

Tai-Tech Advanced Electronics Co., Ltd. and
Subsidiaries
Consolidated Financial Statements and Report of
Independent Accounts
First Quarter in 2024 and 2023
(Stock Code: 3357)

Company Address: No.1 You 4th Road, Youth Industrial
Park, Yangmei District, Taoyuan City
Tel.: (03)464-1148

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Financial Statements and Report of Independent Accounts of Q1 2024 and
2023
Table of Contents

Item	Page
I. Cover	1
II. Table of Contents	2 ~ 3
III. CPA Review Report	4 ~ 5
IV. Consolidated Balance Sheets	6 ~ 7
V. Consolidated Statement of Comprehensive Income	8 ~ 10
VI. Consolidated Statement of Changes in Equity	11
VII. Consolidated Cash Flow Statement	12 ~ 13
VIII. Notes to Consolidated Financial Statements	14 ~ 52
(I) Company History and Business Scope	14
(II) Approval Date and Procedure of the Financial Statements	14
(III) Application of New Standards, Amendments and Interpretations	14 ~ 15
(IV) Summary of Significant Accounting Policies	15 ~ 16
(V) Significant Accounting Judgments, Estimates, and Major Sources of Uncertainty for Assumptions	16
(VI) Description of Significant Accounts	17 ~ 37
(VII) Related Party Transactions	37 ~ 39
(VIII) Pledged Assets	39
(IX) Significant Commitments or Contingencies	39

Item	Page
(X) Significant Disaster Losses	39
(XI) Significant Subsequent Events	40
(XII) Others	40 ~ 51
(XIII) Additional Disclosures	51 ~ 52
(XIV) Segment Information	52

Report of Independent Accountants

(2024) Cai-Shen-Bao-Zi No. 24000077

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

Introduction

We have audited 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 March 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the years January 1 through March 31, 2024 and 2023 ended 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 of the 2024 Q1 consolidated financial statements

As stated in Note 6(5) 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 March 31, 2024, amounted to NT\$17,704 thousand, accounting for 0% of the total consolidated assets of the Group; the income recognized for the three months ended March 31, 2023 amounted to a loss of NT\$459 thousand, respectively, accounting for 0%, respectively, of the consolidated income of Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries.

Qualified 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 that it is unable to fairly present the Group’s consolidated financial position as of March 31, 2024 and 2023 or consolidated financial performance and consolidated cash flows for the third quarter of 2023 and 2022 and for the three months ended 2024 and 2023.

Other matters - Adoption of the review reports by other CPAs

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. As of March 31, 2024, such investees accounted for using the equity method amounted to NT\$1,524,208 thousand as of September 30, 2023, accounting for 13% of the consolidated assets of the Group; the comprehensive income recognized for such investees for the three months ended March 31, 2024 amounted to NT\$60,860 thousand, accounting for 19% and 14%, respectively, of the consolidated comprehensive income of the Group.

PricewaterhouseCoopers Taiwan

Wei-Hao Wu

Certified Public Accountant (CPA)

Ya-Hui Cheng

Financial Supervisory Commission

Approval No.: Jin-Guan-Zheng-Shen - Zi No. 1080323093

Former Financial Supervisory Commission and Securities
and Futures Bureau of the Executive Yuan

Approval No.: Jin-Guan-Zheng -Liu-Zi No. 0960072936

May 6, 2024

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

Consolidated Balance Sheets

March 31, 2024 and December 31, March 31, 2023

Unit: NT\$ thousand

Assets		Note	March 31, 2024		December 31, 2023		March 31, 2023	
			Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6 (1)	\$ 2,240,664	20	\$ 2,152,634	20	\$ 1,067,160	10
1136	Financial assets measured at amortized cost— current	6 (1)	-	-	30,705	-	50,000	1
1150	Notes receivable, net	6 (2)	51,234	1	49,844	1	62,232	1
1170	Accounts receivable, net	6 (2)	1,638,839	14	1,464,122	13	1,626,878	16
1180	Accounts receivable from related parties, net	6 (2) and 7	113,330	1	94,850	1	101,274	1
1200	Other receivables		17,249	-	14,002	-	15,820	-
1220	Current income tax assets	6 (25)	7,234	-	6,717	-	423	-
130X	Inventory	6 (3)	810,140	7	768,123	7	957,396	9
1410	Pre-payments		43,553	-	42,632	-	34,959	-
1470	Other current assets		605	-	267	-	150	-
11XX	Total current assets		4,922,848	43	4,623,896	42	3,916,292	38
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6 (11)	550	-	880	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6 (4) and 12 (3)	663,617	6	558,896	5	455,552	5
1550	Investment accounted for using the equity method	6 (5)	1,531,027	13	1,470,603	14	-	-
1600	Property, plant and equipment	6 (6) and 8	4,073,960	36	4,100,494	38	4,344,831	42
1755	Right-of-use assets	6 (7) and 7	37,210	-	37,587	-	33,735	-
1780	Intangible assets		50,556	1	49,980	1	43,516	1
1840	Deferred income tax assets	6 (25)	27,585	-	26,638	-	41,002	-
1900	Other non-current assets	6 (8)	105,420	1	17,075	-	1,473,982	14
15XX	Total non-current assets		6,489,925	57	6,262,153	58	6,392,618	62
1XXX	Total assets		\$ 11,412,773	100	\$ 10,886,049	100	\$ 10,308,910	100

(continued on next page)

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

Consolidated Balance Sheets

March 31, 2024 and December 31, March 31, 2023

Unit: NT\$ thousand

Liabilities and equity			March 31, 2024		December 31, 2023		March 31, 2023	
			Amount	%	Amount	%	Amount	%
Current liabilities								
2100	Short-term borrowings	6 (9)	\$ 50,000	-	\$ 100,000	1	\$ 500,000	5
2150	Notes payable		17,031	-	17,460	-	15,038	-
2170	Accounts payable		691,224	6	550,535	5	533,673	5
2180	Accounts payable - related parties	7	3,527	-	3,111	-	3,282	-
2200	Other payables	6 (10) and 7	975,490	9	553,461	5	1,157,227	11
2230	Current income tax liabilities	6 (25)	68,847	1	49,655	1	122,936	1
2250	Liability reserve - current		4,778	-	4,278	-	3,992	-
2280	Lease liabilities - current	7	3,402	-	4,085	-	4,725	-
2320	Current portion of long-term borrowings	6 (12)	37,733	-	37,733	-	37,733	1
21XX	Total current liabilities		1,852,032	16	1,320,318	12	2,378,606	23
Non-current liabilities								
2530	Corporate bonds payable	6 (11)	1,053,124	9	1,048,695	10	-	-
2540	Long-term borrowings	6 (12)	1,495,279	13	1,504,712	14	1,489,012	14
2570	Deferred income tax liabilities	6 (25)	267,000	3	257,748	2	252,874	3
2580	Lease liabilities - non-current	7	6,617	-	7,182	-	1,405	-
2640	Net defined benefit liabilities - non-current	6 (13)	1,170	-	1,053	-	836	-
2670	Other non-current liabilities - others		9,807	-	10,014	-	11,804	-
25XX	Total non-current liabilities		2,832,997	25	2,829,404	26	1,755,931	17
2XXX	Total liabilities		4,685,029	41	4,149,722	38	4,134,537	40
Equity attributable to shareholders of the parent								
	Share capital	6 (14)						
3110	Common shares		1,020,340	9	1,020,340	9	1,020,340	10
	Capital surplus	6 (15)						
3200	Capital surplus		1,854,279	15	1,854,279	17	1,798,320	17
	Retained earnings	6 (16)						
3310	Legal reserve		657,300	6	657,300	6	552,955	5
3320	Special reserve		76,642	1	76,642	1	76,642	1
3350	Unappropriated earnings		2,613,619	23	2,928,035	27	2,578,316	25
	Other equity	6 (17)						
3400	Other equity		444,278	4	139,049	1	147,800	2
31XX	Equity attributable to shareholders of the parent - Total		6,666,458	58	6,675,645	61	6,174,373	60
36XX	Non-controlling interests		61,286	1	60,682	1	-	-
3XXX	Total equity		6,727,744	59	6,736,327	62	6,174,373	60
	Significant Commitments or Contingencies	9						
3X2X	Total liabilities and equity		\$ 11,412,773	100	\$ 10,886,049	100	\$ 10,308,910	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 March 31, 2024 and 2023

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

Item	Note	January 1 to March 31, 2024		January 1 to March 31, 2023	
		Amount	%	Amount	%
4000 Operating revenue	6 (18) and 7	\$ 1,171,733	100	\$ 1,175,868	100
5000 Operating costs	6 (3)(23) (24) and 7	(907,323)	(77)	(815,314)	(69)
5900 Gross profit		<u>264,410</u>	<u>23</u>	<u>360,554</u>	<u>31</u>
Operating expenses	6 (23) (24) and 7				
6100 Selling and marketing expenses		(79,533)	(7)	(71,904)	(6)
6200 General and administrative expenses		(50,071)	(4)	(51,001)	(5)
6300 Research and development expenses		(43,124)	(4)	(34,304)	(3)
6450 Expected credit impairment gain	12 (2)	-	-	-	-
6000 Total operating expenses		<u>(172,728)</u>	<u>(15)</u>	<u>(157,209)</u>	<u>(14)</u>
6900 Operating gains		<u>91,682</u>	<u>8</u>	<u>203,345</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES					
7100 Interest income	6 (19)	10,072	1	7,601	-
7010 Other income	6 (20)	9,937	1	21,568	2
7020 Other gains and losses	6 (21)	43,538	4	(15,480)	(1)
7050 Financial costs	6 (9) and (12) (22)	(9,671)	(1)	(4,160)	-
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method	6 (5)	<u>20,002</u>	<u>1</u>	<u>-</u>	<u>-</u>
7000 Total non-operating incomes and expenses		<u>73,878</u>	<u>6</u>	<u>9,529</u>	<u>1</u>
7900 Income before income tax		<u>165,560</u>	<u>14</u>	<u>212,874</u>	<u>18</u>
7950 Income tax expenses	6 (25)	(20,881)	(2)	(35,286)	(3)
8200 Net profit (loss) for current period		<u>\$ 144,679</u>	<u>12</u>	<u>\$ 177,588</u>	<u>15</u>

