

Chia Chang Co., Ltd. and Subsidiaries

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

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Chia Chang Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Chia Chang Co., Ltd. (the "Corporation") and its subsidiaries (collectively, the "Group"), 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 material accounting policy information (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 10 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2024 and 2023, the combined total assets of these non-significant subsidiaries were NT\$1,776,830 thousand and NT\$1,680,704 thousand, respectively, both representing 16% of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$146,791 thousand and NT\$286,136 thousand, respectively, representing 6% and 12%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2024 and 2023, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$49,176 thousand and NT\$(5,515) thousand, respectively, representing 11% and (3)%, respectively, of the consolidated total comprehensive income. As disclosed in Note 11 to the consolidated financial statements, the carrying amounts of the investments accounted for using equity method were NT\$146,627 thousand and NT\$146,465 thousand as of March 31, 2024 and 2023, respectively. The share of profit of associates accounted for using equity method was NT\$22,546 thousand and NT\$22,148 thousand for the three months ended March 31, 2024 and 2023, respectively. The financial statements of the associates included in the consolidated financial

statements referred to in the first paragraph were not reviewed. Information on some non-significant subsidiaries and the investments accounted for using equity method as disclosed in Note 28 to the consolidated financial statements were based on the unreviewed financial statements for the same reporting periods as those of the Corporation.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of some non-significant subsidiaries and the investments accounted for using equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months then ended 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 Chih-Yuan Chen and Shih-Chieh Chou.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 14, 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.

CHIA CHANG CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,789,847	16	\$ 2,672,669	25	\$ 1,959,143	19
Financial assets at fair value through profit or loss - current	46	-	44	-	45	-
Notes and accounts receivable, net (Notes 7 and 18)	2,444,156	22	2,508,844	24	2,440,692	23
Current tax assets	112,505	1	92,230	1	138,039	1
Inventories, net (Note 8)	385,927	3	341,415	3	425,974	4
Prepayments	60,438	1	69,079	1	74,044	1
Other financial assets - current (Notes 6 and 25)	2,062,431	19	1,045,619	10	2,025,470	19
Other current assets	127,984	1	120,393	1	161,278	1
Total current assets	6,983,334	63	6,850,293	65	7,224,685	68
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 9)	306,438	3	303,719	3	209,486	2
Investments accounted for using equity method (Note 11)	146,627	2	124,081	1	146,465	2
Property, plant and equipment (Notes 12 and 25)	2,984,414	27	2,789,591	26	2,518,549	24
Right-of-use assets (Notes 13 and 25)	246,169	2	177,192	2	138,846	1
Investment properties (Notes 14 and 25)	53,020	1	53,214	1	53,797	1
Deferred tax assets (Note 4)	25,353	-	29,754	-	30,150	-
Prepayments for machinery and equipment	240,529	2	241,754	2	207,561	2
Other non-current assets	23,718	-	23,540	-	27,560	-
Total non-current assets	4,026,268	37	3,742,845	35	3,332,414	32
TOTAL	\$ 11,009,602	100	\$ 10,593,138	100	\$ 10,557,099	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 15 and 25)	\$ 20,000	-	\$ -	-	\$ 50,000	1
Notes payable	110,711	1	132,286	1	130,336	1
Accounts payable	875,528	8	915,616	9	926,426	9
Other payables (Note 16)	770,074	7	510,489	5	802,457	8
Current tax liabilities	179,890	2	165,101	1	141,175	1
Lease liabilities - current (Note 13)	8,866	-	1,265	-	12,693	-
Other current liabilities	136,026	1	129,630	1	125,469	1
Total current liabilities	2,101,095	19	1,854,387	17	2,188,556	21
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 15 and 25)	4,510	-	4,335	-	4,431	-
Deferred tax liabilities - non-current (Note 4)	202,412	2	200,923	2	201,096	2
Lease liabilities - non-current (Note 13)	60,372	1	-	-	-	-
Guarantee deposits	1,507	-	1,264	-	830	-
Total non-current liabilities	268,801	3	206,522	2	206,357	2
Total liabilities	2,369,896	22	2,060,909	19	2,394,913	23
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 17)						
Ordinary shares	1,423,676	13	1,423,676	14	1,423,676	13
Capital surplus	2,820,797	25	2,820,797	27	2,820,797	27
Retained earnings						
Legal reserve	954,711	9	954,711	9	890,220	8
Special reserve	435,084	4	435,084	4	597,812	6
Unappropriated earnings	3,241,640	29	3,407,974	32	2,817,964	27
Total retained earnings	4,631,435	42	4,797,769	45	4,305,996	41
Other equity	(240,937)	(2)	(515,121)	(5)	(393,074)	(4)
Total equity attributable to owners of the Corporation	8,634,971	78	8,527,121	81	8,157,395	77
NON-CONTROLLING INTERESTS	4,735	-	5,108	-	4,791	-
Total equity	8,639,706	78	8,532,229	81	8,162,186	77
TOTAL	\$ 11,009,602	100	\$ 10,593,138	100	\$ 10,557,099	100

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

(With Deloitte & Touche auditor's review report dated May 14, 2024)

CHIA CHANG CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
SALES REVENUE (Note 18)	\$ 1,319,355	100	\$ 1,417,441	100
COST OF GOODS SOLD (Notes 8 and 19)	<u>1,010,754</u>	<u>77</u>	<u>1,096,552</u>	<u>77</u>
GROSS PROFIT	<u>308,601</u>	<u>23</u>	<u>320,889</u>	<u>23</u>
OPERATING EXPENSES (Note 19)				
Selling and marketing expenses	50,615	4	53,735	4
General and administrative expenses	112,847	8	103,575	7
Research and development expenses	<u>21,982</u>	<u>2</u>	<u>16,515</u>	<u>1</u>
Total operating expenses	<u>185,444</u>	<u>14</u>	<u>173,825</u>	<u>12</u>
INCOME FROM OPERATIONS	<u>123,157</u>	<u>9</u>	<u>147,064</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Notes 11, 19 and 27)				
Other income	6,110	-	1,249	-
Share of profit (loss) of associates accounted for using equity method	22,546	2	22,148	1
Interest income	20,741	2	22,489	2
Exchange gain (loss)	40,448	3	(27,932)	(2)
Interest expense	(628)	-	(488)	-
Other gains and losses	<u>(386)</u>	<u>-</u>	<u>1,443</u>	<u>-</u>
Total non-operating income and expenses	<u>88,831</u>	<u>7</u>	<u>18,909</u>	<u>1</u>
INCOME BEFORE INCOME TAX	211,988	16	165,973	12
INCOME TAX EXPENSE (Notes 4 and 20)	<u>51,249</u>	<u>4</u>	<u>43,276</u>	<u>3</u>
NET INCOME	<u>160,739</u>	<u>12</u>	<u>122,697</u>	<u>9</u>

(Continued)

CHIA CHANG CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ (1,035)	-	\$ 17,504	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	<u>275,219</u>	<u>21</u>	<u>24,506</u>	<u>2</u>
Other comprehensive income	<u>274,184</u>	<u>21</u>	<u>42,010</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 434,923</u>	<u>33</u>	<u>\$ 164,707</u>	<u>12</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 161,112	12	\$ 123,259	9
Non-controlling interests	<u>(373)</u>	<u>-</u>	<u>(562)</u>	<u>-</u>
	<u>\$ 160,739</u>	<u>12</u>	<u>\$ 122,697</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 435,296	33	\$ 165,269	12
Non-controlling interests	<u>(373)</u>	<u>-</u>	<u>(562)</u>	<u>-</u>
	<u>\$ 434,923</u>	<u>33</u>	<u>\$ 164,707</u>	<u>12</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 21)				
Basic	<u>\$ 1.13</u>		<u>\$ 0.87</u>	
Diluted	<u>\$ 1.12</u>		<u>\$ 0.85</u>	

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

(With Deloitte & Touche auditor's review report dated May 14, 2024)

