

**Aethertek Technology Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Aethertek Technology Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Aethertek Technology Co., Ltd. and subsidiaries (collectively referred to as the "Group") as of June 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related 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" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the 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.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, the consolidated financial position of the Group as of June 30, 2023 and 2022, and of its consolidated financial performance for the three months ended June 30, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Ming-Chung Hsieh and I-Chen Lu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 9, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash (Note 6)	\$ 731,099	32	\$ 852,906	41	\$ 806,056	35
Financial assets at fair value through profit or loss (Note 7)	-	-	-	-	45,893	2
Net notes receivable	-	-	453	-	-	-
Trade receivables (Notes 8 and 20)	329,401	15	332,640	16	376,024	17
Other receivables	22,046	1	2,960	-	17,818	1
Current tax assets	22,212	1	11,476	1	-	-
Inventories (Note 9)	272,010	12	253,673	12	415,456	18
Prepayments	13,805	1	8,517	1	15,192	1
Other current assets	808	-	957	-	519	-
Total current assets	<u>1,391,381</u>	<u>62</u>	<u>1,463,582</u>	<u>71</u>	<u>1,676,958</u>	<u>74</u>
NON-CURRENT ASSETS						
Property, plant and equipment (Notes 11 and 29)	478,085	21	210,556	10	156,606	7
Right-of-use assets (Note 12)	40,078	2	40,027	2	12,013	-
Investment property (Note 13)	-	-	-	-	62,563	3
Goodwill (Note 14)	106,625	5	106,547	5	106,368	5
Other intangible assets (Note 15)	204,546	9	213,271	10	220,169	10
Deferred tax assets	19,355	1	16,287	1	21,426	1
Prepayments for equipment	1,601	-	406	-	1,899	-
Refundable assets	10,473	-	11,932	1	10,652	-
Total non-current assets	<u>860,763</u>	<u>38</u>	<u>599,026</u>	<u>29</u>	<u>591,696</u>	<u>26</u>
TOTAL	<u>\$ 2,252,144</u>	<u>100</u>	<u>\$ 2,062,608</u>	<u>100</u>	<u>\$ 2,268,654</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities (Note 20)	\$ 14,121	1	\$ 6,255	-	\$ 10,532	-
Trade payables	125,915	6	65,840	3	195,290	9
Dividends payable (Note 17)	297,674	13	274,138	13	495,271	22
Other payables (Note 17)	89,117	4	112,328	6	120,823	5
Current tax liabilities	9,818	-	-	-	10,841	-
Lease liabilities - current (Note 12)	22,194	1	16,207	1	11,099	1
Long-term liabilities - current portion (Notes 16 and 29)	15,996	1	-	-	-	-
Other current liabilities	535	-	317	-	388	-
Total current liabilities	<u>575,370</u>	<u>26</u>	<u>475,085</u>	<u>23</u>	<u>844,244</u>	<u>37</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 16 and 29)	181,338	8	-	-	-	-
Deferred tax liabilities	16,742	1	25,265	1	15,198	1
Lease liabilities - non-current (Note 12)	11,869	-	17,060	1	-	-
Total non-current liabilities	<u>209,949</u>	<u>9</u>	<u>42,325</u>	<u>2</u>	<u>15,198</u>	<u>1</u>
Total liabilities	<u>785,319</u>	<u>35</u>	<u>517,410</u>	<u>25</u>	<u>859,442</u>	<u>38</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)						
Ordinary shares	703,612	31	703,512	34	702,840	31
Capital surplus	162,650	7	162,225	8	157,852	7
Retained earnings						
Legal reserve	59,765	3	44,490	2	44,490	2
Special reserve	-	-	7,875	1	7,875	-
Unappropriated earnings	283,779	13	369,570	18	281,604	12
Total retained earnings	343,544	16	421,935	21	333,969	14
Other equity	27,496	1	26,170	1	17,335	1
Equity attributable to owners of the Company	1,237,302	55	1,313,842	64	1,211,996	53
NON-CONTROLLING INTERESTS (Note 19)	<u>229,523</u>	<u>10</u>	<u>231,356</u>	<u>11</u>	<u>197,216</u>	<u>9</u>
Total equity	<u>1,466,825</u>	<u>65</u>	<u>1,545,198</u>	<u>75</u>	<u>1,409,212</u>	<u>62</u>
TOTAL	<u>\$ 2,252,144</u>	<u>100</u>	<u>\$ 2,062,608</u>	<u>100</u>	<u>\$ 2,268,654</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 20)	\$ 367,523	100	\$ 363,573	100	\$ 524,242	100	\$ 663,107	100
OPERATING COSTS (Notes 9 and 21)	<u>(166,117)</u>	<u>(45)</u>	<u>(154,733)</u>	<u>(43)</u>	<u>(244,901)</u>	<u>(46)</u>	<u>(300,389)</u>	<u>(45)</u>
GROSS PROFIT	<u>201,406</u>	<u>55</u>	<u>208,840</u>	<u>57</u>	<u>279,341</u>	<u>54</u>	<u>362,718</u>	<u>55</u>
OPERATING EXPENSES (Note 21)								
Selling and marketing expenses	(51,375)	(14)	(50,075)	(14)	(96,833)	(19)	(93,959)	(14)
General and administrative expenses	(24,423)	(7)	(35,197)	(10)	(47,278)	(9)	(71,463)	(11)
Research and development expenses	(81,493)	(22)	(107,214)	(29)	(163,189)	(31)	(214,045)	(32)
Expected credit loss (Note 8)	<u>(5,158)</u>	<u>(2)</u>	<u>20,860</u>	<u>6</u>	<u>(637)</u>	<u>-</u>	<u>16,517</u>	<u>2</u>
Total operating expenses	<u>(162,449)</u>	<u>(45)</u>	<u>(171,626)</u>	<u>(47)</u>	<u>(307,937)</u>	<u>(59)</u>	<u>(362,950)</u>	<u>(55)</u>
PROFIT FROM OPERATIONS	<u>38,957</u>	<u>10</u>	<u>37,214</u>	<u>10</u>	<u>(28,596)</u>	<u>(5)</u>	<u>(232)</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES (Note 21)								
Interest income	1,166	-	312	-	1,742	-	454	-
Other income	2,123	1	570	1	4,661	1	11,539	2
Other gains and losses	18,649	5	51,000	14	12,500	2	67,758	10
Finance costs	<u>(1,252)</u>	<u>-</u>	<u>(100)</u>	<u>-</u>	<u>(1,585)</u>	<u>-</u>	<u>(238)</u>	<u>-</u>
Total non-operating income and expenses	<u>20,686</u>	<u>6</u>	<u>51,782</u>	<u>15</u>	<u>17,318</u>	<u>3</u>	<u>79,513</u>	<u>12</u>
(LOSS) PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	59,643	16	88,996	25	(11,278)	(2)	79,281	12
INCOME TAX EXPENSE (Note 22)	<u>(1,422)</u>	<u>-</u>	<u>(17,235)</u>	<u>(5)</u>	<u>9,478</u>	<u>2</u>	<u>(5,519)</u>	<u>(1)</u>
NET (LOSS) PROFIT FOR THE PERIOD	<u>58,221</u>	<u>16</u>	<u>71,761</u>	<u>20</u>	<u>(1,800)</u>	<u>-</u>	<u>73,762</u>	<u>11</u>

(Continued)

