

Management Report for First Fiscal Quarter 2024

Hsinchu, Taiwan, May 8th, 2024 – eMemory Technology Inc. (TPE: 3529) reported financial results for its fiscal quarter, which ended March 31st, 2024.

Executive Summary

- Q1 2024 revenue was NT\$ 802.76 million, down 10.7% sequentially but up 20.2% year-over-year. Operating Margin was 52.4%, down 7.6 ppts QoQ and 2.6 ppts YoY. Net income was affected by foreign exchange gain, up by 6.6% sequentially and 37.5% year-over-year. EPS was NT\$ 5.77, and ROE was 53.2%.
- Due to strong demand from foundries and chip design customers for all of our technologies, the growth momentum of licensing revenue will continue to increase.
- Our royalty will grow, driven by 1500 new tape-outs from the past three years in the pipeline entering mass production (i.e. 6nm DTV, 7nm ADAS, 12 nm SSD and ISP, as well as 22/28nm networking, switch, and smart image processor...)

Financial Results

(Amounts in thousands of NT\$)

	Q1 2024	Q4 2023	Change (QoQ)	Q1 2023	Change (YoY)
Revenue	802,764	898,858	-10.7%	667,751	20.2%
Gross Margin	100%	100%	-	100%	-
Operating Expenses	382,143	359,330	6.3%	300,657	27.1%
-Operating Expenses exclude employee and director bonuses	279,605	279,173	0.2%	226,189	23.6%
-Employee and director bonuses	102,538	80,157	27.9%	74,468	37.7%
Operating Income	420,621	539,528	-22.0%	367,094	14.6%
Operating Margin	52.4%	60.0%	-7.6 ppts	55.0%	-2.6 ppts
*Net Income	430,577	403,753	6.6%	313,090	37.5%
Net Margin	52.7%	44.5%	8.2 ppts	46.1%	6.6 ppts
EPS (NT\$)	5.77	5.41	6.7%	4.20	37.4%
ROE	53.2%	53.1%	0.1 ppt	38.9%	14.3 ppts

*Net income attributable to Shareholders of the Company

Revenue Analysis

(Amounts in thousands of NT\$)

	Q1 2024	Q4 2023	Change (QoQ)	Q1 2023	Change (YoY)
Licensing	228,329	273,927	-16.6%	143,049	59.6%
Royalty	574,435	624,931	-8.1%	524,702	9.5%
Total	802,764	898,858	-10.7%	667,751	20.2%

Revenue analysis by technology

Technology	Q1 2024								
	Total Revenue			Licensing Revenue			Royalty Revenue		
	% of Q1 Revenue	Change (QoQ)	Change (YoY)	% of Q1 Licensing	Change (QoQ)	Change (YoY)	% of Q1 Royalty	Change (QoQ)	Change (YoY)
NeoBit	23.6%	-8.9%	1.0%	20.9%	-33.5%	70.0%	24.7%	4.0%	-11.1%
NeoFuse	67.0%	-8.7%	26.0%	52.6%	2.3%	69.3%	72.8%	-11.4%	17.4%
PUF-Based	2.3%	-38.9%	9.2%	8.0%	-39.0%	10.2%	0.0%	15.9%	-59.0%
MTP	7.1%	-20.3%	56.3%	18.5%	-22.8%	53.7%	2.5%	-12.2%	64.7%

- NeoBit : OTP technology covers from 0.5um to 55nm.
- NeoFuse : OTP technology covers mainly from 0.18um to 3nm.
- PUF-Based : PUF technology covers mainly from 55nm to 3nm.
- MTP : MTP technology covers from 0.15um to 22nm, offering high-density memory and allowing up to 100K rewritable times with zero additional masking layers.

Royalty revenue analysis by wafer size (8-inch vs 12-inch)

Wafer Size	Q1 2024		
	% of Q1	Change (QoQ)	Change (YoY)
8-inch	42.8%	4.0%	-0.2%
12-inch	57.2%	-15.4%	18.1%

Key Business Developments

Licensing

- Technology License
 - ✓ 9 licensing contracts were signed during this quarter.
 - ✓ As of March 31st, 2024, we have technologies under development for the adoption of 149 different process platforms, ranging from 0.25um to 3nm.

