

ASMEDIA TECHNOLOGY INC.

INDIVIDUAL FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

JUNE 30, 2024 AND 2023

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ASMEDIA TECHNOLOGY INC.

Introduction

We have reviewed the accompanying individual balance sheets of ASMEDIA TECHNOLOGY INC. (the "Company") as at June 30, 2024 and 2023, and the related individual statements of comprehensive income for the three-month and six-month periods then ended, as well as the individual statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the individual financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these individual financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these individual financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of individual 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 explained in Note 6(6), the financial statements of an investee accounted for using the equity method were not reviewed by independent auditors. The balance of this investment accounted for using the equity method amounted to NT\$108,800 thousand, constituting

0.3% of the individual total assets as at June 30, 2024, and the share of loss of associates and joint ventures accounted for using the equity method amounted to NT\$4,207 thousand, constituting (0.1%) of the individual total comprehensive income for the six-month period then ended.

Qualified Conclusion

Except for the adjustments to the individual financial statements, if any, as might have been determined to be necessary had the financial statements of an investee accounted for using the equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying individual financial statements do not present fairly, in all material respects, the individual financial position of the Company as at June 30, 2024 and 2023, and of its individual financial performance for the three-month and six-month periods then ended and its individual cash flows for the six-month periods then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Chang, Shu-Chiung

Yu, Shu-Fen

For and on Behalf of PricewaterhouseCoopers, Taiwan

August 7 , 2024

The accompanying individual financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying individual financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ASMEDIA TECHNOLOGY INC.
INDIVIDUAL BALANCE SHEETS
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	June 30, 2024		December 31, 2023		June 30, 2023				
			AMOUNT	%	AMOUNT	%	AMOUNT	%			
Current assets											
1100	Cash and cash equivalents	6(1)	\$	13,259,256	38	\$	2,230,750	10	\$	2,099,174	11
1110	Financial assets at fair value	6(2)									
	through profit or loss - current			596,249	2		621,590	3		817,192	5
1170	Accounts receivable, net	6(3)		1,526,303	4		930,224	4		914,480	5
1180	Accounts receivable - related	6(3) and 7									
	parties			143,032	-		133,358	1		79,311	1
1200	Other receivables			37,988	-		1,220	-		16,717	-
130X	Inventory	6(4)		900,847	3		564,584	3		792,946	4
1410	Prepayments	6(5) and 7		64,191	-		113,174	-		550,948	3
11XX	Total current assets			16,527,866	47		4,594,900	21		5,270,768	29
Non - current assets											
1517	Financial assets at fair value	6(7)									
	through other comprehensive										
	income - non - current			843,201	2		867,927	4		768,080	4
1550	Investments accounted for	6(6)									
	using equity method			16,840,080	48		13,657,281	63		11,601,007	63
1600	Property, plant and equipment	6(8)		521,642	2		570,754	3		512,026	3
1755	Right - of - use assets	6(9)		39,709	-		44,357	-		57,439	-
1780	Intangible assets	6(10)		35,761	-		68,432	-		96,157	-
1840	Deferred income tax assets			202,903	1		141,353	1		125,253	1
1900	Other non - current assets	6(11), 7 and 8		26,046	-		1,704,161	8		25,855	-
15XX	Total non - current assets			18,509,342	53		17,054,265	79		13,185,817	71
1XXX	Total assets		\$	35,037,208	100	\$	21,649,165	100	\$	18,456,585	100

(Continued)

ASMEDIA TECHNOLOGY INC.
INDIVIDUAL BALANCE SHEETS
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity			June 30, 2024		December 31, 2023		June 30, 2023				
			AMOUNT	%	AMOUNT	%	AMOUNT	%			
Current liabilities											
2100	Short-term borrowings	6(12)	\$	-	-	\$	300,000	2	\$	-	-
2130	Current contract liabilities	6(20)		2,963	-		2,065	-		19,446	-
2170	Accounts payable			228,413	1		263,785	1		216,714	1
2200	Other payables	6(13) and 7		2,252,297	6		959,583	5		2,095,891	12
2230	Current income tax liabilities			361,428	1		228,378	1		190,777	1
2280	Lease liabilities - current	6(9)		26,995	-		24,045	-		24,228	-
2365	Current refund liabilities	6(16) and 7		702,649	2		261,848	1		127,172	1
2399	Other current liabilities			14,604	-		2,125	-		1,693	-
21XX	Total current liabilities			3,589,349	10		2,041,829	10		2,675,921	15
Non-current liabilities											
2570	Deferred income tax liabilities			28	-		28	-		798	-
2580	Lease liabilities - non - current	6(9)		13,618	-		21,417	-		33,820	-
2640	Net defined benefit liability, non-current	6(14)		102	-		102	-		606	-
25XX	Total non-current liabilities			13,748	-		21,547	-		35,224	-
2XXX	Total liabilities			3,603,097	10		2,063,376	10		2,711,145	15
Equity attributable to owners of parent											
	Share capital	6(17)									
3110	Common stock			746,624	2		693,635	3		693,648	4
	Capital surplus	6(18)									
3200	Capital surplus			19,932,671	57		9,613,449	44		8,477,697	46
	Retained earnings	6(19)									
3310	Legal reserve			1,461,652	4		1,237,694	6		1,237,694	7
3350	Unappropriated retained earnings			6,899,286	20		5,728,699	26		4,368,478	23
	Other equity interest										
3400	Other equity interest			2,393,878	7		2,312,312	11		967,923	5
3XXX	Total equity			31,434,111	90		19,585,789	90		15,745,440	85
	Significant contingent liabilities and unrecorded contract commitments	9									
3X2X	Total liabilities and equity		\$	35,037,208	100	\$	21,649,165	100	\$	18,456,585	100

The accompanying notes are an integral part of these individual financial statements.

ASMEDIA TECHNOLOGY INC.
INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

	Items	Notes	Three months ended June 30				Six months ended June 30			
			2024		2023		2024		2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(20) and 7	\$ 2,106,353	100	\$ 1,557,585	100	\$ 4,054,546	100	\$ 2,956,403	100
5000	Operating costs	6(4)(24) and 7	(1,009,922)	(48)	(746,920)	(48)	(1,804,605)	(45)	(1,409,005)	(48)
5900	Gross profit		1,096,431	52	810,665	52	2,249,941	55	1,547,398	52
5910	Unrealised profit from sales		3,613	-	1,530	-	(8,274)	-	(15,614)	-
5920	Realised profit from sales		-	-	-	-	11,665	-	22,268	1
5950	Net operating margin		1,100,044	52	812,195	52	2,253,332	55	1,554,052	53
	Operating expenses	6(24)(25) and 7								
6100	Selling expenses		(28,933)	(1)	(28,007)	(2)	(58,587)	(1)	(50,429)	(2)
6200	General and administrative expenses		(58,072)	(3)	(54,331)	(3)	(121,796)	(3)	(102,462)	(3)
6300	Research and development expenses		(339,506)	(16)	(327,825)	(21)	(727,403)	(18)	(677,041)	(23)
6000	Total operating expenses		(426,511)	(20)	(410,163)	(26)	(907,786)	(22)	(829,932)	(28)
6900	Operating profit		673,533	32	402,032	26	1,345,546	33	724,120	25
	Non-operating income and expenses									
7100	Interest income	6(21)	56,996	3	12,868	1	59,491	2	15,633	-
7010	Other income		4,843	-	19,455	1	5,922	-	19,712	1
7020	Other gains and losses	6(22)	39,043	2	31,801	2	97,953	2	22,340	1
7050	Finance costs	6(23)	(308)	-	(899)	-	(926)	-	(5,313)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(6)								
			303,734	14	122,566	8	586,060	15	250,948	8
7000	Total non-operating income and expenses		404,308	19	185,791	12	748,500	19	303,320	10
7900	Profit before income tax		1,077,841	51	587,823	38	2,094,046	52	1,027,440	35
7950	Income tax expense	6(26)	(142,088)	(7)	(97,802)	(7)	(272,538)	(7)	(148,089)	(5)
8200	Profit for the period		\$ 935,753	44	\$ 490,021	31	\$ 1,821,508	45	\$ 879,351	30
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealised gain on investments in equity instruments at fair value through other comprehensive income	6(7)	\$ 54,684	3	\$ 20,061	1	\$ 50,185	1	\$ 55,735	2
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(123,135)	(6)	(138,287)	(9)	357,251	9	760,995	26
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		(68,451)	(3)	(118,226)	(8)	407,436	10	816,730	28
	Components of other comprehensive income that will be reclassified to profit or loss									
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		378,402	18	210,458	14	819,755	20	105,207	3
8360	Other comprehensive income that will be reclassified to profit or loss		378,402	18	210,458	14	819,755	20	105,207	3
8300	Total other comprehensive income for the period		\$ 309,951	15	\$ 92,232	6	\$ 1,227,191	30	\$ 921,937	31
8500	Total comprehensive income for the period		\$ 1,245,704	59	\$ 582,253	37	\$ 3,048,699	75	\$ 1,801,288	61
	Earnings per share (in dollars)									
9750	Basic earnings per share	6(27)	\$ 13.18		\$ 7.08		\$ 25.97		\$ 12.71	
9850	Diluted earnings per share	6(27)	\$ 13.11		\$ 7.05		\$ 25.81		\$ 12.64	

The accompanying notes are an integral part of these individual financial statements.

