

Leadtrend Technology Corporation and Subsidiaries

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

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
LEADTREND TECHNOLOGY CO. LTD.,

Introduction

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

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Yu-Feng Huang and Cai Meizhen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 9, 2024

Notice to Readers The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

LEADTREND TECHNOLOGY CO. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(In Thousands of New Taiwan Dollars)

Code	ASSETS	March 31, 2024 (Reviewed)		December 31, 2023 (Audited)		March 31, 2023 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	Current asset						
1100	Cash and cash equivalents (Note 6)	\$ 409,923	22	\$ 457,745	24	\$ 223,795	12
1110	Financial Assets measured at fair value through profit and loss - Current (Note 7)	61,565	3	83,823	5	78,410	4
1170	Notes and Accounts Receivable (Note 8)	227,086	12	191,426	10	141,179	8
130X	Inventory (Note 9)	633,156	34	607,755	32	783,282	43
1460	Non-current assets held for sale and discontinued operations (Note 10)	-	-	-	-	8,185	1
1470	Other current assets (Note 15)	<u>21,500</u>	<u>1</u>	<u>19,210</u>	<u>1</u>	<u>37,010</u>	<u>2</u>
11XX	Total current assets	<u>1,353,230</u>	<u>72</u>	<u>1,359,959</u>	<u>72</u>	<u>1,271,861</u>	<u>70</u>
	Non-Current Assets						
1600	Real estate, plant and equipment (Note 12)	480,426	26	477,962	26	511,341	28
1755	Right-of-use assets (Note 13)	19,814	1	20,748	1	16,594	1
1780	Intangible assets (Note 14)	10,638	1	11,132	1	16,460	1
1840	Deferred income tax assets	-	-	541	-	-	-
1900	Other non-current assets (Note 15)	<u>3,548</u>	<u>-</u>	<u>7,747</u>	<u>-</u>	<u>10,834</u>	<u>-</u>
15XX	Total non-current assets	<u>514,426</u>	<u>28</u>	<u>518,130</u>	<u>28</u>	<u>555,229</u>	<u>30</u>
1XXX	Total assets	<u>\$ 1,867,656</u>	<u>100</u>	<u>\$ 1,878,089</u>	<u>100</u>	<u>\$ 1,827,090</u>	<u>100</u>
	Liabilities and Equity						
	Current liability						
2170	Accounts payable	\$ 101,100	5	\$ 107,636	6	\$ 58,175	3
2200	Remuneration payable to staff and directors (Note 21)	21,253	1	19,215	1	37,508	2
2230	Current income tax liabilities (Note 22)	9,895	1	10,844	-	14,944	1
2280	Lease liabilities - current (Note 13)	10,094	1	11,785	1	11,487	-
2399	Other current liabilities (Note 16)	<u>46,130</u>	<u>2</u>	<u>75,259</u>	<u>4</u>	<u>53,288</u>	<u>3</u>
21XX	Total current liabilities	<u>188,472</u>	<u>10</u>	<u>224,739</u>	<u>12</u>	<u>175,402</u>	<u>9</u>
	Non-current liability						
2570	Deferred income tax liabilities	374	-	-	-	78	-
2580	Lease liabilities - non-current (Note 13)	9,798	1	9,529	1	5,195	1
2640	Net defined benefit liabilities - non-current (Notes 4 and 17)	-	-	-	-	4,879	-
2645	Deposits received	<u>4,482</u>	<u>-</u>	<u>860</u>	<u>-</u>	<u>1,051</u>	<u>-</u>
25XX	Total non-current liabilities	<u>14,654</u>	<u>1</u>	<u>10,389</u>	<u>1</u>	<u>11,203</u>	<u>1</u>
2XXX	Total liabilities	<u>203,126</u>	<u>11</u>	<u>235,128</u>	<u>13</u>	<u>186,605</u>	<u>10</u>
	Equity (Notes 18 and 19)						
	Share capital						
3110	Common stock	589,003	31	589,178	31	568,528	31
	Capital reserve						
3210	Share premium	254,672	14	254,672	14	258,027	14
3251	Donations received from shareholders	84,732	4	84,732	4	84,732	5
3273	Stocks with restricted employee's option	49,645	3	50,306	3	45,667	2
3280	Other	132	-	125	-	125	-
	Retained earnings						
3310	Statutory surplus reserves	215,284	11	215,284	11	199,793	11
3350	Undistributed earnings	495,604	27	485,253	26	503,494	28
	Other equity						
3410	Exchange difference in conversion of financial statements by foreign operating institutions	4,947	-	(786)	-	6,932	-
3491	Remuneration not gained by staff	(29,489)	(1)	(35,803)	(2)	(26,813)	(1)
3XXX	Total equity	<u>1,664,530</u>	<u>89</u>	<u>1,642,961</u>	<u>87</u>	<u>1,640,485</u>	<u>90</u>
	Total liabilities and equity	<u>\$ 1,867,656</u>	<u>100</u>	<u>\$ 1,878,089</u>	<u>100</u>	<u>\$ 1,827,090</u>	<u>100</u>

The notes below are an integral part of these consolidated financial statements.

LEADTREND TECHNOLOGY CO. LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

		Three Months Ended March 31			
		2024		2023	
Code		Amount	%	Amount	%
	Operating revenues (Note 20)				
4110	Sales revenue	\$ 313,976	101	\$ 223,718	104
4170	Sales returns and allowances	(2,892)	(1)	(7,772)	(4)
4000	Net operating revenue	311,084	100	215,946	100
	Operating costs (Notes 9, 17 and 21)				
5110	Cost of goods sold	193,672	63	137,694	64
5900	Operating margin	117,412	37	78,252	36
	Operating expenses (Notes 17 and 21)				
6100	Marketing expenses	18,545	6	14,245	7
6200	Administrative expenses	33,020	11	21,760	10
6300	Research and development expenses	63,924	20	60,609	28
6000	Total operating expenses	115,489	37	96,614	45
6900	Net operating profit	1,923	-	(18,362)	(9)
	Non-operating income and expenditure (Note 21)				
7100	Interest income	1,286	-	514	-
7010	Other Income	1,500	1	1,148	1
7020	Other interests and losses	5,751	2	61	-
7050	Finance costs	(109)	-	(98)	-
7000	Total non-operating income and expenses	8,428	3	1,625	1
7900	Pre-tax net profit	10,351	3	(16,737)	(8)
7950	Income tax expense (Notes 4 and 22)	-	-	-	-
8200	Net profit for the year	10,351	3	(16,737)	(8)

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		Three Months Ended March 31			
		2024		2023	
<u>Code</u>		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
	Other Comprehensive Income and loss				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences arising on translation of foreign operations (Note 18)	\$ 5,733	2	\$ 1,330	1
8500	Total Comprehensive Income	<u>16,084</u>	<u>5</u>	(<u>15,407</u>)	(<u>7</u>)
	Earing Per Share (NT\$, Note 23)				
9750	Basic earnings per share	\$ 0.18		(\$ 0.29)	
9850	Diluted earnings per share	\$ 0.18		(\$ 0.29)	

The notes below are an integral part of these consolidated financial statements.

LEADTREND TECHNOLOGY CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

		Capital on issued common shares		Capital reserve			Retained earnings			Other equity items			
		Number of Holdings (Shares In Thousands)	Amount	Share premium	Donations received from shareholders	Restricted employee employee's option	Other	Statutory surplus reserves	Undistributed earnings	Total	Foreign operators Exchange difference in conversion of financial statements	Remuneration not gained by staff	Total equity
Code													
A1	Balance as of January 1, 2023	56,883	\$ 568,838	\$ 258,027	\$ 84,732	\$ 47,567	\$ 106	\$ 199,793	\$ 520,231	\$ 720,024	\$ 5,602	(\$ 31,945)	\$ 1,652,951
C17	Changes in other capital reserves	-	-	-	-	-	19	-	-	-	-	-	19
D1	Net profit for the three months ended March 31, 2023	-	-	-	-	-	-	-	(16,737)	(16,737)	-	-	(16,737)
D3	Other comprehensive income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	-	-	-	1,330	-	1,330
D5	Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	-	-	(16,737)	(16,737)	1,330	-	(15,407)
N1	Canceled stocks with restricted employee's option	(31)	(310)	-	-	310	-	-	-	-	-	-	-
N1	Compensation cost on stocks with restricted employee's option	-	-	-	-	(2,210)	-	-	-	-	-	5,132	2,922
Z1	Balance as of March 31, 2023	<u>56,852</u>	<u>\$ 568,528</u>	<u>\$ 258,027</u>	<u>\$ 84,732</u>	<u>\$ 45,667</u>	<u>\$ 125</u>	<u>\$ 199,793</u>	<u>\$ 503,494</u>	<u>\$ 703,287</u>	<u>\$ 6,932</u>	(<u>\$ 26,813</u>)	<u>\$1,640,485</u>
A1	Balance as of January 1, 2024	58,918	\$ 589,178	\$ 254,672	\$ 84,732	\$ 50,306	\$ 125	\$ 215,284	\$ 485,253	\$ 700,537	(\$ 786)	(\$ 35,803)	\$1,642,961
C17	Changes in other capital reserves	-	-	-	-	-	7	-	-	-	-	-	7
D1	Net profit for the three months ended March 31, 2024	-	-	-	-	-	-	-	10,351	10,351	-	-	10,351
D3	Other comprehensive income for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	-	-	-	-	5,733	-	5,733
D5	Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	-	-	10,351	10,351	5,733	-	16,084
N1	Canceled stocks with restricted employee's option	(18)	(175)	-	-	175	-	-	-	-	-	-	-
N1	Compensation cost on stocks with restricted employee's option	-	-	-	-	(836)	-	-	-	-	-	6,314	5,478
Z1	Balance as of March 31, 2024	<u>58,900</u>	<u>\$ 589,003</u>	<u>\$ 254,672</u>	<u>\$ 84,732</u>	<u>\$ 49,645</u>	<u>\$ 132</u>	<u>\$ 215,284</u>	<u>\$ 495,604</u>	<u>\$ 710,888</u>	<u>\$ 4,947</u>	(<u>\$ 29,489</u>)	<u>\$1,664,530</u>

The notes below are an integral part of these consolidated financial statements.

