Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Report of Independent Accounts

For the Second Quarter of 2023 and 2022

(Stock Code: 3357)

Company Address: No.1 You 4th Road, Youth Industrial Park, Yangmei District, Taoyuan City

Telephone: (03) 464-1148

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Review Report of Independent Auditors for the Second Quarter of 2023 and 2022

Table of Contents

Report of Independent Accountants

(2023) Cai-Shen-Bao-Zi No. 23001136

To: Tai-Tech Advanced Electronics Co., Ltd.

Introduction

We have reviewed the consolidated financial statements of Tai-Tech Advanced Electronics and Subsidiaries (hereinafter referred to as the “Group"), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, the consolidated statements of comprehensive income for the second quarter of 2023 and 2022 and for the 6 months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and the consolidated statements of cash flows for the six months ended June 30, 2023 and 2022 and the notes to the consolidated financial statements (including a summary of significant accounting policies). 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” approved and promulgated into effect by the Financial Supervisory Commission (FSC). Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

Except those stated in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with 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 stated in Note 6 (4) to the consolidated financial statements, the same-period financial statements of investees recognized in the said consolidated financial statements using the equity method have not been reviewed by other auditors (please see Other Matters paragraph). The investees accounted for using the equity method, when calculated based on the shareholding proportion as of June 30, 2023, amounted to NT$20,898 thousand, accounting for 0% of the total consolidated assets of Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries; the comprehensive income recognized in the second quarter of 2023 and for the 6 months ended June 30, 2023 amounted to a loss of NT$893 thousand and NT$893 thousand, respectively, accounting for (1%) and 0%, respectively, of the consolidated comprehensive income of Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries.

Qualified Conclusion and Unqualified Conclusion

According to our review results and other auditors’ review reports (see Other Matters paragraph), the consolidated financial statements might have been adjusted had the information in Note 13 to the consolidated financial statements and the information in the financial statements of investees accounted for using equity method - as stated in the Basis for Qualified Conclusion paragraph - been reviewed by other auditors. Except for that, we did not find the said consolidated financial statements violating the Regulations Governing in any material aspect the Preparation of Financial Reports by Securities Issuers or the International Accounting Standard 34 “Interim Financial Reporting” endorsed and promulgated by the Financial Supervisory Committee to an extent unable to fairly present Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries' consolidated financial position as of June 30, 2023 and 2022 or consolidated financial performance and consolidated cash flows for the second quarter of 2023 and 2022 and for the six months ended June 30, 2023 and 2022.

Other Matters - Other Auditors' Review Report Adopted

The financial statements of investees accounted for using the equity method and recognized in Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries' consolidated financial statements were not reviewed by us but by other auditors. Therefore, the monetary amount included in our review report on the said consolidated financial statements and related to such investees was by reference to other auditors' review reports containing a qualified conclusion. Such investees accounted for using the equity method amounted to NT$1,472,870 thousand as of June 30, 2023, accounting for 14% of the consolidated assets of Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries; the comprehensive income recognized for such investees for the second quarter of 2023 and for the six months ended June 30, 2023 amounted to NT$22,870 thousand and NT$22,870, respectively, accounting for 14% and 5%, respectively, of the consolidated comprehensive income of Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries.

PricewaterhouseCoopers Taiwan

Wei-Hao Wu

Certified Public Accountant (CPA)

Ya-Hui Cheng

Financial Supervisory Commission
Official Approval Letter No.: Jin-Guan-Zheng-Shen-Zi No. 1080323093
Former Financial Supervisory Commission and Securities and Futures Bureau of the Executive Yuan
Official Approval Letter No.:Jin-Guan-Zheng-Liu-Zi No. 0960072936

August 9, 2023

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
June 30, 2023 and December 31 and June 30, 2022

Unit: NT$ thousand

			June 30, 2023		December 31, 2022		June 30, 2022	
	Assets	Note	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6 (1)	$ 1,458,584	14	$ 1,528,877	17	$ 1,384,775	14
1110	Financial assets measured at fair value through profit or loss - current		16,545	-	-	-	-	-
1136	Financial assets measured at amortized cost - current	6 (1)	50,000	-	-	-	-	-
1150	Notes receivable, net	6 (2)	52,856	1	60,385	1	39,875	-
1170	Accounts receivable, net	6 (2)	1,553,911	15	1,625,040	18	1,959,755	20
1180	Accounts receivable - related parties, net	6 (2) and 7	106,441	1	112,545	1	183,378	2
1200	Other receivables	7	10,167	-	13,427	-	68,230	1
1220	Current income tax assets	6 (22)	721	-	-	-	21,257	-
130X	Inventory	6 (3)	852,370	8	944,195	10	1,093,635	11
1410	Pre-payments		32,845	-	32,764	-	40,830	1
1470	Other current assets		32	-	469	-	86	-
11XX	**Total current assets**		4,134,472	39	4,317,702	47	4,791,821	49
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current	6 (5)	497,844	5	381,069	4	304,072	3
1550	Investment accounted for using the equity method	6 (4)	1,472,870	14	-	-	-	-
1600	Property, plant and equipment	6 (6) and 8	4,211,446	40	4,401,609	48	4,558,927	47
1755	Right-of-use assets	6 (7) and 7	41,273	1	35,390	-	38,947	-
1780	Intangible assets		45,427	1	43,403	1	44,433	1
1840	Deferred income tax assets	6 (22)	39,996	-	40,822	-	31,836	-
1900	Other non-current assets	6 (8)	24,302	-	31,924	-	21,928	-
15XX	**Total non-current assets**		6,333,158	61	4,934,217	53	5,000,143	51
1XXX	**Total assets**		$ 10,467,630	100	$ 9,251,919	100	$ 9,791,964	100

(Continued)

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
June 30, 2023 and December 31 and June 30, 2022

Unit: NT$ thousand

	Liabilities and equity	Note	June 30, 2023 Amount	%	December 31, 2022 Amount	%	June 30, 2022 Amount	%
	Current liabilities							
2100	Short-term borrowings	6 (9)	$ 500,000	5	$ -	-	$ 118,880	1
2150	Notes payable		19,757	-	43,300	1	105,312	1
2170	Accounts payable		507,187	5	533,424	6	696,606	7
2180	Accounts payable - related parties	7	1,795	-	5,327	-	1,822	-
2200	Other payables	6 (10) and 7	1,187,953	11	651,233	7	1,536,218	16
2230	Current income tax liabilities	6 (22)	75,888	1	94,813	1	112,217	1
2250	Liability reserve - current		4,164	-	-	-	-	-
2280	Lease liabilities - current	7	5,722	-	5,722	-	6,316	-
2320	Current portion of long-term borrowings	6 (11)	37,733	-	37,733	-	37,733	1
21XX	**Total current liabilities**		2,340,199	22	1,371,552	15	2,615,104	27
	Non-current liabilities							
2540	Long-term borrowings	6 (11)	1,523,579	15	1,088,446	12	707,822	7
2570	Deferred income tax liabilities	6 (22)	246,716	2	251,772	2	215,560	2
2580	Lease liabilities - non-current	7	8,876	-	2,148	-	4,515	-
2640	Net defined benefit liabilities－non-current	6 (12)	895	-	778	-	3,763	-
2670	Other non-current liabilities - others		11,004	-	12,286	-	13,401	-
25XX	**Total non-current liabilities**		1,791,070	17	1,355,430	14	945,061	9
2XXX	**Total liabilities**		4,131,269	39	2,726,982	29	3,560,165	36
	Equity attributable to shareholders of the parent							
	Share capital	6 (13)						
3110	Common shares		1,020,340	10	1,020,340	11	1,031,340	10
	Capital surplus	6 (14)						
3200	Capital surplus		1,798,320	17	1,798,320	19	1,886,687	19
	Retained earnings	6 (15)						
3310	Legal reserve		657,300	6	552,955	6	552,955	6
3320	Special reserve		76,642	1	76,642	1	76,642	1
3350	Unappropriated earnings		2,681,856	26	3,012,932	33	2,628,808	27
	Other equity	6 (16)						
3400	Other equity		102,011	1	63,748	1	55,367	1
31XX	**Equity attributable to shareholders of the parent - Total**		6,336,469	61	6,524,937	71	6,231,799	64
36XX	**Non-controlling interests**		(108)	-	-	-	-	-
3XXX	**Total equity**		6,336,361	61	6,524,937	71	6,231,799	64
	Significant Commitments or Contingencies	9						
3X2X	**Total liabilities and equity**		$ 10,467,630	100	$ 9,251,919	100	$ 9,791,964	100

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to June 30, 2023 and 2022

Unit: NT$ thousand
(Except Earnings Per Share in New Taiwan Dollars)

Code	Item	Note	April 1 to June 30, 2023 Amount	%	April 1 to June 30, 2022 Amount	%	January 1 to June 30, 2023 Amount	%	January 1 to June 30, 2022 Amount	%
4000	Operating revenue	6 (17) and 7	$ 1,093,980	100	$ 1,389,503	100	$ 2,269,848	100	$ 2,863,170	100
5000	Operating costs	6(3) (20) (21) and 7	(838,094)	(77)	(867,822)	(63)	(1,653,408)	(73)	(1,850,048)	(64)
5900	Gross profit		255,886	23	521,681	37	616,440	27	1,013,122	36
	Operating expenses	6 (20) (21) and 7								
6100	Selling and marketing expenses		(72,084)	(7)	(97,633)	(7)	(143,988)	(6)	(192,709)	(7)
6200	General and administrative expenses		(59,289)	(5)	(63,506)	(5)	(110,290)	(5)	(125,951)	(4)
6300	Research and development expenses		(35,721)	(3)	(46,067)	(3)	(70,025)	(3)	(84,017)	(3)
6450	Expected credit impairment gain	12 (2)	-	-	-	-	-	-	-	-
6000	Total operating expenses		(167,094)	(15)	(207,206)	(15)	(324,303)	(14)	(402,677)	(14)
6900	Operating gains		88,792	8	314,475	22	292,137	13	610,445	22
	Non-operating income and expenses									
7100	Interest income		9,488	1	621	-	17,089	1	802	-
7010	Other income	6 (18) and 7	34,158	3	42,162	3	55,726	2	51,848	2
7020	Other gains and losses	6 (19)	52,049	5	56,233	4	36,569	2	101,452	3
7050	Financial costs	6 (9) and (11)	(6,951)	(1)	(2,639)	-	(11,111)	(1)	(4,925)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	6 (4)	27,092	3	-	-	27,092	1	-	-
7000	Total non-operating incomes and expenses		115,836	11	96,377	7	125,365	5	149,177	5
7900	**Income before income tax**		204,628	19	410,852	29	417,502	18	759,622	27
7950	Income tax expenses	6 (22)	(35,120)	(3)	(57,523)	(4)	(70,406)	(3)	(100,290)	(4)
8200	**Net profit (loss) for current period**		$ 169,508	16	$ 353,329	25	$ 347,096	15	$ 659,332	23

(Continued)

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to June 30, 2023 and 2022

Unit: NT$ thousand
(Except Earnings Per Share in New Taiwan Dollars)

	Item	Note	April 1 to June 30, 2023 Amount	%	April 1 to June 30, 2022 Amount	%	January 1 to June 30, 2023 Amount	%	January 1 to June 30, 2022 Amount	%
	Other comprehensive income/(loss) for the year, net of income tax									
	Components of other comprehensive income that will not be reclassified to profit or loss	6 (16)								
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6 (5)	$ 91,523	8	($ 5,750)	-	$ 159,943	7	($ 1,432)	-
8320	Share of profit (loss) of associates and joint ventures accounted for using equity method - Components of other comprehensive income that will not be reclassified to profit or loss		12,706	1	-	-	12,706	1	-	-
8310	Total components of other comprehensive income that will not be reclassified to profit or loss		104,229	9	(5,750)	-	172,649	8	(1,432)	-
	Items that may be reclassified subsequently to profit or loss	6 (16)								
8361	Exchange differences on translating the financial statements of foreign operations		(94,821)	(9)	(53,279)	(4)	(79,189)	(3)	73,246	3
8370	Share of profit (loss) of associates and joint ventures accounted for using equity method - Components of other comprehensive income that might be reclassified to profit or loss		(16,928)	(1)	-	-	(16,928)	(1)	-	-
8360	Total of items that may be reclassified subsequently to profit or loss		(111,749)	(10)	(53,279)	(4)	(96,117)	(4)	73,246	3
8300	**Other comprehensive income/(loss) for the year, net of income tax**		($ 7,520)	(1)	($ 59,029)	(4)	$ 76,532	4	$ 71,814	3
8500	**Total comprehensive income (loss) for the current period**		$ 161,988	15	$ 294,300	21	$ 423,628	19	$ 731,146	26
	Net income attributable to:									
8610	shareholders of the parent		$ 169,616	16	$ 353,329	25	$ 347,204	15	$ 659,332	23
8620	Non-controlling interests		($ 108)	-	$ -	-	($ 108)	-	$ -	-
	Total comprehensive income (loss) attributable to:									
8710	shareholders of the parent		$ 162,096	15	$ 294,300	21	$ 423,736	19	$ 731,146	26
8720	Non-controlling interests		($ 108)	-	$ -	-	($ 108)	-	$ -	-
	Earnings per share (EPS)	6 (23)								
9750	Basic earnings per share attributable to shareholders of the parent company		$ 1.66		$ 3.43		$ 3.40		$ 6.39	
9850	Diluted earnings per share attributable to shareholders of the parent company		$ 1.66		$ 3.41		$ 3.39		$ 6.35	