(Concluded)

CHIA CHANG CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Corporation						Other Equity		Total	Non-controlling Interests	Total Equity	
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
			Legal Reserve	Special Reserve	Unappropriated Earnings			Total				
BALANCE AT JANUARY 1, 2023	\$ 1,423,676	\$ 2,820,797	\$ 890,220	\$ 597,812	\$ 3,050,624	\$ 4,538,656	\$ (477,765)	\$ 42,681	\$ (435,084)	\$ 8,348,045	\$ 5,353	\$ 8,353,398
Appropriation of 2022 earnings:												
Cash dividends distributed	-	-	-	-	(355,919)	(355,919)	-	-	-	(355,919)	-	(355,919)
Net income (loss) for the three months ended March 31, 2023	-	-	-	-	123,259	123,259	-	-	-	123,259	(562)	122,697
Other comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	-	24,506	17,504	42,010	42,010	-	42,010
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	123,259	123,259	24,506	17,504	42,010	165,269	(562)	164,707
BALANCE AT MARCH 31, 2023	\$ 1,423,676	\$ 2,820,797	\$ 890,220	\$ 597,812	\$ 2,817,964	\$ 4,305,996	\$ (453,259)	\$ 60,185	\$ (393,074)	\$ 8,157,395	\$ 4,791	\$ 8,162,186
BALANCE AT JANUARY 1, 2024	\$ 1,423,676	\$ 2,820,797	\$ 954,711	\$ 435,084	\$ 3,407,974	\$ 4,797,769	\$ (592,374)	\$ 77,253	\$ (515,121)	\$ 8,527,121	\$ 5,108	\$ 8,532,229
Appropriation of 2023 earnings:												
Cash dividends distributed	-	-	-	-	(327,446)	(327,446)	-	-	-	(327,446)	-	(327,446)
Net income (loss) for the three months ended March 31, 2024	-	-	-	-	161,112	161,112	-	-	-	161,112	(373)	160,739
Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	-	275,219	(1,035)	274,184	274,184	-	274,184
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	161,112	161,112	275,219	(1,035)	274,184	435,296	(373)	434,923
BALANCE AT MARCH 31, 2024	\$ 1,423,676	\$ 2,820,797	\$ 954,711	\$ 435,084	\$ 3,241,640	\$ 4,631,435	\$ (317,155)	\$ 76,218	\$ (240,937)	\$ 8,634,971	\$ 4,735	\$ 8,639,706

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

(With Deloitte & Touche auditor's review report dated May 14, 2024)

CHIA CHANG CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 211,988	\$ 165,973
Adjustments for:		
Depreciation	57,327	63,425
Amortization	42,479	51,692
Expected credit loss reversed	(304)	(154)
Interest expense	628	488
Interest income	(20,741)	(22,489)
Share of profit of associates accounted for using equity method	(22,546)	(22,148)
Gain on disposal and retirement of property, plant and equipment	(18)	(2,030)
Write-down of inventories (reversed)	2,803	(3,832)
Unrealized gain on foreign exchange	(34,016)	(3,199)
Changes in operating assets and liabilities		
Notes and accounts receivable	87,944	216,121
Inventories	(37,534)	(23,732)
Prepayments	8,641	(12,173)
Other current assets	(41,290)	(43,118)
Notes payable	(21,575)	(81,896)
Accounts payable	(42,749)	(30,523)
Other payables	(66,119)	(118,049)
Other current liabilities	<u>6,396</u>	<u>10,862</u>
Cash generated by operations	131,314	145,218
Interest received	16,651	10,556
Income tax paid	<u>(34,596)</u>	<u>(42,298)</u>
Net cash generated by operating activities	<u>113,369</u>	<u>113,476</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in other financial assets	(1,450,467)	(208,270)
Decrease in other financial assets	430,809	263,394
Payments of property, plant and equipment	(121,048)	(92,300)
Increase in prepayments for machinery and equipment	(20,789)	(90,538)
Decrease (increase) in other non-current assets	(1,367)	876
Proceeds from disposal of property, plant and equipment	<u>31</u>	<u>16,149</u>
Net cash used in investing activities	<u>(1,162,831)</u>	<u>(110,689)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	20,000	(140,000)
Repayment of the principal portion of lease liabilities	(1,868)	(5,301)
Interest paid	(604)	(484)
Increase in guarantee deposits	<u>243</u>	<u>-</u>
Net cash generated by (used in) financing activities	<u>17,771</u>	<u>(145,785)</u>

(Continued)

CHIA CHANG CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2024	2023
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ <u>148,869</u>	\$ <u>23,910</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(882,822)	(119,088)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>2,672,669</u>	<u>2,078,231</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 1,789,847</u>	<u>\$ 1,959,143</u>

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

(With Deloitte & Touche auditor's review report dated May 14, 2024)

(Concluded)

CHIA CHANG CO., LTD. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Chia Chang Co., Ltd. (the “Corporation”) was incorporated in September 1985, and engages mainly in manufacturing, processing and trading of various precision machinery, related mechanical mold components, mechanical steel mold accessories and computer peripheral equipment.

The Corporation’s shares have been listed on the Taiwan Stock Exchange (“TWSE”) since June 2011.

The consolidated financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on May 14, 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 Group’s accounting policies.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	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 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above 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 Group 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.

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. 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 consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

See Note 10, Table 5 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

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

1) Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and

- Liabilities for which the Group 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.

2) Income tax expense

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 earning.

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

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2023.

6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Checking accounts and demand deposits	\$ 1,122,417	\$ 1,345,599	\$ 1,192,165
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	666,845	1,326,219	766,255
Cash on hand	<u>585</u>	<u>851</u>	<u>723</u>
	<u>\$ 1,789,847</u>	<u>\$ 2,672,669</u>	<u>\$ 1,959,143</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, time deposits with original maturities of more than 3 months were \$1,622,431 thousand, \$905,619 thousand and \$2,025,470 thousand, respectively, which were classified as other financial assets - current.

7. NOTES AND ACCOUNTS RECEIVABLE

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes receivable - operating</u>	<u>\$ 115,062</u>	<u>\$ 119,113</u>	<u>\$ 94,005</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	2,331,678	2,392,512	2,350,306
Less: Allowance for impairment loss	<u>(2,584)</u>	<u>(2,781)</u>	<u>(3,619)</u>
	<u>2,329,094</u>	<u>2,389,731</u>	<u>2,346,687</u>
Total	<u>\$ 2,444,156</u>	<u>\$ 2,508,844</u>	<u>\$ 2,440,692</u>

The average credit period of sales of goods is 60-180 days. No interest is charged on unpaid accounts receivable.

In order to mitigate credit risk, the management of the Group has delegated qualified personnel in accordance with the segregation of duties principle to be responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position and economic condition of the industry in which the customer operates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of notes and accounts receivable based on the Group's provision matrix:

March 31, 2024

	Not Past Due	Past Due				Total
		Less than 90 Days	91 to 120 Days	121 to 150 Days	Over 150 Days	
Expected credit loss rate	0.03%	0.39%	-	-	57.22%	
Gross carrying amount	\$ 2,410,335	\$ 28,124	\$ 3,318	\$ 1,796	\$ 3,167	\$ 2,446,740
Allowance for impairment loss (Lifetime ECLs)	(662)	(110)	-	-	(1,812)	(2,584)
Amortized cost	<u>\$ 2,409,673</u>	<u>\$ 28,014</u>	<u>\$ 3,318</u>	<u>\$ 1,796</u>	<u>\$ 1,355</u>	<u>\$ 2,444,156</u>