(continued on next page)

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

Consolidated Statement of Comprehensive Income

January 1 to March 31, 2024 and 2023

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

Item	Note	January 1 to March 31, 2024		January 1 to March 31, 2023	
		Amount	%	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 (17)				
8316 Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6 (4)	\$ 102,676	9	\$ 68,420	6
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		16,235	1	-	-
8310 Total components of other comprehensive income that will not be reclassified to profit or loss		118,911	10	68,420	6
Items that may be reclassified subsequently to profit or loss	6 (17)				
8361 Exchange differences on translating the financial statements of foreign operations		162,794	14	15,632	1
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		24,186	2	-	-
8360 Total of items that may be reclassified subsequently to profit or loss		186,980	16	15,632	1
8300 Other comprehensive income/(loss) for the year, net of income tax		\$ 305,891	26	\$ 84,052	7
8500 Total comprehensive income		\$ 450,570	38	\$ 261,640	22

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 March 31, 2024 and 2023

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

(loss) for the current period					
Net income attributable to:					
8610	shareholders of the parent	\$	144,737	12	\$ 177,588 15
8620	Non-controlling interests	(\$	58)	-	\$ - -
Total comprehensive income (loss) attributable to:					
8710	shareholders of the parent	\$	449,966	38	\$ 261,640 22
8720	Non-controlling interests	\$	604	-	\$ - -
Earnings per share (EPS)					
				6 (26)	
9750	Basic earnings per share attributable to shareholders of the parent company	\$		1.42	\$ 1.74
9850	Diluted earnings per share attributable to shareholders of the parent company	\$		1.33	\$ 1.73

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 March 31, 2024 and 2023

Unit: NT\$ thousand

		Equity attributable to shareholders of the parent									
		Retained earnings				Other equity					
	Note	Common shares	Capital surplus	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	Total	Non-controlling interests	Total equity
<u>January 1 to March 31, 2023</u>											
Balance as of January 1, 2023		\$ 1,020,340	\$ 1,798,320	\$ 552,955	\$ 76,642	\$ 3,012,932	(\$ 134,642)	\$ 198,390	\$ 6,524,937	\$ -	\$ 6,524,937
Net profit (loss) for current period		-	-	-	-	177,588	-	-	177,588	-	177,588
Other comprehensive income for the6 (17) year		-	-	-	-	-	15,632	68,420	84,052	-	84,052
Total comprehensive income (loss) for the current period		-	-	-	-	177,588	15,632	68,420	261,640	-	261,640
Appropriation and distribution of earnings:	6 (16)										
Cash dividends		-	-	-	-	(612,204)	-	-	(612,204)	-	(612,204)
Balance as of March 31, 2023		\$ 1,020,340	\$ 1,798,320	\$ 552,955	\$ 76,642	\$ 2,578,316	(\$ 119,010)	\$ 266,810	\$ 6,174,373	\$ -	\$ 6,174,373
<u>January 1 to March 31, 2024</u>											
Balance on January 1, 2024		\$ 1,020,340	\$ 1,854,279	\$ 657,300	\$ 76,642	\$ 2,928,035	(\$ 217,641)	\$ 356,690	\$ 6,675,645	\$ 60,682	\$ 6,736,327
Net profit (loss) for current period		-	-	-	-	144,737	-	-	144,737	(58)	144,679
Other comprehensive income for the6 (17) year		-	-	-	-	-	186,318	118,911	305,229	662	305,891
Total comprehensive income (loss) for the current period		-	-	-	-	144,737	186,318	118,911	449,966	604	450,570
Appropriation and distribution of earnings:	6 (16)										
Cash dividends		-	-	-	-	(459,153)	-	-	(459,153)	-	(459,153)
Balance on March 31, 2024		\$ 1,020,340	\$ 1,854,279	\$ 657,300	\$ 76,642	\$ 2,613,619	(\$ 31,323)	\$ 475,601	\$ 6,666,458	\$ 61,286	\$ 6,727,744

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 Cash Flow Statement

January 1 to March 31, 2024 and 2023

Unit: NT\$ thousand

	Note	January 1 to March 31, 2024	January 1 to March 31, 2023
<u>Cash flow from operating activities</u>			
Income before income tax		\$ 165,560	\$ 212,874
Adjustments			
Adjustments for income and expenses			
Depreciation expenses (including right-of-use assets)	6 (23)	134,278	127,765
Amortization	6 (23)	1,875	1,442
Gains (losses) on disposal of property, plant and equipment	6 (21)	(6)	(544)
Valuation loss of financial assets at fair value through profit or loss		330	-
Interest income	6 (19)	(10,072)	(7,601)
Interest expenses	6 (22)	9,671	4,160
Share of profit of associates accounted for using equity method	6 (5)	(20,002)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(1,390)	(1,847)
Accounts Receivable		(174,742)	(1,846)
Accounts receivable due from related parties		(18,480)	11,271
Other receivables		(3,247)	(2,393)
Inventory		(42,017)	(13,201)
Pre-payments		(921)	(2,195)
Other current assets		(338)	319
Changes in operating liabilities, net			
Notes payable		(179)	2,409
Accounts payable		140,689	249
Accounts payables to related parties		416	(2,045)
Other payables		(24,118)	(77,479)
Liability reserve - current		500	3,992
Net defined benefit liabilities		117	58
Other non-current liabilities		(207)	(482)
Cash generated from operating activities		157,717	254,906
Interest paid		(5,242)	(4,160)
Income taxes paid		(2,084)	(7,668)
Net cash inflow from operating activities		150,391	243,078

(continued on next page)

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

Consolidated Cash Flow Statement

January 1 to March 31, 2024 and 2023

Unit: NT\$ thousand

	Note	January 1 to March 31, 2024	January 1 to March 31, 2023
<u>Cash Flow from Investment Activities</u>			
Interests received		\$ 10,072	\$ 7,601
Acquisition of financial assets at fair value through other comprehensive income		-	(6,085)
Increase in financial assets measured at amortized cost		-	(50,000)
Decrease in financial assets at amortized cost		30,705	-
Acquisition of property, plant and equipment	6 (27)	(129,306)	(116,843)
Proceeds from disposal of property, plant and equipment		1,428	544
Acquisition of intangible assets		(2,234)	(1,574)
Increase in refundable deposits		(462)	-
Increase in other non-current assets		-	(1,450,000)
Decrease in other non-current assets		-	7,942
Net cash flows used in investing activities		(89,797)	(1,608,415)
<u>Cash Flow from Financing Activities</u>			
Increase in short-term borrowings		70,000	570,000
Decrease in short-term borrowings		(120,000)	(70,000)
Increase in long-term borrowings		-	410,000
Repayment for long-term borrowings		(9,433)	(9,434)
Repayment of the principal portion of lease liabilities	6 (28)	(1,249)	(1,741)
Net cash inflow from financing activities		(60,682)	898,825
Exchange rate adjustments		88,118	4,795
Increase (decrease) in cash and cash equivalents		88,030	(461,717)
Cash and cash equivalents - beginning balance		2,152,634	1,528,877
Cash and cash equivalents - ending balance		<u>\$ 2,240,664</u>	<u>\$ 1,067,160</u>

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

First Quarter in 2024 and 2023

(Only reviewed, not audited according to the auditing standards)

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

The Consolidated Financial Statements have been approved by the Board of Directors for release on May 6, 2024.

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 2024:

<u>New/amended/revised standards and interpretations</u>	<u>Effective date announced by IASB</u>
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.

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

None.

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

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

<u>New/amended/revised standards and interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IFRS 10 and IAS 28 - “Sale or Contribution of	Yet to be decided by IASB

Assets between an Investor and its Associate or Joint Venture”	
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
IFRS No. 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

Except for the following, 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.

IFRS No. 18 “Presentation and Disclosures in Financial Statements”

IFRS No. 18 “Financial Statement Presentation and Disclosure” replaces IAS No. 1 and updates the structure of the comprehensive income statement, adds the disclosure of management performance measurement, and strengthens the application in the summary of the main financial statements and notes and segmentation.

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

1. 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.
2. The consolidated financial statements should be read in conjunction with the 2023 consolidated financial statements.

(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 measured at fair value through profit or loss (including derivatives).
 - (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
The preparation principles of the consolidated financial statements are the same as those in the 2023 consolidated financial statements.
2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Subsidiary	Business nature	Shareholding percentage			Remarks
			March 31, 2024	December 31, 2023	March 31, 2023	
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.	Reinvestment and trading-related business	60%	60%	-	Note 1
BEST BLISS INVESTMENTS LIMITED	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Production, processing and sale of electronic components	100%	100%	100%	
BEST BLISS INVESTMENTS LIMITED	FIXED ROCK HOLDING LTD.	Invested business	100%	100%	100%	
BEST BLISS INVESTMENTS LIMITED	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	26.60%	26.60%	26.60%	
FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	73.40%	73.40%	73.40%	
TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	TECHWORLD ELECTRONICS (M) SDN. BHD.	Production, processing and sale of electronic components	100%	100%	-	Note 2
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Sale of electronic components	100%	100%	100%	

Note 1: Incorporated in June 2023.

Note 2: Incorporated in July 2023.

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) Employee benefits

Pension - defined benefit plan

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.

(V) Income tax

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.

V. Significant Accounting Judgments, Estimates and Major Sources of Uncertainty for Assumptions

There is no significant change in the current period. Please refer to Note 5 of the 2023 consolidated financial statements.

VI. Description of significant accounting items

(I) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and revolving funds	\$ 1,403	\$ 2,325	\$ 1,543
Checking deposits and demand deposits	1,168,442	1,566,640	663,677
Time deposits	770,819	523,669	401,940
Commercial paper with repurchase agreement	300,000	60,000	-
Total	<u>\$ 2,240,664</u>	<u>\$ 2,152,634</u>	<u>\$ 1,067,160</u>

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. The amounts of the Group's original time deposits with maturity of more than three months on March 31, 2024, December 31, 2023, and March 31, 2023 presented under “financial assets measured at amortized cost – current” were NT\$0, NT\$30,705 and NT\$50,000.