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations (Note 19)	\$ (3,168)	(1)	\$ 7,322	2	\$ (5,367)	(1)	\$ 35,092	5
Income tax related to items that may be reclassified subsequently to profit or loss (Notes 19 and 22)	(801)	-	(2,056)	(1)	(119)	-	(6,303)	(1)
Other comprehensive income (loss) for the period, net of income tax	(3,969)	(1)	5,266	1	(5,486)	(1)	28,789	4
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	<u>\$ 54,252</u>	<u>15</u>	<u>\$ 77,027</u>	<u>21</u>	<u>\$ (7,286)</u>	<u>(1)</u>	<u>\$ 102,551</u>	<u>15</u>
NET (LOSS) PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 33,275	9	\$ 36,081	10	\$ (5,929)	(1)	\$ 64,783	10
Non-controlling interests	24,946	7	35,680	10	4,129	1	8,979	1
	<u>\$ 58,221</u>	<u>16</u>	<u>\$ 71,761</u>	<u>20</u>	<u>\$ (1,800)</u>	<u>-</u>	<u>\$ 73,762</u>	<u>11</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 36,481	10	\$ 44,302	12	\$ (5,453)	(1)	\$ 89,993	13
Non-controlling interests	17,771	5	32,725	9	(1,833)	-	12,558	2
	<u>\$ 54,252</u>	<u>15</u>	<u>\$ 77,027</u>	<u>21</u>	<u>\$ (7,286)</u>	<u>(1)</u>	<u>\$ 102,551</u>	<u>15</u>
(LOSS) EARNINGS PER SHARE (Note 23)								
From continuing operations								
Basic	<u>\$ 0.47</u>		<u>\$ 0.51</u>		<u>\$ (0.08)</u>		<u>\$ 0.92</u>	
Diluted	<u>\$ 0.47</u>		<u>\$ 0.51</u>		<u>\$ (0.08)</u>		<u>\$ 0.92</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent						Others		Total	Non-controlling Interests	Total Equity
	Capital Stock - Common Stock		Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unearned Share-based Employee Compensation			
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2022	70,284	\$ 702,840	\$ 157,852	\$ -	\$ -	\$ 444,895	\$ (7,875)	\$ -	\$ 1,297,712	\$ 184,658	\$ 1,482,370
Appropriation of 2021 earnings											
Legal reserve	-	-	-	44,490	-	(44,490)	-	-	-	-	-
Special reserve	-	-	-	-	7,875	(7,875)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(175,709)	-	-	(175,709)	-	(175,709)
Net profit for the six months ended June 30, 2022	-	-	-	-	-	64,783	-	-	64,783	8,979	73,762
Other comprehensive income for the six months ended June 30, 2022, net of income tax (Note 19)	-	-	-	-	-	-	25,210	-	25,210	3,579	28,789
Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	64,783	25,210	-	89,993	12,558	102,551
BALANCE, JUNE 30, 2022	<u>70,284</u>	<u>\$ 702,840</u>	<u>\$ 157,852</u>	<u>\$ 44,490</u>	<u>\$ 7,875</u>	<u>\$ 281,604</u>	<u>\$ 17,335</u>	<u>\$ -</u>	<u>\$ 1,211,996</u>	<u>\$ 197,216</u>	<u>\$ 1,409,212</u>
BALANCE, JANUARY 1, 2023	70,351	\$ 703,512	\$ 162,225	\$ 44,490	\$ 7,875	\$ 369,570	\$ 29,700	\$ (3,530)	\$ 1,313,842	\$ 231,356	\$ 1,545,198
Appropriation of 2022 earnings											
Legal reserve	-	-	-	15,275	-	(15,275)	-	-	-	-	-
Special reserve	-	-	-	-	(7,875)	7,875	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(72,462)	-	-	(72,462)	-	(72,462)
Net profit (loss) for the six months ended June 30, 2023	-	-	-	-	-	(5,929)	-	-	(5,929)	4,129	(1,800)
Other comprehensive income (loss) for the six months ended June 30, 2023, net of income tax (Note 19)	-	-	-	-	-	-	476	-	476	(5,962)	(5,486)
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	(5,929)	476	-	(5,453)	(1,833)	(7,286)
Share-based payment arrangement (Notes 24)	10	100	425	-	-	-	-	850	1,375	-	1,375
BALANCE, JUNE 30, 2023	<u>70,361</u>	<u>\$ 703,612</u>	<u>\$ 162,650</u>	<u>\$ 59,765</u>	<u>\$ -</u>	<u>\$ 283,779</u>	<u>\$ 30,176</u>	<u>\$ (2,680)</u>	<u>\$ 1,237,302</u>	<u>\$ 229,523</u>	<u>\$ 1,466,825</u>

The accompanying notes are an integral part of the consolidated financial statements.

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	\$ (11,278)	\$ 79,281
Adjustments for:		
Depreciation expense	28,604	44,768
Amortization expense	15,016	14,818
Expected credit (gain) loss recognized on trade receivables	637	(16,517)
Net gain on financial instruments at fair value through profit or loss	-	(562)
Finance costs	1,585	238
Interest income	(1,742)	(454)
Share-based compensation	1,375	-
(Gain) loss on disposal of property, plant and equipment	129	(16,694)
Write-down of inventories	28,815	23,646
Net changes in operating assets and liabilities		
Notes receivable	453	-
Trade receivables	2,292	128,411
Other receivables	(19,086)	(15,056)
Inventories	(44,843)	(151,755)
Prepayments	(5,288)	2,491
Other current assets	149	(346)
Contract liabilities	7,866	8,245
Trade payables	60,075	125,496
Other payables	(66,662)	(230,010)
Other current liabilities	218	361
Cash used in operations	(1,685)	(3,639)
Interest received	1,742	454
Interest paid	(1,886)	(238)
Income tax paid	(501)	(43,099)
Net cash used in operating activities	<u>(2,330)</u>	<u>(46,522)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(288,084)	(11,882)
Proceeds from disposed of property, plant and equipment	-	17,885
Increase in refundable deposits	-	(179)
Decrease in refundable deposits	1,459	-
Payments for intangible assets	(3,662)	(5,186)
Increase in prepayments for equipment	(1,195)	(614)
Net cash (used in) generated from investing activities	<u>(291,482)</u>	<u>24</u>

(Continued)

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Six Months Ended	
	June 30	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	\$ 200,000	\$ -
Repayments of long-term borrowings	(2,666)	-
Repayment of the principal portion of lease liabilities	<u>(11,209)</u>	<u>(11,104)</u>
Net cash generated from (used in) financing activities	<u>186,125</u>	<u>(11,104)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(14,120)</u>	<u>16,416</u>
NET DECREASE IN CASH	(121,807)	(41,186)
CASH, BEGINNING OF THE PERIOD	<u>852,906</u>	<u>847,242</u>
CASH, END OF THE PERIOD	<u>\$ 731,099</u>	<u>\$ 806,056</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Aethertek Technology Co., Ltd. (the “Company”) was incorporated in Taipei City in September 1992. On April 14, 2021, it received approval from Ministry of Economic Affairs and had changed its name from “Service & Quality Group Co., Ltd.” to “Aethertek Technology Co., Ltd.” The Company involves in equipment manufacturing, product design, software service, etc.

The Company’s shares have been listed on the Taipei Exchange (TPEX) since March 2004.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on August 9, 2023.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

(Continued)

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	Note 3

(Concluded)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The requirement that the Group applies the exception and the requirement to disclose that fact is applied immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are applied for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim 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 endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 10, Table 7 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2022.

Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group will consider the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Please refer to the material accounting judgments and key sources of estimation uncertainty of the consolidated financial statements for the year ended December 31, 2022.

6. CASH

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 338	\$ 216	\$ 187
Checking accounts and demand deposits	<u>730,761</u>	<u>852,690</u>	<u>805,869</u>
	<u>\$ 731,099</u>	<u>\$ 852,906</u>	<u>\$ 806,056</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets at FVTPL - current</u>			
Non-derivative financial assets			
Financial assets mandatorily classified as at FVTPL			
Non-principal investment products	\$ <u>-</u>	\$ <u>-</u>	\$ <u>45,893</u>

Non-principal investment products mainly refer to the investment products purchased from banks in mainland China.