December 31, 2023

	Not Past Due	Past Due				Total
		Less than 90 Days	91 to 120 Days	121 to 150 Days	Over 150 Days	
Expected credit loss rate	0.02%	4.25%	17.88%	-	92.67%	
Gross carrying amount	\$ 2,497,549	\$ 11,793	\$ 565	\$ -	\$ 1,718	\$ 2,511,625
Allowance for impairment loss (Lifetime ECLs)	(587)	(501)	(101)	-	(1,592)	(2,781)
Amortized cost	<u>\$ 2,496,962</u>	<u>\$ 11,292</u>	<u>\$ 464</u>	<u>\$ -</u>	<u>\$ 126</u>	<u>\$ 2,508,844</u>

March 31, 2023

	Not Past Due	Past Due				Total
		Less than 90 Days	91 to 120 Days	121 to 150 Days	Over 150 Days	
Expected credit loss rate	0.01%	0.23%	0.88%	-	100%	
Gross carrying amount	\$ 2,419,133	\$ 19,052	\$ 2,602	\$ -	\$ 3,524	\$ 2,444,311
Allowance for impairment loss (Lifetime ECLs)	(29)	(43)	(23)	-	(3,524)	(3,619)
Amortized cost	<u>\$ 2,419,104</u>	<u>\$ 19,009</u>	<u>\$ 2,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,440,692</u>

The movements of the allowance for impairment loss of notes and accounts receivable were as follows:

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 2,781	\$ 3,754
Less: Impairment loss reversed	(304)	(154)
Effect of exchange rate differences	<u>107</u>	<u>19</u>
Balance at March 31	<u>\$ 2,584</u>	<u>\$ 3,619</u>

8. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Finished goods	\$ 171,387	\$ 169,175	\$ 201,551
Work in progress	100,351	66,365	97,733
Raw materials and supplies	<u>114,189</u>	<u>105,875</u>	<u>126,690</u>
	<u>\$ 385,927</u>	<u>\$ 341,415</u>	<u>\$ 425,974</u>

The cost of goods sold included the following:

	For the Three Months Ended March 31	
	2024	2023
Cost of inventories sold	\$ 1,007,951	\$ 1,100,384
Inventory write-downs (reversed)	<u>2,803</u>	<u>(3,832)</u>
	<u>\$ 1,010,754</u>	<u>\$ 1,096,552</u>

Inventory write-downs were reversed for the three months ended March 31, 2023 as a result of an increase in the net realizable value of inventories.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Non-current</u>			
Domestic investments			
Unlisted company			
Chimei Motor Electronics Co., Ltd.	\$ 15,604	\$ 17,287	\$ 18,568
Top Taiwan XIII Venture Capital Co., Ltd.	43,336	42,680	47,655
WK Technology Fund IX Ltd.	150,104	149,670	143,263
WK Technology Fund IX II Ltd.	<u>79,557</u>	<u>80,000</u>	<u>-</u>
	<u>288,601</u>	<u>289,637</u>	<u>209,486</u>

(Continued)

	March 31, 2024	December 31, 2023	March 31, 2023
Foreign investments			
Unlisted company			
CHIALEHUA HOLDING LIMITED	\$ 14,454	\$ 13,893	\$ -
Suzhou HENG-SIN Co., Ltd.	<u>3,383</u>	<u>189</u>	<u>-</u>
	<u>17,837</u>	<u>14,082</u>	<u>-</u>
	<u>\$ 306,438</u>	<u>\$ 303,719</u>	<u>\$ 209,486</u>
			(Concluded)

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

10. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
The Corporation	CHIA CORPORATION	Investment activities	100.00	100.00	100.00	-
	GOLDSKY ENTERPRISES LIMITED	International trade	100.00	100.00	100.00	1)
	Chia Development Co., Ltd.	New business development and investment	100.00	100.00	100.00	-
	CHIA CHANG TECHNOLOGY (VIETNAM) COMPANY LIMITED	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	-	1) and 2)
CHIA CORPORATION	TARCOOLA TRADING LIMITED	Investment activities	100.00	100.00	100.00	-
	HUGE LINE INTERNATIONAL LIMITED	Investment activities	100.00	100.00	100.00	-
	CHIAPEX HOLDING LIMITED	Investment activities	100.00	100.00	100.00	1)
TARCOOLA TRADING LIMITED	Chia Chang Technology (Suzhou) Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	100.00	-
HUGE LINE INTERNATIONAL LIMITED	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	100.00	-
	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	100.00	1)
Chia Development Co., Ltd.	Energy Magic Co., Ltd.	Manufacturing of electronic components	50.00	50.00	50.00	1)
	EIDEAL Company Limited	Manufacturing of electronic components	80.00	80.00	80.00	1)
Chia Chang Technology (Suzhou) Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	100.00	1)

- 1) The subsidiaries are not significant subsidiaries, so their financial statements for the three months ended March 31, 2024 and 2023 have not been reviewed.
- 2) In order to strengthen the cooperative relationship with customers and respond to the strategic layout of supply to important customers, on May 3, 2023, the Corporation's board of directors approved the investment in establishing a subsidiary in Vietnam with a planned investment of US\$10 million over the years and had been invested and registered in December, 2023. As of March 31, 2024, the amount of the Corporation's investment in the subsidiary was US\$3.5 million.

- b. Subsidiaries excluded from the consolidated financial statements: None.
- c. Details of subsidiaries that have material non-controlling interests: None.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Investment in associates</u>			
Associate that is not individually material	<u>\$ 146,627</u>	<u>\$ 124,081</u>	<u>\$ 146,465</u>

The investments accounted for using equity method and the share of profit or loss and other comprehensive income of those investments were based on the associates' financial statements that have not been reviewed for the same periods.

12. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2024	December 31, 2023	March 31, 2023
Land	\$ 316,980	\$ 316,980	\$ 316,980
Buildings	331,098	329,093	348,649
Machinery and equipment	628,474	604,283	686,119
Miscellaneous equipment	67,092	71,681	92,218
Construction in progress	<u>1,640,770</u>	<u>1,467,554</u>	<u>1,074,583</u>
	<u>\$ 2,984,414</u>	<u>\$ 2,789,591</u>	<u>\$ 2,518,549</u>

Except for depreciation recognized, the Group did not have significant addition, disposal, or impairment of property, plant and equipment during the three months ended March 31, 2024 and 2023. The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	20-45 years
Elevators	15-20 years
Engineering system	10-20 years
Others	5-8 years
Machinery and equipment	2-10 years
Miscellaneous equipment	2-10 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 25.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Land	\$ 175,050	\$ 170,926	\$ 119,182
Buildings	<u>71,119</u>	<u>6,266</u>	<u>19,664</u>
	<u>\$ 246,169</u>	<u>\$ 177,192</u>	<u>\$ 138,846</u>
		For the Three Months Ended March 31	
		2024	2023
Additions to right-of-use assets		<u>\$ 73,267</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets			
Land		\$ 1,359	\$ 1,046
Buildings		<u>4,828</u>	<u>8,024</u>
		<u>\$ 6,187</u>	<u>\$ 9,070</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2024 and 2023.

Right-of-use assets pledged as collateral for bank borrowings were set out in Note 25.

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Current	\$ 8,866	\$ 1,265	\$ 12,693
Non-current	<u>\$ 60,372</u>	<u>\$ -</u>	<u>\$ -</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	0.9%-3.55%	0.9%-3.55%	0.9%

c. Material leasing activities and terms

The Group leases certain plant and office with lease terms from 2022 to 2033. These arrangements do not contain renewal or purchase options.

The subsidiary also leases land for producing products in China with lease terms of 44 to 50 years. The lease payment is paid in a lump sum at the time of signing the contract. The subsidiary does not have bargain purchase options to acquire the leasehold land at the end of lease terms.