(II) Notes and Accounts Receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	<u>\$ 51,234</u>	<u>\$ 49,844</u>	<u>\$ 62,232</u>
Accounts Receivable	\$ 1,640,286	\$ 1,465,544	\$ 1,629,239
Less: Allowance for bad debt	<u>(1,447)</u>	<u>(1,422)</u>	<u>(2,361)</u>
	<u>\$ 1,638,839</u>	<u>\$ 1,464,122</u>	<u>\$ 1,626,878</u>
Accounts receivable due from related parties	\$ 113,419	\$ 94,939	\$ 101,363
Less: Allowance for bad debt	<u>(89)</u>	<u>(89)</u>	<u>(89)</u>
	<u>\$ 113,330</u>	<u>\$ 94,850</u>	<u>\$ 101,274</u>

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

	March 31, 2024		December 31, 2023		March 31, 2023	
	Accounts Receivable	Notes receivable	Accounts Receivable	Notes receivable	Accounts Receivable	Notes receivable
Not yet due	\$ 1,749,240	\$ 51,234	\$ 1,534,345	\$ 49,844	\$ 1,693,918	\$ 62,232
Within 30 days	3,459	-	24,900	-	36,684	-
31~90 days	1,006	-	1,230	-	-	-
91~180 days	-	-	8	-	-	-
	<u>\$ 1,753,705</u>	<u>\$ 51,234</u>	<u>\$ 1,560,483</u>	<u>\$ 49,844</u>	<u>\$ 1,730,602</u>	<u>\$ 62,232</u>

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

2. The balance of accounts receivable and notes receivable on March 31, 2024, December 31, 2023, and March 31, 2023 were all generated from contracts with customers. The balance of receivables as of January 1, 2023 amounted to NT\$1,801,892.
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 March 31, 2024, December 31, 2023, and March 31, 2023 were NT\$51,234, NT\$49,844, and NT\$62,232, respectively; and the amounts most representative of

the credit risk inherent in the Group's accounts receivable as of March 31, 2024, December 31, 2023, and March 31, 2023 were NT\$1,752,169, NT\$1,558,972, and NT\$1,728,152, respectively.

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

(III) Inventory

	March 31, 2024		
	Cost	Allowance for inventory valuation	Carrying amount
Raw materials	\$ 168,670	(\$ 13,750)	\$ 154,920
Supplies	25,309	(3,193)	22,116
Work in process	345,017	(19,055)	325,962
Finished products	311,129	(26,405)	284,724
Goods	25,117	(2,699)	22,418
Total	<u>\$ 875,242</u>	<u>(\$ 65,102)</u>	<u>\$ 810,140</u>

	December 31, 2023		
	Cost	Allowance for inventory valuation	Carrying amount
Raw materials	\$ 135,708	(\$ 13,036)	\$ 122,672
Supplies	23,504	(3,093)	20,411
Work in process	340,197	(22,637)	317,560
Finished products	310,994	(27,793)	283,201
Goods	26,870	(2,591)	24,279
Total	<u>\$ 837,273</u>	<u>(\$ 69,150)</u>	<u>\$ 768,123</u>

	March 31, 2023		
	Cost	Allowance for inventory valuation	Carrying amount
Raw materials	\$ 148,041	(\$ 14,654)	\$ 133,387
Supplies	27,116	(3,235)	23,881
Work in process	404,420	(15,855)	388,565
Finished products	416,313	(26,658)	389,655
Goods	24,202	(2,294)	21,908
Total	<u>\$ 1,020,092</u>	<u>(\$ 62,696)</u>	<u>\$ 957,396</u>

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

	January 1 to March 31, 2024	January 1 to March 31, 2023
Cost of inventory sold	\$ 861,638	\$ 798,228
Inventory (recovery benefit) depreciation loss	(5,933)	3,557

Others	51,618	13,529
	<u>\$ 907,323</u>	<u>\$ 815,314</u>

From January 1 to March 31, 2024, as the Group continued to eliminate inventories, the net realizable value of inventories increased.

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

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

	March 31, 2024	December 31, 2023	March 31, 2023
Equity instruments			
Shares listed on the stock exchange or the OTC market	\$ 36,094	\$ 36,094	\$ 53,424
Shares not traded on the stock exchange, the OTC market, or the emerging stock market	<u>171,878</u>	<u>169,833</u>	<u>135,318</u>
	207,972	205,927	188,742
Adjustments for change in value	<u>455,645</u>	<u>352,969</u>	<u>266,810</u>
Total	<u>\$ 663,617</u>	<u>\$ 558,896</u>	<u>\$ 455,552</u>

1. The Group elected to classify the stocks that are strategic investments as financial assets measured at fair value through other comprehensive gain or loss. The fair values of such investments as of March 31, 2024, December 31, 2023, and March 31, 2023 were NT\$663,617, NT\$558,896 and NT\$455,552, respectively.
2. Financial assets at fair value through other comprehensive income recognized in profit and loss/comprehensive income are as follows:

	January 1 to March 31, 2024	January 1 to March 31, 2023
<u>Equity instruments measured at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	\$ 102,676	\$ 68,420
Dividend income recognized in profit or loss held at end of year	<u>\$ -</u>	<u>\$ -</u>

3. 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 March 31, 2024, December 31, 2023, and March 31, 2023 were NT\$663,617, NT\$558,896 and NT\$455,552, respectively.
4. The Group did not pledge any financial assets at fair value through other comprehensive income as collaterals.

(V) Investment under equity method (no such transaction as of March 31, 2023)

	March 31, 2024	December 31, 2023
Associate:		
APAQ Technology Co., Ltd.	\$ 1,524,208	\$ 1,463,347
JDX Technology Co., Ltd.	<u>6,819</u>	<u>7,256</u>
	<u>\$ 1,531,027</u>	<u>\$ 1,470,603</u>

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

Company Name	Main business premises	Shareholding ratio		Nature of relationship	Measuring method
		March 31, 2024	December 31, 2023		
APAQ Technology Co., Ltd.	Taiwan	28.1%	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. The summarized financial information of the major associates of the Company is as follows:

Balance sheet

	APAQ Technology Co., Ltd. and Subsidiaries	
	March 31, 2024	December 31, 2023
Current assets	\$ 3,630,736	\$ 3,168,097
Non-current assets	1,966,008	1,754,258
Current liabilities	(1,961,836)	(1,687,223)
Non-current liabilities	(334,516)	(320,757)
Non-controlling interests	(138,792)	-
Fair value adjustment of other intangible and tangible net assets	<u>483,991</u>	<u>-</u>
Adjusted total net assets	<u>\$ 3,645,591</u>	<u>\$ 2,914,375</u>
Share of net total assets of associates	\$ 1,024,411	\$ 818,939
Goodwill	510,566	644,408
Others	<u>(10,769)</u>	<u>-</u>
Carrying amount of associate	<u>\$ 1,524,208</u>	<u>\$ 1,463,347</u>

Statement of comprehensive income

	APAQ Technology Co., Ltd. and Subsidiaries
	January 1 to March 31, 2024
Revenue	\$ 721,366
Profit from continuing operations	\$ 137,991
Other comprehensive income (net amount after tax)	<u>107,161</u>
Total comprehensive income (loss) for the current period	<u>\$ 245,152</u>
Dividends received from associates	<u>\$ -</u>

3. A major associate of the Group, APAQ Technology Co., Ltd., has quotations in the open market. The fair value on March 31, 2024 and December 31, 2023 was

NT\$1,950,000 and NT\$1,737,500, respectively.

4. From January 1, 2023 to March 31, 2023, the investment gains of APAQ Technology Co., Ltd. under the equity method amounted to NT\$20,439, which were based on the financial statements reviewed by other CPAs during the period.
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 that it has only significant influence over the above companies and therefore recognizes them as its associates.

(VI) Property, plant and equipment

2024

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
January 1									
Cost	\$ 777,560	\$ 590,845	\$ 5,644,458	\$ 25,018	\$ 11,611	\$ 58,766	\$ 342,246	\$ 25,212	\$ 7,475,716
Accumulated depreciation and impairment	-	(280,130)	(2,815,129)	(18,182)	(9,476)	(40,125)	(212,180)	-	(3,375,222)
	<u>\$ 777,560</u>	<u>\$ 310,715</u>	<u>\$ 2,829,329</u>	<u>\$ 6,836</u>	<u>\$ 2,135</u>	<u>\$ 18,641</u>	<u>\$ 130,066</u>	<u>\$ 25,212</u>	<u>\$ 4,100,494</u>
January 1	\$ 777,560	\$ 310,715	\$ 2,829,329	\$ 6,836	\$ 2,135	\$ 18,641	\$ 130,066	\$ 25,212	\$ 4,100,494
Addition	-	-	2,576	-	-	1,461	6,560	17,570	28,167
Disposal	-	-	-	-	(34)	-	-	-	(34)
Reclassification	-	-	10,149	-	-	230	4,044	(14,423)	-
Depreciation expenses	-	(8,203)	(107,370)	(259)	(248)	(1,742)	(15,012)	-	(132,834)
Net exchange differences	-	8,591	67,444	-	14	288	1,725	105	78,167
March 31	<u>\$ 777,560</u>	<u>\$ 311,103</u>	<u>\$ 2,802,128</u>	<u>\$ 6,577</u>	<u>\$ 1,867</u>	<u>\$ 18,878</u>	<u>\$ 127,383</u>	<u>\$ 28,464</u>	<u>\$ 4,073,960</u>
March 31									
Cost	\$ 777,560	\$ 606,665	\$ 5,774,454	\$ 25,046	\$ 11,280	\$ 60,217	\$ 358,350	\$ 28,464	\$ 7,642,036
Accumulated depreciation and impairment	-	(295,562)	(2,972,326)	(18,469)	(9,413)	(41,339)	(230,967)	-	(3,568,076)
	<u>\$ 777,560</u>	<u>\$ 311,103</u>	<u>\$ 2,802,128</u>	<u>\$ 6,577</u>	<u>\$ 1,867</u>	<u>\$ 18,878</u>	<u>\$ 127,383</u>	<u>\$ 28,464</u>	<u>\$ 4,073,960</u>

