Global Unichip Corp. 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
Global Unichip Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Global Unichip Corp. and its subsidiaries (collectively, the "Company") as of March 31, 2024 and 2023 and the related consolidated statements of comprehensive income, the consolidated statements of 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 No. 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 Company as of March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months then 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 Ming-Hui Chen and Su-Li Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

April 25, 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.

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024 Amount	%	December 31, 2023 Amount	%	March 31, 2023 Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 27)	$ 9,554,334	43	$ 7,637,809	36	$ 5,891,953	28
Financial assets at fair value through profit or loss (Note 7)	2,086,754	9	2,080,000	10	1,785,172	9
Accounts receivable, net (Notes 6 and 16)	1,505,078	7	1,967,388	9	2,344,838	11
Receivables from related parties (Note 27)	99,294	1	22,040	-	14,271	-
Inventories (Note 8)	4,673,624	21	4,850,717	23	6,967,037	34
Other financial assets (Note 27)	19,773	-	3,862	-	3,201	-
Other current assets (Notes 12 and 27)	2,635,161	12	2,874,469	14	2,125,985	10
Total current assets	20,574,018	93	19,436,285	92	19,132,457	92
NON-CURRENT ASSETS						
Property, plant and equipment (Note 9)	537,379	2	558,637	3	604,061	3
Right-of-use assets (Note 10)	222,450	1	236,721	1	287,926	1
Intangible assets (Note 11)	575,303	3	587,286	3	496,542	3
Deferred income tax assets (Note 21)	12,508	-	15,655	-	15,675	-
Prepayments for business facilities	-	-	1,244	-	6,803	-
Refundable deposits (Note 27)	195,611	1	215,904	1	153,880	1
Pledged time deposits (Notes 27 and 28)	22,200	-	22,200	-	22,200	-
Total non-current assets	1,565,451	7	1,637,647	8	1,587,087	8
TOTAL	$ 22,139,469	100	$ 21,073,932	100	$ 20,719,544	100

LIABILITIES AND EQUITY	March 31, 2024 Amount	%	December 31, 2023 Amount	%	March 31, 2023 Amount	%
CURRENT LIABILITIES						
Contract liabilities (Notes 16 and 27)	$ 7,059,599	32	$ 6,250,159	30	$ 6,019,489	29
Accounts payable	1,014,054	5	1,174,487	6	1,599,184	8
Payables to related parties (Note 27)	402,581	2	513,654	2	251,945	1
Accrued employees' compensation and remuneration to directors (Note 23)	1,442,661	6	1,454,645	7	1,054,896	5
Payables on machinery and equipment	-	-	16,416	-	1,709	-
Current tax liabilities (Note 21)	360,269	2	261,573	1	739,066	4
Lease liabilities - current (Notes 10, 24 and 27)	79,939	-	78,372	-	79,191	-
Accrued expenses and other current liabilities (Note 13)	953,901	4	1,204,559	6	1,451,891	7
Total current liabilities	11,313,004	51	10,953,865	52	11,197,371	54
NON-CURRENT LIABILITIES						
Deferred income tax liabilities (Note 21)	131,513	-	127,918	1	117,338	1
Lease liabilities - non-current (Notes 10, 24 and 27)	152,820	1	172,196	1	217,461	1
Other long-term payables (Note 13)	154,645	1	112,618	-	161,345	1
Net defined benefit liabilities (Note 14)	22,155	-	22,312	-	27,132	-
Guarantee deposits (Note 24)	3,592	-	3,464	-	3,446	-
Total non-current liabilities	464,725	2	438,508	2	526,722	3
Total liabilities	11,777,729	53	11,392,373	54	11,724,093	57
EQUITY (Note 15)						
Share capital	1,340,119	6	1,340,119	6	1,340,119	6
Capital surplus	32,843	-	32,801	-	32,777	-
Retained earnings						
Appropriated as legal reserve	1,428,010	7	1,428,010	7	1,056,442	5
Appropriated as special reserve	18,234	-	18,234	-	38,471	-
Unappropriated earnings	7,559,051	34	6,896,402	33	6,545,895	32
Others	(16,517)	-	(34,007)	-	(18,253)	-
Total equity	10,361,740	47	9,681,559	46	8,995,451	43
TOTAL	$ 22,139,469	100	$ 21,073,932	100	$ 20,719,544	100

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

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
NET REVENUE (Notes 16 and 27)	$ 5,690,371	100	$ 6,528,839	100
COST OF REVENUE (Notes 23 and 27)	4,001,563	70	4,445,199	68
GROSS PROFIT	1,688,808	30	2,083,640	32
OPERATING EXPENSES				
Sales and marketing (Notes 23 and 27)	91,778	1	98,411	2
General and administrative (Notes 23 and 27)	119,173	2	96,017	1
Research and development (Notes 23 and 27)	733,525	13	786,514	12
Expected credit impairment loss (Note 6)	38,888	1	-	-
Total operating expenses	983,364	17	980,942	15
INCOME FROM OPERATIONS	705,444	13	1,102,698	17
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 17 and 27)	36,648	1	18,447	-
Other income (Notes 10 and 18)	1,964	-	2,825	-
Other gains and losses (Note 19)	31,986	-	(32,854)	-
Finance costs (Notes 20 and 27)	(1,164)	-	(1,461)	-
Total non-operating income and expenses	69,434	1	(13,043)	-
INCOME BEFORE INCOME TAX	774,878	14	1,089,655	17
INCOME TAX EXPENSE (Note 21)	112,229	2	155,484	3
NET INCOME	662,649	12	934,171	14
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations (Note 15)	17,490	-	(19)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 680,139	12	$ 934,152	14
EARNINGS PER SHARE (Note 22)				
Basic earnings per share	$ 4.94		$ 6.97	
Diluted earnings per share	$ 4.93		$ 6.94	

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

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Share Capital - Common Stock			Retained Earnings				Others	
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Foreign Currency Translation Reserve	Total Equity
BALANCE, JANUARY 1, 2023	134,011	$ 1,340,119	$ 32,676	$ 1,056,442	$ 38,471	$ 5,611,724	$ 6,706,637	$ (18,234)	$ 8,061,198
Dividends from claims extinguished by prescription	-	-	101	-	-	-	-	-	101
Net income for the three months ended March 31, 2023	-	-	-	-	-	934,171	934,171	-	934,171
Other comprehensive loss for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	-	(19)	(19)
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	934,171	934,171	(19)	934,152
BALANCE, MARCH 31, 2023	134,011	$ 1,340,119	$ 32,777	$ 1,056,442	$ 38,471	$ 6,545,895	$ 7,640,808	$ (18,253)	$ 8,995,451
BALANCE, JANUARY 1, 2024	134,011	$ 1,340,119	$ 32,801	$ 1,428,010	$ 18,234	$ 6,896,402	$ 8,342,646	$ (34,007)	$ 9,681,559
Dividends from claims extinguished by prescription	-	-	42	-	-	-	-	-	42
Net income for the three months ended March 31, 2024	-	-	-	-	-	662,649	662,649	-	662,649
Other comprehensive income for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	-	-	17,490	17,490
Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	662,649	662,649	17,490	680,139
BALANCE, MARCH 31, 2024	134,011	$ 1,340,119	$ 32,843	$ 1,428,010	$ 18,234	$ 7,559,051	$ 9,005,295	$ (16,517)	$ 10,361,740