ASMEDIA TECHNOLOGY INC.
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Retained Earnings				Other Equity Interest					
						Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on remeasurements of defined benefit plan	Gains (losses) on hedging instruments	Other equity, others	Total equity
	Notes	Common stock	Total capital surplus, additional paid-in capital	Legal reserve	Unappropriated retained earnings						
Six months ended June 30, 2023											
Balance at January 1, 2023		\$ 693,648	\$ 8,488,784	\$ 974,852	\$ 5,139,264	\$ 276,935	(\$ 168,291)	(\$ 962)	\$ -	(\$ 92,828)	\$ 15,311,402
Profit for the period		-	-	-	879,351	-	-	-	-	-	879,351
Other comprehensive income		-	-	-	-	105,207	816,730	-	-	-	921,937
Total comprehensive income		-	-	-	879,351	105,207	816,730	-	-	-	1,801,288
Appropriations of 2022 retained earnings	6(19)										
Legal reserve		-	-	262,842	(262,842)	-	-	-	-	-	-
Cash dividends		-	-	-	(1,387,295)	-	-	-	-	-	(1,387,295)
Share-based payments	6(15)										
Compensation cost of employee restricted stocks		-	-	-	-	-	-	-	-	31,132	31,132
Changes in equity of associates and joint ventures accounted for using equity method	6(6)	-	(11,087)	-	-	-	-	-	-	-	(11,087)
Balance at June 30, 2023		\$ 693,648	\$ 8,477,697	\$ 1,237,694	\$ 4,368,478	\$ 382,142	\$ 648,439	(\$ 962)	\$ -	(\$ 61,696)	\$ 15,745,440
Six months ended June 30, 2024											
Balance at January 1, 2024		\$ 693,635	\$ 9,613,449	\$ 1,237,694	\$ 5,728,699	\$ 217,180	\$ 2,128,402	(\$ 450)	\$ -	(\$ 32,820)	\$ 19,585,789
Profit for the period		-	-	-	1,821,508	-	-	-	-	-	1,821,508
Other comprehensive income		-	-	-	-	819,755	407,436	-	-	-	1,227,191
Total comprehensive income		-	-	-	1,821,508	819,755	407,436	-	-	-	3,048,699
Appropriations of 2023 retained earnings	6(19)										
Legal reserve		-	-	223,958	(223,958)	-	-	-	-	-	-
Cash dividends		-	-	-	(1,387,270)	-	-	-	-	-	(1,387,270)
Share-based payments	6(15)										
Compensation cost of employee restricted stocks		-	-	-	-	-	-	-	-	13,258	13,258
Retirement and reduction of employee restricted stocks		(11)	11	-	-	-	-	-	-	-	-
Issuance of new shares arising from global depositary receipt	6(17)	53,000	10,500,731	-	-	-	-	-	-	-	10,553,731
Changes in equity of associates and joint ventures accounted for using equity method	6(6)	-	(181,520)	-	-	-	-	-	(197,091)	(1,485)	(380,096)
Disposal of equity instrument measured at fair value through other comprehensive income by associates		-	-	-	866,996	-	(866,996)	-	-	-	-
Disposal of equity instrument measured at fair value through other comprehensive income		-	-	-	93,311	-	(93,311)	-	-	-	-
Balance at June 30, 2024		\$ 746,624	\$ 19,932,671	\$ 1,461,652	\$ 6,899,286	\$ 1,036,935	\$ 1,575,531	(\$ 450)	(\$ 197,091)	(\$ 21,047)	\$ 31,434,111

The accompanying notes are an integral part of these individual financial statements.

ASMEDIA TECHNOLOGY INC.
INDIVIDUAL STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

		Six months ended June 30	
	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,094,046	\$ 1,027,440
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(24)	166,545	140,602
Amortisation	6(10)(24)	39,192	40,065
Net gain on financial assets at fair value through profit or loss	6(2)(22)	(4,197)	(3,525)
Interest expense	6(23)	926	5,313
Interest income	6(21)	(59,491)	(15,633)
Share-based payments	6(15)	13,258	31,132
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(586,060)	(250,948)
Unrealised profit from sales	6(6)	(3,391)	(6,654)
Gains on lease modification	6(9)	-	(7)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		29,538	(200,000)
Accounts receivable, net		(596,079)	(216,907)
Accounts receivable - related parties		(9,674)	58,459
Other receivables		(773)	(1,273)
Inventory		(336,263)	364,997
Prepayments		48,983	237,280
Changes in operating liabilities			
Contract liabilities - current		898	(9,713)
Accounts payable		(35,372)	105,435
Other payables		(118,919)	223,140
Advance receipts		12,656	-
Other current liabilities		(177)	(57,710)
Current refund liabilities		440,801	127,172
Cash inflow generated from operations		1,096,447	1,152,385
Income tax paid		(201,038)	(126,268)
Interest received		23,496	15,632
Interest paid		(1,108)	(5,313)
Net cash flows from operating activities		917,797	1,036,436
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at fair value through other comprehensive income		(40,000)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		114,911	-
Acquisition of investments accounted for using equity method		(112,998)	-
Acquisition of property, plant and equipment	6(28)	(84,585)	(144,764)
Acquisition of intangible assets	6(28)	(1,756)	(38,386)
Increase in refundable deposits		(5,325)	(84)
Net cash flows used in investing activities		(129,753)	(183,234)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(29)	(300,000)	(1,100,000)
Payment of lease liabilities	6(29)	(13,269)	(12,716)
Issuance new shares of global depositary receipt	6(17)	10,553,731	-
Net cash flows from (used in) financing activities		10,240,462	(1,112,716)
Net increase (decrease) in cash and cash equivalents		11,028,506	(259,514)
Cash and cash equivalents at beginning of period		2,230,750	2,358,688
Cash and cash equivalents at end of period		\$ 13,259,256	\$ 2,099,174

The accompanying notes are an integral part of these individual financial statements.

ASMEDIA TECHNOLOGY INC.
NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

ASMedia Technology Inc. (the “Company”) was incorporated as a company limited by shares in March 2004. The Company has been listed on the Taiwan Stock Exchange since December 2012. The Company is primarily engaged in the design, development, production and manufacture of high-speed analogue circuit products. Asustek Computer Incorporation is the Company’s ultimate parent company and directly/indirectly holds a 42.62% equity interest in the Company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These financial statements were authorised for issuance by the Board of Directors on August 7, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the financial statements for the year ended December 31, 2023, except for the compliance statement as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.

(2) Basis of preparation

- A. Except for the following items, the financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

- A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income.
- D. All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading activities;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date.

(5) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.

- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

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

(9) Impairment of financial assets

For accounts receivable that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. The perpetual inventory system is adopted for inventory recognition. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method - associates

- A. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost. If the share in net

fair value of the identifiable assets and liabilities of associates is higher than the acquisition cost at the acquisition date, the excess shall be recognised as gain after reassessment.

- B. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- E. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Cost includes all expenses incurred before assets are made available for use.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if

appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Instruments and equipment	2 ~ 5 years
Office equipment	5 years
Leasehold improvements	3 ~ 5 years

(14) Leasing arrangements (lessee) – right-of-use assets / lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Intangible assets

Intangible assets, mainly technical licencing fee and computer software, are recognised based on the acquisition cost and amortised on a straight-line basis over their estimated useful lives of 3 years.

(16) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish,

the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

- B. The recoverable amounts of intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(17) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(18) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(20) Employee benefits

- A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

- B. Pensions

- (a) Defined contribution plan

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

- (b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount

of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds.

ii. Remeasurements arising on the defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as other equity.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense when it can no longer withdraw an offer of termination benefits or when it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(21) Employee share-based payment

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

B. Restricted stocks:

(a) The grant date of the employee stock option plan is determined as the date the Company notifies the employees of such plan.

(b) Restricted stocks issued to employees are measured at the fair value of the equity

instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

- (c) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
- (d) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the Company and the Company will redeem without consideration, in accordance with the terms of restricted stocks.

(22) Income taxes

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

(23) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(24) Dividends

The Company distributes dividends to shareholders, and the treatment is as follows: Cash dividends are classified as liabilities and are recognised in the financial statements once the distribution of cash dividends is resolved by the Board of Directors. In addition, stock dividends are classified as stock dividends to be distributed and are recognised in the financial statements upon approval by the shareholders, and stock dividends will be reclassified as common shares at the effective date of the issuance of new shares.