The subsidiary also leases land for producing products in Vietnam with lease terms of 45 years. The lease payment is paid in a lump sum at the time of signing the contract. The subsidiary does not have bargain purchase options to acquire the leasehold land at the end of lease terms.

d. Other lease information

	For the Three Months Ended March 31	
	2024	2023
Expenses relating to short-term leases	<u>\$ 3,780</u>	<u>\$ 1,817</u>
Total cash outflow for leases	<u>\$ 5,942</u>	<u>\$ 7,136</u>

14. INVESTMENT PROPERTIES

	March 31, 2024	December 31, 2023	March 31, 2023
Land	\$ 42,016	\$ 42,016	\$ 42,016
Buildings	<u>11,004</u>	<u>11,198</u>	<u>11,781</u>
	<u>\$ 53,020</u>	<u>\$ 53,214</u>	<u>\$ 53,797</u>

Except for depreciation recognized, the Group did not have significant addition, disposal, or impairment of investment properties during the three months ended March 31, 2024 and 2023. Investment properties are depreciated on a straight-line basis over the estimated useful life of 45 years.

Management was unable to reliably measure the fair value of investment properties located at Dafeng St., Luzhu District, Taoyuan City because of the remote location. The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Corporation determined that the fair value of the investment properties is not reliably measurable.

The investment properties of the Group were held under freehold interests. The investment properties pledged as collateral for bank borrowings are set out in Note 25.

15. BORROWINGS

a. Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings</u>			
Bank loans	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>
Annual interest rate	1.70%	-	1.63%

b. Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings</u>			
Bank loans	\$ 4,510	\$ 4,335	\$ 4,431
Less: Current portion	<u>-</u>	<u>-</u>	<u>-</u>
Long-term borrowings	<u>\$ 4,510</u>	<u>\$ 4,335</u>	<u>\$ 4,431</u>
Annual interest rate	3.85%	3.95%	3.95%

The secured borrowings were secured by the Group's land, buildings, right-of-use assets and the investment properties as collateral. Refer to Note 25 for details.

16. OTHER PAYABLES

	March 31, 2024	December 31, 2023	March 31, 2023
Payable for dividends	\$ 327,446	\$ -	\$ 355,919
Payable for salaries and bonuses	179,261	262,746	167,921
Compensation payable to directors and employees	68,811	47,311	66,944
Payable for transportation	47,063	46,314	44,117
Payable for purchase of equipment	17,000	18,457	21,531
Others	<u>130,493</u>	<u>135,661</u>	<u>146,025</u>
	<u>\$ 770,074</u>	<u>\$ 510,489</u>	<u>\$ 802,457</u>

17. EQUITY

a. Share capital

	March 31, 2024	December 31, 2023	March 31, 2023
Authorized shares (in thousands)	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Authorized capital	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Issued and paid shares (in thousands)	<u>142,368</u>	<u>142,368</u>	<u>142,368</u>
Issued capital	<u>\$ 1,423,676</u>	<u>\$ 1,423,676</u>	<u>\$ 1,423,676</u>

The authorized shares include 600 thousand shares reserved for the exercise of employee stock options.

b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital (1)</u>			
Additional paid-in capital	\$ 2,784,898	\$ 2,784,898	\$ 2,784,898
Expired employee share options	14,311	14,311	14,311
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interests in subsidiaries (2)	<u>21,588</u>	<u>21,588</u>	<u>21,588</u>
	<u>\$ 2,820,797</u>	<u>\$ 2,820,797</u>	<u>\$ 2,820,797</u>

- 1) Such capital surplus may be used to offset a deficit; when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles of Incorporation, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders in their meeting for the distribution of dividends and bonuses to shareholders. In the preceding paragraph, the board of directors is authorized to adopt a resolution to distribute dividends and bonuses in cash, and a report should be submitted in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors in the Articles of Incorporation, refer to compensation of employees and remuneration of directors in Note 19-(e).

The Corporation distributes dividends after taking into consideration its future capital needs and long-term financial plans. Where the Corporation made a profit in a fiscal year, the Corporation could propose cash dividends between 10% and 100% of distributable earnings. The shareholders may adjust the ratio of dividends to reflect the profit and the adequacy of capital.

Appropriations of earnings to legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash. In the preceding paragraph, the board of directors is authorized to adopt a resolution to capital or distributed in cash, and a report should be submitted in the shareholders' meeting.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2023 and 2022 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2023	2022
Legal reserve	<u>\$ 61,503</u>	<u>\$ 64,491</u>
Special reserve (reversal)	<u>\$ 80,037</u>	<u>\$ (162,728)</u>
Cash dividends	<u>\$ 327,446</u>	<u>\$ 355,919</u>
Cash dividends per share (NT\$)	<u>\$ 2.3</u>	<u>\$ 2.5</u>

The above cash dividends have been resolved by the board of directors on February 26, 2024 and February 23, 2023, respectively; the other proposed appropriations for 2022 have been resolved by the shareholders in their meeting on May 29, 2023. The other proposed appropriations for 2023 will be resolved by the shareholders in their meeting to be held on May 29, 2024.

d. Special reserve

A proportionate share of the special reserve relating to exchange differences on translating the financial statements of foreign operations (including the subsidiaries of the Corporation) will be reversed on the Group's disposal of foreign operations; on the Group's loss of significant influence, however, the entire special reserve will be reversed. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRS Accounting Standards. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

18. REVENUE

	For the Three Months Ended	
	March 31	
	2024	2023
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 1,319,355</u>	<u>\$ 1,417,441</u>

a. Contract information

The goods are sold at the fair value of the consideration received or receivable. The Group eliminates the estimated customer returns, discounts and other similar discounts from the amount of goods sold to determine the revenue from sale of goods.

b. Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Notes and accounts receivable (Note 7)	<u>\$ 2,446,740</u>	<u>\$ 2,511,625</u>	<u>\$ 2,444,311</u>	<u>\$ 2,662,221</u>

c. Disaggregation of revenue

Refer to Note 29 for information on disaggregation of revenue.

19. INCOME BEFORE INCOME TAX

a. Other income

	For the Three Months Ended March 31	
	2024	2023
Government subsidy income	\$ 4,747	\$ 133
Rental income	1,038	828
Others	<u>325</u>	<u>288</u>
	<u>\$ 6,110</u>	<u>\$ 1,249</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2024	2023
Gain on disposal and retirement of property, plant and equipment, net	\$ 18	\$ 2,030
Others	<u>(404)</u>	<u>(587)</u>
	<u>\$ (386)</u>	<u>\$ 1,443</u>

c. Depreciation and amortization

	For the Three Months Ended March 31	
	2024	2023
Property, plant and equipment	\$ 50,946	\$ 54,161
Intangible assets and others	42,479	51,692
Right-of-use assets	6,187	9,070
Investment properties	<u>194</u>	<u>194</u>
	<u>\$ 99,806</u>	<u>\$ 115,117</u>
An analysis of depreciation by function		
Operating costs	\$ 48,477	\$ 53,025
Operating expenses	8,656	10,206
Non-operating expenses	<u>194</u>	<u>194</u>
	<u>\$ 57,327</u>	<u>\$ 63,425</u>
An analysis of amortization by function		
Operating costs	\$ 39,584	\$ 50,465
Operating expenses	<u>2,895</u>	<u>1,227</u>
	<u>\$ 42,479</u>	<u>\$ 51,692</u>

d. Employee benefits expense

	For the Three Months Ended March 31	
	2024	2023
Payroll expense	\$ 278,218	\$ 245,609
Post-employment benefits		
Defined contribution plans	13,536	11,952
Other employee benefits	<u>28,512</u>	<u>27,628</u>
Total employee benefits expense	<u>\$ 320,266</u>	<u>\$ 285,189</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 211,543	\$ 188,285
Operating expenses	<u>108,723</u>	<u>96,904</u>
	<u>\$ 320,266</u>	<u>\$ 285,189</u>

e. Compensation of employees and remuneration of directors

The Corporation accrued compensation of employees at rates of no less than 1% and no higher than 15%, and remuneration of directors at rates of no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the three months ended March 31, 2024 and 2023, are as follows:

Accrual rate

	For the Three Months Ended March 31	
	2024	2023
Compensation of employees	8.52%	8.15%
Remuneration of directors	1.66%	2.11%

