

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Financial Statements and Report of Independent
Accounts
2024 and 2023 Q2
(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 Independent Auditors' Report for 2024 and 2023 Q2

Table of Contents

	Item	Page
I.	Cover	1
II.	Table of Contents	2
III.	CPA Review Report	3 ~ 4
IV.	Consolidated Balance Sheets	5 ~ 6
V.	Consolidated Statement of Comprehensive Income	7 ~ 8
VI.	Consolidated Statement of Changes in Equity	9
VII.	Consolidated Cash Flow Statement	10 ~ 11
VIII.	Notes to Consolidated Financial Statements	12 ~ 57
(I)	Company History and Business Scope	12
(II)	Approval Date and Procedure of the Financial Statements	12
(III)	Application of New Standards, Amendments and Interpretations	12 ~ 13
(IV)	Summary of Significant Accounting Policies	13 ~ 15
(V)	Significant Accounting Judgment, Estimates, and Major Sources of Uncertainty for Assumptions	15
(VI)	Description of Significant Accounts	16 ~ 41
(VII)	Related Party Transactions	41 ~ 44
(VIII)	Pledged Assets	44
(IX)	Significant Commitments or Contingencies	44
(X)	Significant Disaster Losses	44
(XI)	Significant Subsequent Events	44
(XII)	Others	44 ~ 56
(XIII)	Additional Disclosures	56
(XIV)	Segment Information	56

Independent Auditors' Review Report

(2024) Cai-Shen-Bao-Zi No. 24000789

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

Introduction

We have reviewed the consolidated financial statements of Tai-Tech Advanced Electronics and Subsidiaries (hereinafter referred to as the "Group"), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, the consolidated statements of comprehensive income for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the consolidated statements of changes in equity and the consolidated statements of cash flow for the six months ended June 30, 2024 and 2023 and the notes to the consolidated financial statements (including a summary of significant accounting policies). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" approved and promulgated into effect by the Financial Supervisory Commission (FSC). Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 6 (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 June 30, 2024 and 2023, amounted to NTD 17,250 and NTD 20,898 thousand, respectively, accounting for 0% and 0% of the total consolidated assets of the Group, respectively; the comprehensive income recognized for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023 amounted to a loss of NTD 656 thousand, NTD 893 thousand, and NTD 1,115 thousand, respectively, accounting for 0% and (1%), 0%, and 0%, respectively, of the consolidated comprehensive income of the Group.

Qualified Conclusion

According to our review results and other auditors' review reports (see Other Matters paragraph), the consolidated financial statements might have been adjusted had the information in Note 13 to the consolidated financial statements and the information in the financial statements of investees accounted for using equity method - as stated in the Basis for Qualified Conclusion paragraph - been reviewed by other auditors. Except for that, we did not find the said consolidated financial statements violating the Regulations Governing the Preparation of Financial Reports by Securities Issuers or the International Accounting Standard 34 "Interim Financial Reporting" endorsed and promulgated by the Financial Supervisory Commission to an extent unable to fairly present the Group's consolidated financial position as of June 30, 2024 and 2023 or consolidated financial performance and consolidated cash flows for the three months ended June 30, 2024 and

2023 and for the six months ended June 30, 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 the Group' 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. The investments under the equity method in the aforementioned companies as of June 30, 2024 and 2023 amounted to NTD 1,575,646 thousand and NTD 1,472,870 thousand, respectively, accounting for 14% and 14% of the consolidated assets of the Group; the comprehensive income recognized by the aforementioned companies for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023 amounted to NTD 108,929 thousand, NTD 22,870 thousand, NTD 169,789 thousand and NTD 22,870 thousand, respectively, representing 61%, 14%, 27% and 5%, respectively, of the consolidated comprehensive income of the Group.

PricewaterhouseCoopers Taiwan

Wei-Hao Wu

Certified Public Accountant (CPA)

Ya-Hui Cheng

Financial Supervisory Commission

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

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

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

July 29, 2024

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
June 30, 2024 and December 31, June 30, 2023

Unit: NT\$ thousand

	Assets	Note	June 30, 2024		December 31, 2023		June 30, 2023	
			Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6 (1)	\$ 1,949,107	17	\$ 2,152,634	20	\$ 1,458,584	14
1110	Financial assets measured at fair value through profit or loss - current		-	-	-	-	16,545	-
1136	Financial assets measured at amortized cost—current	6 (1)	-	-	30,705	-	50,000	-
1150	Notes receivable, net	6 (2)	49,053	-	49,844	1	52,856	1
1170	Accounts receivable, net	6 (2)	1,847,720	16	1,464,122	13	1,553,911	15
1180	Accounts receivable from related parties, net	6 (2) and 7	143,142	1	94,850	1	106,441	1
1200	Other receivables		33,182	-	14,002	-	10,167	-
1210	Other receivables (including those due from related party)	7	57,669	1	-	-	-	-
1220	Current income tax assets	6 (25)	696	-	6,717	-	721	-
130X	Inventory	6 (3)	856,061	8	768,123	7	852,370	8
1410	Pre-payments		112,937	1	42,632	-	32,845	-
1470	Other current assets		642	-	267	-	32	-
11XX	Total current assets		5,050,209	44	4,623,896	42	4,134,472	39
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6 (11)	2,310	-	880	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6 (4) and 12 (3)	523,885	5	558,896	5	497,844	5
1550	Investment accounted for using the equity method	6 (5)	1,581,888	14	1,470,603	14	1,472,870	14
1600	Property, plant and equipment	6 (6) and 8	4,048,512	35	4,100,494	38	4,211,446	40
1755	Right-of-use assets	6 (7) and 7	36,877	-	37,587	-	41,273	1
1780	Intangible assets		51,253	-	49,980	1	45,427	1
1840	Deferred income tax assets	6 (25)	27,817	-	26,638	-	39,996	-
1900	Other non-current assets	6 (8)	174,621	2	17,075	-	24,302	-
15XX	Total non-current assets		6,447,163	56	6,262,153	58	6,333,158	61
1XXX	Total assets		\$ 11,497,372	100	\$ 10,886,049	100	\$ 10,467,630	100

(Continued)

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
June 30, 2024 and December 31, June 30, 2023

Unit: NT\$ thousand

Liabilities and equity	Note	June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%
Current liabilities							
2100 Short-term borrowings	6 (9)	\$ 150,000	1	\$ 100,000	1	\$ 500,000	5
2150 Notes payable		24,628	-	17,460	-	19,757	-
2170 Accounts payable		900,422	8	550,535	5	507,187	5
2180 Accounts payable - related parties	7	1,669	-	3,111	-	1,795	-
2200 Other payables	6 (10) and 7	590,085	5	553,461	5	1,187,953	11
2230 Current income tax liabilities	6 (25)	49,231	1	49,655	1	75,888	1
2250 Liability reserve - current		3,604	-	4,278	-	4,164	-
2280 Lease liabilities - current	7	3,094	-	4,085	-	5,722	-
2320 Current portion of long-term borrowings	6 (12)					37,733	-
		106,139	1	37,733	-	37,733	-
21XX Total current liabilities		<u>1,828,872</u>	<u>16</u>	<u>1,320,318</u>	<u>12</u>	<u>2,340,199</u>	<u>22</u>
Non-current liabilities							
2530 Corporate bonds payable	6 (11)	1,057,475	9	1,048,695	10	-	-
2540 Long-term borrowings	6 (12)	1,417,440	12	1,504,712	14	1,523,579	15
2570 Deferred income tax liabilities	6 (25)	269,274	3	257,748	2	246,716	2
2580 Lease liabilities - non-current	7	6,512	-	7,182	-	8,876	-
2640 Net defined benefit liabilities - non-current	6 (13)	1,237	-	1,053	-	895	-
2670 Other non-current liabilities - others		9,335	-	10,014	-	11,004	-
25XX Total non-current liabilities		<u>2,761,273</u>	<u>24</u>	<u>2,829,404</u>	<u>26</u>	<u>1,791,070</u>	<u>17</u>
2XXX Total liabilities		<u>4,590,145</u>	<u>40</u>	<u>4,149,722</u>	<u>38</u>	<u>4,131,269</u>	<u>39</u>
Equity attributable to shareholders of the parent							
Share capital	6 (14)						
3110 Common shares		1,020,349	9	1,020,340	9	1,020,340	10
Capital surplus	6 (15)						
3200 Capital surplus		1,854,375	15	1,854,279	17	1,798,320	17
Retained earnings	6 (16)						
3310 Legal reserve		720,465	6	657,300	6	657,300	6
3320 Special reserve		76,642	1	76,642	1	76,642	1
3350 Unappropriated earnings		2,749,215	24	2,928,035	27	2,681,856	26
Other equity	6 (17)						
3400 Other equity		424,656	4	139,049	1	102,011	1
31XX Equity attributable to shareholders of the parent - Total		<u>6,845,702</u>	<u>59</u>	<u>6,675,645</u>	<u>61</u>	<u>6,336,469</u>	<u>61</u>
36XX Non-controlling interests		<u>61,525</u>	<u>1</u>	<u>60,682</u>	<u>1</u>	<u>(108)</u>	<u>-</u>
3XXX Total equity		<u>6,907,227</u>	<u>60</u>	<u>6,736,327</u>	<u>62</u>	<u>6,336,361</u>	<u>61</u>
Significant Commitments or Contingencies	9						
Significant Subsequent Events	11						
3X2X Total liabilities and equity		<u>\$ 11,497,372</u>	<u>100</u>	<u>\$ 10,886,049</u>	<u>100</u>	<u>\$ 10,467,630</u>	<u>100</u>

The accompanying Notes to Consolidated Financial Statement 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
For the six months ended June 30, 2024 and 2023

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

Item	Note	For the three months		For the three months		For the six months		For the six months		
		Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue	6 (18) and 7	\$ 1,369,214	100	\$ 1,093,980	100	\$ 2,540,947	100	\$ 2,269,848	100
5000	Operating costs	6 (3)								
		(23)								
		(24) and 7	(1,042,343)	(76)	(838,094)	(77)	(1,949,666)	(77)	(1,653,408)	(73)
5900	Gross profit		326,871	24	255,886	23	591,281	23	616,440	27
	Operating expenses	6 (23)								
		(24) and 7								
6100	Selling and marketing expenses		(88,036)	(7)	(72,084)	(7)	(167,569)	(6)	(143,988)	(6)
6200	General and administrative expenses		(43,286)	(3)	(59,289)	(5)	(93,357)	(4)	(110,290)	(5)
6300	Research and development expenses		(50,509)	(4)	(35,721)	(3)	(93,633)	(4)	(70,025)	(3)
6450	Expected credit impairment gain	12 (2)	-	-	-	-	-	-	-	
6000	Total operating expenses		(181,831)	(14)	(167,094)	(15)	(354,559)	(14)	(324,303)	(14)
6900	Operating gains		145,040	10	88,792	8	236,722	9	292,137	13
NON-OPERATING INCOME AND EXPENSES										
7100	Interest income	6 (19)	12,297	1	9,488	1	22,369	1	17,089	1
7010	Other income	6 (20)	40,255	3	34,158	3	50,192	2	55,726	2
7020	Other gains and losses	6 (21)	22,021	2	52,049	5	65,559	3	36,569	2
7050	Financial costs	6 (9) and (12)								
		(22)	(10,334)	(1)	(6,951)	(1)	(20,005)	(1)	(11,111)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	6 (5)								
			30,228	2	27,092	3	50,230	2	27,092	1
7000	Total non-operating incomes and expenses		94,467	7	115,836	11	168,345	7	125,365	5
7900	Income before income tax		239,507	17	204,628	19	405,067	16	417,502	18
7950	Income tax expenses	6 (25)	(40,845)	(3)	(35,120)	(3)	(61,726)	(2)	(70,406)	(3)
8200	Net profit (loss) for current period		\$ 198,662	14	\$ 169,508	16	\$ 343,341	14	\$ 347,096	15

(Continued)

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the six months ended June 30, 2024 and 2023

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

Item	Note	For the three months ended June 30, 2024		For the three months ended June 30, 2023		For the six months ended June 30, 2024		For the six months ended June 30, 2023	
		Amount	%	Amount	%	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)								
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		(\$ 140,141) (10)		\$ 91,523	8	(\$ 37,465) (1)		\$ 159,943	7
8310 Total components of other comprehensive income that will not be reclassified to profit or loss				72,125	5			88,360	3
8361 Exchange differences on translating the financial statements of foreign operations		42,733	3	(94,821) (9)		205,527	8	(79,189) (3)	
8370 Share of profit (loss) of associates and joint ventures accounted for using equity method - Components of other comprehensive income that might be reclassified to profit or loss				5,999	1	(16,928) (1)		30,185	1
8360 Total of items that may be reclassified subsequently to profit or loss				48,732	4	(111,749) (10)		235,712	9
8300 Other comprehensive income/(loss) for the year, net of income tax				(\$ 19,284) (1)		(\$ 7,520) (1)		\$ 286,607	11
8500 Total comprehensive income (loss) for the current period								\$ 76,532	4
8610 Net income attributable to: shareholders of the parent				\$ 179,378	13	\$ 161,988	15	\$ 629,948	25
8620 Non-controlling interests				(\$ 198,761) (14)		(\$ 169,616) (16)		\$ 423,628	19
8710 Total comprehensive income (loss) attributable to: shareholders of the parent				(\$ 99) (13)		(\$ 108) (15)		\$ 347,204	15
8720 Non-controlling interests								(\$ 108) (14)	
9750 Earnings per share (EPS)	6 (26)								
9750 Basic earnings per share attributable to shareholders of the parent company				\$ 1.95		\$ 1.66		\$ 3.37	
9850 Diluted earnings per share attributable to shareholders of the parent company				\$ 1.82		\$ 1.66		\$ 3.15	
									3.40
									3.39

The accompanying Notes to Consolidated Financial Statement are an integral part of the consolidated financial statements; please refer to them altogether.

The Group
Consolidated Statement of Changes in Equity
For the six months ended June 30, 2024 and 2023

Unit: NT\$ thousand

Note	Equity attributable to shareholders of the parent										
	Retained earnings					Other equity					
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Unrealized 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>For the six months ended June 30, 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	-	-	-	-	347,204	-	-	347,204	(108)	347,096	
Other comprehensive income for the year	6 (17)	-	-	-	-	(96,117)	172,649	76,532	-	76,532	
Total comprehensive income (loss) for the current period		-	-	-	347,204	(96,117)	172,649	423,736	(108)	423,628	
Appropriation and distribution of earnings:	6 (16)	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	104,345	-	(104,345)	-	-	-	-	-	
Cash dividends	-	-	-	-	(612,204)	-	-	(612,204)	-	(612,204)	
Disposal of equity instruments measured at fair value through other comprehensive income	6 (17)	-	-	-	38,269	-	(38,269)	-	-	-	
Balance as of June 30, 2023	\$ 1,020,340	\$ 1,798,320	\$ 657,300	\$ 76,642	\$ 2,681,856	(\$ 230,759)	\$ 332,770	\$ 6,336,469	(\$ 108)	\$ 6,336,361	
<u>For the six months ended June 30, 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	-	-	-	-	343,498	-	-	343,498	(157)	343,341	
Other comprehensive income for the year	6 (17)	-	-	-	-	234,712	50,895	285,607	1,000	286,607	
Total comprehensive income (loss) for the current period		-	-	-	343,498	234,712	50,895	629,105	843	629,948	
Appropriation and distribution of earnings:	6 (16)	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	63,165	-	(63,165)	-	-	-	-	-	
Cash dividends	-	-	-	-	(459,153)	-	-	(459,153)	-	(459,153)	
Changes in associates and joint ventures accounted for using the equity method	-	9	-	-	-	-	-	9	-	9	
Convertible corporate bond conversion	6 (11)	9	87	-	-	-	-	96	-	96	
Balance on June 30, 2024	\$ 1,020,349	\$ 1,854,375	\$ 720,465	\$ 76,642	\$ 2,749,215	\$ 17,071	\$ 407,585	\$ 6,845,702	\$ 61,525	\$ 6,907,227	

The accompanying Notes to Consolidated Financial Statement 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
For the six months ended June 30, 2024 and 2023

Unit: NT\$ thousand

	Note	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Cash Flow from Operating Activities			
Income before income tax		\$ 405,067	\$ 417,502
Adjustments			
Adjustments for income and expenses			
Depreciation expenses (including right-of-use assets)	6 (23)	269,869	254,774
Amortization	6 (23)	3,884	2,939
Net gain on financial assets and liabilities at fair value through profit or loss	6 (21)	(1,430)	(1,170)
Loss (gain) on disposal of property, plant and equipment	6 (21)	(20)	(616)
Interest income	6 (19)	(22,369)	(17,089)
Dividends income	6 (20)	(22,375)	(30,872)
Interest expenses	6 (22)	20,005	11,111
Share of profit of associates accounted for using equity method	6 (5)	(50,230)	(27,092)
Changes in operating assets and liabilities			
Changes in operating assets, net changes			
Financial assets compulsorily measured at fair value through profit or loss - current		- (15,375)	
Notes receivable		791	7,529
Accounts Receivable		(383,630)	71,164
Accounts receivable due from related parties		(48,292)	6,104
Other receivables		(18,370)	3,920
Other receivables (including those due from related party)		(169)	-
Inventory		(87,938)	91,825
Pre-payments		(70,305)	81)
Other current assets		(375)	437
Changes in operating liabilities, net			
Notes payable		4,510	5,350
Accounts payable		349,887	(26,237)
Accounts payables to related parties		(1,442)	(3,532)
Other payables		33,962	(49,015)
Liability reserve - current		(674)	4,164
Net defined benefit liabilities		184	117
Other non-current liabilities		(679)	(1,282)
Cash generated from operating activities		379,861	704,575
Interest paid		(11,128)	(11,111)
Income taxes paid		(56,114)	(89,650)
Net cash inflow from operating activities		<u>312,619</u>	<u>603,814</u>

(Continued)

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Cash Flow Statement
For the six months ended June 30, 2024 and 2023

Unit: NT\$ thousand

	Note	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Cash Flow from Investment Activities			
Interests received		\$ 22,369	\$ 17,089
Dividends received		21,745	30,212
Acquisition of financial assets at fair value through other comprehensive income		- (21,658)	
Disposal of financial assets at fair value through other comprehensive income		- 64,431	
Increase in financial assets measured at amortized cost		- (50,000)	
Decrease in financial assets at amortized cost		30,705	-
Investment accounted for using the equity method		- (1,450,000)	
Acquisition of property, plant and equipment	6 (27)	(212,107)	(160,711)
Proceeds from disposal of property, plant and equipment		2,830	616
Acquisition of intangible assets		(4,876)	(4,869)
Increase in other non-current assets		(57,572)	-
Decrease in other non-current assets		- 7,622	
Net cash flow used in investing activities		<u>(196,906)</u>	<u>(1,567,268)</u>
Cash Flow from Financing Activities			
Increase in short-term borrowings		370,000	1,420,000
Decrease in short-term borrowings		(320,000)	(920,000)
Increase in long-term borrowings		- 454,000	
Repayment for long-term borrowings		(18,866)	(18,867)
Repayment of the principal portion of lease liabilities	6 (28)	(2,223)	(3,402)
Cash dividends appropriated	6 (16)	(459,153)	-
Net cash generated from (used in) financing activities		<u>(430,242)</u>	<u>931,731</u>
Exchange rate adjustments		<u>111,002</u>	<u>(38,570)</u>
Decrease in cash and cash equivalents for the period		<u>(203,527)</u>	<u>(70,293)</u>
Cash and cash equivalents - beginning balance		2,152,634	1,528,877
Cash and cash equivalents - ending balance		<u>\$ 1,949,107</u>	<u>\$ 1,458,584</u>

The accompanying Notes to Consolidated Financial Statement are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
2024 and 2023 Q2

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 June 29, 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, Revised or Amended Standards and Interpretations</u>	<u>Effective date announced by</u>
Amendments to IFRS 16 “Lease liabilities of after-sale and leaseback”	IASB 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, Revised or Amended Standards and Interpretations</u>	<u>Effective date announced by</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	IASB January 1, 2026

Amendments to IFRS 10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Yet to be decided by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 Initial application of IFRS 17 and IFRS 9 — January 1, 2023 Comparative information	
IFRS No. 18 "Presentation and Disclosures in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	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.

1. Amendments to IFRS No. 9 and IFRS No. 7 "Amendments to the Classification and Measurement of Financial Instruments"

The amendments are as follows

Update the fair value of the equity instruments designated through other comprehensive income (FVOCI) through an irrevocable election should be disclosed for each type of equity instrument, and there is no need to disclose the fair value information for each underlying subject. In addition, the amount of fair value gain or loss recognized in other comprehensive income shall be disclosed. The amount of fair value gain or loss on the investment derecognized during the reporting period shall be presented separately. and accumulated gains and losses from investments that are derecognized during the reporting period and transferred to equity during the reporting period.

2. 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:

<u>Name of Investor</u>	<u>Subsidiary</u>	<u>Business nature</u>	<u>Shareholding percentage</u>				<u>Remarks</u>
			<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>		
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%	60%		Note 1

<u>Name of Investor</u>	<u>Subsidiary</u>	<u>Business nature</u>	<u>Shareholding percentage</u>				<u>Remarks</u>
			<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>		
BEST BLISS INVESTMENTS LIMITED	TAI-TECH Advanced Electronics(Kunshan) 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 Electronics (Shenzhen) Co., Ltd.	Advanced 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 Judgment, 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 Accounts

(I) Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand and revolving funds	\$ 1,775	\$ 2,325	\$ 1,932
Checking deposits and demand deposits	1,080,683	1,566,640	920,692
Time deposits	834,199	523,669	435,960
Commercial paper with repurchase agreement	32,450	60,000	100,000
Total	<u>\$ 1,949,107</u>	<u>\$ 2,152,634</u>	<u>\$ 1,458,584</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. As of June 30, 2024, December 31, 2023, and June 30, 2023, the Group recognized NTD 0, NTD 30,705 and NTD 50,000, respectively, for time deposits originally due within three months that are presented as “financial assets measured at amortized cost – current.”