(25) Revenue recognition

Sales of goods

- A. The Company manufactures and sells high-speed analogue circuit products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the buyer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated business tax, sales returns and volume discounts. Products are often sold with volume discounts based on accumulated experience. A refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. No element of financing is deemed present as the control is transferred with a credit term of 30 to 60 days after delivery date, which is consistent with market practice.
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENT, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these financial statements does not require management to make critical judgements in applying the Company's accounting policies. The management makes critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Information on critical accounting estimates and assumptions uncertainty is as follows:

Critical accounting estimates and assumptions

The Company makes accounting estimates in applying reasonable expectation concerning future events. However, assumptions and estimates may differ from the actual results. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. As the technology rapidly changes, the life cycles of electronic products are short, and the inventory is easily affected by market price, there is a higher risk of inventory losing value or becoming obsolete. The Company reduces inventory cost to the net realisable value due to normal spoilage, obsolescence and inventory having no marketing value at the balance sheet date. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of June 30, 2024, the carrying amount of inventories was \$900,847.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand	\$ 90	\$ 90	\$ 90
Checking accounts and			
demand deposits	2,479,166	1,834,660	1,703,084
Time deposits	<u>10,780,000</u>	<u>396,000</u>	<u>396,000</u>
	<u>\$ 13,259,256</u>	<u>\$ 2,230,750</u>	<u>\$ 2,099,174</u>

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

B. The Company's restricted cash and cash equivalents were reclassified as other financial assets (shown as other non-current assets). Refer to Note 8 for more information.

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

Items	June 30, 2024	December 31, 2023	June 30, 2023
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Open-end fund	\$ 584,977	\$ 611,247	\$ 807,588
Valuation adjustments	11,272	10,343	9,604
	<u>\$ 596,249</u>	<u>\$ 621,590</u>	<u>\$ 817,192</u>

A. The Company recognised net gain (loss) amounting to \$3,668, \$1,792, (\$1,521) and \$3,525 on financial assets at fair value through profit or loss for the three months and six months ended June 30, 2024 and 2023, respectively.

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

(3) Accounts receivable

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable	\$ 1,526,448	\$ 930,369	\$ 914,625
Accounts receivable - related parties	143,032	133,358	79,311
Less: Allowance for uncollectible accounts	(145)	(145)	(145)
	<u>\$ 1,669,335</u>	<u>\$ 1,063,582</u>	<u>\$ 993,791</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
Not past due	\$ 1,667,271	\$ 1,062,085	\$ 971,703
Up to 90 days	2,209	1,642	22,233
	<u>\$ 1,669,480</u>	<u>\$ 1,063,727</u>	<u>\$ 993,936</u>

The above ageing analysis was based on past due date.

B. As of June 30, 2024, December 31, 2023, June 30, 2023 and January 1, 2023, the balances of receivables from contracts with customers amounted to \$1,669,480, \$1,063,727, \$993,936 and \$835,488, respectively.

C. No accounts receivable was pledged to others as collateral.

D. As of June 30, 2024, December 31, 2023 and June 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was \$1,669,335, \$1,063,582 and \$993,791, respectively.

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

(4) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials	\$ 200,847	\$ 56,422	\$ 171,845
Work in process	336,793	272,405	375,860
Finished goods	363,207	235,757	245,241
	<u>\$ 900,847</u>	<u>\$ 564,584</u>	<u>\$ 792,946</u>

The cost of inventories recognised as expense for the three months and six months ended June 30, 2024 and 2023 was \$1,009,922, \$746,920, \$1,804,605 and \$1,409,005, of which (\$3,000), \$21,000, (\$89,500) and \$81,000 pertain to the (recovery) decline in value of inventories for the three months and six months ended June 30, 2024 and 2023, respectively. The realizable value of inventory elevated which was accounted for as reduction of cost of goods sold because some inventories with allowance for valuation loss were sold during the three months and six months ended June 30, 2024 and 2023.

(5) Prepayments

	June 30, 2024	December 31, 2023	June 30, 2023
Advance payments for purchasing materials and production capacity	\$ -	\$ 81,538	\$ 505,094
Prepaid sales tax and others	64,191	31,636	45,854
	<u>\$ 64,191</u>	<u>\$ 113,174</u>	<u>\$ 550,948</u>

(6) Investments accounted for using equity method

	2024	2023
At January 1	\$ 13,657,281	\$ 10,488,290
Increase in investments accounted for using equity method	1,796,438	-
Share of profit or loss of investments accounted for using equity method	586,060	250,948
(Unrealised) realised sales profit	3,391	6,654
Changes in capital surplus	(378,612)	(11,087)
Changes in other equity items	1,175,522	866,202
At June 30	<u>\$ 16,840,080</u>	<u>\$ 11,601,007</u>

Associate

A. The basic information of the associate that is material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio (Note)			Nature of relationship	Method of measurement
		June 30, 2024	December 31, 2023	June 30, 2023		
WT MICROELECTRONICS CO., LTD.	Taiwan	16.91%	19.27%	19.29%	Has significant influence	Equity method

- (a) On April 21, 2020, the Company issued new shares in exchange for 22.39% equity interest in WT MICROELECTRONICS CO., LTD. and obtained significant influence over the associate. Refer to Note 6(16)6 for more details. Consequently, the Company recognised a gain arising from the bargain purchase transaction, which was determined based on a purchase price allocation report issued by an independent valuation company.
- (Note) WT MICROELECTRONICS CO., LTD. issued convertible bonds in the subsequent period which resulted in a change in ownership. The Company did not hold any convertible bonds.
- (b) The Company conducted a strategic cooperation with WT MICROELECTRONICS CO., LTD. to combine the strengths of both companies with the objective of enhancing the competitiveness of both parties, planning for next-generation high speed serial communication interface and custom-made chips as well as increasing its share in the PC market in China.
- B. The summarised financial information of the associate that is material to the Company is as follows:

Balance sheet

	WT MICROELECTRONICS CO., LTD.	
	June 30, 2024	June 30, 2023
Current assets	\$ 341,418,398	\$ 171,980,595
Non-current assets	59,468,970	20,585,530
Current liabilities	(215,583,338)	(121,567,231)
Non-current liabilities	(87,324,175)	(13,564,696)
Total net assets	<u>\$ 97,979,855</u>	<u>\$ 57,434,198</u>
Fair value adjustment of other intangible net assets and tangible net assets	(454,920)	(210,244)
Total net assets after adjustment	<u>\$ 97,524,935</u>	<u>\$ 57,223,954</u>
Share in associate's net assets	\$ 16,836,689	\$ 11,594,353
Realised sales profit	<u>3,391</u>	<u>6,654</u>
Carrying amount of the associate	<u>\$ 16,840,080</u>	<u>\$ 11,601,007</u>

Statement of comprehensive income

	WT MICROELECTRONICS CO., LTD.	
	Three months ended June 30	
	2024	2023
Revenue	\$ 243,647,108	\$ 117,459,847
Profit for the period from continuing operations	\$ 2,117,165	\$ 938,795
Other comprehensive income, net of tax	742,930	401,472
Total comprehensive income	<u>\$ 2,860,095</u>	<u>\$ 1,340,267</u>

	WT MICROELECTRONICS CO., LTD.	
	Six months ended June 30	
	2024	2023
Revenue	\$ 436,298,481	\$ 237,563,005
Profit for the period from continuing operations	\$ 3,672,330	\$ 1,617,130
Other comprehensive income, net of tax	5,771,339	4,496,926
Total comprehensive income	<u>\$ 9,443,669</u>	<u>\$ 6,114,056</u>

- C. The Company's material associate, WT MICROELECTRONICS CO., LTD., has quoted market prices. As of June 30, 2024 and 2023, the fair value was \$23,401,332 and \$11,628,000, respectively.
- D. The Company is the single largest shareholder of WT MICROELECTRONICS CO., LTD with 16.91% equity interest as of June 30, 2024. Given that WT MICROELECTRONICS CO., LTD.'s other large shareholders hold more shares than the Company, which indicates that the Company has no current ability to direct the relevant activities of WT MICROELECTRONICS CO., LTD., the Company has no control, but only has significant influence, over the investee.

E. The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarised below:

(a) The Company acquired a total of 30% equity in XINPAL PTE. LTD. for an amount of \$112,998 in cash on April 15, 2024 and June 5, 2024 , thereby gaining significant influence over the company.

(b) As of June 30, 2024 , the carrying amount of the Company's individually immaterial associates amounted to \$108, 800.

