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

Consolidated Financial Statements and Report of Independent Accounts

2023 and the Third Quarter of 2022

(Stock Code: 3357)

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

Consolidated Financial Statements and Independent Auditors' Report for 2023 and the Third Quarter of 2022

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Report of Independent Accountants

(2023) Cai-Shen-Bao-Zi No. 23001956

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 September 30, 2023 and 2022, the consolidated statements of comprehensive income for the third quarter of 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and the consolidated statements of cash flows for the nine months ended September 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 September 30, 2023, amounted to NT$22,415 thousand, accounting for 0% of the total consolidated assets of Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries; the income recognized in the third quarter of 2023 and for the nine months ended September 30, 2023 amounted to a profit of NT$182 thousand and NT$711 thousand, respectively, accounting for 0% and 0%, respectively, of the consolidated 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 the Preparation of Financial Reports by Securities Issuers or the International Accounting Standard 34 “Interim Financial Reporting” endorsed and promulgated by the Financial

Supervisory Commission to an extent unable to fairly present Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries' consolidated financial position as of September 30, 2023 and 2022 or consolidated financial performance and consolidated cash flows for the third quarter of 2023 and 2022 and for the nine 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$1,476,925 thousand as of September 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 third quarter of 2023 and for the nine months ended September 30, 2023 amounted to NT$61,554 thousand and NT$84,424, respectively, accounting for 19% and 11%, 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
November 8, 2023

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

Unit: NT$ thousand

	Assets	Note	September 30, 2023 Amount	%	December 31, 2022 Amount	%	September 30, 2022 Amount	%
	Current assets							
1100	Cash and cash equivalents	6 (1)	$ 1,446,872	14	$ 1,528,877	17	$ 1,095,900	12
1136	Financial assets measured at amortized cost－current	6 (1)	32,270	-	-	-	-	-
1150	Notes receivable, net	6 (2)	53,253	1	60,385	1	51,678	1
1170	Accounts receivable, net	6 (2)	1,531,637	15	1,625,040	18	1,695,376	19
1180	Accounts receivable from related parties, net	6 (2) and 7	98,860	1	112,545	1	212,963	2
1200	Other receivables	7	16,068	-	13,427	-	50,547	-
1220	Current income tax assets	6 (22)	849	-	-	-	910	-
130X	Inventory	6 (3)	834,049	8	944,195	10	961,010	11
1410	Pre-payments		48,935	-	32,764	-	22,378	-
1470	Other current assets		383	-	469	-	-	-
11XX	**Total current assets**		4,063,176	39	4,317,702	47	4,090,762	45
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current	6 (5)	530,715	5	381,069	4	334,651	4
1550	Investment accounted for using the equity method	6 (4)	1,484,494	14	-	-	-	-
1600	Property, plant and equipment	6 (6) and 8	4,216,424	40	4,401,609	48	4,501,201	50
1755	Right-of-use assets	6 (7) and 7	40,493	-	35,390	-	37,581	-
1780	Intangible assets		47,469	1	43,403	1	44,375	1
1840	Deferred income tax assets	6 (22)	41,526	1	40,822	-	32,108	-
1900	Other non-current assets	6 (8)	20,589	-	31,924	-	38,271	-
15XX	**Total non-current assets**		6,381,710	61	4,934,217	53	4,988,187	55
1XXX	**Total assets**		$ 10,444,886	100	$ 9,251,919	100	$ 9,078,949	100

(Continued)

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

Unit: NT$ thousand

	Liabilities and equity	Note	September 30, 2023 Amount	%	December 31, 2022 Amount	%	September 30, 2022 Amount	%
	Current liabilities							
2100	Short-term borrowings	6 (9)	$ 720,000	7	$ -	-	$ 47,625	-
2150	Notes payable		21,236	-	43,300	1	51,669	1
2170	Accounts payable		538,223	5	533,424	6	484,737	5
2180	Accounts payable - related parties	7	3,141	-	5,327	-	2,887	-
2200	Other payables	6 (10) and 7	506,685	5	651,233	7	612,796	7
2230	Current income tax liabilities	6 (22)	96,942	1	94,813	1	65,257	1
2250	Liability reserve - current		3,158	-	-	-	-	-
2280	Lease liabilities - current	7	5,117	-	5,722	-	5,972	-
2320	Current portion of long-term borrowings	6 (11)	37,733	1	37,733	-	37,733	-
21XX	**Total current liabilities**		1,932,235	19	1,371,552	15	1,308,676	14
	Non-current liabilities							
2540	Long-term borrowings	6 (11)	1,514,146	15	1,088,446	12	1,097,879	12
2570	Deferred income tax liabilities	6 (22)	256,080	2	251,772	2	217,404	3
2580	Lease liabilities - non-current	7	7,904	-	2,148	-	3,394	-
2640	Net defined benefit liabilities－non-current	6 (12)	953	-	778	-	3,820	-
2670	Other non-current liabilities - others		10,864	-	12,286	-	12,976	-
25XX	**Total non-current liabilities**		1,789,947	17	1,355,430	14	1,335,473	15
2XXX	**Total liabilities**		3,722,182	36	2,726,982	29	2,644,149	29
	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	11
	Capital surplus	6 (14)						
3200	Capital surplus		1,798,320	17	1,798,320	19	1,886,687	21
	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		2,809,742	27	3,012,932	33	2,874,252	32
	Other equity	6 (16)						
3400	Other equity		295,881	3	63,748	1	112,334	1
3500	Treasury shares	6 (14)	-	-	-	-	(99,410)	(1)
31XX	**Equity attributable to shareholders of the parent - Total**		6,658,225	64	6,524,937	71	6,434,800	71
36XX	**Non-controlling interests**		64,479	-	-	-	-	-
3XXX	**Total equity**		6,722,704	64	6,524,937	71	6,434,800	71
	Significant Commitments or Contingencies	9						
	Significant Subsequent Events	11						
3X2X	**Total liabilities and equity**		$ 10,444,886	100	$ 9,251,919	100	$ 9,078,949	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 September 30, 2023 and 2022

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

			July 1 to September 30, 2023		July 1 to September 30, 2022		January 1 to September 30, 2023		January 1 to September 30, 2022	
	Item	Note	Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue	6 (17) and 7	$ 1,064,913	100	$ 1,193,655	100	$ 3,334,761	100	$ 4,056,825	100
5000	Operating costs	6 (3) (20) (21) and 7	(809,032)	(76)	(840,415)	(71)	(2,462,440)	(74)	(2,690,463)	(66)
5900	Gross profit		255,881	24	353,240	29	872,321	26	1,366,362	34
	Operating expenses	6 (20) (21) and 7								
6100	Selling and marketing expenses		(73,579)	(7)	(75,593)	(6)	(217,567)	(7)	(268,302)	(7)
6200	General and administrative expenses		(47,128)	(4)	(55,886)	(5)	(157,418)	(5)	(181,837)	(4)
6300	Research and development expenses		(40,803)	(4)	(38,994)	(3)	(110,828)	(3)	(123,011)	(3)
6450	Expected Credit Impairment Losses	12 (2)	(5,427)	-	-	-	(5,427)	-	-	-
6000	Total operating expenses		(166,937)	(15)	(170,473)	(14)	(491,240)	(15)	(573,150)	(14)
6900	Operating gains		88,944	9	182,767	15	381,081	11	793,212	20
	NON-OPERATING INCOME AND EXPENSES									
7100	Interest income		8,680	1	1,639	-	25,769	1	2,441	-
7010	Other income	6 (18) and 7	6,094	1	13,794	1	61,820	2	65,642	1
7020	Other gains and losses	6 (19) and 7	24,108	2	91,707	8	60,677	2	193,159	5
7050	Financial costs	6 (9) and (11)	(7,911)	(1)	(3,519)	-	(19,022)	(1)	(8,444)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	6 (4)	35,428	3	-	-	62,520	2	-	-
7000	Total non-operating incomes and expenses		66,399	6	103,621	9	191,764	6	252,798	6
7900	**Income before income tax**		155,343	15	286,388	24	572,845	17	1,046,010	26
7950	Income tax expenses	6 (22)	(27,407)	(3)	(40,944)	(4)	(97,813)	(3)	(141,234)	(4)
8200	**Net profit (loss) for current period**		$ 127,936	12	$ 245,444	20	$ 475,032	14	$ 904,776	22

(Continued)

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

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

	Item	Note	July 1 to September 30, 2023 Amount	%	July 1 to September 30, 2022 Amount	%	January 1 to September 30, 2023 Amount	%	January 1 to September 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)	$ 5,599	-	$ 9,942	1	$ 165,542	5	$ 8,510	-
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		667	-	-	-	13,373	-	-	-
8310	Total components of other comprehensive income that will not be reclassified to profit or loss		6,266	-	9,942	1	178,915	5	8,510	-
	Items that may be reclassified subsequently to profit or loss	6 (16)								
8361	Exchange differences on translating the financial statements of foreign operations		163,083	15	47,025	4	83,894	3	120,271	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		25,028	3	-	-	8,100	-	-	-
8360	Total of items that may be reclassified subsequently to profit or loss		188,111	18	47,025	4	91,994	3	120,271	3
8300	**Other comprehensive income/(loss) for the year, net of income tax**		$ 194,377	18	$ 56,967	5	$ 270,909	8	$ 128,781	3
8500	**Total comprehensive income (loss) for the current period**		$ 322,313	30	$ 302,411	25	$ 745,941	22	$ 1,033,557	25
	Net income attributable to:									
8610	shareholders of the parent		$ 127,886	12	$ 245,444	20	$ 475,090	14	$ 904,776	22
8620	Non-controlling interests		$ 50	-	$ -	-	($ 58)	-	$ -	-
	Total comprehensive income (loss) attributable to:									
8710	shareholders of the parent		$ 321,756	30	$ 302,411	25	$ 745,492	22	$ 1,033,557	25
8720	Non-controlling interests		$ 557	-	$ -	-	$ 449	-	$ -	-
	Earnings per share (EPS)	6 (23)								
9750	Basic earnings per share attributable to shareholders of the parent company		$ 1.25		$ 2.39		$ 4.66		$ 8.79	
9850	Diluted earnings per share attributable to shareholders of the parent company		$ 1.25		$ 2.38		$ 4.63		$ 8.71	

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 September 30, 2023 and 2022

Unit: NT$ thousand

	Note	Equity attributable to shareholders of the parent												
			Capital surplus			Retained earnings			Other equity					
	Note	Common shares	Capital surplus - additional paid-in capital	Capital surplus - changes 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 gain/(loss) on financial assets at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interests	Total equity
January 1 to September 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		-	-	-	-	-	-	904,776	-	-	-	904,776	-	904,776
Other comprehensive income for the year	6 (16)	-	-	-	-	-	-	-	120,271	8,510	-	128,781	-	128,781
Total comprehensive income (loss) for the current period		-	-	-	-	-	-	904,776	120,271	8,510	-	1,033,557	-	1,033,557
Appropriation and distribution of earnings:	6 (15)													
Legal reserve		-	-	-	-	119,723	-	(119,723)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(721,938)	-	-	-	(721,938)	-	(721,938)
Repurchase of treasury shares	6 (13)	-	-	-	-	-	-	-	-	-	(99,410)	(99,410)	-	(99,410)
Balance as of September 30, 2022		$ 1,031,340	$ 1,872,288	$ 12,353	$ 2,046	$ 552,955	$ 76,642	$ 2,874,252	($ 78,526)	$ 190,860	($ 99,410)	$ 6,434,800	$ -	$ 6,434,800
January 1 to September 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		-	-	-	-	-	-	475,090	-	-	-	475,090	(58)	475,032
Other comprehensive income for the year	6 (16)	-	-	-	-	-	-	-	91,487	178,915	-	270,402	507	270,909
Total comprehensive income (loss) for the current period		-	-	-	-	-	-	475,090	91,487	178,915	-	745,492	449	745,941
Appropriation and distribution of earnings:	6 (15)													
Legal reserve		-	-	-	-	104,345	-	(104,345)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(612,204)	-	-	-	(612,204)	-	(612,204)
Increase in non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	64,030	64,030
Disposal of equity instruments measured at fair value through other comprehensive income	6 (16)	-	-	-	-	-	-	38,269	-	(38,269)	-	-	-	-
Balance on September 30, 2023		$ 1,020,340	$ 1,783,921	$ 12,353	$ 2,046	$ 657,300	$ 76,642	$ 2,809,742	($ 43,155)	$ 339,036	$ -	$ 6,658,225	$ 64,479	$ 6,722,704

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 Flows
January 1 to September 30, 2023 and 2022

Unit: NT$ thousand

	Note	January 1 to September 30, 2023	January 1 to September 30, 2022
Cash Flow from Operating Activities			
Income before income tax		$ 572,845	$ 1,046,010
Adjustments			
Adjustments for income and expenses			
Expected Credit Impairment Losses	12 (2)	5,427	-
Depreciation expenses (including right-of-use assets)	6 (20)	380,805	368,620
Amortization	6 (20)	4,560	3,986
Net gain on financial assets and liabilities at fair value through profit or loss	6 (19)	(1,232)	(512)
Loss (gain) on disposal of property, plant and equipment	6 (19)	1,914	(6,677)
Interest income		(25,769)	(2,441)
Dividends income	6 (18)	(33,342)	(43,477)
Interest expenses		19,022	8,444
Share of profit of associates accounted for using equity method	6 (4)	(62,520)	-
Changes in operating assets and liabilities			
Changes in operating assets, net changes			
Financial assets compulsorily measured at fair value through profit or loss - current		1,232	512
Notes receivable		7,132	13,180
Accounts Receivable		87,845	486,706
Accounts receivable due from related parties		13,685	(5,768)
Other receivables		(2,641)	(35,638)
Inventory		110,146	(112,916)
Pre-payments		(16,171)	12,635
Other current assets		86	83
Changes in operating liabilities, net			
Notes payable		5,812	(8,600)
Accounts payable		4,799	(373,791)
Accounts payables to related parties		(2,186)	1,663
Other payables		(122,008)	(136,763)
Liability reserve - current		3,158	-
Net defined benefit liabilities		175	(10,942)
Other non-current liabilities		(1,422)	(1,242)
Cash generated from operating activities		951,352	1,203,072
Interest paid		(19,022)	(8,444)
Income taxes paid		(96,926)	(144,872)
Net cash inflow from operating activities		835,404	1,049,756

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

Unit: NT$ thousand

	Note	January 1 to September 30, 2023	January 1 to September 30, 2022
Cash Flow from Investment Activities			
Interests received		$ 25,769	$ 2,441
Dividends received		33,342	43,477
Acquisition of financial assets at fair value through other comprehensive income		(46,927)	(88,734)
Disposal of financial assets at fair value through other comprehensive income		64,431	-
Increase in financial assets measured at amortized cost		(82,270)	-
Decrease in financial assets at amortized cost		50,000	-
Investment accounted for using the equity method		(1,458,000)	-
Cash dividend of long-term equity investment under equity method		57,500	-
Acquisition of property, plant and equipment	6 (24)	(188,136)	(665,360)
Proceeds from disposal of property, plant and equipment		2,341	48,643
Acquisition of intangible assets		(8,371)	(1,720)
Increase in other non-current assets		(103)	(7,928)
Net cash flows used in investing activities		(1,550,424)	(669,181)
Cash Flow from Financing Activities			
Increase in short-term borrowings		2,400,000	225,801
Decrease in short-term borrowings		(1,680,000)	(601,760)
Decrease in short-term notes and bills payable		-	(20,000)
Increase in long-term borrowings		454,000	660,490
Repayment for long-term borrowings		(28,300)	(128,300)
Repayment of the principal portion of lease liabilities	6 (25)	(4,984)	(4,981)
Cash dividends appropriated	6 (16)	(612,204)	(721,938)
Repurchase of treasury shares	6 (14)	-	(99,410)
Increase in non-controlling interests		64,030	-
Net cash generated from/(used in) financing activities		592,542	(690,098)
Exchange rate adjustments		40,473	64,419
Decrease in cash and cash equivalents for the period		(82,005)	(245,104)
Cash and cash equivalents - beginning balance		1,528,877	1,341,004
Cash and cash equivalents - ending balance		$ 1,446,872	$ 1,095,900

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 the Consolidated Financial Statements
2023 and the Third Quarter of 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 November 8, 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
Amendments to IAS 12 "International Tax Reform—Pillar Two Model	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.

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

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of International Financial Reporting Standards (IFRS) recognized by the FSC for application in 2024:

New, Revised or Amended Standards and Interpretations	Effective date announced by IASB
Amendments to IFRS 16 "Lease liabilities of after-sale and leaseback"	January 1, 2024
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

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.

(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
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 21 "Lack of Exchangeability"	January 1, 2025

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	September 30, 2023	December 31, 2022	September 30, 2022	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.	Invested business	100%	100%	100%	
BEST BLISS INVESTMENTS LIMITED	FIXED ROCK HOLDING LTD.	Invested business	100%	100%	100%	
BEST BLISS INVESTMENTS LIMITED	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	26.60%	26.60%	26.60%	Note 2
FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	73.40%	73.40%	73.40%	Note 2
TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	TECHWORLD ELECTRONICS (M) SDN. BHD.	Production, processing and sale of electronic components	100%	-	-	Note 3
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Sale of electronic components	100%	100%	100%	Note 4

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: Established in July 2023.

Note 4: Established 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 ー 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:

Buildings and structures	10～50 years
Machinery	5～12 years

Utilities equipment	10～15 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 2-10 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. The deferred income tax liabilities arising from the initially recognized goodwill shall not be recognized. If the deferred income tax is derived from the initial recognition of the assets or liabilities in the transaction (excluding business merger), and if it does not affect the accounting profit or taxable income (tax loss) and does not generate an equivalent taxable and deductible temporary difference, it is not recognized. 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 September 30, 2023, the carrying amount of the inventories of the Group was $834,049.

VI. Description of Significant Accounts

(I) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and revolving funds	$ 2,106	$ 2,448	$ 2,205
Checking deposits and demand deposits	765,609	1,100,680	896,396
Time deposits	679,157	425,749	197,299
Total	$ 1,446,872	$ 1,528,877	$ 1,095,900

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 September 30, 2023, December 31, 2022, and September 30, 2022, the Group recognized $32,270, $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

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	$ 53,253	$ 60,385	$ 51,678
Accounts Receivable	$ 1,539,548	$ 1,628,873	$ 1,699,206
Less: Allowance for bad debt	(7,911)	(2,353)	(2,375)
Allowance for sales returns and discounts	-	(1,480)	(1,455)
	$ 1,531,637	$ 1,625,040	$ 1,695,376
Accounts receivable due from related parties	$ 98,949	$ 112,634	$ 213,052
Less: Allowance for bad debt	(89)	(89)	(89)
	$ 98,860	$ 112,545	$ 212,963

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

	September 30, 2023		December 31, 2022		September 30, 2022	
	Accounts Receivable	Notes receivable	Accounts Receivable	Notes receivable	Accounts Receivable	Notes receivable
Not yet due	$ 1,615,030	$ 53,253	$ 1,733,778	$ 60,385	$ 1,899,722	$ 51,678
Within 30 days	11,745	-	6,825	-	12,486	-
31~90 days	5,254	-	882	-	49	-
91~180 days	6,468	-	22	-	1	-
	$ 1,638,497	$ 53,253	$ 1,741,507	$ 60,385	$1,912,258	$ 51,678

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

2. The accounts receivable and notes receivable as of September 30, 2023, December 31, 2022, and September 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 September 30, 2023, December 31, 2022, and September 30, 2022 were $53,253, $60,385, and $51,678, respectively; and the amounts most representative of the credit risk inherent in the Group's accounts receivable as of September 30, 2023, December 31, 2022, and September 30, 2022 were $1,630,497, $1,737,585, and $1,908,339, respectively.

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

(III) Inventory

	September 30, 2023		
	Cost	Allowance for inventory valuation	Carrying amount
Raw materials	$ 149,126	($ 15,619)	$ 133,507
Supplies	26,427	(3,132)	23,295
Work in process	380,944	(25,062)	355,882
Finished products	359,885	(53,642)	306,243
Goods	17,584	(2,462)	15,122
Total	$ 933,966	($ 99,917)	$ 834,049

	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

	September 30, 2022		
	Cost	Allowance for inventory valuation	Carrying amount
Raw materials	$ 153,074	($ 12,706)	$ 140,368
Supplies	27,733	(2,500)	25,233
Work in process	371,332	(13,695)	357,637
Finished products	425,938	(20,207)	405,731
Goods	35,654	(3,613)	32,041
Total	$ 1,013,731	($ 52,721)	$ 961,010

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

	July 1 to September 30, 2023	July 1 to September 30, 2022
Cost of inventory sold	$ 756,465	$ 815,637

	January 1 to September 30, 2023	January 1 to September 30, 2022
Inventory falling price loss	19,578	6,647
Others	32,989	18,131
	$ 809,032	$ 840,415

	January 1 to September 30, 2023	January 1 to September 30, 2022
Cost of inventory sold	$ 2,350,884	$ 2,650,346
Inventory falling price loss	39,521	15,145
Others	72,035	24,972
	$ 2,462,440	$ 2,690,463

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 September 30, 2022).

	September 30, 2023
Associate:	
APAQ Technology Co., Ltd.	$ 1,476,925
JDX Technology Co.,Ltd.	7,569
	$ 1,484,494

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

Company name	Main business premises	Shareholding ratio September 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 September 30, 2023
Current assets	$ 3,322,255
Non-current assets	1,786,719
Current liabilities	(1,828,551)
Non-current liabilities	(341,381)
Total assets	$ 2,939,042
Share of net total assets of associates	$ 825,871
Goodwill (Note)	651,054
Carrying amount of associate	$ 1,476,925

Note: The Company is required to complete an acquisition price allocation report by April 5, 2024. The report was under preparation as of September 30, 2023.

statement of comprehensive income

	APAQ Technology Co., Ltd. and Subsidiaries
	July 1 to September 30, 2023
Revenue	$ 822,109
Profit from continuing operations	$ 127,619
Other comprehensive income (net of income tax)	112,533
Total comprehensive income (loss) for the current period	$ 240,152
Dividends received from associates	$ 57,500

	APAQ Technology Co., Ltd. and Subsidiaries
	January 1 to September 30, 2023
Revenue	$ 2,118,065
Profit from continuing operations	$ 267,143
Other comprehensive income (net of income tax)	150,716
Total comprehensive income (loss) for the current period	$ 417,859
Dividends received from associates	$ 57,500

3. An open market quotation is available for APAQ Technology Co., Ltd., the Group's significant associate, whose fair value was $1,810,000 as of September 30, 2023.
4. The gains from investments accounted for using the equity method amounted to $35,859 and $62,951 for the third quarter and the nine months ended September 30, 2023, respectively; such amounts were based on other auditors' review report with a qualified conclusion.
5. The Group holds 28.1% and 26.67% of the total number of voting shares of APAQ Technology Co., Ltd. and JDX Technology Co.,Ltd., respectively, 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 the above companies, the Group is unable to direct the relevant activities of the above companies, hence no control over it. The Group believes it has only significant influence over the above companies and therefore recognizes APAQ Technology Co., Ltd. as its associate.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Non-current:			
Equity instruments			
Shares listed on the stock exchange or the OTC market	$ 33,103	$ 53,424	$ 53,424
Shares not traded on the stock exchange, the OTC market, or the emerging stock market	171,949	129,255	90,367
	205,052	182,679	143,791
Adjustments for change in value	325,663	198,390	190,860

Total	$ 530,715	$ 381,069	$ 334,651

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 September 30, 2023, December 31, 2022 and September 30, 2022 amounted to $530,715, $381,069 and $334,651, 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:

	July 1 to September 30, 2023	July 1 to September 30, 2022
Equity instruments measured at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	$ 5,599	$ 9,942
Transfer of accumulated profit or loss to retained earnings due to derecognition	$ -	$ -
Dividend income recognized in profit or loss held at end of year	$ 2,470	$ 8,409

	January 1 to September 30, 2023	January 1 to September 30, 2022
Equity instruments measured at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	$ 165,542	$ 8,510
Transfer of accumulated profit or loss to retained earnings due to derecognition	($ 38,269)	$ -
Dividend income recognized in profit or loss held at end of year	$ 33,342	$ 43,477

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 September 30, 2023, December 31, 2022 and September 30, 2023 were $530,715, $381,069, and $334,651, 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	-	-	28,729	-	-	4,521	26,007	89,900	149,157
Disposal	-	-	-	-	-	-	-	-	-
Reclassification (Note)	-	23,955	70,009	-	-	2,073	1,293	(97,399)	(69)
Depreciation expenses	-	(19,241)	(310,606)	(776)	(668)	(3,978)	(39,979)	-	(375,248)
Net exchange differences	-	4,314	36,395	-	9	152	(298)	403	40,975
September 30	$ 777,560	$ 324,244	$ 2,930,560	$ 7,095	$ 2,386	$ 19,468	$ 117,432	$ 37,679	$ 4,216,424
September 30									
Cost	$ 777,560	$ 603,649	$ 5,691,532	$ 25,044	$ 11,733	$ 59,132	$ 350,010	$ 37,679	$ 7,556,339
Accumulated depreciation and impairment	-	(279,405)	(2,760,972)	(17,949)	(9,347)	(39,664)	(232,578)	-	(3,339,915)
	$ 777,560	$ 324,244	$ 2,930,560	$ 7,095	$ 2,386	$ 19,468	$ 117,432	$ 37,679	$ 4,216,424

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	-	-	40,718	-	-	1,232	25,629	271,093	338,672
Disposal	-	-	(47,376)	-	-	-	(199)	-	(47,575)
Reclassification	-	-	304,300	-	-	1,100	2,672	(308,072)	-
Depreciation expenses	-	(19,597)	(304,095)	(799)	(744)	(3,657)	(34,340)	-	(363,232)
Net exchange differences	-	7,514	57,420	2	20	239	1,825	2,451	69,471
September 30	$ 777,560	$ 325,067	$ 3,173,019	$ 7,481	$ 3,276	$ 17,853	$ 121,807	$ 75,138	$ 4,501,201

September 30

Cost	$ 777,560	$ 577,660	$ 5,627,190	$ 24,390	$ 11,716	$ 52,755	$ 334,556	$ 75,138	$ 7,480,965
Accumulated depreciation and impairment	-	(252,593)	(2,454,171)	(16,909)	(8,440)	(34,902)	(212,749)	-	(2,979,764)
	$ 777,560	$ 325,067	$ 3,173,019	$ 7,481	$ 3,276	$ 17,853	$ 121,807	$ 75,138	$ 4,501,201

1. The capitalized interest for the six months ended September 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:

	September 30, 2023	December 31, 2022	September 30, 2022
	Carrying amount	Carrying amount	Carrying amount
Right-of-use land	$ 27,623	$ 27,627	$ 28,197
Buildings	10,425	3,763	4,861
Transportation equipment	1,742	3,029	3,463
Machinery and equipment	703	971	1,060
	$ 40,493	$ 35,390	$ 37,581

	July 1 to September 30, 2023	July 1 to September 30, 2022
	Depreciation expenses	Depreciation expenses
Right-of-use land	$ 175	$ 178
Buildings	1,232	1,097
Transportation equipment	431	430
Machinery and equipment	89	90
	$ 1,927	$ 1,795

	January 1 to September 30, 2023	January 1 to September 30, 2022
	Depreciation expenses	Depreciation expenses
Right-of-use land	$ 527	$ 531
Buildings	3,472	3,292
Transportation equipment	1,291	1,290
Machinery and equipment	267	275
	$ 5,557	$ 5,388

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

	July 1 to September 30, 2023	July 1 to September 30, 2022
Items that affect profit or loss		
Expenses attributable to short-term lease contracts	$ 4,863	$ 3,123
Expenses attributable to low-value assets	22	16

	January 1 to September 30, 2023	January 1 to September 30, 2022
Items that affect profit or loss		
Expenses attributable to short-term lease contracts	$ 12,935	$ 10,477
Expenses attributable to low-value assets	62	47

5. The additions of the Group's right-of-use assets for the third quarter 2023 and 2022 and nine months ended September 30, 2023 and 2022 were $0, $150, $10,133, and $281, respectively.
6. The Group's total lease cash outflow for the third quarter 2023 and 2022 and nine months ended September 30, 2023 and 2022 were $6,467, $4,757, $17,981 and$15,505, respectively.

(VIII) Other non-current assets

	September 30, 2023	December 31, 2022	September 30, 2022
Refundable deposits	$ 2,636	$ 2,533	$ 2,537
Prepayments for construction and equipment	17,953	29,391	35,734
Uncollectible overdue receivables	1,252	1,252	1,252
Allowance for uncollectible overdue receivables	(1,252)	(1,252)	(1,252)
	$ 20,589	$ 31,924	$ 38,271

(IX) Short-term borrowings

Nature of borrowings	September 30, 2023	Interest rate range	Collaterals
Bank loan			
Credit loan	$ 720,000	1.48%~1.72%	-

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

Nature of borrowings	September 30, 2022	Interest rate range	Collaterals
Bank loan			
Credit loan	$ 47,625	3.86%	-

Short-term borrowings interest recognized in profit or loss for the third quarter and nine months ended September 30, 2023 and 2022 amounted to $2,899, $820, $5,354, and $2,164, respectively.

(X) Other payables

	September 30, 2023	December 31, 2022	September 30, 2022
Salary and bonus payables	$ 129,389	$ 183,602	$ 167,150
Social benefits liabilities payable	92,599	112,999	114,594
Employee compensation and directors' and supervisors' remuneration payable	44,043	95,180	80,014
Construction and equipment payable	35,257	57,797	79,518
Others	205,397	201,655	171,520

$ 506,685	$ 651,233	$ 612,796

(XI) Long-term borrowings

Nature of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	September 30, 2023
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1.63%	Land, buildings, and structures	$ 487,389
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
				1,551,879
Less: Current portion of long-term borrowings				(37,733)
				$ 1,514,146

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	September 30, 2022
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1.5%	Land, buildings, and structures	$ 525,122
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.	0.9%	-	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.	0.86%~0.9%	(Note 1)	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.	0.86%	-	112,000
				1,135,612
Less: Current portion of long-term borrowings				(37,733)
				$ 1,097,879

Note 1: It is a loan secured by machinery and equipment, but has not been mortgaged as of September 30, 2022.

Interest expense recognized in profit or loss of long-term borrowings for or the third quarter and nine months ended September 30, 2023 and 2022 were $5,012, $2,699, $13,668 and $6,275.

(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) Pension costs recognized in the manner specified above were $58, $57, $175, and $179 for the third quarter and nine months ended September 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 September 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) Pension costs recognized in the manner specified above were $10,875, $17,250, $44,959, and$56,825 for the third quarter and nine months ended September 30, 2023 and 2022, respectively.

(XIII) Share capital

1. As of September 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	102,034	103,134
Repurchase of treasury shares	-	(1,100)
September 30	102,034	102,034

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

		September 30, 2022	
Name of shareholding company	Reason of recovering shares	Number of Shares	Carrying amount
The Company	Protect shareholders’ rights and benefits	1,100	$ 99,410

(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: 10% as legal reserve until it reaches the Company's paid-in capital; set aside or reverse a certain amount as or of special reserve according to operating needs or laws or regulations; 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 through other comprehensive income:			
- Group	165,542	-	165,542
-Associates	13,373	-	13,373
Accumulated gains and losses on disposal of equity instruments transferred to retained earnings	(38,269)	-	(38,269)
Exchange differences: - Group			
- Group	-	83,387	83,387
-Associates	-	8,100	8,100
September 30	$ 339,036	($ 43,155)	$ 295,881

	2022		
	Unrealized gains (losses)	Foreign currency translation	Total
January 1	$ 182,350	($ 198,797)	($ 16,447)
Valuation of financial assets at fair value through other comprehensive income:			
- Group	8,510	-	8,510
Exchange differences: - Group			
- Group	-	120,271	120,271
September 30	$ 190,860	($ 78,526)	$ 112,334

(XVII)Operating revenue

	July 1 to September 30, 2023	July 1 to September 30, 2022
Revenue from contracts with clients	$ 1,064,913	$ 1,193,655

	January 1 to September 30, 2023	January 1 to September 30, 2022
Revenue from contracts with clients	$ 3,334,761	$ 4,056,825

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

	July 1 to September 30, 2023	July 1 to September 30, 2022
Wire-wound	$ 760,385	$ 808,919
Multilayer products	254,907	182,571
LAN transformers	36,077	187,520
Others	13,544	14,645
Total	$ 1,064,913	$ 1,193,655

	January 1 to September 30, 2023	January 1 to September 30, 2022
Wire-wound	$ 2,301,454	$ 2,646,485
Multilayer products	662,563	601,615
LAN transformers	330,560	767,796
Others	40,184	40,929
Total	$ 3,334,761	$ 4,056,825

(XVIII) Other income

	July 1 to September 30, 2023	July 1 to September 30, 2022
Rental income	$ 2,622	$ 2,529
Dividends income	2,470	8,409
Subsidies income	563	2,591
Miscellaneous income	439	265
Total	$ 6,094	$ 13,794

	January 1 to September 30, 2023	January 1 to September 30, 2022
Rental income	$ 7,859	$ 7,670
Dividends income	33,342	43,477
Subsidies income	19,638	13,817
Miscellaneous income	981	678
Total	$ 61,820	$ 65,642

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

	July 1 to September 30, 2023	July 1 to September 30, 2022
Losses from disposal of property, plant and equipment	($ 2,530)	$ -
Exchange gains, net	26,576	91,707
Gain on financial assets at fair value through profit or loss	62	-
	$ 24,108	$ 91,707

	January 1 to September 30, 2023	January 1 to September 30, 2022
Loss (gain) on disposal of property, plant and equipment	($ 1,914)	$ 6,677
Exchange gains, net	61,363	189,128
Gain on financial assets at fair value through profit or loss	1,232	512
Miscellaneous expenses	(4)	(3,158)
	$ 60,677	$ 193,159

(XX) Additional Information on the Nature of Expenses

	July 1 to September 30, 2023		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	$ 165,508	$ 74,967	$ 240,475
Depreciation expenses of property, plant and equipment	114,584	9,520	124,104
Depreciation of right-of-use assets	751	1,176	1,927
Amortization expenses	856	765	1,621

	July 1 to September 30, 2022		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	$ 177,831	$ 88,969	$ 266,800
Depreciation expenses of property, plant and equipment	113,459	9,805	123,264
Depreciation of right-of-use assets	750	1,045	1,795
Amortization expenses	823	530	1,353

	January 1 to September 30, 2023		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	$ 540,470	$ 240,401	$ 780,871
Depreciation expenses of property, plant and equipment	347,027	28,221	375,248
Depreciation of right-of-use assets	2,254	3,303	5,557
Amortization expenses	2,553	2,007	4,560

	January 1 to September 30, 2022		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	$ 701,768	$ 293,826	$ 995,594
Depreciation expenses of property, plant and equipment	334,468	28,764	363,232
Depreciation of right-of-use assets	2,254	3,134	5,388
Amortization expenses	2,452	1,534	3,986

(XXI) Employee benefit expense

	July 1 to September 30, 2023		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	$ 140,818	$ 66,540	$ 207,358
Labor and health insurance expense	5,904	4,659	10,563
Pension expense	9,628	1,305	10,933
Other personnel expense	9,158	2,463	11,621
	$ 165,508	$ 74,967	$ 240,475

July 1 to September 30, 2022

	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	$ 144,714	$ 77,045	$ 221,759
Labor and health insurance expense	6,980	4,461	11,441
Pension expense	13,826	3,481	17,307
Other personnel expense	12,311	3,982	16,293
	$ 177,831	$ 88,969	$ 266,800

	January 1 to September 30, 2023		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	$ 453,075	$ 209,808	$ 662,883
Labor and health insurance expense	17,981	12,450	30,431
Pension expense	37,063	8,071	45,134
Other personnel expense	32,351	10,072	42,423
	$ 540,470	$ 240,401	$ 780,871

	January 1 to September 30, 2022		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	$ 592,270	$ 257,995	$ 850,265
Labor and health insurance expense	20,382	11,774	32,156
Pension expense	46,200	10,804	57,004
Other personnel expense	42,916	13,253	56,169
	$ 701,768	$ 293,826	$ 995,594

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. Employee compensation for the third quarter and nine months ended September 30, 2023 and 2022 amounted to $9,427, $17,495, $35,235 and $64,011, respectively, and director/supervisor remuneration amounted to $2,356, $4,374, $8,808 and$16,003, respectively; all amounts were presented under the salary expenses account.

   The employee compensation and directors' and supervisors' remuneration for the nine months ended September 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:

	July 1 to September 30, 2023	July 1 to September 30, 2022
Current tax:		
Tax attributable to taxable income of the period	$ 27,407	$ 40,933
Additional levy on unappropriated earnings	-	-
Underestimate (overestimate) of income tax of the previous period	-	11
Total current tax	27,407	40,944
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	-	-
Income tax expenses	$ 27,407	$ 40,944

	January 1 to September 30, 2023	January 1 to September 30, 2022
Current tax:		
Tax attributable to taxable income of the period	$ 97,044	$ 141,163
Additional levy on unappropriated earnings	10,817	11,149
Over-estimate of income tax of the previous period	(10,048)	(11,078)
Total current tax	97,813	141,234
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	-	-
Income tax expenses	$ 97,813	$ 141,234

(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)

	July 1 to September 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	$ 127,886	102,034	$ 1.25
Diluted earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 127,886	102,034	

Effects of the potentially dilutive common shares on employee compensation	-	322	
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	$ 127,886	102,356	$ 1.25

	July 1 to September 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	$ 245,444	102,512	$ 2.39
Diluted earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 245,444	102,512	
Effects of the potentially dilutive common shares on employee compensation	-	820	
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	$ 245,444	103,332	$ 2.38

	January 1 to September 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	$ 475,090	102,034	$ 4.66
Diluted earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 475,090	102,034	
Effects of the potentially dilutive common shares on employee compensation	-	467	
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	$ 475,090	102,501	$ 4.63

	January 1 to September 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	$ 904,776	102,927	$ 8.79
Diluted earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 904,776	102,927	
Effects of the potentially dilutive common shares on employee compensation	-	980	
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	$ 904,776	103,907	$ 8.71

(XXIV) Additional Information on Cash Flows

Investing activities partially involving cash payments:

	January 1 to September 30, 2023	January 1 to September 30, 2022
Acquisition of property, plant and equipment	$ 149,157	$ 338,672
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
Prepayments for construction and equipment - ending	17,953	-
Less: Construction and equipment payable at the end of the period	(35,257)	(79,518)
Notes payable at the end of the period	(9,151)	(42,648)
Prepayments for construction and equipment - opening	(29,391)	-
Cash paid in the period	$ 188,136	$ 665,360

(XXV) Changes in Liabilities Arising from Financing Activities

2023	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	$ -	$ 1,126,179	$ 7,870	$ 1,134,049
Changes from financing cash flows	720,000	425,700	(4,984)	1,140,716
Effects of exchange rate changes	-	-	2	2
Other non-cash changes	-	-	10,133	10,133
September 30	$ 720,000	$ 1,551,879	$ 13,021	$ 2,284,900

2022	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	$ 415,794	$ 20,000	$ 603,422	$ 14,054	$ 1,053,270

Changes from financing cash flows	(375,959)	(20,000)	532,190	(4,981)	131,250
Effects of exchange rate changes	7,790	-	-	12	7,802
Other non-cash changes	-	-	-	281	281
September 30	$ 47,625	$ -	$ 1,135,612	$ 9,366	$ 1,192,603

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

	July 1 to September 30, 2023	July 1 to September 30, 2022
Sale of goods:		
Other related party	$ 68,126	$ 92,222

	January 1 to September 30, 2023	January 1 to September 30, 2022
Sale of goods:		
Other related party	$ 210,412	$ 330,729

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

	July 1 to September 30, 2023	July 1 to September 30, 2022
Purchase of goods:		
Other related party	$ 2,650	$ 2,558

	January 1 to September 30, 2023	January 1 to September 30, 2022
Purchase of goods:		
Other related party	$ 6,557	$ 4,641

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

	July 1 to September 30, 2023	July 1 to September 30, 2022
Other related party	$ 663	$ 52

	January 1 to September 30, 2023	January 1 to September 30, 2022
Other related party	$ 944	$ 132

4. Other income

	July 1 to September 30, 2023	July 1 to September 30, 2022
Other related party	$ -	$ -

	January 1 to September 30, 2023	January 1 to September 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Jui-hsia Tai	$ 5,746	$ 382	$ 509
Chang-i Hsieh	3,881	362	483
	$ 9,627	$ 744	$ 992

(3) Rental expense

	July 1 to September 30, 2023	July 1 to September 30, 2022
Other related party	$ 43	$ 43

	January 1 to September 30, 2023	January 1 to September 30, 2022
Other related party	$ 128	$ 134

6. Accounts receivables due from related party

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable:			
Other related party	$ 98,860	$ 112,545	$ 212,963
Other receivables:			
Other related party	6	-	9
Total	$ 98,866	$ 112,545	$ 212,972

7. Accounts payables due to related party

	September 30, 2023	December 31, 2022	September 30, 2022

Accounts payable:			
Other related party	$ 3,141	$ 5,327	$ 2,887
Other payables:			
Other related party	949	28	34
	$ 4,090	$ 5,355	$ 2,921

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

Disposal of property plant and equipment

	July 1 to September 30, 2022	
	Disposal proceeds	Disposal gain (loss)
Other related party	$ -	$ -

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

(III) Remuneration to Major Management

	July 1 to September 30, 2023	July 1 to September 30, 2022
Short-term employee benefits	$ 17,302	$ 21,859
Post-retirement benefits	391	360
Total	$ 17,693	$ 22,219

	January 1 to September 30, 2023	January 1 to September 30, 2022
Short-term employee benefits	$ 56,103	$ 74,084
Post-retirement benefits	1,164	1,074
Total	$ 57,267	$ 75,158

VIII. Pledged Assets

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

Type of asset	September 30, 2023	December 31, 2022	September 30, 2022	Purpose of collateral
Property, plant and equipment				
- Land	$ 766,893	$ 766,893	$ 766,893	Short and long-term borrowings
- Buildings and structures	60,459	63,277	64,216	Short and long-term borrowings
- Machinery	412,080	443,592	-	Long-term borrowings

IX. Significant Commitments or Contingencies

(I) Contingencies

None.

(II) Commitments

Capital expenditures committed but not yet incurred

	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment	$ 84,282	$ 71,809	$ 93,380
Computer software	$ 1,352	$ 5,649	$ 4,870

X. Significant Disaster Losses

None.