8. TRADE RECEIVABLES

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 350,769	\$ 353,681	\$ 395,983
Less: Allowance for impairment loss	<u>(21,368)</u>	<u>(21,041)</u>	<u>(19,959)</u>
	<u>\$ 329,401</u>	<u>\$ 332,640</u>	<u>\$ 376,024</u>

The Group's average credit period of sales of goods is 30 to 90 days. No interest is charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer and the customer's current financial position. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

June 30, 2023

	Not Past Due	Less than 60 Days	61 to 180 Days	181 to 360 Days	Over 361 Days	Total
The expected credit loss rate	0%-1%	1%-3%	1%-8%	7%-100%	100%	
Gross carrying amount	\$ 242,568	\$ 53,622	\$ 10,498	\$ 33,922	\$ 10,159	\$ 350,769
Loss allowance (Lifetime ECL)	<u>(348)</u>	<u>(400)</u>	<u>(825)</u>	<u>(9,636)</u>	<u>(10,159)</u>	<u>(21,368)</u>
Amortized cost	<u>\$ 242,220</u>	<u>\$ 53,222</u>	<u>\$ 9,673</u>	<u>\$ 24,286</u>	<u>\$ -</u>	<u>\$ 329,401</u>

December 31, 2022

	Not Past Due	Less than 60 Days	61 to 180 Days	181 to 360 Days	Over 361 Days	Total
The expected credit loss rate	0%-2%	1%-10%	3%-12%	8%-43%	100%	
Gross carrying amount	\$ 188,345	\$ 47,574	\$ 89,487	\$ 27,868	\$ 407	\$ 353,681
Loss allowance (Lifetime ECL)	<u>(1,445)</u>	<u>(3,356)</u>	<u>(9,475)</u>	<u>(6,358)</u>	<u>(407)</u>	<u>(21,041)</u>
Amortized cost	<u>\$ 186,900</u>	<u>\$ 44,218</u>	<u>\$ 80,012</u>	<u>\$ 21,510</u>	<u>\$ -</u>	<u>\$ 332,640</u>

June 30, 2022

	Not Past Due	Less than 60 Days	61 to 180 Days	181 to 360 Days	Over 361 Days	Total
The expected credit loss rate	0%-2%	1%-10%	5%-12%	10%-62%	100%	
Gross carrying amount	\$ 275,018	\$ 68,962	\$ 40,809	\$ 3,782	\$ 7,412	\$ 395,983
Loss allowance (Lifetime ECL)	<u>(3,237)</u>	<u>(3,845)</u>	<u>(4,656)</u>	<u>(809)</u>	<u>(7,412)</u>	<u>(19,959)</u>
Amortized cost	<u>\$ 271,781</u>	<u>\$ 65,117</u>	<u>\$ 36,153</u>	<u>\$ 2,973</u>	<u>\$ -</u>	<u>\$ 376,024</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Six Months Ended June 30	
	2023	2022
Beginning of the period	\$ 21,041	\$ 35,564
Add: Net remeasurement of loss allowance	637	-
Less: Net remeasurement of loss allowance	-	(16,517)
Foreign exchange gains and losses	<u>(310)</u>	<u>912</u>
End of the period	<u>\$ 21,368</u>	<u>\$ 19,959</u>

9. INVENTORIES

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials	\$ 105,540	\$ 138,264	\$ 169,813
Semi-finished products	15,499	16,913	29,019
Work in progress	39,095	5,141	54,336
Finished goods	<u>111,876</u>	<u>93,355</u>	<u>162,288</u>
	<u>\$ 272,010</u>	<u>\$ 253,673</u>	<u>\$ 415,456</u>

The nature of the cost of goods sold is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Cost of inventories sold	\$ 152,576	\$ 149,026	\$ 216,086	\$ 276,743
Write-downs of inventories	<u>13,541</u>	<u>5,707</u>	<u>28,815</u>	<u>23,646</u>
	<u>\$ 166,117</u>	<u>\$ 154,733</u>	<u>\$ 244,901</u>	<u>\$ 300,389</u>

10. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			June 30, 2023	December 31, 2022	June 30, 2022	
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Sales of precision testing equipment	100	100	100	(1)
Aethertek Technology Co., Ltd.	Trantest Enterprise (India) Private Limited	Sales of precision testing equipment	-	-	-	(3)
Trantest Enterprise Ltd.	Trantest Precision (China) Ltd	Manufacture and sales of precision testing equipment	51	51	51	

Note 1: The Company established Aethertek Holding Ltd. in Hong Kong on March 15, 2021. The Group invested US\$5,965 thousand in April 2022.

Note 2: In order to meet the needs of the overall operation and development, the board of directors resolved on the adjustment of the Group's structure on March 29, 2022, selling Trantest Enterprise Limited, which was originally held by Aethertek Technology Co., Ltd. to Trantest Enterprise Ltd. The transaction amount was US\$12,267 thousand. In addition, The liquidation was approved by the board of directors in 2022, and the liquidation procedures were completed on June 22, 2022. After the extinction of Trantest Enterprise Limited, Trantest Enterprise Limited shall assume all the rights and obligations of Trantest Enterprise Limited.

Note 3: The Group established Trantest Enterprise (India) Private Limited in India on June 1, 2023, with a share proportion of 99%. As of June 30, 2023, the capital injection has not been completed.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interest		
		June 30, 2023	December 31, 2022	June 30, 2022
Trantest Precision (China) Ltd.	Shenzhen China	49%	49%	49%

See Table 7 and 8 for the information on the place of incorporation and principal place of business.

Summarized financial information in respect of each of the Group's subsidiary that have material non-controlling interest is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Trantest Precision (China) Ltd.

	June 30	
	2023	2022
Current assets	\$ 737,925	\$ 814,467
Non-current assets	216,630	213,528
Current liabilities	(422,057)	(571,401)
Non-current liabilities	<u>(8,695)</u>	<u>-</u>
Equity	<u>\$ 523,803</u>	<u>\$ 456,594</u>
Equity attributable to:		
Owners of the Company	\$ 267,140	\$ 232,863
Non-controlling interests	<u>256,663</u>	<u>223,731</u>
	<u>\$ 523,803</u>	<u>\$ 456,594</u>
	For the Six Months Ended June 30	
	2023	2022
Revenue	<u>\$ 455,102</u>	<u>\$ 631,032</u>
Gain for the period	<u>\$ 21,633</u>	<u>\$ 63,513</u>
Net loss attributable to:		
Owners of the Company	\$ 11,033	\$ 32,392
Non-controlling interests	<u>10,600</u>	<u>31,121</u>
	<u>\$ 21,633</u>	<u>\$ 63,513</u>

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Leasehold Improvements	Office Equipment	Transportation Equipment	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ -	\$ 111,086	\$ 238,365	\$ 24,125	\$ 47,575	\$ 576	\$ 421,727
Additions	225,756	31,766	28,944	540	1,155	-	288,161
Disposals	-	-	(120)	-	(480)	-	(600)
Effects of foreign currency exchange differences	-	(2,523)	(5,314)	-	(709)	(13)	(8,559)
Balance at June 30, 2023	<u>\$ 225,756</u>	<u>\$ 140,329</u>	<u>\$ 261,875</u>	<u>\$ 24,665</u>	<u>\$ 47,541</u>	<u>\$ 563</u>	<u>\$ 700,729</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 28,981	\$ 149,916	\$ 3,631	\$ 28,080	\$ 563	\$ 211,171
Depreciation expense	-	3,162	8,949	2,027	2,651	-	16,789
Disposals	-	-	(90)	-	(381)	-	(471)
Effects of foreign currency exchange differences	-	(723)	(3,513)	-	(596)	(13)	(4,485)
Balance at June 30, 2023	<u>\$ -</u>	<u>\$ 31,420</u>	<u>\$ 155,262</u>	<u>\$ 5,658</u>	<u>\$ 29,754</u>	<u>\$ 550</u>	<u>\$ 222,644</u>
Carrying amount at June 30, 2023	<u>\$ 225,756</u>	<u>\$ 108,909</u>	<u>\$ 106,613</u>	<u>\$ 19,007</u>	<u>\$ 17,787</u>	<u>\$ 13</u>	<u>\$ 478,085</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ -</u>	<u>\$ 82,105</u>	<u>\$ 88,449</u>	<u>\$ 20,494</u>	<u>\$ 19,495</u>	<u>\$ 13</u>	<u>\$ 210,556</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ -	\$ 35,757	\$ 323,806	\$ 2,448	\$ 37,852	\$ 6,707	\$ 406,570
Additions	-	-	6,401	-	4,056	-	10,457
Reclassified	-	-	-	20,286	-	-	20,286
Disposals	-	-	(42,188)	-	(272)	-	(42,460)
Effects of foreign currency exchange differences	-	682	6,188	-	621	128	7,619
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ 36,439</u>	<u>\$ 294,207</u>	<u>\$ 22,734</u>	<u>\$ 42,257</u>	<u>\$ 6,835</u>	<u>\$ 402,472</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 7,493	\$ 213,320	\$ 65	\$ 24,104	\$ 4,362	\$ 249,344
Depreciation expense	-	946	26,781	1,613	2,559	1,136	33,035
Disposals	-	-	(41,052)	-	(217)	-	(41,269)
Effects of foreign currency exchange differences	-	142	4,081	-	450	83	4,756
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ 8,581</u>	<u>\$ 203,130</u>	<u>\$ 1,678</u>	<u>\$ 26,896</u>	<u>\$ 5,581</u>	<u>\$ 245,866</u>
Carrying amount at June 30, 2022	<u>\$ -</u>	<u>\$ 27,858</u>	<u>\$ 91,077</u>	<u>\$ 21,056</u>	<u>\$ 15,361</u>	<u>\$ 1,254</u>	<u>\$ 156,606</u>