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

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	Three Months Ended March 31	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 774,878	$ 1,089,655
Adjustments for:		
Depreciation	61,799	65,958
Amortization	91,501	85,469
Gain on financial assets at fair value through profit or loss	(23,990)	(5,172)
Finance costs	1,164	1,461
Expected credit impairment loss	38,888	-
Interest income	(36,648)	(18,447)
Loss (gain) on foreign exchange, net	11,193	(6,727)
Changes in operating assets and liabilities:		
Accounts receivable, net (including related parties)	346,168	641,124
Inventories	177,093	(404,315)
Other current assets	113,047	148,598
Contract liabilities	809,440	(329,987)
Accounts payable (including related parties)	(141,915)	(1,042,927)
Accrued employees' compensation and remuneration to directors	(11,984)	314,078
Accrued expenses and other current liabilities	(278,298)	(379,854)
Net defined benefit liabilities	(157)	(155)
Cash generated from operations	1,932,179	158,759
Income tax paid	(9,949)	(3,850)
Net cash generated from operating activities	1,922,230	154,909
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property, plant and equipment	(35,571)	(26,026)
Intangible assets	(27,200)	(53,301)
Proceeds from disposal of financial assets at fair value through profit or loss	17,236	-
Refundable deposits paid	-	(23,883)
Refundable deposits refunded	26,577	652
Interest received	20,737	16,777
Net cash generated from (used in) investing activities	1,779	(85,781)
CASH FLOWS FROM FINANCING ACTIVITIES		
Guarantee deposits received	-	4
Guarantee deposits refunded	(9)	(9)
Repayment of the principal portion of lease liabilities	(23,801)	(24,605)
Interest paid	(1,164)	(1,461)
Dividends from claims extinguished by prescription reclassified to capital surplus	42	101
Net cash used in financing activities	(24,932)	(25,970)

(Continued)

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	Three Months Ended March 31	
	2024	**2023**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	$ 17,448	$ 238
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,916,525	43,396
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	7,637,809	5,848,557
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 9,554,334	$ 5,891,953

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

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Global Unichip Corp. (GUC), a Republic of China (R.O.C.) corporation, was incorporated on January 22, 1998. GUC is engaged mainly in researching, developing, producing, testing and selling of embedded memory and logic components for various application ICs, cell libraries for various application ICs, and EDA tools for various application ICs. On November 3, 2006, GUC's shares were listed on the Taiwan Stock Exchange (TWSE). The address of its registered office and principal place of business is No. 10 Li-Hsin 6^{th} Rd., Hsinchu Science Park, Taiwan. GUC together with its consolidated subsidiaries are hereinafter referred to collectively as the "Company".

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were agreed by the Audit Committee and reported to the Board of Directors on April 25, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Company's accounting policies.

b. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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 IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Company shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. 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 consolidated financial statements shall prevail.

Material accounting policies are summarized as follows:

Statement of Compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

Basis of Preparation

These interim consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Basis of Consolidation

<u>Principles for preparing consolidated financial statements</u>

The consolidated financial statements incorporate the financial statements of GUC and entities controlled by GUC (its subsidiaries). Control is achieved where GUC has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies consistent with those used by GUC.

All intercompany transactions, balances, income and expenses are eliminated in full upon consolidation.

The subsidiaries in the consolidated financial statements

The detail information of the subsidiaries at the end of reporting period is as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Establishment and Operating Location	Percentage of Ownership March 31, 2024	Percentage of Ownership December 31, 2023	Percentage of Ownership March 31, 2023	Remark
GUC	Global Unichip Corp.-NA (GUC-NA)	Products consulting, design and technical support service	U.S.A.	100%	100%	100%	Note
	Global Unichip Japan Co., Ltd. (GUC-Japan)	Products consulting, design and technical support service	Japan	100%	100%	100%	Note
	Global Unichip Corp. Europe B.V. (GUC-Europe)	Products consulting, design and technical support service	Netherlands	100%	100%	100%	Note
	Global Unichip Corp. Korea (GUC-Korea)	Products consulting, design and technical support service	Korea	100%	100%	100%	Note
	Global Unichip (Nanjing) Ltd. (GUC-Nanjing)	Products consulting, design and technical support service	Nanjing, China	100%	100%	100%	Note
	Global Unichip (Shanghai) Company, Limited (GUC-Shanghai)	Products consulting, design and technical support service	Shanghai, China	100%	100%	100%	Note
	Global Unichip Vietnam Company Limited （GUC-Vietnam）	Products consulting, design and technical support service	Vietnam	100%	100%	100%	Note

Note: The subsidiaries are not significant subsidiaries. Except for GUC-NA and GUC-Nanjing, other subsidiaries' financial statements have not been reviewed or audited.

Foreign Currencies

The financial statements of each individual consolidated entity were expressed in the currency, which reflected its primary economic environment (functional currency). The functional currency of GUC and the presentation currency of the consolidated financial statements are both New Taiwan Dollars (NT$). In preparing the consolidated financial statements, the operating results and financial position of each consolidated entity are translated into NT$.

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into NT$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within twelve months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within twelve months after the reporting period; and

c. Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

Cash Equivalents

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits and investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

a. Measurement category

   Financial assets are classified into the following categories: Financial assets at fair value through profit or loss (FVTPL) and financial assets at amortized cost.

   1) Financial assets at FVTPL

      Financial assets at FVTPL include financial assets that are mandatorily classified as at FVTPL, which include investments in equity instruments which are not designated as at fair value through other comprehensive income (FVOCI) and debt instruments that do not meet the amortized cost criteria or the FVOCI criteria.

      Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26: Financial Instruments.

2) Financial assets at amortized cost

Financial assets that meet the following 2 conditions are subsequently measured at amortized cost:

a) The financial asset is held within a business model whose objective is collecting contractual cash flows; and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes and accounts receivable (including related parties) and other receivables), are measured at amortized cost, which equals gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

b. Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Company always recognizes lifetime Expected Credit Losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For poor credit rating customers that have accounts receivable balances past due over 90 days, the Company recognizes loss allowance at full amount.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c. Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial Liabilities and Equity Instruments

a. Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

c. Financial liabilities

Financial liabilities are subsequently measured at amortized cost using effective interest method.

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting period.

d. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made on an item-by-item basis, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and necessary selling costs. Inventories are recorded at the weighted-average cost on the balance sheet date.

Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the following estimated useful lives:

Buildings	50 years
Machinery and equipment	7 years
Research and development equipment	4 years
Transportation equipment	4 to 5 years
Office equipment	5 to 10 years
Miscellaneous equipment	2 to 10 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

a. The Company as lessor

   Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

   When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

   Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

b. The Company as lessee

   The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

   Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

   Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

   Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

   Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Intangible Assets

Intangible asset with definite useful life is initially recorded at the purchase cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized using the straight-line method over the following estimated useful lives:

Software	2 to 5 years
Patents	Economic lives of the patents

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Expenditure on research activities is recognized as an expense when incurred. An internally-generated intangible asset arising from development activities is capitalized and then amortized on a straight-line basis over its useful life if the recognition criteria for an intangible asset have been met; otherwise, the development expenditure is recognized as an expense when incurred.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Revenue Recognition

The Company identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied. Revenue from sale of goods is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

<u>Revenue from sale of goods</u>

Revenue is recognized when a customer obtains control of promised goods, at which time the goods are delivered to the customer’s specific location and performance obligation is satisfied.

<u>Rendering of Non-Recurring Engineering (NRE) services</u>

Revenue is recognized when the NRE service is completed and the qualifications in the contract with the customer have been met. If each performance obligation can be measured reasonably by completion stages, the contract is restricted for another use, and the customer would compensate the company to recover the costs incurred plus a reasonable profit margin whenever the contract is terminated by the customer, revenue from the contract service is recognized over time.

Retirement Benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement is recognized in other comprehensive income in the period in which it occurs, and it is reflected in retained earnings immediately and will not be reclassified to profit or loss.

Net defined benefit liability represents the actuarial deficit in the Company's defined benefit plan.

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.

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. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss in full in the period in which the change in tax rate occurs.

Current tax

According to the Income Tax Law, an additional income tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

Income taxes of the Company are calculated based on tax laws of various countries and jurisdictions where respective subsidiary companies are incorporated. Income tax returns are filed by each entity separately and not on a combined basis. Income tax expense of the Company is the sum of the income taxes of the entities comprising the Company.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, provided it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The deferred tax assets which were originally not recognized are also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company has applied the exception from the recognition and disclosure of deferred tax assets and liabilities related to Pillar Two income taxes. Accordingly, the Company neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

<u>Current tax and deferred tax for the period</u>

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Government Grants

Government grants are recognized when the Company complies with the conditions attached to them and that the grants will be received.