	Six months ended June 30, 2024	Six months ended June 30, 2023
Total comprehensive loss	\$ 4,207	\$ -

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

Items	June 30, 2024	December 31, 2023	June 30, 2023
Equity instruments			
Listed stocks	\$ 477,400	\$ 499,000	\$ 499,000
Unlisted stocks	329,000	289,000	289,000
Valuation adjustment	36,801	79,927	(19,920)
	<u>\$ 843,201</u>	<u>\$ 867,927</u>	<u>\$ 768,080</u>

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$843,201, \$867,927 and \$768,080 as at June 30, 2024, December 31, 2023 and June 30, 2023, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Three months ended June 30	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 54,684	\$ 20,061
Cumulative gains reclassified to retained earnings due to derecognition	\$ -	\$ -
	Six months ended June 30	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 50,185	\$ 55,735
Cumulative gains reclassified to retained earnings due to derecognition	(\$ 93,311)	\$ -

(8) Property, plant and equipment

	Instruments and equipment	Office equipment	Leasehold improvements	Total
<u>At January 1, 2024</u>				
Cost	\$ 1,011,853	\$ 24,958	\$ 3,608	\$ 1,040,419
Accumulated depreciation and impairment	(458,415)	(9,024)	(2,226)	(469,665)
	<u>\$ 553,438</u>	<u>\$ 15,934</u>	<u>\$ 1,382</u>	<u>\$ 570,754</u>
<u>2024</u>				
Opening net book amount as at January 1	\$ 553,438	\$ 15,934	\$ 1,382	570,754
Additions	103,697	668	-	104,365
Depreciation charge	(151,608)	(1,718)	(151)	(153,477)
Closing net book amount as at June 30	<u>\$ 505,527</u>	<u>\$ 14,884</u>	<u>\$ 1,231</u>	<u>\$ 521,642</u>
<u>At June 30, 2024</u>				
Cost	\$ 1,097,791	\$ 20,986	\$ 1,810	\$ 1,120,587
Accumulated depreciation and impairment	(592,264)	(6,102)	(579)	(598,945)
	<u>\$ 505,527</u>	<u>\$ 14,884</u>	<u>\$ 1,231</u>	<u>\$ 521,642</u>
	Instruments and equipment	Office equipment	Leasehold improvements	Total
<u>At January 1, 2023</u>				
Cost	\$ 819,804	\$ 24,561	\$ 10,601	\$ 854,966
Accumulated depreciation and impairment	(338,333)	(10,327)	(8,369)	(357,029)
	<u>\$ 481,471</u>	<u>\$ 14,234</u>	<u>\$ 2,232</u>	<u>\$ 497,937</u>
<u>2023</u>				
Opening net book amount as at January 1	\$ 481,471	\$ 14,234	\$ 2,232	\$ 497,937
Additions	136,789	4,950	-	141,739
Depreciation charge	(125,318)	(1,852)	(480)	(127,650)
Closing net book amount as at June 30	<u>\$ 492,942</u>	<u>\$ 17,332</u>	<u>\$ 1,752</u>	<u>\$ 512,026</u>
<u>At June 30, 2023</u>				
Cost	\$ 956,593	\$ 29,511	\$ 10,601	\$ 996,705
Accumulated depreciation and impairment	(463,651)	(12,179)	(8,849)	(484,679)
	<u>\$ 492,942</u>	<u>\$ 17,332</u>	<u>\$ 1,752</u>	<u>\$ 512,026</u>

The significant components of instruments and equipment include reticle masks and analytical

instruments, which are depreciated over 2 and 2~5 years, respectively.

(9) Leasing arrangements - lessee

- A. The Company leases various assets including office spaces, vehicles and parking lots in buildings. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise warehouses and parking lots. On June 30, 2024 and 2023, payments of lease commitments for short-term leases amounted to \$1,264 and \$1,253, respectively.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 29,526	\$ 38,737	\$ 48,884
Transportation equipment (Business vehicles)	10,183	5,620	8,555
	<u>\$ 39,709</u>	<u>\$ 44,357</u>	<u>\$ 57,439</u>

	<u>Three months ended June 30</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 5,159	\$ 4,850
Transportation equipment (Business vehicles)	1,558	1,718
	<u>\$ 6,717</u>	<u>\$ 6,568</u>

	<u>Six months ended June 30</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 10,232	\$ 9,590
Transportation equipment (Business vehicles)	2,836	3,362
	<u>\$ 13,068</u>	<u>\$ 12,952</u>

- D. For the three months and six months ended June 30, 2024 and 2023, the additions to right-of-use assets were \$0, \$5,917, \$8,420 and \$8,646, respectively.

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

	Three months ended June 30	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 308	\$ 390
Expense on short-term lease contracts	657	615
Gain on lease modification	- (7)	
	Six months ended June 30	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 652	\$ 795
Expense on short-term lease contracts	1,264	1,253
Gain on lease modification	- (7)	

F. For the six months ended June 30, 2024 and 2023, the Company's total cash outflow for leases were \$15,184 and \$14,764, respectively.

(10) Intangible assets

	Technical licencing fee	Software	Total
<u>At January 1, 2024</u>			
Cost	\$ -	\$ 239,638	\$ 239,638
Accumulated amortisation and impairment	- (171,206)	(171,206)	(171,206)
	<u>\$ -</u>	<u>\$ 68,432</u>	<u>\$ 68,432</u>
<u>2024</u>			
Opening net book amount as at January 1	\$ -	\$ 68,432	\$ 68,432
Additions	-	6,521	6,521
Amortisation charge	- (39,192)	(39,192)	(39,192)
Closing net book amount as at June 30	<u>\$ -</u>	<u>\$ 35,761</u>	<u>\$ 35,761</u>
<u>At June 30, 2024</u>			
Cost	\$ -	\$ 236,378	\$ 236,378
Accumulated amortisation and impairment	- (200,617)	(200,617)	(200,617)
	<u>\$ -</u>	<u>\$ 35,761</u>	<u>\$ 35,761</u>

	Technical licencing fee	Software	Total
<u>At January 1, 2023</u>			
Cost	\$ 99,249	\$ 289,773	\$ 389,022
Accumulated amortisation and impairment	(98,245)	(155,375)	(253,620)
	<u>\$ 1,004</u>	<u>\$ 134,398</u>	<u>\$ 135,402</u>
<u>2023</u>			
Opening net book amount as at January 1	\$ 1,004	\$ 134,398	\$ 135,402
Additions	-	820	820
Amortisation charge	(1,004)	(39,061)	(40,065)
Closing net book amount as at June 30	<u>\$ -</u>	<u>\$ 96,157</u>	<u>\$ 96,157</u>
<u>At June 30, 2023</u>			
Cost	\$ 99,249	\$ 290,593	\$ 389,842
Accumulated amortisation and impairment	(99,249)	(194,436)	(293,685)
	<u>\$ -</u>	<u>\$ 96,157</u>	<u>\$ 96,157</u>

- A. Technical licencing fee pertains to expenses in relation to technology licencing process required for research and development.
- B. Software mainly refers to electronic design automation software for research and development.
- C. Details of amortisation charges on intangible assets are as follows:

	Three months ended June 30	
	2024	2023
Selling expenses	\$ -	\$ 19
Administrative expenses	88	476
Research and development expenses	19,510	18,931
	<u>\$ 19,598</u>	<u>\$ 19,426</u>
	Six months ended June 30	
	2024	2023
Selling expenses	\$ 13	\$ 38
Administrative expenses	110	952
Research and development expenses	39,069	39,075
	<u>\$ 39,192</u>	<u>\$ 40,065</u>

(11) Other non-current assets

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Prepayments for investments	\$ -	\$ 1,683,440	\$ -
Others	26,046	20,721	25,855
	<u>\$ 26,046</u>	<u>\$ 1,704,161</u>	<u>\$ 25,855</u>

On December 20, 2023, the Board of Directors resolved to participate in the capital increase of the Company's associate, WT MICROELECTRONICS CO., LTD., in line with the long-term investment plan of the Company. The Company subscribed 17,720 thousand shares at the subscription price of \$95 (in dollars) per share.

The investment totaling \$1,683,440 had been paid before December 31, 2023 and was recorded as prepayments for investments under other non-current assets as the effective date of the capital increase had been set on January 9, 2024. The Company participated in the capital increase of WT MICROELECTRONICS CO., LTD. and accordingly, the shareholder subscription ratio decreased from 19.27% to 18.45%.

The prepayments for investments were classified as investments accounted for using equity method on January 9, 2024.

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate</u>	<u>Collateral</u>
Bank borrowings-unsecured borrowings	<u>\$ 300,000</u>	1.85%	None

Interest expense recognised in profit or loss amounted to \$0, \$509, \$274 and \$4,518 for the three months and six months ended June 30, 2024 and 2023, respectively.

(13) Other payables

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Dividends payable (Note)	\$ 1,387,270	\$ -	\$ 1,387,295
Accrued employees' compensation and directors' remuneration	311,843	358,637	262,694
Salary and bonus payable	458,902	516,067	339,677
Accrued payment for intangible assets payable	17,303	12,538	38,403
Payable on property, plant and equipment	20,442	662	12,798
Insurance payable	15,380	21,252	14,078
Others	41,157	50,427	40,946
	<u>\$ 2,252,297</u>	<u>\$ 959,583</u>	<u>\$ 2,095,891</u>

Note: The amount of dividends payable which belongs to related parties is described in Note 7(3).

(14) Pensions

A. Defined benefit plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement.

The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

- (b) For the aforementioned pension plan, the Company did not recognise pension costs for the three months and six months ended June 30, 2024 and 2023.
- (c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$0.

B. Defined contribution plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount of at least 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plan of the Company for the three months and six months ended June 30, 2024 and 2023 were \$5,203, \$4,761, \$10,358 and \$9,488 respectively.

(15) Share-based payments

- A. The Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Restricted stocks to employees (Note 1)	2020.3.19	185 (stock in thousands)	3 years	Upon satisfaction of service and performance conditions (Note 2)
Restricted stocks to employees (Note 1)	2022.9.15	150 (stock in thousands)	3 years	Upon satisfaction of service and performance conditions (Note 2)

Note 1: The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are required to return the stocks but not required to return the dividends received if they resign during the vesting period.

Note 2: The maximum vesting percentage for the employee who has one, two and three years' service with the Company since the grant of restricted stocks and has achieved the performance targets set by the Company with respect to the Company's overall operating results and personal performance is 30%, 70% and 100%, respectively.

B. Details of the share-based payment arrangements are as follows:

	2024	2023
	Quantity of stocks (stock in thousands)	Quantity of stocks (stock in thousands)
Restricted stocks at January 1	104	327
Retirement of restricted stocks	(1)	-
Restricted stocks at June 30	103	327

C. The fair value of stock options granted on grant date is measured based on the stock price on the grant date less the exercise price. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected option life	Fair value per unit (in dollars)
Restricted stocks to employees	2020.3.19	\$ 617.00	-	3 years	\$ 617.00
Restricted stocks to employees	2022.9.15	821.00	-	3 years	821.00

D. Expenses incurred on share-based payment transactions are shown below:

	Three months ended June 30	
	2024	2023
Equity-settled	\$ 6,629	\$ 14,438
	Six months ended June 30	
	2024	2023
Equity-settled	\$ 13,258	\$ 31,132

(16) Current refund liability

	Six months ended June 30, 2024		
	<u>Related parties</u>	<u>Non-related parties</u>	<u>Total</u>
At January 1, 2024	\$ 116,849	\$ 144,999	\$ 261,848
Provisions for this period (Reversal)	57,553	489,845	547,398
Current billing request	(19,945)	(104,185)	(124,130)
Exchange differences	6,280	11,253	17,533
At June 30, 2024	<u>\$ 160,737</u>	<u>\$ 541,912</u>	<u>\$ 702,649</u>

	Year ended December 31, 2023		
	<u>Related parties</u>	<u>Non-related parties</u>	<u>Total</u>
At January 1, 2023	\$ 31,660	\$ 25,786	\$ 57,446
Provisions for this period (Reversal)	109,707	173,122	282,829
Current billing request	(21,995)	(50,710)	(72,705)
Exchange differences	(2,523)	(3,199)	(5,722)
At December 31, 2023	<u>\$ 116,849</u>	<u>\$ 144,999</u>	<u>\$ 261,848</u>

	Six months ended June 30, 2023		
	<u>Related parties</u>	<u>Non-related parties</u>	<u>Total</u>
At January 1, 2023	\$ 31,660	\$ 25,786	\$ 57,446
Provisions for this period (Reversal)	60,865	39,245	100,110
Current billing request	(14,572)	(17,088)	(31,660)
Exchange differences	481	795	1,276
At June 30, 2024	<u>\$ 78,434</u>	<u>\$ 48,738</u>	<u>\$ 127,172</u>

The Company recognises refund liabilities on products sold. Refund liabilities are estimated based on these products' historical data and other known factors. A provision is recognised as current when it is expected to be used in one year.

(17) Share capital

- A. As of June 30, 2024, the Company's authorised capital was \$1,200,000, consisting of 120,000,000 shares of ordinary stock (including 2,500,000 shares reserved for employee stock options), and the paid-in capital was \$746,624 with a par value of \$10 (in dollars) per share. Proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (unit: stock in thousands):

	2024	2023
At January 1	69,364	69,365
Issuance of new shares arising from global depositary receipt	5,300	-
Retirement of restricted stocks	(1)	-
At June 30	<u>74,663</u>	<u>69,365</u>

- B. In order to reward employees who stay with the Company and have a good performance, the shareholders during their meeting on June 13, 2019 adopted a resolution to issue employee restricted ordinary shares without consideration of 350 thousand shares with a par value of \$10 (in dollars) per share. The issuance has been approved to be effective on September 18, 2019 by the Financial Supervisory Commission. On February 21, 2020, the Board of Directors has approved to issue the first employee restricted shares of 185 thousand shares with the effective date set on April 22, 2020. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.
- C. In order to reward employees who stay with the Company and have a good performance, the shareholders during their meeting on July 23, 2021 adopted a resolution to issue employee restricted ordinary shares without consideration of 150 thousand shares with a par value of \$10 (in dollars) per share. The issuance has been approved to be effective on October 13, 2021 by the Financial Supervisory Commission. On August 8, 2022, the Board of Directors has approved to issue the employee restricted shares of 150 thousand shares with the effective date set on September 15, 2022. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.
- D. In order to reward employees who stay with the Company and have a good performance, the shareholders during their meeting on June 16, 2023 adopted a resolution to issue employee restricted ordinary shares without consideration of 250 thousand shares with a par value of \$10 (in dollars) per share. The issuance has been approved to be effective on October 27, 2023 by the Financial Supervisory Commission. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.
- E. On February 21, 2020, the Company entered into a stock exchange contract and increased capital by issuing 9 million ordinary shares to exchange for 171 million shares of WT MICROELECTRONICS CO., LTD. The transaction was approved by the Financial Supervisory Committee on April 17, 2020, and the effective date was set on April 21, 2020. In addition, when both parties agree to the following changes in ownership interest, they shall notify the counterparty of the trading conditions in writing:
- (a) If any party intends to reissue shares of the counterparty, or set pledges, mortgages or other

burdens on shares of the counterparty, or otherwise dispose shares of the counterparty.

- (b) If any party intends to acquire shares of the counterparty through purchase from the market or other methods.

F. Global Depositary Receipt

On April 24, 2024, the Board of Directors of the Company resolved to increase capital by issuing global depository receipts in order to meet the capital requirements for the acquisition of machinery equipment and software, research and development capital expenditures, research and development expenses and purchase of raw materials denominated in foreign currency. The capital increase was approved by the Financial Supervisory Commission on May 21, 2024. The Company issued the global depository receipts at the Luxembourg Stock Exchange amounting to 5,300 thousand units, at a price of US\$62.21 (in dollars) per unit, on May 31, 2024, which comprised 5,300 thousand common shares. The issuance amount, net of cost of issuance, was US\$326,086 thousand (NT\$10,553,731 thousand), and each unit presents 1 share of the Company's common share.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital, and appropriate or reverse a special reserve as required by the operating needs of the Company or regulations when necessary. The remainder, if any, along with beginning unappropriated earnings comprise the accumulated distributable earnings which shall be proposed by the Board of Directors and resolved by the shareholders at the shareholders' meeting if earnings are distributed by issuing new shares.

If the Company distributes dividends and bonus or all or part of legal reserve and capital surplus in the form of cash, the resolution will be adopted if more than 2/3 of the directors attend the Board of Directors' meeting and more than 1/2 of the directors present agree which will then be reported to the shareholders.

B. The Company's dividend policy is to retain or distribute earnings in the form of shares or in cash taking into consideration the Company's financial structure, operating results as well as shareholders' benefits, balanced dividends. Expected share dividends shall be maintained between 10% and 1% of the current distributable earnings. However, cash dividends shall

account for at least 10% of the total dividends.

Qualified employees, including the employees of subsidiaries of the Company meeting certain specific requirements, are entitled to receive shares or bonus. Qualification requirements are set by the Board of Directors.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. On June 18, 2024 and on June 16, 2023, the shareholders during their meeting approved the appropriations of 2023 and 2022 earnings, respectively.. Details are as follows:

	<u>Year ended December 31, 2023</u>		<u>Year ended December 31, 2022</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve appropriated	\$ 223,957		\$ 262,842	
Cash dividends distributed to shareholders	1,387,270	\$ 20.00	1,387,295	\$ 20.00

(20) Operating revenue

	<u>Three months ended June 30</u>	
	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers (IC products)	\$ 2,106,353	\$ 1,557,585
	<u>Six months ended June 30</u>	
	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers (IC products)	\$ 4,054,546	\$ 2,956,403

- A. The Company derives revenue from the transfer of goods at a point in time. The major products were the high speed analog circuit and related products.

<u>Three months ended June 30, 2024</u>	<u>High speed interface controller</u>	<u>High speed device controller</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 1,760,235</u>	<u>\$ 346,118</u>	<u>\$ 2,106,353</u>
Timing of revenue recognition			
At a point in time	<u>\$ 1,760,235</u>	<u>\$ 346,118</u>	<u>\$ 2,106,353</u>
 <u>Three months ended June 30, 2023</u>	 <u>High speed interface controller</u>	 <u>High speed device controller</u>	 <u>Total</u>
Revenue from external customer contracts	<u>\$ 1,241,534</u>	<u>\$ 316,051</u>	<u>\$ 1,557,585</u>
Timing of revenue recognition			
At a point in time	<u>\$ 1,241,534</u>	<u>\$ 316,051</u>	<u>\$ 1,557,585</u>
 <u>Six months ended June 30, 2024</u>	 <u>High speed interface controller</u>	 <u>High speed device controller</u>	 <u>Total</u>
Revenue from external customer contracts	<u>\$ 3,367,041</u>	<u>\$ 687,505</u>	<u>\$ 4,054,546</u>
Timing of revenue recognition			
At a point in time	<u>\$ 3,367,041</u>	<u>\$ 687,505</u>	<u>\$ 4,054,546</u>
 <u>Six months ended June 30, 2023</u>	 <u>High speed interface controller</u>	 <u>High speed device controller</u>	 <u>Total</u>
Revenue from external customer contracts	<u>\$ 2,325,668</u>	<u>\$ 630,735</u>	<u>\$ 2,956,403</u>
Timing of revenue recognition			
At a point in time	<u>\$ 2,325,668</u>	<u>\$ 630,735</u>	<u>\$ 2,956,403</u>

B. Contract liabilities

- (a) As of June 30, 2024, December 31, 2023, June 30, 2023 and January 1, 2023, the Company recognised contract liabilities arising from sales revenue from contracts with customers amounting to \$2,963, \$2,065, \$19,446 and \$29,158, respectively.
- (b) Revenue recognised that was included in the contract liability balance at the beginning of the period.

	Three months ended June 30	
	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 2	\$ -
	Six months ended June 30	
	2024	2023
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 2,065	\$ 29,158

(21) Interest income

	Three months ended June 30	
	2024	2023
Interest income from bank deposits	\$ 56,956	\$ 12,817
Other interest income	40	51
	<u>\$ 56,996</u>	<u>\$ 12,868</u>
	Six months ended June 30	
	2024	2023
Interest income from bank deposits	\$ 59,412	\$ 15,535
Other interest income	79	98
	<u>\$ 59,491</u>	<u>\$ 15,633</u>

(22) Other gains and losses

	Three months ended June 30	
	2024	2023
Net currency exchange gains	\$ 36,994	\$ 30,009
Net gains on financial assets at fair value through profit or loss	2,049	1,792
	<u>\$ 39,043</u>	<u>\$ 31,801</u>
	Six months ended June 30	
	2024	2023
Net currency exchange gains	\$ 93,756	\$ 18,815
Net gains on financial assets at fair value through profit or loss	4,197	3,525
	<u>\$ 97,953</u>	<u>\$ 22,340</u>

(23) Finance costs

	Three months ended June 30	
	2024	2023
Interest expense	\$ 308	\$ 899

	Six months ended June 30	
	2024	2023
Interest expense	\$ 926	\$ 5,313

(24) Expenses classified based on nature

	Three months ended June 30, 2024		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	\$ 18,893	\$ 295,600	\$ 314,493
Depreciation	\$ 5,123	\$ 76,549	\$ 81,672
Amortisation	\$ -	\$ 19,598	\$ 19,598

	Three months ended June 30, 2023		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	\$ 14,060	\$ 249,419	\$ 263,479
Depreciation	\$ 6,717	\$ 65,215	\$ 71,932
Amortisation	\$ -	\$ 19,426	\$ 19,426

	Six months ended June 30, 2024		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	\$ 39,086	\$ 606,513	\$ 645,599
Depreciation	\$ 11,328	\$ 155,217	\$ 166,545
Amortisation	\$ -	\$ 39,192	\$ 39,192

	Six months ended June 30, 2023		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	\$ 26,052	\$ 479,589	\$ 505,641
Depreciation	\$ 13,460	\$ 127,142	\$ 140,602
Amortisation	\$ -	\$ 40,065	\$ 40,065

(25) Employee benefit expense

	Three months ended June 30	
	2024	2023
Salary expenses	\$ 293,583	\$ 245,498
Labour and health insurance fees	9,143	10,580
Pension costs	5,203	4,761
Other personnel expenses	6,564	2,640
	<u>\$ 314,493</u>	<u>\$ 263,479</u>
	Six months ended June 30	
	2024	2023
Salary expenses	\$ 603,764	\$ 463,288
Labour and health insurance fees	20,443	20,635
Pension costs	10,358	9,488
Other personnel expenses	11,034	12,230
	<u>\$ 645,599</u>	<u>\$ 505,641</u>

- A. According to the Articles of Incorporation of the Company, a percentage of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The percentage shall not be lower than 1% for employees' compensation and shall not be higher than 1% for directors' remuneration. If a company has accumulated deficit, earnings should be reserved to cover losses. Aforementioned profit distributable as employees' compensation can be distributed in the form of shares or in cash. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements.
- B. For the three months and six months ended June 30, 2024 and 2023, employees' compensation was accrued at \$68,471, \$37,259, \$132,511 and \$64,254, respectively; directors' remuneration was accrued at \$3,424, \$1,863, \$6,626 and \$3,213, respectively. The aforementioned amounts were recognised in salary expenses.
- Employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 financial statements. Abovementioned employees' compensation will be distributed in the form of cash.
- Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

		Three months ended June 30	
		2024	2023
Current tax:			
Current tax on profits for the period	\$	196,757	\$ 76,093
Tax on undistributed surplus earnings		31,417	48,914
Prior year income tax overestimation	(29,457)	(21,096)
Total current tax		<u>198,717</u>	<u>103,911</u>
Deferred tax:			
Origination and reversal of temporary differences	(56,629)	(6,109)
Income tax expense	\$	<u>142,088</u>	<u>\$ 97,802</u>
		Six months ended June 30	
		2024	2023
Current tax:			
Current tax on profits for the period	\$	332,128	\$ 143,218
Tax on undistributed surplus earnings		31,417	48,914
Prior year income tax overestimation	(29,457)	(21,096)
Total current tax		<u>334,088</u>	<u>171,036</u>
Deferred tax:			
Origination and reversal of temporary differences	(61,550)	(22,947)
Income tax expense	\$	<u>272,538</u>	<u>\$ 148,089</u>

B. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(27) Earnings per share

Three months ended June 30, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 935,753	71,006	\$ 13.18
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 935,753	71,006	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	29	
Restricted stocks	-	326	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 935,753	71,361	\$ 13.11
Three months ended June 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 490,021	69,201	\$ 7.08
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 490,021	69,201	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	35	
Restricted stocks	-	267	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 490,021	69,503	\$ 7.05

Six months ended June 30, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 1,821,508	70,133	\$ 25.97
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 1,821,508	70,133	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	105	
Restricted stocks	-	327	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 1,821,508	70,565	\$ 25.81
Six months ended June 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 879,351	69,182	\$ 12.71
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 879,351	69,182	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	132	
Restricted stocks	-	267	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 879,351	69,581	\$ 12.64

(28) Supplemental cash flow information

A. Investing activities with partial cash payments

	Six months ended June 30	
	2024	2023
Purchase of property, plant and equipment	\$ 104,365	\$ 141,739
Add: Opening balance of payable on equipment	662	15,823
Less: Ending balance of payable on equipment	(20,442)	(12,798)
Cash paid during the period	<u>\$ 84,585</u>	<u>\$ 144,764</u>

	Six months ended June 30	
	2024	2023
Purchase of intangible assets	\$ 6,521	\$ 820
Add: Opening balance of other payables	12,538	75,969
Less: Ending balance of other payables	(17,303)	(38,403)
Cash paid during the period	<u>\$ 1,756</u>	<u>\$ 38,386</u>

B. Financing activities with no cash flow effects

	Six months ended June 30	
	2024	2023
Cash dividends declared but yet to be paid	<u>\$ 1,387,270</u>	<u>\$ 1,387,295</u>