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	20 to 50 years
Equipment	2.5 to 10 years
Leasehold improvements	5 years
Office equipment	2 to 10 years
Transportation equipment	4 to 5 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 29.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2023		December 31, 2022		June 30, 2022
<u>Carrying amount</u>					
Lands	\$ 6,714		\$ 7,122		\$ 2,402
Buildings	<u>33,364</u>		<u>32,905</u>		<u>9,611</u>
	<u>\$ 40,078</u>		<u>\$ 40,027</u>		<u>\$ 12,013</u>
	For the Three Months Ended June 30		For the Six Months Ended June 30		
	2023	2022	2023	2022	
<u>Additions</u>			<u>\$ 12,570</u>	<u>\$ 1,247</u>	
<u>Depreciation expense</u>					
Lands	\$ 125	\$ 42	\$ 252	\$ 82	
Buildings	<u>5,718</u>	<u>4,823</u>	<u>11,563</u>	<u>9,528</u>	
	<u>\$ 5,843</u>	<u>\$ 4,865</u>	<u>\$ 11,815</u>	<u>\$ 9,610</u>	

In addition to the additions and depreciation expenses above, the Group have no major subleases and impairments of the right-of-use assets for the six months ended June 30, 2022 and 2023.

b. Lease liabilities

	June 30, 2023		December 31, 2022		June 30, 2022
<u>Carrying amount</u>					
Current	<u>\$ 22,194</u>		<u>\$ 16,207</u>		<u>\$ 11,099</u>
Non-current	<u>\$ 11,869</u>		<u>\$ 17,060</u>		<u>\$ -</u>

Range of discount rate for lease liabilities was as follows:

	June 30, 2023		December 31, 2022		June 30, 2022
Buildings	1.36%-3.85%		2.60%-3.85%		2.60%-3.85%

c. Material lease-in activities and terms

The Group leases certain land and buildings for the use of office, plant and dormitories, with lease terms of 2 to 3 years. The Group also buys land use right for the offices with use term of 50 years in mainland China specifies that payments will be paid at the time of contract and can be renewed upon the expiration of the period. The Group does not have purchase options to acquire the land and buildings at the end of the contract.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	\$ <u>3,107</u>	\$ <u>4,705</u>	\$ <u>6,334</u>	\$ <u>13,581</u>
Expenses relating to low-value asset leases	\$ <u>16</u>	\$ <u>15</u>	\$ <u>30</u>	\$ <u>29</u>
Total cash outflow for leases			\$ <u>(18,190)</u>	\$ <u>(24,952)</u>

The Group's leases of certain building and office equipment qualify as short-term and low-value leases. The Group has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. INVESTMENT PROPERTIES

	For the Six Months Ended June 30, 2022
<u>Cost</u>	
Beginning of the period	\$ 80,136
Effects of foreign currency exchange differences	<u>1,529</u>
End of the period	\$ <u>81,665</u>
<u>Accumulated depreciation</u>	
Beginning of the period	\$ 16,663
Depreciation expense	2,123
Effects of foreign currency exchange differences	<u>316</u>
End of the period	\$ <u>19,102</u>
Carrying amount, net, June 30, 2022	\$ <u>62,563</u>

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Right-of-use assets and building 20 to 50 years

The carrying amount of the investment properties located in China. The fair value of the investment properties at April 9, 2021 was measured by independent qualified professional valuers using Level 3 inputs, and the valuation was arrived at by reference to market evidence of transaction prices of similar properties. Management of the Company had assessed and determined that there were no significant changes in the fair value at June 30, 2022 as compared to that at April 9, 2021.

	June 30, 2022
Fair value	\$ <u>67,927</u>

14. GOODWILL

	For the Six Months Ended June 30	
	2023	2022
<u>Cost</u>		
Beginning of the period	\$ 106,547	\$ 105,999
Effects of foreign currency exchange differences	<u>78</u>	<u>369</u>
End of the period	<u>\$ 106,625</u>	<u>\$ 106,368</u>

15. OTHER INTANGIBLE ASSETS

	Customer Relationships	Computer Software	Amount
<u>Cost</u>			
Balance, January 1, 2023	\$ 250,839	\$ 42,816	\$ 293,655
Additions	-	3,662	3,662
Effects of foreign currency exchange differences	<u>3,513</u>	<u>(695)</u>	<u>2,818</u>
Balance, June 30, 2023	<u>\$ 254,352</u>	<u>\$ 45,783</u>	<u>\$ 300,135</u>
<u>Accumulated amortization</u>			
Balance, January 1, 2023	\$ 45,138	\$ 35,246	\$ 80,384
Amortization expenses	12,829	2,187	15,016
Effects of foreign currency exchange differences	<u>881</u>	<u>(692)</u>	<u>189</u>
Balance, June 30, 2023	<u>\$ 58,848</u>	<u>\$ 36,741</u>	<u>\$ 95,588</u>
Carrying amount at June 30, 2023	<u>\$ 195,504</u>	<u>\$ 9,042</u>	<u>\$ 204,546</u>
Carrying amount December 31, 2022 and January 1, 2023	<u>\$ 205,701</u>	<u>\$ 7,570</u>	<u>\$ 213,271</u>
<u>Cost</u>			
Balance, January 1, 2022	\$ 226,091	\$ 32,087	\$ 258,178
Additions	-	5,186	5,186
Effects of foreign currency exchange differences	<u>16,662</u>	<u>560</u>	<u>17,222</u>
Balance, June 30, 2022	<u>\$ 242,753</u>	<u>\$ 37,833</u>	<u>\$ 280,586</u>
<u>Accumulated amortization</u>			
Balance, January 1, 2022	\$ 17,437	\$ 25,927	\$ 43,364
Amortization expenses	12,062	2,756	14,818
Effects of foreign currency exchange differences	<u>1,703</u>	<u>532</u>	<u>2,235</u>
Balance, June 30, 2022	<u>\$ 31,202</u>	<u>\$ 29,215</u>	<u>\$ 60,417</u>
Carrying amount at June 30, 2022	<u>\$ 211,551</u>	<u>\$ 8,618</u>	<u>\$ 220,169</u>

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Customer relationships	10 years
Computer software	1 to 5 years

16. BORROWINGS

Long-term borrowings

	June 30, 2023
<u>Secured borrowings (Note 29)</u>	
Bank loans	\$ 155,000
<u>Unsecured borrowings</u>	
Bank loans	<u>42,334</u>
	197,334
Less: Current portion	<u>(15,996)</u>
Long-term borrowings	<u>\$ 181,338</u>

During the six months ended June 30, 2023, the Group acquired new bank borrowing facilities in the amounts of \$200,000 thousand, with a interest rate of 1.9124% to 2.0924% and will be repayable in the next 25 years, respectively. Subject to the terms set forth in the loan agreement, the Group's debt service coverage ratios must be 100% annually or semi-annually. The purpose of these bank borrowing facilities was for the acquisition of land, plant and equipment.

