited.

The credit risk of the Group is concentrated in the top five customers. As of March 31, 2024, and December 31 and March 31, 2023, the ratio for the total amount of accounts receivable and total contract assets came from the top five customers were 43%, 42% and 46%, respectively.

3) Liquidity risk

The Group manages and maintains a sufficient position of cash and cash equivalents to support the operations and mitigate the impact of fluctuations in cash flow. The management of the Group supervises the use of the bank's financing amount and ensures compliance with the terms of the loan agreement.

Bank borrowings are an important source of liquidity for the Group. Please refer to the description of 2) Financing amount for the unused financing amount of the Group as of March 31, 2024 and December 31 and March 31, 2023.

(1) Liquidity and Interest Rate Risk for Non-Derivative Financial Liabilities

The analysis of the remaining contractual maturity of non-derivative financial liabilities is based on the earliest date on which the Group may

be required to repay, and is prepared based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). The maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment date.

For interest cash flows paid at floating rates, the undiscounted interest amount is derived based on the average lending rate on the balance sheet date.

March 31, 2024

	<u>Less than 1 month</u>	<u>1 - 3 months</u>	<u>3 - 12 months</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 492,055	\$ 324,159	\$ 534,334	\$ 20,487	\$ -
Floating rate instrument	2,122	4,243	39,075	151,238	17,656
Lease liabilities	<u>9,224</u>	<u>2,074</u>	<u>24,392</u>	<u>29,804</u>	<u>5,151</u>
	<u>\$ 503,401</u>	<u>\$ 330,476</u>	<u>\$ 597,801</u>	<u>\$ 201,529</u>	<u>\$ 22,807</u>

December 31, 2023

	<u>Less than 1 month</u>	<u>1 - 3 months</u>	<u>3 - 12 months</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 245,565	\$ 341,863	\$ 545,585	\$ 19,692	\$ -
Floating rate instrument	298	596	27,288	164,975	22,070
Lease liabilities	<u>8,910</u>	<u>2,108</u>	<u>32,226</u>	<u>30,601</u>	<u>6,280</u>
	<u>\$ 254,773</u>	<u>\$ 344,567</u>	<u>\$ 605,099</u>	<u>\$ 215,268</u>	<u>\$ 28,350</u>

March 31, 2023

	<u>Less than 1 month</u>	<u>1 - 3 months</u>	<u>3 - 12 months</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 584,132	\$ 508,403	\$ 524,587	\$ 20,128	\$ -
Floating rate instrument	546	1,092	12,033	284,145	137,507
Lease liabilities	<u>9,222</u>	<u>2,188</u>	<u>32,985</u>	<u>56,311</u>	<u>10,015</u>
	<u>\$ 593,900</u>	<u>\$ 511,683</u>	<u>\$ 569,605</u>	<u>\$ 360,584</u>	<u>\$ 147,522</u>

(2) Financing amount

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Unsecured borrowings			
- Utilized	\$ -	\$ -	\$ -
- Unutilized	<u>630,000</u>	<u>630,000</u>	<u>630,000</u>
	<u>\$ 630,000</u>	<u>\$ 630,000</u>	<u>\$ 630,000</u>
Secured borrowings			
- Utilized	\$ 205,000	\$ 205,000	\$ 405,000
- Unutilized	<u>350,000</u>	<u>350,000</u>	<u>150,000</u>
	<u>\$ 555,000</u>	<u>\$ 555,000</u>	<u>\$ 555,000</u>

32. RELATED PARTY TRANSACTIONS

Transactions, account balances, income and expenses between the Company and its subsidiaries (which are related parties of the Company) are all eliminated upon consolidation, thus not disclosed in this note. Unless disclosed in other notes, the transactions between the Group and other related parties are as follows.

a. Related party name and categories

<u>Related party name</u>	<u>Related party categories</u>
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Associate
Chen-Chi, Liao	Substantive related party relationship

b. Revenue

		<u>For the three months ended March 31</u>	
<u>Item</u>	<u>Related party categories</u>	<u>2024</u>	<u>2023</u>
Electroplating services	Associate	<u>\$ 20,753</u>	<u>\$ 25,864</u>
Lease revenue	Associate	<u>\$ 11,932</u>	<u>\$ 11,973</u>
Lease and other services	Associate	<u>\$ 1,664</u>	<u>\$ 1,577</u>

There is no other comparable transaction of the same sales price and conditions of the related parties. The income from electroplating services is determined by the cost-plus pricing, and the payment terms are monthly T/T 45 days. The lease income is based on the contract signed according to the general market conditions, and the rent is collected on a monthly basis; the other service income is collected on a monthly basis according to the contract content.

c. Contract liabilities

Categories/ Related party	March 31, 2024	December 31, 2023	March 31, 2023
Associate			
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	<u>\$ 4,052</u>	<u>\$ 3,895</u>	<u>\$ 3,981</u>

d. Receivables from related parties

Item	Related party categories	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable due from related parties	Associate	<u>\$ 9,348</u>	<u>\$ 9,885</u>	<u>\$ 10,108</u>
Other receivables - related parties	Associate	<u>\$ 66</u>	<u>\$ 45</u>	<u>\$ 4,388</u>

The outstanding receivables from related parties are not overdue, and no guarantee has been received. No allowance for losses was provided for receivables from related parties

e. Lease agreement

Operation lease/ sublease

The Group leases the buildings and subleases the land use rights related to the buildings to its associate, Mitsubishi Electric GEM Power Semiconductor (Hefei) Co., Ltd., for a lease term of five years, with an option to extend the lease term for two years. The rent is signed according to the general market condition which is paid monthly. At the end of the lease period, the lessee will not have the purchase price option to acquire the real estate. As of March 31, 2024 and December 31 and March 31, 2023, the total lease payments to be received in the future are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Year 1	\$ 49,335	\$ 47,420	\$ 48,471
Year 2	49,335	47,420	48,471
Year 3	37,001	47,420	48,471
Year 4	-	-	36,353
Year 5	-	-	-
	<u>\$ 135,671</u>	<u>\$ 142,260</u>	<u>\$ 181,766</u>

The lease income recognized for the three months ended March 31, 2024 and 2023 was NT\$11,932 thousand and NT\$11,973 thousand respectively.

f. Borrowings from related parties

<u>Categories/ Related party</u>	<u>2023</u>	<u>December 31, 2023</u>	<u>For the three months ended March 31, 2023</u>	<u>March 31, 2023</u>
	<u>Highest balance</u>		<u>Highest balance</u>	
<u>Other payables - related parties</u>				
Substantive related party relationship Chen-Chi, Liao	\$ <u>15,000</u>	\$ <u>-</u>	\$ <u>15,000</u>	\$ <u>-</u>

Interest expenses

<u>Related party categories</u>	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Substantive related party relationship	\$ <u>-</u>	\$ <u>16</u>

The interest rate of the Group's borrowing from related parties is 4.2%, and it is an unsecured loan.

g. Other related party transactions

<u>Item</u>	<u>Related party categories</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Guarantee deposits and margins received	Associate	\$ <u>1,747</u>	\$ <u>1,679</u>	\$ <u>1,716</u>

h. Remuneration for key managerial officers

	<u>For the three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 31,218	\$ 29,827
Share-based payment	7	2
Post-employment benefits	<u>189</u>	<u>238</u>
	\$ <u>31,414</u>	\$ <u>30,067</u>

The remuneration of directors and other key managerial officers is determined by the Remuneration Committee in accordance with individual performance and market trends.

33. PLEDGED ASSETS

The following assets have been provided as collateral for financing borrowings:

	March 31, 2024	December 31, 2023	March 31, 2023
Pledged term deposits (financial assets measured at amortized cost - non-current)	\$ 754	\$ 751	\$ 744
Self-owned land	358,403	358,403	358,403
Net amount of property and building	104,608	105,235	107,118
Net amount of machinery and equipment	<u>200,646</u>	<u>212,873</u>	<u>-</u>
	<u>\$ 664,411</u>	<u>\$ 677,262</u>	<u>\$ 466,265</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED
COMMITMENTS

The unrecognized commitments of the Group are as follows:

Unit: Foreign currency (In thousands)

	March 31, 2024	December 31, 2023	March 31, 2023
Acquisition of property, plant and equipment			
RMB	<u>\$ 3,146</u>	<u>\$ 2,752</u>	<u>\$ 3,957</u>
NTD	<u>\$ 54,064</u>	<u>\$ 12,884</u>	<u>\$ 6,472</u>
USD	<u>\$ 603</u>	<u>\$ 111</u>	<u>\$ 290</u>

35. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL
ASSETS AND LIABILITIES

The following information was summarized according to the foreign currencies other than the functional currency of the Group. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

March 31, 2024

<u>Foreign currency assets</u>	Foreign currencies (In Thousands)	Exchange rate	Carrying amount
<u>Monetary items</u>			
USD	\$ 58,076	32.0000 (USD: NTD)	\$ 1,858,433
USD	43,404	7.0950 (USD: RMB)	1,388,938
JPY	154,799	0.2115 (JPY: NTD)	32,740
<u>Foreign currency</u>			

<u>liabilities</u>				
<u>Monetary items</u>				
USD	\$	35,521	32.0000(USD: NTD)	\$ 1,136,680
USD		8,260	7.0950(USD: RMB)	264,328
JPY		65,529	0.2115(JPY: NTD)	13,859
NTD		503,122	0.0313(NTD: USD)	503,122
NTD		89,650	0.2217(NTD: RMB)	89,650

December 31, 2023

		Foreign currencies (In Thousands)	Exchange rate	Carrying amount
Foreign currency assets				
<u>Monetary items</u>				
USD	\$	50,055	30.7050(USD: NTD)	\$ 1,536,937
USD		40,795	7.0827(USD: RMB)	1,252,608
JPY		189,845	0.2172(JPY: NTD)	41,234
Foreign currency liabilities				
<u>Monetary items</u>				
USD		32,170	30.7050(USD: NTD)	987,775
USD		11,685	7.0827(USD: RMB)	358,782
JPY		141,414	0.2172(JPY: NTD)	30,715
NTD		39,993	0.0326(NTD: USD)	39,993
NTD		71,728	0.2307(NTD: RMB)	71,728

March 31, 2023

		Foreign currencies (In Thousands)	Exchange rate	Carrying amount
Foreign currency assets				
<u>Monetary items</u>				
USD	\$	56,771	30.4500(USD: NTD)	\$ 1,728,669
USD		44,301	6.8717(USD: RMB)	1,348,960
JPY		140,644	0.2288(JPY: NTD)	32,179
Foreign currency liabilities				
<u>Monetary items</u>				
USD		30,225	30.4500(USD: NTD)	920,355
USD		9,824	6.8717(USD: RMB)	299,144
JPY		77,487	0.2288(JPY: NTD)	17,729
NTD		775,414	0.0328(NTD: USD)	775,414
NTD		38,603	0.2256(NTD: RMB)	38,603

The Group's net foreign exchange gains and losses (realized and unrealized) for the three months ended March 31, 2024 and 2023 were NT\$58,224 thousand and (NT\$15,701) thousand respectively. Due to the wide variety of foreign currency transactions and functional currencies of the Group, it is not possible to disclose exchange gains and losses and significant impact for each currency.

36. ADDITIONAL DISCLOSURES

- a. Following are the additional disclosures required by the Securities and Futures Bureau for the Company:
- 1) Financings provided: None
 - 2) Endorsement/guarantee provided: None
 - 3) Marketable securities held (excluding investments in subsidiaries and associates): None
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None
 - 6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: See Table 1 attached;
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 2 attached;
 - 9) Information about the derivative financial instruments transaction: None
 - 10) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: See Table 3 attached;
- b. Information on investees (excluding information on investment in Mainland China): See Table 4 attached;
- c. Information on investment in mainland China:
- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 5 attached.

- 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gains or losses, and other related information which is helpful to understand the impact of investment in mainland China on financial reports:
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: See Table 1 and Table 3 attached.
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
 - (3) The amount of property transactions and the amount of the resultant gains or losses: None
 - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
 - (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None
 - (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: (Note 32)
- d. Information on major shareholders: List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: See Table 6 attached.

37. SEGMENTS INFORMATION

Information provided to the operation decision maker to allocate resources and measure segment performance, focusing on each type of product or service delivered or provided. The reportable segments of the Group are the optoelectronics industry and the semiconductor segment.

The operation decision maker regards the subsidiaries in optoelectronics industry and semiconductor foundry and sales in each region as individual operating segments, but when preparing financial statements, the Group considers the following factors and aggregates these operating segments as a single segment:

- a. Similar product properties and process;
- b. Similar product pricing strategy and sales model.

Revenue and operation results from each department

The revenue and operating results of the Group's continuing operation are analyzed as follows according to the reportable segment:

	Revenue from each segment		Profit and loss from each segment	
	For the three months ended		For the three months ended	
	March 31		March 31	
	2024	2023	2024	2023
Optoelectronics industry	\$ 224,062	\$ 195,674	(\$ 35,197)	(\$ 126,858)
Semiconductor	<u>1,061,426</u>	<u>1,067,258</u>	<u>129,646</u>	<u>199,498</u>
Total of continuing operations	<u>\$ 1,285,488</u>	<u>\$ 1,262,932</u>	94,449	72,640
Headquarters management cost and compensation to directors			(8,852)	(6,422)
Other gains and losses			(1,428)	(2,251)
Interest income			11,278	10,717
Other income			878	1,023
Other gains and losses			57,675	(15,666)
Finance costs			(1,375)	(2,582)
Share of profit of subsidiaries and joint ventures accounted for using equity method			<u>5,323</u>	<u>4,898</u>
Income before income tax			<u>\$ 157,948</u>	<u>\$ 62,357</u>

The segment revenue reported above is generated from transactions with external customers.

Segment profit and loss refers to the profit earned by each segment, excluding the apportionable headquarters management costs and compensation to directors, other gains and losses, interest income, other income, other profits and losses, financial costs, share of profits and losses of affiliates and joint ventures accounted using the equity method, and income tax cost. This measured amount is provided to the decision maker for the purpose of allocating resources to segments and measuring their performance.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE THREE MONTHS ENDED MARCH 31, 2024

(Amounts in Thousands of New Taiwan Dollars)

Table 1

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Remark
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Sales	(\$ 322,727)	(65%)	Net 90 days from invoice date	—	—	\$ 438,385	80%	Notes 1, 2 and 3
GEM Tech Ltd., Taiwan Branch	GEM Electronics (Shanghai) Co., Ltd.	"	Purchase	322,727	58%	"	—	—	(438,385)	(65%)	Notes 1, 2 and 3
	GEM Electronics (Hefei) Co., Ltd.	"	Purchase	238,170	42%	"	—	—	(240,952)	(35%)	Notes 1, 2 and 3
GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	"	Sales	(238,170)	(73%)	"	—	—	240,952	88%	Notes 1, 2 and 3

Note 1: The transaction price is determined by the cost-plus pricing.

Note 2: There is no unrealized profit or loss for this period.

Note 3: It has been consolidated and written off in the preparation of this consolidated financial statement.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

March 31, 2024

(Amounts in Thousands of New Taiwan Dollars)

Table 2

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Accounts receivable \$ 438,385	3.00	\$ 107,396	Recovery after the balance sheet date	\$ 107,396	\$ -
GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Accounts receivable 240,952	4.61	-	-	77,816	-

Note 1: Amount recovered from April 1 to May 9, 2024.

