

**ELITE ADVANCED LASER
CORPORATION AND SUBSIDIARIES**

**Consolidated Financial Statements for
the Six Months Ended June 30, 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 (the “Company”) and its subsidiaries (collectively, the “Group”) as of June 30, 2024 and 2023, and the relevant consolidated statements of comprehensive income for the three months ended June 30, 2024 and 2023 and for the six months then ended June 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including material accounting policies 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 making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the Group’s investments accounted using the equity method on June 30, 2024 and 2023 were NT\$124,883 thousand and NT\$102,654 thousand respectively. For the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the share of profits and losses of associates and joint ventures accounted using the equity method were NT\$3,547 thousand, NT\$3,016 thousand, NT\$8,870 thousand and NT\$7,914 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 Group as of June 30, 2024 and 2023, its consolidated financial performance for the three month ended June 30, 2024 and 2023 and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 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

August 8, 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	June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Note 6)	\$ 2,344,358	25	\$ 1,967,987	22	\$ 2,141,802	23
1136	Financial assets measured at amortized cost - Current (Notes 5, 7 and 8)	17,239	-	17,000	-	30,000	-
1140	Current contract assets (Notes 5 and 24)	168,343	2	156,433	2	157,192	2
1170	Accounts receivable (Notes 5, 9, 24 and 30)	1,140,623	12	1,009,538	11	933,227	10
1180	Accounts receivable due from related parties (Notes 5, 24 and 32)	9,223	-	9,885	-	6,102	-
1200	Other receivables (Notes 5 and 9)	291,429	3	236,212	3	207,089	2
1210	Other receivables due from related parties (Notes 5 and 32)	179	-	45	-	80	-
1220	Current tax asset (Note 4)	49	-	2,104	-	29	-
130X	Inventories (Note 10)	472,147	5	379,895	4	437,280	5
1410	Prepayments (Note 18)	238,617	3	250,555	3	245,991	2
11XX	Total current assets	<u>4,682,207</u>	<u>50</u>	<u>4,029,654</u>	<u>45</u>	<u>4,158,792</u>	<u>44</u>
	NON-CURRENT ASSETS						
1535	Financial assets measured at amortized cost - Non-current (Notes 5, 7, 8 and 33)	761	-	751	-	749	-
1550	Investments accounted for using equity method (Note 12)	124,883	1	116,704	1	102,654	1
1600	Property, plant and equipment (Notes 13, 29 and 33)	4,208,964	45	4,450,664	50	4,734,124	51
1755	Right-of-use assets (Note 14)	96,602	1	113,472	1	130,184	1
1760	Investment property (Note 15)	47,358	1	48,811	1	52,220	1
1805	Goodwill (Note 16)	32,577	-	32,577	-	32,577	-
1821	Intangible assets (Note 17)	4,309	-	5,670	-	4,070	-
1840	Deferred tax assets (Note 4)	83,090	1	108,622	1	109,606	1
1990	Other non-current assets (Notes 5, 9 and 18)	59,527	1	35,850	1	43,539	1
15XX	Total non-current assets	<u>4,658,071</u>	<u>50</u>	<u>4,913,121</u>	<u>55</u>	<u>5,209,723</u>	<u>56</u>
1XXX	TOTAL	<u>\$ 9,340,278</u>	<u>100</u>	<u>\$ 8,942,775</u>	<u>100</u>	<u>\$ 9,368,515</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2130	Current contract liabilities (Note 24)	\$ 10,126	-	\$ 47,474	1	\$ 37,532	-
2170	Accounts payable	887,806	10	689,382	8	713,507	8
2200	Other payables (Notes 20 and 30)	854,292	9	836,098	9	1,057,800	11
2230	Current tax liabilities (Note 4)	87,185	1	53,606	1	136,506	2
2250	Current provisions (Note 21)	38,478	1	37,849	-	36,979	-
2280	Current lease liabilities (Note 14)	26,727	-	41,956	-	40,008	1
2300	Other current liabilities (Notes 20, 30 and 32)	183,149	2	164,166	2	158,781	2
2320	Long-term borrowings due within 1 year (Notes 19 and 33)	34,693	-	24,709	-	23,456	-
21XX	Total current liabilities	<u>2,122,456</u>	<u>23</u>	<u>1,895,240</u>	<u>21</u>	<u>2,204,569</u>	<u>24</u>
	NON-CURRENT LIABILITIES						
2540	Long-term borrowings (Notes 19 and 33)	200,307	2	180,291	2	346,544	4
2570	Deferred tax liabilities (Note 4)	317,554	4	312,841	4	323,499	3
2580	Lease liabilities (Note 14)	32,081	-	35,497	-	53,999	1
2640	Net defined benefit liabilities (Notes 4 and 22)	33,105	-	32,845	-	31,852	-
2670	Others (Notes 20, 30 and 32)	480,393	5	530,253	6	570,540	6
25XX	Total non-current liabilities	<u>1,063,440</u>	<u>11</u>	<u>1,091,727</u>	<u>12</u>	<u>1,326,434</u>	<u>14</u>
2XXX	Total liabilities	<u>3,185,896</u>	<u>34</u>	<u>2,986,967</u>	<u>33</u>	<u>3,531,003</u>	<u>38</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	16
3200	Capital surplus	455,262	5	455,236	5	452,902	5
	Retained earnings						
3310	Legal capital reserve	793,144	8	793,144	9	793,144	8
3320	Special capital reserve	86,025	1	67,718	1	67,718	1
3350	Unappropriated earnings	1,213,018	13	1,117,865	12	1,141,260	12
3300	Total retained earnings	2,092,187	22	1,978,727	22	2,002,122	21
3400	Others	(25,408)	-	(86,025)	(1)	(91,522)	(1)
31XX	Total equity attributable to owners of the Company	3,978,855	43	3,804,752	43	3,820,316	41
36XX	NON-CONTROLLING INTERESTS (Note 23)	2,175,527	23	2,151,056	24	2,017,196	21
3XXX	Total equity	<u>6,154,382</u>	<u>66</u>	<u>5,955,808</u>	<u>67</u>	<u>5,837,512</u>	<u>62</u>
	TOTAL	<u>\$ 9,340,278</u>	<u>100</u>	<u>\$ 8,942,775</u>	<u>100</u>	<u>\$ 9,368,515</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 August 8, 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 June 30				For the six months ended June 30			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
	OPERATING REVENUE (Notes 24 and 32)								
4100	Sales revenue	\$ 1,651,204	97	\$ 1,241,868	96	\$ 2,879,003	96	\$ 2,442,117	96
4800	Other operating revenue	<u>53,649</u>	<u>3</u>	<u>49,496</u>	<u>4</u>	<u>111,338</u>	<u>4</u>	<u>112,179</u>	<u>4</u>
4000	Total revenue	<u>1,704,853</u>	<u>100</u>	<u>1,291,364</u>	<u>100</u>	<u>2,990,341</u>	<u>100</u>	<u>2,554,296</u>	<u>100</u>
	OPERATING COSTS (Notes 10, 25 and 29)								
5110	Cost of goods sold	(1,297,409)	(76)	(1,094,274)	(85)	(2,321,017)	(78)	(2,139,032)	(84)
5800	Other operating costs	(<u>12,769</u>)	(<u>1</u>)	(<u>11,290</u>)	(<u>1</u>)	(<u>17,557</u>)	-	(<u>12,556</u>)	-
5000	Total operating costs	(<u>1,310,178</u>)	(<u>77</u>)	(<u>1,105,564</u>)	(<u>86</u>)	(<u>2,338,574</u>)	(<u>78</u>)	(<u>2,151,588</u>)	(<u>84</u>)
5900	GROSS PROFIT	<u>394,675</u>	<u>23</u>	<u>185,800</u>	<u>14</u>	<u>651,767</u>	<u>22</u>	<u>402,708</u>	<u>16</u>
	OPERATING EXPENSES (Notes 9, 24, 25 and 28)								
6100	Selling and distribution expense	(26,143)	(1)	(12,342)	(1)	(43,293)	(2)	(27,383)	(1)
6200	General and administrative expense	(106,484)	(6)	(97,167)	(8)	(210,963)	(7)	(190,728)	(8)
6300	Research and development expense	(46,594)	(3)	(44,558)	(3)	(91,379)	(3)	(87,429)	(3)
6450	Expected credit (loss) gain	<u>4,645</u>	-	(<u>3,926</u>)	-	(<u>436</u>)	-	(<u>3,143</u>)	-
6000	Total operating expenses	(<u>174,576</u>)	(<u>10</u>)	(<u>157,993</u>)	(<u>12</u>)	(<u>346,071</u>)	(<u>12</u>)	(<u>308,683</u>)	(<u>12</u>)
6500	OTHER GAINS AND LOSSES (Notes 13 and 25)	(<u>942</u>)	-	(<u>2,248</u>)	-	(<u>2,370</u>)	-	(<u>4,499</u>)	-
6900	INCOME FROM OPERATIONS	<u>219,157</u>	<u>13</u>	<u>25,559</u>	<u>2</u>	<u>303,326</u>	<u>10</u>	<u>89,526</u>	<u>4</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 12, 25 and 32)								
7100	Interest income	13,747	1	14,119	1	25,025	1	24,836	1
7010	Other income	2,297	-	10,032	1	3,175	-	11,055	1
7020	Other gains and losses	(22,682)	(1)	50,436	4	34,993	1	34,770	1
7050	Finance costs	(1,590)	-	(2,426)	-	(2,965)	-	(5,008)	-
7060	Share of profit of subsidiaries and joint ventures accounted for using equity method	<u>3,547</u>	-	<u>3,016</u>	-	<u>8,870</u>	<u>1</u>	<u>7,914</u>	-
7000	Total non-operating income and expenses	(<u>4,681</u>)	-	<u>75,177</u>	<u>6</u>	<u>69,098</u>	<u>3</u>	<u>73,567</u>	<u>3</u>
7900	INCOME BEFORE INCOME TAX	214,476	13	100,736	8	372,424	13	163,093	7
7950	INCOME TAX EXPENSES (Notes 4 and 26)	(<u>43,302</u>)	(<u>3</u>)	(<u>49,521</u>)	(<u>4</u>)	(<u>85,991</u>)	(<u>3</u>)	(<u>94,327</u>)	(<u>4</u>)
8200	NET INCOME	<u>171,174</u>	<u>10</u>	<u>51,215</u>	<u>4</u>	<u>286,433</u>	<u>10</u>	<u>68,766</u>	<u>3</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	49,796	3	(54,882)	(4)	148,582	5	(58,346)	(2)
8399	Income tax profit (expense) related to items that will be reclassified subsequently	(<u>5,079</u>)	-	<u>5,598</u>	-	(<u>15,154</u>)	(<u>1</u>)	<u>5,951</u>	-
8300	Other comprehensive income(loss) for the period, net of income tax	<u>44,717</u>	<u>3</u>	(<u>49,284</u>)	(<u>4</u>)	<u>133,428</u>	<u>4</u>	(<u>52,395</u>)	(<u>2</u>)
8500	TOTAL COMPREEHENSIVE INCOME FOR THE PERIOD	<u>\$ 215,891</u>	<u>13</u>	<u>\$ 1,931</u>	<u>-</u>	<u>\$ 419,861</u>	<u>14</u>	<u>\$ 16,371</u>	<u>1</u>
	NET INCOME (LOSS) ATTRIBUTABLE TO								
8610	Owners of the Company	\$ 69,023	4	(\$ 13,234)	(1)	\$ 113,460	4	(\$ 53,325)	(2)
8620	Non-controlling interests	<u>102,151</u>	<u>6</u>	<u>64,449</u>	<u>5</u>	<u>172,973</u>	<u>6</u>	<u>122,091</u>	<u>5</u>
8600		<u>\$ 171,174</u>	<u>10</u>	<u>\$ 51,215</u>	<u>4</u>	<u>\$ 286,433</u>	<u>10</u>	<u>\$ 68,766</u>	<u>3</u>
	TOTAL COMPREEHENSIVE INCOME (LOSS) ATTRIBUTABLE TO								
8710	Owners of the Company	\$ 89,338	5	(\$ 35,625)	(3)	\$ 174,077	6	(\$ 77,129)	(3)
8720	Non-controlling interests	<u>126,553</u>	<u>8</u>	<u>37,556</u>	<u>3</u>	<u>245,784</u>	<u>8</u>	<u>93,500</u>	<u>4</u>
8700		<u>\$ 215,891</u>	<u>13</u>	<u>\$ 1,931</u>	<u>-</u>	<u>\$ 419,861</u>	<u>14</u>	<u>\$ 16,371</u>	<u>1</u>
	EARNINGS (LOSS) PER SHARE (Note 27)								
9710	Basic earnings per share	<u>\$ 0.47</u>		(<u>\$ 0.09</u>)		<u>\$ 0.78</u>		(<u>\$ 0.37</u>)	
9810	Diluted earnings per share	<u>\$ 0.47</u>		(<u>\$ 0.09</u>)		<u>\$ 0.77</u>		(<u>\$ 0.37</u>)	