(II) Notes and Accounts Receivable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Notes receivable	\$ 49,053	\$ 49,844	\$ 52,856
Accounts Receivable	\$ 1,849,174	\$ 1,465,544	\$ 1,556,229
Less: Allowance for bad debt	(1,454)	(1,422)	(2,318)
	<u>\$ 1,847,720</u>	<u>\$ 1,464,122</u>	<u>\$ 1,553,911</u>
Accounts receivable due from related parties	\$ 143,231	\$ 94,939	\$ 106,530
Less: Allowance for bad debt	(89)	(89)	(89)
	<u>\$ 143,142</u>	<u>\$ 94,850</u>	<u>\$ 106,441</u>

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

	<u>June 30, 2024</u>		<u>December 31, 2023</u>		<u>June 30, 2023</u>	
	<u>Accounts Receivable</u>	<u>Notes receivable</u>	<u>Accounts Receivable</u>	<u>Notes receivable</u>	<u>Accounts Receivable</u>	<u>Notes receivable</u>
Not yet due	\$ 1,984,835	\$ 49,053	\$ 1,534,345	\$ 49,844	\$ 1,611,911	\$ 52,856
Within 30 days	7,564	-	24,900	-	28,983	-
31~90 days	6	-	1,230	-	21,841	-
91~180 days	-	-	8	-	24	-
	<u>\$ 1,992,405</u>	<u>\$ 49,053</u>	<u>\$ 1,560,483</u>	<u>\$ 49,844</u>	<u>\$ 1,662,759</u>	<u>\$ 52,856</u>

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

2. The balance of accounts receivable and notes receivable on June 30, 2024, December 31, 2023 and June 30, 2023 were all generated from contracts with customers. The balance of receivables as of January 1, 2023 amounted to NTD 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 June 30, 2024, December 31, 2023, and June 30, 2023 amounted to NTD 49,053, NTD 49,844 and NTD 52,856, respectively; and the amounts most representative of the credit risk inherent in the Group's accounts receivable as of June 30, 2024, December 31, 2023 and June 30, 2023 were NTD 1,990,862, NTD 1,558,972 and NTD 1,660,352, respectively.

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

(III) Inventory

	<u>June 30, 2024</u>		
	<u>Cost</u>	<u>Allowance for inventory valuation</u>	<u>Carrying amount</u>
Raw materials	\$ 195,436	(\$ 11,633)	\$ 183,803
Supplies	25,326	(2,846)	22,480
Work in process	346,464	(23,728)	322,736
Finished products	325,384	(24,670)	300,714
Goods	<u>29,850</u>	<u>(3,522)</u>	<u>26,328</u>
Total	<u>\$ 922,460</u>	<u>(\$ 66,399)</u>	<u>\$ 856,061</u>

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for inventory valuation</u>	<u>Carrying amount</u>
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	<u>26,870</u>	<u>(2,591)</u>	<u>24,279</u>
Total	<u>\$ 837,273</u>	<u>(\$ 69,150)</u>	<u>\$ 768,123</u>

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

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

	<u>For the three months ended</u> <u>June 30, 2024</u>	<u>For the three months ended</u> <u>June 30, 2023</u>
Cost of inventory sold	\$ 1,000,543	\$ 796,191
Inventory falling price loss	818	16,386
Others	<u>40,982</u>	<u>25,517</u>
	<u><u>\$ 1,042,343</u></u>	<u><u>\$ 838,094</u></u>

	<u>For the six months ended</u> <u>June 30, 2024</u>	<u>For the six months ended</u> <u>June 30, 2023</u>
Cost of inventory sold	\$ 1,862,181	\$ 1,594,419
Inventory (recovery benefit) depreciation loss	(5,115)	19,943
Others	<u>92,600</u>	<u>39,046</u>
	<u><u>\$ 1,949,666</u></u>	<u><u>\$ 1,653,408</u></u>

From January 1 to June 30, 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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Equity instruments			
Shares listed on the stock exchange or the OTC market	\$ 35,914	\$ 36,094	\$ 27,834
Shares not traded on the stock exchange, the OTC market, or the emerging stock market	<u>172,467</u>	<u>169,833</u>	<u>149,946</u>
	208,381	205,927	177,780
Adjustments for change in value	<u>315,504</u>	<u>352,969</u>	<u>320,064</u>
Total	<u><u>\$ 523,885</u></u>	<u><u>\$ 558,896</u></u>	<u><u>\$ 497,844</u></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 June 30, 2024, December 31, 2023, and June 30, 2023 were NTD 523,885, NTD 896 and NTD 497,844, respectively.
2. For the purposes of adjusting its position in strategic investments, in 2023, the Group sold its listing share investments, whose fair value was \$64,431, for \$38,269.
3. Financial assets at fair value through other comprehensive income recognized in profit and loss/comprehensive income are as follows:

	<u>For the three months ended</u> <u>June 30, 2024</u>	<u>For the three months ended</u> <u>June 30, 2023</u>
Equity instruments measured at fair value through other comprehensive income		

Changes in fair value recognized in other comprehensive income	(\$ 140,141)	\$ 91,523
Transfer of accumulated profit or loss to retained earnings due to derecognition	\$ -	(\$ 38,269)
Dividend income recognized in profit or loss held at end of year	\$ 22,375	\$ 30,872
	<u>For the six months ended</u> <u>June 30, 2024</u>	<u>For the six months ended</u> <u>June 30, 2023</u>
<u>Equity instruments measured at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	(\$ 37,465)	\$ 159,943
Transfer of accumulated profit or loss to retained earnings due to derecognition	\$ -	(\$ 38,269)
Dividend income recognized in profit or loss held at end of year	\$ 22,375	\$ 30,872

- Without considering the collateral or other credit enhancements held, the amounts most representative of the credit risk inherent in the Group's financial assets at fair value through other comprehensive income as of June 30, 2024, December 31, 2023 and June 30, 2023 were NTD 523,885, NTD 558,896 and NTD 497,844, respectively.
- The Group did not pledge any financial assets at fair value through other comprehensive income as collaterals.

(V) Investment accounted for using the equity method

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Associate:			
APAQ Technology Co., Ltd.	\$ 1,575,646	\$ 1,463,347	\$ 1,472,870
JD Technology Co., Ltd.	6,242	7,256	-
	<u>\$ 1,581,888</u>	<u>\$ 1,470,603</u>	<u>\$ 1,472,870</u>

- Below is the information about the Group's significant associates:

<u>Company Name</u>	<u>Main business premises</u>	<u>Shareholding ratio</u>			<u>Nature of relationship</u>	<u>Measuring method</u>
		<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>		
APAQ Technology Co., Ltd.	Taiwan	28.1%	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 NTD 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

	<u>APAQ Technology Co., Ltd. and Subsidiaries</u>		
	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current assets	\$ 3,671,970	\$ 3,168,097	\$ 3,520,656
Non-current assets	2,505,759	1,754,258	1,698,239
Current liabilities	(2,350,538)	(1,687,223)	(2,147,998)
Non-current liabilities	(306,235)	(320,757)	(374,743)
Non-controlling interests	(132,607)	-	-
Fair value adjustment of other intangible and tangible net assets	<u>462,512</u>	<u>-</u>	<u>-</u>
Adjusted total net assets	<u>\$ 3,850,861</u>	<u>\$ 2,914,375</u>	<u>\$ 2,696,154</u>
Share of net total assets of associates	\$ 1,082,092	\$ 818,939	\$ 757,619
Goodwill	523,825	644,408	715,251
Others	(30,271)	-	-
Carrying amount of associate	<u>\$ 1,575,646</u>	<u>\$ 1,463,347</u>	<u>\$ 1,472,870</u>

statement of comprehensive income

	<u>APAQ Technology Co., Ltd. and Subsidiaries</u>	
	<u>For the three months ended</u>	<u>For the three months ended</u>
	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Revenue	\$ 818,100	\$ 703,138
Profit from continuing operations	\$ 100,152	\$ 109,913
Other comprehensive income (net of income tax)	<u>322,671</u>	<u>19,727</u>
Total comprehensive income (loss) for the current period	<u>\$ 422,823</u>	<u>\$ 129,640</u>
Dividends received from associates	<u>\$ 57,500</u>	<u>\$ -</u>

	<u>APAQ Technology Co., Ltd. and Subsidiaries</u>	
	<u>For the six months ended</u>	<u>For the six months ended</u>
	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Revenue	\$ 1,539,466	\$ 1,295,956
Profit from continuing operations	\$ 238,143	\$ 139,524
Other comprehensive income (net of income tax)	<u>429,832</u>	<u>38,183</u>
Total comprehensive income (loss) for the current period	<u>\$ 667,975</u>	<u>\$ 177,707</u>
Dividends received from associates	<u>\$ 57,500</u>	<u>\$ -</u>

3. The major associate of the Group, APAQ Technology Co., Ltd., has quotations from the open

market. The fair value on June 30, 2024, December 31, 2023 and June 30, 2023 was NTD 4,062,500, NTD 1,737,500 and NTD 1,315,000, respectively.

4. For the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the investment gains in APAQ Technology recognized under the equity method were NTD 30,805, NTD 27,092, NTD 51,244 and NTD 27,092, based on the financial statements reviewed by other CPAs with qualified conclusions.
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								
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Utilities equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment pending acceptance</u>	<u>Total</u>
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	-	-	15,403	-	171	2,340	32,369	67,170	117,453
Disposal	-	-	-	-	(35)	-	-	-	(35)
Reclassification	-	-	53,967	-	-	580	4,044	(58,591)	-
Depreciation expenses	-	(15,388)	(217,018)	(517)	(495)	(3,556)	(30,296)	-	(267,270)
Net exchange differences	-	10,685	84,176	-	21	355	2,142	491	97,870
June 30	<u>\$ 777,560</u>	<u>\$ 306,012</u>	<u>\$ 2,765,857</u>	<u>\$ 6,319</u>	<u>\$ 1,797</u>	<u>\$ 18,360</u>	<u>\$ 138,325</u>	<u>\$ 34,282</u>	<u>\$ 4,048,512</u>
June 30									
Cost	\$ 777,560	\$ 610,553	\$ 5,847,955	\$ 25,053	\$ 11,482	\$ 61,723	\$ 374,165	\$ 34,282	\$ 7,742,773
Accumulated depreciation and impairment	-	(304,541)	(3,082,098)	(18,734)	(9,685)	(43,363)	(235,840)	-	(3,694,261)
	<u>\$ 777,560</u>	<u>\$ 306,012</u>	<u>\$ 2,765,857</u>	<u>\$ 6,319</u>	<u>\$ 1,797</u>	<u>\$ 18,360</u>	<u>\$ 138,325</u>	<u>\$ 34,282</u>	<u>\$ 4,048,512</u>

	<u>2023</u>								
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Utilities equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment pending acceptance</u>	<u>Total</u>
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	-	-	19,879	-	-	3,866	16,456	65,148	105,349
Disposal	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-	-
(Note)	-	-	48,873	-	-	1,737	1,293	(51,972)	(69)
Depreciation expenses	-	(12,823)	(208,727)	(517)	(446)	(2,502)	(26,129)	-	(251,144)
Net exchange differences	-	(5,154)	(37,254)	-	(10)	(190)	(1,175)	(516)	(44,299)
June 30	<u>\$ 777,560</u>	<u>\$ 297,239</u>	<u>\$ 2,928,804</u>	<u>\$ 7,354</u>	<u>\$ 2,589</u>	<u>\$ 19,611</u>	<u>\$ 120,854</u>	<u>\$ 57,435</u>	<u>\$ 4,211,446</u>
June 30									
Cost	\$ 777,560	\$ 563,038	\$ 5,609,578	\$ 25,014	\$ 11,591	\$ 57,421	\$ 365,937	\$ 57,435	\$ 7,467,574
Accumulated depreciation and impairment	-	(265,799)	(2,680,774)	(17,660)	(9,002)	(37,810)	(245,083)	-	(3,256,128)
	<u>\$ 777,560</u>	<u>\$ 297,239</u>	<u>\$ 2,928,804</u>	<u>\$ 7,354</u>	<u>\$ 2,589</u>	<u>\$ 19,611</u>	<u>\$ 120,854</u>	<u>\$ 57,435</u>	<u>\$ 4,211,446</u>

Note: Reclassified to intangible assets.

1. The capitalized amount of interest for the three months ended June 30, 2024 and 2023 were both NTD 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:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Right-of-use land	\$ 27,439	\$ 26,471	\$ 26,658
Buildings	7,938	9,193	11,657
Transportation equipment	503	1,309	2,166
Machinery and equipment	997	614	792
	<u>\$ 36,877</u>	<u>\$ 37,587</u>	<u>\$ 41,273</u>
	<u>For the three months ended June 30, 2024</u>		<u>For the three months ended June 30, 2023</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>	
Right-of-use land	\$ 181	\$ 175	
Buildings	507	1,143	
Transportation equipment	378	429	
Machinery and equipment	89	89	
	<u>\$ 1,155</u>	<u>\$ 1,836</u>	
	<u>For the six months ended June 30, 2024</u>		<u>For the six months ended June 30, 2023</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>	
Right-of-use land	\$ 358	\$ 352	
Buildings	1,255	2,240	
Transportation equipment	808	860	
Machinery and equipment	178	178	
	<u>\$ 2,599</u>	<u>\$ 3,630</u>	

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

	<u>For the three months ended June 30, 2024</u>	<u>For the three months ended June 30, 2023</u>
<u>Items that affect profit or loss</u>		
Expenses attributable to short-term lease contracts	\$ 5,105	\$ 4,309
Expenses attributable to low-value assets	24	22

	<u>For the six months ended June 30, 2024</u>	<u>For the six months ended June 30, 2023</u>
Items that affect profit or loss		
Expenses attributable to short-term lease contracts	\$ 10,209	\$ 8,072
Expenses attributable to low-value assets	46	40

5. The additions of the Group's right-of-use assets for the three months ended June 30, 2024 and 2023 and six months ended June 30, 2024 and 2023 were NTD 561, NTD 10,133, NTD 1561 and NTD 10,133, respectively.
6. The Group's total lease cash outflow for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023 were NTD 6,103, NTD 5,992, NTD 12,478 and NTD 11,514, respectively.

(VIII) Other non-current assets

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Refundable deposits	\$ 3,153	\$ 2,626	\$ 2,624
Pre-payments for construction and equipment	114,423	14,449	21,678
Pre-paid investment	57,045	-	-
Uncollectible overdue receivables	1,252	1,252	1,252
Allowance for uncollectible-overdue receivables	(1,252)	(1,252)	(1,252)
	<u>\$ 174,621</u>	<u>\$ 17,075</u>	<u>\$ 24,302</u>

(IX) Short-term borrowings

Nature of borrowings	June 30, 2024	Interest rate range	Collaterals
Bank loan			
Credit loan	<u>\$ 150,000</u>	1.75%~1.76%	-
Nature of borrowings	December 31, 2023	Interest rate range	Collaterals
Bank loan			
Credit loan	<u>\$ 100,000</u>	1.67%	-
Nature of borrowings	June 30, 2023	Interest rate range	Collaterals
Bank loan			
Credit loan	<u>\$ 500,000</u>	1.62%~1.68%	-

The interest expense recognized in profit or loss of short-term borrowings for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023 were NTD 546, NTD 1,973, NTD 764 and NTD 2,455 .

(X) Other payables

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
--	----------------------	--------------------------	----------------------

Dividends payable	\$ -	\$ -	\$ 612,204
Salary and bonus payables	140,860	148,177	117,621
Social benefits liabilities payable	98,463	85,624	104,405
Employee compensation and directors' and supervisors' remuneration payable	82,564	51,686	127,440
Construction and equipment payable	63,873	61,211	31,328
Others	<u>204,325</u>	<u>206,763</u>	<u>194,955</u>
	<u><u>\$ 590,085</u></u>	<u><u>\$ 553,461</u></u>	<u><u>\$ 1,187,953</u></u>

(XI) Corporate bonds payable (no such transaction on June 30, 2023)

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Corporate bonds payable	\$ 1,099,900	\$ 1,100,000
Less: Discount of corporate bond payable	(42,425)	(51,305)
	1,057,475	1,048,695
Less: Corporate bonds maturing within one year or one operating cycle or repurchase rights exercised	<u><u>-</u></u>	<u><u>-</u></u>
	<u><u>\$ 1,057,475</u></u>	<u><u>\$ 1,048,695</u></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 and 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.

On April 6, 2024, the Company adjusted the conversion price to NTD 113.5 in accordance with the Conversion Regulations.

- (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%.
3. As of June 30, 2024, the bonds with a face value of NTD 100 had been converted into 881 ordinary shares.

(XII) Long-term borrowings

	<u>Nature of borrowings</u>	<u>Loan period and means of repayment</u>	<u>Interest rate range</u>	<u>Collaterals</u>	<u>June 30, 2024</u>
Secured loan	Principal and interest are paid from August 2021 to August 2036.		1.75%	Land, buildings, and structures	\$ 459,089
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%	-	250,000
					1,523,579
Less: Current portion of long-term borrowings				(106,139)	
				\$ 1,417,440	

<u>Nature of borrowings</u>	<u>Loan period and means of repayment</u>	<u>Interest rate range</u>	<u>Collaterals</u>	<u>December 31, 2023</u>
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>

<u>Nature of loan</u>	<u>Loan period and means of repayment</u>	<u>Interest rate range</u>	<u>Collaterals</u>	<u>June 30, 2023</u>
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1.63%	Land, buildings, and structures	\$ 496,822
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	1.15%	-	226,490
Secured loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	1.11%~1.15%	Machinery	368,000
Credit loan	The period from March 2023 to March 2026 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2026 to February 2030.	1.15%	-	220,000
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2027.	1.11%	-	<u>250,000</u>
				1,561,312
Less: Current portion of long-term borrowings				(<u>37,733</u>)
				<u>\$ 1,523,579</u>

Interest expense recognized in profit or loss of long-term borrowings for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023 were NTD 5,333, NTD 4,978, NTD 10,281 and NTD 8,656.

(XIII) Pension

- 1.(1) By adhering to the requirements set forth in the Labor Standards Act, the Company has established its own defined retirement benefits plan, which is applicable both to the service years of all regular employees rendered before the enforcement of the Labor Pension Act on July 1, 2005, and to the service years of all employees who elected to continue applying the Labor Standards Act after the implementation of the Labor Pension Act. Pensions for employees qualified for retirement are calculated based on their servicing years and their average salaries of the 6 months prior to their retirement. Two bases are given for each full year of service rendered within 15 years. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company contributes monthly an amount equal to 3% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the Independent Retirement Fund Committee. In addition, the Company estimates the balance of the said designated pension account before the end of year. If the balance is not sufficient to cover the amount to be paid to all employees - calculated in the manner specified above - who will qualify the retirement conditions next year, a lump-sum deposit should be made before March-end of the following year to cover the difference.
- (2) The Company has established the "Manager's Retirement and Resignation Method" to determine the payment applicable to the company's appointed managers. The retirement benefit formula is as follows:
 - A. Pensions for the service year applying the Labor Standards Act are calculated using the equation stated in the previous section.
 - B. The Company contributes an amount of pension equal to 6% of an employee's monthly salary for those electing to apply the Labor Pension Act and those taking their post on or after July 1, 2005.
 - C. For appointed managers who have rendered 25 or more years of services as of December 31, 2018, two bases are given to each full year of services rendered within 15 years, one base is given to each full year of service over 15 years (rounded up to one year for any year of service less than one year) and their annual salary at their 25th year of service is taken as their average salary. The Company makes a pension contribution equal to 6% of their monthly salary starting from their 25th year of service.
- (3) The Company is obligated to pay retirement pensions to the directors and chairman of the board who were employees, which is calculated at 6% of the monthly salary according to the "Remuneration and Reward Measures for Directors."
- (4) For the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, the pension costs recognized by the Group were NTD 66 and NTD 59, NTD 183, and NTD 117, respectively.
- (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 percent of the monthly salary to their individual retirement account with the Bureau of Labor Insurance. Employee pensions may be paid in monthly installments or in lump-sum payment based the accumulated amount in the employee's individual retirement account.
- (2) TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd. and TAIPAQ Electronic Components

(Si-Hong) Co., Ltd. contribute a certain percentage of a local employee's monthly salary, as required by the People's Republic of China, to the endowment insurance system. For the six months ended June 30, 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 June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, the pension costs recognized by the Group were NTD 18,184, NTD 16,403, NTD 34,634 and NTD 34,084

(XIV) Share capital

- As of June 30, 2024, the Company had an authorized capital equal to NTD 3,000,000 (with NTD 20,000 retained for issuance of employee stock option certificates), a paid-in capital equal to NTD 1,020,349, and a share face value equal to NTD 10. All proceeds for share subscription were collected in full.
- As of June 30, 2024, the Company's convertible corporate bonds in a cumulative face value of NTD 100 requested to be converted into a total of 881 ordinary shares. The change registration process is currently in progress.