XI. Significant Subsequent Events

The Company's issuance of the first domestic unsecured convertible corporate bonds was effective on October 12, 2023 by the Financial Supervisory Commission, and the corporate bond proceeds of $1,105,500 were received on October 30, 2023.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Financial Assets			
Financial assets at fair value through other comprehensive income			
Financial assets in equity instruments investment of which the fair value is designated to be recognized in other comprehensive income	$ 530,715	$ 381,069	$ 334,651
Financial assets at amortized cost			
Cash and cash equivalents	$ 1,446,872	$ 1,528,877	$ 1,095,900
Financial assets at amortized cost	32,270	-	-
Notes receivable, net	53,253	60,385	51,678
Accounts receivable, net (including those due from related party)	1,630,497	1,737,585	1,908,339
Other receivables (including those due from related party)	16,068	13,427	50,547
Guarantee deposits (recognized under other non-current liabilities)	2,636	2,533	2,537
	$ 3,181,596	$ 3,342,807	$ 3,109,001

	September 30, 2023	December 31, 2022	September 30, 2022
Financial Liabilities			
Financial liabilities at amortized cost			
Short-term borrowings	$ 720,000	$ -	$ 47,625
Notes payable	21,236	43,300	51,669
Accounts payable (including related party)	541,364	538,751	487,624
Other payables (including those due to related party)	506,685	651,233	612,796
Long-term borrowings (including the portion with maturity in one year)	1,551,879	1,126,179	1,135,612
Guarantee deposits (recognized under other non-current liabilities)	1,640	1,640	1,640
	$ 3,342,804	$ 2,361,103	$ 2,336,966
Lease liabilities (including those due to related parties)	$ 13,021	$ 7,870	$ 9,366

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:

	September 30, 2023		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD/ RMB)
(Foreign currency: functional currency)			

Financial Assets				
Monetary items				
USD : NTD	$	31,550	32.27	$ 1,018,119
RMB : NTD		73,118	4.49	328,300
USD : RMB		40,944	7.18	293,978
Financial Liabilities				
Monetary items				
USD : NTD	$	21,574	32.27	$ 696,193
RMB : NTD		1,066	4.49	4,786
USD : RMB		9,397	7.18	67,470

	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

	September 30, 2022			
	Foreign currency (in thousands)		Exchange rate	Carrying amount (NTD/ RMB)
(Foreign currency: functional currency)				
Financial Assets				
Monetary items				
USD : NTD	$	53,842	31.75	$ 1,709,484
RMB : NTD		82,872	4.47	370,438
USD : RMB		34,999	7.10	248,493
Financial Liabilities				
Monetary items				
USD : NTD	$	26,361	31.75	$ 836,962
USD : RMB		20,042	7.10	142,298

D. On monetary items that would be significantly impacted by foreign exchange rate changes, the Group recognized gains (realized and unrealized) of 26,576, $91,707, $61,363, and $189,128 for the third quarter and nine months ended September 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 September 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%	$ 10,181	$ -
RMB : NTD	1%	3,283	-
USD : RMB	1%	2,940	-
Financial Liabilities			
Monetary items			
USD : NTD	1%	6,962	-
RMB : NTD	1%	48	-
USD : RMB	1%	675	-

	January 1 to September 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%	$ 17,095	$ -
RMB : NTD	1%	3,704	-
USD : RMB	1%	2,485	-
Financial Liabilities			
Monetary items			
USD : NTD	1%	8,370	-
USD : RMB	1%	1,423	-

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 price of these equity instruments rises or falls by 1%, and all other factors remain unchanged, the difference in other comprehensive income from January 1 to September 30, 2023 and 2022 is classified as gain or loss on the equity investment measured at fair value increased or decreased by $5,307 and $3,347 , respectively.

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 nine months ended September 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 nine months ended September 30, 2023 and 2022 will decrease or increase by $13,631 and $7,099, 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 September 30, 2023, December 31, 2022, and September 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 September 30, 2023, December 31, 2022 and September 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
September 30, 2023						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	$ 1,252	$ 1,668,283	$ 11,745	$ 5,254	$ 6,468	$ 1,693,002
Loss allowance	$ 1,252	$ 938	$ 567	$ 27	$ 6,468	$ 9,252

	Individual disclosure	Not yet due	Overdue within 30 days	Overdue 31~ 90 days	Overdue 91~ 180 days and above	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 and above	Total
September 30, 2022						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	$ 1,252	$ 1,951,400	$ 12,486	$ 49	$ 1	$ 1,965,188
Loss allowance	$ 1,252	$ 1,871	$ 565	$ 27	$ 1	$ 3,716

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
Impairment loss	5,427	-	-	5,427
Exchange rate effects	131	-	-	131
September 30	$ 8,000	$ -	$ 1,252	$ 9,252

2022	Accounts Receivable	Notes receivable	Uncollectible overdue receivables	Total
January 1	$ 21,955	$ -	$ 1,252	$ 23,207
Written off amount due to failure of collection	(19,975)	-	-	(19,975)
Exchange rate effects	484	-	-	484
September 30	$ 2,464	$ -	$ 1,252	$ 3,716

(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:

September 30, 2023	Less than 1 year	1~2 years	2~5 years	Over 5 years

Short-term borrowings	$ 720,000	$ -	$ -	$ -
Notes payable	21,236	-	-	-
Accounts payable (including related party)	541,364	-	-	-
Other payables (including those due to related party)	506,685	-	-	-
Lease liability (including the portion with maturity in one year)	5,117	2,384	5,520	-
Long-term borrowings (including the portion with maturity in one year)	57,381	193,259	921,948	472,950

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 to related parties	5,327	-	-	-
Other payables (including those due to related party)	651,233	-	-	-
Lease liability (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:

September 30, 2022	Less than 1 year	1~2 years	2~5 years	Over 5 years
Short-term borrowings	$ 47,625	$ -	$ -	$ -
Notes payable	51,669	-	-	-
Accounts payable	484,737	-	-	-
Accounts payables to related parties	2,887	-	-	-
Other payables (including those due to related party)	612,796	-	-	-
Lease liability (including the portion with maturity in one year)	5,972	2,921	473	-
Long-term borrowings (including the portion with maturity in one year)	50,674	50,108	565,788	547,394

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:

September 30, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value Financial assets at fair value through other comprehensive income				
Equity-based securities	$ 98,133	$ -	$ 432,582	$ 530,715

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value Financial assets at fair value through other comprehensive income				
Equity-based securities	$ 83,412	$ -	$ 297,657	$ 381,069

September 30, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value Financial assets at fair value through other comprehensive income				
Equity-based securities	$ 81,495	$ -	$ 253,156	$ 334,651

(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 nine months ended September 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 September 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 gain/(loss) on investments in equity instruments at fair value through other comprehensive income	92,232	69,231
Purchase of current period	41,085	68,505
Exchange rate effects	1,608	3,590
September 30	$ 432,582	$ 253,156

6. There was no transfer into or out of Level 3 for the nine months ended September 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:

	September 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	$ 432,582	Public company comparables	Discount for lack of marketability	15%~20% (18.75%)	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

	September 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	$	253,156	Public company comparables	Discount for lack of marketability	15%~25% (20%)	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:

			September 30, 2023			
			Recognized in P/L		Recognized in other comprehensive income (OCI)	
	Inputs	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial Assets						
Equity instruments	$ 504,896	±1%	$ -	$ -	$ 4,819	($ 4,861)

			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)

			September 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	$ 310,316	±1%	$ -	$ -	$ 2,542	($ 2,893)

(IV)As of September 30, 2023, there were no derivatives for trading purposes that have not expired. From January 1 to September 30, 2023, the Company's derivative financial instruments generated net gains of $1,232 .

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 (4).