17. OTHER PAYABLES

	June 30, 2023	December 31, 2022	June 30, 2022
Payables for salaries or bonuses	\$ 59,945	\$ 83,138	\$ 97,862
Payables for compensation of employees	1,832	1,832	5,751
Payables for dividends (1 and 2)	297,674	274,138	495,271
Payable for professional fees	1,764	2,037	3,395
Payable for purchases of equipment	252	175	-
Others	<u>25,324</u>	<u>25,146</u>	<u>13,815</u>
	<u>\$ 386,791</u>	<u>\$ 386,466</u>	<u>\$ 616,094</u>

Note 1: Dividends payable amounting to NT\$297,674 thousand comprise NT\$225,212 thousand of the appropriation of earnings from Trantest Enterprise Ltd. and Trantest Precision (China) Ltd. resolved in the shareholders' meeting before the acquisition date by the original shareholders and NT\$72,462 thousand of cash dividends approved in the shareholders' meetings for the year ended 2022.

Note 2: The Group acquired the equity of Trantest Precision (China) Ltd in April 2021, and Trantest Precision (China) Ltd levied the corporate income tax of 2019 and 2020 in June 2023. According to the equity sales contract, the original shareholders have the obligation to compensate, so offset NT\$43,675 thousand dividends payable which distributed to original shareholders.

18. RETIREMENT BENEFIT PLANS

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The subsidiary of the Group in China is a member of state-managed retirement benefit plans operated by the government of the People's Republic of China. Based on a certain percentage of the total salary of all local employees, the subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group is to make the specified contributions.

19. EQUITY

a. Ordinary shares

	June 30, 2023	December 31, 2022	June 30, 2022
Shares authorized (in thousands of shares)	<u>100,000</u>	<u>100,000</u>	<u>80,000</u>
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 800,000</u>
Shares issued and fully paid (in thousands of shares)	<u>70,361</u>	<u>70,351</u>	<u>70,284</u>
Shares issued and fully paid	<u>\$ 703,612</u>	<u>\$ 703,512</u>	<u>\$ 702,840</u>

The issued ordinary shares have a par value of NT\$10 per share, and each share has one voting right and the right to receive dividends.

b. Capital surplus

	June 30, 2023	December 31, 2022	June 30, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Issuance of ordinary shares	\$ 157,852	\$ 157,852	\$ 157,852
<u>May not be used for any purpose (2)</u>			
Employee restricted shares	<u>4,798</u>	<u>4,373</u>	<u>-</u>
	<u>\$ 162,650</u>	<u>\$ 162,225</u>	<u>\$ 157,852</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) It may not be used for any purpose that capital surplus generated from employee restricted shares.

c. Retained earnings and dividend policy

The content of the earnings distribution policy in accordance with the articles of incorporation of the Company is as follows:

- 1) The Company's profit in a fiscal year shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital), setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 21-g.
- 2) The Company's dividend policy shall be determined pursuant to the factors, such as the investment environment, capital requirement, domestic and overseas competition environment, current and future business development plan, as well as shareholders' interests.

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation of earnings for 2021 and 2022, which had been proposed by the shareholders' meetings on June 22, 2022 and May 31, 2023, were as follows:

	For the Year Ended December 31	
	2022	2021
Legal reserve	<u>\$ 15,275</u>	<u>\$ 44,490</u>
Special reserve	<u>\$ (7,875)</u>	<u>\$ 7,875</u>
Cash dividends	<u>\$ 72,462</u>	<u>\$ 175,709</u>
Dividends per share (NT\$)	<u>\$ 1.03</u>	<u>\$ 2.5</u>

d. Other equity items

- 1) Exchange differences on the translation of the financial statements of foreign operations

	For the Six Months Ended	
	June 30	
	2023	2022
Beginning of the period	\$ 29,700	\$ (7,875)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	595	31,513
Income tax that may be reclassified subsequently to profit or loss	<u>(119)</u>	<u>(6,303)</u>
End of the period	<u>\$ 30,176</u>	<u>\$ 17,335</u>

2) Unearned share-based employee compensation

The Company resolved at the shareholders' meeting to issue 800 thousand shares of new employee restricted stocks at no consideration on May 31, 2023 and June 22, 2022. On May 10, 2023 and August 10, 2022, the board of directors had resolved to issue 10 and 67 thousand shares of new employee restricted stock, respectively. Please refer to Note 24 for relevant information.

	For the Six Months Ended June 30, 2023
Beginning of the period	\$ (3,530)
Share-based payment expenses recognized	(525)
Recognition of share-based payment expenses	<u>1,375</u>
End of the period	<u>\$ (2,680)</u>

e. Non-controlling interests

	For the Six Months Ended June 30	
	2023	2022
Beginning of the period	\$ 231,356	\$ 184,658
Share in gain for the year	4,129	8,979
Other comprehensive (loss) income during the year		
Exchange differences on the translation of the financial statements of foreign entities	<u>(5,962)</u>	<u>3,579</u>
End of the period	<u>\$ 229,523</u>	<u>\$ 197,216</u>

20. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Revenue from the sale of goods	\$ 364,419	\$ 345,211	\$ 507,949	\$ 637,905
Revenue from the rendering of services	<u>3,104</u>	<u>18,362</u>	<u>16,293</u>	<u>25,202</u>
	<u>\$ 367,523</u>	<u>\$ 363,573</u>	<u>\$ 524,242</u>	<u>\$ 663,107</u>
	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
<u>Contract balances</u>				
Trade receivables (Note 8)	<u>\$ 329,401</u>	<u>\$ 332,640</u>	<u>\$ 376,024</u>	<u>\$ 488,831</u>
Contract liabilities				
Sale of goods	<u>\$ 14,121</u>	<u>\$ 6,255</u>	<u>\$ 10,532</u>	<u>\$ 2,287</u>

21. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest income				
Bank deposits	\$ 1,162	\$ 309	\$ 1,734	\$ 447
Others	<u>4</u>	<u>3</u>	<u>8</u>	<u>7</u>
	<u>\$ 1,166</u>	<u>\$ 312</u>	<u>\$ 1,742</u>	<u>\$ 454</u>

b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Government grants	\$ 163	\$ 570	\$ 1,227	\$ 5,026
Others	<u>1,960</u>	<u>-</u>	<u>3,434</u>	<u>6,513</u>
	<u>\$ 2,123</u>	<u>\$ 570</u>	<u>\$ 4,661</u>	<u>\$ 11,539</u>

c. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Net foreign exchange gains (losses)	\$ 18,707	\$ 34,225	\$ 13,135	\$ 50,709
Net gain on financial instruments at fair value through profit or loss	-	274	-	562
Gain (loss) on disposal of property, plant and equipment	(62)	16,694	(129)	16,694
Others	<u>4</u>	<u>(193)</u>	<u>(506)</u>	<u>(207)</u>
	<u>\$ 18,649</u>	<u>\$ 51,000</u>	<u>\$ 12,500</u>	<u>\$ 67,758</u>

d. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest on lease liabilities	\$ 285	\$ 100	\$ 617	\$ 238
Interest on bank loans	967	-	967	-
Others	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
	<u>\$ 1,252</u>	<u>\$ 100</u>	<u>\$ 1,585</u>	<u>\$ 238</u>

e. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
An analysis of depreciation by function				
Operating cost	\$ 5,262	\$ 10,078	\$ 10,927	\$ 27,784
Operating expenses	<u>8,937</u>	<u>8,790</u>	<u>17,677</u>	<u>16,984</u>
	<u>\$ 14,199</u>	<u>\$ 18,868</u>	<u>\$ 28,604</u>	<u>\$ 44,768</u>
An analysis of amortization by function				
Operating cost	\$ -	\$ -	\$ -	\$ 79
Operating expenses	<u>7,502</u>	<u>7,488</u>	<u>15,016</u>	<u>14,739</u>
	<u>\$ 7,502</u>	<u>\$ 7,488</u>	<u>\$ 15,016</u>	<u>\$ 14,818</u>