LEADTREND TECHNOLOGY CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

Code		Three Months Ended March 31	
		2024	2023
	Cash flow from operating activities		
A10000	Pre-tax net profit	\$ 10,351	(\$ 16,737)
A20010	Revenue expense loss items:		
A20100	Depreciation expense	19,590	18,890
A20200	Amortization expense	1,898	2,830
A20400	Expected credit losses recognized on investments in debt instruments	(413)	(331)
A20900	Financial Costs	109	98
A21200	Interest income	(1,286)	(514)
A21900	Compensation cost on stocks with restricted employee's option	5,478	2,922
A24100	Loss (gain) on foreign exchange, net	(5,063)	(1,604)
A22500	Loss on disposal or retirement of property, plant and equipment, net	7	-
A30000	Net changes in operating assets and liabilities:		
A31150	Notes and accounts receivable, net	(29,586)	29,889
A31200	Inventories	(25,401)	24,722
A31240	Other current assets	(2,316)	(579)
A32150	Accounts payable	(8,905)	(6,067)
A32180	Remuneration payable to staff and directors	2,038	-
A32230	Other current liabilities	(29,593)	(40,484)
A32240	Net defined benefit liability	-	39
A33000	Cash generated from operations	(63,092)	13,074
A33300	Income taxes paid	(109)	(98)
A33500	Income tax paid	(34)	(7)
AAAA	Net cash generated by operating activities	(63,235)	12,969
	Cash flow from investment activities		
B00100	Acquisition of financial assets measured at fair value through profit and loss	-	(22,155)
B00200	Dispose of financial assets measured at fair value through profit and loss	24,244	-
B02700	Acquisition of real estate, plant and equipment	(13,465)	(11,215)
B03700	Increase in deposit margin	(23)	(5)
B04500	Acquisition of intangible assets	(1,246)	(5,461)

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		Three Months Ended March 31	
Code		2024	2023
B07500	Interest received	\$ 1,312	\$ 490
BBBB	Net cash outflows from investment activities	10,822	(38,346)
	Cash flows from financing activities		
C03000	Increase in deposits received	3,622	137
C04020	Repayment of lease principal	(3,727)	(3,326)
C09900	Other financing activities	7	19
CCCC	Net cash outflow to financing activities	(98)	(3,170)
DDDD	Effect of exchange rate changes on cash and cash equivalents	4,689	1,662
EEEE	Net increase in cash and cash equivalents	(47,822)	(26,885)
E00100	Cash and cash equivalents, beginning of period	457,745	250,680
E00200	Cash and cash equivalents, end of period	\$ 409,923	\$ 223,795

The notes below are an integral part of these consolidated financial statements.

LEADTREND TECHNOLOGY CO. LTD. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

I. History of Company

Leadtrend Technology Co.Ltd. (hereinafter referred to as "the Company") was established on September 18, 2002, approved by the Ministry of Economic Affairs.

It mainly engages in research, development, production, manufacturing, and sales of analog integrated circuits. The company offered its shares at the Taiwan Stock Exchange on August 14, 2009. These consolidated financial statements of the Company are expressed in the Company's functional currency - New Taiwan Dollar.

II. Date and Procedure of Adopting Financial Statements

These consolidated financial statements were approved and issued by the Board of directors on May 9, 2024.

III. Applicability of New and Amended Standards and Interpretations

(I) International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretation (IFRIC) and Interpretation Notices (SIC) recognized and issued by the Financial Supervisory Commission (hereinafter referred to as "IFRSs") as applied initially.

The application of the revised IFRSs approved and issued by the FSC will not result in any material change in the accounting policies of Affiliated Companies.

(II) IFRSs issued by IASB but not approved and issued by FSC.

Newly issued/amended/revised criteria and interpretations	Effective date of IASB issued (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Investment of Assets Between Investors and Their Affiliates or Joint Ventures"	TBD
IFRS 17 "Insurance Contract"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 "First Application of IFRS 17 and IFRS 9- Comparative Information"	January 1, 2023
IFRS 18 "Presentation of Financial Statements and Disclosure"	January 1, 2027
Amendment to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note1: Unless otherwise noted, the above new issued/amended/revised criteria or interpretation shall take effect during the annual reporting period commencing after such date.

Note2: For annual reporting periods beginning on or after January 1, 2025. Upon initial application of this amendment, comparative periods shall not be restated, and the impact shall be recognized in retained earnings or equity under the revaluation surplus (where appropriate) of the foreign operations' exchange differences as of the date of initial application, as well as the related affected assets and liabilities.

As of the date of adopting these consolidated financial statements, the Company continues to evaluate the impact of amendments to other standards and interpretations on financial position and financial performance, and the relevant impact will be disclosed when the evaluation is completed.

IV. Summary of Major Accounting Policies

(I) Compliance statement

This consolidated financial report is prepared in accordance with the Financial Reporting Standards for Securities Issuers and IAS 34 "Interim Financial Reports" approved and issued effective by the Financial Supervisory Commission. This consolidated financial report does not contain all the disclosures required by IFRS accounting standards for the entire annual financial report.

(II) Preparation basis

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at present value of defined benefit obligations less the fair value of planned assets.

Fair value measurement is classified as Levels 1 through Level 3 according to the observable degree and importance of relevant input values:

1. Level 1 Input value: Refers to the quotation in the active market (without adjustment) of the same asset or liability available at the measurement date.
2. Level 2 Input value: Refers to the observable input value of an asset or liability, either directly (i.e., price) or indirectly (i.e., derived from price), except as quoted in level 1.
3. Level 3 Input value: Refers to the unobservable input value of an asset or liability.

(III) Consolidation basis

These consolidated financial statements cover the financial statements of the Company and the entities under its control (i.e. subsidiaries). The financial statements of the subsidiaries has been adjusted to bring their accounting policies in line with those of the Company. In the preparation of consolidated financial statements, all transactions between individual affiliates, account balances, gains and losses have been wiped out.

Please refer to Notes 11 and 29 for details on the subsidiaries, shareholding ratios and operating items.

(IV) Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

1. The standard for distinguishing between current and non-current assets and liabilities is as follows:

Current assets:

- (1) The assets held primarily for trading purposes.
- (2) Assets expected to be realized within 12 months after the balance sheet date.
- (3) Cash and cash equivalents (excluding those restricted for exchange or settlement of liabilities beyond 12 months from the balance sheet date).

Current liabilities:

- (1) The liabilities held primarily for trading purposes.
- (2) The liabilities due for settlement within 12 months after the balance sheet date.
- (3) Liabilities for which there is no substantive right at the balance sheet date to defer settlement to at least 12 months after the balance sheet date.

Those that are not current assets or current liabilities as mentioned above are classified as non-current assets or non-current liabilities.

2. Retirement benefits

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

3. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

V. Material Accounting Judgments and Key Sources of Estimation Uncertainty

Refer to the consolidated financial statements for the year ended December 31, 2023 for the material.

VI. Cash and Cash Equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Bank checks and demand deposits	\$ 54,159	\$ 51,337	\$ 48,939
Foreign currency deposits	43,949	63,089	24,854
Petty cash and cash on hand	515	619	857
Cash equivalents			
Time deposits	311,300	342,700	140,145
Commercial note	-	-	9,000
	<u>\$ 409,923</u>	<u>\$ 457,745</u>	<u>\$ 223,795</u>

The interest rate for cash and equivalent cash at the balance sheet date ranges as follows

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Bank deposit	0.05%~3.93%	0.1%~4.05%	0.1%~1.48%

VII. Financial Instruments measured at fair value through profit and loss

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial Assets - Current</u>			
Non-derivative financial assets			
measured at fair value			
compulsively through			
profit and loss			
- Fund benefit certificate	<u>\$ 61,565</u>	<u>\$ 83,823</u>	<u>\$ 78,410</u>

VIII. Notes and Accounts Receivable

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Notes receivable</u>			
Measured at amortized cost			
Total book amount	<u>\$ 46,625</u>	<u>\$ 22,682</u>	<u>\$ 16,653</u>
<u>Accounts receivable</u>			
Measured at amortized cost			
Total book amount	<u>\$ 180,461</u>	<u>\$ 168,744</u>	<u>\$ 124,526</u>

The Company's average credit period for merchandise sales is 30 to 60 days per month, and accounts receivable are interest-free. The Company will use other publicly available financial information and historical transaction histories to grade major customers. The Company continuously monitors credit risks and the credit ratings of the other trading party. To mitigate credit risks, the management of the Company assigns a dedicated team to determine credit lines, approve credit lines and other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been included in unrecoverable receivables. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

The Company recognizes allowance losses for accounts receivable on the basis of expected credit losses during the duration of existence. The expected credit loss during the life period is calculated using the reserve matrix, which takes into account the customer's past default record and the current financial position and industrial economic situation, as well as the GDP forecast and industrial outlook. As the Company's credit loss history shows that there is no significant difference in loss patterns among different customer groups, the reserve matrix does not further distinguish between customer groups and only sets the expected credit loss rate based on the overdue days of accounts receivable.