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 that occurred directly or indirectly through third-region enterprises and investee companies and were reinvested in mainland 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 September 30, 2023	January 1 to September 30, 2022
Segment revenue	$ 3,334,761	$ 4,056,825
Segment gross profit	$ 872,321	$ 1,366,362
Segment profits or losses	$ 572,845	$ 1,046,010
Discount and amortization (including right-of-use assets)	$ 385,365	$ 372,606
Income tax expenses	$ 97,813	$ 141,234

	September 30, 2023	September 30, 2022
Segment assets	$ 10,444,886	$ 9,078,949
Segment liabilities	$ 3,722,182	$ 2,644,149

(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 September 30, 2023

Table 1

Unit: NT$ thousand
(unless otherwise specified)

No.	Lending company	Borrowing party	Transaction item	Whether or not a related party	Maximum balance amount	Ending balance	Amount actually drawn	Interest rate range	Loans of funds to others	Business dealing amount	Reason for necessary short-term financing	Allowance for Impairment Loss	Collaterals Name	Collaterals Value	Limit of loans to individual borrowers (Note)	Total limit of loans (Note)	Remarks
1	FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	$ 161,350 (USD 5,000 thousand)	$ 161,350 (USD 5,000 thousand)	$ 135,534 (USD 4,200 thousand)	2%~3.2%	Short-term financing fund	$ -	Business revolving fund	$ -	-	$ -	$ 5,326,580	$ 5,326,580	
1	FIXED ROCK HOLDING LTD.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Other receivables	Yes	$ 95,580 (USD 3,000 thousand)	$ -	$ -	-	Short-term financing fund	$ -	Business revolving fund	$ -	-	$ -	5,326,580	5,326,580	
3	NORTH STAR INTERNATIONAL LIMITED	FIXED ROCK HOLDING LTD.	Other receivables	Yes	$ 96,810 (USD 3,000 thousand)	$ 96,810 (USD 3,000 thousand)	$ 91,324 (USD2,830 thousand)	2.00%	Short-term financing fund	$ -	Business revolving fund	$ -	-	$ -	5,326,580	5,326,580	

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 September 30, 2023

Table 2

Unit: NT$ thousand

(unless otherwise specified)

No.	Endorsements/ guarantees	Endorsed/guaranteed party name: Provider	Endorsed/guaranteed party name: Relationship	Limits on endorsement/ guarantee amount provided (Note)	Balance of maximum amount of endorsement/ guarantee of the period	Ending balance of endorsement/ guarantee	Amount actually drawn	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	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	$ 2,663,290	$ 645,400 (USD20,000 thousand)	$ 645,400 (USD20,000 thousand)	$ -	$ -	9.69%	$ 3,329,112	Yes	No	Yes	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Subsidiary	$ 2,663,290	$ 64,540 (USD2,000 thousand)	$ 64,540 (USD2,000 thousand)	$ -	$ -	0.97%	$ 3,329,112	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)

September 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 Number of shares (in thousands)	End of period Carrying amount	End of period Shareholdings Percentage	End of period Fair value per unit	Remarks
	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	$ 69,495	0.74%	$ 69,495	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	$ 23,160	0.93%	$ 23,160	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	AMIDA Technology	None	Financial assets at fair value through other comprehensive income acquired - non-current	117	$ 5,478	0.28%	$ 5,478	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	$ 87,788	9.82%	$ 87,788	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
Tai-Tech Advanced Electronics Co., Ltd.	I-See Vision Technology Inc.	None	Financial assets at fair value through other comprehensive income acquired - non-current	2,000	$ 19,060	4.47%	$ 19,060	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	$ 232,222	10%	$ 232,222	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	-	$ 78,512	17%	$ 78,512	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 September 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 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	$ 1,476,925

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 September 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	Sales	(258,484)	11%	Note 1	Note 1	-	120,371	11%	
Tai-Tech Advanced Electronics Co., Ltd.	Superworld Electronics (S) Pte. Ltd.	Other related party	Sales	(144,075)	6%	Note 2	Note 2	-	70,478	7%	
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sales	(368,556)	48%	Note 1	Note 1	-	170,850	41%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sales	(1,016,479)	47%	Note 1	Note 1	-	512,343	45%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Associate	Sales	(165,038)	8%	Note 1	Note 1	-	71,458	6%	

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

September 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	$ 120,371	1.94	$ -	-	$ 29,860	$ -
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Other receivables	112,635	-	-	-	-	-
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Accounts Receivable	170,850	2.57	-	-	43,680	-
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Accounts Receivable	512,343	2.63	-	-	120,977	-
FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Other receivables	136,829	-	-	-	-	-

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 September 30, 2023

Table 7

Unit: NT$ thousand

(unless otherwise specified)

No. (Note 1)	Name of transaction party	Transaction party	Relationship with transaction party (Note 2)	Transaction details: 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	258,484	Note 3	8%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts Receivable	120,371		1%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Other receivables	112,635		1%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Sale of fixed Asset	107,785	Note 3	1%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts payable	512,343		5%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Purchase	1,016,479	Note 3	30%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Sales revenue	67,726	Note 3	2%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Purchase	368,556	Note 3	11%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Accounts Receivable	53,623		1%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Accounts payable	170,850		2%
1	FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Other receivables	136,829		1%
2	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Purchase	165,038	Note 3	5%
2	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Accounts payable	71,458		1%
3	NORTH STAR INTERNATIONAL LIMITED	FIXED ROCK HOLDING LTD.	2	Other receivables	93,749		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 nine months ended September 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 September 30, 2023

Table 8

Unit: NT$ thousand

(unless otherwise specified)

				Initial investment amount		End of term holding					
Name of Investor	Name of Investee	Location	Main business	End of current period	End of last year	Number of shares (in thousands)	percentage	Carrying amount	Current profit/loss of investee	Current investment profit/loss recognized	Remarks
Tai-Tech Advanced Electronics Co., Ltd.	NORTH STAR INTERNATIONAL LIMITED	SAMOA	Re-invested business	3,459	3,459	100	100%	94,000	1,306	1,306	
Tai-Tech Advanced Electronics Co., Ltd.	BEST BLISS INVESTMENTS LIMITED	Cayman Islands	Re-invested business	1,075,284	1,075,284	34,250	100%	4,086,737	238,302	246,078	
Tai-Tech Advanced Electronics Co., Ltd.	TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	Singapore	Re-invested business	96,045	-	3,000	60%	96,719	(146)	(88)	Note 1
Tai-Tech Advanced Electronics Co., Ltd.	APAQ Technology Co., Ltd.	Taiwan	Electronic components	1,450,000	-	25,000	28.10%	1,476,925	267,143	62,951	Note 2
Tai-Tech Advanced Electronics Co., Ltd.	JDX Technology Co.,Ltd.	Taiwan	Electronic components	8,000	-	800	26.67%	7,569	(6,051)	(431)	Note 3
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%	2,366,840	123,084	123,084	
TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	TECHWORLD ELECTRONICS (M) SDN. BHD.	Malaysia	Electronic components	(Note 4)	-	-	100%	-	-	-	

Note 1: Established on June 12, 2023.

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

Note 3: Not reviewed.

Note 4: Established on July 12, 2023, and no capital contribution has been made as of September 30, 2023.

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

Information on Investments in Mainland China - Basic Information

January 1 to September 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 for investment: Outward remittance	Outward remittance or repatriation for investment: 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)	$ 43,003	100%	$ 43,003	$ 663,192	$ -	
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)	167,055	100%	167,055	3,156,741	-	
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 by Investment Commission, MOEA (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)	1,430,949 (USD 44,343 thousand)	4,033,622

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 September 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

September 30, 2023

Table 10

Major shareholders	Shares 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)

(3) 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.