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term benefits				
Salary	\$ 107,787	\$ 131,910	\$ 199,646	\$ 249,939
Labor and health insurance	6,698	7,406	13,522	15,777
Post-employment benefits				
Defined contribution plans	1,335	1,200	2,571	2,368
Other employee benefits	<u>1,464</u>	<u>2,296</u>	<u>2,897</u>	<u>3,855</u>
Total employee benefits expense	<u>\$ 117,284</u>	<u>\$ 142,812</u>	<u>\$ 218,636</u>	<u>\$ 271,939</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 26,691	\$ 32,120	\$ 43,104	\$ 57,435
Operating expenses	<u>90,593</u>	<u>110,692</u>	<u>175,532</u>	<u>214,504</u>
	<u>\$ 117,284</u>	<u>\$ 142,812</u>	<u>\$ 218,636</u>	<u>\$ 271,939</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. Since there was deficit for the three months ended June 30, 2023 and the six months ended June 30, 2023, the Company did not estimate compensation of employees and the remuneration of directors. The estimated compensation of employees and the remuneration of directors for the three months ended June 30, 2022 and the six months ended June 30, 2022 is as follows:

Accrual rate

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Compensation of employees	-	1%	-	1%
Remuneration of directors	-	0%	-	0%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Compensation of employees	\$ -	\$ 527	\$ -	\$ 739
Remuneration of directors	\$ -	\$ -	\$ -	\$ -

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The compensation of employees and the remuneration of directors for 2022 and 2021 had been approved by the Company's board of directors on March 14, 2023 and March 29, 2022, as illustrated below:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Compensation of employees	1%	1%
Remuneration of directors	0%	0%

Amount

	For the Year Ended December 31	
	2022	2021
Compensation of employees	\$ 1,832	\$ 5,012
Remuneration of directors	-	-

There was no difference between the actual appropriated amounts of employees' compensation and remuneration of directors and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current tax				
In respect of the current year	\$ 1,236	\$ -	\$ 6,272	\$ -
Income tax on unappropriated earnings	3,644	10,841	3,644	10,841
Adjustments for prior year	<u>(7,432)</u>	<u>(5,408)</u>	<u>(7,238)</u>	<u>(5,408)</u>
	(2,552)	5,433	2,678	5,433
Deferred tax				
In respect of the current year	<u>3,974</u>	<u>11,802</u>	<u>(12,156)</u>	<u>86</u>
Income tax expense recognized in profit or loss	<u>\$ 1,422</u>	<u>\$ 17,235</u>	<u>\$ (9,478)</u>	<u>\$ 5,519</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
<u>Deferred tax</u>				
In respect of the current year				
Exchange differences on the translation of foreign operations	<u>\$ 801</u>	<u>\$ 2,056</u>	<u>\$ 119</u>	<u>\$ 6,303</u>

c. Income tax assessment

The income tax returns through 2020 have been assessed by the tax authorities. The companies in other jurisdictions have been examined according to their local laws.

23. (LOSS) EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Basic (loss) earnings per share	<u>\$ 0.47</u>	<u>\$ 0.51</u>	<u>\$ (0.08)</u>	<u>\$ 0.92</u>
Diluted (loss) earnings per share	<u>\$ 0.47</u>	<u>\$ 0.51</u>	<u>\$ (0.08)</u>	<u>\$ 0.92</u>

The weighted average number of shares outstanding used for the (loss) earnings per share computation was as follows:

Net (Loss) Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
(Loss) profit for the year attributable to owners of the Company	<u>\$ 33,275</u>	<u>\$ 36,081</u>	<u>\$ (5,929)</u>	<u>\$ 64,783</u>
(Loss) earnings used in the computation of basic and diluted earnings per share	<u>\$ 33,275</u>	<u>\$ 36,081</u>	<u>\$ (5,929)</u>	<u>\$ 64,783</u>

Ordinary Shares

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Weighted-average number of ordinary shares used in computation of basic earnings per share	70,355	70,284	70,353	70,284
Effect of potential dilutive common stock:				
Compensation of employees	_____ -	_____ 10	_____ -	_____ 31
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>70,355</u>	<u>70,294</u>	<u>70,353</u>	<u>70,315</u>

24. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Restricted Stocks

On May 31, 2023 and June 22, 2022, the Company resolved at the shareholders' meeting to issue 800 thousand shares of employee restricted stocks at \$10 per share at no consideration. On May 10, 2023 and August 10, 2022, the board of directors had resolved to issue 10 thousand shares and 67 thousand shares of employee restricted stocks. The grant date and the issuance date were both June 1, 2023 and August 11, 2022. The fair value of the employee restricted stocks at grant date is respectively \$52.5 per share and \$75 per share, respectively.

Employee restricted stocks that have been granted but have not yet met the vesting conditions are as follows:

- a. Employees may not sell, pledge, transfer, give as a gift, create a guarantee or otherwise dispose of the new employee restricted stocks until they have met the vesting conditions after being granted the new stocks.

- b. Except for the restrictions in the preceding paragraph, before the vesting conditions are fulfilled, any other shareholder rights including but not limited to the entitlement to any distribution regarding dividends, bonuses and capital reserve, and the subscription right of the new shares issued for any capital increase, are the same as those of holders of ordinary shares of the Company.
- c. The shares should be held in a stock trustee designated by the Company. The restricted stocks should be held in a trust after being issued and non-refundable before eligible for the vesting conditions.
- d. During the vesting period, if the company carry out a capital reduction, RSAs will be cancelled proportionally. If the capital reduction is done by cash return, the returned cash should be kept under trustee designated by the Company, and be paid to the employees when vesting condition is fulfilled; if the employee does not meet the vesting condition, all shares the employees subscribed shall be bought back by the Company based on the original subscription price and canceled accordingly.
- e. Attendance, proposals, speeches, voting rights and other matters related to shareholders' rights and interests at shareholders' meetings are entrusted to trust custodians.

Participant shall become vested in the new employee restricted stocks at certain percentage, only if Participant achieves the specific performance-based goal specified by the Company and remains continuously employed by the Company from the grant date through applicable vesting schedule presented as follows.

- 1) Participants who have served the Company or an entity controlled or affiliated by the Company for less than 10 years are described as follows while re-calculation for those who have previously resigned or on furlough:
 - a) One-year anniversary of the grant, grantees are eligible for 60% of the vested shares with annual KPI between 90 and 100. Grantees are eligible for 48% of the vested shares with annual KPI between 80 and 89. Grantees are eligible for 36% of the vested shares with annual KPI between 60 and 79. Grantees are eligible for 0% of the vested shares with annual KPI between 0 and 59.
 - b) Over one year less than three year since the date of grant, grantees are eligible for 20% of the vested shares with annual KPI between 90 and 100. Grantees are eligible for 16% of the vested shares with annual KPI between 80 and 89. Grantees are eligible for 12% of the vested shares with annual KPI between 60 and 79. Grantees are eligible for 0% of the vested shares with annual KPI between 0 and 59.
- 2) Participants who have served the Company or an entity controlled or affiliated by the Company over 10 years are described as follows while re-calculation for those who have previously resigned or on furlough:

One-year anniversary of the grant, grantees are eligible for 100% of the vested shares with annual KPI between 90 and 100. Grantees are eligible for 80% of the vested shares with annual KPI between 80 and 89. Grantees are eligible for 60% of the vested shares with annual KPI between 60 and 79. Grantees are eligible for 0% of the vested shares with annual KPI between 0 and 59.