If there is evidence that the other trading party is in serious financial difficulties and the Company cannot reasonably expect the amount to be recovered, the Company will directly write off the relevant accounts receivable, but will continue to pursue recovery activities, as the amount recovered will be recognized as profit or loss.

Refer to the table below for an aging analysis of accounts receivable at the end of the reporting period.

Aging analysis of net accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
No overdue nor derogation	<u>\$ 180,461</u>	<u>\$ 168,744</u>	<u>\$ 124,526</u>

IX. Inventory

	March 31, 2024	December 31, 2023	March 31, 2023
Finished goods	\$ 77,720	\$ 91,849	\$ 175,105
Products in process	387,754	351,405	392,779
Raw materials	<u>167,682</u>	<u>164,501</u>	<u>215,398</u>
	<u>\$ 633,156</u>	<u>\$ 607,755</u>	<u>\$ 783,282</u>

Inventory-related cost of goods sold from January 1 to March 31, 2024 and 2023 were \$193,672 and \$137,694 respectively.

The cost of goods sold from January 1 to March 31 in 2024 and 2023 includes inventory depreciation and sluggish losses were \$1,657 and \$488 respectively.

X. Non-current Assets Held for Sale and Discontinued Operations

	March 31, 2024	December 31, 2023	March 31, 2023
Real estate, plant and equipment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,185</u>

The Company signed a contract to sell part of the land and premises and buildings in March 2023 for a total price of \$10,780.

XI. Subsidiary

(I) Subsidiaries incorporated into consolidated financial statements

The subjects incorporated into preparation of these consolidated financial statements are listed below:

Name of company invested in:	Name of Subsidiary	Nature of business	Percentage of Holdings			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
LEADTREND TECHNOLOGY CO. LTD.	Leadtrend Technology (Samoa) Limited	Various investment business	-	-	100%	1.
	LEADTREND TECHNOLOGY (SHENZHEN) CO. LTD. ("LEADTREND SHENZHEN")	Computer software design service, computer system integration service, wholesale of integrated circuits and related electronic products, and agent import and export business activities.	100%	100%	100%	2.

NOTE 1 : As of March 31, 2023, the financial statements of Leadtrend Technology (Samoa) Limited, a non-significant subsidiary of Leadtrend Technology (Samoa) Limited, have not been reviewed by accountants. However, the management believes that the aforementioned financial statements have not been reviewed by accountants, which will not have a significant impact.

NOTE 2 : Leadtrend Technology (Samoa) Limited was liquidated and deregistered in November 2023.

XII. Real Estate, Plant and Equipment

	March 31, 2024	December 31, 2023	March 31, 2023
Assets used by the Company	\$ 462,228	\$ 477,962	\$ 485,234
Assets subject to operating leases	18,198	-	26,107
	<u>\$ 480,426</u>	<u>\$ 477,962</u>	<u>\$ 511,341</u>

Assets used by the Company

	Land	Buildings	R&D equipment	Office equipment	Molding equipment	Leased Improvements	Mask	Total
<u>Cost</u>								
Balance at January 1, 2024	\$ 84,099	\$ 341,041	\$ 291,902	\$ 36,144	\$ 28,168	\$ 24,732	\$ 245,857	\$1,051,943
Transfers to assets subject to operating leases	(4,314)	(16,186)	-	-	-	-	-	(20,500)
Increase	-	-	436	-	5,137	3,476	8,936	17,985
Reduce	-	-	(1,218)	(271)	-	-	-	(1,489)
Effect of exchange rate changes	-	804	243	75	29	69	-	1,220
Balance at March 31, 2024	<u>\$ 79,785</u>	<u>\$ 325,659</u>	<u>\$ 291,363</u>	<u>\$ 35,948</u>	<u>\$ 33,334</u>	<u>\$ 28,277</u>	<u>\$ 254,793</u>	<u>\$1,049,159</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2024	\$ -	\$ 62,689	\$ 213,209	\$ 30,793	\$ 25,474	\$ 20,357	\$ 221,459	\$ 573,981
Transfers to assets subject to operating leases	-	(2,221)	-	-	-	-	-	(2,221)
Increase	-	2,649	6,129	800	571	416	5,718	16,283
Reduce	-	-	(1,218)	(264)	-	-	-	(1,482)
Translation difference	-	74	157	66	4	69	-	370
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 63,191</u>	<u>\$ 218,277</u>	<u>\$ 31,395</u>	<u>\$ 26,049</u>	<u>\$ 20,842</u>	<u>\$ 227,177</u>	<u>\$ 586,931</u>
Carrying amounts at March 31, 2024	<u>\$ 79,785</u>	<u>\$ 262,468</u>	<u>\$ 73,086</u>	<u>\$ 4,553</u>	<u>\$ 7,285</u>	<u>\$ 7,435</u>	<u>\$ 27,616</u>	<u>\$ 462,228</u>
Carrying amounts at January 1, 2024	<u>\$ 84,099</u>	<u>\$ 278,352</u>	<u>\$ 78,693</u>	<u>\$ 5,351</u>	<u>\$ 2,694</u>	<u>\$ 4,375</u>	<u>\$ 24,398</u>	<u>\$ 477,962</u>

	Land	Buildings	R&D equipment	Office equipment	Molding equipment	Leased Improvements	Mask	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 86,200	\$ 347,845	\$ 284,890	\$ 35,386	\$ 26,082	\$ 26,192	\$ 275,274	\$1,081,869
Transfers to assets subject to operating leases	(6,111)	(22,931)	-	-	-	-	-	(29,042)
Increase	-	-	596	406	-	-	4,483	5,485
Reduce	-	-	(8)	-	-	-	-	(8)
Reclassify to Pending Sale	(2,101)	(7,055)	-	-	-	-	-	(9,156)
Translation difference	-	229	72	20	-	19	-	340
Balance at March 31, 2023	<u>\$ 77,988</u>	<u>\$ 318,088</u>	<u>\$ 285,550</u>	<u>\$ 35,812</u>	<u>\$ 26,082</u>	<u>\$ 26,211</u>	<u>\$ 279,757</u>	<u>\$1,049,488</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	-	\$ 52,752	\$ 188,290	\$ 27,388	\$ 24,610	\$ 20,266	\$ 239,033	\$ 552,339
Transfers to assets subject to operating leases	-	(2,769)	-	-	-	-	-	(2,769)
Increase	-	2,581	4,541	1,095	206	370	6,787	15,580
Reduce	-	-	(8)	-	-	-	-	(8)
Reclassify to Pending Sale	-	(971)	-	-	-	-	-	(971)
Translation difference	-	10	39	15	-	19	-	83
Carrying amounts at March 31, 2023	<u>\$ -</u>	<u>\$ 51,603</u>	<u>\$ 192,862</u>	<u>\$ 28,498</u>	<u>\$ 24,816</u>	<u>\$ 20,655</u>	<u>\$ 245,820</u>	<u>\$ 564,254</u>
Carrying amounts at March 31, 2023	<u>\$ 77,988</u>	<u>\$ 266,485</u>	<u>\$ 92,688</u>	<u>\$ 7,314</u>	<u>\$ 1,266</u>	<u>\$ 5,556</u>	<u>\$ 33,937</u>	<u>\$ 485,234</u>

No impairment losses were recognized or reversed in the period from January 1 to March 31 of 2024 and 2023.

Assets leased under operating leases

	Land	Buildings	Total
<u>Cost</u>			
Balance as of January 1, 2024	\$ -	\$ -	\$ -
From used by the Company itself	<u>4,314</u>	<u>16,186</u>	<u>20,500</u>
Balance as of March 31, 2024	<u>\$ 4,314</u>	<u>\$ 16,186</u>	<u>\$ 20,500</u>
<u>Accumulated depreciation</u>			
Balance as of January 1, 2024	\$ -	\$ -	\$ -
From used by the Company itself	-	2,221	2,221
Depreciation Expense	-	81	81
Balance as of March 31, 2024	<u>\$ -</u>	<u>\$ 2,302</u>	<u>\$ 2,302</u>
Net amount on March 31, 2024	<u>\$ 4,314</u>	<u>\$ 13,884</u>	<u>\$ 18,198</u>
Net amount on December 31, 2023 and January 1, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cost</u>			
Balance as of January 1, 2023	\$ -	\$ -	\$ -
From used by the Company itself	<u>6,111</u>	<u>22,931</u>	<u>29,042</u>
Balance as of March 31, 2023	<u>\$ 6,111</u>	<u>\$ 22,931</u>	<u>\$ 29,042</u>
<u>Accumulated depreciation</u>			
Balance as of January 1, 2023	\$ -	\$ -	\$ -
From used by the Company itself	-	2,769	2,769
Depreciation Expense	-	166	166
Balance as of March 31, 2023	<u>\$ -</u>	<u>\$ 2,935</u>	<u>\$ 2,935</u>
Balance as of March 31, 2023	<u>\$ 6,111</u>	<u>\$ 19,996</u>	<u>\$ 26,107</u>

The company leases parking spaces on an operating lease basis, with a lease period of one year. All operating lease contracts include a clause that the lessee will adjust the rent based on the market rent when exercising the right to renew the lease. The lessee does not have preferential purchase rights for the asset at the end of the lease period.