Development of Key Technologies

	3nm	4/5nm	6/7nm	12/16nm	22/28nm	40nm	55/65nm	80/90nm	0.11/ 0.13um	0.152/0.16/ 0.18um	0.25um	0.3/ 0.35um	0.4/ 0.5um	Total
Qualified	0	6	4	9	50	24	51	37	102	251	42	53	11	640
Developing	4	0	1	8	21	7	21	18	32	36	1	0	0	149

- Design License
 - ✓ A total of 154 product tape-outs occurred in the first quarter of 2024, remaining at a high level.
 - 2 tape-outs at 6nm/7nm for AI SoC and Multimedia.
 - 2 tape-outs at 12nm/14nm/16nm for Network IC and AI SoC.
 - 21 tape-outs at 22nm/28nm for SSD, OLED Driver, ISP, Networking-related IC and HDMI.
 - 11 tape-outs at 40nm for MCU, OLED Driver, Bluetooth and Networking-related IC.
 - 29 tape-outs at 55nm/63nm/65nm for MCU, OLED Driver, Sensor-related, LCD Driver, TDDI, Multimedia and LCOS.
 - 4 tape-outs at 80nm/90nm for Smart Power and TDDI.
 - 15 tape-outs at 0.13um for Sensor-related, LCD Driver, Network IC, Multimedia and others.
 - 64 tape-outs at 0.18um for PMIC, MCU, Sensor-related, Network IC, LED Driver, Oscillator, Fingerprint, Clock, and others.
 - 5 tape-outs at 0.25um for PMIC, MCU and LED Driver.
 - 1 tape-out for DRAM.
 - ✓ As of March 31st, 2024, eMemory's cumulative number of design licenses has increased to 7,229—a direct result of our ongoing effort in expanding and diversifying our technologies for adoption in a wide range of applications.

Future Growth Drivers

License

Due to strong demand from foundries and chip design customers for all of our technologies, the growth momentum of licensing revenue will continue to increase.

Royalty

Our royalty will grow, driven by 1500 new tape-outs from the past three years in the pipeline entering mass production (i.e. 6nm DTV, 7nm ADAS, 12 nm SSD and ISP, as well as 22/28nm networking, switch, and smart image processor...)

New IP Technology and Business Development

- Specialty processes (HV, HK, BCD, embedded flash, and emerging memory):
 - ✓ NeoFuse is developing towards FinFET in HV process for OLED DDI applications.
 - ✓ RRAM is expanding into more processes.
 - ✓ NeoFlash continues progressing in specialty processes for Automotive PMIC and MCU-related products.

- Advanced processes:
 - ✓ NeoFuse has successfully qualified for the N5 automotive process with customer design in.
 - ✓ PUFrt collaboration with CPU customers in 3nm is progressing successfully.

Business Collaboration Platforms

- For NVM and PUF-based technologies:
 - ✓ We are expanding cooperation with all new foundries to license our technologies besides existing foundries.
- For Security IPs:
 - ✓ We have completed the agreement with the largest CPU IP company to integrate our security solutions into the CPU architecture.

Financial Review

Gross margin

The gross margin remained at 100%.

Operating expenses

- The total operating expenses in Q1 2024 were NT\$ 382.14 million and represented 47.6% of the total revenue. The operating expenses were up 6.3% QoQ and 27.1% YoY. The increase was mainly attributable to the increase in bonuses and rewards.

Non-operating items and income tax expense

- Non-operating income for the quarter was NT\$ 90.88 million, mainly due to currency gain of NT\$ 69.52 million, from the depreciation of the Taiwan dollar this quarter.
- Q1 2024 effective tax rate was 17.3%.

Net Income and EPS

- Net income attributable to shareholders of the company for the quarter was NT\$ 430.58 million, an increase of 6.6% sequentially and an increase of 37.5% year-over-year.
- Earnings per share was NT\$ 5.77 in Q1 2024. ROE was 53.2%.

Current assets and current liabilities

- As of March 31st, 2024, cash increased by NT\$406.07 million from December 31st, 2023, to NT\$ 3,137.59 million.
- Total current assets including cash totaled NT\$ 3,443.22 million, with an increase of NT\$ 488.62 million from December 31st, 2023, due to continued earnings leading to increase in cash.
- Total current liabilities increased by NT\$ 85.22 million from December 31st, 2023, to NT\$ 774.80 million, primarily due to higher revenues and earnings leading to higher income tax liability.
- The net working capital was NT\$ 2,668.42 million and the current ratio was 4.4x.

Cash flows

- As of March 31st,2024, net cash generated from operating activities totaled NT\$439.68 million, including NT\$ 511.50 million from income before income tax, NT\$ 35.75 million from depreciation and amortization, and NT\$ 107.57 million used in other operating activities.
- Net cash used in investing activities was NT\$ 58.85 million in Q1 2024, primarily related to the increase in capital expenditure.
- Net cash used in financing activities was NT\$ 28.11 million in Q1 2024, mainly attributable to repayment of loans.
- As a result, total cash increased from NT\$ 2,731.52 million to NT\$ 3,137.59 million from December 31st, 2023, to March 31st, 2024.

Employee

- As of March 31st, 2024, eMemory has 306 full-time employees, including 209 R&D engineers. Our subsidiaries, PUFsecurity has 46 full-time employees, including 26 R&D engineers, and eMemory Japan has 8 full-time employees, including 5 R&D engineers.

Cautionary Statement

This report contains forward-looking statements, which are subject to risk factors associated with the semiconductor and intellectual property business. We believe that the expectations reflected in these statements are reasonable. However, they may be affected by a variety of variables, many of which are beyond our control. These variables could cause actual results or trends to differ materially which include, but are not limited to: wafer price fluctuation, actual demand, rapid technology change, delays or failures in customers' tape-outs into wafer production, our ability to negotiate, monitor and enforce agreements for the determination and payment of royalties, any bug or fault in our technology which leads to significant damage to our technology and reputation, actual or potential litigation, semiconductor industry cycle and general economic conditions. Unless required by law, eMemory undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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-Financial Statements to Follow-

eMemory Technology Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2024 (Reviewed)		December 31, 2023 (Audited)		March 31, 2023 (Reviewed)			March 31, 2024 (Reviewed)		December 31, 2023 (Audited)		March 31, 2023 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
ASSETS							LIABILITIES AND EQUITY						
CURRENT ASSETS							CURRENT LIABILITIES						
Cash	\$3,137,593	73	\$2,731,524	73	\$3,436,178	81	Short-term loans	\$ -	-	\$ 30,000	1	\$ -	-
Accounts receivable - net	278,694	7	194,960	5	181,385	4	Contract liabilities - current	100,887	2	77,268	2	99,440	3
Other receivables	2,616	-	2,965	-	1,629	-	Other payables	172,345	4	174,743	5	121,145	3
Prepayments	19,422	1	20,170	1	14,976	1	Other payables - related parties	-	-	-	-	25	-
Other current assets	4,892	-	4,974	-	5,066	-	Bonuses payable to employees and directors	361,064	9	349,031	9	374,060	9
Total current assets	<u>3,443,217</u>	<u>81</u>	<u>2,954,593</u>	<u>79</u>	<u>3,639,234</u>	<u>86</u>	Payables on equipment	11,327	-	9,220	-	9,823	-
							Current tax liabilities	123,186	3	44,486	1	183,616	4
NON-CURRENT ASSETS							Lease liabilities - current	3,511	-	2,358	-	2,957	-
Financial assets at fair value through other comprehensive income - noncurrent	5,379	-	5,369	-	4,976	-	Other current liabilities	2,481	-	2,479	-	1,796	-
Financial assets at amortized cost – noncurrent	118	-	118	-	116	-	Total current liabilities	<u>774,801</u>	<u>18</u>	<u>689,585</u>	<u>18</u>	<u>792,862</u>	<u>19</u>
Investment accounted for using the equity method	11,199	-	12,063	-	14,291	-							
Property, plant and equipment	467,004	11	473,470	13	456,434	11	NON-CURRENT LIABILITIES						
Right-of-use assets	9,660	-	3,607	-	4,624	-	Deferred tax liabilities	920	-	-	-	-	-
Intangible assets	111,562	3	79,299	2	101,086	3	Lease liabilities - noncurrent	6,257	-	1,314	-	1,760	-
Deferred tax assets	1,924	-	3,770	-	1,757	-	Net defined benefit liabilities - noncurrent	12,838	1	13,010	1	15,552	-
Prepayments for equipment	224,854	5	224,714	6	1,143	-	Guarantee deposits received	10	-	10	-	10	-
Refundable deposits	819	-	694	-	862	-	Total non-current liabilities	<u>20,025</u>	<u>1</u>	<u>14,334</u>	<u>1</u>	<u>17,322</u>	<u>-</u>
Total non-current assets	<u>832,519</u>	<u>19</u>	<u>803,104</u>	<u>21</u>	<u>585,289</u>	<u>14</u>	Total liabilities	<u>794,826</u>	<u>19</u>	<u>703,919</u>	<u>19</u>	<u>810,184</u>	<u>19</u>
							EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY						
							Ordinary shares	746,521	17	746,423	20	761,885	18
							Capital surplus	117,527	3	114,313	3	211,939	5
							Retained earnings						
							Legal reserve	761,844	18	761,844	20	635,956	15
							Special reserve	4,980	-	4,980	-	30,985	1
							Unappropriated earnings	1,831,461	43	1,400,884	37	2,143,204	51
							Total retained earnings	<u>2,598,285</u>	<u>61</u>	<u>2,167,708</u>	<u>57</u>	<u>2,810,145</u>	<u>67</u>
							Other equity						
							Exchange differences on the translation of the financial statements of foreign operations	143	-	61	-	669	-
							Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(5,221)	-	(5,231)	-	(5,624)	-
							Total other equity	<u>(5,078)</u>	<u>-</u>	<u>(5,170)</u>	<u>-</u>	<u>(4,955)</u>	<u>-</u>
							Treasury shares	-	-	-	-	(404,238)	(10)
							Total equity attributable to shareholders of the Company	3,457,255	81	3,023,274	80	3,374,776	80
							NON-CONTROLLING INTERESTS						
								23,655	-	30,504	1	39,563	1
							Total equity	<u>3,480,910</u>	<u>81</u>	<u>3,053,778</u>	<u>81</u>	<u>3,414,339</u>	<u>81</u>
TOTAL	<u>\$4,275,736</u>	<u>100</u>	<u>\$3,757,697</u>	<u>100</u>	<u>\$4,224,523</u>	<u>100</u>	TOTAL	<u>\$4,275,736</u>	<u>100</u>	<u>\$3,757,697</u>	<u>100</u>	<u>\$4,224,523</u>	<u>100</u>

Notice to Readers: The consolidated financial statements have been translated into English from the original Chinese version. If there is any conflict between the English version and the original Chinese version, the Chinese-language consolidated financial statements shall prevail.

eMemory Technology Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 802,764	100	\$ 667,751	100
OPERATING COSTS	-	-	-	-
GROSS PROFIT	<u>802,764</u>	<u>100</u>	<u>667,751</u>	<u>100</u>
OPERATING EXPENSES				
Selling and marketing expenses	63,829	8	49,996	7
General and administrative expenses	76,325	10	64,562	10
Research and development expenses	241,881	30	186,163	28
Expected credit loss (Reversal of expected credit loss)	<u>108</u>	<u>-</u>	<u>(64)</u>	<u>-</u>
Total operating expenses	<u>382,143</u>	<u>48</u>	<u>300,657</u>	<u>45</u>
OPERATING INCOME	<u>420,621</u>	<u>52</u>	<u>367,094</u>	<u>55</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	22,070	3	10,497	2
Other income	373	-	373	-
Other gains and losses	69,557	9	(5,505)	(1)
Finance costs	(264)	-	(26)	-
Share of loss of associates	<u>(858)</u>	<u>-</u>	<u>(903)</u>	<u>-</u>
Total non-operating income and expenses	<u>90,878</u>	<u>12</u>	<u>4,436</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	511,499	64	371,530	56
INCOME TAX EXPENSE	<u>88,444</u>	<u>11</u>	<u>63,972</u>	<u>10</u>
NET PROFIT	<u>423,055</u>	<u>53</u>	<u>307,558</u>	<u>46</u>

(Continued)

eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	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	\$ 10	-	\$ 62	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	172	-	(18)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	(10)	-	7	-
Other comprehensive income	<u>172</u>	<u>-</u>	<u>51</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 423,227</u>	<u>53</u>	<u>\$ 307,609</u>	<u>46</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	\$ 430,577	54	\$ 313,090	47
Non-controlling interests	(7,522)	(1)	(5,532)	(1)
	<u>\$ 423,055</u>	<u>53</u>	<u>\$ 307,558</u>	<u>46</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	\$ 430,669	54	\$ 313,115	47
Non-controlling interests	(7,442)	(1)	(5,506)	(1)
	<u>\$ 423,227</u>	<u>53</u>	<u>\$ 307,609</u>	<u>46</u>
EARNINGS PER SHARE				
Basic	<u>\$ 5.77</u>		<u>\$ 4.20</u>	
Diluted	<u>\$ 5.76</u>		<u>\$ 4.18</u>	

(Concluded)

eMemory Technology Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Company							Other Equity			Total	Non-Controlling Interests	Total Equity
	Ordinary Shares		Capital Surplus	Retained Earnings			Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares				
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings				Total			
BALANCE, JANUARY 1, 2023	76,185	\$ 761,845	\$ 210,522	\$ 635,956	\$ 30,985	\$1,830,114	\$2,497,055	\$ 706	(\$ 5,686)	(\$ 404,238)	\$3,060,204	\$ 33,120	\$3,093,324
Changes in percentage of ownership interests in subsidiaries	-	-	181	-	-	-	-	-	-	-	181	(181)	-
Change in capital surplus from investments in associates accounted for using the equity method	-	-	2	-	-	-	-	-	-	-	2	-	2
Net profit (loss) for the three months ended March 31, 2023	-	-	-	-	-	313,090	313,090	-	-	-	313,090	(5,532)	307,558
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	-	(37)	62	-	25	26	51
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	313,090	313,090	(37)	62	-	313,115	(5,506)	307,609
Issuance of ordinary shares under employee share options	4	40	1,234	-	-	-	-	-	-	-	1,274	-	1,274
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	324	324
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	11,806	11,806
BALANCE, MARCH 31, 2023	<u>76,189</u>	<u>\$ 761,885</u>	<u>\$ 211,939</u>	<u>\$ 635,956</u>	<u>\$ 30,985</u>	<u>\$2,143,204</u>	<u>\$2,810,145</u>	<u>\$ 669</u>	<u>(\$ 5,624)</u>	<u>(\$ 404,238)</u>	<u>\$3,374,776</u>	<u>\$ 39,563</u>	<u>\$3,414,339</u>
BALANCE, JANUARY 1, 2024	74,643	\$ 746,423	\$ 114,313	\$ 761,844	\$ 4,980	\$1,400,884	\$2,167,708	\$ 61	(\$ 5,231)	\$ -	\$3,023,274	\$ 30,504	\$3,053,778
Changes in percentage of ownership interests in subsidiaries	-	-	203	-	-	-	-	-	-	-	203	(203)	-
Change in capital surplus from investments in associates accounted for using the equity method	-	-	4	-	-	-	-	-	-	-	4	-	4
Net profit (loss) for the three months ended March 31, 2024	-	-	-	-	-	430,577	430,577	-	-	-	430,577	(7,522)	423,055
Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	-	-	82	10	-	92	80	172
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	430,577	430,577	82	10	-	430,669	(7,442)	423,227
Issuance of ordinary shares under employee share options	9	98	3,007	-	-	-	-	-	-	-	3,105	57	3,162
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	739	739
BALANCE, MARCH 31, 2024	<u>74,652</u>	<u>\$ 746,521</u>	<u>\$ 117,527</u>	<u>\$ 761,844</u>	<u>\$ 4,980</u>	<u>\$1,831,461</u>	<u>\$2,598,285</u>	<u>\$ 143</u>	<u>(\$ 5,221)</u>	<u>\$ -</u>	<u>\$3,457,255</u>	<u>\$ 23,655</u>	<u>\$3,480,910</u>

eMemory Technology Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 511,499	\$ 371,530
Adjustments for:		
Depreciation expenses	11,510	9,831
Amortization expenses	24,241	15,756
Expected credit loss (Reversal of expected credit loss)	108	(64)
Finance costs	264	26
Interest income	(22,070)	(10,497)
Share-based payments	739	324
Share of loss of associates	858	903
Property, plant and equipment transferred to expenses	-	68
Net (gain) loss on foreign currency exchange	(62,971)	4,404
Intangible assets transferred to expenses	-	216
Changes in operating assets and liabilities		
Accounts receivable	(73,860)	57,018
Accounts receivable - related parties	-	3,038
Other receivables	-	(5)
Prepayments	2,750	5,689
Other current assets	82	(909)
Contract liabilities	23,619	31,932
Other payables	(2,392)	(60,749)
Other payables- related parties	-	15
Other current liabilities	2	(183)
Net defined benefit liabilities	(172)	(160)
Bonuses payable to employees and directors	12,033	(10,921)
Cash generated from operations	426,240	417,262
Interest received	22,419	9,891
Income tax paid	(8,980)	(19,697)
Net cash generated from operating activities	<u>439,679</u>	<u>407,456</u>

(Continued)

eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(\$ 2,076)	(\$ 2,384)
Increase in refundable deposits	(125)	(40)
Acquisition of intangible assets	(56,504)	(42,871)
Increase in prepayments for equipment	(140)	(1,143)
Net cash used in investing activities	(58,845)	(46,438)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	(30,000)	-
Repayment of the principal portion of lease liabilities	(988)	(819)
Exercise of employee share options	3,162	1,274
Interest paid	(284)	(26)
Increase in non-controlling interests	-	11,806
Net cash (used in) generated from financing activities	(28,110)	12,235
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	53,345	(3,343)
NET INCREASE IN CASH	406,069	369,910
CASH AT THE BEGINNING OF THE PERIOD	2,731,524	3,066,268
CASH AT THE END OF THE PERIOD	<u>\$ 3,137,593</u>	<u>\$ 3,436,178</u>

(Concluded)