2023

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	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)
	<u>\$ 777,560</u>	<u>\$ 315,216</u>	<u>\$ 3,106,033</u>	<u>\$ 7,871</u>	<u>\$ 3,045</u>	<u>\$ 16,700</u>	<u>\$ 130,409</u>	<u>\$ 44,775</u>	<u>\$ 4,401,609</u>
January 1	\$ 777,560	\$ 315,216	\$ 3,106,033	\$ 7,871	\$ 3,045	\$ 16,700	\$ 130,409	\$ 44,775	\$ 4,401,609
Addition	-	-	12,641	-	-	242	5,796	38,762	57,441
Disposal	-	-	-	-	-	-	-	-	-
Reclassification	-	-	26,977	-	-	718	1,215	(28,910)	-
Depreciation expenses	-	(6,447)	(104,842)	(259)	(223)	(1,239)	(12,961)	-	(125,971)
Net exchange differences	-	1,188	10,012	-	3	36	335	178	11,752
March 31	<u>\$ 777,560</u>	<u>\$ 309,957</u>	<u>\$ 3,050,821</u>	<u>\$ 7,612</u>	<u>\$ 2,825</u>	<u>\$ 16,457</u>	<u>\$ 124,794</u>	<u>\$ 54,805</u>	<u>\$ 4,344,831</u>
March 31									
Cost	\$ 777,560	\$ 573,992	\$ 5,881,754	\$ 25,033	\$ 11,685	\$ 53,545	\$ 361,033	\$ 54,805	\$ 7,739,407
Accumulated depreciation and impairment	-	(264,035)	(2,830,933)	(17,421)	(8,860)	(37,088)	(236,239)	-	(3,394,576)
	<u>\$ 777,560</u>	<u>\$ 309,957</u>	<u>\$ 3,050,821</u>	<u>\$ 7,612</u>	<u>\$ 2,825</u>	<u>\$ 16,457</u>	<u>\$ 124,794</u>	<u>\$ 54,805</u>	<u>\$ 4,344,831</u>

1. The capitalized amounts of interest for the three months ended March 31, 2024 and 2023 were both NT\$0.
2. The Group's significant components of buildings and structures, including buildings and engineering systems, are depreciated over 20~50 years and 8~20 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, 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:

	March 31, 2024	December 31, 2023	March 31, 2023
	Carrying amount	Carrying amount	Carrying amount
Right-of-use land	\$ 27,361	\$ 26,471	\$ 27,587
Buildings	8,444	9,193	2,666
Transportation equipment	880	1,309	2,600
Machinery and equipment	525	614	882
	<u>\$ 37,210</u>	<u>\$ 37,587</u>	<u>\$ 33,735</u>

	January 1 to March 31, 2024	January 1 to March 31, 2023
	Depreciation expenses	Depreciation expenses
Right-of-use land	\$ 177	\$ 177
Buildings	748	1,097
Transportation equipment	430	431
Machinery and equipment	89	89
	<u>\$ 1,444</u>	<u>\$ 1,794</u>

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

	January 1 to March 31, 2024	January 1 to March 31, 2023
<u>Items that affect profit or loss</u>		
Expenses attributable to short-term lease contracts	\$ 5,104	\$ 3,763
Expenses attributable to low-value assets	22	18

5. For the three months ended March 31, 2024 and 2023, the increase in the Group's right-of-use assets were both NT\$0.
6. For the three months ended March 31, 2024 and 2023, the Group's total lease cash outflows were NT\$6,375 and NT\$5,522, respectively.

(VIII) Other non-current assets

	March 31, 2024	December 31, 2023	March 31, 2023
Share capital account	\$ -	\$ -	\$ 1,450,000
Refundable deposits	3,088	2,626	2,632
Prepayments for construction and equipment	102,332	14,449	21,350
Uncollectible overdue receivables	1,252	1,252	1,252
Allowance for uncollectible-overdue receivables	(1,252)	(1,252)	(1,252)
	<u>\$ 105,420</u>	<u>\$ 17,075</u>	<u>\$ 1,473,982</u>

The share capital account as of March 31, 2023 refers to the predefined acquisition share capital consideration account for the public acquisition of APAQ Technology Co., Ltd.

(IX) Short-term borrowings

Nature of borrowings	March 31, 2024	Interest rate range	Collaterals
Bank loan			
Credit loan	<u>\$ 50,000</u>	1.69%~1.82%	-
Nature of borrowings	December 31, 2023	Interest rate range	Collaterals
Bank loan			
Credit loan	<u>\$ 100,000</u>	1.67%	-
Nature of borrowings	March 31, 2023	Interest rate range	Collaterals
Bank loan			
Credit loan	<u>\$ 500,000</u>	1.55%~1.63%	-

For the three months ended March 31, 2024 and 2023, the interest expenses recognized in profit or loss of short-term borrowings were NT\$218 and NT\$482, respectively.

(X) Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Dividends payable	\$ 459,153	\$ -	\$ 612,204
Salary and bonus payables	108,808	148,177	106,238
Social benefits liabilities payable	91,772	85,624	113,597
Employee compensation and directors' and supervisors' remuneration payable	64,447	51,686	111,765
Construction and equipment payable	48,205	61,211	29,066
Others	<u>203,105</u>	<u>206,763</u>	<u>184,357</u>
	<u>\$ 975,490</u>	<u>\$ 553,461</u>	<u>\$ 1,157,227</u>

(XI) Corporate bonds payable (no such transaction as of March 31, 2023)

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Corporate bonds payable	\$ 1,100,000	\$ 1,100,000
Less: Discount of corporate bond payable	(46,876)	(51,305)
	1,053,124	1,048,695
Less: Corporate bonds maturing within one year or one operating cycle or repurchase rights exercised	-	-
	<u>\$ 1,053,124</u>	<u>\$ 1,048,695</u>

1. Domestic convertible bonds issued by the Company

The conditions for the Company's issuance of the 1st domestic unsecured convertible corporate bonds are as follows

- (1) The Company was approved by the competent authority to issue the first domestic unsecured convertible corporate bonds. The total amount to be issued is \$1,100,000, the coupon rate of 0%, the issuance period of 3 years, and the circulation period from October 31, 2023 to October 31, 2026. The convertible bonds are repaid in cash in one lump sum at the bond face value upon maturity. The convertible bonds were listed for trading on the Taipei Exchange on October 31, 2023.
- (2) The period from the day following the expiration of three months after the date of issuance to the maturity date of the convertible corporate bond holders, except (1) the period of suspension of the common stock transfer according to law; (2) The period from the 15 business days before the book closure date for cash dividends or the book closure date to the base date of distribution of rights; (3) The base date of capital reduction for capital reduction is scheduled to expire on the day before the trading day before the capital reduction; (4) For a change in the denomination of shares, the Company may inform Taiwan Depository & Clearing Corporation through to request the Company's stock agent to convert the bonds into shares of the Company's common stock in accordance with the Regulations, the rights and obligations of the common shares after conversion are the same as the common shares issued originally.
- (3) The conversion price of these convertible corporate bonds is set according to the pricing model stipulated in the conversion regulations. The subsequent conversion price will be adjusted in accordance with the pricing model stipulated in the conversion plan in the event of an increase in the number of shares of common stock issued (or private placement) of securities with conversion or subscription rights to common shares at a capital reduction lower than the prevailing conversion or subscription price per share, and capital reduction not due to cancellation of treasury shares. The pricing model shall be adjusted in accordance with the conversion regulations.
As of March 31, 2024, the bonds had not yet been converted into common shares. The Company adjusted the conversion price at NT\$113.5 on April 6, 2024 in accordance with the conversion procedures.
- (4) Within three months the day after the issue of the corporate bonds to 40 days of the maturity of the issue period, when the closing price of the Company's common shares has exceeded the conversion price at the time of conversion price

at the conversion for 30 consecutive business days by more than 30%, the Company may, within 30 business days, send a copy of the “Notice of Recovery of Bonds” after the expiration of 30 days to the bondholders by registered mail, and also request the Taipei Exchange to make a public announcement and within 5 business days after the date of the recovery, all the bonds shall be recovered in cash based on the face value of the bonds.

- (5) In accordance with the conversion regulations, all the convertible corporate bonds recovered (including repurchased from the Taipei Exchange), repaid or converted by the Company shall be cancelled and may not be re-sold or re-issued and the conversion rights attached shall also be extinguished.
2. When issuing the convertible bonds, the Group separated the equity conversion option and each component of liability in accordance with IAS No. 32 “Financial Instruments: Presentation,” and accounted for \$55,190 as “Capital surplus - stock options.” In addition, the embedded repurchase options were not closely related to the economic characteristics and risks of the debt instrument of the host contract in accordance with IFRS 9 “Financial Instruments,” so they were separated and accounted for in the net amount of “Financial assets measured at fair value through profit or loss.” After the separation, the effective interest rate of the main contract debt was 1.7%.

(XII) Long-term borrowings

Nature of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	March 31, 2024
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1.75%	Land, buildings, and structures	\$ 468,522
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.	1.28%	-	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.	1.23%~1.28%	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.	1.28%	-	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.	1.23%	-	<u>250,000</u>
				1,533,012
Less: Current portion of long-term borrowings				<u>(37,733)</u>
				<u>\$ 1,495,279</u>

Nature of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	December 31, 2023
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1.63%	Land, buildings, and structures	\$ 477,955
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%	-	<u>250,000</u>
				1,542,445
Less: Current portion of long-term borrowings				(<u>37,733</u>)
				<u>\$ 1,504,712</u>

Nature of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	March 31, 2023
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1.63%	Land, buildings, and structures	\$ 506,255
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%	-	<u>206,000</u>
				1,526,745
Less: Current portion of long-term borrowings				(<u>37,733</u>)
				<u>\$ 1,489,012</u>

For the three months ended March 31, 2024 and 2023, the interest expense recognized in profit or loss of long-term borrowings were NT\$4,948 and NT\$3,678, respectively.

(XIII) Pension

- (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) For the three months ended March 31, 2024 and 2023, the pension costs recognized by the Group in accordance with the above regulations were NT\$117 and NT\$58.
 - (5) The Company is expected to contribute \$0 to the pension plan in 2024.
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 (Kunshan) 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 the three months ended March 31, 2024 and 2023, 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) For the three months ended March 31, 2024 and 2023, the pension cost recognized by the Group in accordance with the above Procedures was NT\$16,450 and NT\$17,681, respectively.

(XIV) Share capital

1. As of March 31, 2024, the Company had an authorized capital equal to NT\$3,000,000 (with NT\$20,000 retained for issuance of employee stock option certificates), a paid-in capital equal to NT\$1,020,340, and a share face value equal to NT\$10. All proceeds for share subscription were collected in full.

(XV) Capital surplus

1. 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.

2. The capital reserve is detailed as follows:

		2024				
		Issue premium	Changes in ownership interests in subsidiaries	Changes in net equity of associates	Consolidation premium	Stock options
January 1 (same as March 31)		\$ 1,783,921	\$ 12,353	\$ 769	\$ 2,046	\$ 55,190
						\$ 1,854,279

		2023			
		Issue premium	Changes in ownership interests in subsidiaries	Consolidation premium	Total
January 1 (same as March 31)		\$ 1,783,921	\$ 12,353	\$ 2,046	\$ 1,798,320

(XVI) Retained earnings

1. According to the Company's Articles of Incorporation, if the Company has any earnings in the final account, they should be used to pay off all the taxes and duties, as well as to compensate prior deficits. The remaining amount, if any, should be appropriated in the following order of presentation: (1) 10% as legal reserve until it reaches the Company's paid-in capital; (2) set aside or reverse a certain amount as or of special reserve according to operating needs or laws or regulations; (3) the remainder plus unappropriated earnings from prior years may be used to appropriate dividends or bonuses to shareholders after an earnings appropriation proposal is drafted by the Board of Directors and resolved in favor by the shareholders meeting. As required by Article 240 of the Company Act, if approved by a majority vote at a Board of Directors' meeting attended by two thirds of directors, the Board of

Directors may appropriate dividends or bonuses in cash with its existing legal reserve or capital surplus, and shall report to the shareholder's meeting. In such case, the requirements regarding resolution made by shareholders' meeting set out in the Company's Articles of Incorporation do not apply.

2. The Company's dividend appropriation policy takes into account the factors such as the industry environment it is in, its growing phases, future capital demands, financial structure, capital budge, shareholders' interest, balanced dividends, and long-term financial planning. An earnings appropriation proposal is drafted by the Board of Directors (and reported to the shareholders' meeting) to the extent appropriable on the conditions that the Company's business is in the expanding phase, profitability expects to grow, and appropriation of stock dividends won't significantly dilute the Company's profitability. No less than 30% of annual earnings are appropriated to shareholders. Shareholder's bonuses may be appropriated in cash or in shares, provided, however, that the appropriation in cash shall not be less than 10% of the total appropriated amount.
3. Except being used to make up previous deficits or appropriate shares or cash to shareholders in proportion to their shareholding percentage, the legal reserve shall not be used. However, the amount of legal reserves used to appropriate new shares or cash shall be limited to the portion exceeding 25% of the paid-in capital.
4. (1) According to law, the Company may appropriate earnings only after it has provided special reserve under the debit balance of other equity on the balance sheet date. If subsequently the debit balance of other equity is reversed, the reversed amount may be used as appropriable earnings.
 (2) As for the special reserves provided upon initial application of IFRSs to satisfy the requirements specified in the official letter Jin-Guan-Zheng-Fa-Zi No. 1090150022 dated March 31, 2021, 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 24, 2023, the Board of Directors passed a resolution to distribute an ordinary dividends of \$612,204 (\$6.0 per share) according to the 2022 surplus.
6. On February 26, 2024, the Board of Directors passed a resolution to distribute an ordinary dividends of \$459,153 (\$4.5 per share) according to the 2023 surplus.

(XVII) Other equity items

	2024		
	Unrealized gains (losses)	Foreign currency translation	Total
January 1	\$ 356,690	(\$ 217,641)	\$ 139,049
Valuation of financial assets at fair value through other comprehensive income:			
– The Group	102,676	-	102,676
– Associate	16,235	-	16,235
Exchange differences:			

– The Group	-	162,132	162,132
– Associate	-	24,186	24,186
March 31	<u>\$ 475,601</u>	<u>(\$ 31,323)</u>	<u>\$ 444,278</u>

	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:			
– The Group	68,420	-	68,420
Exchange differences:			
– The Group	-	15,632	15,632
March 31	<u>\$ 266,810</u>	<u>(\$ 119,010)</u>	<u>\$ 147,800</u>

(XVIII) Operating revenue

	January 1 to March 31, 2024	January 1 to March 31, 2023
Revenue from contracts with clients	<u>\$ 1,171,733</u>	<u>\$ 1,175,868</u>

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

	January 1 to March 31, 2024	January 1 to March 31, 2023
Wire-wound	\$ 832,800	\$ 793,432
Multilayer products	249,095	189,901
LAN transformers	80,153	181,015
Others	9,685	11,520
Total	<u>\$ 1,171,733</u>	<u>\$ 1,175,868</u>

(XIX) Interest income

	January 1 to March 31, 2024	January 1 to March 31, 2023
Interest on bank deposits	\$ 9,830	\$ 7,567
Interest income from financial assets measured at amortized cost	235	28
Other interest income	7	6
	<u>\$ 10,072</u>	<u>\$ 7,601</u>

(XX) Other income

	January 1 to March 31, 2024	January 1 to March 31, 2023
--	-----------------------------	-----------------------------

Rental income	\$	2,716	\$	2,632
Subsidies income		5,398		18,432
Miscellaneous income		<u>1,823</u>		<u>504</u>
	\$	<u>9,937</u>	\$	<u>21,568</u>

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.

(XXI) Other gains and losses

	January 1 to March 31, 2024	January 1 to March 31, 2023
Gains on disposal of property, plant and equipment	\$ 6	\$ 544
Exchange gains (losses), net	43,866	(16,024)
Losses on financial assets at fair value through profit or loss	(330)	-
Miscellaneous expenses	<u>(4)</u>	<u>-</u>
	<u>\$ 43,538</u>	<u>(\$ 15,480)</u>

(XXII) Financial costs

	January 1 to March 31, 2024	January 1 to March 31, 2023
Interest expenses	\$ 5,166	\$ 4,160
Interest expense of corporate bonds payable	4,429	-
Other interest expenses	<u>76</u>	<u>-</u>
	<u>\$ 9,671</u>	<u>\$ 4,160</u>

(XXIII) Additional Information on the Nature of Expenses

	January 1 to March 31, 2024		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	\$ 197,387	\$ 85,480	\$ 282,867
Depreciation expenses of property, plant and equipment	120,093	12,741	132,834
Depreciation of right-of-use assets	268	1,176	1,444
Amortization expenses	1,056	819	1,875

	January 1 to March 31, 2023		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	\$ 199,823	\$ 84,166	\$ 283,989
Depreciation expenses of property,	116,269	9,702	125,971

plant and equipment			
Depreciation of right-of-use assets	752	1,042	1,794
Amortization expenses	847	595	1,442

(XXIV) Employee benefit expense

	January 1 to March 31, 2024		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	\$ 166,378	\$ 72,807	\$ 239,185
Labor and health insurance expense	5,554	4,308	9,862
Pension expense	12,450	4,117	16,567
Other personnel expense	<u>13,005</u>	<u>4,248</u>	<u>17,253</u>
	<u>\$ 197,387</u>	<u>\$ 85,480</u>	<u>\$ 282,867</u>

	January 1 to March 31, 2023		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	\$ 167,119	\$ 71,969	\$ 239,088
Labor and health insurance expense	6,523	4,414	10,937
Pension expense	14,035	3,704	17,739
Other personnel expense	<u>12,146</u>	<u>4,079</u>	<u>16,225</u>
	<u>\$ 199,823</u>	<u>\$ 84,166</u>	<u>\$ 283,989</u>

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. The Company's estimated employee remuneration for the years ended March 31, 2024 and 2023 was NT\$10,209 and NT\$13,268, respectively; the estimated amount of remuneration to directors/supervisors was NT\$2,552 and NT\$3,317, respectively, and the aforementioned amounts were presented under salary expenses.

For the three months ended March 31, 2024 and 2023, the remuneration to employees and remuneration to directors and supervisors from was based on the profit status as of the current period, estimated at 6% and 1.5%, respectively.

The amount of the accrued employee compensation and directors' and supervisors' remuneration for 2023 as had been resolved by the Board of Directors was the same as the amount recognized in the financial statements for 2023.

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 MOPS of TWSE.

(XXV) Income tax

1. Income tax expenses

(1) Income tax components:

	January 1 to March 31, 2024	January 1 to March 31, 2023
Current tax:		
Tax attributable to taxable income of the period	\$ 19,250	\$ 35,286
Underestimation of income tax in previous years	<u>1,631</u>	<u>-</u>
Total current tax	<u>20,881</u>	<u>35,286</u>
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	<u>-</u>	<u>-</u>
Income tax expenses	<u>\$ 20,881</u>	<u>\$ 35,286</u>

(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 business income tax has been approved by the tax authorities up to 2021.

(XXVI) Earnings per share (EPS)

	January 1 to March 31, 2024		
	Post-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (EPS) (NTD)
<u>Basic earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	<u>\$ 144,737</u>	<u>102,034</u>	<u>\$ 1.42</u>
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 144,737	102,034	
Effects of the potentially dilutive common shares on employee compensation	-	326	
Convertible corporate bonds	<u>4,429</u>	<u>9,692</u>	
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	<u>\$ 149,166</u>	<u>112,052</u>	<u>\$ 1.33</u>
	January 1 to March 31, 2023		
	Post-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (EPS) (NTD)
<u>Basic earnings per share</u>			
Profit attributable to shareholders of common	<u>\$ 177,588</u>	<u>102,034</u>	<u>\$ 1.74</u>

shares of the parent			
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$	177,588	102,034
Effects of the potentially dilutive common shares on employee compensation		<u>-</u>	<u>553</u>
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	\$	<u>177,588</u>	<u>102,587</u> \$ <u>1.73</u>

(XXVII) Additional Information on Cash Flows

1. Investing activities partially involving cash payments:

	January 1 to March 31, 2024	January 1 to March 31, 2023
Acquisition of property, plant and equipment	\$ 28,167	\$ 57,441
Add: Construction and equipment payable at the beginning of the period	61,211	57,797
Notes payable at the beginning of the period	5,564	37,028
Prepayments for construction and equipment - ending	102,332	-
Less: Construction and equipment payable at the end of the period	(48,205)	(29,066)
Notes payable at the end of the period	(5,314)	(6,357)
Prepayments for construction and equipment - opening	(14,449)	-
Cash paid in the period	<u>\$ 129,306</u>	<u>\$ 116,843</u>

2. Financing activities not affecting cash flows:

	January 1 to March 31, 2024	January 1 to March 31, 2023
Cash dividends announced but not yet paid	<u>\$ 459,153</u>	<u>\$ 612,204</u>

(XXVIII) Changes in Liabilities Arising from Financing Activities

	2024					
	Short-term borrowings	Long-term borrowings	Lease liabilities	Corporate bonds payable	Dividends payable	Liabilities arising from financing activities - Total
January 1	\$ 100,000	\$ 1,542,445	\$ 11,267	\$ 1,048,695	\$ -	\$ 2,702,407
Changes from financing cash flows	(50,000)	(9,433)	(1,249)	-	-	(60,682)
Effects of exchange rate changes	-	-	1	-	-	1
Changes in amortized interest of corporate bonds payable	-	-	-	4,429	-	4,429

Other non-cash changes	-	-	-	-	459,153	459,153
March 31	<u>\$ 50,000</u>	<u>\$ 1,533,012</u>	<u>\$ 10,019</u>	<u>\$ 1,053,124</u>	<u>\$ 459,153</u>	<u>\$ 3,105,308</u>

	2023				
	Short-term borrowings	Long-term borrowings	Lease liabilities	Dividends payable	Liabilities arising from financing activities - Total
January 1	\$ -	\$ 1,126,179	\$ 7,870	\$ -	\$ 1,134,049
Changes from financing cash flows	500,000	400,566	(1,741)	-	898,825
Effects of exchange rate changes	-	-	1	-	1
Other non-cash changes	-	-	-	612,204	612,204
March 31	<u>\$ 500,000</u>	<u>\$ 1,526,745</u>	<u>\$ 6,130</u>	<u>\$ 612,204</u>	<u>\$ 2,645,079</u>

VII. Related party transactions

(I) Name and Relationship of Related Party

<u>Name of related party</u>	<u>Relationship with the Group</u>
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
JDX Technology Co., Ltd.	Associate
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

	<u>January 1 to March 31, 2024</u>	<u>January 1 to March 31, 2023</u>
Sale of goods:		
Associate	\$ 4	\$ -
Other related party	<u>83,215</u>	<u>76,009</u>
Total	<u>\$ 83,219</u>	<u>\$ 76,009</u>

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

	January 1 to March 31, 2024	January 1 to March 31, 2023
Purchase of goods:		
Other related party	\$ <u>3,066</u>	\$ <u>2,760</u>

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 ordinary suppliers.

3. Freight expenses and miscellaneous expenses

	January 1 to March 31, 2024	January 1 to March 31, 2023
Other related party	\$ <u>1</u>	\$ <u>7</u>

4. 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:

	March 31, 2024	December 31, 2023	March 31, 2023
Jui-hsia Tai	\$ 5,141	\$ 5,444	\$ 127
Chang-i Hsieh	<u>3,472</u>	<u>3,676</u>	<u>121</u>
	<u>\$ 8,613</u>	<u>\$ 9,120</u>	<u>\$ 248</u>

(3) Rental expense

	January 1 to March 31, 2024	January 1 to March 31, 2023
Other related party	\$ <u>43</u>	\$ <u>43</u>

5. Accounts receivables due from related party

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable:			
Other related party	\$ 113,326	\$ 94,850	\$ 101,274
Associate	<u>4</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 113,330</u>	<u>\$ 94,850</u>	<u>\$ 101,274</u>

6. Accounts payables due to related party

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable:			
Other related party	\$ 3,527	\$ 3,111	\$ 3,282
Other payables:			
Other related party	124	125	17
	<u>\$ 3,651</u>	<u>\$ 3,236</u>	<u>\$ 3,299</u>

(III) Remuneration to Major Management

	January 1 to March 31, 2024	January 1 to March 31, 2023
Short-term employee benefits	\$ 19,483	\$ 19,384
Post-retirement benefits	439	385
Total	<u>\$ 19,922</u>	<u>\$ 19,769</u>

VIII. Pledged assets

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

<u>Asset name</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	<u>Purpose of collateral</u>
Property, plant and equipment				
– Land	\$ 766,893	\$ 766,893	\$ 766,893	Short and long-term borrowings
– Buildings and structures	58,697	59,571	62,338	Short and long-term borrowings
– Machinery	390,573	401,327	433,333	Long-term borrowings

IX. Significant Commitments or Contingencies

(I) Contingencies

None.

(II) Commitments

Capital expenditures committed but not yet incurred

	March 31, 2024	December 31, 2023	March 31, 2023
Property, plant and equipment	<u>\$ 96,353</u>	<u>\$ 158,703</u>	<u>\$ 76,454</u>
Computer software	<u>\$ 5,306</u>	<u>\$ 1,327</u>	<u>\$ 8,119</u>

X. Losses from material disasters

None.

XI. Material events after the reporting period

None.

XII. Others

(I) Capital Management

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

(II) Financial Instrument

1. Type of financial instrument

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial Assets</u>			
Financial assets at fair value through profit or loss			
Financial assets compulsorily measured at fair value through profit or loss - current increase	\$ <u>550</u>	\$ <u>880</u>	\$ <u>-</u>
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	\$ <u>663,617</u>	\$ <u>558,896</u>	\$ <u>455,552</u>
Financial assets at amortized cost			
Cash and cash equivalents	\$ 2,240,664	\$ 2,152,634	\$ 1,067,160
Financial assets at amortized cost	-	30,705	50,000
Notes receivable, net	51,234	49,844	62,232
Accounts receivable, net (including those due from related party)	1,752,169	1,558,972	1,728,152
Other receivables (including related parties)	17,249	14,002	15,820
Refundable deposits (recognized in other non-current assets)	<u>3,088</u>	<u>2,626</u>	<u>1,452,632</u>
	<u>\$ 4,064,404</u>	<u>\$ 3,808,783</u>	<u>\$ 4,375,996</u>
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial Liabilities</u>			
Financial liabilities measured at amortized cost			
Short-term borrowings	\$ 50,000	\$ 100,000	\$ 500,000
Notes payable	17,031	17,460	15,038
Accounts payable (including related parties)	694,751	553,646	536,955
Other payables (including related parties)	975,490	553,461	1,157,227

Corporate bonds payable (including due within one year or one operating cycle)	1,053,124	1,048,695	-
Long-term borrowings (including those due within one year)	1,533,012	1,542,445	1,526,745
Guarantee deposits received (recognized in other non-current liabilities)	1,640	1,640	1,640
	<u>\$ 4,325,048</u>	<u>\$ 3,817,347</u>	<u>\$ 3,737,605</u>
Lease liabilities (including those due within one year)	<u>\$ 10,019</u>	<u>\$ 11,267</u>	<u>\$ 6,130</u>

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. The nature and degree of significant financial risks

(1) Market risks

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:

	March 31, 2024	
(Foreign currency: functional currency)	Foreign currency (in thousands)	Carrying amount (NTD/ RMB)
	Exchange rate	

<u>Financial Assets</u>				
<u>Monetary items</u>				
USD : NTD	\$	33,233	32.00	\$ 1,063,456
RMB : NTD		111,762	4.51	504,047
USD : RMB		36,956	7.10	262,388

<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$	21,831	32.00	\$ 698,592
RMB : NTD		1,172	4.51	5,286
USD : RMB		7,257	7.10	51,525

December 31, 2023				
	Foreign currency (in thousands)	Exchange rate		Carrying amount (NTD/ RMB)

(Foreign currency: functional currency)

<u>Financial Assets</u>				
<u>Monetary items</u>				
USD : NTD	\$	30,482	30.71	\$ 936,102
RMB : NTD		84,651	4.34	367,385
USD : RMB		40,037	7.08	283,462

<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$	19,764	30.71	\$ 606,952
RMB : NTD		706	4.34	3,064
USD : RMB		8,939	7.08	63,288

March 31, 2023				
	Foreign currency (in thousands)	Exchange rate		Carrying amount (NTD/ RMB)

(Foreign currency: functional currency)

<u>Financial Assets</u>				
<u>Monetary items</u>				
USD : NTD	\$	37,229	30.45	\$ 1,133,623
RMB : NTD		69,965	4.43	309,945
USD : RMB		38,525	6.87	264,667

<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$	23,473	30.45	\$ 714,753
RMB : NTD		6,358	4.43	28,166
USD : RMB		13,433	6.87	92,285

D. The Group's monetary items have a significant impact due to exchange rate fluctuations. The aggregate amount of all exchange incomes (including realized and unrealized) recognized for the three months ended March 31, 2024 and 2023 were exchange gains of NT\$43,866 and profits of NT\$16,024, 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:

<u>January 1 to March 31, 2024</u>				
<u>Sensitivity Analysis</u>				
	<u>Fluctuation</u>	<u>Effects on P/L</u> <u>(NTD/ RMB)</u>	<u>Effects on other</u> <u>comprehensive</u> <u>income (OCI)</u>	
(Foreign currency: functional currency)				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 10,635	\$	-
RMB : NTD	1%	5,040		-
USD : RMB	1%	2,624		-
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	6,986		-
RMB : NTD	1%	53		-
USD : RMB	1%	515		-

January 1 to March 31, 2023				
Sensitivity Analysis				
	Fluctuation		Effects on P/L (NTD/ RMB)	Effects on other comprehensive income (OCI)
(Foreign currency: functional currency)				
Financial Assets				
Monetary items				
USD : NTD	1%	\$	11,336	\$ -
RMB : NTD	1%		3,099	-
USD : RMB	1%		2,647	-
Financial Liabilities				
Monetary items				
USD : NTD	1%		7,148	-
RMB : NTD	1%		282	-
USD : RMB	1%		923	-

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 for the three months ended March 31, 2024 and 2023, is classified as gain or loss on the equity investment measured at fair value increased or decreased by NT\$6,636 and NT\$4,556, 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. For the three months ended March 31, 2024 and 2023, the Group's borrowings at floating interest rates were denominated in NTD and USD.
- B. When the NTD and USD borrowing rates increased or decreased by 1%, and all other factors remained unchanged, the net profit after tax for the years ended March 31, 2024 and 2023 would have decreased or increased by NT\$3,166 and NT\$4,053, respectively. This was mainly due to the change in interest expense on borrowings with floating interest rates.

(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 were continuously pursued were NT\$0 as of March 31, 2024, December 31, 2023, and March 31, 2023.
- 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 March 31, 2024, December 31, 2023, and March 31, 2023 were as follows:

	Individual disclosure	Not yet due	Within 30 days past due	31-90 days past due	91-180 days past due	Total
<u>March 31, 2024</u>						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	<u>\$ 1,252</u>	<u>\$ 1,800,474</u>	<u>\$ 3,459</u>	<u>\$ 1,006</u>	<u>\$ -</u>	<u>\$ 1,806,191</u>
Loss allowance	<u>\$ 1,252</u>	<u>\$ 940</u>	<u>\$ 569</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ 2,788</u>
<u>December 31, 2023</u>						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	<u>\$ 1,252</u>	<u>\$ 1,584,189</u>	<u>\$ 24,900</u>	<u>\$ 1,230</u>	<u>\$ 8</u>	<u>\$ 1,611,579</u>
Loss allowance	<u>\$ 1,252</u>	<u>\$ 924</u>	<u>\$ 552</u>	<u>\$ 27</u>	<u>\$ 8</u>	<u>\$ 2,763</u>
<u>March 31, 2023</u>						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	<u>\$ 1,252</u>	<u>\$ 1,756,150</u>	<u>\$ 36,684</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,794,086</u>
Loss allowance	<u>\$ 1,252</u>	<u>\$ 1,862</u>	<u>\$ 588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,702</u>

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

2024				
	Accounts Receivable	Notes receivable	Uncollectible overdue receivables	Total
January 1	\$ 1,511	\$ -	\$ 1,252	\$ 2,763
Exchange rate effects	25	-	-	25
March 31	<u>\$ 1,536</u>	<u>\$ -</u>	<u>\$ 1,252</u>	<u>\$ 2,788</u>
2023				
	Accounts Receivable	Notes receivable	Uncollectible overdue receivables	Total
January 1	\$ 2,442	\$ -	\$ 1,252	\$ 3,694
Exchange rate effects	8	-	-	8
March 31	<u>\$ 2,450</u>	<u>\$ -</u>	<u>\$ 1,252</u>	<u>\$ 3,702</u>

(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:

March 31, 2024	Less than 1 year	1~2 years	2~5 years	Over than 5 years
Short-term borrowings	\$ 50,000	\$ -	\$ -	\$ -
Notes payable	17,031	-	-	-
Accounts payable (including related parties)	694,751	-	-	-
Other payables (including related parties)	975,490	-	-	-
Lease liabilities (including those due within one year)	3,402	2,161	4,456	-
Corporate bonds payable	-	-	1,100,000	-
Long-term borrowings (including those due within one year)	58,969	330,376	885,060	350,036

Non-derivative financial liabilities:

December 31, 2023	Less than 1 year	1~2 years	2~5 years	Over than 5 years
Short-term borrowings	\$ 100,000	\$ -	\$ -	\$ -
Notes payable	17,460	-	-	-
Accounts payable (including related parties)	553,646	-	-	-
Other payables (including related parties)	553,461	-	-	-
Lease liabilities (including those due within one year)	4,085	2,199	4,983	-
Corporate bonds payable	-	-	1,100,000	-
Long-term borrowings (including those due within one year)	57,227	261,065	902,117	410,727

within one year)
Non-derivative financial
liabilities:

March 31, 2023	Less than 1 year	1~2 years	2~5 years	Over than 5 years
Short-term borrowings	\$ 500,000	\$ -	\$ -	\$ -
Notes payable	15,038	-	-	-
Accounts payable	533,673	-	-	-
Accounts payable - related parties	3,282	-	-	-
Other payables (including related parties)	1,157,227	-	-	-
Lease liabilities (including those due within one year)	4,725	1,206	199	-
Long-term borrowings (including those due within one year)	57,201	56,588	917,255	597,946

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: The quoted price (unadjusted) is available to the enterprise in an active market for the same assets or liabilities on 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: The unobservable input value of the asset or liability. This includes the equity instruments without active market investment by the Company.

2. Financial instruments not measured at fair value

(1) 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, except for those listed in the table below,

<u>March 31, 2024</u>			
	<u>Fair value per unit</u>		
Carrying amount	Level 1	Level 2	Level 3

Financial liabilities:

Corporate bonds payable

\$ 1,053,124 \$ - \$ 1,340,900 \$ -

December 31, 2023

Fair value per unit

Carrying
amount

Level 1

Level 2

Level 3

Financial liabilities:

Corporate bonds payable

\$ 1,048,695 \$ - \$ 1,274,900 \$ -

There was no such transaction on March 31, 2023.

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

March 31, 2024	Level 1	Level 2	Level 3	Total
ASSETS				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income				
Equity-based securities	\$ 193,269	\$ -	\$ 470,348	\$ 663,617
Derivatives				
Right of redemption of convertible bonds	\$ -	\$ 550	\$ -	\$ 550
 December 31, 2023				
	Level 1	Level 2	Level 3	Total
ASSETS				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income				
Equity-based securities	\$ 116,876	\$ -	\$ 442,020	\$ 558,896
Derivatives				
Right of redemption of convertible bonds	\$ -	\$ 880	\$ -	\$ 880
 March 31, 2023				
	Level 1	Level 2	Level 3	Total
ASSETS				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income				
Equity-based securities	\$ 100,294	\$ -	\$ 355,258	\$ 455,552

Corporate bonds payable: The coupon rate of the corporate bonds issued by the Group is similar to the market. Therefore, the fair value is estimated based on the discount value of the expected cash flows based on the market interest rate.

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:
- (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:

	<u>Listed shares</u>	<u>Convertible corporate bonds</u>
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. There was no transfer between levels 1 and 2 for the three months ended March 31, 2024 and 2023.
5. The following table shows the changes in Level 3 for the three months ended March 31, 2024 and 2023:

	2024	2023
	Equity-based securities	Equity-based securities
January 1	\$ 442,020	\$ 297,657
Gains or losses recognized in other comprehensive income		
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	26,283	51,538
Purchase of current period	-	6,085
Exchange rate effects	2,045	(22)
March 31	<u>\$ 470,348</u>	<u>\$ 355,258</u>

6. There was no transfer into or out of Level 3 during the three months ended March 31, 2024 and 2023.
7. Valuation process regarding fair value Level 3 is conducted by the Group's Finance Department, which conducts an independent fair value verification through 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:

		March 31, 2024		Significant unobservable Inputs	Interval (weighted average)	Relationship between inputs and fair value
		Fair value per unit	Valuation technique			
Non-derivative equity instruments:						
Unlisted shares	\$	470,348	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, 2023		Significant unobservable inputs	Interval (weighted average)	Relationship between inputs and fair value
		Fair value per unit	Valuation technique			
Non-derivative equity instruments:						
Unlisted shares	\$	442,020	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
		March 31, 2023		Significant unobservable Inputs	Interval (weighted average)	Relationship between inputs and fair value
		Fair value per unit	Valuation technique			
Non-derivative equity instruments:						
Unlisted shares	\$	355,258	Public company comparables	Discount for lack of marketability	15%~20% (18%)	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:

		<u>March 31, 2024</u>					
		<u>Recognized in P/L</u>				<u>Recognized in other comprehensive income (OCI)</u>	
		<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Unfavorable changes</u>	<u>Favorable changes</u>	<u>Unfavorable changes</u>
Financial Assets							
Equity instruments	\$	561,388	±1%	\$ -	\$ -	\$ 5,033	(\$ 5,607)
		<u>December 31, 2023</u>					
		<u>Recognized in P/L</u>				<u>Recognized in other comprehensive income (OCI)</u>	

	Inputs	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial Assets						
Equity instruments	\$ 529,156	±1%	\$ -	\$ -	\$ 4,941	(\$ 5,235)
<u>March 31, 2023</u>						
	Inputs	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial Assets						
Equity instruments	\$ 428,231	±1%	\$ -	\$ -	\$ 4,076	(\$ 4,119)

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, Associates 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 Percent or More of Paid-in Capital: None.
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 Percent 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 4.
8. Receivables Due from Related Party That Reach NT\$100 Million or 20% or More of Paid-in Capital: refer to Table 5.
9. Engagement in derivative transactions: See Note 12 (3).
10. Significant Inter-company Transactions during the Reporting Period. Refer to Table 6 for details.