Amount

	For the Three Months Ended March 31	
	2024	2023
Compensation of employees	<u>\$ 18,000</u>	<u>\$ 13,500</u>
Remuneration of directors	<u>\$ 3,500</u>	<u>\$ 3,500</u>

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

The appropriations of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Corporation's board of directors on February 26, 2024 and February 23, 2023, respectively, are as follows:

Amount

	For the Year Ended December 31	
	2023	2022
Compensation of employees	<u>\$ 33,311</u>	<u>\$ 35,944</u>
Remuneration of directors	<u>\$ 14,000</u>	<u>\$ 14,000</u>

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the compensation of employees and remuneration of directors resolved by the Corporation's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

20. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Three Months Ended	
	2024	2023
Current tax		
In respect of the current year	\$ 44,509	\$ 41,970
Adjustments for prior year	<u>36</u>	<u>-</u>
	<u>44,545</u>	<u>41,970</u>
Deferred tax		
In respect of the current year	<u>6,704</u>	<u>1,306</u>
Income tax expense recognized in profit or loss	<u>\$ 51,249</u>	<u>\$ 43,276</u>

b. Income tax examination

Income tax returns of the following companies have been examined by the tax authorities:

- 1) Chia Chang Co., Ltd. - through 2022
- 2) Energy Magic Co., Ltd. - through 2022
- 3) EIDEAL Company Limited. - through 2022
- 4) Chia Development Co., Ltd. - through 2022

21. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Income for the Period

	For the Three Months Ended March 31	
	2024	2023
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 161,112</u>	<u>\$ 123,259</u>

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	142,368	142,368
Effect of potentially dilutive ordinary shares:		
Employee share options	<u>850</u>	<u>1,853</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>143,218</u>	<u>144,221</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be 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.

22. CASH FLOW INFORMATION

Non-cash Transactions

The cash dividends for 2023 approved in the board of directors' meeting were not yet distributed as of March 31, 2024; the cash dividends for 2022 approved in the board of directors' meeting were not yet distributed as of March 31, 2023 (refer to Notes 16 and 17).

23. FINANCIAL INSTRUMENTS

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

The disclosures of fair value are not required for financial instruments that are not measured at fair value but with carrying value approximating fair value such as cash and cash equivalents, notes and accounts receivable, other financial assets - current, refundable deposits, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings and guarantee deposits.

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

1) Fair value hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 46	\$ -	\$ -	\$ 46
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic investments				
unlisted company	\$ -	\$ -	\$ 288,601	\$ 288,601
Foreign investments				
unlisted company	-	-	17,837	17,837
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 306,438</u>	<u>\$ 306,438</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 44	\$ -	\$ -	\$ 44
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic investments				
unlisted company	\$ -	\$ -	\$ 289,637	\$ 289,637
Foreign investments				
unlisted company	-	-	14,082	14,082
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303,719</u>	<u>\$ 303,719</u>

March 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 45	\$ -	\$ -	\$ 45
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic investments				
unlisted company	\$ -	\$ -	\$ 209,486	\$ 209,486

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2024 and 2023.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the three months ended March 31, 2024

	Financial Assets at FVTOCI
Balance at January 1, 2024	\$ 303,719
Recognized in other comprehensive income or loss	(1,035)
Effect of exchange rate differences	<u>3,754</u>
Balance at March 31, 2024	<u>\$ 306,438</u>

For the three months ended March 31, 2023

	Financial Assets at FVTOCI
Balance at January 1, 2023	\$ 191,982
Recognized in other comprehensive income or loss	<u>17,504</u>
Balance at March 31, 2023	<u>\$ 209,486</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

For the domestic non-listed companies and foreign investments held by the Group and measured at fair value, such fair value is determined by market approach and asset-based approach. The market approach is referring to the observable market price or to the comparable company. The asset-based approach is evaluating the total value of the individual assets and individual liabilities covered by evaluation target to measure its fair value.

c. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 46	\$ 44	\$ 45
Financial assets at amortized cost (1)	6,339,448	6,266,342	6,483,787
Financial assets at FVTOCI	306,438	303,719	209,486
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	1,782,844	1,569,210	1,914,480

- 1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other financial assets - current, other receivables, and refundable deposits.
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors or the shareholders' meeting, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Corporation's treasury function reports quarterly to the Corporation's board of directors.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which expose the Group to foreign currency risk. Parts of the Group's sales and purchases are denominated in currencies other than the functional currency of the transaction entity in the Group. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (excluding those eliminated upon consolidation) and of the derivatives exposed to foreign currency risk at the end of the period are set out in Note 27.

The Group was mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar and Renminbi (i.e., the functional currency) against the U.S. dollar. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and their adjusted translation at the end of the period for a 1% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit associated with the New Taiwan dollar and Renminbi strengthening 1% against the U.S. dollar. For a 1% weakening of the New Taiwan dollar and Renminbi against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	U.S. Dollar Impact	
	For the Three Months Ended	
	March 31	
	2024	2023
Profit or loss*	\$ 18,005	\$ 25,457

* The result was mainly attributable to the exposure on outstanding receivables and payables in U.S. dollar which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrow funds at fixed interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial assets	\$ 1,921,746	\$ 1,634,198	\$ 2,106,495
Financial liabilities	89,238	1,265	62,693
Cash flow interest rate risk			
Financial assets	1,929,947	2,083,239	1,877,395
Financial liabilities	4,510	4,335	4,431

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of the asset outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$1,254 thousand and \$1,204 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$3,064 thousand and \$2,095 thousand, respectively, as a result of the changes in financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to mitigate credit risk, the management of the Group has delegated qualified personnel in accordance with the segregation of duties principle to be responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

Since the counterparty of current funds and derivative financial instruments is a financial institution with a good credit rating, the Group does not expect any material credit risk.

The Group's concentration of credit risk of 52%, 51% and 51% of total accounts receivable as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively, was attributable to the Group's three largest customers.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank loan facilities*			
Amount used	\$ -	\$ -	\$ -
Amount unused	<u>1,045,102</u>	<u>1,043,352</u>	<u>1,000,000</u>
	<u>\$ 1,045,102</u>	<u>\$ 1,043,352</u>	<u>\$ 1,000,000</u>
Secured bank loan facilities*			
Amount used	\$ 24,510	\$ 4,335	\$ 54,431
Amount unused	<u>1,969,570</u>	<u>1,919,745</u>	<u>1,958,049</u>
	<u>\$ 1,994,080</u>	<u>\$ 1,924,080</u>	<u>\$ 2,012,480</u>

* Including the amount signed by the Group and the bank.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

March 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months-1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 769,560	\$ 986,753	\$ -	\$ 1,507
Lease liabilities	-	2,162	7,848	64,768
Fixed interest rate borrowings	20,027	-	-	-
Floating interest rate borrowings	-	-	-	4,663
	<u>\$ 789,587</u>	<u>\$ 988,915</u>	<u>\$ 7,848</u>	<u>\$ 70,938</u>

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months-1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 505,269	\$ 1,053,122	\$ -	\$ 1,264
Lease liabilities	-	-	1,311	-
Floating interest rate borrowings	-	-	-	4,530
	<u>\$ 505,269</u>	<u>\$ 1,053,122</u>	<u>\$ 1,311</u>	<u>\$ 5,794</u>

March 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months-1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 794,968	\$ 1,064,251	\$ -	\$ 830
Lease liabilities	-	10,203	2,570	-
Fixed interest rate borrowings	50,069	-	-	-
Floating interest rate borrowings	-	-	-	4,759
	<u>\$ 845,037</u>	<u>\$ 1,074,454</u>	<u>\$ 2,570</u>	<u>\$ 5,589</u>

24. RELATED PARTY TRANSACTIONS

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated upon consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows:

Remuneration of key management personnel

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	\$ 9,481	\$ 9,544
Post-employment benefits	<u>217</u>	<u>217</u>
	<u>\$ 9,698</u>	<u>\$ 9,761</u>

25. PLEDGED ASSETS

The following assets were provided to bank as collateral or guarantee for bank financing, amount of endorsement and guarantee, and for issuing commercial paper.

	March 31, 2024	December 31, 2023	March 31, 2023
Pledged deposits (recognized as other financial assets - current)	\$ 440,000	\$ 140,000	\$ -
Property, plant and equipment			
Land	185,000	185,000	185,000
Buildings	91,414	92,524	96,661
Right-of-use assets	64,399	62,470	65,600
Investment properties	-	-	<u>53,797</u>
	<u>\$ 780,813</u>	<u>\$ 479,994</u>	<u>\$ 401,058</u>

26. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In order to integrate the production plants in mainland China for improving production efficiency and saving both fixed expenses and management costs, the Corporation intends to terminate the optronic business project in Chia Chang Technology (Chong Qing) Co., Ltd., a 100% owned subsidiary of Chia Chang Technology (Suzhou) Co., Ltd.

27. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and respective functional currencies were as follows:

March 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	US\$ 19,090	32.000 (USD:NTD)	\$ 610,891
USD	US\$ 45,664	7.0950 (USD:RMB)	1,461,760
RMB	RMB 34,851	0.1409 (RMB:USD)	157,184
<u>Financial liabilities</u>			
Monetary items			
USD	US\$ 2,168	32.000 (USD:NTD)	69,381
USD	US\$ 11,247	7.0950 (USD:RMB)	359,907

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	US\$ 29,342	30.705 (USD:NTD)	\$ 900,951
USD	US\$ 54,026	7.0827 (USD:RMB)	1,659,240
RMB	RMB 34,642	0.1412 (RMB:USD)	150,180
<u>Financial liabilities</u>			
Monetary items			
USD	US\$ 1,987	30.705 (USD:NTD)	61,005
USD	US\$ 13,817	7.0827 (USD:RMB)	424,263

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	US\$ 24,383	30.450 (USD:NTD)	\$ 742,462
USD	US\$ 68,107	6.8717 (USD:RMB)	2,073,838
RMB	RMB 33,974	0.1455 (RMB:USD)	150,545

Financial liabilities

Monetary items			
USD	US\$ 1,466	30.450 (USD:NTD)	44,634
USD	US\$ 12,364	6.8717 (USD:RMB)	376,489

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

For the Three Months Ended March 31				
2024			2023	
Functional Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	31.448 (USD:NTD)	\$ 31,832	30.395 (USD:NTD)	\$ (8,184)
USD	7.1030 (USD:RMB)	8,728	6.8372 (USD:RMB)	(21,807)
USD	0.0013 (USD:VND)	155	- (USD:VND)	-
RMB	4.4274 (RMB:NTD)	(1)	- (RMB:NTD)	-
RMB	0.1408 (RMB:USD)	<u>(266)</u>	0.1463 (RMB:USD)	<u>2,059</u>
		<u>\$ 40,448</u>		<u>\$ (27,932)</u>

28. ADDITIONAL DISCLOSURES

a. Information on significant transactions:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures). (Table 3)
- 4) Marketable securities acquired or 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 amounting to at least NT\$100 million or 20% of the paid-in capital. (None)

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
 - 9) Trading in derivative instruments. (None)
 - 10) Intercompany relationships and significant transactions. (Table 4)
- b. Information on investees. (Table 5)
- c. Information on investments in mainland China
- 1) Information on any investee Company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income (loss) of investee, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (None)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (Table 2)
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services. (None)
- 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. (Table 7)

29. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments are stamping department and others.

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	For the Three Months Ended March 31, 2024		
	Stamping Business	Others	Total
Revenue from external customers	<u>\$ 1,319,355</u>	<u>\$ -</u>	<u>\$ 1,319,355</u>
Segment income	\$ 124,675	\$ (1,500)	\$ 123,157
Other income	6,110	-	6,110
Share of profit or loss of associates accounted for using equity method	-	22,546	22,546
Interest income	20,508	233	20,741
Exchange gains and losses	40,448	-	40,448
Interest expense	(628)	-	(628)
Other gains and losses	<u>(386)</u>	<u>-</u>	<u>(386)</u>
Income before income tax	<u>\$ 190,709</u>	<u>\$ 21,279</u>	<u>\$ 211,988</u>
	For the Three Months Ended March 31, 2023		
	Stamping Business	Others	Total
Revenue from external customers	<u>\$ 1,417,123</u>	<u>\$ 318</u>	<u>\$ 1,417,441</u>
Segment income	\$ 149,275	\$ (2,211)	\$ 147,064
Other income	1,249	-	1,249
Share of profit or loss of associates accounted for using equity method	-	22,148	22,148
Interest income	22,406	83	22,489
Exchange gains and losses	(27,932)	-	(27,932)
Interest expense	(488)	-	(488)
Other gains and losses	<u>1,443</u>	<u>-</u>	<u>1,443</u>
Income before income tax	<u>\$ 145,953</u>	<u>\$ 20,020</u>	<u>\$ 165,973</u>

Segment profit represented the profit before tax earned by each segment without the allocation of central administration costs and directors' salaries, share of profit or loss of associates accounted for using equity method, gains or losses on disposal of interests in associates, rental income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of investments, exchange gains or losses, valuation gains or losses on financial instruments, interest expense and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets and liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Segment assets</u>			
Stamping business segment	\$ 10,641,849	\$ 10,245,778	\$ 10,232,949
Others	<u>367,753</u>	<u>347,360</u>	<u>324,150</u>
Consolidated total assets	<u>\$ 11,009,602</u>	<u>\$ 10,593,138</u>	<u>\$ 10,557,099</u>
<u>Segment liabilities</u>			
Stamping business segment	\$ 2,369,388	\$ 2,059,106	\$ 2,390,132
Others	<u>508</u>	<u>1,803</u>	<u>4,781</u>
Consolidated total liabilities	<u>\$ 2,369,896</u>	<u>\$ 2,060,909</u>	<u>\$ 2,394,913</u>

CHIA CHANG CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Foreign Currencies in Thousands)	Ending Balance (Foreign Currencies in Thousands)	Amount Actually Drawn (Foreign Currencies in Thousands)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Foreign Currencies in Thousands) (Note 1)	Financing Company's Total Financing Amount Limits (Foreign Currencies in Thousands) (Note 2)
													Item	Value		
1	GOLDSKY ENTERPRISES LIMITED	Chia Chang Co., Ltd.	Other receivables	Yes	\$ 64,000 (US\$ 2,000)	\$ 64,000 (US\$ 2,000)	\$ -	-	Short-term financing	Not applicable	Operating capital	\$ -	-	-	\$ 159,424 (US\$ 4,982)	\$ 318,848 (US\$ 9,964)
		Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	48,000 (US\$ 1,500)	48,000 (US\$ 1,500)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	79,712 (US\$ 2,491)	318,848 (US\$ 9,964)
2	CHIA CORPORATION	Chia Chang Co., Ltd.	Other receivables	Yes	640,000 (US\$ 20,000)	640,000 (US\$ 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,251,084 (RMB 277,390)	2,502,169 (RMB 554,780)
		Nanjing Chia-Chan Precious Electronics Co., Ltd.	Other receivables	Yes	64,000 (US\$ 2,000)	64,000 (US\$ 2,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,251,084 (RMB 277,390)	2,502,169 (RMB 554,780)
		Chia Chang Technology (Suzhou) Co., Ltd.	Other receivables	Yes	640,000 (US\$ 20,000)	640,000 (US\$ 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,251,084 (RMB 277,390)	2,502,169 (RMB 554,780)
		Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	224,000 (US\$ 7,000)	224,000 (US\$ 7,000)	67,653 (RMB 15,000) (Note 3)	3.45%-3.55%	Short-term financing	Not applicable	Operating capital	-	-	-	1,251,084 (RMB 277,390)	2,502,169 (RMB 554,780)
3	Chia Chang Technology (Suzhou) Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	90,204 (RMB 20,000)	90,204 (RMB 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	796,001 (RMB 176,489)	1,592,006 (RMB 352,979)
4	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	67,653 (RMB 15,000)	67,653 (RMB 15,000)	45,102 (RMB 10,000) (Note 3)	3.45%	Short-term financing	Not applicable	Operating capital	-	-	-	87,863 (RMB 19,481)	351,457 (RMB 77,925)
		Chia Chang Technology (Suzhou) Co., Ltd.	Other receivables	Yes	67,653 (RMB 15,000)	67,653 (RMB 15,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	87,863 (RMB 19,481)	351,457 (RMB 77,925)
5	Chia Development Co., Ltd.	EIDEAL Company Limited	Other receivables	Yes	20,000	20,000	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	36,251	145,004

Note 1: The limit for lending to each borrower is as follows:

- For companies with transactions and short-term funding needs, the amount for lending to a company shall not exceed 2% of the net equity of the Corporation based on its latest financial statements. The total amount for lending shall not exceed 5% of the net equity of the Corporation based on its latest financial statements.
- For associates with short-term funding needs, in which the Corporation holds less than 100% of the voting shares of each associate, the amount for lending shall not exceed 10% of the net equity of the associate. For associates with short-term funding needs, in which the Corporation holds 100% of the voting shares of each associate, the amount for lending shall not exceed 20% of the net equity of the associate.

Note 2: The total amount for lending shall not exceed 40% of the net equity of the Corporation based on its latest financial statements.

Note 3: All intercompany transactions have been eliminated upon consolidation.

CHIA CHANG CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Foreign Currencies in Thousands)	Outstanding Endorsement/ Guarantee at the End of the Period (Foreign Currencies in Thousands)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals (Foreign Currencies in Thousands)	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiaries	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	The Corporation	GOLDSKY ENTERPRISES LIMITED	Note 1	\$ 4,317,485	\$ 576,000 (US\$ 18,000)	\$ 576,000 (US\$ 18,000)	\$ -	\$ -	6.67%	\$ 4,317,485	Yes	No	No
		CHIA CORPORATION	Note 1		1,600,000 (US\$ 50,000)	1,600,000 (US\$ 50,000)	-	640,000 (US\$ 20,000)	18.53%		Yes	No	No
		Chia Chang Technology (Chong Qing) Co., Ltd.	Note 1		135,306 (RMB 30,000)	135,306 (RMB 30,000)	-	-	1.57%		Yes	No	Yes
1	Chia Chang Technology (Suzhou) Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Note 1	4,317,485	90,204 (RMB 20,000)	90,204 (RMB 20,000)	-	-	1.04%	4,317,485	No	No	Yes
2	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Chia Chang Technology (Suzhou) Co., Ltd.	Note 1	4,317,485	67,653 (RMB 15,000)	67,653 (RMB 15,000)	-	-	0.78%	4,317,485	No	No	Yes
		Chia Chang Technology (Chong Qing) Co., Ltd.	Note 1		67,653 (RMB 15,000)	67,653 (RMB 15,000)	-	-	0.78%		No	No	Yes

Note 1: Subsidiary in which the Corporation directly or indirectly owns more than 50% of its voting shares.

Note 2: According to the Corporation's endorsement/guarantee operating procedures, the total amount of guarantee provided by the Corporation to any individual entity shall not exceed 2% of the Corporation's net equity based on its latest financial statements, except for the guarantee provided to any entity whose voting shares are 50% owned. The total balance of guarantee shall not exceed 50% of the Corporation's net equity based on its latest financial statements.

CHIA CHANG CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				Note
				Number of Shares (Units in Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chia Chang Co., Ltd.	<u>Ordinary share(s)</u> Chimei Motor Electronics Co., Ltd.	None	Financial assets at FVTOCI - non-current	1,372	\$ 15,604	4.57	\$ 15,604	Notes 1 and 2
	Top Taiwan XIII Venture Capital Co., Ltd.	The Corporation is its corporate directors	Financial assets at FVTOCI - non-current	5,000	43,336	5.81	43,336	Notes 1 and 2
	WK Technology Fund IX II Ltd.	The Corporation is its corporate supervisors	Financial assets at FVTOCI - non-current	8,000	79,557	7.12	79,557	Notes 1 and 2
CHIA CORPORATION	<u>Ordinary share(s)</u> CHIALEHUA HOLDING LIMITED	None	Financial assets at FVTOCI - non-current	900	14,454	15.00	14,454	Notes 1 and 2
TARCOOLA TRADING LIMITED	<u>Mutual fund(s)</u> Capital RMB Money Market Fund-RMB	None	Financial assets at FVTPL - current	1	46	-	46	Notes 1 and 2
Chia Development Co., Ltd.	<u>Ordinary share(s)</u> WK Technology Fund IX Ltd.	One of the Corporation's key management personnel is one of its supervisors	Financial assets at FVTOCI - non-current	5,998	150,104	7.69	150,104	Notes 1 and 2
Chia Chang Technology (Suzhou) Co., Ltd.	<u>Ordinary share(s)</u> Suzhou HENG-SIN Co., Ltd.	None	Financial assets at FVTOCI - non-current	Not applicable	3,383	10.00	3,383	Notes 1 and 2

Note 1: The unlisted stocks mentioned above are calculated using a valuation method at fair value, and the mutual fund is calculated at net value on March 31, 2024.

Note 2: The securities held at end of period have not been provided as collateral or pledged for loans.

CHIA CHANG CO., LTD. AND SUBSIDIARIES

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

No.	Transaction Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets
1	CHIA CORPORATION	Chia Chang Technology (Chong Qing) Co., Ltd.	3	Other receivables	\$ 68,651	Note 3, interest rate 3.45%-3.55%	1
2	Chia Chang Technology (Suzhou) Co., Ltd	Nanjing Chia-Chan Precious Electronics Co., Ltd. Nanjing Chia-Chan Precious Electronics Co., Ltd.	3 3	Accounts payable Purchase	18,020 11,819	Note 2 Note 2	- 1
3	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Nanjing Chia-Chan Precious Electronics Co., Ltd. Nanjing Chia-Chan Precious Electronics Co., Ltd. Nanjing Chia-Chan Precious Electronics Co., Ltd. Nanjing Chia-Chan Precious Electronics Co., Ltd. Chia Chang Technology (Chong Qing) Co., Ltd.	3 3 3 3 3	Accounts receivable Accounts payable Sales revenue Purchase Other receivables	13,316 17,286 10,132 12,788 45,599	Note 2 Note 2 Note 2 Note 2 Note 4, interest rate 3.45%	- - 1 1 -
4	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Chia Chang Technology (Suzhou) Co., Ltd Chia Chang Technology (Suzhou) Co., Ltd Ningbo Chia Chang Electronics Hardware Co., Ltd. Ningbo Chia Chang Electronics Hardware Co., Ltd. Ningbo Chia Chang Electronics Hardware Co., Ltd. Ningbo Chia Chang Electronics Hardware Co., Ltd.	3 3 3 3 3 3	Accounts receivable Sales revenue Accounts receivable Accounts payable Sales revenue Purchase	18,020 11,819 17,286 13,316 12,788 10,132	Note 2 Note 2 Note 2 Note 2 Note 2 Note 2	- 1 - - 1 1
5	Chia Chang Technology (Chong Qing) Co., Ltd.	Ningbo Chia Chang Electronics Hardware Co., Ltd. CHIA CORPORATION	3 3	Other payables Other payables	45,599 68,651	Note 4, interest rate 3.45% Note 3, interest rate 3.45%-3.55%	- 1

Note 1: The categories of transactions are identified by the following numbers in the "Relationship" column:

- 1 - from parent company to subsidiary;
- 2 - from subsidiary to parent company;
- 3 - between subsidiaries.