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to June 30, 2023 and 2022

Unit: NT$ thousand

		Equity attributable to shareholders of the parent											
			Capital surplus			Retained earnings			Other equity				
	Note	Common shares	Capital surplus - additional paid-in capital	Capital surplus - Recognized change in ownership interests in subsidiaries	Capital surplus - net assets from merger	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interests	Total equity
January 1 to June 30, 2022													
Balance as of January 1, 2022		$ 1,031,340	$ 1,872,288	$ 12,353	$ 2,046	$ 433,232	$ 76,642	$ 2,811,137	($ 198,797)	$ 182,350	$ 6,222,591	$ -	$ 6,222,591
Net profit (loss) for current period		-	-	-	-	-	-	659,332	-	-	659,332	-	659,332
Other comprehensive income for the year	6 (16)	-	-	-	-	-	-	-	73,246	(1,432)	71,814	-	71,814
Total comprehensive income (loss) for the current period		-	-	-	-	-	-	659,332	73,246	(1,432)	731,146	-	731,146
Appropriation and distribution of earnings:	6 (15)												
Legal reserve		-	-	-	-	119,723	-	(119,723)	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(721,938)	-	-	(721,938)	-	(721,938)
Balance as of June 30, 2022		$ 1,031,340	$ 1,872,288	$ 12,353	$ 2,046	$ 552,955	$ 76,642	$ 2,628,808	($ 125,551)	$ 180,918	$ 6,231,799	$ -	$ 6,231,799
January 1 to June 30, 2023													
Balance as of January 1, 2023		$ 1,020,340	$ 1,783,921	$ 12,353	$ 2,046	$ 552,955	$ 76,642	$ 3,012,932	($ 134,642)	$ 198,390	$ 6,524,937	$ -	$ 6,524,937
Net profit (loss) for current period		-	-	-	-	-	-	347,204	-	-	347,204	(108)	347,096
Other comprehensive income for the year	6 (16)	-	-	-	-	-	-	-	(96,117)	172,649	76,532	-	76,532
Total comprehensive income (loss) for the current period		-	-	-	-	-	-	347,204	(96,117)	172,649	423,736	(108)	423,628
Appropriation and distribution of earnings:	6 (15)												
Legal reserve		-	-	-	-	104,345	-	(104,345)	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(612,204)	-	-	(612,204)	-	(612,204)
Disposal of equity instruments measured at fair value through other comprehensive income	6 (16)	-	-	-	-	-	-	38,269	-	(38,269)	-	-	-
Balance as of June 30, 2023		$ 1,020,340	$ 1,783,921	$ 12,353	$ 2,046	$ 657,300	$ 76,642	$ 2,681,856	($ 230,759)	$ 332,770	$ 6,336,469	($ 108)	$ 6,336,361

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
January 1 to June 30, 2023 and 2022

Unit: NT$ thousand

	Note	January 1 to June 30, 2023	January 1 to June 30, 2022
Cash Flow from Operating Activities			
Income before income tax		$ 417,502	$ 759,622
Adjustments			
Adjustments for income and expenses			
Depreciation expenses (including right-of-use assets)	6 (20)	254,774	243,561
Amortization	6 (20)	2,939	2,633
Net gain on financial assets and liabilities at fair value through profit or loss	6 (19)	(1,170)	(512)
Gains on disposal of property, plant and equipment	6 (19)	(616)	(6,677)
Interest income		(17,089)	(802)
Dividends income	6 (18)	(30,872)	(35,068)
Interest expenses		11,111	4,925
Share of profit of associates accounted for using equity method	6 (4)	(27,092)	-
Changes in operating assets and liabilities			
Changes in operating assets, net changes			
Financial assets compulsorily measured at fair value through profit or loss - current		(15,375)	512
Notes receivable		7,529	24,983
Accounts Receivable		71,164	222,372
Accounts receivable due from related parties		6,104	23,817
Other receivables		3,920	(52,521)
Inventory		91,825	(245,541)
Pre-payments		(81)	(5,817)
Other current assets		437	(3)
Changes in operating liabilities, net			
Notes payable		5,350	(4,376)
Accounts payable		(26,237)	(161,922)
Accounts payables to related parties		(3,532)	598
Other payables		(49,015)	(11,939)
Liability reserve - current		4,164	-
Net defined benefit liabilities		117	(10,999)
Other non-current liabilities		(1,282)	(817)
Cash generated from operating activities		704,575	746,029
Interest paid		(11,111)	(4,925)
Income taxes paid		(89,650)	(76,984)
Net cash inflow from operating activities		603,814	664,120

(Continued)

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
January 1 to June 30, 2023 and 2022

Unit: NT$ thousand

	Note	January 1 to June 30, 2023	January 1 to June 30, 2022
Cash Flow from Investment Activities			
Interests received		$ 17,089	$ 802
Dividends received		30,212	34,268
Acquisition of financial assets at fair value through other comprehensive income		(21,658)	(69,734)
Disposal of financial assets at fair value through other comprehensive income		64,431	-
Increase in financial assets measured at amortized cost		(50,000)	-
Investment accounted for using the equity method		(1,450,000)	-
Acquisition of property, plant and equipment	6 (24)	(160,711)	(496,894)
Proceeds from disposal of property, plant and equipment		616	48,643
Acquisition of intangible assets		(4,869)	(598)
Decrease in other non-current assets		7,622	8,415
Net cash flows used in investing activities		(1,567,268)	(475,098)
Cash Flow from Financing Activities			
Increase in short-term borrowings		1,420,000	224,834
Decrease in short-term borrowings		(920,000)	(529,419)
Decrease in short-term notes and bills payable		-	(20,000)
Increase in long-term borrowings		454,000	261,000
Repayment for long-term borrowings		(18,867)	(118,867)
Repayment of the principal portion of lease liabilities	6 (25)	(3,402)	(3,363)
Net cash generated from/(used in) financing activities		931,731	(185,815)
Exchange rate adjustments		(38,570)	40,564
Increase (decrease) in cash and cash equivalents for the period		(70,293)	43,771
Cash and cash equivalents - beginning balance		1,528,877	1,341,004
Cash and cash equivalents - ending balance		$ 1,458,584	$ 1,384,775

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
For the Second Quarter of 2023 and 2022

Unit: NT$ thousand
(unless otherwise specified)

I. Company History and Business Scope

Tai-Tech Advanced Electronics (hereinafter referred to as the "Company") was incorporated on November 2, 1992. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") mainly engages in manufacturing and processing of electronic parts, magnet cores, multilayer wire-wound and other wire-wound products and acts as an agent for domestic and foreign companies in terms of quotation, bidding, distribution and import and export of the said products. The Company's shares were listed on Taipei Exchange for trading on April 27, 2021.

II. Approval Date and Procedure of the Financial Statements

This consolidated financial report was approved by the Board of Directors and was published on August 9, 2023.

III. Application of New Standards, Amendments and Interpretations

(I) The impact of the adoption of the new and revised International Financial Reporting Standards (IFRS) recognized and promulgated by the Financial Supervisory Commission (FSC)

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of International Financial Reporting Standards (IFRS) approved and promulgated into effect by the FSC for application in 2023:

New, Revised or Amended Standards and Interpretations	Effective date announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policy"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 - "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023

The Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group's financial position and financial performance.

(II) Effects of Not Adopting the Newly Issued or Amended IFRSs Endorsed by the FSC

None.

(III) Effects of the IFRSs issued by IASB but not yet endorsed by the FSC

New standards and interpretations of and amendments to the IFRSs issued by IASB but not yet endorsed by the FSC are as follows:

New, Revised or Amended Standards and Interpretations	Effective date announced by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Yet to be decided by IASB
Amendments to IFRS 16 "Lease liabilities of after-sale and leaseback"	January 1, 2024
IFRS 17 "Insurance Contracts"	January 1, 2023

Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 Initial application of IFRS 17 and IFRS 9 — Comparative information	January 1, 2023
Amendments to IAS 1 "Classification of liabilities as current or non-current"	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024
Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"	May 23, 2023

The Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group's financial position and financial performance.

IV. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

(I) Statement of Compliance

These 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 approved and promulgated into effect by the FSC.

(II) Basis of Preparation

1. Except for the following significant accounts, the consolidated financial statements have been prepared under the historical cost convention:

(1)Financial assets at fair value through profit or loss.
(2) Financial assets at fair value through other comprehensive income.
(3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred to hereinafter as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of Consolidation

1. Principles for preparing the consolidated financial statements

(1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries in the financial statements begins from the date the Group obtains control of the

subsidiaries and ceases when the Group loses control of the subsidiaries.

(2) Inter-company transactions, balances, and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(3) Profit or loss and every component of other comprehensive income attribute to either owners of the parent company or non-controlling interests, so does the total comprehensive income even if this results in the non-controlling interests having a deficit balance.

(4) Changes in shareholding in subsidiaries that do not result in loss of control (i.e., transaction with non-controlling interests) are accounted for as equity transaction and as a transaction with owners. The differences between the adjustments to non-controlling interests and the fair value of consideration paid or received are directly recognized in equity.

2. Subsidiaries included in the consolidated financial statements:

			Shareholding percentage			
Investor name	Subsidiary name	Business nature	2023 June 30	2022 December 31	2022 June 30	Remarks
The Company	North Star International Limited	Invested business	100%	100%	100%	
The Company	Best Bliss Investments Limited	Invested business	100%	100%	100%	
The Company	Techworld Electronics Singapore Pte. Ltd.	Invested business	60%	-	-	Note 1
Best Bliss Investments Limited	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Production, processing and sale of electronic components	100%	100%	100%	
Best Bliss Investments Limited	Fixed Rock Holding Ltd.	Invested business	100%	100%	100%	

			Shareholding percentage			
Investor name	Subsidiary name	Business nature	2023 June 30	2022 December 31	2022 June 30	Remarks
Best Bliss Investments Limited	TAIPAQ Electronic Components(Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	26.60%	26.60%	7.48%	Note 2
Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	73.40%	73.40%	92.52%	Note 2

TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Sale of electronic components	100%	100%	-	Note 3

Note 1: Incorporated in June 2023.

Note 2: Best Bliss Investments Limited increased investment in TAIPAQ Electronics (Si-Hong) Co., Ltd. for a total of RMB 60,000 thousand in August 2022.

Note 3: Incorporated in September 2022.

3. Subsidiaries not included in the consolidated financial statements

   None.

4. Adjustments for subsidiaries with different accounting periods

   None.

5. Major restrictions

   None.

6. Subsidiaries with significant non-controlling interest for the Group

   None.

(IV) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (hereinafter referred to as the “functional currency”). The consolidated financial statements are presented in “New Taiwan Dollars,” which is the Group’s functional currency.

1. Foreign currency transactions and balance

   (1) Foreign currency derived from transactions was translated into the functional currency using the spot exchange rate prevailing on the measurement date or the trade date, with the resulting exchange difference recognized as gain or loss.

   (2) The balance of monetary assets or liabilities denominated in foreign currency is adjusted by the exchange rate prevailing at the balance sheet date, with the resulting differences recognized as gain or loss.

   (3) Non-monetary assets or liabilities denominated in foreign currency are adjusted by the spot exchange rate on the balance sheet date, with the resulting difference recognized in profit or loss if they are measured at fair value through profit or loss, or in other comprehensive income if they are measured at fair value through other comprehensive income. If they are not measured at fair value, they are measured by applying the historical exchange rate on the transaction date.

2. Translation of foreign operations financial statements

   The results and financial position of associates and entities within the Group whose functional currency is not the presentation currency are translated into the presentation currency using the following procedures:

   (1) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

   (2) Income and expenses for each statement of comprehensive income (including comparatives)

are translated at the average exchange rates for the period; and

(3) All resulting exchange differences are recognized in other comprehensive income.

(V) Classification of Current and Non-current Assets and Liabilities

1. Assets that meet one of the following criteria are classified as current assets:
   (1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
   (2) They are held primarily for trading.
   (3) Assets that are expected to be realized within 12 months after the balance sheet date.
   (4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

   Assets that do not meet the above criteria are classified as non-current assets by the Group.

2. Liabilities that meet one of the following criteria are classified as current liabilities:
   (1) Liabilities that are expected to be settled within the normal operating cycle.
   (2) They are held primarily for trading.
   (3) Liabilities that are expected to be settled within 12 months after the balance sheet date.
   (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its transactions by the issue of equity instruments do not affect its classification.

   Liabilities that do not meet the above criteria are classified as non-current liabilities by the Group.

(VI) Cash equivalents

Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that fit the said definition and are intended to meet short-term operating cash commitments are classified as cash equivalents.

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

1. Financial assets not measured at cost after amortization or measured at fair value through other comprehensive income.
2. The Group's financial assets measured at fair value through other comprehensive income according to the trading conventions are accounted for on the trade date.
3. At initial recognition, the Group measures financial assets at fair value plus relevant transaction costs, and subsequently, the Group measures the financial assets at fair value and its gain or loss is recognized in profit or loss.
4. The Group recognizes dividends income in profit or loss when (a) the Group’s right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Group; and (c) such dividends can be reliably measured.

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

1. It means the Group made an irrevocable election upon initial recognition to recognize the fair value changes in equity instruments not held for trading at other comprehensive income.
2. The Group's financial assets measured at fair value through other comprehensive income according to the trading conventions are accounted for on the trade date.
3. They are measured initially at the fair value plus transaction costs and subsequently at fair value.

If they are equity instruments, their fair value changes are recognized in other comprehensive income; upon derecognition, the accumulated gains or losses in other comprehensive income are not transferred to profit or loss, but to retained earnings. The Group recognizes dividend income in profit or loss when (a) the Group's right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Group; and (c) such dividends can be reliably measured.

(IX) Financial assets at amortized cost

1. Financial assets that simultaneously satisfy the following criteria are classified in this category:
   (1) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
   (2) The contractual terms of the financial assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.
2. The Group recognizes its time deposits not qualified as cash equivalents at the investment amount because they are held for a short period of time and so have insignificant discount effect.

(X) Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable denote that the Group has unconditional right to the consideration, in the form of receivables or notes, for the goods and services transferred.
2. The Group measures short-term accounts receivable and notes receivables that do not bear an interest at the invoice value because they have insignificant discount effect.

(XI) Impairment of Financial Assets

At the end of each reporting period, the Group considers financial assets at amortized cost, investments in debt instruments that are measured at fair value through other comprehensive income, and receivables (including significant financial components) and takes into consideration all reasonable and supporting information (including the forward-looking information). For financial assets of which the credit risk does not significantly increase since initial recognition, the Group recognizes an allowance equal to 12-month expected credit losses; for financial assets of which the credit risk significantly increases since initial recognition, the Group recognizes an allowance equal to the lifetime expected credit loss; for accounts receivables that do not contain significant financial components or plan assets, the Group recognizes an allowance equal to the lifetime expected credit loss.

(XII) Derecognition of Financial Assets

The Group derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire.

(XIII) Inventory

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity), excluding borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost necessary for completion of the sale.