(29) Changes in liabilities from financing activities

	2024			
	Principal of lease liabilities	Short-term borrowings	Cash dividends payable	Liabilities from financing activities
At January 1	\$ 45,462	\$ 300,000	\$ -	\$ 345,462
Changes in cash flow from financing activities	(13,269)	(300,000)	-	(313,269)
Changes in other non-cash items	8,420	-	1,387,270	1,395,690
At June 30	<u>\$ 40,613</u>	<u>\$ -</u>	<u>\$ 1,387,270</u>	<u>\$ 1,427,883</u>
	2023			
	Principal of lease liabilities	Short-term borrowings	Cash dividends payable	Liabilities from financing activities
At January 1	\$ 63,612	\$ 1,100,000	\$ -	\$ 1,163,612
Changes in cash flow from financing activities	(12,716)	(1,100,000)	-	(1,112,716)
Changes in other non-cash items	7,152	-	1,387,295	1,394,447
At June 30	<u>\$ 58,048</u>	<u>\$ -</u>	<u>\$ 1,387,295</u>	<u>\$ 1,445,343</u>

7. RELATED PARTY TRANSACTIONS(1) Parent and ultimate controlling party

The Company is controlled by ASUSTEK COMPUTER INC. (incorporated in Taiwan) which directly and indirectly holds 42.62% equity interest in the Company and is the ultimate parent of the Company.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
ASUSTEK COMPUTER INCORPORATION (ASUS)	Ultimate parent company
ASUS TECHNOLOGY INCORPORATION (ASUTC)	Affiliate company
HUA-CHENG VENTURE CAPITAL CORP. (HCVC)	"
HUA-MIN INVESTMENT CO., LTD. (HMI)	"
ASUSTEK COMPUTER (SHANGHAI) CO., LTD. (ACSH)	Associate
WT MICROELECTRONICS CO., LTD. (WT)	"
XINPAL PTE.LTD(XINPAL)	" (Note)

Note: The Company has significant influence over the company since April 15, 2024, therefore, it disclosed the transaction amount for the period from April 15, 2024 to June 30, 2024.

(3) Significant related party transactions

A. Operating revenue

		Three months ended June 30	
		2024	2023
Sales of goods:			
Ultimate parent company	\$	89,692	\$ 85,802
Associates-WT		135,637	112,564
	\$	<u>225,329</u>	<u>\$ 198,366</u>
		Six months ended June 30	
		2024	2023
Sales of goods:			
Ultimate parent company	\$	188,000	\$ 249,119
Associates-WT		324,357	260,891
	\$	<u>512,357</u>	<u>\$ 510,010</u>

The prices of sales to related parties were approximately the same with third parties. The credit term was 30 days from the first day of the month following the month of sale and was approximately the same with third parties.

B. Service fees (shown as ‘operating cost and operating expenses’)

		Three months ended June 30	
		2024	2023
Ultimate parent company and its subsidiaries	\$	774	\$ 601
Associates		1,100	980
	\$	<u>1,874</u>	<u>\$ 1,581</u>
		Six months ended June 30	
		2024	2023
Ultimate parent company and its subsidiaries	\$	867	\$ 1,018
Associates		2,386	2,655
	\$	<u>3,253</u>	<u>\$ 3,673</u>

Related parties provided management services to the research segment of the Company and charged a fee based on mutual agreement. The Company paid monthly expenses to related parties based on the contract.

C. Receivables from related parties

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Accounts receivable:			
Ultimate parent company	\$ 63,989	\$ 75,564	\$ 50,447
Associates-WT	<u>79,043</u>	<u>57,794</u>	<u>28,864</u>
	<u>143,032</u>	<u>133,358</u>	<u>79,311</u>
Other receivable - dividends			
Associates-WT	-	-	16,000
Other receivable - others			
Associates	<u>-</u>	<u>-</u>	<u>37</u>
	<u>-</u>	<u>-</u>	<u>16,037</u>
	<u>\$ 143,032</u>	<u>\$ 133,358</u>	<u>\$ 95,348</u>

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest.

D. Payables to related parties and refund liabilities-current

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Other payables (Note 1):			
Ultimate parent company	\$ 561	\$ 533	\$ 393
Associates			
- ACSH	734	693	324
- Others	<u>-</u>	<u>107</u>	<u>-</u>
	<u>\$ 1,295</u>	<u>\$ 1,333</u>	<u>\$ 717</u>
Refund liabilities-current (Note 2):			
Ultimate parent company	\$ 144,407	\$ 106,410	\$ 63,444
Associates-WT	<u>16,329</u>	<u>10,439</u>	<u>14,990</u>
	<u>\$ 160,736</u>	<u>\$ 116,849</u>	<u>\$ 78,434</u>

(Note 1) Payables to related parties mainly arose from purchase of miscellaneous equipment by related parties on behalf of the Company. The payables bear no interest.

(Note 2) Refund liabilities mainly pertain to liabilities from sales returns and discounts.

E. Property transactions

Acquisition of financial assets:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Prepayments of investment			
Associates-WT	<u>\$ -</u>	<u>\$ 1,683,440</u>	<u>\$ -</u>

Refer to Note 6(11) for more information.

<u>Six months ended June 30, 2024</u>				
	<u>Accounts</u>	<u>No. of shares (thousands)</u>	<u>Objects</u>	<u>Consideration</u>
Associates-Xinpal	Investments accounted for using equity method	37,500	Stock	<u>\$ 112,998</u>

F. Dividends payable (shown as ‘Other payables’)

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Other payables:			
Ultimate parent company	\$ 489,153	\$ -	\$ 489,153
Affiliate companies			
- HCVC	98,360	-	98,360
- HMI	47,993	-	47,993
Associates			
- WT	180,000	-	180,000
	<u>\$ 815,506</u>	<u>\$ -</u>	<u>\$ 815,506</u>

G. Prepayments to related parties

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Ultimate parent company	<u>\$ 1,333</u>	<u>\$ -</u>	<u>\$ 1,091</u>

(4) Key management compensation

	Three months ended June 30	
	2024	2023
Salaries and other short-term employee benefits	\$ 67,268	\$ 44,821
Post-employment benefits	108	108
	<u>\$ 67,376</u>	<u>\$ 44,929</u>
	Six months ended June 30	
	2024	2023
Salaries and other short-term employee benefits	\$ 135,372	\$ 79,626
Post-employment benefits	216	216
	<u>\$ 135,588</u>	<u>\$ 79,842</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	June 30, 2024	December 31, 2023	June 30, 2023	
Pledged time deposits (shown as 'other non-current assets')	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>	Customs duty guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

As of June 30, 2024 and 2023, the outstanding amounts due for the purchase of instruments and equipment payable within one year were \$1,462 and \$39,365, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objective is to safeguard the Company's ability to continue as a going concern and growth and to provide sufficient returns to shareholders through maintaining an optimal capital structure to reduce the cost of capital. The Company's capital structure management strategy is based on the Company's industrial scale, future growth ability of the industry, product development plans, projected production capacity and capital expenditure requirements. A comprehensive plan is then

made based on the above to determine the adequate capital structure of the Company.

The management reviews the Company's capital structure periodically and considers the costs and risks involved for a particular capital structure. Generally, the Company adopts a prudent risk management strategy.

(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 596,249	\$ 621,590	\$ 817,192
Financial assets at fair value through other comprehensive income	843,201	867,927	768,080
Financial assets at amortised cost			
Cash and cash equivalents	13,259,256	2,230,750	2,099,174
Accounts receivable (including related parties)	1,669,335	1,063,582	993,791
Other receivables	37,988	1,220	16,717
Guarantee deposits paid (shown as 'other non-current assets')	14,966	9,641	14,775
Pledged time deposits (shown as 'other non-current assets')	3,000	3,000	3,000
	<u>\$ 16,423,995</u>	<u>\$ 4,797,710</u>	<u>\$ 4,712,729</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ -	\$ 300,000	\$ -
Accounts payable	228,413	263,785	216,714
Other payables (including related parties)	2,252,297	959,583	2,095,891
Other current liabilities	14,604	2,125	1,693
	<u>\$ 2,495,314</u>	<u>\$ 1,525,493</u>	<u>\$ 2,314,298</u>
Lease liabilities	<u>\$ 40,614</u>	<u>\$ 45,462</u>	<u>\$ 58,048</u>

B. Financial risk management policies

- The Company has adopted adequate risk management and control system to identify, evaluate and control all risks including market risk, credit risk, liquidity risks and cash flow risks in order for the management to control and evaluate these risks effectively.
- The financial segment manager assesses the risk control periodically and reports to the Board of Directors any unusual or significant risks identified.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require the company to manage its foreign exchange risk against its functional currency. The Company is required to hedge its entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. Sensitivity analysis of foreign exchange risk was calculated for significant foreign currency items as of June 30, 2024, December 31, 2023 and June 30, 2023. If NTD had appreciated or depreciated by 1% to USD, net income would have decreased/increased by \$121,049 and \$13,378 for the six months ended June 30, 2024 and 2023, respectively. If NTD had appreciated or depreciated by 1% to RMB, net income would have decreased/increased by \$1,921 and \$1,529 for the six months ended June 30, 2024 and 2023, respectively.
- iv. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	June 30, 2024		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 377,487	32.45	\$ 12,249,453
RMB:NTD	43,204	4.45	192,070
<u>Non-Monetary items</u>			
USD:NTD	\$ 3,500	32.45	\$ 108,800
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 4,454	32.45	\$ 144,532

December 31, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 46,076	30.71	\$ 1,414,764
RMB:NTD	36,040	4.33	155,921
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 2,692	30.71	\$ 82,658

June 30, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 48,284	31.14	\$ 1,503,564
RMB:NTD	35,712	4.28	152,910
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 5,324	31.14	\$ 165,789

- v. The total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the three months and six months ended June 30, 2024 and 2023 amounted to \$36,994, \$30,009, \$93,756 and \$18,815, respectively.