(XV) Capital surplus

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

<u>2024</u>						
	<u>Issue premium</u>	<u>Changes in ownership interests in subsidiaries</u>	<u>Changes in net equity of associates</u>	<u>Consolidation premium</u>	<u>Stock options</u>	<u>Total</u>
January 1	\$ 1,783,921	\$ 12,353	\$ 769	\$ 2,046	\$ 55,190	\$ 1,854,279
Convertible corporate bond conversion	92	-	-	-	(5)	87
Changes in associates and joint ventures accounted for using the equity method	-	-	9	-	-	9
June 30	<u>\$ 1,784,013</u>	<u>\$ 12,353</u>	<u>\$ 778</u>	<u>\$ 2,046</u>	<u>\$ 55,185</u>	<u>\$ 1,854,375</u>

2023

	<u>Issue premium</u>	<u>Changes in ownership interests in subsidiaries</u>	<u>Consolidation premium</u>	<u>Total</u>
January 1 (same as June 30)	\$ 1,783,921	\$ 12,353	\$ 2,046	\$ 1,798,320

(XVI) Retained earnings

- According to the Company's Articles of Incorporation, if the Company has any earnings in the final account, they should be used to pay off all the taxes and duties, as well as to compensate

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

2. The Company's dividends 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 NTD 459,153 (NTD 4.5 per share) according to the 2023 surplus.

(XVII) Other equity items

	<u>2024</u>		<u>Foreign currency</u>		
	<u>Unrealized gains (losses)</u>		<u>translation</u>		<u>Total</u>
January 1	\$ 356,690		(\$ 217,641)		\$ 139,049

Valuation of financial assets at fair value through other comprehensive income:

- Group	(37,465)	-	(37,465)
-Associates		88,360	-		88,360
Exchange differences: - Group					
- Group	-		204,527		204,527
-Associates			30,185		30,185
June 30		<u>\$ 407,585</u>		<u>\$ 17,071</u>	
					<u>\$ 424,656</u>

	<u>2023</u>		
	<u>Unrealized gains (losses)</u>	<u>Foreign currency translation</u>	<u>Total</u>
January 1	\$ 198,390	(\$ 134,642)	\$ 63,748
Valuation of financial assets at fair value through other comprehensive income:			
- Group	159,943	-	159,943
-Affiliated companies	12,706	-	12,706
Accumulated gains and losses on disposal of equity instruments transferred to retained earnings	(38,269)	-	(38,269)
Exchange differences: - Group			
- Group	-	(79,189)	(79,189)
-Affiliated companies		(16,928)	(16,928)
June 30	<u>\$ 332,770</u>	<u>(\$ 230,759)</u>	<u>\$ 102,011</u>

(XVIII) Operating revenue

	<u>For the three months ended June 30, 2024</u>	<u>For the three months ended June 30, 2023</u>
Revenue from contracts with clients	<u>\$ 1,369,214</u>	<u>\$ 1,093,980</u>
<u>For the six months ended June 30, 2024</u> <u>For the six months ended June 30, 2023</u>		
Revenue from contracts with clients	<u>\$ 2,540,947</u>	<u>\$ 2,269,848</u>

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

	<u>For the three months ended June 30, 2024</u>	<u>For the three months ended June 30, 2023</u>
Wire-wound	\$ 996,795	\$ 747,637
Multilayer products	265,931	217,755
LAN transformers	100,509	113,468
Others	5,979	15,120
Total	<u>\$ 1,369,214</u>	<u>\$ 1,093,980</u>
<u>For the six months ended June 30, 2024</u> <u>For the six months ended June 30, 2023</u>		

Wire-wound	\$ 1,829,595	\$ 1,541,069
Multilayer products	515,026	407,656
LAN transformers	180,662	294,483
Others	<u>15,664</u>	<u>26,640</u>
Total	<u>\$ 2,540,947</u>	<u>\$ 2,269,848</u>

(XIX) Interest income

	<u>For the three months ended June</u> <u>30, 2024</u>	<u>For the three months ended June</u> <u>30, 2023</u>
Interest on bank deposits	\$ 12,287	\$ 9,388
Interest income from financial assets measured at amortized cost	3	93
Other interest income	<u>7</u>	<u>7</u>
	<u>\$ 12,297</u>	<u>\$ 9,488</u>
	<u>For the six months ended June</u> <u>30, 2024</u>	<u>For the six months ended June</u> <u>30, 2023</u>
Interest on bank deposits	\$ 22,117	\$ 16,955
Interest income from financial assets measured at amortized cost	238	121
Other interest income	<u>14</u>	<u>13</u>
	<u>\$ 22,369</u>	<u>\$ 17,089</u>

(XX) Other income

	<u>For the three months ended June</u> <u>30, 2024</u>	<u>For the three months ended June</u> <u>30, 2023</u>
—		
Rental income	\$ 15,950	\$ 2,605
Dividends income	22,375	30,872
Subsidies income	631	643
Miscellaneous income	<u>1,299</u>	<u>38</u>
	<u>\$ 40,255</u>	<u>\$ 34,158</u>
	<u>For the six months ended June</u> <u>30, 2024</u>	<u>For the six months ended June</u> <u>30, 2023</u>
—		
Rental income	\$ 18,666	\$ 5,237
Dividends income	22,375	30,872
Subsidies income	6,029	19,075
Miscellaneous income	<u>3,122</u>	<u>542</u>
	<u>\$ 50,192</u>	<u>\$ 55,726</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

	<u>For the three months ended June 30, 2024</u>	<u>For the three months ended June 30, 2023</u>
Gains on disposal of property, plant and equipment	\$ 14	\$ 72
Exchange gains, net	20,398	50,811
Gain on financial assets at fair value through profit or loss	1,760	1,170
Miscellaneous expenses	(151)	(4)
	<u>\$ 22,021</u>	<u>\$ 52,049</u>
	<u>For the six months ended June 30, 2024</u>	<u>For the six months ended June 30, 2023</u>
Gains on disposal of property, plant and equipment	\$ 20	\$ 616
Exchange gains, net	64,264	34,787
Gain on financial assets at fair value through profit or loss	1,430	1,170
Miscellaneous expenses	(155)	(4)
	<u>\$ 65,559</u>	<u>\$ 36,569</u>

(XXII) Financial costs

	<u>For the three months ended June 30, 2024</u>	<u>For the three months ended June 30, 2023</u>
Interest expenses	\$ 5,879	\$ 6,951
Interest expense of corporate bonds payable	4,448	-
Other interest expenses	7	-
	<u>\$ 10,334</u>	<u>\$ 6,951</u>
	<u>For the six months ended June 30, 2024</u>	<u>For the six months ended June 30, 2023</u>
Interest expenses	\$ 11,045	\$ 11,111
Interest expense of corporate bonds payable	8,877	-
Other interest expenses	83	-
	<u>\$ 20,005</u>	<u>\$ 11,111</u>

(XXIII) Additional Information on the Nature of Expenses

	<u>For the three months ended June 30, 2024</u>		
	<u>Attributable to</u>	<u>Attributable to</u>	<u>Total</u>
	<u>operating costs</u>	<u>operating expenses</u>	
Employee benefits expense	\$ 226,581	\$ 95,161	\$ 321,742
Depreciation expenses of property,	114,251	20,185	134,436

plant and equipment

Depreciation of right-of-use assets	26	1,129	1,155
Amortization expenses	1,105	904	2,009

For the three months ended June 30, 2023

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

For the six months ended June 30, 2024

	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Employee benefits expense	\$ 423,968	\$ 180,641	\$ 604,609
Depreciation expenses of property, plant and equipment	234,344	32,926	267,270
Depreciation of right-of-use assets	294	2,305	2,599
Amortization expenses	2,161	1,723	3,884

For the six months ended June 30, 2023

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

(XXIV) Employee benefit expense

For the three months ended June 30, 2024

	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Salary and wages	\$ 194,553	\$ 81,653	\$ 276,206
Labor and health insurance expense	5,177	3,741	8,918
Pension expense	14,004	4,951	18,955
Other personnel expense	<u>12,847</u>	<u>4,816</u>	<u>17,663</u>
	<u><u>\$ 226,581</u></u>	<u><u>\$ 95,161</u></u>	<u><u>\$ 321,742</u></u>

For the three months ended June 30, 2023

	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Salary and wages	\$ 145,138	\$ 71,299	\$ 216,437

Labor and health insurance expense	5,554	3,377	8,931
Pension expense	13,400	3,062	16,462
Other personnel expense	11,047	3,530	14,577
	<u>\$ 175,139</u>	<u>\$ 81,268</u>	<u>\$ 256,407</u>

	For the six months ended June 30, 2024		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	\$ 360,931	\$ 154,460	\$ 515,391
Labor and health insurance expense	10,731	8,049	18,780
Pension expense	26,454	9,068	35,522
Other personnel expense	25,852	9,064	34,916
	<u>\$ 423,968</u>	<u>\$ 180,641</u>	<u>\$ 604,609</u>

	For the six months ended June 30, 2023		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	\$ 312,257	\$ 143,268	\$ 455,525
Labor and health insurance expense	12,077	7,791	19,868
Pension expense	27,435	6,766	34,201
Other personnel expense	23,193	7,609	30,802
	<u>\$ 374,962</u>	<u>\$ 165,434</u>	<u>\$ 540,396</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 amounts of estimated remuneration to employees for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023 was NTD 14,494, NTD 12,540, NTD 24,703 and NTD 25,808, respectively. The estimated remuneration to directors and supervisors was NTD 3,623, NTD 3,135, NTD 6,175, and NTD 6,452 , respectively, and the aforementioned amounts were accounted for as salary expenses.

For the six months ended June 30, 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:

	<u>For the three months ended June 30, 2024</u>	<u>For the three months ended June 30, 2023</u>
Current tax:		
Tax attributable to taxable income of the period	\$ 32,253	\$ 34,351
Additional levy on unappropriated earnings	2,307	10,817
Underestimation (overestimation) of income tax in previous years	6,285	(10,048)
Total current tax	<u>40,845</u>	<u>35,120</u>
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	-	-
Income tax expenses	<u>\$ 40,845</u>	<u>\$ 35,120</u>
	<u>For the six months ended June 30, 2024</u>	<u>For the six months ended June 30, 2023</u>
Current tax:		
Tax attributable to taxable income of the period	\$ 51,503	\$ 69,637
Additional levy on unappropriated earnings	2,307	10,817
Underestimation (overestimation) of income tax in previous years	7,916	(10,048)
Total current tax	<u>61,726</u>	<u>70,406</u>
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	-	-
Income tax expenses	<u>\$ 61,726</u>	<u>\$ 70,406</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)

	<u>For the three months ended June 30, 2024</u>	<u>Weighted average number of outstanding shares (thousand shares)</u>	<u>Earnings per share (NTD)</u>
Basic earnings per share			
Profit attributable to shareholders of common shares of the parent	\$ 198,761	102,034	\$ 1.95
Diluted earnings per share			

Profit attributable to shareholders of common shares of the parent	\$ 198,761	102,034	
Effects of the potentially dilutive common shares on employee compensation	-	176	
Convertible corporate bonds	4,448	9,692	
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	<u>\$ 203,209</u>	<u>111,902</u>	<u>\$ 1.82</u>
 <u>For the three months ended June 30, 2023</u>			
	<u>Weighted average</u>		
	<u>number of outstanding</u>		
	<u>shares (thousand)</u>		
<u>Post-tax amount</u>	<u>shares)</u>	<u>Earnings per</u>	<u>share (NTD)</u>
Basic earnings per share			
Profit attributable to shareholders of common shares of the parent	<u>\$ 169,616</u>	<u>102,034</u>	<u>\$ 1.66</u>
Diluted earnings per share			
Profit attributable to shareholders of common shares of the parent	\$ 169,616	102,034	
Effects of the potentially dilutive common shares on employee compensation	-	265	
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	<u>\$ 169,616</u>	<u>102,299</u>	<u>\$ 1.66</u>
 <u>For the six months ended June 30, 2024</u>			
	<u>Weighted average</u>		
	<u>number of outstanding</u>		
	<u>shares (thousand)</u>		
<u>Post-tax amount</u>	<u>shares)</u>	<u>Earnings per</u>	<u>share (NTD)</u>
Basic earnings per share			
Profit attributable to shareholders of common shares of the parent	<u>\$ 343,498</u>	<u>102,034</u>	<u>\$ 3.37</u>
Diluted earnings per share			
Profit attributable to shareholders of common shares of the parent	\$ 343,498	102,034	
Effects of the potentially dilutive common shares on employee compensation	-	295	
Convertible corporate bonds	8,877	9,692	
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	<u>\$ 352,375</u>	<u>112,021</u>	<u>\$ 3.15</u>
 <u>For the six months ended June 30, 2023</u>			
	<u>Weighted average</u>		
	<u>number of outstanding</u>		
	<u>shares (thousand)</u>		
<u>Post-tax amount</u>	<u>shares)</u>	<u>Earnings per</u>	<u>share (NTD)</u>

Basic earnings per share			
Profit attributable to shareholders of common shares of the parent	\$ 347,204	102,034	\$ 3.40
Diluted earnings per share			
Profit attributable to shareholders of common shares of the parent	\$ 347,204	102,034	
Effects of the potentially dilutive common shares on employee compensation	—	483	
Profit attributable to shareholders of common shares of the parent plus effects of potential common shares	\$ 347,204	102,517	\$ 3.39

(XXVII) Additional Information on Cash Flows

1. Investing activities partially involving cash payments:

	<u>For the six months ended June 30, 2024</u>	<u>For the six months ended June 30, 2023</u>
Acquisition of property, plant and equipment	\$ 117,453	\$ 105,349
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	114,423	—
Less: Construction and equipment payable at the end of the period	(63,873)	(31,328)
Notes payable at the end of the period	(8,222)	(8,135)
Prepayments for construction and equipment - opening	(14,449)	—
Cash paid in the period	<u>\$ 212,107</u>	<u>\$ 160,711</u>

2. Financing activities not affecting cash flows:

	<u>For the six months ended June 30, 2024</u>	<u>For the six months ended June 30, 2023</u>
Cash dividends announced but not yet paid	<u>\$ —</u>	<u>\$ 612,204</u>

(XXVIII) Changes in Liabilities Arising from Financing Activities

	<u>2024</u>	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Corporate bonds payable</u>	<u>Liabilities arising from financing activities - Total</u>
January 1	\$ 100,000	\$ 1,542,445	\$ 11,267	\$ 1,048,695	\$ 2,702,407	
Changes from financing cash flows	50,000	(18,866)	(2,223)	—	—	28,911
Effects of exchange rate changes	—	—	1	—	—	1

Changes in amortized interest of corporate bonds payable	-	-	-	-	8,877	8,877
Other non-cash changes	-	-	561	(97)	464	
June 30	<u>\$ 150,000</u>	<u>\$ 1,523,579</u>	<u>\$ 9,606</u>	<u>\$ 1,057,475</u>	<u>\$ 2,740,660</u>	
	<u>2023</u>					
	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Dividends payable</u>	<u>Liabilities arising from financing activities - Total</u>	
January 1	\$ -	\$ 1,126,179	\$ 7,870	\$ -	\$ 1,134,049	
Changes from financing cash flows	500,000	435,133	(3,402)	-	931,731	
Effects of exchange rate changes	-	-	(3)	-	(3)	
Other non-cash changes	-	-	10,133	612,204	622,337	
June 30	<u>\$ 500,000</u>	<u>\$ 1,561,312</u>	<u>\$ 14,598</u>	<u>\$ 612,204</u>	<u>\$ 2,688,114</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
APAQ 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>For the three months ended June 30, 2024</u>	<u>For the three months ended June 30, 2023</u>
Sale of goods:		
Associate	\$ 7	\$ -
Other related party	109,674	66,277
Total	<u>\$ 109,681</u>	<u>\$ 66,277</u>
	<u>For the six months ended June 30, 2024</u>	<u>For the six months ended June 30, 2023</u>

Sale of goods:

Associate	\$ 11	\$ -
Other related party	<u>192,889</u>	<u>142,286</u>
Total	<u>\$ 192,900</u>	<u>\$ 142,286</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 ordinary clients.

2. Purchase

	<u>For the three months ended</u> <u>June 30, 2024</u>	<u>For the three months ended</u> <u>June 30, 2023</u>
Purchase of goods:		
Other related party	<u>\$ 1,511</u>	<u>\$ 1,147</u>
	<u>For the six months ended June</u> <u>30, 2024</u>	<u>For the six months ended June</u> <u>30, 2023</u>
Purchase of goods:		
Other related party	<u>\$ 4,577</u>	<u>\$ 3,907</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

	<u>For the three months ended</u> <u>June 30, 2024</u>	<u>For the three months ended</u> <u>June 30, 2023</u>
Other related party	<u>\$ 3</u>	<u>\$ 274</u>
	<u>For the six months ended June</u> <u>30, 2024</u>	<u>For the six months ended June</u> <u>30, 2023</u>
Other related party	<u>\$ 4</u>	<u>\$ 281</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:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Jui-hsia Tai	\$ 4,839	\$ 5,444	\$ 5,948
Chang-i Hsieh	<u>3,268</u>	<u>3,676</u>	<u>4,017</u>
	<u>\$ 8,107</u>	<u>\$ 9,120</u>	<u>\$ 9,965</u>

(3) Rental expense

<u>For the three months ended June</u> <u>30, 2024</u>	<u>For the three months ended June</u> <u>30, 2023</u>
---	---

Other related party	\$ <u>44</u>	\$ <u>42</u>
	<u>For the six months ended June 30, 2024</u>	<u>For the six months ended June 30, 2023</u>
Other related party	\$ <u>87</u>	\$ <u>85</u>

5. Accounts receivables due from related party

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Accounts receivable:			
Other related party	\$ 143,131	\$ 94,850	\$ 106,441
Associate	<u>11</u>	-	-
Sub-total	<u>143,142</u>	<u>94,850</u>	<u>106,441</u>
Other receivables:			
APAQ Technology	57,500	-	-
Other related party	<u>169</u>	-	-
Sub-total	<u>57,669</u>	-	-
Total	<u>\$ 200,811</u>	<u>\$ 94,850</u>	<u>\$ 106,441</u>

6. Accounts payables due to related party

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Accounts payable:			
Other related party	\$ 1,669	\$ 3,111	\$ 1,795
Other payables:			
Other related party	<u>332</u>	<u>125</u>	<u>288</u>
	<u>\$ 2,001</u>	<u>\$ 3,236</u>	<u>\$ 2,083</u>

(III) Remuneration to Major Management

	<u>For the three months ended June 30, 2024</u>	<u>For the three months ended June 30, 2023</u>
Short-term employee benefits	\$ 19,728	\$ 19,417
Post-retirement benefits	<u>426</u>	388
Total	<u>\$ 20,154</u>	<u>\$ 19,805</u>
	<u>For the six months ended June 30, 2024</u>	<u>For the six months ended June 30, 2023</u>
Short-term employee benefits	\$ 39,211	\$ 38,801
Post-retirement benefits	<u>865</u>	773
Total	<u>\$ 40,076</u>	<u>\$ 39,574</u>

VIII. Pledged Assets

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

Type of asset	June 30, 2024	December 31, 2023	June 30, 2023	Purpose of collateral
Property, plant and equipment				
- Land	\$ 766,893	\$ 766,893	\$ 766,893	Short and long-term borrowings
- Houses and buildings	57,823	59,571	61,398	Short and long-term borrowings
- Machinery and equipment	379,846	401,327	422,586	Long-term borrowings

IX. Significant Commitments or Contingencies

(I) or Contingencies

None.

(II) Commitments

Capital expenditures committed but not yet incurred

	June 30, 2024	December 31, 2023	June 30, 2023
Property, plant and equipment	\$ 185,128	\$ 158,703	\$ 69,496
Computer software	\$ 5,716	\$ 1,327	\$ 1,717

X. Significant Disaster Losses

None .

XI. Significant Subsequent Events

1. The Company signed a real estate trading contract on July 10, 2024 and purchased the land and plant for NTD 245,000.
2. The Company's Board of Directors resolved to increase the capital of Techworld Electronics Pte. Ltd. by US\$6 million on July 29, 2024.

XII. Others

(I) Capital Management

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

(II) Financial Instrument

1. Type of financial instrument

	June 30, 2024	December 31, 2023	June 30, 2023
<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>\$ 2,310</u>	<u>\$ 880</u>	<u>\$ 16,545</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>\$ 523,885</u>	<u>\$ 558,896</u>	<u>\$ 497,844</u>
Financial assets at amortized cost			
Cash and cash equivalents	\$ 1,949,107	\$ 2,152,634	\$ 1,458,584
Financial assets at amortized cost	-	30,705	50,000
Notes receivable, net	49,053	49,844	52,856
Accounts receivable, net (including those due from related party)	1,990,862	1,558,972	1,660,352
Other receivables (including those due from related party)	90,851	14,002	10,167
Refundable deposits (recognized in other non-current assets)	<u>3,153</u>	<u>2,626</u>	<u>2,624</u>
	<u><u>\$ 4,083,026</u></u>	<u><u>\$ 3,808,783</u></u>	<u><u>\$ 3,234,583</u></u>

Financial Liabilities

Financial liabilities at amortized cost			
Short-term borrowings	\$ 150,000	\$ 100,000	\$ 500,000
Notes payable	24,628	17,460	19,757
Accounts payable (including related party)	902,091	553,646	508,982
Other payables (including those due to related party)	590,085	553,461	1,187,953
Corporate bonds payable (including those due within one year or one operating cycle)	1,057,475	1,048,695	-
Long-term borrowings (including the portion with maturity in one year)	1,523,579	1,542,445	1,561,312
Guarantee deposits received (recognized in other non-current liabilities)	<u>1,640</u>	<u>1,640</u>	<u>1,640</u>
	<u><u>\$ 4,249,498</u></u>	<u><u>\$ 3,817,347</u></u>	<u><u>\$ 3,779,644</u></u>
Lease liabilities (including those due within one year)	<u><u>\$ 9,606</u></u>	<u><u>\$ 11,267</u></u>	<u><u>\$ 14,598</u></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 are as follows:

<u>June 30, 2024</u>				Carrying amount
<u>Foreign currency Exchange</u>		(in thousands)	rate	(NTD/ RMB)
(Foreign currency: functional currency)				
Financial Assets				
<u>Monetary items</u>				
USD : NTD	\$	38,879	32.45	\$ 1,261,624
RMB : NTD		68,011	4.55	309,450
USD : RMB		37,240	7.13	265,521
Financial Liabilities				
<u>Monetary items</u>				
USD : NTD	\$	21,831	32.45	\$ 708,416
RMB : NTD		1,172	4.55	5,333
USD : RMB		5,504	7.13	39,244
<u>December 31, 2023</u>				Carrying amount
<u>Foreign currency Exchange</u>		(in thousands)	rate	(NTD/ RMB)
(Foreign currency: functional currency)				
Financial Assets				
<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
Financial Liabilities				
<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

June 30, 2023

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

D. On monetary items that would be significantly impacted by foreign exchange rate changes, the Group recognized gains (realized and unrealized) of NTD 20,398, NTD 50,811, NTD 64,264 and NTD 34,787, respectively for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023. 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 are as follows:

	<u>For the six months ended June 30, 2024</u>		
	<u>Sensitivity Analysis</u>		
	<u>Effects on P/L</u>		<u>Effects on</u> <u>other</u>
	<u>Fluctuation</u>	<u>(NTD/RMB)</u>	<u>comprehensive</u> <u>income (OCI)</u>
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD : NTD	1%	\$ 12,616	\$ -
RMB : NTD	1%	3,095	-
USD : RMB	1%	2,655	-
Financial Liabilities			
Monetary items			

USD : NTD	1%	7,084	-
RMB : NTD	1%	53	-
USD : RMB	1%	392	-

For the six months ended June 30, 2023

Sensitivity Analysis

(Foreign currency: functional currency)	<u>Effects on P/L</u>	<u>Effects on</u>	
		<u>Fluctuation</u>	<u>(NTD/RMB)</u>
USD : NTD	1%	\$ 11,080	\$ -
RMB : NTD	1%	3,158	-
USD : RMB	1%	2,964	-
Financial Assets			
Monetary items			
USD : NTD	1%	\$ 11,080	\$ -
RMB : NTD	1%	3,158	-
USD : RMB	1%	2,964	-
Financial Liabilities			
Monetary items			
USD : NTD	1%	7,262	-
RMB : NTD	1%	273	-
USD : RMB	1%	778	-

Price risk

- A. Since the Group's investment is classified as financial assets measured at fair value through profit or loss and financial assets measured at fair value other comprehensive income on the consolidated balance sheets, the Group is exposed to the risk of price changes in financial assets of equity instrument.
- B. The Group mainly invests in equity instruments issued by a domestic or foreign company. The price of such equity instruments can be affected by changes in future value of their investment targets. If the prices of these equity instruments had increased/decreased by 1% with all other variables held constant, the profit or loss of the equity instruments measured at fair value through profit or loss for the six months ended June 30, 2024 and 2023 would have increased or decreased by NTD 0 and NTD 165 respectively; and for other comprehensive income classified as the equity investment measured at fair value through comprehensive income, the profit or loss for the six months ended June 30, 2024 and 2023 would have increased or decreased by NTD 5,239 and NTD 4,978, 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 six months ended June 30, 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 six months ended June 30, 2024 and 2023 and 2023 would have decreased or increased by NTD 6,694 and NTD 8,245, 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 written-off claims with recourse activities were NTD 0 as of June 30, 2024, December 31, 2023, and June 30, 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 June 30, 2024, December 31, 2023, and June 30, 2023 are as follows:

	<u>Individual disclosure</u>	<u>Not yet due</u>	<u>Overdue within 30 days</u>	<u>Overdue 31~90 days</u>	<u>Overdue 91~180 days</u>	<u>Total</u>
<u>June 30, 2024</u>						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	\$ 1,252	\$ 2,033,888	\$ 7,564	\$ 6	\$ -	\$ 2,042,710
Loss allowance	\$ 1,252	\$ 942	\$ 595	\$ 6	\$ -	\$ 2,795

	<u>Individual disclosure</u>	<u>Not yet due</u>	<u>Overdue within 30 days</u>	<u>Overdue 31~90 days</u>	<u>Overdue 91~180 days and above</u>	<u>Total</u>
<u>December 31, 2023</u>						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	\$ 1,252	\$ 1,584,189	\$ 24,900	\$ 1,230	\$ 8	\$ 1,611,579

Loss allowance	\$ 1,252	\$ 924	\$ 552	\$ 27	\$ 8	\$ 2,763
	<u>Individual disclosure</u>	<u>Not yet due</u>	<u>Overdue within 30 days</u>	<u>Overdue 31~90 days</u>	<u>Overdue 91~180 days</u>	<u>Total</u>
<u>June 30, 2023</u>						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	\$ 1,252	\$ 1,664,767	\$ 28,983	\$ 21,841	\$ 24	\$ 1,716,867
Loss allowance	\$ 1,252	\$ 1,831	\$ 525	\$ 27	\$ 24	\$ 3,659

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

<u>2024</u>						
	<u>Accounts Receivable</u>	<u>Notes receivable</u>	<u>overdue receivables</u>	<u>Uncollectible</u>		
						<u>Total</u>
January 1	\$ 1,511	\$ -	\$ 1,252	\$ 1,252	\$ 2,763	
Exchange rate effects	32	-	-	-	32	
June 30	\$ 1,543	\$ -	\$ 1,252	\$ 1,252	\$ 2,795	

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

(3) Liquidity risk

- A. Cash flows forecast is done by each operating entity; the Administration Department of the Group is responsible only for summarizing the results. Administration Department of the Group monitors the forecast of the Group's liquidity needs to ensure that it has sufficient funds to meet operating needs and maintain sufficient unused loan commitments so that it won't default on any borrowing limits or terms. Such a forecast takes into account the Group's debt financing plan, compliance with provisions of debt instruments, fulfillment of the financial ratio targets on the balance sheet and conformity with external regulatory requirements, such as foreign exchange control.
- B. The table below listed the Group's non-derivative financial liabilities by maturity date. They were analyzed for the residual duration between the balance sheet date and the maturity date. The table below disclosed the contractual cash flows not discounted.

Non-derivative financial liabilities:

June 30, 2024	Less than 1 year	1~2 years	2~5 years	Over than 5 years
Short-term borrowings	\$ 150,000	\$ -	\$ -	\$ -
Notes payable	24,628	-	-	-

Accounts payable (including related party)	902,091	-	-	-
Other payables (including those due to related party)	590,085	-	-	-
Lease liability (including the portion with maturity in one year)	3,094	2,243	4,269	-
Corporate bonds payable	-	-	1,099,900	-
Long-term borrowings (including the portion with maturity in one year)	127,138	343,385	813,907	325,201

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 party)	553,646	-	-	-
Other payables (including those due to related party)	553,461	-	-	-
Lease liability (including the portion with maturity in one year)	4,085	2,199	4,983	-
Corporate bonds payable	-	-	1,100,000	-
Long-term borrowings (including the portion with maturity in one year)	57,227	261,065	902,117	410,727

Non-derivative
financial liabilities:

June 30, 2023	Less than 1 year	1~2 years	2~5 years	Over than 5 years
Short-term borrowings	\$ 500,000	\$ -	\$ -	\$ -

Notes payable	19,757	-	-	-
Accounts payable (including related party)	508,982	-	-	-
Other payables (including those due to related party)	1,187,953	-	-	-
Lease liability (including the portion with maturity in one year)	5,722	2,813	6,063	-
Long-term borrowings (including the portion with maturity in one year)	57,534	125,263	941,832	535,356

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

(III) Fair Value Information

1. Below are the definitions assigned to each level of valuation technique used to measure the fair value of financial and non-financial assets.

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed shares is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: 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,

June 30, 2024

	<u>Fair value per unit</u>			
	<u>Carrying amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Corporate bonds payable	\$ 1,057,475	\$ -	\$ 1,428,770	\$ -

December 31, 2023

	<u>Fair value per unit</u>			
	<u>Carrying amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Corporate bonds payable	\$ 1,048,695	\$ -	\$ 1,274,900	\$ -

There was no such transaction on June 30, 2023.

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

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 flow 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:

June 30, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income				
Equity-based securities	\$ 220,089	\$ -	\$ 303,796	\$ 523,885
Derivatives				
Right of redemption of convertible bonds	\$ -	\$ 2,310	\$ -	\$ 2,310

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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

June 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				

Hybrid instrument - convertible corporate bonds	<u>\$ 16,545</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ 16,545</u>
Financial assets at fair value through other comprehensive income				
Equity-based securities	<u>\$ 77,848</u>	<u>\$ _____ -</u>	<u>\$ 419,996</u>	<u>\$ 497,844</u>

(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		Weighted average price in hundreds
	Closing price	

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 six months ended June 30, 2024 and 2023.

5. The following table shows the changes in Level 3 for the six months ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
	<u>Equity-based securities</u>	<u>Equity-based securities</u>
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	(140,858)	101,649
Purchase of current period	-	21,085
Exchange rate effects	2,634	(395)
June 30	<u>\$ 303,796</u>	<u>\$ 419,996</u>

6. There was no transfer into or out of Level 3 for the six months ended June 30, 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:

	<u>Fair value on June 30, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Non-derivative equity instruments:					
Unlisted shares	\$ 303,796	Public company comparable	Discount for lack of marketability	15%~20% (18.33%)	The higher the discount for lack of marketability, the lower the fair value
	<u>Fair value on December 31, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Non-derivative equity instruments:					
Unlisted shares	\$ 442,020	Public company comparable	Discount for lack of marketability	15%~20% (18.75%)	The higher the discount for lack of marketability, the lower the fair value
	<u>Fair value on June 30, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Non-derivative equity instruments:					
Unlisted shares	\$ 419,996	Public company comparable	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:

Financial Assets	<u>June 30, 2024</u>					
	<u>Inputs</u>	<u>Changes</u>	<u>Recognized in P/L</u>	<u>Recognized in other comprehensive income (OCI)</u>		
			<u>Favorable changes</u>	<u>Unfavorable changes</u>	<u>Favorable changes</u>	<u>Unfavorable changes</u>
Equity instruments	\$ 361,179	±1%	\$ -	\$ -	\$ 3,380	(\$ 3,380)
Financial Assets	<u>December 31, 2023</u>					
	<u>Inputs</u>	<u>Changes</u>	<u>Recognized in P/L</u>	<u>Recognized in other comprehensive income (OCI)</u>		
			<u>Favorable changes</u>	<u>Unfavorable changes</u>	<u>Favorable changes</u>	<u>Unfavorable changes</u>

Equity instruments	\$ 529,156	±1%	\$ -	\$ -	\$ 4,941	(\$ 5,235)
--------------------	------------	-----	------	------	----------	------------

June 30, 2023

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

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 of Disposal of the Same Marketable Securities that Reaches NTD 300 Million or 20 Percent or More of Paid-in Capital: None.
5. Acquisition of real estate reaching NTD 300 million or 20% of paid-in capital or more: None.
6. Disposal of Real Property That Reaches NTD 300 Million or 20 Percent or More of Paid-in Capital: None.
7. Transaction with Related Party That Reaches NTD 100 Million or 20% or More of Paid-in Capital: refer to Table 4.
8. Receivables Due from Related Party That Reach NTD 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:

	<u>For the six months ended June 30, 2024</u>	<u>For the six months ended June 30, 2023</u>
Segment revenue	<u>\$ 2,540,947</u>	<u>\$ 2,269,848</u>
Segment gross profit	<u>\$ 591,281</u>	<u>\$ 616,440</u>
Segment profits or losses	<u>\$ 405,067</u>	<u>\$ 417,502</u>
Discount and amortization (including right-of-use assets)	<u>\$ 273,753</u>	<u>\$ 257,713</u>
Income tax expenses	<u>\$ 61,726</u>	<u>\$ 70,406</u>
	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Segment assets	<u>\$ 11,497,372</u>	<u>\$ 10,467,630</u>
Segment liabilities	<u>\$ 4,590,145</u>	<u>\$ 4,131,269</u>

(III) Reconciliation of Segment Profit or Loss

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

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

Loans of funds to others

January 1 to June 30, 2024

Table 1

Unit: NT\$ thousand

(unless otherwise specified)

No.	Lending company	Borrowing party	Whether or not a transaction 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 Impairme nt Loss	Collaterals Name	Limit of loans to individual borrowers (Note)	Total limit of loans (Note)	Rema rks
			item	party												
1	FIXED ROCK HOLDING LTD.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	\$ 195,270	\$ 194,700	\$ -	-	Short-term financing fund	\$ -	Business revolving fund	\$ -	\$ -	\$ -	\$ 5,476,562	\$ 5,476,562
3	NORTH STAR INTERNATIONAL LIMITED	FIXED ROCK HOLDING LTD.	Other receivables	Yes	\$ 97,635	\$ 97,350	\$ 91,834	2.00%	Short-term financing fund	\$ -	Business revolving fund	\$ -	\$ -	\$ -	5,476,562	5,476,562

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

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

Endorsements/guarantees

January 1 to June 30, 2024

Table 2

Unit: NT\$ thousand

(unless otherwise specified)

No.	Endorsed/guaranteed party name	Limits on endorsement/guarantee amount					Ratio of accumulated endorsement/guarantee to maximum amount of endorsement/guarantee			Endorsement/ guarantee provided by parent company to subsidiary		Endorsement/ guarantee provided by parent company to Mainland China		Remark
		provided	Balance of maximum				endorsement/guarantee	amount of	parent	subsidiary	parent	subsidiary	provided to Mainland China	
		Endorsement and guarantee limit (Note)	amount of endorsement/guarantee of the period	Ending balance of endorsement/guarantee	Amount drawn	Amount of endorsement/guarantee collateralized by properties	net equity per latest financial statements	endorsement/guarantee allowance	company to subsidiary	subsidiary to parent company	provided to Mainland China	Remark	parent company to Mainland China	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Subsidiary	\$ 2,738,281	\$ 260,360	\$ 259,600	\$ -	3.79%	\$ 3,422,851	Yes	No	Yes		
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Subsidiary	\$ 2,738,281	\$ 65,090	\$ 64,900	\$ -	0.95%	\$ 3,422,851	Yes	No	Yes		

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

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

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

June 30, 2024

Table 3

Unit: NT\$ thousand
(unless otherwise specified)

<u>Holding company name</u>	<u>Marketable securities types and name</u> Short-term bills payable:	<u>Relationship with issuer</u>	<u>Financial statement account</u>	<u>Number of shares (in thousands)</u>	<u>End of period</u>			<u>Fair value per unit</u>	<u>Remarks</u>
					<u>Carrying amount</u>	<u>Shareholdings Percentage</u>			
Tai-Tech Advanced Electronics Co., Ltd.	Emirates NBD Bank PJSC	None	Cash and cash equivalents	-	\$ 6,713	-	\$ 6,713	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	QNB Finance Ltd	None	Cash and cash equivalents	-	\$ 7,451	-	\$ 7,451	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	QIB Sukuk Ltd.	None	Cash and cash equivalents	-	\$ 18,286	-	\$ 18,286	Unpledged	
Stock:									
Tai-Tech Advanced Electronics Co., Ltd.	All Ring Tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income acquired - non-current	615	\$ 165,127	0.68%	\$ 165,127	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	\$ 39,750	0.93%	\$ 39,750	Unpledged	
Tai-Tech Advanced Electronics Co., Ltd.	AMIDA Technology	None	Financial assets at fair value through other comprehensive income acquired - non-current	179	\$ 15,212	0.43%	\$ 15,212	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	\$ 90,337	9.82%	\$ 90,337	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	\$ 15,435	12.50%	\$ 15,435	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	\$ 16,260	4.47%	\$ 16,260	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	\$ 144,685	10%	\$ 144,685	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	-	\$ 37,079	17%	\$ 37,079	Unpledged	

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

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

January 1 to June 30, 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)			Remark
			Purchase (Sale)	Amount	Percentage of total purchase (sale)	Payment terms	Unit price	Payment terms	Balance	notes/accounts receivable (payable)	
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Sales	(228,990)	13%	Note 1	Note 1	-	204,115	16%	
Tai-Tech Advanced Electronics Co., Ltd.	Superworld Electronics (S) Pte. Ltd.	Other related party	Sales	(146,448)	8%	Note 2	Note 2	-	108,584	8%	
TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sales	(131,456)	41%	Note 1	Note 1	-	97,761	38%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sales	(948,672)	52%	Note 1	Note 1	-	693,224	44%	

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 NTD 100 Million or 20% or More of Paid-in Capital
 June 30, 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	Amount	Treatment method	Overdue amount of accounts receivable from related party		Amounts received from related parties in subsequent period	Allowance for Impairment Loss
			Accounts Receivable	\$ 204,115				\$ 60,385	\$ -		
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Accounts Receivable	693,224	3.20	-	-	154,079	-	-	-
Tai-Tech Advanced Electronics Co., Ltd.	Superworld Electronics (S) Pte. Ltd.	Other related party	Accounts Receivable	108,584	3.24	-	-	-	-	-	57

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
 The Business Relationship, Significant Transactions, and Significant Transaction Amount between Parent company and Subsidiaries or among Subsidiaries
 January 1 to June 30, 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			Percentage of consolidated total revenue or total assets
			1	Sales revenue	Item	Amount	Transaction terms		
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Sales revenue		228,990	Note 3	9%	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts Receivable		204,115		2%	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts payable		693,224		6%	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Purchase		948,672	Note 3	37%	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Purchase		131,456	Note 3	5%	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	1	Accounts payable		97,761		1%	
2	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Sales revenue		35,832	Note 3	1%	
2	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Purchase		57,306	Note 3	2%	
2	TAI-TECH Advanced Electronics (Kun Shan) Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Accounts payable		43,886		0%	
3	NORTH STAR INTERNATIONAL LIMITED	FIXED ROCK HOLDING LTD.	2	Other receivables		95,670		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 six months ended June 30, 2024 and 2023 is NTD 30 million or more

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

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

January 1 to June 30, 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 investment		Remarks
				End of current period	End of last year	Number of shares (in thousands)	percentage	Carrying amount	Current profit/loss of investee	Current profit/loss recognized	
Tai-Tech Advanced Electronics Co., Ltd.	NORTH STAR INTERNATIONAL LIMITED	Samoa	Re-invested business	3,459	3,459	100	100%	95,900	897	897	
Tai-Tech Advanced Electronics Co., Ltd.	BEST BLISS INVESTMENTS LIMITED	Cayman Islands	Re-invested business	1,075,284	1,075,284	34,250	100%	4,314,574	187,491	189,045	
Tai-Tech Advanced Electronics Co., Ltd.	TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	Singapore	Reinvestment and trading business	96,045	96,045	3,000	60%	92,287	(393)	(236)	
Tai-Tech Advanced Electronics Co., Ltd.	APAQ Technology Co., Ltd.	Taiwan	Electronic components	1,450,000	1,450,000	25,000	28.10%	1,575,646	246,401	51,244	Note 1
Tai-Tech Advanced Electronics Co., Ltd.	wdx Technology Co., Ltd.	Taiwan	Electronic components	8,000	8,000	800	26.67%	6,242	(3,802)	(1,014)	Note 2
BEST BLISS INVESTMENTS LIMITED	FIXED ROCK HOLDING LTD.	Seychelles	Re-invested business	890,624	890,624	26,450	100%	2,515,209	87,613	87,613	
TECHWORLD ELECTRONICS SINGAPORE PTE. LTD.	TECHWORLD ELECTRONICS (M) SDN. BHD.	Malaysia	Electronic components	147,592	19,632	23,000	100%	149,129	(82)	(82)	

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

Note 2: Not reviewed yet.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Information on Investments in Mainland China - Basic Information
January 1 to June 30, 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 profit/loss recognized		Carrying amount at end of the period		Accumulated repatriation of investment income as of end of the current period	
				Investment in Mainland China companies through a company invested and established in a third region (Note 1)	Outward remittance	Repatriation	Investment in Mainland China companies through a company invested and established in a third region (Note 2)	Outward remittance	Repatriation			Outward remittance	Repatriation	Investment in Mainland China companies through a company invested and established in a third region (Note 1)	Outward remittance	Repatriation	Investment in Mainland China companies through a company invested and established in a third region (Note 2)
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	\$ 48,601	100%	\$ 48,601	\$ 734,853	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	119,043	100%	119,043	3,357,670	-	-	-	-	-	-
TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Sales of electronic components	-	Investment through companies in mainland China (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	1,438,930	4,144,336

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 USD 1,513 thousand.

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

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

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

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

June 30, 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%

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

- (1) This table is based on the information provided by the Taiwan Depository and Clearing Corporation for shareholders holding greater than 5% of the shares completed the process of registration and book-entry delivery in dematerialized form (including treasury stocks) of the Company at the last business date of each quarter.
There may be a discrepancy in the number of shares recorded on the Company's financial statements and its dematerialized securities arising from the difference in basis of preparation.
- (2) For the table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. As for the insider declaration of shareholders holding more than 10% of the shares in accordance with the Securities and Exchange Act, the shareholding includes the shares held by the individual and the shares entrusted by the person with the right to use the trust assets. For the insider declaration information, please refer to the MOPS of TWSE. Information on equity is available on the MOPS of TWSE website.