(XIV) Investment Accounted for Using the Equity Method ─ Associates

1. An associate refers to entities over which the Group has no control but significant influence, typically those in which the Group has at least 20% of the total number of voting shares directly

or indirectly. The Group accounts for investment in associates using the equity method and recognizes them at cost upon acquisition.

2. The Group's share of profit or loss in an associate after acquisition shall be recognized as current gain or loss, and its share of other comprehensive income after acquisition shall be recognized in other comprehensive income. When the Group's loss in any associate exceeds the equity (including any unsecured receivables) in such an associate, the Group does not recognize further losses except when any legal obligation or constructive obligation is incurred or the Group has made payment on behalf of the associate.
3. When an associate experiences equity changes not attributable to changes in any component of profit or loss or other comprehensive income and not impacting the Group's shareholding in such an associate, the Group accounts for such equity changes as "capital surplus" in proportion to its shareholding percentage.
4. Unrealized gain or loss arising from transactions between the Group and associates has been eliminated in proportion to the Group's shareholding percentage in the associates; unrealized loss is also eliminated unless evidence proves the impairment of the assets transferred in the transaction. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. If the Group loses significant influence over an associate, the Group shall account for all amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by an associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over the associate. If significant influence over the associate remains, the Group only proportionally reclassifies the amounts previously recognized in other comprehensive income.

(XV) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance is recognized in profit or loss when accrued.
3. Property, plant and equipment are subsequently measured at cost. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Property, plant and equipment are depreciated individually if they contain any significant components.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors," from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Building and structures	10～50 years

Machinery	5～12 years
Utilities equipment	5~15 years
Transportation equipment	4~5 years
Office equipment	5~10 years
Other equipment	2~12 years

(XVI) Lease Transactions of a Lessee - Right-of-use Assets/Lease Liabilities

1. The Group recognizes right-of-use assets and lease liabilities for all leases at the date when they are available for the Group's use. Low-value assets and short-term leases are recognized as expenses on a straight-line basis over the lease period.
2. The Group measures its lease liability at commencement date by discounting future lease payments using its incremental borrowing interest rate. Lease payments include:

   Fixed payments, less any lease incentives receivable that are measured in subsequent periods using the effective interest rate method and amortized over the lease term. When a change in lease payments occurs not due to contract modification, lease liability will be remeasured, with such remeasurements adjusted to right-of-use assets.
3. Right-of-use assets are recognized at costs at the inception of the lease. Cost includes:
   (1) The initial lease liability measured;
   (2) Lease payments made before or at the inception of the lease;
   (3) Any original direct costs incurred.

   Right-of-use assets are subsequently measured at costs. Depreciation of right-of-use assets is recognized at the earlier of the end of the useful life and the end of the lease term. When a lease liability is remeasured, the Group adjusts the right-of-use asset for any remeasurements.

(XVII) Intangible assets

1. Computer software

   Computer software is measured at the acquisition cost and amortized using the straight-line method over its estimated useful life of 2-5 years.
2. Goodwill

   Goodwill results from mergers or acquisition.
3. Patent rights

   Patents are amortized at a period of 13 years using the straight line method.

(XVIII) Impairment of Financial Assets

1. The Group assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is an asset's fair value less costs to sell or its value in use, whichever is higher. When there is an indication that the impairment loss recognized in prior years for an asset other than goodwill decreases or no long exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss. However, the increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2. The Group regularly measures the recoverable amount of goodwill, intangible assets with uncertain useful life and intangible assets not available for use. Impairment is recognized when the recoverable amount is lower than the carrying amount. Impairment of goodwill is not reversed in subsequent periods.

(XIX) Borrowings

Borrowings mean short- and long-term loans borrowed from banks. Borrowings are initially recognized at the fair value less any transaction costs, and subsequently at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the borrowing period using the effective interest rate method.

(XX) Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable are the debt incurred by credit purchase of raw materials, goods, or services and the notes receivables incurred by operating and non-operating activities.
2. The Group measures short-term accounts receivable and notes receivable that do not bear an interest at the invoice value because they have insignificant discount effect.

(XXI) Derecognition of Financial Liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled, or they expire.

(XXII) Provisions for liabilities

Provisions (sales return and allowance) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(XXIII) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

2. Pension

   (1) Defined contribution plans
   For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.

   (2) Defined benefit plans

   A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined by using the interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the defined benefit plans. If there is no deep market in such bonds in a country, the discount rate shall be the market yields on government bonds.

B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Past service costs are recognized immediately in profit or loss.

D. The pension cost of interim period is calculated based on the pension cost actuarially determined according to the end date of the previous fiscal year for the period from the beginning of the year to the end of the period. In case where there is any material market fluctuation or material reduction, repayment or other material one-time events after the end date, adjustments are made and relevant information is disclosed according to the aforementioned policy.

3. Employee compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for as a change in accounting estimate. When employee compensation is appropriated in shares, the basis for calculating the number of shares shall be the closing price at the date before the date the Board of Directors resolves on the appropriation.

(XXIV) Employees share-based payments

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

(XXV) Income tax

1. The tax expense comprises current tax and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2. The current income tax charge is calculated by applying the taxable income to the tax rate specified in the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. Where appropriate, management also estimate income tax liabilities based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

3. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheets. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. A deferred income tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.
7. The tax expense of interim period is calculated based on the estimated annual average effective tax rate applied to the income before tax up to the interim period and relevant information is disclosed according to the aforementioned policy.
8. When there is tax rate change occurred during the interim period, the Group recognizes the change impact at once during the period of occurrence. Items related to the income tax not recognized in profit or loss, the change impact is recognized in the other comprehensive income or equity item. For items related to the income tax recognized in profit or loss, the change impact is recognized in profit or loss.

(XXVI) Share capital

1. Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.
2. When the Company repurchased shares previously issued, the consideration paid includes any directly attributable additional costs and the net amount after tax is recognized as a deduction of the shareholders' equity. During the subsequent reissuance of repurchased shares, any directly attributable additional costs and income tax are deducted from the consideration received, and the difference from the carrying value is then recognized as an adjustment of shareholders' equity.

(XXVII) Dividends appropriation

Dividends appropriated to shareholders of the Company are recognized on the date the Board of Directors' meeting resolves on such appropriation. Appropriation in cash is recognized as liability.

(XXVIII) Recognition of revenue

Sale of goods

1. The Group manufactures and sells electronic parts, magnet cores, multilayer wire-wound and other wire-wound products. Sales revenue is recognized when the control of products is transferred to clients, *i.e.,* when products are delivered to clients to be handled at their discretion and the Group has no unperformed further obligation that may impact clients from accepting the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the clients and either the clients have accepted the products in accordance with the sales contract, or the Group has objective evidence that all

criteria for acceptance have been satisfied.

2. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

(XXIX) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(XXX) Operating segments

The information on operating segments is reported in a manner consistent with the way the internal management report is provided to management. The key operating decision makers are responsible for allocating resources to operating segments and evaluate their performance. The Group identifies the Board of Directors as its key operating decision markers.

V. Significant Account Judgments and Assumptions and Primary Sources of Estimation Uncertainty

When preparing this consolidated financial statements, management has exercised their professional judgment to determine the accounting policies to be applied and made accounting estimates and assumptions based on reasonable expectation as to how future events will hold for the circumstances that exist on the balance sheets date. The significant accounting estimates and assumptions being made may deviate from the actual outcomes and will be consistently measured and adjusted in accordance with historical experience and for other factors. Such estimates and assumptions may lead to the risk of significant adjustment being made to the carrying amount of the assets and liabilities on the balance sheet. Significant accounting judgments and the uncertainty in accounting estimates and assumptions are stated below:

(I) Significant Judgments in Applying Accounting Policies

Please see the description in Note 6 (4) 5.

(II) Significant Accounting Estimates and Assumptions

Since inventory is measured at the lower of costs and the net realizable value, the Group needs to exercise judgment and estimates to determine the net realizable value of inventory at the balance sheet date. Since the value of inventory is subject to market price fluctuation and its lifetime, the Group evaluates the market selling price and value lost due to obsolescence of inventory at the balance sheet date, and writes down inventory costs to net realization value. This inventory evaluation is mainly based on the current market conditions and past historical experience, so there may be major changes.

As of June 30, 2023, the carrying amount of the inventories of the Group was $852,370.

VI. Description of Significant Accounts

(I) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand and revolving funds	$ 1,932	$ 2,448	$ 1,907
Checking deposits and demand deposits	920,692	1,100,680	1,348,690
Time deposits	435,960	425,749	34,178

Commercial paper with repurchase agreement	100,000	-	-
Total	$ 1,458,584	$ 1,528,877	$ 1,384,775

1. Since the Group corresponds with multiple financial institutions with good credit quality to diversify credit risks, the risk of default is expected to be low.
2. The Group did not pledge any cash and cash equivalents as collaterals.
3. As of June 30, 2023, December 31, 2022, and June 30, 2022, the Group recognized $50,000, $0, and $0, respectively, for time deposits originally due within three months that are presented as "financial assets measured at amortized cost – current."

(II) Notes and Accounts Receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	$ 52,856	$ 60,385	$ 39,875
Accounts Receivable	$ 1,556,229	$ 1,628,873	$ 1,963,442
Less: Allowance for bad debt	(2,318)	(2,353)	(2,360)
Allowance for sales returns and discounts	-	(1,480)	(1,327)
	$ 1,553,911	$ 1,625,040	$ 1,959,755
Accounts receivable due from related parties	$ 106,530	$ 112,634	$ 183,467
Less: Allowance for bad debt	(89)	(89)	(89)
	$ 106,441	$ 112,545	$ 183,378

1. The aging analysis of accounts receivable and notes receivable is as follows:

	June 30, 2023		December 31, 2022		June 30, 2022	
	Accounts Receivable	Notes receivable	Accounts Receivable	Notes receivable	Accounts Receivable	Notes receivable
Not yet due	$1,611,911	$ 52,856	$ 1,733,778	$ 60,385	$ 2,089,383	$ 39,875
Within 30 days	28,983	-	6,825	-	39,883	-
31~90 days	21,841	-	882	-	16,040	-
91~180 days	24	-	22	-	1,603	-
	$1,662,759	$ 52,856	$1,741,507	$ 60,385	$2,146,909	$ 39,875

The above aging analysis is based on the number of days past due.

2. The accounts receivable and notes receivable as of June 30, 2023, December 31, 2022, and June 30, 2022 all came from contracts with clients. In addition, the accounts receivable arising from contracts with clients as of January 1, 2022 was $2,478,376.
3. Without considering the collateral or other credit enhancements held, the amounts most representative of the credit risk inherent in the Group's notes receivable as of June 30, 2023, December 31, 2022, and June 30, 2022 were $52,856, $60,385, and $39,875, respectively; and

the amounts most representative of the credit risk inherent in the Group's accounts receivable as of June 30, 2023, December 31, 2022, and June 30, 2022 were $1,660,352, $1,737,585, and $2,143,133, respectively.

4. Credit risks associated with accounts receivable and notes receivable are stated in Note 12(2).

(III) Inventory

	June 30, 2023		
	Cost	Allowance for inventory valuation	Carrying amount
Raw materials	$ 143,420	($ 16,812)	$ 126,608
Supplies	26,518	(3,113)	23,405
Work in process	382,781	(23,122)	359,659
Finished products	356,274	(32,169)	324,105
Goods	20,817	(2,224)	18,593
Total	$ 929,810	($ 77,440)	$ 852,370

	December 31, 2022		
	Cost	Allowance for inventory valuation	Carrying amount
Raw materials	$ 159,525	($ 13,448)	$ 146,077
Supplies	30,320	(2,244)	28,076
Work in process	397,520	(17,692)	379,828
Finished products	386,565	(23,140)	363,425
Goods	29,191	(2,402)	26,789
Total	$ 1,003,121	($ 58,926)	$ 944,195

	June 30, 2022		
	Cost	Allowance for inventory valuation	Carrying amount
Raw materials	$ 200,805	($ 10,411)	$ 190,394
Supplies	41,696	(2,394)	39,302
Work in process	379,992	(13,567)	366,425
Finished products	474,655	(15,961)	458,694
Goods	42,201	(3,381)	38,820
Total	$ 1,139,349	($ 45,714)	$ 1,093,635

1. The inventory costs recognized as expenses by the Group in this period:

	April 1 to June 30, 2023	April 1 to June 30, 2022
Cost of inventory sold	$ 796,191	$ 857,988
Inventory falling price loss	16,386	4,777
Others	25,517	5,057
	$ 838,094	$ 867,822

	January 1 to June 30, 2023	January 1 to June 30, 2022
Cost of inventory sold	$ 1,594,419	$ 1,834,709
Inventory falling price loss	19,943	8,498
Others	39,046	6,841
	$ 1,653,408	$ 1,850,048

2. The Group did not pledge any inventory as collaterals.

(IV) Investments accounted for using the equity method (no such transaction as of December 31, 2022 and June 30, 2022).

	June 30, 2023
Associate:	
APAQ Technology Co., Ltd.	$ 1,472,870

1. Below is the information about the Group's significant associates:

Company name	Main business premises	Shareholding ratio June 30, 2023	Nature of relationship	Measuring method
APAQ Technology Co., Ltd.	Taiwan	28.1%	Business strategy	Equity method

The Company publicly acquired common shares of APAQ Technology Co., Ltd. for 25,000 thousand shares at NT$58 per share from March 17, 2023 to April 6, 2023. In addition, the acquisition amount was paid and equity transfer was completed on April 13, 2023. Accordingly, the Company has acquired 28.1% of equity of APAQ Technology Co., Ltd.

2. Below is a summary of the financials about the Group's significant associates:

Balance sheet

	APAQ Technology Co., Ltd. and Subsidiaries June 30, 2023
Current assets	$ 3,520,656
Non-current assets	1,698,239
Current liabilities	(2,147,998)
Non-current liabilities	(374,743)
Total assets	$ 2,696,154
Share of net total assets of associates	$ 757,619
Goodwill (Note)	715,251
Carrying amount of associate	$ 1,472,870

Note: The Company is required to complete an acquisition price allocation report by April 5, 2024.

The report was under preparation as of June 30, 2023.

statement of comprehensive income

	APAQ Technology Co., Ltd. and Subsidiaries
	April 1 to June 30, 2023
Revenue	$ 703,138
Profit from continuing operations	$ 109,913
Other comprehensive income (net of income tax)	19,727
Total comprehensive income (loss) for the current period	$ 129,640
Dividends received from associates	$ -

	APAQ Technology Co., Ltd. and Subsidiaries
	January 1 to June 30, 2023
Revenue	$ 1,295,956
Profit from continuing operations	$ 139,524
Other comprehensive income (net of income tax)	38,183
Total comprehensive income (loss) for the current period	$ 177,707
Dividends received from associates	$ -

3. An open market quotation is available for APAQ Technology Co., Ltd., the Group's significant associate, whose fair value was 1,315,000 as of June 30, 2023.
4. The gains from investments accounted for using the equity method amounted to $27,092 and $27,092 for the second quarter and the first two quarters of 2023, respectively; such amounts were based on other auditors' review report with a qualified conclusion.
5. The Group holds 28.1% of the total number of voting shares of APAQ Technology Co., Ltd., making the Group the single largest shareholder. Since the quantities and dispersion of voting shares held by others were not widely dispersed and the governance body of the Group varies from that of APAQ Technology Co., Ltd., the Group is unable to direct the relevant activities of APAQ Technology Co., Ltd., hence no control over it. The Group believes it has only significant influence over APAQ Technology Co., Ltd. and therefore recognizes APAQ Technology Co., Ltd. as its associate.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Non-current:			
Equity instruments			
Shares listed on the stock exchange or the OTC market	$ 27,834	$ 53,424	$ 53,424

Shares not traded on the stock exchange, the OTC market, or the emerging stock market	149,946	129,255	69,730
	177,780	182,679	123,154
Adjustments for change in value	320,064	198,390	180,918
Total	$ 497,844	$ 381,069	$ 304,072

1. The Group chose to classify its strategic share investment as the financial assets at fair value through other comprehensive income, and the fair value of such investment as of June 30, 2023, December 31, 2022 and June 30, 2022 amounted to $497,844, $381,069 and $304,072, respectively.
2. For the purposes of adjusting its position in strategic investments, in 2023, the Group sold its listing share investments, whose fair value was $64,431, for $38,269.
3. Financial assets at fair value through other comprehensive income recognized in profit and loss/comprehensive income are as follows:

	April 1 to June 30, 2023	April 1 to June 30, 2022
Equity instruments at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	$ 91,523	($ 5,750)
Cumulative gains or losses derecognized and transferred to retained earnings	($ 38,269)	$ -
Dividends income recognized in profit or loss held at the end of current period	$ 30,872	$ 35,068

	January 1 to June 30, 2023	January 1 to June 30, 2022
Equity instruments at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	$ 159,943	($ 1,432)
Cumulative gains or losses derecognized and transferred to retained earnings	($ 38,269)	$ -
Dividends income recognized in profit or loss held at the end of current period	$ 30,872	$ 35,068

4. Without considering the collateral or other credit enhancements held, the amounts most representative of the credit risk inherent in the Group’s financial assets at fair value through other comprehensive income as of June 30, 2023, December 31, 2022 and June 30, 2023 were $497,844, $381,069, and $304,072, respectively.

5. The Group did not pledge any financial assets at fair value through other comprehensive income as collateral.

(VI) Property, plant and equipment

2023

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending for inspection	Total
January 1									
Cost	$ 777,560	$ 572,031	$ 5,629,094	$ 25,030	$ 11,668	$ 52,523	$ 352,990	$ 44,775	$ 7,465,671
Accumulated depreciation and impairment	-	(256,815)	(2,523,061)	(17,159)	(8,623)	(35,823)	(222,581)	-	(3,064,062)
	$ 777,560	$ 315,216	$ 3,106,033	$ 7,871	$ 3,045	$ 16,700	$ 130,409	$ 44,775	$ 4,401,609
January 1	$ 777,560	$ 315,216	$ 3,106,033	$ 7,871	$ 3,045	$ 16,700	$ 130,409	$ 44,775	$ 4,401,609
Addition	-	-	19,879	-	-	3,866	16,456	65,148	105,349
Disposal	-	-	-	-	-	-	-	-	-
Reclassification (Note)	-	-	48,873	-	-	1,737	1,293	(51,972)	(69)
Depreciation expenses	-	(12,823)	(208,727)	(517)	(446)	(2,502)	(26,129)	-	(251,144)
Net exchange differences	-	(5,154)	(37,254)	-	(10)	(190)	(1,175)	(516)	(44,299)
June 30	$ 777,560	$ 297,239	$ 2,928,804	$ 7,354	$ 2,589	$ 19,611	$ 120,854	$ 57,435	$ 4,211,446
June 30									
Cost	$ 777,560	$ 563,038	$ 5,609,578	$ 25,014	$ 11,591	$ 57,421	$ 365,937	$ 57,435	$ 7,467,574
Accumulated depreciation and impairment	-	(265,799)	(2,680,774)	(17,660)	(9,002)	(37,810)	(245,083)	-	(3,256,128)
	$ 777,560	$ 297,239	$ 2,928,804	$ 7,354	$ 2,589	$ 19,611	$ 120,854	$ 57,435	$ 4,211,446

Note: Reclassified into intangible assets.

2022

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending for inspection	Total
January 1									
Cost	$ 777,560	$ 565,912	$ 5,283,887	$ 24,369	$ 12,050	$ 51,323	$ 301,219	$ 109,666	$ 7,125,986
Accumulated depreciation and impairment	-	(228,762)	(2,161,835)	(16,091)	(8,050)	(32,384)	(174,999)	-	(2,622,121)
	$ 777,560	$ 337,150	$ 3,122,052	$ 8,278	$ 4,000	$ 18,939	$ 126,220	$ 109,666	$ 4,503,865
January 1	$ 777,560	$ 337,150	$ 3,122,052	$ 8,278	$ 4,000	$ 18,939	$ 126,220	$ 109,666	$ 4,503,865
Addition	-	-	27,960	-	-	870	15,796	251,659	296,285
Disposal	-	-	(41,766)	-	-	-	(200)	-	(41,966)
Reclassification	-	-	268,042	-	-	519	1,069	(269,630)	-
Depreciation expenses	-	(13,066)	(200,638)	(538)	(521)	(2,428)	(22,777)	-	(239,968)
Net exchange differences	-	5,083	32,412	1	14	162	1,253	1,786	40,711
June 30	$ 777,560	$ 329,167	$ 3,208,062	$ 7,741	$ 3,493	$ 18,062	$ 121,361	$ 93,481	$ 4,558,927
June 30									
Cost	$ 777,560	$ 573,728	$ 5,580,632	$ 24,383	$ 11,682	$ 51,558	$ 321,428	$ 93,481	$ 7,434,452
Accumulated depreciation and impairment	-	(244,561)	(2,372,570)	(16,642)	(8,189)	(33,496)	(200,067)	-	(2,875,525)
	$ 777,560	$ 329,167	$ 3,208,062	$ 7,741	$ 3,493	$ 18,062	$ 121,361	$ 93,481	$ 4,558,927

1. The capitalized interest for the six months ended June 30, 2023 and 2022 was $0 for both years.

2. The Group's significant components of buildings and structures, including buildings and engineering systems, are depreciated over 20~50 years and 10~20 years, respectively.
3. For information on pledged property, plant and equipment, refer to Note 8.

(VII) Lease transactions - lessee

1. The underlying assets of the Group’s lease include land use right, parking space, buildings, company cars and multi-function peripherals. The lease duration usually lasts 3 to 50 years. Lease contracts are agreed upon individually and contain different terms and conditions. Except for land use right, leased assets shall not be used as collaterals and are not restricted in any way.
2. The lease term of the buildings and warehouses leased by the Group is less than 12 months. The low-value underlying asset of the Group’s lease is the electronic host and printer for business use.
3. The information on the carrying amount of the right-of-use asset and the recognized depreciation expense is as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
	Carrying amount	Carrying amount	Carrying amount
Right-of-use land	$ 26,658	$ 27,627	$ 28,099
Buildings	11,657	3,763	5,958
Transportation equipment	2,166	3,029	3,890
Machinery and equipment	792	971	1,000
	$ 41,273	$ 35,390	$ 38,947

	April 1 to June 30, 2023	April 1 to June 30, 2022
	Depreciation expenses	Depreciation expenses
Right-of-use land	$ 175	$ 177
Buildings	1,143	1,098
Transportation equipment	429	430
Machinery and equipment	89	92
	$ 1,836	$ 1,797

	January 1 to June 30, 2023	January 1 to June 30, 2022
	Depreciation expenses	Depreciation expenses
Right-of-use land	$ 352	$ 353
Buildings	2,240	2,195
Transportation equipment	860	860
Machinery and equipment	178	185
	$ 3,630	$ 3,593

4. Profit or loss items in relation to lease contracts are as follows:

	April 1 to June 30, 2023	April 1 to June 30, 2022
Items that affect profit or loss		
Expenses attributable to short-term lease contracts	$ 4,309	$ 3,859
Expenses attributable to low-value assets	22	15

	January 1 to June 30, 2023	January 1 to June 30, 2022
Items that affect profit or loss		
Expenses attributable to short-term lease contracts	$ 8,072	$ 7,354
Expenses attributable to low-value assets	40	31

5. The Group's right-of-use asset increased by $10,133, $0, $10,133, and $131 for the three months and six months ended June 30, 2023 and 2022, respectively.
6. The Group's cash used in lease contracts amounted to $5,992, $5,494, $11,514, and $10,748 for the three months and six months ended June 30, 2023 and 2022, respectively.

(VIII) Other non-current assets

	June 30, 2023	December 31, 2022	June 30, 2022
Refundable deposits	$ 2,624	$ 2,533	$ 2,534
Prepayments for construction and equipment	21,678	29,391	19,394
Uncollectible overdue receivables	1,252	1,252	1,252
Allowance for uncollectible overdue receivables	(1,252)	(1,252)	(1,252)
	$ 24,302	$ 31,924	$ 21,928

(IX) Short-term borrowings

Nature of borrowings	June 30, 2023	Interest rate range	Collaterals
Bank loan			
Credit loan	$ 500,000	1.62%~1.68%	-

Nature of borrowings	December 31, 2022	Interest rate range	Collaterals
Bank loan			
Credit loan	$ -	-	-

Nature of borrowings	June 30, 2022	Interest rate range	Collaterals
Bank loan			

Credit loan	$ 118,880	1.69%~2.57%	-

Short-term borrowings interest recognized in profit or loss for the three months and six months ended June 30, 2023 and 2022 amounted to $1,973, $603, $2,455, and $1,344, respectively.

(X) Other payables

	June 30, 2023	December 31, 2022	June 30, 2022
Dividends payable	$ 612,204	$ -	$ 721,938
Salary and bonus payables	117,621	183,602	163,740
Social benefits liabilities payable	104,405	112,999	113,484
Employee compensation and directors' and supervisors' remuneration payable	127,440	95,180	165,424
Construction and equipment payable	31,328	57,797	156,178
Others	194,955	201,655	215,454
	$ 1,187,953	$ 651,233	$ 1,536,218

(XI) Long-term borrowings

Nature of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	June 30, 2023
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1.63%	Land, buildings, and structures	$ 496,822
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	1.15%	-	226,490
Secured loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	1.11%~1.15%	Machinery	368,000
Credit loan	The period from March 2023 to March 2026 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2026 to February 2030.	1.15%	-	220,000
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2027.	1.11%	-	250,000

	1,561,312
Less: Current portion of long-term borrowings	(37,733)
	$ 1,523,579

Nature of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	December 31, 2022
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1.5%	Land, buildings, and structures	$ 515,689
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	1.03%	-	130,490
Secured loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	0.98%~1.03%	Machinery	368,000
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2027.	0.98%	-	112,000

	1,126,179
Less: Current portion of long-term borrowings	(37,733)
	$ 1,088,446

Nature of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	June 30, 2022
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1.38%	Land, buildings, and structures	$ 534,555
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	0.78%	-	53,000
Secured loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	0.78%	(Note 1)	100,000
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2027.	0.79%	-	58,000

	745,555
Less: Current portion of long-term borrowings	(37,733)
	$ 707,822

Note 1: It refers to the machinery-baked collateralized borrowings; however, the collateral right has yet to be created as of June 30, 2022. Long-term borrowings interest recognized in profit or loss amounted to $4,978, $2,036, $8,656, and $3,576 for the three months and six months ending June 30, 2023 and 2022, respectively.

(XII) Pension

1.

(1) By adhering to the requirements set forth in the “Labor Standards Act,” the Company has established its own defined retirement benefits plan, which is applicable both to the service years of all regular employees rendered before the enforcement of the “Labor Pension Act” on July 1, 2005, and to the service years of all employees who elected to continue applying the Labor Standards Act after the implementation of the “Labor Pension Act.” Pensions for employees qualified for retirement are calculated based on their servicing years and their average salaries of the 6 months prior to their retirement. Two bases are given for each full year of service rendered within 15 years. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company contributes monthly an amount equal to 3% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the Independent Retirement Fund Committee. In addition, the Company estimates the balance of the said designated pension account before the end of year. If the balance is not sufficient to cover the amount to be paid to all employees - calculated in the manner specified above - who will qualify the retirement conditions next year, a lump-sum deposit should be made before March-end of the following year to cover the difference.

(2) The Company has established the "Manager's Retirement and Resignation Method" to determine the payment applicable to the company's appointed managers. The retirement benefit formula is as follows:

A. Pensions for the service year applying the Labor Standards Act are calculated using the equation stated in the previous section.

B. The Company contributes an amount of pension equal to 6% of an employee’s monthly salary for those electing to apply the Labor Pension Act and those taking their post on or after July 1, 2005.

C. For appointed managers who have rendered 25 or more years of services as of December 31, 2018, two bases are given to each full year of services rendered within 15 years, one base is given to each full year of service over 15 years (rounded up to one year for any year of service less than one year), and their annual salary at their 25th year of service is taken as their average salary. The Company makes a pension contribution equal to 6% of their monthly salary starting from their 25th year of service.

(3) The Company is obligated to pay retirement pensions to the directors and chairman of the board who were employees, which is calculated at 6% of the monthly salary according to the "Directors' Salary and Remuneration Measures."

(4) The pension costs recognized in the manner specified above were $59, $59, $117, and $122 for the three months and six months ended June 30, 2023 and 2022, respectively.

(5) The Company is expected to pay a contribution of $0 to the retirement plan for 2023.