(II) Information on Indirect Investment

Names and Location of Investees (Excluding Those in Mainland China): refer to Table 7.

(III) Investment in Mainland China

1. Basic information: Refer to Table 8.
2. Significant transactions that occurred directly or indirectly through third-region enterprises and investee companies and were reinvested in mainland China: refer to Table 6

(IV) Major Shareholder Information

Major Shareholder Information: Refer to Table 9.

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 March 31, 2024	January 1 to March 31, 2023
Segment revenue	\$ 1,171,733	\$ 1,175,868
Segment gross profit	\$ 264,410	\$ 360,554
Segment profits or losses	\$ 165,560	\$ 212,874
Discount and amortization (including right-of-use assets)	\$ 136,153	\$ 129,207
Income tax expenses	\$ 20,881	\$ 35,286
	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Segment assets	\$ 11,412,773	\$ 10,308,910
Segment liabilities	\$ 4,685,029	\$ 4,134,537

(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 March 31, 2024

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		Limit of loans to individual borrowers (Note)	Total limit of loans (Note)	Remarks				
														Name	Value							
1	FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	\$	192,000	\$	192,000	\$	92,800	2.00%	Short-term financing fund	\$ -	Business revolving fund	\$ -	-	\$ -	\$	5,333,166	\$	5,333,166	
3	NORTH STAR INTERNATIONAL LIMITED	FIXED ROCK HOLDING LTD.	Other receivables	Yes	\$	96,000	\$	96,000	\$	90,560	2.00%	Short-term financing fund	\$ -	Business revolving fund	\$ -	-	\$ -		5,333,166		5,333,166	

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 March 31, 2024

Table 2

Unit: NT\$ thousand
(unless otherwise specified)

No.	Endorsements/guarantees company name	Endorsed/guaranteed party name		Limits on endorsement/g uarantee amount provided (Note)	Balance of maximum amount of endorsement/g uarantee of the period	Ending balance of endorsement/g uarantee	Amount actually drawn	Amount of endorsement/g uarantee collateralized by properties	Ratio of accumulated endorsement/g uarantee to net equity per latest financial statements	Maximum amount of endorsement/g uarantee allowance	Endorsement/g uarantee provided by parent company to subsidiary	Endorsement/g uarantee provided by subsidiary to parent company	Endorsement/ guarantee provided to Mainland China	Remarks
		provider	Relationship											
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Subsidiary	\$ 2,666,583	\$ 256,000	\$ 256,000	\$ -	\$ -	3.84%	\$ 3,333,229	Yes	No	Yes	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Subsidiary	\$ 2,666,583	\$ 64,000	\$ 64,000	\$ -	\$ -	0.96%	\$ 3,333,229	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)
March 31, 2024

Table 3

Unit: NT\$ thousand
(unless otherwise specified)

Holding company name	Marketable securities types and name	Relationship with issuer	Financial statement account	End of period				Remarks
				Number of shares (in thousands)	Carrying amount	Shareholdings Percentage	Fair value per unit	
Tai-Tech Advanced Electronics Co., Ltd.	Short-term bills payable: Ruibao Investment Co., Ltd.	None	Cash and cash equivalents	-	\$ 55,453	-	\$ 55,453	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	Tongfu Investment Co., Ltd.	None	Cash and cash equivalents	-	\$ 4,712	-	\$ 4,712	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	Fulong Metal Industrial Co., Ltd.	None	Cash and cash equivalents	-	\$ 39,835	-	\$ 39,835	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	Su Muh Enterprise Co., Ltd.	None	Cash and cash equivalents	-	\$ 39,945	-	\$ 39,945	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	Yuen Chang Stainless Steel Co., Ltd.	None	Cash and cash equivalents	-	\$ 59,924	-	\$ 59,924	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	Fu-Yuan Construction Co., Ltd.	None	Cash and cash equivalents	-	\$ 96,652	-	\$ 96,652	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	Tong Tai Hsing Rubber Ind. Co., Ltd.	None	Cash and cash equivalents	-	\$ 3,479	-	\$ 3,479	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	Stock: All Ring Tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income acquired - non-current	615	\$ 153,135	0.72%	\$ 153,135	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	\$ 21,030	0.93%	\$ 21,030	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	AMIDA Technology	None	Financial assets at fair value through other comprehensive income acquired - non-current	179	\$ 19,104	0.43%	\$ 19,104	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	\$ 83,640	9.82%	\$ 83,640	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	\$ 15,165	12.50%	\$ 15,165	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	\$ 11,640	4.47%	\$ 11,640	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	\$ 309,811	10%	\$ 309,811	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	-	\$ 50,092	17%	\$ 50,092	Unpledged

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 March 31, 2024

Table 4

Unit: NT\$ thousand
(unless otherwise specified)

Company of purchase (sale)	Transaction party name	Relationship	Transaction Details				Abnormal Transaction and Reason		Notes/Accounts Receivable (Payable)		
			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	(125,091)	15%	Note 1	Note 1	-	217,616	19%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sales	(441,315)	52%	Note 1	Note 1	-	584,168	43%	

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

March 31, 2024

Table 5

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 from related parties 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 \$ 217,616	3.07	\$ -	-	\$ 52,148	\$ -
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Accounts Receivable 584,168	3.28	-	-	113,421	-

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 March 31, 2024

Table 6

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	125,091	Note 3	11%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts Receivable	217,616		2%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts payable	584,168		5%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Purchase	441,315	Note 3	38%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Purchase	61,459	Note 3	5%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Accounts payable	90,506		1%
1	FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Other receivables	94,311		1%
2	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Accounts payable	41,542		0%
3	NORTH STAR INTERNATIONAL LIMITED	FIXED ROCK HOLDING LTD.	2	Other receivables	93,886		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 sequentially, starting from the Arabic number "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 disclosure standard of the business relationship and important transactions between the parent and subsidiary companies for the three months ended March 31, 2024 and 2023 is NT\$30 million or more

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Name, location, and other related Information of the investees (not including investees in Mainland China)
January 1 to March 31, 2024

Table 7

Unit: NT\$ thousand
(unless otherwise specified)

Name of Investor	Name of Investee	Location	Main business	Initial investment amount		End of term holding			Current profit/loss of investee	Current investment profit/loss recognized	Remarks
				End of current period	End of last year	Number of shares (in thousands)	percentage	Carrying amount			
Tai-Tech Advanced Electronics Co., Ltd.	NORTH STAR INTERNATIONAL LIMITED	Samoa	Re-invested business	3,459	3,459	100	100%	94,119	441	441	
Tai-Tech Advanced Electronics Co., Ltd.	BEST BLISS INVESTMENTS LIMITED	Cayman Islands	Re-invested business	1,075,284	1,075,284	34,250	100%	4,324,748	60,013	63,479	
Tai-Tech Advanced Electronics Co., Ltd.	TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	Singapore	Reinvestment and trading business	96,045	96,045	3,000	60%	91,929	(145)	(87)	
Tai-Tech Advanced Electronics Co., Ltd.	APAQ Technology Co., Ltd.	Taiwan	Electronic components	1,450,000	1,450,000	25,000	28.10 %	1,524,208	140,064	20,439	Note 1
Tai-Tech Advanced Electronics Co., Ltd.	JDX Technology Co., Ltd.	Taiwan	Electronic components	8,000	8,000	800	26.67 %	6,819	(1,640)	(437)	Note 2
BEST BLISS INVESTMENTS LIMITED	FIXED ROCK HOLDING LTD.	Seychelles	Re-invested business	890,624	890,624	26,450	100%	2,446,935	33,292	33,292	
TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	TECHWORLD ELECTRONICS (M) SDN. BHD.	Malaysia	Electronic components	114,657	19,632	18,000	100%	114,282	(141)	(141)	

Note 1: Based on the review reports issued by other CPAs during the same period.

Note 2: Not reviewed.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Information on Investments in Mainland China - Basic Information
January 1 to March 31, 2024

Table 8

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		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
					Outward remittance	Repatriation							
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Production, processing and sale of electronic components	384,904	Investment in Mainland China companies through a company invested and established in a third region (Note 1)	\$ 352,249	\$ -	\$ -	\$ 352,249	\$ 13,858	100%	\$ 13,858	\$ 693,206	\$ -	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	1,343,832	Investment in Mainland China companies through a company invested and established in a third region (Note 2)	600,232	-	-	600,232	45,250	100%	45,250	3,265,825	-	
TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Sales of electronic components	-	Investment through companies in mainland China (Note 3)	-	-	-	-	-	-	-	-	-	Note 3
Provider	Accumulated amount of remittance from Taiwan to Mainland China at the end of the period (Notes 5, 6, and 9)	Amount of investment approved by the Investment Commission, MOEA (Notes 7 and 9)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA										
Tai-Tech Advanced Electronics Co., Ltd.	1,412,662	1,418,976	4,036,646										

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 is 100% invested by TAIPAQ Electronic Components (Si-Hong) Co., Ltd, but there was no capital injection as of March 31, 2024.

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 US\$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.

Note 9: At the end of the period, the accumulated investment amount remitted from Taiwan to mainland China was US\$44,343 thousand, and the investment amount approved by the Investment Commission, MOEA, was US\$44,343 thousand.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Major Shareholder Information
March 31, 2024

Table 9

<u>Major shareholders</u>	<u>Number of shares held</u>	<u>Shares</u> <u>Shareholdings Percentage</u>
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%

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

- (1) This table is based on the information provided by the Taiwan Depository and Clearing Corporation for shareholders holding greater than 5% of the shares completed the process of registration and book-entry delivery in dematerialized form (including treasury stocks) of the Company at the last business date of each quarter.
There may be a discrepancy in the number of shares recorded on the Company's financial statements and its dematerialized securities arising from the difference in basis of preparation.
- (2) For the table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. In accordance with the Security Exchange Act, the shareholders have to disclose the insider equity more than 10% of the shares, including their own shares and their delivery to the trust and have the right to make decisions on the trust property. Information on insider equity is available on the Market Observation Post System (MOPS) website. Information on equity is available on the MOPS of TWSE website.