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

In the application of the Company’s accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact of climate change and related government policies and regulations on the cash flow projection, growth rates, discount rates, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

<u>MATERIAL ACCOUNTING JUDGMENTS</u>

Revenue recognized at gross or net amount

The Company determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for the other party to provide those goods or services (i.e. the Company is an agent) based on the transaction model and its economic substance. The Company is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Company recognizes revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Company is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Company recognizes revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Timing of revenue recognition

The Company evaluates whether its performance obligation is satisfied over time or at a point in time in accordance with the respective contract with a customer and applicable regulation when the conditions described in Note 4 are satisfied.

The Company also records a provision for estimated future allowance in the same period the related revenue is recorded. Provision for estimated sales allowance is generally made and adjusted based on management judgment, historical experience and any known factors that would significantly affect the allowance; the management periodically reviews the adequacy of the allowance.

KEY SOURCES OF ESTIMATION AND UNCERTAINTY

Impairment of Financial Assets

The provision for impairment of accounts receivable is based on assumptions about probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates at the end of each reporting period. Please refer to Note 6 for the details of the key assumptions and inputs used. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

Realization of Deferred Income Tax Assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realizability of deferred tax assets requires the Company's subjective judgment and estimation, including the future revenue growth and profitability, tax holidays, the amount of tax credits that can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to deferred tax assets.

Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value. The Company estimates the net realizable value of inventory at the end of each reporting period.

Due to the rapid technological changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of inventory is mainly determined based on assumptions of future demand within a specific time horizon.

Lessees' Incremental Borrowing Rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, secured position, etc.) are also taken into account.

6. ACCOUNTS RECEIVABLE, NET

	March 31, 2024	December 31, 2023	March 31, 2023
At amortized cost of accounts receivable			
Gross carrying amount	$ 1,543,966	$ 1,967,388	$ 2,344,838
Less: Allowance for credit impairment loss	(38,888)	-	-
	$ 1,505,078	$ 1,967,388	$ 2,344,838

In principle, the payment term granted to customers is due 30 days from the invoice date or 30 days from the end of the month the invoice is issued.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime expected credit losses. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past account aging records of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor and an assessment of the gross domestic product growth rate, unemployment rate and industrial indicators at the reporting date. The Company estimates expected credit losses based on the number of days that receivables are past due. As the Company's historical credit losses experience does not show significantly different loss patterns for different customer segments, the provision for losses based on past due status of receivables is not further distinguished between the Company's different customer base; poor credit rating customers that have accounts receivable balances past due over 90 days are provided with full amount of loss allowance.

The Company writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of the receivable. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

Aging analysis of accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
No past due	$ 1,422,946	$ 1,590,921	$ 2,228,472
Past due			
Past due within 1-30 days	59,036	319,825	110,917
Past due within 31-60 days	3,168	56,642	5,449
Past due within 91-120 days	17,405	-	-
Past due within 121-150 days	41,411	-	-
Less: Loss allowance	(38,888)	-	-
	$ 1,505,078	$ 1,967,388	$ 2,344,838

The movement of the loss allowance of accounts receivable was as follows:

	Three Months Ended March 31, 2024
Balance at January 1	$ -
Add: Net remeasurement of credit impairment loss allowance	38,888
Balance at March 31	$ 38,888

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	$ 2,086,754	$ 2,080,000	$ 1,785,172

8. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Finished goods	$ 859,508	$ 1,030,815	$ 825,634
Work in process	3,113,326	2,643,946	5,034,191
Raw materials	700,790	1,175,956	1,107,212
	$ 4,673,624	$ 4,850,717	$ 6,967,037

Reversal of inventory valuation losses was included in the cost of revenue; the amounts were as follows:

	Three Months Ended March 31	
	2024	2023
Reversal of write-down of inventories	$ 5,469	$ -

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and Equipment	Research and Development Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Total
Cost							
Balance at January 1, 2024	$ 242,923	$ 112,085	$ 1,790,963	$ 2,825	$ 33,315	$ 475,997	$ 2,658,108
Additions	-	-	7,829	-	-	12,570	20,399
Effect of exchange rate changes	-	-	726	-	106	476	1,308
Balance at March 31, 2024	$ 242,923	$ 112,085	$ 1,799,518	$ 2,825	$ 33,421	$ 489,043	$ 2,679,815
Accumulated depreciation							
Balance at January 1, 2024	$ 92,394	$ 55,531	$ 1,531,211	$ 1,496	$ 28,676	$ 390,163	$ 2,099,471
Depreciation	1,192	3,975	27,766	72	333	8,510	41,848
Effect of exchange rate changes	-	-	593	-	146	378	1,117
Balance at March 31, 2024	$ 93,586	$ 59,506	$ 1,559,570	$ 1,568	$ 29,155	$ 399,051	$ 2,142,436
Carrying amount at January 1, 2024	$ 150,529	$ 56,554	$ 259,752	$ 1,329	$ 4,639	$ 85,834	$ 558,637
Carrying amount at March 31, 2024	$ 149,337	$ 52,579	$ 239,948	$ 1,257	$ 4,266	$ 89,992	$ 537,379
Cost							
Balance at January 1, 2023	$ 242,923	$ 109,805	$ 1,846,188	$ 1,375	$ 34,067	$ 459,544	$ 2,693,902
Additions	-	-	-	-	-	4,516	4,516
Disposals	-	-	-	-	-	(71)	(71)
Effect of exchange rate changes	-	-	(146)	-	(67)	(96)	(309)
Balance at March 31, 2023	$ 242,923	$ 109,805	$ 1,846,042	$ 1,375	$ 34,000	$ 463,893	$ 2,698,038
Accumulated depreciation							
Balance at January 1, 2023	$ 87,628	$ 39,558	$ 1,515,711	$ 1,220	$ 29,264	$ 374,486	$ 2,047,867
Depreciation	1,192	3,942	33,754	66	494	6,890	46,338
Disposals	-	-	-	-	-	(71)	(71)
Effect of exchange rate changes	-	-	(100)	-	(27)	(30)	(157)
Balance at March 31, 2023	$ 88,820	$ 43,500	$ 1,549,365	$ 1,286	$ 29,731	$ 381,275	$ 2,093,977
Carrying amount at January 1, 2023	$ 155,295	$ 70,247	$ 330,477	$ 155	$ 4,803	$ 85,058	$ 646,035
Carrying amount at March 31, 2023	$ 154,103	$ 66,305	$ 296,677	$ 89	$ 4,269	$ 82,618	$ 604,061

10. LEASE ARRANGEMENTS

a. Right-of-use assets

	Land	Buildings	Transportation Equipment	Total
Cost				
Balance at January 1, 2024	$ 59,238	$ 467,227	$ 5,886	$ 532,351
Additions	-	2,683	796	3,479
Lease expired	-	-	(767)	(767)
Effect of exchange rate changes	-	3,457	-	3,457
Balance at March 31, 2024	$ 59,238	$ 473,367	$ 5,915	$ 538,520
Accumulated depreciation				
Balance at January 1, 2024	$ 8,076	$ 285,456	$ 2,098	$ 295,630
Depreciation	405	19,251	295	19,951
Lease expired	-	-	(767)	(767)
Effect of exchange rate changes	-	1,256	-	1,256
Balance at March 31, 2024	$ 8,481	$ 305,963	$ 1,626	$ 316,070
Carrying amounts at January 1, 2024	$ 51,162	$ 181,771	$ 3,788	$ 236,721
Carrying amounts at March 31, 2024	$ 50,757	$ 167,404	$ 4,289	$ 222,450
Cost				
Balance at January 1, 2023	$ 59,238	$ 429,290	$ 5,934	$ 494,462
Additions	-	38,401	-	38,401
Lease expired	-	(4,539)	-	(4,539)
Effect of exchange rate changes	-	(1,397)	-	(1,397)
Balance at March 31, 2023	$ 59,238	$ 461,755	$ 5,934	$ 526,927
Accumulated depreciation				
Balance at January 1, 2023	$ 6,456	$ 215,496	$ 2,493	$ 224,445
Depreciation	404	18,890	326	19,620
Lease expired	-	(4,539)	-	(4,539)
Effect of exchange rate changes	-	(525)	-	(525)
Balance at March 31, 2023	$ 6,860	$ 229,322	$ 2,819	$ 239,001
Carrying amounts at January 1, 2023	$ 52,782	$ 213,794	$ 3,441	$ 270,017
Carrying amounts at March 31, 2023	$ 52,378	$ 232,433	$ 3,115	$ 287,926

	Three Months Ended March 31	
	2024	2023
Income from the subleasing of right-of-use assets (presented in other income)	$ 75	$ 75

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount			
Current	$ 79,939	$ 78,372	$ 79,191
Non-current	$ 152,820	$ 172,196	$ 217,461

Range of discount rates for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	1.62%	1.62%	1.62%
Buildings	0.589%-6.19%	0.589%-6.19%	0.589%-6.19%
Transportation equipment	0.925%-1.611%	0.671%-1.57%	0.589%-0.925%

c. Material leasing activities and terms

The Company leases land and buildings for the use of plants and offices with lease terms of 1 to 37 years. The lease contract for land located in the R.O.C. specifies that lease payments will be adjusted on the basis of changes in announced land value prices and other factors at any time. The Company does not have bargain purchase option to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Subleases

The other sublease transaction is set out below.

Sublease of right-of-use assets

The Company subleased its leasehold parking lot under operating lease with lease term of 1 year and 6 months.

The maturity analysis of lease payments receivable under operating subleases was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Year 1	$ 75	$ 150	$ 300
Year 2	-	-	75
	$ 75	$ 150	$ 375

e. Other lease information

	Three Months Ended March 31	
	2024	2023
Expenses relating to short-term leases	$ 1,637	$ 2,666
Expenses relating to low-value asset leases	$ 11	$ 7
Total cash outflow for leases	$ (26,681)	$ (28,814)

The Company's leases for certain buildings and miscellaneous equipment qualify as short-term leases and leases for certain office equipment and miscellaneous equipment qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

11. INTANGIBLE ASSETS

	Software	Patents	Total
Cost			
Balance at January 1, 2024	$ 1,256,145	$ 519	$ 1,256,664
Additions	79,518	-	79,518
Effect of exchange rate changes	4	-	4
Balance at March 31, 2024	$ 1,335,667	$ 519	$ 1,336,186
Accumulated amortization			
Balance at January 1, 2024	$ 668,859	$ 519	$ 669,378
Amortization	91,501	-	91,501
Effect of exchange rate changes	4	-	4
Balance at March 31, 2024	$ 760,364	$ 519	$ 760,883
Carrying amount at January 1, 2024	$ 587,286	$ -	$ 587,286
Carrying amount at March 31, 2024	$ 575,303	$ -	$ 575,303
Cost			
Balance at January 1, 2023	$ 1,162,117	$ 519	$ 1,162,636
Additions	40,579	-	40,579
Effect of exchange rate changes	1	-	1
Balance at March 31, 2023	$ 1,202,697	$ 519	$ 1,203,216
Accumulated amortization			
Balance at January 1, 2023	$ 620,685	$ 519	$ 621,204
Amortization	85,469	-	85,469
Effect of exchange rate changes	1	-	1
Balance at March 31, 2023	$ 706,155	$ 519	$ 706,674
Carrying amount at January 1, 2023	$ 541,432	$ -	$ 541,432
Carrying amount at March 31, 2023	$ 496,542	$ -	$ 496,542

12. OTHER CURRENT ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
Prepayment for purchases	$ 2,066,554	$ 2,274,363	$ 1,603,055
Prepaid license fees	364,976	363,190	229,772
VAT tax receivable	143,343	200,349	244,363
Prepaid expenses	53,505	33,114	39,552
Prepaid income tax	6,783	3,453	7,722
Temporary payments	-	-	1,521
	$ 2,635,161	$ 2,874,469	$ 2,125,985

13. OTHER LIABILITIES

	March 31, 2024	December 31, 2023	March 31, 2023
Current			
License fees payable	$ 311,020	$ 283,380	$ 225,119
Payable for salaries and bonuses	187,988	232,934	505,647
Payable for royalties	20,906	23,043	27,802
Others	433,987	665,202	693,323
	$ 953,901	$ 1,204,559	$ 1,451,891
Non-current			
License fees payable	$ 154,645	$ 112,618	$ 161,345

The license fees payable is primarily attributable to several agreements that GUC entered into for certain technology license and software.

14. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The pension mechanism under the Labor Pension Act is deemed a defined contribution retirement plan. Pursuant to the Act, GUC makes monthly contributions equal to 6% of each employee’s monthly salary to employees’ pension accounts. Furthermore, GUC-NA, GUC-Japan, GUC-Korea, GUC-Shanghai and GUC-Nanjing make monthly contributions at certain percentages of the salary of their employees. Accordingly, the Company recognized expenses of NT$18,887 thousand and NT$17,994 thousand in the consolidated statements of comprehensive income for the three months ended March 31, 2024 and 2023, respectively.

b. Defined benefit plans

GUC has a defined benefit plan under the Labor Standards Act, which provides benefits based on an employee’s length of service and average monthly salary of the last six months prior to retirement. GUC contributes an amount equal to 2% of salaries paid each month to a pension fund (the Fund), which is administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee’s name in the Bank of Taiwan. Before the end of each year, GUC assesses the balance in the Fund. If the amount of the balance in the Fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, GUC is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); GUC has no right to influence the investment policy and strategy.

GUC adopted projected unit credit method to measure the present value of the defined benefit obligation, current service costs and prior service costs.

GUC adopted the pension cost rate from the actuarial valuation as of December 31, 2023 and 2022 to determine and recognize pension expenses in general and administrative expenses of NT$356 thousand and NT$335 thousand in the consolidated statements of comprehensive income for the three months ended March 31, 2024 and 2023, respectively.

15. EQUITY

a. Share capital

	March 31, 2024	December 31, 2023	March 31, 2023
Authorized	$ 1,800,000	$ 1,800,000	$ 1,800,000
Issued	$ 1,340,119	$ 1,340,119	$ 1,340,119

As of March 31, 2024, December 31, 2023 and March 31, 2023 GUC was authorized to issue 180,000 thousand shares, with par value of $10; each share is entitled to the right to vote and to receive dividends, and a total of 134,011 thousand shares have been paid and issued.

b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
From merger	$ 16,621	$ 16,621	$ 16,621
Additional paid-in capital	13,232	13,232	13,232
Donations	2,710	2,710	2,660
Dividends from claims extinguished by prescription	280	238	264
	$ 32,843	$ 32,801	$ 32,777

Under the Company Law, the capital surplus generated from the excess of the issuance price over the par value of capital stock (including the stock issued for new capital and mergers) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be appropriated as cash dividends or stock dividends, which are limited to a certain percentage of GUC's paid-in capital. The capital surplus recognized from dividends with claims extinguished by prescription may be used to offset a deficit.

c. Retained earnings and dividend policy

According to GUC's Articles of Incorporation, when allocating the net profits of each fiscal year, GUC shall first offset its losses in previous years before making appropriations to the following items:

1) Legal reserve at 10% of the remaining profit. However, when the legal reserve amounts to the authorized capital, this shall not apply;

2) Special reserve in accordance with the resolution in the shareholders' meeting;

3) Any balance remaining shall be allocated to shareholders according to the resolution in the shareholders' meeting.

The Articles of Incorporation provide the policy about employee' compensation and remuneration to directors; refer to Note 23.

In GUC's profit distribution, the proportion of cash dividends shall not be lower than 60% of the total dividends, depending on future expansion plans and needs for cash.

The reserve may be used to offset a deficit, or be distributed as dividends and bonuses to the extent that the portion exceeds 25% of the paid-in capital if GUC incurs no loss.

A special reserve equivalent to the net debit balance of other components of shareholders' equity, such as exchange differences on the translation of foreign operations, shall be made from unappropriated earnings. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The appropriations of earnings for 2023 and 2022 had been approved in the meetings of the Board of Directors and shareholders of GUC held on January 31, 2024 and May 18, 2023, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2023	**2022**
Legal reserve	$ 351,217	$ 371,568
Special reserve (reversal of special reserve)	$ 15,773	$ (20,237)
Cash dividends	$ 1,876,167	$ 1,876,167
Cash dividends per share (NT$)	$ 14.00	$ 14.00

The appropriations of earnings for 2023 are to be resolved in the meeting of the shareholders of GUC which is expected to be held on May 16, 2024.

d. Others

Changes in foreign currency translation reserve were as follows:

	Three Months Ended March 31	
	2024	**2023**
Balance, beginning of period	$ (34,007)	$ (18,234)
Exchange differences on translation of foreign operations	17,490	(19)
Balance, end of period	$ (16,517)	$ (18,253)

The exchange differences on translation of foreign operation's net assets from its functional currency to GUC's presentation currency are recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve.

16. NET REVENUE

The analysis of the Company's net revenue was as follows:

	Three Months Ended March 31	
	2024	2023
Revenue from customer contracts		
Net revenue from sale of goods	$ 4,164,077	$ 4,953,477
Net revenue from NRE service	1,526,294	1,575,362
	$ 5,690,371	$ 6,528,839

Revenue from sale of goods is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The Company estimates and recognizes refund liabilities based on historical experience and the consideration of varying contractual terms; refund liabilities are classified under accrued expenses and other current liabilities.

a. Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Accounts receivable, net	$ 1,505,078	$ 1,967,388	$ 2,344,838	$ 2,981,616
Contract liabilities - current	$ 7,059,599	$ 6,250,159	$ 6,019,489	$ 6,349,476

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

In the first quarter of 2024 and 2023, the Company recognized revenue of NT$2,647,771 thousand and NT$1,282,819 thousand, respectively, from the beginning balance of contract liability.

b. Disaggregation of revenue from contracts with customers

	Three Months Ended March 31	
Production	2024	2023
Wafer product	$ 4,164,077	$ 4,953,477
NRE	1,385,867	1,485,394
Others	140,427	89,968
	$ 5,690,371	$ 6,528,839

	Three Months Ended March 31	
Region	2024	2023
China	$ 2,704,962	$ 1,975,616
United States	1,006,102	1,781,322
Korea	787,856	1,496,256
Japan	620,769	464,463
Taiwan	522,801	652,856
Europe	47,881	158,326
	$ 5,690,371	$ 6,528,839

The Company categorized net revenue mainly based on the country of sales region.

Application Type	Three Months Ended March 31 2024	2023
Digital Consumer	$ 2,240,382	$ 2,955,386
Networking	1,647,968	1,704,843
Industry	769,107	649,007
AI/ML	597,323	915,565
Others	435,591	304,038
	$ 5,690,371	$ 6,528,839

Customer Type	Three Months Ended March 31 2024	2023
System House	$ 3,625,407	$ 4,402,878
Fabless	2,064,964	2,125,961
	$ 5,690,371	$ 6,528,839

	Three Months Ended March 31			
	2024		2023	
Resolution	Net Revenue from NRE Service	Net Revenue from Sale of Goods	Net Revenue from NRE Service	Net Revenue from Sale of Goods
5-nanometer	$ 84,225	$ 85,265	$ 513,990	$ -
7-nanometer	530,237	654,600	417,316	835,151
16-nanometer	394,061	1,733,692	296,922	2,105,947
28-nanometer and above	377,344	1,690,520	257,166	2,012,379
Others	140,427	-	89,968	-
	$ 1,526,294	$ 4,164,077	$ 1,575,362	$ 4,953,477

17. INTEREST INCOME

	Three Months Ended March 31 2024	2023
Bank deposits	$ 36,648	$ 18,447

18. OTHER INCOME

	Three Months Ended March 31 2024	2023
Government grants	$ 87	$ 60
Rental income	75	75
Past due over 2 years’ contract liabilities transferred to income	-	1,685
Other income	1,802	1,005
	$ 1,964	$ 2,825

19. OTHER GAINS AND LOSSES

	Three Months Ended March 31	
	2024	2023
Gain on financial assets at fair value through profit or loss	$ 23,990	$ 5,172
Foreign exchange gain (loss), net	7,996	(38,026)
	$ 31,986	$ (32,854)

20. FINANCE COSTS

	Three Months Ended March 31	
	2024	2023
Interest on lease liabilities	$ 1,164	$ 1,461

21. INCOME TAX

a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	Three Months Ended March 31	
	2024	2023
Current income tax expense		
Current tax expense recognized in the current period	$ 105,487	$ 150,962
Deferred income tax expense		
Temporary differences	6,742	4,589
Effect of tax rate changes	-	(67)
Income tax expense recognized in profit or loss	$ 112,229	$ 155,484

b. Tax expense (income) related to Pillar Two income tax legislation

The government of Netherlands, Vietnam, Korea, and Japan, where GUC-EU, GUC-VN, GUC-KR, and GUC-JP are incorporated, substantively enacted the Pillar Two income taxes legislation effective from December 31, 2023, January 1, 2024, January 1, 2024, and April 1, 2024.

Under the legislation, above subsidiaries will be required to pay top-up tax on profits of GUC and its subsidiaries that are taxed at an effective tax rate of less than 15% in their registration. The main jurisdictions in which exposures to this tax may exist include China and Korea. Approximately 1.29% of the Company's annual profits which are currently taxed at the average effective tax rate applicable to those profits of 3.86% may be subject to the tax. This information is based on the profits and tax expense determined as part of the preparation of the Company's consolidated financial statements. The Company is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

c. Income tax examination

The tax authorities have examined the income tax returns of GUC through 2021.

22. EARNINGS PER SHARE

	Three Months Ended March 31	
	2024	2023
Basic EPS	$ 4.94	$ 6.97
Diluted EPS	$ 4.93	$ 6.94

EPS is computed as follows:

	Amounts (Numerator)	Number of Shares (Denominator) (In Thousands)	EPS (NT$)
Three months ended March 31, 2024			
Basic EPS			
Net income available to common shareholders	$ 662,649	134,011	$4.94
Effect of dilutive potential common stock	-	461	
Diluted EPS			
Net income available to common shareholders (including effect of dilutive potential common stock)	$ 662,649	134,472	$4.93
Three months ended March 31, 2023			
Basic EPS			
Net income available to common shareholders	$ 934,171	134,011	$6.97
Effect of dilutive potential common stock	-	611	
Diluted EPS			
Net income available to common shareholders (including effect of dilutive potential common stock)	$ 934,171	134,622	$6.94

The Company may settle the employees' compensation in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. ADDITIONAL INFORMATION OF EXPENSES BY NATURE

Net income included the following items:

	Three Months Ended March 31	
	2024	2023
a. Depreciation expense		
Depreciation of property, plant and equipment		
Recognized in cost of revenue	$ 5,940	$ 5,792
Recognized in operating expenses	35,908	40,546
	41,848	46,338
Depreciation of right-of-use assets		
Recognized in cost of revenue	1,200	1,159
Recognized in operating expenses	18,751	18,461
	19,951	19,620
	$ 61,799	$ 65,958
b. Amortization of intangible assets		
Recognized in cost of revenue	$ 4,900	$ 4,951
Recognized in operating expenses	86,601	80,518
	$ 91,501	$ 85,469
c. Research and development costs expensed as incurred	$ 733,525	$ 786,514
d. Employee benefits expense		
Post-employment benefits (Note 14)		
Defined contribution plans	$ 18,887	$ 17,994
Defined benefit plans	356	335
	19,243	18,329
Other employee benefits	743,629	789,365
	$ 762,872	$ 807,694
Employee benefits expense summarized by function		
Recognized in cost of revenue	$ 93,768	$ 102,582
Recognized in operating expenses	669,104	705,112
	$ 762,872	$ 807,694

e. Employees’ compensation and remuneration to directors

GUC shall allocate employees’ compensation and remuneration to directors no less than 2% and no more than 2%, respectively of net income before tax and before the employees’ compensation and remuneration to directors. Directors who also serve as executive officers of GUC are not entitled to receive the remuneration to directors. GUC shall first offset its losses in previous years before allocating for employees’ compensation and remuneration to directors. GUC may issue stock or cash compensation to employees of an affiliated company upon meeting the conditions set by the Board of Directors.

For the three months ended March 31, 2024 and 2023, GUC accrued employees' compensation and remuneration to directors were made at the approved percentage of net income before tax and before deduction of the employees' compensation and remuneration to directors. The accrued amounts were as follows:

	Three Months Ended March 31	
	2024	2023
Employees' compensation	$ 240,067	$ 334,122
Remuneration to directors	11,250	10,500

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The employees' compensation and remuneration to directors of GUC in the amounts of NT$1,271,103 thousand and NT$45,000 thousand in cash for 2023, respectively, and in the amounts of NT$668,274 thousand and NT$45,000 thousand in cash for 2022, respectively, were approved by the Board of Directors in their meetings held on January 31, 2024 and February 2, 2023, respectively. There was no difference between the employees' compensation approved for 2023 and 2022 and the amounts reported as expenses in 2023 and 2022. The remuneration to directors approved for 2023 was the same as the amount reported as expenses in 2023. The remuneration to directors approved for 2022 differed from the amount reported as expenses in 2022; the differences were adjusted to profit and loss for 2023.

	Year Ended December 31, 2022
The approved amounts by the Board of Directors	$ 45,000
The amounts recognized in the consolidated financial statements	$ 72,544

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

24. CASH FLOW INFORMATION

Movements of liabilities with cash flows and non-cash changes:

	Balance as of January 1, 2024	Cash Flows	Non-cash Changes: Lease Additions	Non-cash Changes: Lease Termination	Non-cash Changes: Foreign Exchange Movement	Balance as of March 31, 2024
Guarantee deposits	$ 3,464	$ (9)	$ -	$ -	$ 137	$ 3,592
Lease liabilities	250,568	(23,801)	3,479	-	2,513	232,759

	Balance as of January 1, 2023	Cash Flows	Non-cash Changes: Lease Additions	Non-cash Changes: Lease Termination	Non-cash Changes: Foreign Exchange Movement	Balance as of March 31, 2023
Guarantee deposits	$ 3,474	$ (5)	$ -	$ -	$ (23)	$ 3,446
Lease liabilities	283,789	(24,605)	38,401	-	(933)	296,652

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company are able to operate sustainability while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company engages in the semiconductor design services, which is closely tied with customer demand.

Business is influenced by the cyclical nature of the semiconductor industry but not significantly. In consideration of the industry dynamics, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases, research and development activities, dividend payments, debt service requirements and other business requirements associated with its existing operations over the next 12 months. Through capital management, the Company is capable of coping with changes in the industry, striving for improvement, and ultimately creating shareholder value.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 2,086,754	$ -	$ -	$ 2,086,754

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 2,080,000	$ -	$ -	$ 2,080,000

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 1,785,172	$ -	$ -	$ 1,785,172

There were no transfers between Levels 1 and 2 in the current and prior period.

b. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets			
FVTPL			
Mandatorily classified as at FVTPL	$ 2,086,754	$ 2,080,000	$ 1,785,172
Amortized cost			
Cash and cash equivalents	9,554,334	7,637,809	5,891,953
Accounts receivable, net (including related parties)	1,604,372	1,989,428	2,359,109
Other financial assets	19,773	3,862	3,201
Refundable deposits	168,012	188,106	125,041
Pledged time deposits	22,200	22,200	22,200
	$ 13,455,445	$ 11,921,405	$ 10,186,676

(Continued)

	March 31, 2024	December 31, 2023	March 31, 2023
Financial liabilities			
Amortized cost			
Accounts payable (including related parties)	$ 1,416,635	$ 1,688,141	$ 1,851,129
Payables on machinery and equipment	-	16,416	1,709
Accrued expenses and other current liabilities	442,443	674,049	707,297
Other long-term payables	465,665	395,998	386,464
Guarantee deposits	3,200	3,071	3,045
	$ 2,327,943	$ 2,777,675	$ 2,949,644

(Concluded)

c. Financial risk management objectives and policies

The Company's objectives in financial risk management are to manage its exposure to market risk, credit risk and liquidity risk related to the operating activities. To reduce the related financial risks, the Company engages in identifying, assessing and avoiding the market uncertainties with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by the Audit Committee and the Board of Directors in accordance with procedures required by relevant regulations and internal controls. During the implementation of such plans, the treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

d. Market risk

Foreign currency risk

The Company's operating activities are mainly denominated in foreign currency and exposed to foreign exchange risk. To protect against the volatility of future cash flows arising from changes in foreign exchange rates, the Company maintains a balance of net foreign currency assets and liabilities in hedge.

The Company's sensitivity analysis to foreign currency risk mainly focuses on the foreign currency monetary items at the end of the reporting period. Assuming a 10% strengthening of New Taiwan Dollars against the relevant currencies, the net income before tax for the three months ended March 31, 2024 and 2023 would have decreased by NT$184,901 thousand and NT$43,415 thousand, respectively.

e. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily accounts receivable, and from investing activities primarily deposits with banks. Credit risk is managed separately for business related and financial related exposures. As of the balance sheet date, the Company's maximum credit risk exposure is mainly from the carrying amount of financial assets recognized in the consolidated balance sheet.

Business related credit risk

The Company has considerable accounts receivable from its customers worldwide. Majority of the Company's outstanding accounts receivable are not covered by collateral or credit insurance. While the Company has procedures to monitor and limit exposure to credit risk on accounts receivable, there can be no assurance such procedures will effectively limit its credit risk and avoid losses.

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Company's ten largest customers accounted for 60%, 54% and 65% of accounts receivable, respectively.

Financial credit risk

The Company monitors and reviews the transaction limit applied to counterparties and adjusts the concentration limit according to market conditions and the credit standing of the counterparties regularly. The Company mitigates its exposure by selecting financial institution with high credit rating.

f. Liquidity risk management

The objective of liquidity risk management is to ensure the Company has sufficient liquidity to fund its business requirements. The Company manages its liquidity risk by maintaining adequate cash and banking facilities.

As of March 31, 2024, December 31, 2023 and March 31, 2023, the unused financing facilities of the Company amounted to NT$1,600,000 thousand.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Non-derivative Financial Liabilities	**Less Than 1 Year**	**2-3 Years**	**4+ Years**	**Total**
March 31, 2024				
Accounts payable (including related parties)	$ 1,416,635	$ -	$ -	$ 1,416,635
Accrued expenses and other current liabilities	442,443	-	-	442,443
Lease liabilities	83,639	99,094	70,145	252,878
Other long-term payables	311,020	154,645	-	465,665
Guarantee deposits	-	-	3,200	3,200
	$ 2,253,737	$ 253,739	$ 73,345	$ 2,580,821

Additional information about the maturity analysis of lease liabilities:

	Less than 4 Year	**4-10 Years**	**10-15 Years**	**15-20 Years**	**20+ Years**
Lease liabilities	$ 182,733	$ 24,322	$ 10,740	$ 10,740	$ 24,343

Non-derivative Financial Liabilities	**Less Than 1 Year**	**2-3 Years**	**4+ Years**	**Total**
December 31, 2023				
Accounts payable (including related parties)	$ 1,688,141	$ -	$ -	$ 1,688,141
Payables on machinery and equipment	16,416	-	-	16,416
Accrued expenses and other current liabilities	674,049	-	-	674,049
Lease liabilities	82,331	114,516	74,725	271,572
Other long-term payables	283,380	112,618	-	395,998
Guarantee deposits	-	-	3,071	3,071
	$ 2,744,317	$ 227,134	$ 77,796	$ 3,049,247

Additional information about the maturity analysis of lease liabilities:

	Less than 4 Year	4-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 196,847	$ 28,365	$ 10,740	$ 10,740	$ 24,880

Non-derivative Financial Liabilities	Less Than 1 Year	2-3 Years	4+ Years	Total
March 31, 2023				
Accounts payable (including related parties)	$ 1,851,129	$ -	$ -	$ 1,851,129
Payables on machinery and equipment	1,709	-	-	1,709
Accrued expenses and other current liabilities	707,297	-	-	707,297
Lease liabilities	84,323	148,399	88,798	321,520
Other long-term payables	225,119	161,345	-	386,464
Guarantee deposits	-	-	3,045	3,045
	$ 2,869,577	$ 309,744	$ 91,843	$ 3,271,164

Additional information about the maturity analysis of lease liabilities:

	Less than 4 Year	4-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 232,722	$ 40,827	$ 10,740	$ 10,740	$ 26,491

g. Fair value of financial instruments

The carrying amounts of the Company’s financial assets and financial liabilities measured at amortized cost at the end of financial reporting period recognized in the consolidated financial statements approximate their fair values. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

27. RELATED PARTY TRANSACTIONS

Intercompany balances and transactions between GUC and its subsidiaries have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of transactions between the Company and other related parties:

a. Related party name and category

Related Party Name	Related Party Category
Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC)	An investor that accounts for its investment by using the equity method
TSMC North America (TSMC-NA)	A subsidiary of TSMC
TSMC Europe B.V. (TSMC-EU)	A subsidiary of TSMC
VisEra Technologies Co., Ltd. (VisEra)	A subsidiary of TSMC
Bank SinoPac	Affiliate of GUC president’s spouse

b. Operating transactions

Line Item	Related Party Name and Category	Three Months Ended March 31 2024	2023
Net revenue from sale	Investors and subsidiaries with significant influence over the Company	$ 134,860	$ 56,400
Purchases	Investors and subsidiaries with significant influence over the Company		
	TSMC-NA	$ 1,230,737	$ 900,164
	TSMC	802,822	1,686,821
		$ 2,033,559	$ 2,586,985
Manufacturing overhead	Investors and subsidiaries with significant influence over the Company		
	TSMC-NA	$ 648,850	$ 402,333
	TSMC	392,265	322,161
		$ 1,041,115	$ 724,494
Operating expenses	Investors and subsidiaries with significant influence over the Company	$ 15,674	$ 5,841

The following balances were outstanding at the end of the reporting period:

Line Item	Related Party Name and Category	March 31, 2024	December 31, 2023	March 31, 2023
Receivables from related parties	Investors and subsidiaries with significant influence over the Company			
	TSMC	$ 99,294	$ 22,040	$ 14,271
Other current assets	Investors and subsidiaries with significant influence over the Company			
	TSMC	$ 1,494,478	$ 1,976,424	$ 551,817
	TSMC-NA	403,728	-	521,137
		$ 1,898,206	$ 1,976,424	$ 1,072,954
Refundable deposits	Investors and subsidiaries with significant influence over the Company			
	VisEra	$ 3,304	$ 3,304	$ 3,304
Contract liabilities	Investors and subsidiaries with significant influence over the Company	$ -	$ -	$ 4,497

(Continued)

Line Item	Related Party Name and Category	March 31, 2024	December 31, 2023	March 31, 2023
Payables to related parties	Investors and subsidiaries with significant influence over the Company			
	TSMC-NA	$ 342,990	$ 43,032	$ 39,515
	TSMC	59,591	470,622	212,430
		$ 402,581	$ 513,654	$ 251,945

(Concluded)

The terms of sales to related parties were not significantly different from those of sales to third parties. For other related party transactions, the terms of transactions were determined in accordance with mutual agreement because there were no comparable terms for third-party transactions. The payment term granted to related parties is due 30 days from the invoice date or 30 days from the end of the month when the invoice is issued, while the payment term granted to third parties is due 30 days from the invoice date or 75 days from the end of the month when the invoice is issued.

c. Lease arrangements

Line Item	Related Party Name and Category	March 31, 2024	December 31, 2023	March 31, 2023
Lease liabilities - current	Investors and subsidiaries with significant influence over the Company			
	VisEra	$ 19,569	$ 19,520	$ 19,374
Lease liabilities - non-current	Investors and subsidiaries with significant influence over the Company			
	VisEra	$ 14,806	$ 19,717	$ 34,375

Line Item	Related Party Name and Category	Three Months Ended March 31 2024	Three Months Ended March 31 2023
Finance costs	Investors and subsidiaries with significant influence over the Company		
	VisEra	$ 94	$ 143

The Company leased server room from related parties. The lease terms and prices were determined in accordance with mutual agreements. The rental expense was paid monthly.

d. Bank deposits and interest income

Line Item	Related Party Name and Category	March 31, 2024	December 31, 2023	March 31, 2023
Bank deposits	Substantive related parties			
	Bank SinoPac	$ 257,890	$ 955,794	$ 1,899,878

(Continued)

Line Item	Related Party Name and Category	March 31, 2024	December 31, 2023	March 31, 2023
Other financial assets	Substantive related parties Bank SinoPac	$ 283	$ 141	$ 564
Pledged time deposits	Substantive related parties Bank SinoPac	$ 20,000	$ 20,000	$ 20,000

(Concluded)

Range of interest rates for bank deposits was as follows:

Line Item	Related Party Name and Category	March 31, 2024	December 31, 2023	March 31, 2023
Bank deposits	Substantive related parties Bank SinoPac	0.001%-2.850%	0.001%-2.850%	0.001%-2.300%
Pledged time deposits	Substantive related parties Bank SinoPac	0.8828%	0.4575%-0.8828%	0.4575%

Line Item	Related Party Name and Category	Three Months Ended March 31	
		2024	2023
Interest income	Substantive related parties Bank SinoPac	$ 5,172	$ 6,284

e. Compensation of key management personnel:

The remuneration to directors and other key management personnel were as follows:

	Three Months Ended March 31	
	2024	2023
Short-term employee benefits	$ 52,750	$ 46,218
Post-employment benefits	135	162
	$ 52,885	$ 46,380

The remuneration to directors and other key management personnel were determined by the Compensation Committee of GUC in accordance with the individual performance and the market trends.

28. PLEDGED OR MORTGAGED ASSETS

As of March 31, 2024, December 31, 2023 and March 31, 2023, GUC provided pledged time deposits of NT$20,000 thousand as collateral for customs clearance and also provided pledged time deposits of NT$2,200 thousand as collateral for lease of a parcel of land from the Science Park Administration (SPA).

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

GUC has entered into license agreements with several companies that own intellectual property rights. According to the agreements, GUC shall pay specific amounts of money to obtain licenses of their intellectual property rights or shall pay royalties at specific percentages of sales amount of identified products. Under the agreements, GUC shall pay at least US$4,000 thousand, US$8,200 thousand and US$4,000 thousand to the counterparty in the period from April 2022 to April 2025, from July 2023 to July 2026 and from February 2024 to January 2027, respectively.

Under the agreement, GUC shall pay at least US$1,500 thousand to the counterparty in the period from June 2022.

GUC has entered into a long-term material supply agreement with the counterparty. The contract period is from June 2021 to March 2028, and GUC should pay US$4,060 thousand as security deposits to ensure the capacity supply in accordance with the contract. If the contract cannot be performed owing to fall short of the agreed purchase or supply quantities, the parties will pay compensation for the other side in accordance with the contract.

GUC has entered into a long-term advanced packaging capacity agreement with the counterparty. The contract service period is from July 2026 to December 2035. GUC should pay US$37,500 thousand as security deposits to ensure the advanced packaging capacity supply in accordance with the contract, and GUC has paid US$10,000 thousand as of March 31, 2024. The amount of the security deposits refund will be calculated based on the annual production capacity utilization rate with the contract. However, if the certain level of production capacity utilization rate will not be achieved, the security deposits will not be refunded.

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

The following information was aggregated by the foreign currencies other than functional currencies of the consolidated entities. The significant foreign-currency financial assets and liabilities were as follows:

(Unit: Foreign Currency in Thousands)

	Foreign Currency	Exchange Rate (Note)	Carrying Amount
March 31, 2024			
Monetary item - financial assets			
USD	$ 119,239	32.000	$ 3,809,000
Monetary item - financial liabilities			
USD	59,928	32.000	1,917,685
JPY	94,602	0.2115	20,008
RMB	4,402	4.4080	19,404
December 31, 2023			
Monetary item - financial assets			
USD	89,254	30.705	2,739,765
Monetary item - financial liabilities			
USD	83,425	30.705	2,561,565
JPY	193,573	0.2172	42,044
RMB	3,779	4.3270	16,354
VND	2,563,828	0.00125	3,205

(Continued)

	Foreign Currency	Exchange Rate (Note)	Carrying Amount
March 31, 2023			
Monetary item - financial assets			
USD	$ 102,068	30.45	$ 3,107,965
Monetary item - financial liabilities			
USD	84,750	30.45	2,580,646
JPY	85,331	0.2288	19,524
RMB	15,837	4.4310	70,176

(Concluded)

Note: Exchange rate represents the amount of NT$ that can be exchanged to one unit of foreign currency.