2.

(1) On July 1, 2005, the Company established its own pension regulations applicable to Taiwanese nationals in accordance with the "Labor Pension Act." For employees of the Company or domestic subsidiaries who elected to apply the "Labor Pension Act," the Company makes a contribution equal to 6% of the monthly salary to their individual retirement account with the Bureau of Labor Insurance. Employee pensions may be paid in monthly installments or in lump-sum payment based the accumulated amount in the employee's individual retirement account.

(2) TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd. and TAIPAQ Electronic Components (Si-Hong) Co., Ltd. contribute a certain percentage of a local employee's monthly salary, as required by the People's Republic of China, to the endowment insurance system. For January 1 to June 30, 2023 and 2022, the contribution percentages were 16% and 16%, respectively. The pension for employees is managed independently by the government. Except for making monthly contribution, the Group has no further obligation.

(3) The pension costs recognized in the manner specified above were $16,403, $19,862, $34,084, and$39,575 for the three months and six months ended June 30, 2023 and 2022, respectively.

(XIII) Share capital

1. As of June 30, 2023, the Company had an authorized capital equal to $3,000,000 (with $20,000 retained for issuance of employee stock option certificates), a paid-in capital equal to $1,020,340, and a share face value equal to NT$10. All proceeds for share subscription were collected in full.

Reconciliation for the Company's outstanding common shares at the beginning and ending of periods is as follows:

	2023	2022
January 1 (i.e., June 30)	102,034	103,134

2. Treasury shares

On July 19, 2022, the Company repurchased 1,100 thousand treasury shares via a board of directors resolution. The repurchase price range was NT$68 to NT$128. The full execution was completed on December 31, 2022, and the repurchase amount was NT$99,367. The repurchased shares were cancelled on November 8, 2022 according to the resolution of the Board of Directors and the same date was used as the capital reduction base date.

(1) Reason of recovering shares and quantity

		December 31, 2022	
Name of shareholding company	Reason for recovery	Number of Shares	Carrying amount
The Company	Protect shareholders' rights and benefits	-	$ -

(2) According to regulations of the Securities and Exchange Act, the buyback ratio of the outstanding shares of a company shall not exceed 10% of the issued shares of the company and the total amount of the buyback shares must not exceed the retained earnings plus the premium of the issued shares and the realized capital reserve amount.

(3) The treasury shares held by the Company, in accordance with Securities and Exchange Act, shall not be pledged and shall not enjoy the shareholders' right before transfer.

(4) According to regulations of the Securities and Exchange Act, for the shares bought back for the purpose of protecting the credit of the Company and the shareholders' equity, the registration of share cancellation must be made within 6 months from the buyback date.

(XIV) Capital surplus

Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting deficit. Furthermore, if the Company has no accumulated loss, capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original shareholding percentage. According to the Securities and Exchange Act, when the above-mentioned capital surplus is used for capitalization, the total amount every year shall not exceed 10% of the paid-in capital. The Company may use capital surplus to offset loss only when the amount of reserves is insufficient to offset the loss.

(XV) Retained earnings

1. According to the Company's Articles of Incorporation, if the Company has any earnings in the final account, they should be used to pay off all the taxes and duties, as well as to compensate prior deficits. The remaining amount, if any, should be appropriated in the following order of presentation: (1) 10% as legal reserve until it reaches the Company's paid-in capital; (2) set aside or reverse a certain amount as or of special reserve according to operating needs or laws or regulations; (3) the remainder plus unappropriated earnings from prior years may be used to appropriate dividends or bonuses to shareholders after an earnings appropriation proposal is drafted by the Board of Directors and resolved in favor by the shareholders meeting. As required by Article 240 of the Company Act, if approved by a majority vote at a Board of Directors' meeting attended by two thirds of directors, the Board of Directors may appropriate dividends or bonuses in cash with its existing legal reserve or capital surplus, and shall report to the shareholder's meeting. In such case, the requirements regarding resolution made by shareholders' meeting set out in the Company's Articles of Incorporation do not apply.

2. The Company's dividend appropriation policy takes into account the factors such as the industry environment it is in, its growing phases, future capital demands, financial structure, capital budge, shareholders' interest, balanced dividends and long-term financial planning. An earnings appropriation proposal is drafted by the Board of Directors (and reported to the shareholders' meeting) to the extent appropriable on the conditions that the Company's business is in the expanding phase, profitability expects to grow, and appropriation of stock dividends won't significantly dilute the Company's profitability. No less than 30% of annual earnings are appropriated to shareholders. Shareholder's bonuses may be appropriated in cash or in shares, provided, however, that the appropriation in cash shall not be less than 10% of the total appropriated amount.

3. Except being used to make up previous deficits or appropriate shares or cash to shareholders in proportion to their shareholding percentage, the legal reserve shall not be used. However, the amount of legal reserves used to appropriate new shares or cash shall be limited to the portion exceeding 25% of the paid-in capital.

4.

(1) According to law, the Company may appropriate earnings only after it has provided special reserve under the debit balance of other equity on the balance sheet date. If subsequently the debit balance of other equity is reversed, the reversed amount may be used as appropriable earnings.

(2) As for the special reserves provided upon initial application of IFRSs to satisfy the

requirements specified in the official letter Jin-Guan-Zheng-Fa-Zi No. 1010012865 dated April 6, 2012, the Company may reverse them to the extent of their original provision ratio if subsequently the Company intends to use, dispose of or reclassify related assets. If the said related assets are investment property relating to land, such assets are reversed upon disposal or reclassification; if the said related assets are investment property other than land, such assets are reversed gradually over the use period.

5. On February 25, 2022, the board of directors passed a resolution to distribute an ordinary dividend of NT$721,938 (NT$7.0 per share) according to the 2021 surplus.

6. On February 24, 2023, the board of directors passed a resolution to distribute an ordinary dividends of NT$612,204 (NT$6.0 per share) according to the 2022 surplus.

(XVI) Other equity items

	2023		
	Unrealized gains (losses)	Foreign currency translation	Total
January 1	$ 198,390	($ 134,642)	$ 63,748
Valuation of financial assets at fair value - Group			
Valuation of financial assets at fair value:			
- Group	159,943	-	159,943
-Associates	12,706	-	12,706
Cumulative gains or losses from disposal of equity instruments transferred to retained earnings	(38,269)	-	(38,269)
Exchange differences:			
- Group	-	(79,189)	(79,189)
-Associates	-	(16,928)	(16,928)
June 30	$ 332,770	($ 230,759)	$ 102,011

	2022		
	Unrealized gains (losses)	Foreign currency translation	Total
January 1	$ 182,350	($ 198,797)	($ 16,447)
Valuation of financial assets at fair value - Group			
Valuation of financial assets at fair value:			
- Group	(1,432)	-	(1,432)
Exchange differences:			
- Group	-	73,246	73,246
June 30	$ 180,918	($ 125,551)	$ 55,367

(XVII) Operating revenue

	April 1 to June 30, 2023	April 1 to June 30, 2022
Revenue from contracts with clients	$ 1,093,980	$ 1,389,503

	January 1 to June 30, 2023	January 1 to June 30, 2022
Revenue from contracts with clients	$ 2,269,848	$ 2,863,170

The Group's revenue derived from transfer of goods at a particular point of time are classified into the following categories:

	April 1 to June 30, 2023	April 1 to June 30, 2022
Wire-wound products	$ 747,637	$ 932,426
Multilayer products	217,755	190,350
LAN transformers	113,468	248,207
Other	15,120	18,520
Total	$ 1,093,980	$ 1,389,503

	January 1 to June 30, 2023	January 1 to June 30, 2022
Wire-wound products	$ 1,541,069	$ 1,837,566
Multilayer products	407,656	419,044
LAN transformers	294,483	580,276
Other	26,640	26,284
Total	$ 2,269,848	$ 2,863,170

(XVIII) Other income

	April 1 to June 30, 2023	April 1 to June 30, 2022
Rental income	$ 2,605	$ 2,534
Dividends income	30,872	35,068
Subsidies income	643	4,310
Miscellaneous income	38	250
Total	$ 34,158	$ 42,162

	January 1 to June 30, 2023	January 1 to June 30, 2022
Rental income	$ 5,237	$ 5,141
Dividends income	30,872	35,068
Subsidies income	19,075	11,226

Miscellaneous income	542	413
Total	$ 55,726	$ 51,848

The Group recognized government grants primarily because its qualified for the grants awarded to entice investment in the industries within Si-Hong Economic Development Zone.

(XIX) Other gains and losses

	April 1 to June 30, 2023	April 1 to June 30, 2022
Gains on disposal of property, plant and equipment	$ 72	$ 6,678
Exchange gains, net	50,811	52,794
Loss of financial assets measured at fair value through profit or loss	1,170	(82)
Miscellaneous expenses	(4)	(3,157)
	$ 52,049	$ 56,233

	January 1 to June 30, 2023	January 1 to June 30, 2022
Gains on disposal of property, plant and equipment	$ 616	$ 6,677
Exchange gains, net	34,787	97,421
Loss of financial assets measured at fair value through profit or loss	1,170	512
Miscellaneous expenses	(4)	(3,158)
	$ 36,569	$ 101,452

(XX) Additional Information on the Nature of Expenses

	April 1 to June 30, 2023		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	$ 175,139	$ 81,268	$ 256,407
Depreciation expenses of property, plant and equipment	116,174	8,999	125,173
Depreciation of right-of-use assets	751	1,085	1,836
Amortization	850	647	1,497

	April 1 to June 30, 2022		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	$ 258,946	$ 107,943	$ 366,889
Depreciation expenses of property, plant and equipment	111,685	9,602	121,287
Depreciation of right-of-use assets	752	1,045	1,797
Amortization	815	476	1,291

	January 1 to June 30, 2023		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	$ 374,962	$ 165,434	$ 540,396
Depreciation expenses of property, plant and equipment	232,443	18,701	251,144
Depreciation of right-of-use assets	1,503	2,127	3,630
Amortization	1,697	1,242	2,939

	January 1 to June 30, 2022		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	$ 523,937	$ 204,857	$ 728,794
Depreciation expenses of property, plant and equipment	221,009	18,959	239,968
Depreciation of right-of-use assets	1,504	2,089	3,593
Amortization	1,629	1,004	2,633

(XXI) Employee benefit expense

	April 1 to June 30, 2023		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	$ 145,138	$ 71,299	$ 216,437
Labor and health insurance expense	5,554	3,377	8,931
Pension expense	13,400	3,062	16,462
Other personnel expense	11,047	3,530	14,577
	$ 175,139	$ 81,268	$ 256,407

	April 1 to June 30, 2022		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	$ 221,031	$ 96,864	$ 317,895
Labor and health insurance expense	6,488	3,107	9,595
Pension expense	16,253	3,668	19,921
Other personnel expense	15,174	4,304	19,478
	$ 258,946	$ 107,943	$ 366,889

	January 1 to June 30, 2023		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	$ 312,257	$ 143,268	$ 455,525
Labor and health insurance expense	12,077	7,791	19,868
Pension expense	27,435	6,766	34,201
Other personnel expense	23,193	7,609	30,802
	$ 374,962	$ 165,434	$ 540,396

	January 1 to June 30, 2022		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	$ 447,556	$ 180,950	$ 628,506
Labor and health insurance expense	13,402	7,313	20,715
Pension expense	32,374	7,323	39,697
Other personnel expense	30,605	9,271	39,876
	$ 523,937	$ 204,857	$ 728,794

1. Where there are earnings in the final account, no less than 6% shall be allocated as employee compensation, either in cash or in shares, as resolved by the Board of Directors - employees qualified for such compensation include employees from affiliated companies who meet certain criteria; and no higher than 2% shall be allocated as remuneration for directors and supervisors.
2. For the three months and six months ended June 30, 2023 and 2022, employee compensation amounted to $12,540, $24,855, $25,808 and $46,516, respectively, and director/supervisor remuneration amounted to $3,135, $6,214, $6,452, and$11,629, respectively; all amounts were presented under the salary expenses account.

   The employee compensation and directors' and supervisors' remuneration for the three months and six months ended June 30, 2023 and 2022 were estimated at 6% and 1.5%, respectively, of the earnings at the end of the period.

   The amount of the accrued employee compensation and directors' and supervisors' remuneration for 2022 as had been resolved by the Board of Directors was the same as the amount recognized in the financial statements for 2022.

   The amounts of employee compensation and directors' and supervisors' remuneration approved by the Board of Directors and resolved by the shareholders' meeting can be found on the Market Observation Post System of TWSE.

(XXII) Income tax

1. Income tax expense

   (1) Income tax components:

	April 1 to June 30, 2023	April 1 to June 30, 2022
Current tax:		
Tax attributable to taxable income of the period	$ 34,351	$ 52,384
Additional levy on unappropriated earnings	10,817	11,149
Over-estimate of income tax of the previous period	(10,048)	(6,010)
Total current tax	35,120	57,523
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	-	-
Income tax expenses	$ 35,120	$ 57,523

	January 1 to June 30, 2023	January 1 to June 30, 2022
Current tax:		
Tax attributable to taxable income of the period	$ 69,637	$ 100,230
Additional levy on unappropriated earnings	10,817	11,149
Over-estimate of income tax of the previous period	(10,048)	(11,089)
Total current tax	70,406	100,290

Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	-	-
Income tax expenses	$ 70,406	$ 100,290

(2) Income tax associates with other comprehensive income: None.

(3) Income tax directly debited or credited in equity: None.

2. The Company's profit-seeking income tax has been approved by the taxation authority through 2020.

(XXIII) Earnings per share (EPS)

	April 1 to June 30, 2023		
	Post-tax amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (EPS) (NT$)
Basic earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 169,616	102,034	$ 1.66
Diluted earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 169,616	102,034	
Dilutive effects of the potential common shares			
Employee compensation	-	265	
Profit attributable to shareholders of common shares of the parent company plus potentially dilutive ordinary shares effect	$ 169,616	102,299	$ 1.66

	April 1 to June 30, 2022		
	Post-tax amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (EPS) (NT$)
Basic earnings per			

share			
Profit attributable to shareholders of common shares of the parent	$ 353,329	103,134	$ 3.43
Diluted earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 353,329	103,134	
Dilutive effects of the potential common shares			
Employee compensation	-	518	
Profit attributable to shareholders of common shares of the parent company plus potentially dilutive ordinary shares effect	$ 353,329	103,652	$ 3.41

	January 1 to June 30, 2023		
	Post-tax amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (EPS) (NT$)
Basic earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 347,204	102,034	$ 3.40
Diluted earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 347,204	102,034	
Dilutive effects of the potential common shares			
Employee compensation	-	483	
Profit attributable to shareholders of common shares of the parent company plus potentially dilutive	$ 347,204	102,517	$ 3.39

ordinary shares effect

	January 1 to June 30, 2022		
	Post-tax amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (EPS) (NT$)
Basic earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 659,332	103,134	$ 6.39
Diluted earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 659,332	103,134	
Dilutive effects of the potential common shares			
Employee compensation	-	758	
Profit attributable to shareholders of common shares of the parent company plus potentially dilutive ordinary shares effect	$ 659,332	103,892	$ 6.35

(XXIV) Additional Information on Cash Flows

1. Investing activities partially involving cash payments:

	January 1 to June 30, 2023	January 1 to June 30, 2022
Acquisition of property, plant and equipment	$ 105,349	$ 296,285
Add: Construction and equipment payable at the beginning of the period	57,797	273,446
Notes payable at the beginning of the period	37,028	175,408
Less: Construction and equipment payable at the end of the period	(31,328)	(156,178)
Notes payable at the end of the period	(8,135)	(92,067)

Cash paid in the period	$ 160,711	$ 496,894

2. Financing activities not affecting cash flows:

	January 1 to June 30, 2023	January 1 to June 30, 2022
Cash dividends announced but not yet paid	$ 612,204	$ 721,938

(XXV) Changes in Liabilities Arising from Financing Activities

2023	Short-term borrowings	Long-term borrowings	Lease liabilities	Dividends payable	Total liabilities from financing activities
January 1	$ -	$ 1,126,179	$ 7,870	$ -	$ 1,134,049
Changes in cash flow from financing activities	500,000	435,133	(3,402)	-	931,731
Effects of exchange rate changes	-	-	(3)	-	(3)
Others non-monetary changes	-	-	10,133	612,204	622,337
June 30	$ 500,000	$ 1,561,312	$ 14,598	$ 612,204	$ 2,688,114

2022	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Dividends payable	Total liabilities from financing activities
January 1	$ 415,794	$ 20,000	$ 603,422	$ 14,054	$ -	$ 1,053,270
Changes in cash flow from financing activities	(304,585)	(20,000)	142,133	(3,363)	-	(185,815)
Effects of exchange rate changes	7,671	-	-	9	-	7,680
Others non-monetary changes	-	-	-	131	721,938	722,069
June 30	$ 118,880	$ -	$ 745,555	$ 10,831	$ 721,938	$ 1,597,204

VII. Related Party Transactions

(I) Name and Relationship of Related Party

Name of related party	Relationship with the Group
Superworld Electronics (S) Pte Ltd.	Other related party
TAI-TECH ADVANCED ELECTRONICS (S) PTE LTD	Other related party
Superworld Electronics Co., Ltd.	Other related party
Superworld Electronics (Dongguan) Co., Ltd.	Other related party
Jui-hsia Tai	Immediate family member of the major management
Chang-i Hsieh	Immediate family member of the major management
Chairman, Supervisor, President, and Vice President	Major management of the Group

(II) Significant Transactions with Related Party

1. Operating revenue

	April 1 to June 30, 2023	April 1 to June 30, 2022
Sale of goods:		
Other related party	$ 66,277	$ 130,990

	January 1 to June 30, 2023	January 1 to June 30, 2022
Sale of goods:		
Other related party	$ 142,286	$ 238,507

The price of goods sold to related party by the Group is the same as that for an arm’s length transaction; the payment terms also approximate those for ordinarily clients.

2. Purchase

	April 1 to June 30, 2023	April 1 to June 30, 2022
Purchase of goods:		
Other related party	$ 1,147	$ 1,033

	January 1 to June 30, 2023	January 1 to June 30, 2022
Purchase of goods:		
Other related party	$ 3,907	$ 2,083

The price of goods purchased from related party by the Group is the same as that for an arm’s length transaction; the payment terms also approximate those for ordinarily suppliers.

3. Freight expenses and miscellaneous expenses

	April 1 to June 30, 2023	April 1 to June 30, 2022
Other related party	$ 274	$ 52

	January 1 to June 30, 2023	January 1 to June 30, 2022

Other related party	$ 281	$ 80

4. Other income

	April 1 to June 30, 2023	April 1 to June 30, 2022
Other related party	$ -	$ 163

	January 1 to June 30, 2023	January 1 to June 30, 2022
Other related party	$ -	$ 163

5. Lease transactions - lessee

(1) The Group leased buildings from the immediate family members of the major management, with the lease term due between 2023 and 2028 and the rental paid on a monthly basis.

(2) Lease liabilities

Balance at the end of the period:

	June 30, 2023	December 31, 2022	June 30, 2022
Jui-hsia Tai	$ 5,948	$ 382	$ 699
Chang-i Hsieh	4,017	362	665
	$ 9,965	$ 744	$ 1,364

(3) Rental expense

	April 1 to June 30, 2023	April 1 to June 30, 2022
Other related party	$ 42	$ 43

	January 1 to June 30, 2023	January 1 to June 30, 2022
Other related party	$ 85	$ 91

6. Accounts receivables due from related party

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable:			
Other related party	$ 106,441	$ 112,545	$ 183,378
Other receivables:			
Other related party	-	-	690
Total	$ 106,441	$ 112,545	$ 184,068

7. Accounts payables due to related party

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts payable:			
Other related party	$ 1,795	$ 5,327	$ 1,822
Other payables:			
Other related party	288	28	21
	$ 2,083	$ 5,355	$ 1,843

8. Property transactions (None for January 1 to June 30, 2023)

Disposal of property plant and equipment

	April 1 to June 30, 2022	
	Disposal proceeds	Disposal gain (loss)
Other related party	$ 279	$ 80

	January 1 to June 30, 2022	
	Disposal proceeds	Disposal gain (loss)
Other related party	$ 279	$ 80

(III) Remuneration to Major Management

	April 1 to June 30, 2023	April 1 to June 30, 2022
Short-term employee benefits	$ 19,417	$ 22,635
Post-retirement benefits	388	354
Total	$ 19,805	$ 22,989

	January 1 to June 30, 2023	January 1 to June 30, 2022
Short-term employee benefits	$ 38,801	$ 52,225
Post-retirement benefits	773	714
Total	$ 39,574	$ 52,939

VIII. Pledged Assets

The Group’s assets pledged as collateral are as follows:

Type of asset	June 30, 2023	December 31, 2022	June 30, 2022	Purpose of collateral
Property, plant and equipment				
-land	$ 766,893	$ 766,893	$ 766,893	Short and long-term borrowings
- Buildings and structures	61,398	63,277	65,230	Short and long-

				term borrowings
- Machinery	422,586	443,592	-	Long-term borrowings

IX. Significant Commitments or Contingencies

(I) Contingencies

None.

(II) Commitments

Capital expenditures committed but not yet incurred

	June 30, 2023	December 31, 2022	June 30, 2022
Property, plant and equipment	$ 69,496	$ 71,809	$ 106,788
Computer software	$ 1,717	$ 5,649	$ 1,964

X. Significant Disaster Losses

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital Management

The purposes of the Group's capital management are to ensure that the Group continues as a going concern, to maintain an optimum capital structure to lower financing costs and to provide returns of investment to shareholders. For the purpose of maintaining an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders or may issue new shares.

(II) Financial Instrument

1. Type of financial instrument

	June 30, 2023	December 31, 2022	June 30, 2022
Financial Assets			
Financial assets at fair value through Financial Assets Financial assets compulsorily measured at fair value through profit or loss	$ 16,545	$ -	$ -
Equity instruments at fair value other comprehensive income Financial assets in equity instruments investment of which the fair value is designated to be recognized in other	$ 497,844	$ 381,069	$ 304,072

comprehensive income

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at amortized cost			
Cash and cash equivalents	$ 1,458,584	$ 1,528,877	$ 1,384,775
Financial assets at amortized cost	50,000	-	-
Notes receivable, net	52,856	60,385	39,875
Accounts receivable, net (including those due from related party)	1,660,352	1,737,585	2,143,133
Other receivables (including those due from related party)	10,167	13,427	68,230
Refundable deposits and others (Other non-current assets recognized)	2,624	2,533	2,534
	$ 3,234,583	$ 3,342,807	$ 3,638,547

	June 30, 2023	December 31, 2022	June 30, 2022
Financial Liabilities			
Financial liabilities at amortized cost			
Short-term borrowings	$ 500,000	$ -	$ 118,880
Notes payable	19,757	43,300	105,312
Accounts payable (including related party)	508,982	538,751	698,428
Other payables (including those due to related party)	1,187,953	651,233	1,536,218
Long-term borrowings (including the portion with maturity in one year)	1,561,312	1,126,179	745,555
Deposits received (Other non-current liabilities recognized)	1,640	1,640	1,640
	$ 3,779,644	$ 2,361,103	$ 3,206,033
Lease liabilities (including those due to related parties)	$ 14,598	$ 7,870	$ 10,831

2. Risk management policy
   (1) The Group's daily operations are affected by various financial risks*, e.g.,* market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management policy focuses on the unpredictable market events in order to minimize their potentially adverse impacts on the Group's financial position and financial performance.
   (2) The Group's key financial activities are reviewed by the Board of Directors against relevant regulations and its internal control systems. The Company strictly abides by relevant financial operating procedures during the implementation of financial plans.
3. Nature and degree of significant financial risks
   (1) Market risk

   Foreign currency risk

   A. The Group operates internationally and so is subject to the exchange rate risk of different currencies, particularly the USD and RMB. Relevant exchange rate risk arises from future business transactions and the recognized assets and liabilities. In addition, the conversion from RMB to other currencies is subject to the foreign currency exchange control regulations imposed by China.

B. The Group's management has formulated relevant policy to require entities within the Group to manage the foreign exchange risks associated with their functional currency. Foreign exchange risk arises when future business transactions or recognized assets or liabilities are denominated in a currency other than the entity's functional currency.

C. Since the Group engages in business involving multiple functional currencies (*e.g.,* the Company's functional currency is NTD while some subsidiaries' functional currencies are either USD or RMB), the Group is subject to fluctuation in foreign exchange rates. Foreign-currency-denominated assets and liabilities having significant impacts if foreign exchange rates change were as follows:

	June 30, 2023		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD/ RMB)
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD : NTD	$ 35,581	31.14	$ 1,107,992
RMB : NTD	73,273	4.31	315,807
USD : RMB	40,990	7.23	296,358
Financial Liabilities			
Monetary items			
USD : NTD	$ 23,322	31.14	$ 726,247
RMB : NTD	6,345	4.31	27,347
USD : RMB	10,763	7.23	77,816

	December 31, 2022		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD/ RMB)
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD : NTD	$ 60,894	30.71	$ 1,870,055
RMB : NTD	87,017	4.41	383,745
USD : RMB	38,683	6.96	269,234
Financial Liabilities			
Monetary items			
USD : NTD	$ 24,184	30.71	$ 742,691
RMB : NTD	3,926	4.41	

			17,314
USD : RMB	16,623	6.96	115,696

	June 30, 2022		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD/ RMB)
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD : NTD	$ 63,245	29.72	$ 1,879,641
RMB : NTD	115,389	4.43	511,173
USD : RMB	41,631	6.71	279,344
Financial Liabilities			
Monetary items			
USD : NTD	$ 33,330	29.72	$ 990,568
USD : RMB	25,376	6.71	170,273

D. On monetary items that would be significantly impacted by foreign exchange rate changes, the Group recognized gains (realized and unrealized) of 50,811, $52,794, $34,787, and $97,421 for the three months and six months ended June 30, 2023 and 2022, respectively. Since the Group's transactions involve multiple currencies that have significant foreign exchange impacts, they are disclosed as a whole.

E. Foreign exchange risks arising from significant exchange rate changes that the Group is exposed to were as follows:

	January 1 to June 30, 2023		
		Sensitivity Analysis	
	Fluctuation	Effects on P/L (NTD/ RMB)	Impact on other Comprehensive income/loss
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD : NTD	1%	$ 11,080	$ -
RMB : NTD	1%	3,158	-
USD : RMB	1%	2,964	-
Financial Liabilities			
Monetary items			

USD : NTD	1%	7,262	-
RMB : NTD	1%	273	-
USD : RMB	1%	778	-

		January 1 to June 30, 2022	
		Sensitivity Analysis	
	Fluctuation	Effects on P/L (NTD/ RMB)	Impact on other Comprehensive income/loss
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD : NTD	1%	$ 18,796	$ -
RMB : NTD	1%	5,112	-
USD : RMB	1%	2,793	-
Financial Liabilities			
Monetary items			
USD : NTD	1%	9,906	-
USD : RMB	1%	1,703	-

Price risk

A. Since the Group's investment is classified as financial assets measured at fair value through profit or loss and financial assets measured at fair value other comprehensive income on the consolidated balance sheets, the Group is exposed to the risk of price changes in financial assets of equity instrument.

B. The Group mainly invests in equity instruments issued by a domestic or foreign company. The price of such equity instruments can be affected by changes in future value of their investment targets. If the prices of these equity instruments had increased/decreased by 1% with all other variables held constant, the profit or loss for the six months ended June 30, 2023 and 2022 would have increased or decreased by $165 and $0, respectively, due to the gains or losses from equity investment measured at fair value through profit or loss , and other comprehensive income would have increased or decreased by $4,978 and $3,041, respectively, due to the gains or losses from equity investments measured at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

A. The Group's interest rate risks mainly come from short- and long-term borrowings issued at floating interest rates. Such exposure also means the Group is exposed to cash flow interest rate risks, though a portion of risks have been offset by the Group's holding of cash bearing a floating interest rate. The Group's borrowings bearing a floating interest rate were denominated in NTD and USD for the six months ended June 30, 2023 and 2022.

B. When the interest rate on borrowings denominated in NTD or USD increases or decreases by 1%, held other variables constant, the Company's net income after tax for the six months ended June 30, 2023 and 2022 will decrease or increase by $8,245 and $3,458, respectively, mainly due to changes in interest expense caused by borrowings bearing a floating interest rate.

(2) Credit risk

A. Credit risk refers to the risk of financial loss to the Group arising from default by clients, or by counter-parties of financial instruments on the contract obligations. Credit risk of the Group mainly comes from accounts receivable, notes receivable and the contractual cash flows of financial assets measured at amortized cost that are prone to default by counter-parties.

B. The Group establishes a framework for managing credit risks from a group's perspective. As the internal credit approval policy stipulates, an operating entity within the Group shall manage and analyze the credit risk of a new client before proposing terms and conditions pertaining to payments and delivery of goods. Internal risk control is achieved by evaluating a client’s credit quality against the client’s financial position, credit records and other factors. The limit on individual risk is set by the management by referring to internal or external ratings. The status of utilization of credit lines is regularly monitored.

C. The Group applies the presumption of IFRS 9 and deems that the credit risk of a financial assets has significantly increased after initial recognition when the receivables obliged by the contractual terms are 30 days past due.

D. The Group’s credit risk management procedures deem a default occurred when a counterparty is significantly delinquent on repayments.

E. After the recourse procedures, the Group writes off financial assets that could not be reasonably expected to be recovered. Nonetheless, the Group will continue the recourse legal procedures to secure its right to the debt. The Group’s debts that had been written off but are continuously pursued were $0 on June 30, 2023, December 31, 2022, and June 30, 2022.

F. The Group classifies accounts receivable due from clients by the characteristics of their ratings, and adopts the simplified approach that measures expected credit losses based on the preparation matrix.

G. By taking into account the forward-looking consideration that economic indicators hold, the Group adjusts the expected credit loss rate that was established based on historical or present information, so as to estimate the allowance for accounts receivable, notes receivable, and uncollectible overdue receivables. The preparation matrices as of June 30, 2023, December 31, 2022 and June 30, 2022 were as follows:

	Individual disclosure	Not yet due	Overdue within 30 days	Overdue 31 ~ 90 days	Overdue 91 ~180 days and above	Total
June 30, 2023						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	$ 1,252	$ 1,664,767	$ 28,983	$ 21,841	$ 24	$ 1,716,867
Loss allowance	$ 1,252	$ 1,831	$ 525	$ 27	$ 24	$ 3,659

	Individual disclosure	Not yet due	Overdue within 30 days	Overdue 31 ~ 90 days	Overdue 91 ~ 180 days	Total
December 31, 2022						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	$ 1,252	$ 1,794,163	$ 6,825	$ 882	$ 22	$ 1,803,144
Loss allowance	$ 1,252	$ 1,834	$ 559	$ 27	$ 22	$ 3,694

	Individual disclosure	Not yet due	Overdue within 30 days	Overdue 31 ~ 90 days	Overdue 91 ~ 180 days	Total
June 30, 2022						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	$ 1,252	$ 2,129,258	$ 39,883	$ 16,040	$ 1,603	$ 2,188,036
Loss allowance	$ 1,252	$ 258	$ 561	$ 27	$ 1,603	$ 3,701

H. Changes in the loss allowances provided for accounts receivable using the simplified approach are as follows:

	2023			
	Accounts Receivable	Notes receivable	Uncollectible overdue receivables	Total
January 1	$ 2,442	$ -	$ 1,252	$ 3,694
Exchange rate effects	(35)	-	-	(35)
June 30	$ 2,407	$ -	$ 1,252	$ 3,659

	2022			
	Accounts Receivable	Notes receivable	Uncollectible overdue receivables	Total
January 1	$ 21,955	$ -	$ 1,252	$ 23,207
Amount written off because it is uncollectible	(19,945)	-	-	(19,945)
Exchange rate effects	439	-	-	439
June 30	$ 2,449	$ -	$ 1,252	$ 3,701

(3) Liquidity risk

A. Cash flows forecast is done by each operating entity; the Administration Department of the Group is responsible only for summarizing the results. Administration Department of the Group monitors the forecast of the Group's liquidity needs to ensure that it has sufficient funds to meet operating needs and maintain sufficient unused loan commitments so that it won't default on any borrowing limits or terms. Such a forecast takes into account the Group's debt financing plan, compliance with provisions of debt instruments, fulfillment of the financial ratio targets on the balance sheet and conformity with external regulatory requirements, such as foreign exchange control.

B. The table below listed the Group's non-derivative financial liabilities by maturity date. They were analyzed for the residual duration between the balance sheet date and the maturity date. The table below disclosed the contractual cash flows not discounted.

Non-derivative financial liabilities:

June 30, 2023	Less than 1 year	1~2 years	2~5 years	Over 5 years
Short-term borrowings	$ 500,000	$ -	$ -	$ -
Notes payable	19,757	-	-	-
Accounts payable (including related party)	508,982	-	-	-
Other payables (including those due to related party)	1,187,953	-	-	-
Lease liabilities (including the portion with maturity in one year)	5,722	2,813	6,063	-
Long-term borrowings (including the portion with maturity in one year)	57,534	125,263	941,832	535,356

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	1~2 years	2~5 years	Over 5 years
Notes payable	$ 43,300	$ -	$ -	$ -
Accounts payable	533,424	-	-	-
Accounts payables - related parties	5,327	-	-	-
Other payables (including those due to related party)	651,233	-	-	-
Lease liabilities (including the portion with maturity in one year)	5,722	1,890	258	-
Long-term borrowings (including the portion with maturity in one year)	51,295	50,729	597,055	505,298

Non-derivative financial liabilities:

June 30, 2022	Less than 1 year	1~2 years	2~5 years	Over 5 years
Short-term borrowings	$ 118,880	$ -	$ -	$ -
Notes payable	105,312	-	-	-
Accounts payable	696,606	-	-	-
Accounts payables to related parties	1,822	-	-	-
Other payables (including those due to related party)	1,536,218	-	-	-

Lease liabilities (including the portion with maturity in one year)	6,316	3,669	846	-
Long-term borrowings (including the portion with maturity in one year)	46,491	45,972	277,589	435,298

C. The Group does not expect a maturity analysis of which the cash flows timing would be significantly earlier or the actual amount would be significantly different.

(III) Fair Value Information

1. Below are the definitions assigned to each level of valuation technique used to measure the fair value of financial and non-financial assets.
   Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed shares is included in Level 1.
   Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
   Level 3: Unobservable inputs for the asset or liability. This includes the equity instruments without active market investment by the Company.
2. Financial instruments not measured at fair values
   Including cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivables, other receivables, short-term borrowings, notes payable, accounts payable, other payable, lease liability and long-term borrowings (including the portion with maturity in one year), is the reasonable approximation of their fair value.
3. Financial and non-financial assets at fair value are classified by nature, characteristic, risk and fair value level, stated as follows:
   (1) The Group classifies its assets and liabilities by their function; stated as follows:

June 30, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Loss of financial assets measured at fair value through profit or loss				
Hybrid instrument - convertible corporate bonds	$ 16,545	$ -	$ -	$ 16,545
Financial assets measured at fair value through profit or loss				
Valuation of financial assets at				
Equity-based securities	77,848	-	419,996	497,844
Total	$ 94,393	$ -	$ 419,996	$ 514,389

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				

Recurring fair value				
Financial assets measured at fair value through profit or loss				
Valuation of financial assets at				
Equity-based securities	$ 83,412	$ -	$ 297,657	$ 381,069

June 30, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets measured at fair value through profit or loss				
Valuation of financial assets at				
Equity-based securities	$ 95,327	$ -	$ 208,745	$ 304,072

(2) The techniques and assumptions used to measure fair value are stated as follows:

A. Financial instruments of which the fair value is marked to market quotations (*i.e.,* level 1 inputs) are stated as follows:

	Listed shares	Convertible corporate bonds
Market quotation	Closing price	Weighted average price in hundreds

B. Except for financial instruments with an active market, the fair value of other financial instruments is obtained either based on the valuation technique or by reference to the quotes from counter-parties. Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, or by using other valuation technique, e.g., the one that applies market information available on the consolidated balance sheets date to a pricing model for calculation.

C. Outputs from the valuation models are estimates and valuation techniques may not be able to reflect all relevant factors of the financial and non-financial instruments held by the Group. Therefore, when needed, estimates from the valuation model would be adjusted for additional parameters, *e.g.,* model risk or liquidity risk.

4. For the six months ended June 30, 2023 and 2022, there was no transfer between Level 1 and Level 2 of the fair value hierarchy.
5. Changes in fair value Level 3 for the six months ended June 30, 2023 and 2022 are as follows:

	2023	2022
	Equity-based securities	Equity-based securities
January 1	$ 297,657	$ 111,830
Gains or losses recognized in other comprehensive income		
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income recognized	101,649	45,457
Purchase of current period	21,085	49,505
Exchange rate effects	(395)	1,953

June 30	$ 419,996	$ 208,745

6. There was no transfer into or out of Level 3 for the six months ended June 30, 2022.
7. Valuation process regarding fair value Level 3 is conducted by the Group's Administration Department, which conducts an independent fair value verification though use of independent data source in order to make the valuation results close to market conditions, and to ensure that the data source is independent, reliable and consistent with other sources, and that the fair value is adjusted where appropriate, thereby ensuring a reasonable valuation result.
8. The quantitative information on, changes in, and sensitivity analysis of significant unobservable inputs used in Level 3 fair value measurement are stated as follows:

	June 30, 2023				
	Fair value per unit	Valuation technique	Significant unobservable inputs	Interval (weighted average)	Relationship of inputs and fair value
Non-derivative equity instruments:					
Unlisted shares	$ 419,996	Public company comparables	Discount for lack of marketability	15%~20% (18%)	The higher the discount for lack of marketability, the lower the fair value

	December 31, 2022				
	Fair value per unit	Valuation technique	Significant unobservable inputs	Interval (weighted average)	Relationship of inputs and fair value
Non-derivative equity instruments:					
Unlisted shares	$ 297,657	Public company comparables	Discount for lack of marketability	15%~25% (20%)	The higher the discount for lack of marketability, the lower the fair value

	June 30, 2022				
	Fair value per unit	Valuation technique	Significant unobservable inputs	Interval (weighted average)	Relationship of inputs and fair value
Non-derivative equity instruments:					
Unlisted shares	$ 208,745	Public company comparables	Discount for lack of marketability	20%~25% (23.33%)	The higher the discount for lack of marketability, the lower the fair value

9. The Group elects to adopt valuation models and valuation parameters under prudential consideration. Nonetheless, this does not preclude the differences arising from adoption of different valuation models or parameters. If valuation parameters change, financial assets classified as Level 3 will have effects on other comprehensive income, stated as follows:

			June 30, 2023			
			Recognized in P/L		Recognized in other comprehensive income (OCI)	
	Inputs	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial Assets						

			Recognized in P/L		Recognized in other comprehensive income (OCI)	
	Inputs	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Equity instruments	$ 490,738	±1%	$ -	$ -	$ 5,079	($ 4,786)

December 31, 2022

			Recognized in P/L		Recognized in other comprehensive income (OCI)	
	Inputs	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial Assets						
Equity instruments	$ 364,295	±1%	$ -	$ -	$ 3,163	($ 4,076)

June 30, 2022

			Recognized in P/L		Recognized in other comprehensive income (OCI)	
	Inputs	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial Assets						
Equity instruments	$ 265,486	±1%	$ -	$ -	$ 2,314	($ 3,220)

(IV) The Company's Board of Directors resolved on May 31, 2023 to issue the first tranche of domestic unsecured convertible corporate bonds; the issue size was expected to be $1,300,000 at most, the coupon rate 0% and the maturity 3 years. The bonds have yet to be issued on August 9, 2023.

XIII. Additional Disclosures

(I) Information on Significant Transactions

1. Loaning Funds to Others: Refer to Table 1.
2. Provision of Endorsements and Guarantees: refer to Table 2.
3. Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies and the Control Portion in a Joint Venture): refer to Table 3.
4. Accumulative Purchase or Disposal of the Same Marketable Securities that Reaches NT$300 Million or 20% or More of Paid-in Capital: Table 4.
5. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: none.
6. Disposal of Real Property That Reaches NT$300 million or 20% or More of Paid-in Capital: none.
7. Transaction with Related Party That Reaches NT$100 million or 20% or More of Paid-in Capital: Refer to Table 5.
8. Receivables Due from Related Party That Reach NT$100 million or 20% or More of Paid-in Capital: Refer to Table 6.
9. Engagement in Derivatives Transaction: See Note 12 (3).
10. The Business Relationship, Significant Transactions, and Significant Transaction Amount between Parent and Subsidiaries, or among Subsidiaries: Refer to Table 7.

(II) Information on Indirect Investment

Names and Location of Investees (Excluding Those in Mainland China): Refer to Table 8.

(III) Investment in Mainland China

1. Basic Information: Refer to Table 9.
2. Significant Transactions with Investees in Mainland China That Are Invested by the Group, Either Directly, or Indirectly Through Another Entity Outside Taiwan and China: refer to Table 7.

(IV) Major Shareholder Information

Major Shareholder Information: Refer to Table 10.

XIV. Segment Information

(I) General Information

The Group engages in a single industry; the Group's Board of Directors evaluates the performance of and allocates resources to the Group as a whole. As such, the Group identifies itself to be a single reporting segment.

(II) Segment Information

Information on reportable segment provided to the main operating decision makers:

	January 1 to June 30, 2023	January 1 to June 30, 2022
Segment revenue	$ 2,269,848	$ 2,863,170
Segment gross profit	$ 616,440	$ 1,013,122
Segment profits or losses	$ 417,502	$ 759,622
Discount and amortization (including right-of-use assets)	$ 257,713	$ 246,194
Income tax expenses	$ 70,406	$ 100,290
	June 30, 2023	June 30, 2022
Segment assets	$ 10,467,630	$ 9,791,964
Segment liabilities	$ 4,131,269	$ 3,560,165

(III) Reconciliation of Segment Profit or Loss

Reconciliation is not required because the profit or loss information on the reporting segment that was provided to the main operating decision makers is consistent with that prepared and disclosed in the financial statements.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Loans of funds to others
January 1 to June 30, 2023

Table 1

Unit: NT$ thousand
(unless otherwise specified)

No.	Lending company	Borrowing party	Transaction item	Whether or not it is a related party	Highest balance of current period	Ending balance	Amount actually drawn	Interest rate range	Nature of loaning of funds	Business transaction amount	Reason for necessary short-term financing	Allowance for impairment Loss	Collaterals Name	Collaterals Value	Loan and limit for individual borrower (Note)	Total limit of loaning of funds to others (Note)	Remarks
1	Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	$ 155,700 (USD 5,000 thousand)	$ 155,700 (USD 5,000 thousand)	$ 130,788 (USD 4,200 thousand)	2%~3.2%	Short-term financing fund	$ -	Business revolving fund	$ -	-	$ -	$ 5,069,175	$ 5,069,175	
1	Fixed Rock Holding Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Other receivables	Yes	$ 93,420 (USD 3,000 thousand)	$ 93,420 (USD 3,000 thousand)	$ -	-	Short-term financing fund	$ -	Business revolving fund	$ -	-	$ -	5,069,175	5,069,175	
3	North Star International Limited	Fixed Rock Holding Ltd.	Other receivables	Yes	$ 93,420 (USD 3,000 thousand)	$ 93,420 (USD 3,000 thousand)	$ 88,126 (USD2,830 thousand)	2.00%	Short-term financing fund	$ -	Business revolving fund	$ -	-	$ -	5,069,175	5,069,175	

Note: The total amount of loaning of funds to others of the Company shall not exceed 40% of the net worth of the Company and the amount of loaning of fund to an individual company or firm shall not exceed 20% of the net worth of the Company.
The total amount of loaning of funds and the individual loan between subsidiaries with more than 100% of voting shares directly and indirectly by the Company shall not exceed 80% of the net worth of the parent company of the Group and the loan period shall not exceed three years.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Endorsements/guarantees
January 1 to June 30, 2023

Table 2

Unit: NT$ thousand

(unless otherwise specified)

No.	Endorsement/ guarantee provider	Endorsed/guaranteed party name: Provider	Endorsed/guaranteed party name: Relationship	Limits on endorsement/ guarantee amount provided to each guaranteed party (Note)	Balance of maximum amount of endorsement/ guarantee of the period	Ending balance of endorsement/ guarantee	Actually drawn Amount	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statements	Maximum amount of endorsement/ guarantee allowance (Note)	Endorsement/ guarantee provided by parent company to subsidiary	Endorsement/ guarantee provided by subsidiary to parent company	Endorsement/ guarantee provided to Mainland China	Remarks
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Subsidiary	$ 2,534,588	$ 622,800 (USD20,000 thousand)	$ 622,800 (USD20,000 thousand)	$ -	$ -	9.83%	$ 3,168,235	Yes	No	Yes	

Note: The total amount of endorsements/guarantees shall not exceed 50% of the net worth of the Company. The amount of endorsements/guarantees made for one single enterprise shall not exceed 40% of the net worth of the Company.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies and the Control Portion in a Joint Venture)

June 30, 2023

Table 3

Unit: NT$ thousand (unless otherwise specified)

Holding company name	Marketable securities types and name	Relationship with issuer	Financial statement account	End of period				Remarks
				Number of shares (in thousands)	Carrying amount	Shareholdings Percentage	Fair value per unit	
	Short-term bills payable:							
Tai-Tech Advanced Electronics Co., Ltd.	Yu-Hong Investment Co., Ltd.	None	Cash and cash equivalents	-	$ 100,000	-	$ 100,000	Unpledged
	Convertible corporate bonds:							
Tai-Tech Advanced Electronics Co., Ltd.	The 3rd tranche of Yulon Motor’s domestic unsecured convertible corporate bonds	None	Financial assets measured at fair value through profit or loss - current	-	$ 16,545	-	$ 16,545	Unpledged
	Stock:							
Tai-Tech Advanced Electronics Co., Ltd.	All Ring Tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income acquired - non-current	615	$ 55,227	0.74%	$ 55,227	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	Ample Electronic Technology Inc.	None	Financial assets at fair value through other comprehensive income acquired - non-current	300	$ 22,050	0.94%	$ 22,050	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	AMIDA Technology	None	Financial assets at fair value through other comprehensive income acquired - non-current	11	$ 571	0.03%	$ 571	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	SFI Electronics Technology Inc.	None	Financial assets at fair value through other comprehensive income acquired - non-current	4,320	$ 89,689	9.82%	$ 89,689	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	AZ Venture Investment II Limited	None	Financial assets at fair value through other comprehensive income acquired - non-current	1,500	$ 15,000	12.50%	$ 15,000	Unpledged
Best Bliss Investments Limited	Superworld Holdings (S) PTE. LTD.	Other related party	Financial assets at fair value through other comprehensive income acquired - non-current	2,000	$ 211,170	10%	$ 211,170	Unpledged
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Xiamen Eisend Electronics Co., Ltd	None	Financial assets at fair value through other comprehensive income acquired - non-current	-	$ 104,137	17%	$ 104,137	Unpledged

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Accumulative Purchase or Disposal of the Same Marketable Securities that Reaches NT$300 million or 20% or More of Paid-in Capital

January 1 to June 30, 2023

Table 4

Unit: NT$ thousand

(unless otherwise specified)

Buyer/Seller	Marketable securities: Type and name	Financial statement account	Transaction counterparty	Relationship	Beginning balance: Number of shares (in thousands)	Beginning balance: Amount	Purchase: Number of shares (in thousands)	Purchase: Amount	Disposal: Number of shares (in thousands)	Disposal: Selling price	Disposal: Book cost	Disposal: Disposal gains or losses	Ending balance (Note 2): Number of shares (in thousands)	Ending balance (Note 2): Amount
Tai-Tech Advanced Electronics Co., Ltd.	APAQ Technology Co., Ltd.	Note 1	-	-	-	$ -	25,000	$ 1,450,000	-	$ -	$ -	$ -	25,000	$ 1,472,870

Note 1: Presented under “Investments accounted for using the equity method”.

Note 2: The ending balance includes not only the gains and losses from investments accounted for using the equity method but also relevant adjustment items.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Transaction with Related Party That Reaches NT$100 Million or 20% or More of Paid-in Capital

January 1 to June 30, 2023

Table 5

Unit: NT$ thousand

(unless otherwise specified)

			Transaction Details				Abnormal Transaction and Reason		Notes/Accounts Receivable (Payable)		
Company of purchase (sale)	Transaction party name	Relationship	Purchase (Sale)	Amount	Percentage of total purchase (sale)	Payment terms	Unit price	Payment terms	Balance	Percentage of total notes/accounts receivable (payable)	Remarks
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Sale	(195,247)	12%	Note 1	Note 1	-	158,108	14%	
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sale	(248,703)	49%	Note 1	Note 1	-	179,817	44%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sale	(659,805)	44%	Note 1	Note 1	-	528,995	43%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Associate	Sale	(121,336)	8%	Note 1	Note 1	-	85,109	7%	

Note 1: Transaction price adopts the general rules for the payment receipt period agreed by both parties.

Note 2: Transaction price and the payment receipt period adopts the general rules.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Receivables Due from Related Party That Reach NT$100 Million or 20% or More of Paid-in Capital

June 30, 2023

Table 6

Unit: NT$ thousand (unless otherwise specified)

Company of accounts receivable recognized	Transaction party name	Relationship	Balance of accounts receivables due from related party		Turnover rate	Overdue amount of accounts receivable from related party		Amounts received in subsequent period	Allowance for Impairment Loss
						Amount	Treatment method		
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Accounts Receivable	$ 158,108	2.05	$ -	-	$ 48,577	$ -
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Accounts Receivable	179,817	2.55	-	-	47,338	-
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Accounts Receivable	528,995	2.52	-	-	158,596	-
Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Other receivables	131,245	-	-	-	-	-

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

The Business Relationship, Significant Transactions, and Significant Transaction Amount between Parent company and Subsidiaries or among Subsidiaries

January 1 to June 30, 2023

Table 7

Unit: NT$ thousand

(unless otherwise specified)

				Transaction details			
No. (Note 1)	Name of transaction party	Transaction party	Relationship with transaction party (Note 2)	Item	Amount	Transaction terms	Percentage of consolidated total revenue or total assets
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Sales revenue	195,247	Note 3	9%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts Receivable	158,108		2%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts payable	528,995		5%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Purchase	659,805	Note 3	29%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Sales revenue	48,808	Note 3	2%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Purchase	248,703	Note 3	11%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Accounts Receivable	85,907		1%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Accounts payable	179,817		2%
1	Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Other receivables	131,245		1%
2	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Purchase	121,336	Note 3	5%
2	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Accounts payable	85,109		1%
3	North Star International Limited	Fixed Rock Holding Ltd.	2	Other receivables	90,016		1%

Note 1: The business dealing information between the parent company and subsidiary shall be, respectively, indicated in the numbering column and there are two types of number filling methods as follows:

(1) Fill in “0” for the parent company.

(2) Subsidiaries are listed in sequential order starting from Arabic number of “1”

Note 2: There are two types of relationship with the transaction party as follows:

(1) Parent company to subsidiary

(2) Subsidiary to parent company

Note 3: Transaction price adopts the general rules for the payment receipt period agreed by both parties.

Note 4: The standard for disclosing business relationships and important transactions between the parent company and the subsidiaries for the six months ended June 30, 2023 was NT$30 million.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Names and Location of Investees (Excluding those in Mainland China)

January 1 to June 30, 2023

Table 8

Unit: NT$ thousand

(unless otherwise specified)

Name of Investor	Name of Investee	Location	Main business	Initial investment amount		End of term holding			Current profit/loss of investee	Current investment profit/loss recognized	Remarks
				End of current period	End of last year	Number of shares (in thousands)	percentage	Carrying amount			
Tai-Tech Advanced Electronics Co., Ltd.	North Star International Limited	SAMOA	Re-invested business	3,459	3,459	100	100%	90,266	856	856	
Tai-Tech Advanced Electronics Co., Ltd.	Best Bliss Investments Limited	Cayman Islands	Re-invested business	1,075,284	1,075,284	34,250	100%	3,867,071	183,348	187,508	
Tai-Tech Advanced Electronics Co., Ltd.	Techworld Electronics Singapore Pte. Ltd.	Singapore	Re-invested business	(Note 1)	-	6	60%	(162)	(265)	(159)	
Tai-Tech Advanced Electronics Co., Ltd.	APAQ Technology Co., Ltd.	Taiwan	Electronic components	1,450,000	-	25,000	28.10%	1,472,870	139,524	27,092	Note 2
Best Bliss Investments Limited	Fixed Rock Holding Ltd.	Mahe Seychelles	Re-invested business	890,624 (USD 29,784 thousand)	890,624 (USD 29,784 thousand)	26,450	100%	2,267,731	99,315	99,315	

Note 1: incorporated on June 12, 2023 but not funded as of June 30, 2023.

Note 2: the ending carrying amount and investees' current profit or loss were derived from other auditors' review report containing a qualified opinion.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Information on Investments in Mainland China - Basic Information

January 1 to June 30, 2023

Table 9

Unit: NT$ thousand

(unless otherwise specified)

Name of investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated outward remittance for investment from Taiwan at beginning of the current period	Outward remittance or repatriation of investment amount of the current period: Outward remittance	Outward remittance or repatriation of investment amount of the current period: Repatriation	Cumulative outward remittance of the investment amount from Taiwan in the period end (Note 8)	Current profit/loss of investee	Ownership percentage of direct or indirect investment	Current Investment profit/loss recognized (Note 4)	Carrying amount at end of the period (Note 4)	Accumulated repatriation of investment income as of end of the current period	Remarks
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Production, processing and sale of electronic components	US$11,935 thousand	Investment in Mainland China companies through a company invested and established in a third region (Note 1)	$ 352,249 (USD 10,914 thousand)	$ -	$ -	$ 352,249 (USD 10,914 thousand)	$ 21,447	100%	$ 21,447	$ 614,855	$ -	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	US$43,049 thousand	Investment in Mainland China companies through a company invested and established in a third region (Note 2)	600,232 (USD 18,821 thousand)	-	-	600,232 (USD 18,821 thousand)	135,119	100%	135,119	3,024,538	-	
TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Sales of electronic components	(Note 3)	Investment through companies in mainland China (Note 3)	-	-	-	-	-	-	-	-	-	

provider	Accumulated outward remittance for investment Investment amount in mainland China (Note 5, Note 6)	Investment amount Approved investment amount (Note 7)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Tai-Tech Advanced Electronics Co., Ltd.	1,412,662 (USD 44,343 thousand)	1,380,841 (USD 44,343 thousand)	3,801,881

Note 1: 100% invested by Best Bliss Investments Limited 100%.

Note 2: Best Bliss Investments Limited and Fixed Rock Holding Ltd. hold 26.60% and 73.40%, respectively.

Note 3: The company was established on September 1, 2022, and is 100% invested by TAIPAQ Electronic Components (Si-Hong) Co., Ltd, but there was no capital injection as of June 30, 2023.

Note 4: The financial statements audited by CPA retained by the parent company in Taiwan.

Note 5: The Company liquidated TAI-TECH Advanced Electronics (Dongguan) in 2015 and the accumulated investment loss amount is USD 1,513 thousand.

Note 6: NTD is calculated based on the historical exchange rate.

Note 7: NTD is calculated based on rate of the balance sheet date

Note 8: The amount invested with a third place's self-owned funds is not included.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Major Shareholder Information

June 30, 2023

Table 10

	Shares	
Major shareholders	Number of shares held	Shareholdings Percentage
Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank Investment	10,207,649	10.00%
Hengyang Investment Co., Ltd.	6,540,995	6.41%
Northwest Investment Co., Ltd.	6,121,718	5.99%

Explanation: The Company obtains the information of this table from the Taiwan Depository and Clearing Corporation:

(1) This table is based on the information provided by the Taiwan Depository and Clearing Corporation for shareholders holding greater than 5% of the shares completed the process of registration and book-entry delivery in dematerialized form (including treasury stocks) of the Company at the last business date of each quarter.
There may be a discrepancy in the number of shares recorded on the Company's financial statements and its dematerialized securities arising from the difference in basis of preparation.

(2) For the table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. In accordance with the Security Exchange Act, the shareholders have to disclose the insider equity more than 10% of the shares, including their own shares and their delivery to the trust and have the right to make decisions on the trust property. Information on insider equity is available on the Market Observation Post System (MOPS) website. Information on equity is available on the MOPS website.