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the review report of Deloitte & Touche on August 8, 2024)

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

		Equity attributable to owners of the Company					Other equity	Total	Non-controlling interests	Total equity
		Common stock	Capital surplus	Retained earnings			Exchange differences on translation of foreign financial statements			
Code				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
	Distribution of 2022 earnings (Note 23)									
B1	Legal capital reserve	-	-	19,712	-	(19,712)	-	-	-	-
B3	Special capital reserve	-	-	-	2,417	(2,417)	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	(72,841)	-	(72,841)	-	(72,841)
		-	-	19,712	2,417	(94,970)	-	(72,841)	-	(72,841)
D1	Net income for the six months ended June 30, 2023	-	-	-	-	(53,325)	-	(53,325)	122,091	68,766
D3	Other comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	(23,804)	(23,804)	(28,591)	(52,395)
D5	Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	(53,325)	(23,804)	(77,129)	93,500	16,371
M7	Changes in subsidiaries' ownership (Notes 11 and 23)	-	566	-	-	-	-	566	(566)	-
N1	Remuneration costs of employee stock options by subsidiaries (Notes 23, 25, and 28)	-	42	-	-	-	-	42	31	73
O1	Cash dividends issued from subsidiaries (Note 23)	-	-	-	-	-	-	-	(347,809)	(347,809)
O1	Ordinary shares issued under the employee stock option plan of subsidiary (Notes 11, 23, and 28)	-	-	-	-	-	-	-	3,300	3,300
Z1	BALANCE AT JUNE 30, 2023	<u>\$ 1,456,814</u>	<u>\$ 452,902</u>	<u>\$ 793,144</u>	<u>\$ 67,718</u>	<u>\$ 1,141,260</u>	(<u>\$ 91,522</u>)	<u>\$ 3,820,316</u>	<u>\$ 2,017,196</u>	<u>\$ 5,837,512</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
B3	Distribution of 2023 earnings (Note 23) Special capital reserve	-	-	-	18,307	(18,307)	-	-	-	-
D1	Net income for the six months ended June 30, 2024	-	-	-	-	113,460	-	113,460	172,973	286,433
D3	Other comprehensive income for the six months ended June 30, 2024	-	-	-	-	-	60,617	60,617	72,811	133,428
D5	Total comprehensive income for the six months ended June 30, 2024	-	-	-	-	113,460	60,617	174,077	245,784	419,861
N1	Remuneration costs of employee stock options by subsidiaries (Notes 23, 25, and 28)	-	26	-	-	-	-	26	20	46
O1	Cash dividends issued from subsidiaries (Note 23)	-	-	-	-	-	-	-	(221,333)	(221,333)
Z1	BALANCE AT JUNE 30, 2024	<u>\$ 1,456,814</u>	<u>\$ 455,262</u>	<u>\$ 793,144</u>	<u>\$ 86,025</u>	<u>\$ 1,213,018</u>	(<u>\$ 25,408</u>)	<u>\$ 3,978,855</u>	<u>\$ 2,175,527</u>	<u>\$ 6,154,382</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the review report of Deloitte & Touche on August 8, 2024)

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

Code		For the six months ended June 30	
		2024	2023
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 372,424	\$ 163,093
A20010	Adjustments for:		
A20100	Depreciation expense	427,115	431,433
A20200	Amortization expense	1,532	2,318
A20300	Expected credit impairment loss	436	3,143
A20900	Finance costs	2,965	5,008
A21200	Interest income	(25,025)	(24,836)
A21900	Remuneration costs of employee stock options by subsidiaries	46	73
A22300	Share of profit of subsidiaries and joint ventures accounted for using equity method	(8,870)	(7,914)
A22500	Losses on disposal of property, plant and equipment	365	143
A23500	Impairment loss on property, plant and equipment	2,370	4,499
A23700	Inventory loss (reversal of write-down of inventories)	24,487	36,265
A24100	Gains on foreign exchange, net	(75,177)	(30,912)
A29900	Liability provisions	954	1,091
A29900	Gains from lease modification	-	(1)
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	(5,594)	(8,244)
A31150	Accounts receivable	(121,681)	56,631
A31160	Accounts receivable due from related parties	1,143	3,341
A31180	Other receivables	(46,279)	(43,776)
A31200	Inventories	(108,193)	49,602
A31230	Prepayments	13,224	(24,118)
A32125	Contract liabilities	(37,353)	25,475
A32150	Accounts payable	165,698	(159,188)
A32160	Accounts payable due from related parties	-	(1,908)
A32180	Other payables	16,900	(71,850)
A32200	PROVISIONS	(325)	(531)
A32230	Other current liabilities	220	(493)
A32240	Net defined benefit liabilities	260	290
A33000	Net cash generated by operating activities	601,642	408,634
A33100	Interest received	26,386	26,107

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		For the six months ended June 30	
<u>Code</u>		<u>2024</u>	<u>2023</u>
A33300	Interest paid	(\$ 2,802)	(\$ 4,996)
A33500	Income taxes paid	(34,264)	(108,833)
AAAA	Net cash flows from operating activities	<u>590,962</u>	<u>320,912</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00040	Acquisition of financial assets at amortized cost	(249)	(30,008)
B00050	Proceeds from disposal of financial assets at amortized cost	-	12,500
B02700	Acquisition of property, plant and equipment	(109,371)	(272,290)
B02800	Disposal of property, plant and equipment	-	761
B03700	Increase in refundable deposits	(260)	-
B03800	Decrease in refundable deposits	937	15
B04300	Increase in other receivables - from related parties	(129)	(39)
B04500	Acquisition of intangible assets	-	(236)
B07100	Increase in prepayments for equipment	(34,264)	(42,704)
B07600	Dividends received	<u>6,500</u>	<u>4,387</u>
BBBB	Net cash used in investing activities	(<u>136,836</u>)	(<u>327,614</u>)
CASH FLOWS FROM FINANCING ACTIVITIES			
C00200	Decrease in short-term borrowings	-	(71,170)
C01600	Long-term borrowings	135,000	270,000
C01700	Repay long-term borrowings	(105,000)	(305,000)
C03000	Guarantee deposits received	-	61,445
C03800	Decrease in other receivables - related parties	-	(15,000)
C04020	Repayment of the principal portion of lease liabilities	(21,729)	(21,261)
C04800	Stock options exercised by subsidiary's employees	-	3,300
C05800	Cash dividends to non-controlling interests	(<u>219,518</u>)	(<u>298,566</u>)
CCCC	Net cash used in financing activities	(<u>211,247</u>)	(<u>376,252</u>)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	<u>133,492</u>	(<u>17,667</u>)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	376,371	(400,621)
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>\$ 2,344,358</u>	<u>\$ 2,141,802</u>

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

(Please refer to the review report of Deloitte & Touche on August 8, 2024)

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 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 August 8, 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. Applicable FSC - approved IFRSs in 2025

New, revised or amended standards and interpretations	Effective date issued by IASB
Amendments to IAS 21 - Lack of Exchangeability	January 1, 2025 (Note 1)

Note 1: 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.