Depreciation costs are calculated on a straight-line basis for the following service life:

	Used by the Company itself	Assets leased under operating leases
Buildings and structures	10 ~ 50 years	50 years
R&D equipment	2 ~ 8 years	-
Office equipment	4 ~ 9 years	-
Molding equipment	3 years	-
Leased Improvements	2 ~ 6 years	-
Mask	2 ~ 3 years	-

XIII. Lease Agreement

(I) Right-of-use assets:

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount of right-of-use assets			
Buildings	\$ 19,814	\$ 20,748	\$ 16,594

	For the Three Months Ended March 31	
	2024	2023
Additions to right-of-use asset	\$ 2,143	\$ -
Depreciation expense of right-of-use assets		
Buildings	\$ 3,226	\$ 3,144

Besides the additions and depreciation disclosed above, there was no significant sublease transactions and indication of impairment for the three months ended March 31, 2024 and 2023.

(II) Lease liability

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount of lease liabilities			
Current	\$ 10,094	\$ 11,785	\$ 11,487
Non-Current	\$ 9,798	\$ 9,529	\$ 5,195

The discount rate for lease liabilities ranges as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	1.96%~2.10%	1.96%~2.10%	1.96%~2.10%

(III) Major leasing activities and terms

The Company has leased several buildings for office use for 3~5 years. At the end of the lease term, the Company has no preferential right to purchase the leased land and buildings and agrees that the Company shall not sublease or transfer all or part of the leased property without the prior consent of the Lessor.

(IV) Other Lease Information

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Short-term lease charges	\$ <u>145</u>	\$ <u>399</u>
Low-value asset leasing costs	\$ <u>6</u>	\$ <u>5</u>
Total cash (outflow) from leases	(<u>\$ 3,987</u>)	(<u>\$ 3,828</u>)

The Company chooses to apply the recognition exemption to office equipment that qualifies as short-term lease and office equipment that qualifies as low-value asset lease, and doesn't recognize related right-of-use assets and lease liabilities for these leases.

XIV. Intangible Assets

	<u>Computer Software</u>	<u>Specialized Technology</u>	<u>Right of Patent</u>	<u>Other</u>	<u>Total</u>
<u>Cost</u>					
Balance as of January 1, 2024	\$ 102,517	\$ 33,434	\$ 8,383	\$ 2,922	\$ 147,256
Increase	<u>150</u>	<u>1,254</u>	<u>-</u>	<u>-</u>	<u>1,404</u>
Balance as of March 31, 2024	<u>\$ 102,667</u>	<u>\$ 34,688</u>	<u>\$ 8,383</u>	<u>\$ 2,922</u>	<u>\$ 148,660</u>
<u>Cumulative amortization</u>					
Balance as of January 1, 2024	\$ 95,961	\$ 32,979	\$ 4,262	\$ 2,922	\$ 136,124
Increase	<u>1,025</u>	<u>664</u>	<u>209</u>	<u>-</u>	<u>1,898</u>
Balance as of March 31, 2024	<u>\$ 96,986</u>	<u>\$ 33,643</u>	<u>\$ 4,471</u>	<u>\$ 2,922</u>	<u>\$ 138,022</u>
Net amount on March 31, 2024	<u>\$ 5,681</u>	<u>\$ 1,045</u>	<u>\$ 3,912</u>	<u>\$ -</u>	<u>\$ 10,638</u>
Carrying amounts at December 31, 2023 and January 1, 2024	<u>\$ 6,556</u>	<u>\$ 455</u>	<u>\$ 4,121</u>	<u>\$ -</u>	<u>\$ 11,132</u>
<u>Cost</u>					
Balance as of January 1, 2023	\$ 100,162	\$ 27,972	\$ 8,383	\$ 2,922	\$ 139,439
Increase	<u>-</u>	<u>5,461</u>	<u>-</u>	<u>-</u>	<u>5,461</u>
Conversion adjustment	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Balance as of March 31, 2023	<u>\$ 100,163</u>	<u>\$ 33,433</u>	<u>\$ 8,383</u>	<u>\$ 2,922</u>	<u>\$ 144,901</u>
<u>Cumulative amortization</u>					
Balance as of January 1, 2023	\$ 92,279	\$ 26,984	\$ 3,425	\$ 2,922	\$ 125,610
Increase	<u>804</u>	<u>1,818</u>	<u>208</u>	<u>-</u>	<u>2,830</u>
Conversion adjustment	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Balance as of March 31, 2023	<u>\$ 93,084</u>	<u>\$ 28,802</u>	<u>\$ 3,633</u>	<u>\$ 2,922</u>	<u>\$ 128,441</u>
Net amount on March 31, 2023	<u>\$ 7,079</u>	<u>\$ 4,631</u>	<u>\$ 4,750</u>	<u>\$ -</u>	<u>\$ 16,460</u>

The above-mentioned intangible assets with limited durable life shall be amortized on a straight-line basis based on the following years of durability:

Computer software	3~6 years
Specialized technology	5 years
Right of patent	10 years
Other	3 ~ 5 years

XV. Other Assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Overpaid sales tax	\$ 7,284	\$ 4,522	\$ -
Prepayment for purchases	4,496	4,396	4,934
Income tax refund receivable	1,732	813	1,783
Temporary payments	492	1,408	6,020
Refundable deposits	-	-	15,000
Others	7,496	8,071	9,273
	<u>\$ 21,500</u>	<u>\$ 19,210</u>	<u>\$ 37,010</u>
<u>Non-Current</u>			
Refundable deposits	\$ 3,506	\$ 3,483	\$ 3,777
Prepayment for equipment	42	4,264	7,057
	<u>\$ 3,548</u>	<u>\$ 7,747</u>	<u>\$ 10,834</u>

XVI. Other Current Liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Bonuses payable	\$ 11,165	\$ 38,349	\$ 14,152
Unpaid leave benefits payable	4,424	5,687	8,956
Premium payable	3,876	3,853	4,193
Labor expenses payable	3,791	3,296	3,387
Others	22,874	24,074	22,600
	<u>\$ 46,130</u>	<u>\$ 75,259</u>	<u>\$ 53,288</u>

XVII. Post-Retirement Welfare Plan

(I) Identified allocation plan

The Company's applicable pension program under the Workers' Pensions Ordinance is a defined-contribution retirement scheme administered by the government, which contributes 6% of an employee's monthly salary to the individual account of the Workers' Insurance Bureau. In addition, the basic pension premium paid by LEADTREND SHENZHEN under the government management fund program shall be recognized as the current annual expense at the time of provision. Subject to the above relevant provisions, the amounts recognized as expenses in the consolidated income statement of the Company were \$2,682 and \$2,802 thousand for the three months ended March 31, 2024 and 2023, respectively.

(II) Identified welfare plans

The Company's pension system in accordance with Labor Standards Law is a defined benefit retirement plan administered by the government. Payment of employee's pension is calculated on the basis of the service duration and the average salary of the 6 months prior to approved retirement. The Company shall allocate 2% of the total monthly salary to the employee's pension, which shall be deposited into a special account of the Bank of Taiwan by the Labor Retirement Reserve Supervision Committee in the name of the committee. Before the end of the year, if the estimated balance of the special account is not enough to pay the employees who are expected to reach the retirement conditions within the next year, the difference will be allocated in a lump sum before the end of March of the next year. This special account is entrusted by the Labor Fund Management Bureau of the Ministry of Labor, and the Company has no right to affect the investment management strategy.

The Company reached an agreement with its employees in August 2023 to settle the seniority under the old system and settle pensions in accordance with relevant regulations, which was approved by the competent authority.

For the three months ended March 31, 2023, the pension expenses of defined benefit plans were \$130 thousand, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022.

XVIII. Equity

(I) Capital stock

Common stock

	March 31, 2024	December 31, 2023	March 31, 2023
Rated number of shares (thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Authorized stock	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid up (thousands)	<u>58,900</u>	<u>58,918</u>	<u>56,852</u>
Issued share capital	<u>\$ 589,003</u>	<u>\$ 589,178</u>	<u>\$ 568,528</u>

For each share of the common stock of the Company, with a face value of \$10 per share, the holder is entitled to one vote and the right to receive dividends. The capital stock reserved for the issuance of employee stock warrants out of the rated capital stock is 7,800,000 shares.

(II) Capital reserves

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Used to cover losses, release cash or allocate capital stock (1)</u>			
Share premium (including exercised or lapsed employee stock options)	\$ 254,672	\$ 254,672	\$ 258,027
Donations received from shareholders (2)	84,732	84,732	84,732
<u>Used only to cover losses</u>			
Other	132	125	125
<u>Not used for any purpose</u>			
Stocks with restricted employee's option	49,645	50,306	45,667
	<u>\$ 389,181</u>	<u>\$ 389,835</u>	<u>\$ 388,551</u>

1. Such capital reserves may be used to cover losses or, if the company has no losses, to issue cash or to make up capital stock, subject to a certain percentage of the paid-in capital stock each year.
2. Donations in cash from Delaware Asia Pacific Investment Company.

(III) Retained earnings and dividend policy

In accordance with the earnings distribution policy of the Articles of Association of the Company, if there is any net profit after tax in the current period in the general accounts of each year, it shall be distributed in the following order:

1. To cover accumulated losses (including adjustment of unallocated surplus amount).
2. To provision 10% of the statutory surplus reserve, unless such surplus reserves have reached the amount of the Company's paid-in capital.
3. To provision or reverse special surplus reserves as required by law or the regulatory authority.
4. Any other surpluses, together with undistributed surplus at the beginning of the period (including adjusted amount of undistributed surplus), shall be subject to a resolution on distribution proposed by the board of directors, or be proposed to the board of shareholders for resolution on distribution if it is distributed by issuing new shares. Company shall distribute all or part of dividends and dividends or statutory surplus reserves and capital reserves, in the form of cash, by authorizing the Board of Directors to report to the shareholders' meeting with the consent of more than two-thirds of the directors present and more than half of the directors present.

For the remuneration allocation policy in the Articles of Association of the Company, refer to Note 21 (7) Remuneration of employees and directors.

The distribution of dividends of the Company shall be based on the current year's earnings. As per the principle of dividend stability, the distribution ratio shall not be less than 30% of the current year's after-tax earnings, and the annual cash dividend shall not be less than 10% of the total cash and stock dividends of the current year.

The statutory surplus reserve shall be withdrawn till the balance reaches the total amount of paid-in capital stock of the Company. Statutory surplus reserves may be used to cover losses. When the Company has no loss, the portion of the statutory surplus reserve exceeding 25% of the total paid-up capital stock can be distributed in cash in addition to increasing capital stock.

The Company's earnings distribution plans for 2023 and 2022 are as follows:

	2023	2022
Statutory surplus reserve	\$ 2,887	\$ 15,491
Special reserve	\$ 786	\$ -
Cash dividends	\$ -	\$ 31,286
Stock dividends	\$ 11,638	\$ 17,065
Cash dividend per share (\$)	\$ -	\$ 0.550
Dividend per share (\$)	\$ 0.200	\$ 0.300

In addition, on April 11, 2024, the board of directors of the Company decided to distribute cash dividends of \$23,275 (\$0.4 per share) from the capital reserves of 2023. Besides the cash dividend, the remaining surplus distribution items were also decided at the regular meeting of shareholders on May 28, 2024.

On May 2, 2023, the board of directors of the Company decided to distribute cash dividends of \$19,909 (\$0.350 per share) from the capital reserves of 2023. Besides the cash dividend, the remaining surplus distribution items were also decided at the regular meeting of shareholders on June 13, 2023.

(IV) Other rights and interests

1. Exchange difference in conversion of financial statements by foreign operating institutions

	For the Three Months Ended March 31	
	2024	2023
Balance at Beginning of the Year	(\$ 786)	\$ 5,602
Current year		
Difference in conversion of foreign operators	5,733	1,330
Other comprehensive gains and losses in current year	5,733	1,330
Balance at end of the year	\$ 4,947	\$ 6,932

The relevant exchange difference resulting from the conversion of the net assets of the foreign operators from its functional currency to the Company's expressed currency (i.e., New Taiwan dollar) is the exchange difference directly recognized as the conversion of the financial statements of the foreign operating institution under other comprehensive income and loss items. The previously accumulated conversion difference in the financial statements of the foreign operators shall be reclassified to profit or loss when disposed of by the foreign operators.

2. Remuneration not gained by staff

The Board of Shareholders of the Company decided on June 13, 2023 and June 9, 2022 respectively to issue new shares with restricted employee option, as explained in Note 19.

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Balance at Beginning of the Year	(\$ 35,803)	(\$ 31,945)
Recognized share-based payment	5,478	2,922
Recovered and canceled in current year	836	2,210
Balance at end of the year	<u>(\$ 29,489)</u>	<u>(\$ 26,813)</u>

XIX.Share-based payment

Stocks with restricted employee's option

Information on the Company's issued new shares with restricted employee option is given below:

Date of approval by the shareholders' meeting	Number of shares expected to be issued (thousand shares)	Number of shares resolved by the board of directors (thousand shares)	Grant date	Base date for capital increase	Number of actually issued shares (thousand shares)	Fair value on the grant date
2020/06/23	1,200	900	2020/09/11	2020/11/06	900	\$ 34.35
2020/06/23	1,200	300	2021/08/03	2021/08/03	300	122
2022/06/09	420	420	2022/10/07	2022/10/12	420	47.1
2023/06/13	420	420	2023/10/06	2023/10/11	420	66.5

Issuance of restricted stock award shares in a total amount of \$12,000 and was resolved at the shareholders' meeting of the Company on June 23, 2020. A total of 1,200 thousand shares were issued. Issuance regulations are summarized as follows:

Employees to whom restricted stock award shares have been allocated shall satisfy the Personal Performance requirement by obtaining the result of "Satisfactory" or above in the latest personal performance assessment prior to the vesting date.

If the employees still work at the Company upon expiration of any of the following vesting periods, they will receive award shares at the granting ratio as scheduled below:

<u>Vesting period</u>	<u>Granting ratio</u>
From the grant date to Oct. 15 of the 1st year following the grant date	1/6
From the grant date to Apr. 15 of the 2nd year following the grant date	1/6
From the grant date to Oct. 15 of the 2nd year following the grant date	1/6
From the grant date to Apr. 15 of the 3rd year following the grant date	1/6
From the grant date to Oct. 15 of the 3rd year following the grant date	1/6
From the grant date to Apr. 15 of the 4th year following the grant date	1/6

Measures Taken for Employee Failing to Satisfy the Vesting Conditions:

- (I) If the employees resigns, are dismissed or laid off, retire, die, take leave without pay or are transferred to any affiliated enterprise after the grant date and prior to the expiration of the vesting period, the Company will take back, without payment, the award shares that have been granted to the employees (for the current year) and have not vested in the employees.
- (II) If the employees fail to meet the required personal performance immediately prior to the vesting date, the Company will take back, without payment, the award shares that have not vested in the employees that time.
- (III) The Company will give to the employees, without payment, the dividends allocated based on the award shares prior to the expiration of the vesting period.
- (IV) If the employees terminate or cancel, before their satisfaction of the vesting conditions, the authorization given to the Company in violation of the rule saying that the trust contract or other similar agreements shall be negotiated, signed, revised, extended, cancelled or terminated, and the trust property shall be delivered, used and disposed, by the Company on behalf of the employees and the stock trust agency in the period for which restricted stock award shares are trusted, the Company shall take back, without payment, the award shares from the employees.

Shares granted under the aforementioned stock option plan are summarized as follows:

	<u>Employee restricted stock award shares for 2020-1 Unit (Thousand)</u>	<u>Employee restricted stock award shares for 2020-2 Unit (Thousand)</u>
<u>For the Three Months Ended March 31, 2024</u>		
Outstanding at the beginning of the year	<u>132.0</u>	<u>105.0</u>
Granted weighted average fair value (NTD)	<u>\$ 34.35</u>	<u>\$ 122</u>
<u>For the Three Months Ended March 31, 2023</u>		
Outstanding at the beginning of the year	424.5	192.5
Recovered for the year	(<u>15.0</u>)	(<u>7.5</u>)
Outstanding at the end of the year	<u>409.5</u>	<u>185.0</u>
Granted weighted average fair value (NTD)	<u>\$ 34.35</u>	<u>\$ 122</u>

Issuance of restricted stock award shares in a total amount of \$ 4,200 was resolved at the shareholders' meeting of the Company on June 9, 2022. A total of 420 thousand shares were issued. Issuance regulations are summarized as follows:

Employees to whom restricted stock award shares have been allocated shall satisfy the Personal Performance requirement by obtaining the result of "Satisfactory" (i.e. a performance assessment scale score ≥ 5.8) or above in the latest personal performance assessment prior to the vesting date. If the employees still work at the Company upon expiration of any of the following vesting periods, they will receive award shares at the granting ratio as scheduled below:

Vesting period	Granting ratio
From the grant date to Oct. 11 of the 1st year following the grant date	1/6
From the grant date to Apr. 11 of the 2nd year following the grant date	1/6
From the grant date to Oct. 11 of the 2nd year following the grant date	1/6
From the grant date to Apr. 11 of the 3rd year following the grant date	1/6
From the grant date to Oct. 11 of the 3rd year following the grant date	1/6
From the grant date to Apr. 11 of the 4th year following the grant date	1/6

Measures Taken for Employees Failing to Satisfy the Vesting Conditions:

- (I) If the employees resigns, are dismissed or laid off, retire, die, take leave without pay or are transferred to any affiliated enterprise after the grant date and prior to the expiration of the vesting period, the Company will take back, without payment, the award shares that have been granted to the employees (for the current year) and have not vested in the employees.
- (II) If the employees fail to meet the required personal performance immediately prior to the vesting date, the Company will take back, without payment, the award shares that have not vested in the employees that time.
- (III) The employees are not entitled to any stocks, cash dividends or capital reserve allocated before the expiration of the vesting period.
- (IV) If the employees terminate or cancel, before their satisfaction of the vesting conditions, the authorization given to the Company in violation of the rule saying that the trust contract or other similar agreements shall be negotiated, signed, revised, extended, cancelled or terminated, and the trust property shall be delivered, used and disposed, by the Company on behalf of the employees and the stock trust agency in the period for which restricted stock award shares are trusted, the Company shall take back, without payment, the award shares from the employees.
The restricted stock award shares taken back by the Company without payment will be revoked by the Company.

Shares granted under the aforementioned stock option plan are summarized as follows:

	Employee restricted stock award shares for 2022
	Unit (Thousand)
<u>For the Three Months Ended March 31, 2024</u>	
Outstanding at the beginning of the year	<u>292.5</u>
Granted weighted average fair value (NTD)	<u>\$ 47.1</u>
<u>For the Three Months Ended March 31, 2023</u>	
Outstanding at the beginning of the year	420.0
Recovered for the year	(<u>21.0</u>)
Outstanding at the end of the year	<u>399.0</u>
Granted weighted average fair value (NTD)	<u>\$ 47.1</u>

Issuance of restricted stock award shares in a total amount of \$ 4,200 was resolved at the shareholders' meeting of the Company on June 13, 2023. A total of 420 thousand shares were issued. Issuance regulations are summarized as follows:

Employees to whom restricted stock award shares have been allocated shall satisfy the Personal Performance requirement by obtaining the result of "Satisfactory" (i.e. a performance assessment scale score ≥ 5.8) or above in the latest personal performance assessment prior to the vesting date. If the employees still work at the Company upon expiration of any of the following vesting periods, they will receive award shares at the granting ratio as scheduled below:

Vesting period	Granting ratio
From the grant date to Oct. 11 of the 1st year following the grant date	1/6
From the grant date to Apr. 11 of the 2nd year following the grant date	1/6
From the grant date to Oct. 11 of the 2nd year following the grant date	1/6
From the grant date to Apr. 11 of the 3rd year following the grant date	1/6
From the grant date to Oct. 11 of the 3rd year following the grant date	1/6
From the grant date to Apr. 11 of the 4th year following the grant date	1/6

Measures Taken for Employees Failing to Satisfy the Vesting Conditions:

- (I) If the employees resigns, are dismissed or laid off, retire, die, take leave without pay or are transferred to any affiliated enterprise after the grant date and prior to the expiration of the vesting period, the Company will take back, without payment, the award shares that have been granted to the employees (for the current year) and have not vested in the employees.

- (II) If the employees fail to meet the required personal performance immediately prior to the vesting date, the Company will take back, without payment, the award shares that have not vested in the employees that time.
- (III) The employees are not entitled to any stocks, cash dividends or capital reserve allocated before the expiration of the vesting period.
- (IV) If the employees terminate or cancel, before their satisfaction of the vesting conditions, the authorization given to the Company in violation of the rule saying that the trust contract or other similar agreements shall be negotiated, signed, revised, extended, cancelled or terminated, and the trust property shall be delivered, used and disposed, by the Company on behalf of the employees and the stock trust agency in the period for which restricted stock award shares are trusted, the Company shall take back, without payment, the award shares from the employees.
- The restricted stock award shares taken back by the Company without payment will be revoked by the Company.

The restricted stock award shares taken back by the Company without payment will be revoked by the Company.

Shares granted under the aforementioned stock option plan are summarized as follows:

	Employee restricted stock award shares for 2023
	Unit (Thousand)
<u>For the Three Months Ended March 31, 2024</u>	
Outstanding at the beginning of the year	420.0
Recovered for the year	(9.0)
Outstanding at the end of the year	<u>411.0</u>
Granted weighted average fair value (NTD)	<u>\$ 66.5</u>

Due to resignation of employees, 9 thousand and 43.5 thousand restricted stock award shares were recovered in 2024 and 2023 respectively, and there were 9 thousand and 22.5 thousand shares among such recovered shares to be revoked.

The compensation costs for the new shares with restricted option as recognized for the three months ended March 31 of 2024 and 2023 are \$5,478 and \$2,922 respectively.

XX. Operating Revenue

	<u>For the Three Months Ended March 31</u>			
	<u>2024</u>		<u>2023</u>	
Revenue from contracts with customers				
Integrated circuits		<u>\$311,084</u>		<u>\$215,946</u>
(I) Contractual balance				
	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Revenue from customer contracts integrated circuit (Note 8)	<u>\$ 227,086</u>	<u>\$ 191,426</u>	<u>\$ 141,179</u>	<u>\$ 169,644</u>

(II) Itemized Revenue from Contracts with Customers

Itemized by Areas

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Mainland China	\$ 157,022	\$ 106,699
Taiwan (where the Company is located)	153,270	105,458
Korea	792	398
Other countries	-	3,391
	<u>\$311,084</u>	<u>\$215,946</u>

XXI. Net Profit of Operations

(I) Interest Income

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Bank deposits	\$ 1,257	\$ 489
Commercial paper	19	15
Deposit interest	10	10
	<u>\$ 1,286</u>	<u>\$ 514</u>

(II) Other Incomes

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Lease income		
Other operating leases	\$ 493	\$ 615
Others	1,007	533
	<u>\$ 1,500</u>	<u>\$ 1,148</u>

(III) Other Gains and Losses

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Gains and losses on financial assets		
Financial asset at fair value through profit	\$ 413	\$ 331
Net gain (loss) on foreign exchange	5,346	(834)
Others	(8)	564
	<u>\$ 5,751</u>	<u>\$ 61</u>

(IV) Financial Cost

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Interest on lease liabilities	<u>\$ 109</u>	<u>\$ 98</u>

(V) Depreciation and Amortization

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Depreciation expenses by functions:		
Operating cost	\$ 4,655	\$ 3,651
Operating expenses	<u>14,935</u>	<u>15,239</u>
	<u>\$ 19,590</u>	<u>\$ 18,890</u>
Amortization expenses by functions:		
Operating cost	\$ 253	\$ 297
Operating expenses	<u>1,645</u>	<u>2,533</u>
	<u>\$ 1,898</u>	<u>\$ 2,830</u>

(VI) Employee Benefit Expenses

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Post-retirement benefits (Note 17)		
Identified allocation plan	\$ 2,682	\$ 2,802
Identified benefit plan	<u>-</u>	<u>130</u>
	2,682	2,932
Share-based payment (Note 19)		
Delivery of equity	5,478	2,922
Other employee benefits	<u>80,525</u>	<u>65,980</u>
Total employee benefit expenses	<u>\$ 88,685</u>	<u>\$ 71,834</u>
Summary by function		
Operating costs	\$ 12,159	\$ 12,188
Operating Expenses	<u>76,526</u>	<u>59,646</u>
	<u>\$ 88,685</u>	<u>\$ 71,834</u>

(VII) Remuneration of employees and directors

In accordance with the Articles of Association, the Company shall set aside no less than 5% and no more than 2% of the pre-tax profit of the current period before deducting the remuneration of employees and directors respectively. The pre-tax net profit is net loss for the period from January 1 to March 31 of 2023, so employee compensation and directors' compensation are not assessed. The estimated employee

remuneration and directors' remuneration for the period from 1 January to 31 March 2024 are as follows:

Estimated recognized proportion

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Employee remuneration	15%	-
Director's remuneration	1%	-

Amount

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Employee remuneration	\$ 1,863	\$ -
Director's remuneration	\$ 175	\$ -

If there is still any change in the amount after issuance of annual consolidated financial statements, it will be handled according to the change in accounting estimates and adjusted and recorded in the next year. The annual employee remuneration and directors' remuneration for 2023 and 2022 were resolved by the Board on February 29, 2024 and March 16, 2023 respectively as follows:

Amount

	<u>2023</u>		<u>2022</u>	
	<u>Cash</u>	<u>Share</u>	<u>Cash</u>	<u>Share</u>
Employee remuneration	\$ 5,197	\$ -	\$ 32,060	\$ -
Director's remuneration	489	-	2,581	-

There is no difference between the actual amounts allocated for employee remuneration in 2023 and 2022 and the amounts recognized in the annual financial statements of 2023 and 2022. °

For information on employee compensation and director compensation as determined by the Board of Directors of the Company, please visit the "Open Information Observatory" of the Taiwan Stock Exchange.

(VIII) Gains/loss in foreign currency exchange

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Foreign currency exchange gains	\$ 8,711	\$ 2,020
Foreign currency exchange loss	(3,365)	(2,854)
Net (loss) profit	\$ 5,346	(\$ 834)

XXII. Income Tax

(I) Income tax recognized in profit and loss

The main components of income tax expense are listed below:

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Current income tax		
Incurred in current year	(\$ 915)	(\$ 169)
Deferred income tax		
Incurred in current year	<u>915</u>	<u>169</u>
Income tax expense recognized as profit and loss	<u>\$ -</u>	<u>\$ -</u>

(II) Approval of income tax

The Company's profit-seeking business income tax declaration cases as of 2022 have been approved by the tax authority.

XXIII. Earnings per share

Unit: \$ per share

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Basic earnings per share	<u>\$ 0.18</u>	<u>(\$ 0.29)</u>
Diluted earnings per share	<u>\$ 0.18</u>	<u>(\$ 0.29)</u>

In calculating earnings per share, the impact of allotment of shares without compensation has been retroactively adjusted and the base date for the allotment on July 21, 2023. Due to retroactive adjustment, the changes in basic and diluted earnings per share for the period from January 1 to March 31 of 2023 are as follows:

Unit: \$ per share

	<u>Before retroactive adjustment</u>	<u>After retroactive adjustment</u>
	<u>For the Three Months Ended March 31</u>	
	<u>2023</u>	<u>2023</u>
Basic earnings per share	<u>(\$ 0.30)</u>	<u>(\$ 0.29)</u>
Diluted earnings per share	<u>(\$ 0.30)</u>	<u>(\$ 0.29)</u>

The net (Loss) profit and weighted average shares of common stock used to calculate (Loss) earnings per share are as follows:

Net Profit of the Year

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Net profit used to calculate basic and diluted earnings per share	<u>\$ 10,351</u>	<u>(\$ 16,737)</u>

Number of Shares

Unit: Thousand shares

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
The weighted average number of common shares used to calculate basic (Loss) earnings per share	57,951	57,548
Impact of dilutive potential common stock:		
Stocks with restricted employee's option	562	-
Employee remuneration	<u>49</u>	<u>-</u>
The weighted average number of common shares used to calculate diluted (Loss) earnings per share	<u>58,562</u>	<u>57,548</u>

If the Company selects to pay employee remuneration in stock or cash, diluted earnings per share will be calculated on the assumption that employee compensation will be paid in stock and will be included in the weighted average number of outstanding shares to calculate dilutive earnings per share at the time when the potential common stock is dilutive. The dilution effect of such potential ordinary shares also continues to be taken into account in calculating diluted earnings per share prior to the determination of the number of shares to be paid to employees in the next year.

The Company is a loss from January 1 to March 31 of 2023, and if the impact of employee compensation and employee rights restricted stock is included, it will have a counter-dilution effect, calculated on the basis of excluding diluted earnings per share.

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XXIV. Capital Risk Management

The Company manages its capital to ensure that it is able to maximize shareholders' returns as a going concern. There has been no significant change in the Company's overall strategy.

The capital structure of the Company consists of capital stock, capital reserves, retained earnings and other benefits.

The Company is not subject to other external capital requirements.

XXV. Financial Instruments

(I) Information of Fair Value - Financial Instruments Not Measured at Fair Value.

The management of the Company believes that the book amounts of the financial assets and financial liabilities not measured at fair value are close to fair value.

(II) Fair Value information - financial instruments measured at fair value on a recurring basis.

Fair value hierarchy

Mar 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through profit and loss</u>				
Fund benefit certificate	\$ 61,565	\$ -	\$ -	\$ 61,565

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through profit and loss</u>				
Fund benefit certificate	\$ 83,823	\$ -	\$ -	\$ 83,823

Mar 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through profit and loss</u>				
Fund benefit certificate	\$ 78,410	\$ -	\$ -	\$ 78,410

There was no transfer of fair value measurement between Class 1 and Class 2 in the period from January 1 to March 31 of 2024 and 2023.

(III) Classification of financial instruments

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial Assets</u>			
Measured at fair value through profit and loss			
Non-derivative financial assets measured at fair value	\$ 61,565	\$ 83,823	\$ 78,410
Financial assets measured at cost after amortization			
Cash and Cash Equivalents	409,923	457,745	223,795
Notes and accounts receivable	227,086	191,426	141,179
Refundable deposit	3,506	3,483	18,777

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	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial liabilities</u>			
Measured at amortized cost			
Accounts payable	\$ 101,100	\$ 107,636	\$ 58,175
Deposit received	4,482	860	1,051

(IV) Purpose and Policy of Financial Risk Management

Main financial instruments of the Company include accounts receivable (including those from related parties), refundable deposits, accounts payable and lease liabilities. The financial risk management objective of the Company is to manage the exchange rate risk, interest rate risk, credit risk and liquidity risk relevant to operating activities. For reducing relevant financial risks, the Company is committed to identifying, evaluating and avoiding market uncertainties to reduce the potential negative impact of market changes on the financial performance of the Company.

Important financial activities of the Company are reviewed by the board of directors pursuant to applicable regulations and internal control systems. During the implementation of the financial plan, the Company shall comply with applicable financial operating procedures for overall financial risk management and division of powers and responsibilities.

1. Market Risk

Main financial risks assumed by the Company for its operating activities are exchange rate risk (as stated in (1) below) and interest rate risk (as stated in (2) below).

The Company does not change the methods that it has adopted to manage and measure risk exposure with respect to market risk for financial instruments.

(1) Currency Risk

Part of cash used or generated by the Company is in foreign currencies, so the effect of natural hedge exists. The Company manages exchange rate risk just for the purpose of hedging, not for profit.

The exchange rate risk management strategy is established to review net positions of various currency assets and liabilities, and conduct risk management on net positions.

For book amounts of monetary assets and monetary liabilities of the Company in non-functional currencies on the balance sheet date, please refer to Note 28.

Net investments made by foreign operations of the Company are strategic investments; therefore, the Company does not hedge investment risk.

Sensitivity Analysis

The Company is mainly impacted by fluctuation of USD and CNY exchange rates.

The table below shows the Company's sensitivity analysis for the situations when the exchange rate of the NTD (the functional currency) to each foreign currency increases or decreases by 5%. Sensitivity analysis considers outstanding foreign currency monetary items, and the conversion made at the end of the period is adjusted by 5% exchange rate fluctuation. The scope of sensitivity analysis includes cash and cash equivalents, accounts receivable (including those from related parties), other receivables (including those from related parties), accounts payable and other payables. The positive number in the table below shows the amount increasing in the pretax net profit when the NTD against each foreign currency depreciates by 5%. If the NTD against each foreign currency appreciates by 5%, the impact on the pretax net profit will be a negative of the same amount.

	Effect of USD		Effect of CNY	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2024	2023	2024	2023
Profit (loss) before tax	\$ 3,720	\$ 2,855	\$ 3,085	\$ 2,722

Effects mainly derived from the receivables and payables in USD and CNY which were still outstanding on the balance sheet date and of which the cash flows were not hedged by the Company.

The Company's sensitivity to the USD exchange rate decreased for the current period. It was mostly because the balance of accounts payable in USD increased so that net USD assets decreased at the end of the year. Increase in sensitivity to the CNY exchange rate was mostly because cash and cash equivalents and accounts receivable in CYN increased so that net CNY assets increased at the end of the year.

(2) Interest Rate Risk

As consolidated entities of the Company possess fixed rate and floating rate assets, interest rate risk exposure is therefore incurred.

The book amounts of financial assets of the Company exposed to interest rate risk on the balance sheet date are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Interest rate risk in fair value			
— Financial assets	\$ 311,300	\$ 342,700	\$ 149,145
— Financial liabilities	19,892	21,314	16,682

	March 31, 2024	December 31, 2023	March 31, 2023
Interest rate risk in cash flow			
— Financial assets	\$ 98,108	\$ 114,426	\$ 73,793

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of non-derivative instruments at the balance sheet date. For floating rate assets, the analysis assumes that the amount of assets outstanding on the balance sheet date is outstanding during the reporting period.

If the interest rate increases/decreases by 0.1%, all other variables held constant, the Company's net profit before tax in the period from January 1 to March 31 of 2024 and 2023 will increase/decrease by \$25 thousands and \$18 thousands respectively, due to the interest rate risk of the Company's variable interest rate net assets.

2. Credit risk

Credit risk refers to the risk of financial loss to the Company caused by default of contractual obligations by the other trading party. As of the balance sheet date, the Company's greatest credit risk exposure to non-performance of obligations by the other trading party is primarily attributable to the carrying value of financial assets recognized in the consolidated balance sheet.

To mitigate credit risk, the management of the Company has appointed a dedicated team responsible for the determination of credit lines, credit approval and other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been included in unrecoverable receivables. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

Accounts receivable cover a large number of customers, dispersed in different industries and geographical regions. The Company continuously evaluates the financial position of its customers involving in accounts receivable.

Except for Customer A, Customer B, Customer C, Customer D and Customer E as described below, the Company does not have a material credit risk against any single trading party or any set of trading parties with similar characteristics. When the trading parties are related enterprises to each other, the Company defines them as the trading parties with similar characteristics. As of March 31, 2024, with the exception of Customer A, Customer B, Customer C, Customer D and Customer E, the concentration of credit risk with respect to other trading parties did not exceed 5% of total accounts receivable. The credit risks with Customer A, Customer B, Customer C, Customer D and Customer E are limited, since they are highly reputable manufacturers.

3.Liquidity Risk

The Company keeps successful business operation and mitigates the impact of cash flow fluctuation by managing and maintaining sufficient cash and cash equivalents.

(1) Liquidity of Non-derivative Financial Liabilities

The table below shows the maturity analysis for the remaining contracts of non-derivative financial liabilities, which is conducted based on the undiscounted cash flows of financial liabilities, including cash flows of interest and principal, on the earliest date that the Company is requested to make the repayment.