The significant (realized and unrealized) foreign exchange gains (losses) were as follows:

	Three Months Ended March 31			
	2024		2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	31.4477 (USD:NTD)	$ 6,852	30.3948 (USD:NTD)	$ (33,574)
JPY	0.2120 (JPY:NTD)	446	0.2300 (JPY:NTD)	385
KRW	0.02386 (KRW:NTD)	(5)	0.02406 (KRW:NTD)	7
RMB	4.3658 (RMB:NTD)	(16)	4.4410 (RMB:NTD)	(328)
EUR	34.1547 (EUR:NTD)	(20)	32.6143 (EUR:NTD)	(61)
VND	0.00126 (VND:NTD)	(76)	0.00128 (VND:NTD)	22
USD	7.0959 (USD:RMB)	832	6.8789 (USD:RMB)	(4,173)
USD	1,317.7084 (USD:KRW)	9	1,262.3923 (USD:KRW)	3
USD	24,445 (USD:VND)	(26)	23,670 (USD:VND)	(307)
		$ 7,996		$ (38,026)

31. OPERATING SEGMENT INFORMATION

The Company operates in a single industry and viewed by the Company’s chief operating decision maker as one segment when reviewing information in order to allocate resources and assess performance. The basis for the measurement of the operating segment profit (loss), assets and liabilities is the same as that for the preparation of financial statements. Refer to the consolidated financial statements for the related operating segment information and Note 16 for information about disaggregation of revenue.

32. ADDITIONAL DISCLOSURES

a. Significant transactions and b. Related information of reinvestment

1) Financing provided: None;

2) Endorsements/guarantees provided: None;

3) Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities): See Table 1 attached;

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None;

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None;

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None;

7) Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: See Table 2 attached;

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None;

9) Information about the derivative instruments transaction: None;

10) Others: Intercompany relationships and significant intercompany transactions: See Table 3 attached;

11) Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in Mainland China): See Table 4 attached;

c. Information on investment in Mainland China

1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, net income (losses) of the investee, investment income (losses), ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 5 attached.

2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: See Table 3 attached.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: See Table 6 attached.

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2024
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	March 31, 2024				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
GUC	Mutual funds							
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	47,854,731	$ 732,407	-	$ 732,407	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	38,013,269	531,764	-	531,764	
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	18,662,919	321,019	-	321,019	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,301,107	200,639	-	200,639	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,859,090	200,635	-	200,635	
	Fuh Haw Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,762,057	100,290	-	100,290	

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
THREE MONTHS ENDED MARCH 31, 2024
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
GUC	TSMC	TSMC is an investor that accounts for its investment by using equity method	Sales	$ 134,860	2	30 days after monthly closing	Note 27	Note 27	$ 99,294	6	
			Purchases	802,822	38	30 days after invoice date	Note 27	Note 27	(59,591)	(4)	
	TSMC-NA	TSMC-NA is a subsidiary of TSMC	Purchases	1,230,737	58	30 days after invoice date	Note 27	Note 27	(342,990)	(24)	

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

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

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Account	Amount	Terms (Note 2)	Percentage to Consolidated Net Revenue or Total Assets
0	GUC	GUC-NA	1	Operating expenses	$ 53,943	-	1%
				Accrued expenses and other current liabilities	14,471	-	-
		GUC-Japan	1	Operating expenses	61,891	-	1%
				Accrued expenses and other current liabilities	20,008	-	-
		GUC-Europe	1	Operating expenses	3,363	-	-
				Accrued expenses and other current liabilities	889	-	-
		GUC-Korea	1	Operating expenses	2,198	-	-
				Accrued expenses and other current liabilities	531	-	-
		GUC-Shanghai	1	Operating expenses	30,057	-	1%
				Accrued expenses and other current liabilities	9,230	-	-
		GUC-Nanjing	1	Manufacturing overhead	68,301	-	1%
				Operating expenses	37,248	-	1%
				Other current assets	250,720	-	1%
				Accrued expenses and other current liabilities	10,174	-	-
		GUC-Vietnam	1	Operating expenses	8,027	-	-
				Accrued expenses and other current liabilities	2,196	-	-

Note 1: No. 1 represents the transactions from parent company to subsidiary.

Note 2: The intercompany transactions, prices and terms are determined in accordance with mutual agreements and no other similar transactions could be used for comparison.

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
THREE MONTHS ENDED MARCH 31, 2024
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2024			Net Income (Losses) of the Investee	Investment Income (Losses)	Note
				March 31, 2024 (Foreign Currencies in Thousands)	December 31, 2023 (Foreign Currencies in Thousands)	Shares	Percentage of Ownership (%)	Carrying Amount			
GUC	GUC-NA	U.S.A.	Products consulting, design and technical support service	$ 40,268 (US$ 1,264)	$ 40,268 (US$ 1,264)	800,000	100	$ 180,670	$ 2,499	$ 2,499	Note 1
	GUC-Japan	Japan	Products consulting, design and technical support service	15,393 (YEN 55,000)	15,393 (YEN 55,000)	1,100	100	81,568	2,875	2,875	Note 2
	GUC-Europe	Netherlands	Products consulting design and technical support service	8,109 (EUR 200)	8,109 (EUR 200)	-	100	16,833	198	198	Note 2
	GUC-Korea	Korea	Products consulting design and technical support service	5,974 (KRW 222,545)	5,974 (KRW 222,545)	44,000	100	7,613	133	133	Note 2
	GUC-Vietnam	Vietnam	Products consulting design and technical support service	30,602 (VND 23,670,000)	30,602 (VND 23,670,000)	-	100	31,320	373	373	Note 2

Note 1: Investment income (loss) was determined based on reviewed financial statements.

Note 2: Investment income (loss) was determined based on unreviewed financial statements.

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
THREE MONTHS ENDED MARCH 31, 2024
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (US$ in Thousands)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2024 (US$ in Thousands)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2024 (US$ in Thousands)	Net Income (Losses) of the Investee	Percentage of Ownership	Investment Income (Losses)	Carrying Amount as of March 31, 2024	Accumulated Inward Remittance of Earnings as of March 31, 2024
					Outflow	Inflow						
GUC-Nanjing	Products consulting, design and technical support service	$ 180,332 (US$ 6,000)	(Note 1)	$ 180,332 (US$ 6,000)	$ -	$ -	$ 180,332 (US$ 6,000)	$ 7,780	100%	$ 7,780 (Note 2)	$ 575,483	$ 64,449
GUC-Shanghai	Products consulting, design and technical support service	31,165 (US$ 1,000)	(Note 1)	31,165 (US$ 1,000)	-	-	31,165 (US$ 1,000)	1,683	100%	1,683 (Note 3)	62,203	-

Accumulated Investment in Mainland China as of March 31, 2024 (US$ in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (US$ in Thousands)	Upper Limit on Investment
$ 211,497 (US$ 7,000)	$ 211,497 (US$ 7,000)	$ 6,217,044 (Note 4)

Note 1: The Company invested the investee directly.

Note 2: Investment income (loss) was determined based on reviewed financial statements.

Note 3: Investment income (loss) was determined based on unreviewed financial statements.

Note 4: Subject to 60% of net asset value of GUC according to the revised “Guidelines Governing the Approval of Investment or Technical Cooperation in Mainland China” issued by the Investment Commission.

TABLE 6

GLOBAL UNICHIP CORP.

INFORMATION OF MAJOR SHAREHOLDERS
March 31, 2024

Name of Major Shareholder	Shares	
	Number of Shares	**Percentage of Ownership (%)**
Taiwan Semiconductor Manufacturing Co., Ltd.	46,687,859	34.83
Investment account of SMALL CAP World Fund managed by Standard Chartered Bank Business Deportment	6,780,000	5.05

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.