The new shares issued with restricted employee rights, the relevant information were as follows:

	Unit: In Thousands Per Stock	
	For the Six Months Ended	
	June 30	
	<u>2023</u>	<u>2022</u>
Balance at January 1	67	-
Issuance of the current year	<u>10</u>	<u>-</u>
Balance at June 30	<u><u>77</u></u>	<u><u>-</u></u>

Employee compensation cost recognized for the three months ended June 30, 2023 and the six months ended June 30, 2023 was \$704 thousand and \$1,375 thousand.

25. CASH FLOW INFORMATION

a. Non-cash transactions

For the six months ended June 30, 2023 and 2022, the Group acquired property, plant and equipment with a fair value of \$288,161 thousand and \$10,457 thousand, respectively, and paid \$288,084 thousand and \$11,882 thousand in cash, respectively. Other payables for facility increased by \$77 thousand and decreased by \$1,425 thousand, respectively.

b. Changes in liabilities arising from financing activities

For the six months ended June 30, 2023

	Balance as of January 1, 2023	Cash Flows	Non-cash Changes		Balance as of June 30, 2023
			New Leases	Effects of Foreign Currency Exchange Differences	
Lease liabilities	\$ 33,267	\$ (11,209)	\$ 12,570	\$ (565)	\$ 34,063
Long term borrowing	\$ -	\$ 197,334	\$ -	\$ -	\$ 197,334

For the six months ended June 30, 2022

	Balance as of January 1, 2022	Cash Flows	Non-cash Changes		Balance as of June 30, 2022
			New Leases	Effects of Foreign Currency Exchange Differences	
Lease liabilities	\$ 20,522	\$ (11,104)	\$ 1,247	\$ 434	\$ 11,099

- c. The cash dividends for 2022 and 2021 approved in the shareholders' meetings were \$72,462 thousand and \$175,709 thousand respectively, which have not yet been distributed on June 30, 2023 and 2022. Please refer to Notes 17.

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's key management reviews the Group's capital structure on a quarterly basis, which includes consideration of the costs and risks of various operations. Based on the recommendations of the key management, the Group finances its working capital by borrowing from banks and raising additional capital in cash.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Group believes the carrying amount of the Group's financial instruments not measured at fair value are close to the fair value

b. Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

June 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-principal investment products	\$ 45,893	\$ -	\$ -	\$ 45,893

c. Categories of financial instruments

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)			
Mandatorily at FVTPL	\$ -	\$ -	\$ 45,893
Financial assets at amortized cost (1)	1,093,019	1,200,891	1,210,550
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	648,263	367,336	707,771

Note 1: The balances included financial assets at amortized cost, which comprise cash, notes receivables, trade receivables, other receivables and refundable deposits.

Note 2: The balances included financial liabilities at amortized cost, which comprise trade payables, part of other payables (excluding salary, and bonus), current portion of long-term borrowings and long-term borrowings.

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, equity and debt investments, trade receivables, other receivables, trade payables, other payables, borrowings and lease liabilities. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group is a multinational operation, so it is subject to foreign currency risks arising from a variety of different currencies. Foreign currency risks arise from future commercial transactions and recognized assets and liabilities.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the period are set out in Note 33.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency strengthened by 1% against the relevant currency. For a 1% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	U.S. Dollar	
	For the Six Months Ended	
	June 30	
	2023	2022
Pre-tax profit	<u>\$ 4,082</u>	<u>\$ 7,844</u>

The result was mainly attributable to the exposure on the foreign currency bank deposits, outstanding other receivables and payables that were not hedged at the end of the period.

b) Interest rate risk

The Group's exposure to fair value interest rate risk is on the Group's borrowings at fixed interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to cash flow interest rate at the end of the reporting period were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Cash flows interest rate risk			
Financial liabilities	\$ 34,063	\$ 33,267	\$ 11,099
Cash flows interest rate risk			
Financial assets	730,761	852,690	805,869
Financial liabilities	197,334	-	-

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2023 and 2022 would have increased/decreased by \$667 thousand and \$1,007 thousand, respectively, which was mainly a result of variable-interest-rate bank deposits.

The Group's sensitivity to interest rates decreased during the current year mainly due to the increase in bank borrowings with variable interest rate.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

It is the Group's policy that transactions only be dealt with creditworthy counterparties. Credit information of transaction parties are gathered by independent rating agencies by conducting credit search and analysis. Credits are then given to parties, according to its nature of transaction, financial status and conditions of collateral, with terms to be renewed after careful reexamination to ensure credit risk of counterparties are within scope of the Group. The clients of the Group are widely spread and the Group analyzes its numerous clients' financial status continuously.

The Group's concentration of credit risk was related to the five largest customers within the Group. As of June 30, 2023, December 31, 2022 and June 30, 2022, the percentage of total trade receivables from the top five customers was 66%, 63% and 72%.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity and interest rate risk table of non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

June 30, 2023

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 450,296	\$ -	\$ -
Lease liabilities	22,888	11,957	-
Variable interest rate	<u>16,718</u>	<u>44,691</u>	<u>173,847</u>
	<u>\$ 489,902</u>	<u>\$ 56,648</u>	<u>\$ 173,847</u>

December 31, 2022

	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 367,336	\$ -	\$ -
Lease liabilities	<u>16,207</u>	<u>17,060</u>	<u>-</u>
	<u>\$ 383,543</u>	<u>\$ 17,060</u>	<u>\$ -</u>

June 30, 2022

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 707,771	\$ -	\$ -
Lease liabilities	<u>11,099</u>	<u>-</u>	<u>-</u>
	<u>\$ 718,870</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

June 30, 2023

Unsecured bank overdraft facilities, reviewed annually and payable on demand:	
Amount used	\$ 45,000
Amount unused	<u>240,000</u>
	<u>\$ 285,000</u>
Secured bank overdraft facilities:	
Amount used	\$ 155,000
Amount unused	<u>-</u>
	<u>\$ 155,000</u>

28. TRANSACTIONS WITH RELATED PARTIES

The Company's parent is Ericson Capital Co., Ltd., which held 52.95% of the ordinary shares of the Company at June 30, 2023.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

Remuneration of Key Management Personnel

Related Party Categories	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 4,472	\$ 4,560	\$ 8,841	\$ 8,769
Post-employment benefits	<u>156</u>	<u>170</u>	<u>318</u>	<u>344</u>
	<u>\$ 4,628</u>	<u>\$ 4,730</u>	<u>\$ 9,159</u>	<u>\$ 9,113</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY:

The following assets were provided as collateral for bank borrowings:

	June 30, 2023
Land	\$ 225,756
Buildings	<u>31,502</u>
	<u>\$ 257,258</u>

30. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS: NONE

31. OTHER ITEMS

Due to the impact of COVID-19 pandemic, the Group assesses that its overall business and financial aspects have not been significantly affected and there are no doubts about going concern, asset impairment and financial risks.

32. EXPLANATION OF SEASONALITY OR PERIODICITY OF INTERIM OPERATIONS

The Group is mainly engaged in the production of precision testing equipment and has the characteristics of low and high seasons of operation in response to the period when major customers launch new products. The Group conducts mass production and deliveries 3 to 4 months before customers launch new products. According to historical experience, the Group's sales peak is between June and September each year. Therefore, the Group's inventory from May to August is relatively higher than other months. Usually, the operating income in the first quarter of each year is the lowest, compared to the other three quarters. The peak season of shipment begins at the end of the second quarter, continuing until the end of the third quarter. Therefore, the third quarter is the peak of single-quarter operating income.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

(In Thousands of Foreign Currency and New Taiwan Dollars)

June 30, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items USD	\$ 14,987	31.14 (USD:NTD)	\$ 466,693
<u>Financial liabilities</u>			
Monetary items USD	1,878	31.14 (USD:NTD)	58,472

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items USD	\$ 21,788	30.71 (USD:NTD)	\$ 669,118
<u>Financial liabilities</u>			
Monetary items USD	489	30.71 (USD:NTD)	15,029

June 30, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items USD	\$ 28,860	29.72 (USD:NTD)	\$ 857,722
<u>Financial liabilities</u>			
Monetary items USD	2,466	29.72 (USD:NTD)	73,289

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: Table 2
- 3) Marketable securities held (excluding investment in subsidiaries and associates): None
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 3
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5