Note 2: It has been consolidated and written off in the preparation of this consolidated financial statement.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(Amounts in Thousands of New Taiwan Dollars)

Table 3

No.	Company Name	Counterparty	Nature of Relationship	Transaction Details			
				Financial Statements Item	Amount (Note 1)	Terms	% of Total (Note 2)
1	The Company	Centera Photonics Inc.	Note 3 (1)	Other receivables - related parties	\$ 47,148	Net 90 days from invoice date (Payments for materials purchased on behalf of others)	1%
2	GEM Services, Inc.	The Company	Note 3 (2)	Earnings Distribution	230,333	-	3%
3	GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Note 3 (3)	Sales revenue	322,727 (Note 4)	Net 90 days from invoice date	25%
				Accounts receivable due from related parties	438,385	-	5%
				Contract assets - related parties	48,517	-	1%
4	GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Note 3 (3)	Sales revenue	238,170 (Note 4)	Net 90 days from invoice date	19%
				Accounts receivable due from related parties	240,952	-	3%
				Contract assets - related parties	31,544	-	-

The business relationship between the parent and the subsidiaries:

The Company, Centera Photonics Inc. and GEM Electronics (Shanghai) Co., Ltd. are engaged in the manufacture and sale of electronic parts; GEM Electronics (Hefei) Co., Ltd. is engaged in the manufacture and sale of electronic parts and plant leasing; GEM Tech Ltd., Taiwan Branch and GEM Tech Ltd. are engaged in sales of electronic components; GEM Services, Inc. and GEM Electronics Company Limited are holding companies.

Note 1: This table discloses information on one-way transactions only, which have been written off in the preparation of the consolidated financial statements.

Note 2: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets is calculated by the closing balance for the consolidated total assets if it is an asset-liability account or calculated by the accumulated amount for the consolidated total revenue if it is a profit and loss account

Note 3: Relationship to the counterparty:

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

Note 4: There is no unrealized profit or loss for this period.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

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

Table 4

Investment Company	Investee	Location	Main Business	Original Investment Amount (Note 1)			Holding of Investment at the End of the Period Balance as of March 31, 2024		Net Income (Losses) of the Investee	Share of Profits/Losses (Note 4)	Remark
				March 31, 2024	December 31, 2023	Shares	Percentage of Ownership (Note 3)	Carrying Amount (Note 3)			
The Company	Centera Photonics Inc.	Taiwan	Manufacture and sales of electronic parts	\$ 271,562	\$ 271,562	27,156,217	56.41%	\$ 171,506	(\$ 13,412)	(\$ 7,566)	Notes 2 and 7
	GEM Services, Inc.	Cayman Islands	Holding company business	568,965	568,965	65,809,451	51%	2,018,864	156,453	79,785	Note 2
GEM Services, Inc.	GEM Electronics Company Limited	British Virgin Islands	Holding company business	-	-	100	51%	1,457,780	19,641	10,016	Note 2
	GEM Tech Ltd.	Samoa	Sales of electronic parts	18,202	18,202	606,091	51%	792,043	141,686	72,255	Note 2

Note 1: The original investment amount does not include the investment amount of the investee company before the date of acquisition.

Note 2: The relevant investment profit and loss recognition are based on the financial statements of the investee company reviewed by the accountants during the same period.

Note 3: The carrying amount held at the end of the period is based on the shareholding ratio of the Company at the end of the period.

Note 4: The investment profit (loss) recognized in the current period is based on the weighted average shareholding ratio of the Company.

Note 5: It has been consolidated and written off in the preparation of this consolidated financial statement.

Note 6: Please refer to Table 5 for relevant information on investment in Mainland China.

Note 7: The cost of the Company acquiring the subsidiary, Centera Photonics Inc., higher than the net value of the identifiable assets and liabilities assumed on the date of acquisition is recognized in goodwill of NT\$32,577 thousand and unrealized gains on intra-group transactions of NT\$2,107 thousand.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

FOR THE THREE MONTHS ENDED MARCH 31, 2024

(Amounts in Thousands of New Taiwan Dollars/ Foreign Currency)

Table 5

1. Name of the investee company in Mainland China, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, current profit or loss, recognized investment gains or losses, carrying amount of the investment, and repatriated investment gains:

Investee Company in China	Main Business	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2024	Percentage of Ownership	Net Income (Losses) of the Investee Company	Share of Profits/Losses	Carrying Amount as of March 31, 2024	Accumulated Inward Remittance of Earnings as of March 31, 2024
					Outflow	Inflow						
GEM Electronics (Shanghai) Co., Ltd. (Note 4)	Manufacture and sales of electronic parts	\$2,208,000 (USD69,000) (Note 5)	Reinvested by GEM Electronics Company Limited (Note 1(2))	\$ -	\$ -	\$ -	\$ -	51%	\$ 19,641	\$ 10,016 (Note 2(2) 2.)	\$1,457,780	\$ -
GEM Electronics (Hefei) Co., Ltd. (Note 4)	Manufacture and sales of electronic parts, factory leasing	1,968,760 (RMB 436,511)	Reinvested by GEM Electronics (Shanghai) Co., Ltd. (Note 1(3))	-	-	-	-	51%	19,112	9,746 (Note 2(2) 2.)	642,586	-
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Production, design, packaging and testing of power management electronic accessories	160,000 (USD 5,000)	Reinvested by GEM Electronics (Shanghai) Co., Ltd. (Note 1(3))	-	-	-	-	10.2%	26,616	2,715 (Note 2(2) 3.)	61,306	-

Note 1: There are three types of investment methods, and they indicated below:

- (1) Directly conduct investment in China.
- (2) Reinvestment in Mainland China through a third regional company (GEM Electronics Company Limited).
- (3) Other methods. (reinvestment through GEM Electronics (Shanghai) Co., Ltd.).

Note 2: Share of Profits/Losses

- (1) It shall be indicated if it is under preparation without investment profit or loss.
- (2) The basis for recognition of investment gains and losses is divided into the following three types, which should be indicated.
 1. Financial statements reviewed by an international accounting firm that has a cooperative relationship with an accounting firm of the Republic of China.
 2. Financial statements reviewed by the certified accounting firm by the parent company in Taiwan.
 3. Based on the financial statements of the invested company that have not been reviewed by accountants during the same period.

Note 3: Relevant figures in this table should be denominated in New Taiwan Dollars.

Note 4: It has been written-off in the preparation of these consolidated financial statements.

Note 5: Part of it is reinvested with surplus funds from the third region.

2. Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ - (USD -)	\$ -	\$ 3,563,081

Note 1: The Company originally applied for an investment case of indirectly investing USD 9,000 thousand in GEM Electronics (Shanghai) Co., Ltd. in Mainland China according to the Official Letter Ching-Shen-Erh-Tzu No. 10100160030 dated May 16, 2012, and later, on August 15, 2013, the investment purpose of the case was changed to an overseas investment, which was approved by Official Letter Ching-Shen-Erh-Tzu No. 10200310550.

Note 2: The Company originally applied for an indirect investment of USD 2,750 thousand in GEM Electronics (Hefei) Co., Ltd. in Mainland China according to the Official Letter Ching-Shen-Erh-Tzu No. 10100160040 dated May 16, 2012, and later, on August 15, 2013, the investment purpose of the case was changed to an overseas investment, which was approved by Official Letter Ching-Shen-Erh-Tzu No. 10200310550.

ELITE ADVANCED LASER CORPORATION
INFORMATION ON MAJOR SHAREHOLDERS
March 31, 2024

Table 6

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Chu-Liang, Cheng	8,650,747	5.94%

Note: Major shareholders are defined as shareholders with more than 5% collective holding interest in common and preferred shares that have been delivered via book entry (including treasury stocks), as shown in the records of TDCC on the final business day of the current quarter. Share capital, as shown in the financial statements, may differ from the number of shares that have been delivered via book entry due to differences in the preparation basis.