March 31, 2024

	Payable upon demand or less than 1 month	1~3 months	3 months~ 1 year	1~5 years	Total
Accounts payable	\$ 63,920	\$ 37,180	\$ -	\$ -	\$ 101,100
Lease liabilities	\$ 1,122	\$ 2,244	\$ 7,456	\$ 10,005	\$ 20,827
Other current liabilities	\$ 11,168	\$ 4,340	\$ -	\$ -	\$ 15,508

Further information regarding the maturity analysis for the aforementioned financial liabilities is as follows:

	Less than 1 year	1 ~ 5 years	Over 5 years
Lease liabilities	\$ 10,822	\$ 10,005	\$ -

Dec. 31, 2023

	Payable upon demand or less than 1 month	1~3 months	3 months~ 1 year	1~5 years	Total
Accounts payable	\$ 66,255	\$ 41,381	\$ -	\$ -	\$ 107,636
Lease liabilities	\$ 1,114	\$ 2,111	\$ 8,837	\$ 9,754	\$ 21,816
Other current liabilities	\$ 13,175	\$ 5,613	\$ -	\$ -	\$ 18,788

Further information regarding the maturity analysis for the aforementioned financial liabilities is as follows:

	Less than 1 year	1 ~ 5 years	Over 5 years
Lease liabilities	\$ 12,062	\$ 9,754	\$ -

March 31, 2023

	Payable upon demand or less than 1 month	1~3 months	3 months~ 1 year	1~5 years	Total
Accounts payable	\$ 18,673	\$ 39,502	\$ -	\$ -	\$ 58,175
Lease liabilities	\$ 1,081	\$ 2,123	\$ 8,617	\$ 5,283	\$ 17,104
Other current liabilities	\$ 12,048	\$ 5,345	\$ -	\$ -	\$ 17,393

Further information regarding the maturity analysis for the
aforementioned financial liabilities is as follows:

	Less than 1 year	1~5 years	Over 5 years
Lease liabilities	\$ 11,821	\$ 5,283	\$ -

XXIV. Transactions with Related Parties

- (I) All transactions between the Company and its subsidiaries, account balances, gains and losses have been wiped out at the time of consolidation and are not disclosed in this note. The Company has no dealings with any other affiliated party.
- (II) Remuneration of major management officers

	<u>For the Three Months Ended March 31</u>	
	2023	2024
Short-term employee benefits	\$ 6,682	\$ 7,266
Post-retirement benefits	131	254
Share-based payment	832	736
	<u>\$ 7,645</u>	<u>\$ 8,256</u>

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

XXVII. Major Contingent Liabilities and Unrecognized Contractual Commitments

(I) Major commitments

The Company signed a patented technology transfer agreement with a company in March 2018, and the transfer consideration was paid in three phases. The total amount of the first and second contractual amounts was US\$ 600, and the third-phase was paid based on the profits of the patented derivative products within three years after the offering date, amounting at least US\$ 300.

XXVIII. Information on Foreign Currency Assets and Liabilities with Significant Impact

The following information is summarized in terms of foreign currencies other than the Company's individual functional currency. The exchange rate disclosed refers to the exchange rate at which such foreign currencies are converted to functional currency. Foreign currency assets and liabilities with significant impact are listed below:

Unit:Thousands in each foreign currency

March 31, 2024

	Foreign currency	Exchange rate	Book amount
Foreign currency			
Monetary item			
USD	\$ 3,967	32.000 (USD:NTD)	\$ 126,935
CNY	13,996	4.408 (CNY:NTD)	61,696
			<u>\$ 188,631</u>
Foreign currency			
liabilities			
Monetary item			
USD	1,642	32.000 (USD:NTD)	<u>\$ 52,544</u>

Unit:Thousands in each foreign currency

Dec. 31, 2023

	Foreign currency	Exchange rate	Book amount
Foreign currency			
assets			
Monetary item			
USD	\$ 4,808	30.705 (USD:NTD)	\$ 147,642
CNY	11,569	4.327 (CNY:NTD)	50,058
			<u>\$ 197,700</u>
Foreign currency			
liabilities			
Monetary item			
USD	2,180	30.705(USD:NTD)	<u>\$ 66,952</u>

Unit:Thousands in each foreign currency

March 31, 2023

	Foreign currency	Exchange rate	Book amount
Foreign currency			
assets			
Monetary item			
USD	\$ 2,780	30.450 (USD:NTD)	\$ 84,651
USD	17	6.872 (USD:CNY)	555
CNY	12,287	4.431 (CNY:NTD)	54,443
			<u>\$ 139,649</u>
Foreign currency			
liabilities			
Monetary item			
USD	923	30.450 (USD:NTD)	<u>\$ 28,108</u>

The realized and unrealized net foreign exchange (losses) gains for the Three Months Ended March 31, 2024 and 2023 was \$ 5,346 thousand and (\$834) thousand respectively. As foreign currency transactions are diversified, disclosing foreign exchange gains or losses based on each foreign currency with material impact is not feasible.

XXIX. Matters Disclosed in Notes

(I) Major transactions and (II) Related information on reinvested business: At the time of preparation of these consolidated financial statements, all significant transactions between the parent and subsidiaries and their balances have been wiped out.

1. Loans to others: none.

2. Endorse for another: none.

3. Securities holdings at the end of the period:

Holder	Class of Marketable Securities	Names of securities	Relationship with Securities Issuer	Presented Items	End of the Period				Remar
					Number of shares or Unit	Carrying amount	Shareholding Ratio%	Planned Assets	
LEADTREND SHENZHEN	Fund	Fund B on Mainland China Resources Yuanta Cash Connect Money Market	-	Financial assets measured at fair value through profit and loss - current	-	\$ 61,565	-	\$ 61,565	Note 1

Note 1: Based on net value as at March 31, 2024.

Note 2: No security, pledged loans or other agreed restriction for use of the securities

as listed above has been offered as of March 31, 2024.

4. Cumulative purchase or sale of the same securities amounting to NT \$300 million or more than 20% of the paid-in capital: none.

5. Real estate acquired amounting NT \$300 million or more than 20% of the paid-in capital: none.

6. Immovable property disposed amounting NT \$300 million or more than 20% of the paid-in capital: none.

7. Sales to/from related parties amounting NT \$100 million or more than 20% of the paid-in capital: none.

8. Amounts receivable from related parties amounting to NT \$100 million or more than 20% of the paid-in capital: none.

9. Trading involving derivatives: none.

10. Others: Information and amount of business relations and important transactions between the parent company and subsidiaries:

For the Three Months Ended March 31 of 2024

Transaction Information							
No.	Name of Trader	Trading Party	Relationship (Note 2)	Item	Amount	Trading Condition	Ratio to total revenues or total assets
0	LEADTREND TECHNOLOGY CO. LTD.	LEADTREND TECHNOLOGY (SHENZHEN) CO. LTD.	1	Sales revenue	\$ 89,659	Note 3	29%
0	LEADTREND TECHNOLOGY CO. LTD.	LEADTREND TECHNOLOGY (SHENZHEN) CO. LTD.	1	Accounts Receivable - related parties	\$60,763	Note 3	3%

Note 1: The amount of transactions with parent company is 0. Subsidiaries are numbered in sequence starting with the number 1.

Note 2: There is no appropriate object comparable with the sales price between subsidiaries, and the collection period with the subsidiary is comparable to that with ordinary customers.

Note 3: Material transactions in this table may be listed at the discretion of the Company based on the principle of materiality.

(III) Information on investments in Mainland China:

The Company has no other matters to be disclosed except the following:

1. Name of investee company in Mainland China, main business activities, paid-in capital, investment method, funds remitted in and out, shareholding, investment gain or loss, book value of investments at the end of the year, investment gain (loss) remitted back already, and limit of investments in Mainland China:

Unit: In thousands of NT\$; in thousands of USD

Name of investee company in Mainland China	Min business activities	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the year	Investment amount remitted or recovered in the year		Investment amount remitted or recovered in the year	Investee company's profit (loss) of the year	Percentage of shares held by the Company through direct or indirect investment	Investment gain (loss) recognized for the year (Note 2)	Ending book value of investment (Note 2)	Investment gain remitted back to Taiwan as of the end of the year
					Remitted	Recovered						
LEADTREND TECHNOLOGY (SHENZHEN) CO., LTD.	Computer software design service, computer system integration service, wholesale of integrated circuits and related electronic products, and agent import and export business activities	\$ 316,800 (USD 9,900)	Note 1	\$ 225,600 (USD7,050)	\$ - (USD -)	\$ -	\$ 225,600 (USD7,050)	\$ 21,307 (USD678)	100%	\$ 21,307 (USD 678)	\$ 260,193 (USD8,131)	\$ -

Accumulated investment amount remitted from Taiwan to Mainland China at the end of the year	Investment amount approved by Investment Commission, Ministry of Economic Affairs	60% of net worth, the limit of investment provided by Investment Commission, Ministry of Economic Affairs
\$225,600 (USD7,050)	\$316,800 (USD9,900)	\$998,718

Note1: The investment was made physically in Mainland China.

Note2: It was calculated based on the financial statements of the same accounting period audited by CPAs.

Note3: The figures in a foreign currency indicated in the table were converted into NT dollars at the exchange rate announced on the reporting date.

Note 4: As of March 31, 2013, Tongjia Company had an investment amount of US\$9,900 approved by the Investment Review Committee of the Ministry of Economic Affairs, and had actually remitted US\$7,050. The remaining uninvested amount has expired.

2. Information on major transactions with invested companies in Mainland China directly or indirectly through a third-party, and related prices, terms of payment, unrealized gains and losses and any other information which may be helpful to understand the impact of investment in Mainland China on financial statements: Please refer to Section (I) 10. Others.

(IV) Information of Key Shareholders: Name of Shareholder Holding Over 5% of Equity,
Number of Shares Held and Percentage of Shareholding:

Name of major shareholder	Shares	
	Number of shares held	Percentage of shareholding (%)
Jie Neng Investment Co., Ltd.	4,784,628	8.12

XXX. Department Information

The Company's operating decision makers focus on and use product-specific information to allocate resources and evaluate department performance. Each product has similar economic characteristics and is marketed by a unified and centralized marketing approach, so the Company summarizes and reports them in a single operating department. In addition, the department information provided by the Company to the operating decision makers for review is measured on the same basis as the consolidated financial statements. Therefore, for the department's revenue and operating results reported for the period from January 1 to March 31 of 2024 and 2023, refer to the consolidated income statement for the period from January 1 to March 31 of 2024 and 2023. For the department's assets to be reported as of March 31, 2024 and March 31, 2023, refer to the consolidated balance sheet as of March 31, 2024 and March 31, 2023 respectively.