Note 2: For the purchase and sales transactions between the Group and its related parties, the collection period is 60-180 days.

Note 3: Other receivables from Chia Chang Technology (Chong Qing) Co., Ltd. recognized by CHIA CORPORATION included loan of \$67,653 thousand and interest receivable of \$998 thousand.

Note 4: Other receivables from Chia Chang Technology (Chong Qing) Co., Ltd. recognized by Ningbo Chia Chang Electronics Hardware Co., Ltd. included loan of \$45,102 thousand and interest receivable of \$497 thousand.

Note 5: A transaction is disclosed if it amounts to more than \$10,000 thousand.

Note 6: All intercompany transactions have been eliminated upon consolidation.

CHIA CHANG CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS AND RELATED INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee (Foreign Currencies in Thousands)	Share of Profit (Loss) (Note 1)	Note
				March 31, 2024 (Foreign Currencies in Thousands)	December 31, 2023 (Foreign Currencies in Thousands)	Number of Shares (Units in Thousands)	Percentage of Ownership %	Carrying Amount (Foreign Currencies in Thousands)			
Chia Chang Co., Ltd.	CHIA CORPORATION	Samoa	Investment holdings	\$ 1,172,642	\$ 1,172,642	40,000	100.00	\$ 6,255,424 (Note 3)	RMB 14,867	\$ 65,824 (Note 3)	Subsidiary
	GOLDSKY ENTERPRISES LIMITED	Samoa	International trade	33,892	33,892	15	100.00	797,138 (Note 3)	US\$ 88	2,764 (Note 3)	Subsidiary
	Chia Development Co., Ltd.	Taoyuan, Taiwan	New business development and investment	263,564	263,564	19,784	100.00	362,655 (Note 3)	21,628	21,628 (Note 3)	Subsidiary
	CHIA CHANG TECHNOLOGY (VIETNAM) COMPANY LIMITED	Vietnam	Manufacturing and selling of IT and optronics components stamped	109,606	109,606	-	100.00	106,104 (Note 3)	(VND 118,097)	(149) (Note 3)	Subsidiary
	Zen Material Technology Inc.	Kaohsiung, Taiwan	Electronic components production	92,950	92,950	1,334	46.01	-	(154)	-	Associate (Note 4)
CHIA CORPORATION	TARCOOLA TRADING LIMITED	British Virgin Islands	Investment holdings	US\$ 30,589	US\$ 30,589	37,100	100.00	RMB 882,904 (Note 3)	RMB 7,633	Not applicable	Subsidiary
	HUGE LINE INTERNATIONAL LIMITED	Samoa	Investment holdings	US\$ 11,400	US\$ 11,400	16,601	100.00	RMB 384,521 (Note 3)	RMB 6,553	Not applicable	Subsidiary
	CHIAPEX HOLDING LIMITED	Samoa	Investment holdings	US\$ 3,474	US\$ 3,474	3,460	100.00	RMB 44 (Note 3)	-	Not applicable	Subsidiary
Chia Development Co., Ltd.	Energy Magic Co., Ltd.	Taoyuan, Taiwan	Electronic components production	15,496	15,496	1,500	50.00	4,014 (Note 3)	(286)	Not applicable	Subsidiary
	EIDEAL Company Limited	Taoyuan, Taiwan	Electronic components production	12,000	12,000	1,200	80.00	4,904 (Note 3)	(1,151)	Not applicable	Subsidiary
	Top Taiwan IX Venture Capital Co., Ltd.	Taipei, Taiwan	Investment business	52,500	52,500	5,250	12.50	146,627	170,800	Not applicable	Associate

Note 1: Profit or loss on investment was accounted by the reviewed financial statements, except for the financial statements of GOLDSKY ENTERPRISES LIMITED, CHIA CHANG TECHNOLOGY (VIETNAM) COMPANY LIMITED, Zen Material Technology Inc., CHIAPEX HOLDING LIMITED, Energy Magic Co., Ltd., EIDEAL Company Limited and Top Taiwan IX Venture Capital Co., Ltd.

Note 2: Information on investments in mainland China is referred to Table 6.

Note 3: All intercompany transactions have been eliminated upon consolidation, except for Zen Material Technology Inc. and Top Taiwan IX Venture Capital Co., Ltd.

Note 4: The Group's share of loss of an associate exceeds its interest in the associate, so the Group discontinues recognizing its share of further loss.

CHIA CHANG CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (RMB in Thousands)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024 (US\$ in Thousands)	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of March 31, 2024 (US\$ in Thousands)	Net Income (Loss) of the Investee (RMB in Thousands)	Ownership of Direct or Indirect Investment	Share of Profits (Losses) (RMB in Thousands) (Note 1)	Carrying Amount as of March 31, 2024 (RMB in Thousands)	Accumulated Inward Remittance of Earnings as of March 31, 2024 (RMB in Thousands)
					Outward	Inward						
Chia Chang Technology (Suzhou) Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	\$ 2,225,833 (RMB 493,511)	Indirect investment in TARCOOLA TRADING LIMITED through CHIA CORPORATION, with the former investing operating funds	\$ 964,448 (US\$ 30,139)	\$ -	\$ -	\$ 964,448 (US\$ 30,139)	\$ 33,794 (RMB 7,633)	100.00%	\$ 33,794 (RMB 7,633) (Note 3)	\$ 3,980,017 (RMB 882,448) (Note 3)	\$ 812,706 (RMB 180,193)
Ningbo Chia Chang Electronics Hardware Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	310,239 (RMB 68,786)	Indirect investment in HUGE LINE INTERNATIONAL LIMITED through CHIA CORPORATION, with the former investing operating funds	204,800 (US\$ 6,400)	-	-	204,800 (US\$ 6,400)	20,189 (RMB 4,560)	100.00%	20,189 (RMB 4,560) (Note 3)	878,646 (RMB 194,813) (Note 3)	1,971,715 (RMB 437,168)
Nanjing Chia-Chan Precious Electronics Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	320,111 (RMB 70,975)	Indirect investment in HUGE LINE INTERNATIONAL LIMITED through CHIA CORPORATION, with the former investing operating funds	-	-	-	-	8,824 (RMB 1,993)	100.00%	8,824 (RMB 1,993) (Note 3)	467,969 (RMB 103,758) (Note 3)	178,347 (RMB 39,543)
Chia Chang Technology (Chong Qing) Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	135,306 (RMB 30,000)	Through Chia Chang Technology (Suzhou) Co., Ltd. invest operating funds	-	-	-	-	(11,166) (RMB -2,522)	100.00%	(11,166) (RMB -2,522) (Note 3)	52,616 (RMB 11,666) (Note 3)	-
Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	158,741 (RMB 35,196)	Indirect investment in CHIAPEX HOLDING LIMITED through CHIA CORPORATION, with the former investing operating funds	126,624 (US\$ 3,957)	-	-	126,624 (US\$ 3,957)	(10,891) (RMB -2,460)	49.00%	-	-	322,633 (RMB 71,534)

Accumulated Investment in Mainland China as of March 31, 2024 (US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on Investment Stipulated by the Investment Commission, MOEA
\$ 1,295,872 (US\$ 40,496)	\$ 3,951,680 (US\$ 123,490)	\$ 5,180,982 (Note 2)

Note 1: Except Nanjing Chia-Chan Precious Electronics Co., Ltd., Chia Chang Technology (Chong Qing) Co., Ltd. and Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd., the share of profit or loss and other comprehensive income of the investments were based on the associates' financial statements that have been reviewed for the same period.

Note 2: The investment limit is 60% of the Corporation's net equity.

Note 3: All intercompany transactions have been eliminated upon consolidation, except for the financial statements of Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd.

TABLE 7**CHIA CHANG CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yung Hsiang Investment Co., Ltd.	13,438,441	9.43
Hsin Ho Investment Co., Ltd.	11,904,492	8.36

Note: 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 Corporation 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.