As of the date the consolidated financial statements were authorized, the application of other standards and interpretations will not have a significant impact on the Group's financial position and financial performance as per the Group's assessment.

- c. New IFRSs in issue by IASB but not yet endorsed and issued into effect by the FSC

New, revised or amended standards and interpretations	Effective date issued by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
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
IFRS 19 "Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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.

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 other impacts of amendments to the 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

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand and working fund	\$ 288	\$ 343	\$ 283
Demand deposit in banks	2,042,286	1,436,447	2,021,871
Cash equivalent (Investments with original maturities of less than 3 months)			
Bank fixed deposit	<u>301,784</u>	<u>531,197</u>	<u>119,648</u>
	<u>\$ 2,344,358</u>	<u>\$ 1,967,987</u>	<u>\$ 2,141,802</u>

As of June 30, 2024 and December 31 and June 30, 2023, the interest rate ranges for bank deposits were 0.001% to 5.33%, 0.001% to 5.45%, and 0.001% to 5.00%, respectively.

7. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Current</u>			
Term deposit with an initial maturity of more than three months (1)	\$ 17,239	\$ 17,000	\$ 30,000
<u>Non-current</u>			
Restricted assets – time deposit (2)	\$ 761	\$ 751	\$ 749

- a. As of June 30, 2024, December 31, 2023, and June 30, 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 June 30, 2024, December 31, 2023, and June 30, 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.

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):

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
At amortized cost			
Total amount	\$ 18,000	\$ 17,751	\$ 30,749
Less: Loss allowances	-	-	-
Amortized cost	\$ 18,000	\$ 17,751	\$ 30,749

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 June 30, 2024, December 31, 2023, and June 30, 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

	<u>June 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>June 30,</u> <u>2023</u>
<u>Accounts receivable</u>			
At amortized cost			
Total amount	\$ 1,142,297	\$ 1,010,713	\$ 934,047
Less: Loss allowances	(1,674)	(1,175)	(820)
	<u>\$ 1,140,623</u>	<u>\$ 1,009,538</u>	<u>\$ 933,227</u>
<u>Uncollectible receivables</u>			
At amortized cost			
Total amount	\$ -	\$ 6,936	\$ 6,936
Less: Loss allowances	-	(6,936)	(6,936)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other receivables</u>			
OEM collection and payment	\$ 266,666	\$ 217,461	\$ 192,033
Income tax refund receivable	18,574	14,186	6,139
Scrap receivable	2,186	2	5,440
Interest receivable	1,563	2,924	-
Others	2,440	1,639	3,477
	<u>\$ 291,429</u>	<u>\$ 236,212</u>	<u>\$ 207,089</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 and loss allowance, 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:

June 30, 2024

	<u>Not past due</u>	<u>Past due 1~60 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%~0.46%	0.05%~14.53%	2.68%~25.38%	9.44%~100%	18.73%~100%	
Total amount	\$ 1,103,649	\$ 38,543	\$ 25	\$ 80	\$ -	\$ 1,142,297
Loss allowance (lifetime expected credit losses)	(<u>1,433</u>)	(<u>200</u>)	-	(<u>41</u>)	-	(<u>1,674</u>)
Amortized cost	<u>\$ 1,102,216</u>	<u>\$ 38,343</u>	<u>\$ 25</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 1,140,623</u>

December 31, 2023

	<u>Not past due</u>	<u>Past due 1~60 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)	(<u>553</u>)	(<u>582</u>)	(<u>15</u>)	-	(<u>25</u>)	(<u>1,175</u>)
Amortized cost	<u>\$ 950,021</u>	<u>\$ 59,283</u>	<u>\$ 52</u>	<u>\$ 175</u>	<u>\$ 7</u>	<u>\$ 1,009,538</u>

June 30, 2023

	<u>Not past due</u>	<u>Past due 1~60 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%~0.30%	0.0037%~7.15%	0.04%~24.15%	0.13%~25.52%	1.04%~100%	
Total amount	\$ 881,437	\$ 44,684	\$ 345	\$ 7,048	\$ 533	\$ 934,047
Loss allowance (lifetime expected credit losses)	(<u>47</u>)	(<u>215</u>)	(<u>17</u>)	(<u>111</u>)	(<u>430</u>)	(<u>820</u>)
Amortized cost	<u>\$ 881,390</u>	<u>\$ 44,469</u>	<u>\$ 328</u>	<u>\$ 6,937</u>	<u>\$ 103</u>	<u>\$ 933,227</u>

Movements of the loss allowance for accounts receivable

	For the six months ended June 30,	
	2024	2023
Balance, beginning of period	\$ 1,175	\$ 792
Impairment losses for the current period	499	29
Exchange differences on translation of foreign currency	-	(1)
Balance, end of period	<u>\$ 1,674</u>	<u>\$ 820</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 December 31, 2023 and June 30, the expected credit loss rate for overdue receivables is 100%.

Movements of the loss allowance for uncollectible receivable

	For the six months ended June 30	
	2024	2023
Balance, beginning of period	\$ 6,936	\$ 6,936
Write-offs	(6,936)	-
Balance, end of period	<u>\$ -</u>	<u>\$ 6,936</u>

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 and loss allowance, but will continue to pursue recovery where the amount recovered will be recognized in profit or loss. As of June 30, 2024 and December 31 and June 30, 2023, the Group assessed other receivables without the need to report expected credit losses.

10. INVENTORIES

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials	\$ 391,927	\$ 318,799	\$ 356,868
Goods-in-process	48,506	33,292	64,612
Finished goods	31,714	26,391	15,800
Inventory in transit	-	1,413	-
	<u>\$ 472,147</u>	<u>\$ 379,895</u>	<u>\$ 437,280</u>

The nature of cost of goods sold is as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Cost of inventories sold	\$ 1,287,670	\$ 1,087,003	\$ 2,292,363	\$ 2,098,674
Lease cost	2,113	2,032	4,167	4,093
Inventory loss (reversal of write-down of inventories)	7,626	5,239	24,487	36,265
	<u>\$ 1,297,409</u>	<u>\$ 1,094,274</u>	<u>\$ 2,321,017</u>	<u>\$ 2,139,032</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>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>	
The Company	eLaser Technologies Co., Ltd.	Manufacture and sales of electronic parts	-	-	-	Note 3
The Company	Centra Photonics Inc.	Manufacture and sales of electronic parts	56.41%	56.41%	57.48%	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 this did not change the Company's control over this subsidiary, the change is treated as an equity transaction. For the six months ended June 30, 2023, the Company recognized the relevant effects due to the aforementioned transaction, leading to an adjustment by increasing the capital surplus by NT\$566 thousand.

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

Subsidiary	% of Non-controlling interests		
	June 30, 2024	December 31, 2023	June 30, 2023
GEM Services, Inc.	49%	49%	49%
Centera Photonics Inc.	43.59%	43.59%	42.52%

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

Subsidiary	Net income (loss) distribution to non-controlling interests				Non-controlling interests		
	For the three months ended		For the six months ended		June 30, 2024	December 31, 2023	June 30, 2023
	2024	2023	2024	2023			
GEM Services, Inc.	\$ 79,399	\$ 76,090	\$ 156,067	\$ 154,468	\$ 2,043,779	\$ 2,036,234	\$ 1,906,693
Centera Photonics Inc.	\$ 22,752	(\$ 11,641)	\$ 16,906	(\$ 32,377)	\$ 131,748	\$ 114,822	\$ 110,503

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

GEM Services, Inc.

	June 30, 2024	December 31, 2023	June 30, 2023
Current assets	\$ 3,160,562	\$ 2,949,942	\$ 2,829,326
Non-current assets	2,984,864	3,197,037	3,402,646
Current liabilities	(1,479,528)	(1,441,079)	(1,732,320)
Non-current liabilities	(495,232)	(550,631)	(608,732)
Equity	<u>\$ 4,170,666</u>	<u>\$ 4,155,269</u>	<u>\$ 3,890,920</u>
Equity attributable to:			
Owners of the Company	\$ 2,126,887	\$ 2,119,035	\$ 1,984,227
Non-controlling interests	<u>2,043,779</u>	<u>2,036,234</u>	<u>1,906,693</u>
	<u>\$ 4,170,666</u>	<u>\$ 4,155,269</u>	<u>\$ 3,890,920</u>
	For the three months ended June 30		For the six months ended June 30
	2024	2023	2024
Revenue	<u>\$ 1,185,916</u>	<u>\$ 1,087,763</u>	<u>\$ 2,247,342</u>
Net income	\$ 162,028	\$ 155,276	\$ 318,481
Other comprehensive income	<u>49,796</u>	<u>(54,882)</u>	<u>148,582</u>
Total comprehensive income	<u>\$ 211,824</u>	<u>\$ 100,394</u>	<u>\$ 467,063</u>
Net income attributable to:			
Owners of the Company	\$ 82,629	\$ 79,186	\$ 162,414
Non-controlling interests	<u>79,399</u>	<u>76,090</u>	<u>156,067</u>
	<u>\$ 162,028</u>	<u>\$ 155,276</u>	<u>\$ 318,481</u>
Total comprehensive income attributable to			
Owners of the Company	\$ 108,023	\$ 51,197	\$ 238,185
Non-controlling interests	<u>103,801</u>	<u>49,197</u>	<u>228,878</u>
	<u>\$ 211,824</u>	<u>\$ 100,394</u>	<u>\$ 467,063</u>
Cash flow			
From operating activities			\$ 530,817
From investing activities			(94,273)
From financing activities			(465,906)
Effect of exchange rate changes			<u>131,953</u>
Net cash generated (used in)			<u>\$ 102,591</u>
Dividends to non-controlling			<u>(\$ 396,559)</u>

interests

GEM Services, Inc.

\$ 219,518

\$ 298,566

Centera Photonics Inc.

	June 30, 2024	December 31, 2023	June 30, 2023	
Current assets	\$ 562,856	\$ 285,849	\$ 261,749	
Non-current assets	28,026	29,488	31,221	
Current liabilities	(288,642)	(51,925)	(33,013)	
Non-current liabilities	-	-	(48)	
Equity	<u>\$ 302,240</u>	<u>\$ 263,412</u>	<u>\$ 259,909</u>	
Equity attributable to:				
Owners of the Company	\$ 170,492	\$ 148,590	\$ 149,406	
Non-controlling interests	<u>131,748</u>	<u>114,822</u>	<u>110,503</u>	
	<u>\$ 302,240</u>	<u>\$ 263,412</u>	<u>\$ 259,909</u>	
	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Revenue	<u>\$ 313,945</u>	<u>\$ 4,381</u>	<u>\$ 361,959</u>	<u>\$ 32,363</u>
Current period net profit (loss)	\$ 52,195	(\$ 27,516)	\$ 38,783	(\$ 76,856)
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 52,195</u>	<u>(\$ 27,516)</u>	<u>\$ 38,783</u>	<u>(\$ 76,856)</u>
Net income (loss) attributable to:				
Owners of the Company	\$ 29,443	(\$ 15,875)	\$ 21,877	(\$ 44,479)
Non-controlling interests	<u>22,752</u>	<u>(11,641)</u>	<u>16,906</u>	<u>(32,377)</u>
	<u>\$ 52,195</u>	<u>(\$ 27,516)</u>	<u>\$ 38,783</u>	<u>(\$ 76,856)</u>
Total comprehensive income attributable to:				
Owners of the Company	\$ 29,443	(\$ 15,875)	\$ 21,877	(\$ 44,479)
Non-controlling interests	<u>22,752</u>	<u>(11,641)</u>	<u>16,906</u>	<u>(32,377)</u>
	<u>\$ 52,195</u>	<u>(\$ 27,516)</u>	<u>\$ 38,783</u>	<u>(\$ 76,856)</u>
Cash flow				
From operating activities			\$ 159,639	(\$ 115,556)
From investing activities			(7,541)	(22,786)
From financing activities			(2,009)	(84,890)
Effect of exchange rate changes			49	125

Net cash generated
(used in)

\$ 150,138 (\$ 223,107)

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates

	June 30, 2024	December 31, 2023	June 30, 2023
Associates that are not individually material			
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	\$ 124,883	\$ 116,704	\$ 102,654

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

Name of Company	Main Activities	Location	% of Ownership		
			June 30, 2024	December 31, 2023	June 30, 2023
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

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Attributable to the Group				
Net income	\$ 3,547	\$ 3,016	\$ 8,870	\$ 7,914
Other comprehensive income	-	-	-	-
Total comprehensive income	\$ 3,547	\$ 3,016	\$ 8,870	\$ 7,914

The financial statements of associate for the six months ended June 30, 2024 and 2023 was not reviewed.

13. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Group

	Self-owned land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Miscellaneous equipment	Property under construction and equipment to be inspected	Total
Cost									
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	-	767	60,675	-	-	-	5,648	18,314	85,404
Reclassification (Note)	-	1,024	106,881	-	1,292	-	-	(97,906)	11,291
Disposal	-	(30,464)	(135,799)	-	(928)	(643)	(2,953)	-	(170,787)
Effect of exchange rate changes	-	26,160	148,621	188	2,967	3,984	4,537	6,287	192,744
Balance at June 30, 2024	\$ 743,384	\$ 1,017,011	\$ 7,419,780	\$ 10,667	\$ 77,195	\$ 182,745	\$ 124,873	\$ 113,002	\$ 9,688,657
Accumulated depreciation and impairment									
Balance at January 1, 2024	\$ -	\$ 322,892	\$ 4,515,191	\$ 8,969	\$ 61,718	\$ 123,138	\$ 87,433	\$ -	\$ 5,119,341
Disposal	-	(30,464)	(135,437)	-	(928)	(643)	(2,950)	-	(170,422)
Depreciation expense	-	24,647	342,891	422	2,758	22,714	8,030	-	401,462
Impairment losses	-	-	2,370	-	-	-	-	-	2,370
Effect of exchange rate	-	7,962	109,963	182	2,718	2,451	3,666	-	126,942

changes										
Balance at June 30, 2024	\$ -	\$ 325,037	\$ 4,834,978	\$ 9,573	\$ 66,266	\$ 147,660	\$ 96,179	\$ -	\$ 5,479,693	
Carrying amount at June 30, 2024	\$ 743,384	\$ 691,974	\$ 2,584,802	\$ 1,094	\$ 10,929	\$ 35,085	\$ 28,694	\$ 113,002	\$ 4,208,964	
Carrying amount at December 31, 2023 and January 1, 2024	\$ 743,384	\$ 696,632	\$ 2,724,211	\$ 1,510	\$ 12,146	\$ 56,266	\$ 30,208	\$ 186,307	\$ 4,450,664	
<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	-	3,382	6,229	-	2,250	-	1,811	72,218	85,890	
Reclassification (Note)	-	671	306,232	-	123	-	1,240	113,583	421,849	
Disposal	-	-	(100,576)	-	(562)	(5,000)	(72)	-	(106,210)	
Effect of exchange rate changes	-	(11,811)	(76,508)	(86)	(1,332)	(1,624)	(2,040)	(5,058)	(98,459)	
Balance at June 30, 2023	\$ 743,384	\$ 1,006,244	\$ 7,148,611	\$ 10,457	\$ 73,002	\$ 174,223	\$ 131,839	\$ 292,901	\$ 9,580,661	
<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	-	-	(99,672)	-	(562)	(5,000)	(72)	-	(105,306)	
Depreciation expense	-	24,358	348,226	421	3,182	21,690	7,762	-	405,639	
Impairment losses	-	-	4,499	-	-	-	-	-	4,499	
Effect of exchange rate changes	-	(3,290)	(58,712)	(81)	(1,220)	(558)	(1,639)	-	(65,500)	
Balance at June 30, 2023	\$ -	\$ 297,007	\$ 4,276,539	\$ 8,528	\$ 59,833	\$ 101,909	\$ 102,721	\$ -	\$ 4,846,537	
Carrying amount at June 30, 2023	\$ 743,384	\$ 709,237	\$ 2,872,072	\$ 1,929	\$ 13,169	\$ 72,314	\$ 29,118	\$ 292,901	\$ 4,734,124	

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\$2,370 thousand and NT\$4,499 thousand were recognized from January 1 to June 30, 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 18.21% 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

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amount			
Land (Note)	\$ 39,993	\$ 38,639	\$ 38,968
Buildings	52,550	70,341	86,250
Office equipment	<u>4,059</u>	<u>4,492</u>	<u>4,966</u>
	<u>\$ 96,602</u>	<u>\$ 113,472</u>	<u>\$ 130,184</u>
	For the three months ended June 30	For the six months ended June 30	
	2024	2023	2024
Addition of right-of-use assets			
Lease addition	<u>\$ 1,163</u>	<u>\$ -</u>	<u>\$ 1,484</u>
Depreciation of right-of-use assets			
Land	\$ 294	\$ 283	\$ 581
Buildings	10,478	10,365	20,733
Office equipment	<u>243</u>	<u>269</u>	<u>485</u>
	<u>\$ 11,015</u>	<u>\$ 10,917</u>	<u>\$ 21,799</u>
			<u>\$ 22,008</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 June 30, 2024 and 2023.

b. Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amounts			
Current	<u>\$ 26,727</u>	<u>\$ 41,956</u>	<u>\$ 40,008</u>
Non-current	<u>\$ 32,081</u>	<u>\$ 35,497</u>	<u>\$ 53,999</u>

Ranges of discount rates for lease liabilities are as follows:

	June 30, 2024	December 31, 2023	June 30, 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 June 30		For the six months ended June 30	
	2024	2023	2024	2023
Expense relating to short-term leases	<u>\$ 1,784</u>	<u>\$ 1,262</u>	<u>\$ 3,761</u>	<u>\$ 2,693</u>
Total cash outflow for leases	<u>(\$ 13,209)</u>	<u>(\$ 12,500)</u>	<u>(\$ 26,368)</u>	<u>(\$ 25,475)</u>

15. INVESTMENT PROPERTY

	June 30, 2024	December 31, 2023	June 30, 2023
Buildings	\$ 42,430	\$ 44,049	\$ 47,418
Right-of-use assets - Land	<u>4,928</u>	<u>4,762</u>	<u>4,802</u>
	<u>\$ 47,358</u>	<u>\$ 48,811</u>	<u>\$ 52,220</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 (including buildings and right-of-use assets - land) 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:

	June 30, 2024	December 31, 2023	June 30, 2023
Year 1	\$ 49,805	\$ 47,420	\$ 47,140
Year 2	49,805	47,420	47,140
Year 3	24,903	47,420	47,140
Year 4	-	-	23,570
Year 5	-	-	-
	<u>\$ 124,513</u>	<u>\$ 142,260</u>	<u>\$ 164,990</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 June 30, 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:

	June 30, 2024	December 31, 2023	June 30, 2023
Fair value	<u>\$ 268,505</u>	<u>\$ 258,103</u>	<u>\$ 266,594</u>

16. GOODWILL

	June 30, 2024	December 31, 2023	June 30, 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 June 30, 2024, using the value in use as the calculation basis for the recoverable amount.

17. INTANGIBLE ASSETS

	Computer software
<u>Cost</u>	
Balance at January 1, 2024	\$ 9,292
Disposal	(301)
Effect of exchange rate changes	254
Balance at June 30, 2024	<u>\$ 9,245</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2024	\$ 3,622
Amortization expense	1,532
Disposal	(301)
Effect of exchange rate changes	83

Balance at June 30, 2024	<u>\$ 4,936</u>
Carrying amount at June 30, 2024	<u>\$ 4,309</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	(2,952)
Effect of exchange rate changes	(84)
Balance at June 30, 2023	<u>\$ 10,412</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	\$ 7,036
Amortization expense	2,318
Disposal	(2,952)
Effect of exchange rate changes	(60)
Balance at June 30, 2023	<u>\$ 6,342</u>
Carrying amount at June 30, 2023	<u>\$ 4,070</u>

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

Computer software 2 to 5 years

18. OTHER ASSETS

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Current</u>			
Prepayments			
Tax credit	\$ 206,420	\$ 215,486	\$ 220,955
Prepayments to suppliers	8,499	11,944	4,580
Others	<u>23,698</u>	<u>23,125</u>	<u>20,456</u>
	<u>\$ 238,617</u>	<u>\$ 250,555</u>	<u>\$ 245,991</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 48,250	\$ 24,356	\$ 33,111
Refundable deposits paid			
(Note)	11,277	11,494	10,428
Uncollectible receivables			
(Note 9)	<u>-</u>	<u>6,936</u>	<u>6,936</u>
	59,527	42,786	50,475
Less: Loss allowances	<u>-</u>	<u>(6,936)</u>	<u>(6,936)</u>
	<u>\$ 59,527</u>	<u>\$ 35,850</u>	<u>\$ 43,539</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 June 30, 2024 and December 31 and June 30, 2023, the Group assessed that it was not necessary to report expected credit losses for refundable deposits paid.

19. BORROWINGS

Long-term bank borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Secured borrowings (Note 33)</u>			
Bank borrowings	\$ 235,000	\$ 205,000	\$ 370,000
Less: Current portion	(34,693)	(24,709)	(23,456)
Long-term bank borrowings	<u>\$ 200,307</u>	<u>\$ 180,291</u>	<u>\$ 346,544</u>

The borrowings of the Group include:

	<u>Due date</u>	<u>Material terms</u>	<u>June 30, 2024</u>		<u>December 31, 2023</u>		<u>June 30, 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								
Secured borrowings for land and buildings	May 29, 2031	The borrowings amount of NT\$135,000 thousand is divided into 84 monthly installments starting June 2024 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting June 2025.	\$ 135,000	1.87	\$ -	-	\$ -	-
Machinery and equipment secured borrowings	October 20, 2026	The borrowings amount of NT\$80,000 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	1.87	80,000	1.74	-	-
Machinery and equipment secured borrowings	October 20, 2026	The borrowings amount of NT\$20,000 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	1.87	\$ 20,000	1.74	\$ -	-
Secured borrowings for land and buildings	March 20, 2030	The borrowings amount of NT\$135,000 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. (Amounts of NT\$30,000 thousand and NT\$105,000 thousand were repaid in advance in September 2023 and June 2024, respectively).	-	-	105,000	1.74	135,000	1.74
Secured borrowings for land and buildings	February 20, 2030	The borrowings amount of NT\$135,000 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	1.74
Secured borrowings for land and buildings	December 19, 2029	The borrowings amount of NT\$135,000 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).	-	-	-	-	100,000	1.74
			<u>235,000</u>		<u>205,000</u>		<u>370,000</u>	

Less: Current portion
Balance of long-term bank
borrowings

(34,693)
\$ 200,307

(24,709)
\$ 180,291

(23,456)
\$ 346,544

20. OTHER LIABILITIES

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Other payables			
Payable for equipment (Note 30)	\$ 150,951	\$ 174,918	\$ 353,705
Salaries payable and bonus	286,981	323,877	315,227
OEM collection and payment	196,197	185,486	106,571
Cash dividends (Note 30)	1,946	131	122,255
Insurance premium	47,422	46,286	46,452
Pension	22,705	20,398	25,669
Professional service fee	7,423	7,611	6,288
Commission expense	7,402	411	10
Repair and maintenance expense	\$ 6,792	\$ 5,861	\$ 3,786
Processing fee	6,075	1,706	467
Business tax	2,595	1,906	1,950
Contract service payment	1,277	1,277	1,277
Interest	280	117	202
Others	<u>116,246</u>	<u>66,113</u>	<u>73,941</u>
	<u>\$ 854,292</u>	<u>\$ 836,098</u>	<u>\$ 1,057,800</u>
Other current liabilities			
Guarantee deposit - payments received to retain capacity (Note 30) (Note)	\$ 176,741	\$ 158,181	\$ 152,751
Advance receipts (Note 32)	4,090	3,895	3,871
Others	<u>2,318</u>	<u>2,090</u>	<u>2,159</u>
	<u>\$ 183,149</u>	<u>\$ 164,166</u>	<u>\$ 158,781</u>
<u>Non-current</u>			
Guarantee deposits and margins received			
Payments received to retain capacity (Note 30) (Note)	\$ 459,711	\$ 510,561	\$ 550,965
Others (Note 32)	<u>20,682</u>	<u>19,692</u>	<u>19,575</u>
	<u>\$ 480,393</u>	<u>\$ 530,253</u>	<u>\$ 570,540</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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Warranties	<u>\$ 38,478</u>	<u>\$ 37,849</u>	<u>\$ 36,979</u>
	For the six months ended June 30		
	2024	2023	
Balance, beginning of period	\$ 37,849	\$ 36,419	
Additions	954	1,091	
Usage	(325)	(531)	
Balance, end of period	<u>\$ 38,478</u>	<u>\$ 36,979</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 for the three and six months ended June 30, 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\$228 thousand, NT\$242 thousand, NT\$455 thousand, and NT\$485 thousand, respectively.

23. EQUITY

a. Capital stock

Common stock

	June 30, 2024	December 31, 2023	June 30, 2023
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

	June 30, 2024	December 31, 2023	June 30, 2023
<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>\$ 126,712</u>	<u>\$ 126,686</u>	<u>\$ 124,352</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 regular shareholders’ meetings on June 7, 2024 and June 6, 2023, and the resolutions were passed respectively to approve the 2023 and 2022 annual earnings distribution proposals as shown below:

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

d. Special capital reserve

	For the six months ended June 30	
	2024	2023
Balance, beginning of period	\$ 67,718	\$ 65,301
Appropriations in respect of debits to other equity items	18,307	2,417
Balance, end of period	\$ 86,025	\$ 67,718

e. Other equity

Exchange differences on translation of foreign financial statements:

	For the six months ended June 30	
	2024	2023
Balance, beginning of period	(\$ 86,025)	(\$ 67,718)
Recognized in the current period		
Foreign operations – foreign currency translation differences	75,771	(29,755)
Related tax	(15,154)	5,951
Other comprehensive income	60,617	(23,804)
Balance, end of period	(\$ 25,408)	(\$ 91,522)

f. Non-controlling interests

	For the six months ended June 30	
	2024	2023
Balance, beginning of period	\$ 2,151,056	\$ 2,268,740
Net income	172,973	122,091
Other comprehensive income		
Exchange differences on translation of foreign financial statements	72,811	(28,591)
Changes in subsidiaries' ownership (Note 11)	-	(566)
Remuneration costs of employee stock options by subsidiaries	\$ 20	\$ 31
Cash dividend issued from subsidiaries	(221,333)	(347,809)
Ordinary shares issued under subsidiary's employee stock option plan	-	3,300
Balance, end of period	<u>\$ 2,175,527</u>	<u>\$ 2,017,196</u>

24. REVENUE

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Revenue from contracts with customers				
Packaging and testing	\$ 1,308,337	\$ 1,218,605	\$ 2,473,488	\$ 2,366,613
Other operating revenue				
Others (Note 32)	<u>396,516</u>	<u>72,759</u>	<u>516,853</u>	<u>187,683</u>
	<u>\$ 1,704,853</u>	<u>\$ 1,291,364</u>	<u>\$ 2,990,341</u>	<u>\$ 2,554,296</u>

a. Contract balance

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Accounts receivable (Note 9)	\$ 1,140,623	\$ 1,009,538	\$ 933,227	\$ 986,290
Accounts receivable due from related parties (Note 32)	<u>9,223</u>	<u>9,885</u>	<u>6,102</u>	<u>9,583</u>
	<u>\$ 1,149,846</u>	<u>\$ 1,019,423</u>	<u>\$ 939,329</u>	<u>\$ 995,873</u>
Contract assets				
Packaging and testing	\$ 204,507	\$ 192,649	\$ 198,720	\$ 190,216
Less: Loss allowances	(<u>36,164</u>)	(<u>36,216</u>)	(<u>41,528</u>)	(<u>38,454</u>)
	<u>\$ 168,343</u>	<u>\$ 156,433</u>	<u>\$ 157,192</u>	<u>\$ 151,762</u>
Contract liabilities				
Packaging and testing	\$ 10,126	\$ 31,293	\$ 37,110	\$ 12,039

Merchandise sales	-	16,181	422	19
	<u>\$ 10,126</u>	<u>\$ 47,474</u>	<u>\$ 37,532</u>	<u>\$ 12,058</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 pursuit 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.

	June 30, 2024	December 31, 2023	June 30, 2023
Expected credit loss rate	18%	19%	21%
Total amount	\$ 204,507	\$ 192,649	\$ 198,720
Loss allowance (lifetime expected credit losses)	(<u>36,164</u>)	(<u>36,216</u>)	(<u>41,528</u>)
	<u>\$ 168,343</u>	<u>\$ 156,433</u>	<u>\$ 157,192</u>

Movements of the loss allowance for contract assets

	For the six months ended June 30	
	2024	2023
Balance, beginning of period	\$ 36,216	\$ 38,454
Impairment losses for the current period	-	3,114

Reversal	(63)	-
Exchange differences on translation of foreign currency	<u>11</u>	(<u>40</u>)
Balance, end of period	<u>\$ 36,164</u>	<u>\$ 41,528</u>

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 June 30		For the six months ended June 30	
	2024	2023	2024	2023
Impairment loss on property, plant and equipment	<u>\$ 942</u>	<u>\$ 2,248</u>	<u>\$ 2,370</u>	<u>\$ 4,499</u>

b. Interest income

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Bank deposit	<u>\$ 13,747</u>	<u>\$ 14,119</u>	<u>\$ 25,025</u>	<u>\$ 24,836</u>

c. Other income

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Government subsidy	\$ 1,915	\$ 7,396	\$ 1,972	\$ 7,505
Others	<u>382</u>	<u>2,636</u>	<u>1,203</u>	<u>3,550</u>
	<u>\$ 2,297</u>	<u>\$ 10,032</u>	<u>\$ 3,175</u>	<u>\$ 11,055</u>

d. Other gains and losses

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Net foreign currency exchange gain	\$ 1,701	\$ 52,503	\$ 59,925	\$ 36,802
Compensation for losses	(24,827)	-	(24,827)	-
Losses on disposal of property, plant and equipment	(219)	(226)	(365)	(143)
Gains from lease modification	-	1	-	1
Others	<u>663</u>	(<u>1,842</u>)	<u>260</u>	(<u>1,890</u>)
	<u>(\$ 22,682)</u>	<u>\$ 50,436</u>	<u>\$ 34,993</u>	<u>\$ 34,770</u>

e. Finance costs

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Bank borrowings interest	\$ 1,194	\$ 1,707	\$ 2,087	\$ 3,471
Interest expense on lease liability	396	719	878	1,521
Interest on loans from related parties (Note 32)	-	-	-	16
	<u>\$ 1,590</u>	<u>\$ 2,426</u>	<u>\$ 2,965</u>	<u>\$ 5,008</u>

f. Depreciation and amortization

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Depreciation expenses summarized by function				
Cost of revenue	\$ 197,284	\$ 199,508	\$ 396,689	\$ 398,874
Operating expenses	<u>15,284</u>	<u>16,207</u>	<u>30,426</u>	<u>32,559</u>
	<u>\$ 212,568</u>	<u>\$ 215,715</u>	<u>\$ 427,115</u>	<u>\$ 431,433</u>
Amortization expenses summarized by function				
Cost of revenue	\$ -	\$ 31	\$ -	\$ 78
General and administrative expense	746	975	1,506	2,155
Research and development expense	<u>13</u>	<u>28</u>	<u>26</u>	<u>85</u>
	<u>\$ 759</u>	<u>\$ 1,034</u>	<u>\$ 1,532</u>	<u>\$ 2,318</u>

g. Direct operating expenses of investment property

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Lease revenue				
Depreciation expense	\$ 1,954	\$ 1,880	\$ 3,854	\$ 3,786
Others	<u>159</u>	<u>152</u>	<u>313</u>	<u>307</u>
	<u>\$ 2,113</u>	<u>\$ 2,032</u>	<u>\$ 4,167</u>	<u>\$ 4,093</u>

h. Employee benefits expenses

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Share-based payment				
Equity-settled (Note 28)	\$ 23	\$ 55	\$ 46	\$ 73
Post-employment benefits				
Determined contribution plans	38,052	36,456	74,817	71,376
Defined benefit plans	<u>228</u>	<u>242</u>	<u>455</u>	<u>485</u>

	(Note 22)				
		38,303	36,753	75,318	71,934
Others		<u>426,562</u>	<u>398,000</u>	<u>825,344</u>	<u>799,186</u>
Total employee benefits expenses		<u>\$ 464,865</u>	<u>\$ 434,753</u>	<u>\$ 900,662</u>	<u>\$ 871,120</u>
Summarized by function					
Cost of revenue		\$ 357,490	\$ 340,251	\$ 693,147	\$ 677,366
Operating expenses		<u>107,375</u>	<u>94,502</u>	<u>207,515</u>	<u>193,754</u>
		<u>\$ 464,865</u>	<u>\$ 434,753</u>	<u>\$ 900,662</u>	<u>\$ 871,120</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 six months ended June 30, 2023, so employee remuneration and director remuneration were not estimated and recognized. Estimated employee remuneration and director remuneration for the three months ended June 30, 2024 and for the six months ended June 30, 2024 are as follows:

Estimated ratio

	<u>For the six months ended June 30, 2024</u>
Remuneration to employees	10%
Compensation to directors	2.5%

Amount

	<u>For the three months ended June 30, 2024</u>	<u>For the six months ended June 30, 2024</u>
Remuneration to employees	<u>\$ 8,517</u>	<u>\$ 13,934</u>
Compensation to directors	<u>\$ 2,130</u>	<u>\$ 3,484</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	\$ 34,000
Compensation to directors	\$ 8,000

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 June 30		For the six months ended June 30	
	2024	2023	2024	2023
Foreign currency exchange gains	\$ 49,950	\$ 103,303	\$ 116,414	\$ 191,528
Foreign currency exchange losses	(48,249)	(50,800)	(56,489)	(154,726)
Net gains	<u>\$ 1,701</u>	<u>\$ 52,503</u>	<u>\$ 59,925</u>	<u>\$ 36,802</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 June 30		For the six months ended June 30	
	2024	2023	2024	2023
Current income tax				
Recognized in the current period	\$ 39,352	\$ 34,008	\$ 81,532	\$ 124,658
Levied undistributed surplus earnings	-	-	-	5,107
Income tax adjustments on prior years	(3,524)	(3,336)	(11,634)	(3,336)
	<u>35,828</u>	<u>30,672</u>	<u>69,898</u>	<u>126,429</u>
Deferred income tax				
Recognized in the current period	<u>7,474</u>	<u>18,849</u>	<u>16,093</u>	(32,102)
Income tax expense recognized in profit or loss	<u>\$ 43,302</u>	<u>\$ 49,521</u>	<u>\$ 85,991</u>	<u>\$ 94,327</u>

b. Income tax recognized in other comprehensive income

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Deferred income tax				
Recognized in the current period				
Foreign operations – foreign currency translation differences	\$ 5,079	(\$ 5,598)	\$ 15,154	(\$ 5,951)
Income tax recognized in other comprehensive income	\$ 5,079	(\$ 5,598)	\$ 15,154	(\$ 5,951)

c. Income tax examination

The tax authorities have examined income tax returns of the Company through 2022. As of June 30, 2024, the Group had no pending tax litigation.

27. EARNINGS (LOSS) PER SHARE

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Basic earnings (loss) per share	\$ 0.47	(\$ 0.09)	\$ 0.78	(\$ 0.37)
Diluted earnings (loss) per share	\$ 0.47	(\$ 0.09)	\$ 0.77	(\$ 0.37)

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 June 30		For the six months ended June 30	
	2024	2023	2024	2023
Net income (loss) attributable to owners of the Company	\$ 69,023	(\$ 13,234)	\$ 113,460	(\$ 53,325)
Net income (loss) used to calculate basic earnings (loss) per share	69,023	(13,234)	113,460	(53,325)
Effects of all dilutive potential common shares:				
Subsidiaries' stock option	-	-	-	-
Net profit (loss) used to calculate diluted earnings (loss) per share	\$ 69,023	(\$ 13,234)	\$ 113,460	(\$ 53,325)

Shares

Unit: thousand shares

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Weighted average number of common shares used to calculate basic EPS	145,681	145,681	145,681	145,681
Effects of all dilutive potential common shares:				
Remuneration to employees	<u>113</u>	<u>-</u>	<u>113</u>	<u>-</u>
Weighted average number of common shares used to calculate diluted EPS	<u>145,794</u>	<u>145,681</u>	<u>145,794</u>	<u>145,681</u>

(Note)

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 June 30, 2024, the outstanding shares are 130 thousand units.

Information relating to issued employee stock options is as follows:

Employee stock option	For the six months ended June 30, 2024	
	Unit (in thousands)	Weighted average exercise price (NT\$)
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 six months ended June 30, 2023	
	Unit (in thousands)	Weighted average exercise price (NT\$)
Circulation at the beginning of the period	548	\$ 40
Granted this period	99	10
		(Note)
Forfeited this period	(159)	23
Exercised during this period	(330)	10
Circulation at the end of the period	<u>158</u>	10
Exercisable at the end of the period	<u>-</u>	
Weighted average fair value of the stock options in the current period (NT\$)	<u>\$ 2.52</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:

	June 30, 2024	December 31, 2023	June 30, 2023
Exercise price (NT\$)	\$ 10	\$ 10	\$ 10
Weighted average remaining contractual life (years)	5.4 years	5.65 years	6.14 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 six months ended June 30, 2024 and 2023 were NT\$46 thousand and NT\$73 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. The depreciation expenses was reduced, which amounted to NT\$2,056 thousand, NT\$631 thousand for the three months ended June 30, 2024 and 2023, respectively; and NT\$5,113 thousand and NT\$1,128 thousand for the six months ended June 30, 2024 and 2023, 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 six months ended June 30, 2024 and 2023:

- 1) As of June 30, 2024 and December 31 and June 30, 2023, the purchase price of unpaid properties, plant and equipment acquired by the Group were NT\$150,951 thousand, NT\$174,918 thousand and NT\$353,705 thousand respectively, and were accounted as other payables.

- 2) The Company, as of June 30, 2024 and December 31 and June 30, 2023, had announced cash dividends of NT\$0, NT\$0, and NT\$72,841 thousand, respectively, which have not been distributed and are listed under other payables.
- 3) Subsidiary GEM Services, Inc. as of June 30, 2024 and December 31 and June 30, 2023, had announced cash dividends of NT\$1,946 thousand, NT\$131 thousand and NT\$49,414 thousand respectively that have not been distributed and are listed under other payables.
- 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 June 30, 2024 and 2023, the amounts of NT\$34,702 thousand and NT\$20,103 thousand, respectively, were used to offset the security deposit by offsetting accounts receivable.

b. Reconciliation of liabilities arising from financing activities

For the six months ended June 30, 2024

	January 1, 2024	Cash flow	Non-cash changes				Others	June 30, 2024
			Lease addition	Payment refund	Finance costs	Foreign exchange movement		
Long-term bank borrowings	\$ 205,000	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,000
Guarantee deposits and margins received	688,434	-	-	(34,702)	-	3,402	-	657,134
Lease liabilities	77,453	(21,729)	1,484	-	878	1,600	(878)	58,808
	<u>\$ 970,887</u>	<u>\$ 8,271</u>	<u>\$ 1,484</u>	<u>(\$ 34,702)</u>	<u>\$ 878</u>	<u>\$ 5,002</u>	<u>(\$ 878)</u>	<u>\$ 950,942</u>

For the six months ended June 30, 2023

	January 1, 2023	Cash flow	Non-cash changes				Others	June 30, 2023
			Lease addition	Lease modification	Finance costs	Payment refund	Foreign exchange movement	
Short-term borrowings	\$ 71,170	(\$ 71,170)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other payables - related parties	15,014	(15,000)	-	-	-	-	-	-
Long-term bank borrowings	405,000	(35,000)	-	-	-	-	-	370,000
Guarantee deposits and margins received	683,583	61,445	-	-	-	(20,103)	(1,634)	723,291
Lease liabilities	116,454	(21,261)	325	(328)	1,521	-	(1,183)	94,007
	<u>\$ 1,291,221</u>	<u>(\$ 80,986)</u>	<u>\$ 325</u>	<u>(\$ 328)</u>	<u>\$ 1,521</u>	<u>(\$ 20,103)</u>	<u>(\$ 2,817)</u>	<u>\$ 1,187,298</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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Amortized cost (Note 1)	\$ 3,796,515	\$ 3,238,726	\$ 3,323,338
<u>Financial liabilities</u>			
Amortized cost (Note 2)	1,636,131	1,357,574	1,649,329

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.

	<u>The impact of USD</u>		<u>The impact of JPY</u>		<u>The impact of NTD</u>	
	<u>For the six months ended</u>		<u>For the six months ended</u>		<u>For the six months ended</u>	
	<u>June 30</u>		<u>June 30</u>		<u>June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Gains or (losses)	\$ 18,429 (i)	\$ 10,354 (i)	(\$ 3)(ii)	\$ 113 (ii)	(\$ 685)(iii)	(\$ 1,200)(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 the US dollar exchange rate increased in the current period, which was due to the increase in cash and cash equivalents denominated in US dollars.

- (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:

	June 30, 2024	December 31, 2023	June 30, 2023
Fair value interest rate risk			
- Financial assets	\$ 302,545	\$ 531,948	\$ 119,648
- Financial liabilities	58,808	77,453	94,007
Cash flow interest rate risk			
- Financial assets	2,059,525	1,453,447	2,052,620
- Financial liabilities	235,000	205,000	370,000

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 June 30, 2024 and 2023 will increase/decrease by NT\$9,123 thousand and NT\$8,413 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 June 30, 2024, and December 31 and June 30, 2023, the ratio for the total amount of accounts receivable and total contract assets came from the top five customers were 39%, 42% and 43%, 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 June 30, 2024, and December 31 and June 30, 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.

June 30, 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	\$ 417,365	\$ 379,083	\$ 585,947	\$ 20,682	\$ -
Floating rate instrument	366	732	37,806	164,063	46,170
Lease liabilities	9,304	2,048	16,157	29,268	3,944
	<u>\$ 427,035</u>	<u>\$ 381,863</u>	<u>\$ 639,910</u>	<u>\$ 214,013</u>	<u>\$ 50,114</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>
Non-derivative financial liabilities					
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	8,910	2,108	32,226	30,601	6,280
	<u>\$ 254,773</u>	<u>\$ 344,567</u>	<u>\$ 605,099</u>	<u>\$ 215,268</u>	<u>\$ 28,350</u>

June 30, 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>
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 301,079	\$ 577,913	\$ 503,017	\$ 19,575	\$ -
Floating rate instrument	541	1,075	28,229	261,119	106,766
Lease liabilities	9,015	2,124	30,783	46,930	8,693
	<u>\$ 310,635</u>	<u>\$ 581,112</u>	<u>\$ 562,029</u>	<u>\$ 327,624</u>	<u>\$ 115,459</u>

(2) Financing amount

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 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	\$ 235,000	\$ 205,000	\$ 370,000
- Unutilized	<u>320,000</u>	<u>350,000</u>	<u>185,000</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

Item	Related party categories	For the three months ended June 30		For the six months ended June 30	
		2024	2023	2024	2023
Electroplating services	Associate	\$ 23,740	\$ 20,315	\$ 44,493	\$ 46,179
Lease revenue	Associate	\$ 12,268	\$ 11,805	\$ 24,200	\$ 23,778
Lease and other services	Associate	\$ 1,712	\$ 1,651	\$ 3,376	\$ 3,228

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. Receivables from related parties

Item	Related party categories	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable due from related parties	Associate	\$ 9,223	\$ 9,885	\$ 6,102
Other receivables - related parties	Associate	\$ 179	\$ 45	\$ 80

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

d. 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 June 30, 2024, and December 31 and June 30, 2023, the total lease payments to be received in the future are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Year 1	\$ 49,805	\$ 47,420	\$ 47,140
Year 2	49,805	47,420	47,140
Year 3	24,903	47,420	47,140
Year 4	-	-	23,570
Year 5	-	-	-
	<u>\$ 124,513</u>	<u>\$ 142,260</u>	<u>\$ 164,990</u>

The Company recognized revenue from lease, which amounted to NT\$12,268 thousand, NT\$11,805 thousand for the three months ended June 30, 2024 and 2023, respectively; NT\$24,200 thousand and NT\$23,778 thousand for the six months ended June 30, 2024 and 2023, respectively.

e. Borrowings from related parties

Categories/ Related party	For the six months ended June 30, 2024	June 30, 2024	2023	December 31, 2023	For the six months ended June 30, 2023	June 30, 2023
	Highest balance		Highest balance		Highest balance	
<u>Other payables - related parties</u>						
Substantive related party relationship						
Chen-Chi, Liao	\$ -	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -

Interest expenses

Related party categories	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Substantive related party relationship	\$ -	\$ -	\$ -	\$ 16

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

f. Other related party transactions

Item	Related party categories	June 30, 2024	December 31, 2023	June 30, 2023
Guarantee deposits and margins received	Associate	<u>\$ 1,764</u>	<u>\$ 1,679</u>	<u>\$ 1,669</u>
Advance receipts	Associate	<u>\$ 4,090</u>	<u>\$ 3,895</u>	<u>\$ 3,871</u>

g. Remuneration for key managerial officers

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 32,481	\$ 27,045	\$ 63,699	\$ 56,872
Share-based payment	7	9	14	11
Post-employment benefits	189	225	378	463
	<u>\$ 32,677</u>	<u>\$ 27,279</u>	<u>\$ 64,091</u>	<u>\$ 57,346</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:

	June 30, 2024	December 31, 2023	June 30, 2023
Pledged term deposits (financial assets measured at amortized cost - non-current)	\$ 761	\$ 751	\$ 749
Self-owned land	358,403	358,403	358,403
Net amount of property and building	103,980	105,235	106,491
Net amount of machinery and equipment	<u>188,152</u>	<u>212,873</u>	<u>-</u>
	<u>\$ 651,296</u>	<u>\$ 677,262</u>	<u>\$ 465,643</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The unrecognized commitments of the Group are as follows:

Unit: Foreign currency (In thousands)

	June 30, 2024	December 31, 2023	June 30, 2023
Acquisition of property, plant and equipment			
NTD	<u>\$ 13,724</u>	<u>\$ 12,884</u>	<u>\$ 5,799</u>
RMB	<u>\$ 3,083</u>	<u>\$ 2,752</u>	<u>\$ 4,792</u>
USD	<u>\$ 144</u>	<u>\$ 111</u>	<u>\$ 73</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:

June 30, 2024

	Foreign currencies (In Thousands)	Exchange rate		Carrying amount
Foreign currency assets				
<u>Monetary items</u>				
USD	\$ 57,008	32.4500	(USD: NTD)	\$ 1,849,904
USD	49,880	7.1268	(USD: RMB)	1,618,615
JPY	252,541	0.2017	(JPY: NTD)	50,938

	Foreign currencies (In Thousands)	Exchange rate		Carrying amount
Foreign currency liabilities				
<u>Monetary items</u>				
USD	\$ 39,924	32.4500	(USD: NTD)	\$ 1,295,526
USD	10,173	7.1268	(USD: RMB)	330,107
JPY	254,009	0.2017	(JPY: NTD)	51,234
NTD	32,872	0.0308	(NTD: USD)	32,872
NTD	35,609	0.2196	(NTD: RMB)	35,609

December 31, 2023

	Foreign currencies (In Thousands)	Exchange rate		Carrying amount
Financial 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

June 30, 2023

	Foreign currencies (In Thousands)	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 40,030	31.1400 (USD: NTD)	\$ 1,246,523
USD	34,719	7.2258 (USD: RMB)	1,081,148
JPY	202,751	0.2150 (JPY: NTD)	43,591
Foreign currency liabilities			
<u>Monetary items</u>			
USD	29,988	31.1400 (USD: NTD)	933,832
USD	11,512	7.2258 (USD: RMB)	358,484
JPY	150,362	0.2150 (JPY: NTD)	32,328
NTD	78,834	0.0321 (NTD: USD)	78,834
NTD	41,179	0.2320 (NTD: RMB)	41,179

The Group's foreign exchange gains (realized and unrealized) from April 1 to June 30, 2024 and 2023 and January 1 to June 30, 2024 and 2023 were NT\$1,701 thousand, NT\$52,503 thousand, NT\$59,925 thousand and NT\$36,802 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 six months ended		For the six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Optoelectronics industry	\$ 742,999	\$ 399,275	\$ 12,229	(\$ 227,419)
Semiconductor	<u>2,247,342</u>	<u>2,155,021</u>	<u>311,946</u>	<u>334,242</u>
Total of continuing operations	<u>\$ 2,990,341</u>	<u>\$ 2,554,296</u>	324,175	106,823
Headquarters management cost and compensation to directors			(18,479)	(12,798)
Other gains and losses			(2,370)	(4,499)
Interest income			25,025	24,836
Other income			3,175	11,055
Other gains and losses			34,993	34,770
Finance costs			(2,965)	(5,008)
Share of profit of subsidiaries and joint ventures accounted for using equity method			<u>8,870</u>	<u>7,914</u>
Income before income tax			<u>\$ 372,424</u>	<u>\$ 163,093</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 SIX MONTHS ENDED JUNE 30, 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	(\$ 686,118)	(64%)	Net 90 days from invoice date	—	—	\$ 363,188	72%	Notes 1, 2 and 3
GEM Tech Ltd., Taiwan Branch	GEM Electronics (Shanghai) Co., Ltd.	"	Purchase	686,118	59%	"	—	—	(363,188)	(60%)	Notes 1, 2 and 3
	GEM Electronics (Hefei) Co., Ltd.	"	Purchase	476,426	41%	"	—	—	(243,021)	(40%)	Notes 1, 2 and 3
GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	"	Sales	(476,426)	(67%)	"	—	—	243,021	80%	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

JUNE 30, 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 \$ 363,188	3.49	\$ -	—	\$ 115,850	\$ -
GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Accounts receivable 243,021	4.59	-	—	85,964	-
The Company	Centra Photonics Inc.	Parent company to subsidiary	Other receivables 188,857	-	-	—	72,044	-

Note 1: Amount recovered from July 1 to August 8, 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 SIX MONTHS ENDED JUNE 30, 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)	Sales revenue	\$ 39,542 (Note 5)	Net 90 days from invoice date	1%
				Accounts receivable due from related parties	24,513	-	—
				Other receivables - related parties	188,857	Net 90 days from invoice date (Payments for materials purchased on behalf of others)	2%
2	GEM Services, Inc.	The Company	Note 3 (2)	Earnings Distribution	230,333	-	2%
3	GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Note 3 (3)	Sales revenue	686,118 (Note 4)	Net 90 days from invoice date	23%
				Accounts receivable due from related parties	363,188	-	4%
				Contract assets - related parties	49,969	-	1%
4	GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Note 3 (3)	Sales revenue	476,426 (Note 4)	Net 90 days from invoice date	16%
				Accounts receivable due from related parties	243,021	-	3%
				Contract assets - related parties	30,619	-	—
5	GEM Tech Ltd.	GEM Services, Inc.	Note 3 (3)	Remittance of earnings	491,022	-	5%

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.

Note 5: This transaction included unrealized profit of NT\$237 thousand.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

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

FOR THE SIX MONTHS ENDED JUNE 30, 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 June 30, 2024			Net Income (Losses) of the Investee	Share of Profits/Losses (Note 5)	Remark
				June 30, 2024	December 31, 2023	Shares	Percentage of Ownership (Note 4)	Carrying Amount (Note 4)			
The Company	Centera Photonics Inc.	Taiwan	Manufacture and sales of electronic parts	\$ 271,562	\$ 271,562	27,156,217	56.41%	\$ 202,832	\$ 38,783	\$ 21,877	Notes 2 and 8
	GEM Services, Inc.	Cayman Islands	Holding company business	568,965	568,965	65,809,451	51%	2,126,887	318,481	162,414	Note 3
GEM Services, Inc.	GEM Electronics Company Limited	British Virgin Islands	Holding company business	-	-	100	51%	1,516,904	107,443	54,792	Note 3
	GEM Tech Ltd.	Samoa	Sales of electronic parts	18,202	18,202	606,091	51%	586,635	229,901	117,241	Note 3

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 relevant investment profit and loss recognition are based on the financial statements of the investee company audited by the accountants during the same period.

Note 4: 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 5: The investment profit (loss) recognized in the current period is based on the weighted average shareholding ratio of the Company.

Note 6: It has been consolidated and written off in the preparation of this consolidated financial statement.

Note 7: Please refer to Table 5 for relevant information on investment in Mainland China.

Note 8: 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\$237 thousand.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 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 June 30, 2024	Percentage of Ownership	Net Income (Losses) of the Investee Company	Share of Profits/ Losses	Carrying Amount as of June 30, 2024	Accumulated Inward Remittance of Earnings as of June 30, 2024
					Outflow	Inflow						
GEM Electronics (Shanghai) Co., Ltd. (Note 4)	Manufacture and sales of electronic parts	\$ 2,239,050 (USD69,000) (Note 5)	Reinvested by GEM Electronics Company Limited (Note 1(2))	\$ -	\$ -	\$ -	\$ -	51%	\$ 107,443	\$ 54,792 (Note 2(2) 2.)	\$1,516,904	\$ -
GEM Electronics (Hefei) Co., Ltd. (Note 4)	Manufacture and sales of electronic parts, factory leasing	1,987,538 (RMB436,511)	Reinvested by GEM Electronics (Shanghai) Co., Ltd. (Note 1(3))	-	-	-	-	51%	55,659	28,384 (Note 2(2) 2.)	667,432	-
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Production, design, packaging and testing of power management electronic accessories	162,250 (USD 5,000)	Reinvested by GEM Electronics (Shanghai) Co., Ltd. (Note 1(3))	-	-	-	-	10.2%	44,349	4,523 (Note 2(2) 3.)	63,686	-

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 audited 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 June 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ - (USD -)	\$ -	\$ 3,692,629

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
JUNE 30, 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.