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to

the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the six months ended June 30, 2024 and 2023 would have increased/decreased by \$5,962 and \$8,172, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$8,432 and \$7,681, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for each of the new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- iii. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The default occurs when the contract payments are past due over 90 days.

- v. The Company classifies customer's accounts receivable, which are all with good credit rating, into the same group. The Company uses the forecast ability adjusting historical and timely information to develop a loss rate of 0.03%, which is used to assess the default possibility of accounts receivable. As of June 30, 2024, December 31, 2023 and June 30, 2023, concentrations of credit risk are as follows:

	<u>Client A</u>	<u>Client B</u>	<u>Others</u>	<u>Total</u>
<u>At June 30, 2024</u>				
Expected loss rate	0.03%	0.03%	0.03%	
Total book value	\$ 1,271,466	\$ 141,212	\$ 256,802	\$ 1,669,480
Loss allowance	\$ -	\$ -	(\$ 145)	(\$ 145)

<u>At December 31, 2023</u>				
Expected loss rate	0.03%	0.03%	0.03%	
Total book value	\$ 603,620	\$ 184,621	\$ 275,486	\$ 1,063,727
Loss allowance	\$ -	\$ -	(\$ 145)	(\$ 145)

<u>At June 30, 2023</u>				
Expected loss rate	0.03%	0.03%	0.03%	
Total book value	\$ 689,183	\$ 20,711	\$ 284,043	\$ 993,937
Loss allowance	\$ -	\$ -	(\$ 145)	(\$ 145)

- vi. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2024</u>	<u>2023</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1 and June 30	(\$ 145)	(\$ 145)

(c) Liquidity risk

- Cash flow forecasting is performed and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- Surplus cash held by the operating entities over and above the balance required for working capital management are invested in interest bearing current accounts, time deposits, and marketable securities. The Company chooses instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Company held the above investment position (excluding cash and cash equivalents) of \$1,439,450, \$1,489,517 and \$1,585,273, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

- iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>June 30, 2024</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Accounts payable	\$ 228,413	\$ -	\$ -	\$ 228,413
Other payables (including related parties)	2,252,297	-	-	2,252,297
Lease liabilities	28,087	13,831	-	41,918

Non-derivative financial liabilities:

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Short-term borrowings	\$ 300,000	\$ -	\$ -	\$ 300,000
Accounts payable	263,785	-	-	263,785
Other payables (including related parties)	959,583	-	-	959,583
Lease liabilities	25,582	21,752	-	47,334

Non-derivative financial liabilities:

<u>June 30, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Accounts payable	\$ 216,714	\$ -	\$ -	\$ 216,714
Other payables (including related parties)	2,095,891	-	-	2,095,891
Lease liabilities	26,605	34,543	-	61,148

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks, beneficiary certificates and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the

asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at June 30, 2024, December 31, 2023 and June 30, 2023 are as follows:

June 30, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Open-end fund	<u>\$ 596,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 596,249</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 702,620</u>	<u>\$ -</u>	<u>\$ 140,581</u>	<u>\$ 843,201</u>
December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Open-end fund	<u>\$ 621,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 621,590</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 765,050</u>	<u>\$ -</u>	<u>\$ 102,877</u>	<u>\$ 867,927</u>
June 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Open-end fund	<u>\$ 817,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 817,192</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 639,725</u>	<u>\$ -</u>	<u>\$ 128,355</u>	<u>\$ 768,080</u>

C. The methods and assumptions the Company used to measure fair value are as follows:

The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Open-end fund</u>	<u>Listed shares and emerging stocks</u>
Market quoted price	Net asset value	Transaction price

D. For the six months ended June 30, 2024 and 2023, there was no transfer between Level 1 and Level 2.

E. For the six months ended June 30, 2024 and 2023, there was no transfer into or out from Level 3.

F. Treasury department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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

		<u>Fair value at June 30, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity						
Unlisted shares	\$	28,140	Market approach - Market comparable companies	Price to earnings ratio multiple	2.27~3.33	The higher the multiple, the higher the fair value
				Discount for lack of market ability	20%~25%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	\$	25,000	Most recent non- active market price	Not applicable	-	Not applicable
Unlisted shares	\$	87,441	Income approach - Discounted cash flow	Weighted average cost of capital	19.98%~22.04%	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
				Discount for lack of market ability	30%~35%	

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	\$ 77,877	Income approach - Discounted cash flow	Weighted average cost of capital Discount for lack of market ability	16.8%~20% 30%~35%	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
	\$ 25,000	Most recent non- active market price	Not applicable	-	Not applicable
	Fair value at June 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	\$ 103,355	Income approach - Discounted cash flow	Weighted average cost of capital Discount for lack of market ability	13.83%~17.29% 30%~35%	The higher the weighted average cost of capital and discount for lack of control, the lower the fair value
	\$ 25,000	Most recent non- active market price	Not applicable	-	Not applicable

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting period: None.
- J. Significant inter-company transactions during the reporting period: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 3.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Refer to table 4.

14. OPERATING SEGMENT INFORMATION

The Company operates business only in a single industry. The Chief Operating Decision-Maker who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

ASMedia Technology Inc.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

June 30, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2024				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
ASMedia Technology Inc.	Mega Diamond Money Market Fund	No	Current financial assets at fair value through profit or loss	23,753,662	\$ 308,451	-	\$ 308,451	
ASMedia Technology Inc.	Capital Money Market Fund	No	Current financial assets at fair value through profit or loss	17,237,540	287,798	-	287,798	
ASMedia Technology Inc.	Augentix Inc.	No	Non-current financial assets at fair value through other comprehensive income	1,600,000	17,088	6.49%	17,088	
ASMedia Technology Inc.	ICATCH TECHNOLOGY, INC.	No	Non-current financial assets at fair value through other comprehensive income	4,300,000	324,220	4.46%	324,220	
ASMedia Technology Inc.	WT MICROELECTRONICS CO., LTD.	Associate	Non-current financial assets at fair value through other comprehensive income	8,000,000	378,400	-	378,400	
ASMedia Technology Inc.	LeRain Technology Co., Ltd.	No	Non-current financial assets at fair value through other comprehensive income	1,200,000	11,052	3.99%	11,052	
ASMedia Technology Inc.	Teletx Co.	No	Non-current financial assets at fair value through other comprehensive income	5,230,486	47,441	16.00%	47,441	
ASMedia Technology Inc.	AionChip Technologies Co., Ltd.	No	Non-current financial assets at fair value through other comprehensive income	2,200,000	40,000	11.00%	40,000	
ASMedia Technology Inc.	TA SHEE RESORT CO., LTD.	No	Non-current financial assets at fair value through other comprehensive income	1	25,000	-	25,000	

ASMedia Technology Inc.

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

Six months ended June 30, 2024

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
ASMedia Technology Inc.	ASUSTEK COMPUTER INCORPORATION	Parent company of the Company	Sales	\$ 188,000	5%	Note	Note	Note	\$ 63,989	4%	
ASMedia Technology Inc.	WT MICROELECTRONICS CO., LTD.	Associate	Sales	324,357	8%	Note	Note	Note	79,043	5%	

Note: The prices of sales to related parties were approximately the same with third parties. The credit term was 30 days from the first day of the month following the month of sale and was approximately the same with third parties.

ASMedia Technology Inc.
Information on investees
Six months ended June 30, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2024			Net profit (loss) of the investee for the six months ended June 30, 2024	Investment income (loss) recognised by the Company for the six months ended June 30, 2024	Footnote
				Balance as at June 30, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
ASMedia Technology Inc.	WT MICROELECTRONICS CO., LTD.	Taiwan	Agent of semiconductor and electronic materials	\$ 8,307,440	\$ 6,624,000	188,720,421	16.91%	\$ 16,731,280	\$ 3,740,020	\$ 590,267	
ASMedia Technology Inc.	XINPAL PTE.LTD	Singapore	Design and Development of High Performance Computing	112,998	-	37,500,000	30.00%	108,800	(14,025)	(4,207)	

ASMedia Technology Inc.
Major shareholders information
June 30, 2024

Table 4

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
ASUSTEK COMPUTER INCORPORATION	24,457,660	32.75%
HUA-CHENG VENTURE CAPITAL CORP.	4,918,014	6.58%
WT MICROELECTRONICS CO., LTD.	4,500,000	6.02%