- 9) Trading in derivative instruments: None
- 10) Intercompany relationships and significant intercompany transactions: Table 6
- b. Information on investees: Table 7
- c. Information on investments in mainland China
 - 1) The name of the mainland investee company, main business items, paid-in capital, investment methods, capital remittances and exits, shareholding ratio, investment gains and losses, investment book amount at the end of the period, repatriated investment gains and losses, and investment limits in mainland China: Table 8
 - 2) The following significant transactions, prices, payment terms, and unrealized gains and losses occurred directly or indirectly with the investee company in mainland China via the third region: Table 9
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- d. Information of major shareholders
 - List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 10

35. SEGMENTS INFORMATION

For the purpose of resources allocation and performance assessment, the Group's chief operating decision maker reviews operating results and financial information on a product-by-product basis with a focus on the operating results of each product. As the products share similar economic characteristics, and sell the same types of products in a uniform management approach, the Group's products are aggregated into a single reportable segment. The Group's chief operating decision maker reviews segment information measured on the same basis as the consolidated financial statements. Information about reportable segment sales and profit or loss is referenced from the consolidated statements of comprehensive income for the six months ended June 30, 2023 and 2022 and information on assets is referenced from the consolidated balance sheets as of June 30, 2023, December 31, 2022 and June 30, 2022.

Information about major customers:

Single customer contributing 10% or more to the Group's revenue is as follows:

Customer Name	For the Six Months Ended June 30			
	2023		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Customer 1	\$ 322,443	62	\$ 372,150	57

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Trantest Precision (China) Ltd.	Shenzhen Detai Precision Equipment Co., Ltd.	Other receivable	No	\$ 8,862	\$ -	\$ -	3.5	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 52,380	\$ 209,521	

Note 1: Numbering sequence is as follows:

- a. The issuer is numbered 0.
- b. Investees are numbered sequentially starting from 1.

Note 2: It is necessary to fill the amount of financing limit for each borrower and the amount of aggregate financing limit by the Company's guidance of financing provided to others, and the calculation method shall be indicated in the "Note".

- a. For short-term financing needs, the total amount for lending to others shall be not exceed the net value of the most recent financial statements of Trantest Precision (China) Ltd. reviewed by CPA NT\$523,803 x 40% = NT\$209,521, and the total amount for lending a company shall be not exceed the net value of Trantest Precision (China) Ltd. reviewed by CPA NT\$523,803 x 10% = NT\$52,380.

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note)	Maximum Balance for the Period (Foreign Currencies in Thousands)	Ending Balance (Foreign Currencies in Thousands)	Amount Actually Drawn (US\$ in Thousands)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	Aethertek Technology Co.,	Trantest Enterprise Limited	Subsidiary	\$ 247,460	\$ 249,120	\$ 249,120	\$ -	\$ -	20%	\$ 494,921	Y	N	N

Note: The Company's maximum total endorsement amount is 40% of the net equity in the financial statements. The Company's maximum endorsement amount for each endorsed entity is 20% of the net equity in latest financial statements of the Company or the net value of the endorsee company, whichever is lower.

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Aethertek Technology Co., Ltd.	Land and buildings	2022.12.26	\$ 258,440	In accordance with the contract terms	Arise International Limited.	None	-	-	-	\$ -	Price comparison and negotiation and by reference to the price quoted by the professional appraisal agency	For the use of office	None

Note 1: The property acquired is subject to valuation in accordance with regulations, the valuation results shall be indicated in the "Pricing Reference".

Note 2: The event date was the date approved by the Board of Directors of the Company.

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Aethertek Technology Co., Ltd.	Trantest Enterprise., Ltd.	Subsidiary	Service income	\$ 128,216	24	150 days from the end of the month	\$ -	-	\$ -	-	-
Trantest Precision (China) Ltd.	Trantest Enterprise., Ltd.	Subsidiary	Sales	232,766	44	30 days from the end of the month	-	-	128,353	6	-

Note: The above transactions have been eliminated during the preparation of the consolidated financial statements.

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

JUNE 30, 2023

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Trantest Precision (China) Ltd.	Trantest Enterprise Ltd.	Subsidiary	\$ 128,353	1.81	\$ -	-	\$ -	\$ -

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (In Thousands of New Taiwan Dollars)

Number (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Aethertek Technology Co., Ltd.	Trantest Enterprise., Ltd.	1	Service income	\$ 128,216	Depends on contract	24
		Trantest Precision (China) Ltd.	1	Purchases	57,626	Depends on contract	11
		Trantest Precision (China) Ltd.	1	Trade payables	7,711		
1	Trantest Precision (China) Ltd.	Trantest Enterprise., Ltd.	3	Service income	10,228	It trading price depends on its function within the Group	2
		Trantest Enterprise., Ltd.	3	Sales	232,766	It trading price depends on its function within the Group	44
		Trantest Enterprise., Ltd.	3	Trade receivables	128,353	It trading price depends on its function within the Group	6

Note 1: Intercompany relationships and significant intercompany transactions information are represented within the number column as follows:

- a. Number 0 represents the parent company.
- b. Number 1 represents subsidiaries.

Note 2: The flow of transactions between the counterparties of the transactions are represented as follows:

- a. "1" represents transactions from parent company to subsidiary.
- b. "2" represents transactions from subsidiary to parent company.
- c. "3" represents transactions between subsidiaries.

Note 3: The amounts of asset accounts and liability accounts are calculated as a percentage of the consolidated total assets. The amounts of income accounts are calculated as a percentage of the consolidated total sales.

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
 FOR THE SIX MONTHS ENDED JUNE 30, 2023
 (In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2023			Net Income of the Investee	Share of Profit	Note
				March 31, 2023	December 31, 2022	Stocks (Thousands)	%	Carrying Amount			
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Hong Kong	Sales of precision testing equipment	\$ 682,513 (US\$ 24,000)	\$ 682,513 (US\$ 24,000)	24,000	100	\$ 848,099	\$ (30,409)	\$ (37,144)	

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, U.S. Dollars and RMB)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2023	Accumulated Repatriation of Investment Income as of June 30, 2023
					Outflow	Inflow						
Trantest Precision (China) Ltd.	Manufacture and sales of precision testing equipment.	\$ 238,747 (RMB 55,000)	b	\$ 228,419 (US\$ 8,025)	\$ -	\$ -	\$ 228,419 (US\$ 8,025)	\$ 21,633	51	\$ 11,033 (Notes 2, b, 3)	\$ 238,893	\$ -

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$289,108 (US\$9,944)	\$289,581 (US\$9,960)	\$880,095

Note 1: Methods of investment have following type:

- a. Direct investment in mainland China.
- b. Indirect investment through a company registered in a third region.
- c. Others.

Note 2: The amount recognized in investment income in the current year:

- a. Should be indicated if currently under preparation and not generating investment income.
- b. The basis of recognition of investment profit (loss) should be indicated and is classified as follows:
 - 1) Amounts was recognized based on the financial statements audited by international audit firms with business relationship with audit firms in the ROC.
 - 2) Amount was recognized based on the parent company's audited financial statements.
 - 3) Others.

Note 3: The relevant figures in this table should be presented in New Taiwan dollars.

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars)**

Purchase and Sale Company	Investee Company	Transaction Type	Purchase/Sale		Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Trantest Enterprise., Ltd.	Trantest Precision (China) Ltd	Purchases	\$ 232,766	44	30 days after sales for parts	It trading price depends on its function within the Group	\$ 128,353	6	\$ 22,382	-
Aethertek Technology Co., Ltd.	Trantest Precision (China) Ltd	Purchases	57,626	11	30 days after sales for parts	It trading price depends on its function within the Group	7,711	-	5,864	-

TABLE 10**AETHERTEK TECHNOLOGY CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
JUNE 30, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Eriksson Capital Co., Ltd.	37,251,000	52.95
Indicate Investment Ltd.	10,671,847	15.16
La Ge Na Capital Co., Ltd.	10,543,000	14.98

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter.