

**GALLANT PRECISION MACHINING CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30,
2023 AND 2022**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To Gallant Precision Machining Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Gallant Precision Machining Co., Ltd. and its subsidiaries as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2023 and 2022, respectively, changes in equity and cash flows for the six-month periods ended June 30, 2023 and 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard (IAS) No.34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on these interim the financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the 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 conducted in accordance with the generally accepted auditing standards 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 4(3), the consolidated financial statements included the financial statements of certain nonsignificant subsidiaries, which were not reviewed by independent accountants. These financial statements reflect total assets amounting to \$726,833 thousand and \$872,038 thousand, constituting 10% and 12% of consolidated total assets as of June 30, 2023 and 2022, respectively, total liabilities amounting to \$227,888 thousand and \$301,062 thousand, constituting 5% and 7% of consolidated total liabilities as of June 30, 2023 and 2022, respectively, and total comprehensive (loss) income amounting to (\$7,165) thousand, \$32,440 thousand, (\$19,318) thousand and \$91,914 thousand, constituting (5%), 70%, (6%) and 44% of consolidated total comprehensive income (loss) for the three-month periods ended June 30, 2023 and 2022, and for the six-month periods ended June 30, 2023 and 2022, respectively.

Qualified Conclusion

Based on our reviews except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent accountants, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Gallant Precision Machining Co., Ltd. and its subsidiaries as of June 30, 2023 and 2022 and of its consolidated financial performance for the three-month periods ended

June 30, 2023 and 2022 and for the six-month periods ended June 30, 2023 and 2022, respectively and its consolidated cash flows for the six-month periods ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission of the Republic of China.

PricewaterhouseCoopers, Taiwan
August 9, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

June 30, 2023, December 31, 2022 and June 30, 2022 (June 30, 2023 and 2022 are reviewed, not audited)

Assets			June 30, 2023		December 31, 2022		June 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,080,338	15	\$ 1,345,746	17	\$ 1,004,783	14
1136	Financial assets at amortized cost - current	6(3)	599,915	8	586,983	7	631,895	9
1150	Notes receivable, net	6(4)	53,671	1	35,446	1	30,896	-
1170	Accounts receivable, net	6(4)	1,554,137	21	2,362,856	30	2,068,601	29
1180	Accounts receivable, related parties net	6(4) and 7	21,875	-	19,530	-	5,767	-
1200	Other receivables		2,001	-	3,431	-	3,638	-
1210	Other receivables - related parties	7	118	-	-	-	-	-
130X	Inventories, net	6(5)	910,471	13	1,086,396	14	1,279,542	18
1410	Prepayments		165,633	2	175,026	2	96,668	1
1470	Other current assets		12,027	-	15,759	-	10,691	-
11XX	Current Assets		4,400,186	60	5,631,173	71	5,132,481	71
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non - current	6(2)	1,859,489	26	1,151,151	15	938,810	13
1535	Financial assets at amortized cost - non-current	6(3) and 8	14,855	-	14,777	-	18,038	-
1600	Property, plant and equipment, net	6(6) and 8	719,928	10	726,466	9	739,141	10
1755	Right-of-use assets	6(7)	230,364	3	242,980	3	248,985	4
1780	Intangible assets, net		11,658	-	13,078	-	14,558	-
1840	Deferred income tax assets		94,342	1	107,920	2	111,195	2
1900	Other non-current assets		20,158	-	8,816	-	12,033	-
15XX	Non-current assets		2,950,794	40	2,265,188	29	2,082,760	29
1XXX	Total assets		\$ 7,350,980	100	\$ 7,896,361	100	\$ 7,215,241	100

(Continued)

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

June 30, 2023, December 31, 2022 and June 30, 2022 (June 30, 2023 and 2022 are reviewed, not audited)

	Liabilities and Equity	Notes	June 30, 2023		December 31, 2022		June 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term loans	6(8)	\$ 1,420,000	20	\$ 1,313,000	17	\$ 754,300	10
2130	Contract liabilities-current	6(18)	265,237	4	341,753	4	330,799	5
2150	Notes payable		1,764	-	1,764	-	2,225	-
2170	Accounts payable	6(9)	713,845	10	1,364,727	17	1,418,668	20
2180	Accounts payables to related parties	7	-	-	66	-	7,606	-
2200	Other payables	6(10)	756,031	10	498,505	6	721,501	10
2230	Current income tax liabilities		22,943	-	52,336	1	57,382	1
2250	Provisions for liabilities - current		65,531	1	92,134	1	107,272	1
2280	Lease liabilities-current		21,818	-	23,322	-	22,332	-
2320	Long-term loans-current portion		152,943	2	192,943	3	192,917	3
2399	Other current liabilities	6(11) and 8	12,288	-	21,509	-	14,519	-
21XX	Current Liabilities		<u>3,432,400</u>	<u>47</u>	<u>3,902,059</u>	<u>49</u>	<u>3,629,521</u>	<u>50</u>
	Non-current liabilities							
2540	Long-term loans	6(11) and 8	349,943	5	336,414	4	365,787	5
2570	Deferred income tax liabilities		152,923	2	155,942	2	122,204	2
2580	Lease liabilities-non-current		216,483	3	227,239	3	233,475	3
2600	Other non-current liabilities		29,295	-	32,938	1	42,701	1
25XX	Non-current liabilities		<u>748,644</u>	<u>10</u>	<u>752,533</u>	<u>10</u>	<u>764,167</u>	<u>11</u>
2XXX	Total Liabilities		<u>4,181,044</u>	<u>57</u>	<u>4,654,592</u>	<u>59</u>	<u>4,393,688</u>	<u>61</u>
	Equity attributable to owners of parent company							
	Share capital	6(14)						
3110	Share capital - common stock		1,651,361	22	1,651,361	21	1,651,361	23
	Capital surplus	6(15)						
3200	Capital surplus		267,824	3	267,824	3	210,642	3
	Retained earnings	6(16)						
3310	Legal reserve		226,325	3	186,625	2	186,625	3
3320	Special reserve		111,147	2	111,147	1	111,147	1
3350	Unappropriated retained earnings		207,095	3	459,677	6	274,612	4
	Other equity interest	6(17)						
3400	Other equity interest		219,591	3	(3,888)	-	(11,898)	(1)
3500	Treasury shares	6(14)	(30,254)	-	(30,254)	-	(81,555)	(1)
31XX	Equity attributable to owners of the parent company		<u>2,653,089</u>	<u>36</u>	<u>2,642,492</u>	<u>33</u>	<u>2,340,934</u>	<u>32</u>
36XX	Non-controlling interest	4(3)	<u>516,847</u>	<u>7</u>	<u>599,277</u>	<u>8</u>	<u>480,619</u>	<u>7</u>
3XXX	Total equity		<u>3,169,936</u>	<u>43</u>	<u>3,241,769</u>	<u>41</u>	<u>2,821,553</u>	<u>39</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	Total liabilities and equity		<u>\$ 7,350,980</u>	<u>100</u>	<u>\$ 7,896,361</u>	<u>100</u>	<u>\$ 7,215,241</u>	<u>100</u>

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

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)
(REVIEWED, NOT AUDITED)

Items	Notes	For the three-month periods ended June 30				For the six-month periods ended June 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18) and 7	\$ 658,174	100	\$ 1,136,717	100	\$ 1,396,160	100	\$ 2,231,452	100
5000 Operating costs	6(5) (23)								
	(24) and 7	(496,697)	(75)	(754,945)	(67)	(1,012,026)	(72)	(1,511,496)	(68)
5900 Net operating margin		<u>161,477</u>	<u>25</u>	<u>381,772</u>	<u>33</u>	<u>384,134</u>	<u>28</u>	<u>719,956</u>	<u>32</u>
Operating expenses	6(23) (24)								
6100 Selling expenses		(22,107)	(4)	(29,467)	(3)	(42,436)	(3)	(65,254)	(3)
6200 General and administrative expenses		(91,650)	(14)	(117,493)	(10)	(170,015)	(12)	(228,994)	(10)
6300 Research and development expenses		(81,369)	(12)	(56,783)	(5)	(144,528)	(11)	(130,386)	(6)
6450 Expected credit (gain) loss	12(2)	(13,723)	(2)	(39,131)	(3)	(15,106)	(1)	(21,703)	(1)
6000 Total operating expenses		<u>(208,849)</u>	<u>(32)</u>	<u>(242,874)</u>	<u>(21)</u>	<u>(372,085)</u>	<u>(27)</u>	<u>(446,337)</u>	<u>(20)</u>
6900 Operating profit		<u>(47,372)</u>	<u>(7)</u>	<u>138,898</u>	<u>12</u>	<u>12,049</u>	<u>1</u>	<u>273,619</u>	<u>12</u>
Non-operating income and expenses									
7100 Interest income	6(19)	10,665	2	3,612	-	13,539	1	6,512	-
7010 Other income	6(20)	98,939	15	14,215	1	114,485	8	32,041	2
7020 Other gains and losses	6(21)	14,277	2	33,586	3	3,433	-	72,450	3
7050 Finance costs	6(22)	(10,493)	(2)	(5,766)	-	(20,278)	(1)	(10,592)	-
7000 Total non-operating income and expenses		<u>113,388</u>	<u>17</u>	<u>45,647</u>	<u>4</u>	<u>111,179</u>	<u>8</u>	<u>100,411</u>	<u>5</u>
7900 Profit before tax		<u>66,016</u>	<u>10</u>	<u>184,545</u>	<u>16</u>	<u>123,228</u>	<u>9</u>	<u>374,030</u>	<u>17</u>
7950 Income tax expense	6(25)	(13,684)	(2)	(40,838)	(3)	(29,107)	(2)	(84,788)	(4)
8200 Profit for the period		<u>\$ 52,332</u>	<u>8</u>	<u>\$ 143,707</u>	<u>13</u>	<u>\$ 94,121</u>	<u>7</u>	<u>\$ 289,242</u>	<u>13</u>
Other comprehensive income for the period									
Components of other comprehensive income that will not be reclassified to profit or loss	6(17)								
8316 Unrealized loss on investments in equity instruments at fair value through other comprehensive income	6(2)	\$ 142,480	22	(\$ 81,486)	(7)	\$ 306,244	22	(\$ 104,430)	(5)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	(19,621)	(3)	1,916	-	(23,051)	(2)	4,529	-
8310 Items that will not be reclassified subsequently to profit or loss		<u>122,859</u>	<u>19</u>	<u>(79,570)</u>	<u>(7)</u>	<u>283,193</u>	<u>20</u>	<u>(99,901)</u>	<u>(5)</u>
Components of other comprehensive income that will be reclassified to profit or loss	6(17)								
8361 Cumulative translation differences of foreign operations		(33,649)	(5)	(17,476)	(2)	(27,983)	(2)	19,675	1
8360 Summary of Components of other comprehensive income that will be reclassified to profit or loss		<u>(33,649)</u>	<u>(5)</u>	<u>(17,476)</u>	<u>(2)</u>	<u>(27,983)</u>	<u>(2)</u>	<u>19,675</u>	<u>1</u>
8300 Other comprehensive income (loss) for the Period		<u>\$ 89,210</u>	<u>14</u>	<u>(\$ 97,046)</u>	<u>(9)</u>	<u>\$ 255,210</u>	<u>18</u>	<u>(\$ 80,226)</u>	<u>(4)</u>
8500 Total comprehensive income for the period		<u>\$ 141,542</u>	<u>22</u>	<u>\$ 46,661</u>	<u>4</u>	<u>\$ 349,331</u>	<u>25</u>	<u>\$ 209,016</u>	<u>9</u>
Profit attributable to:									
8610 Equity holders of the parent company		\$ 42,798	7	\$ 103,251	9	\$ 81,350	6	\$ 211,940	10
8620 Non-controlling interest		<u>9,534</u>	<u>1</u>	<u>40,456</u>	<u>4</u>	<u>12,771</u>	<u>1</u>	<u>77,302</u>	<u>3</u>
Profit for the period		<u>\$ 52,332</u>	<u>8</u>	<u>\$ 143,707</u>	<u>13</u>	<u>\$ 94,121</u>	<u>7</u>	<u>\$ 289,242</u>	<u>13</u>
Total comprehensive income attributable to:									
8710 Equity holders of the parent company		\$ 110,204	17	\$ 21,692	2	\$ 304,829	22	\$ 140,007	6
8720 Non-controlling interest		<u>31,338</u>	<u>5</u>	<u>24,969</u>	<u>2</u>	<u>44,502</u>	<u>3</u>	<u>69,009</u>	<u>3</u>
Total comprehensive income for the period		<u>\$ 141,542</u>	<u>22</u>	<u>\$ 46,661</u>	<u>4</u>	<u>\$ 349,331</u>	<u>25</u>	<u>\$ 209,016</u>	<u>9</u>
Earnings per share (In dollars)	6(26)								
9750 Basic earnings per share		<u>\$ 0.26</u>		<u>\$ 0.64</u>		<u>\$ 0.50</u>		<u>\$ 1.32</u>	
Earnings per share (In dollars)	6(26)								
9850 Diluted earnings per share (In dollars)		<u>\$ 0.26</u>		<u>\$ 0.64</u>		<u>\$ 0.49</u>		<u>\$ 1.31</u>	

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

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent											
		Retained Earnings					Other Equity Interest						
	Notes	Share capital- common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Treasury stock	Total	Non- controlling interest	Total equity	
For the six-month period ended June 30, 2022													
Balance at January 1, 2022		\$ 1,651,361	\$ 226,704	\$ 163,550	\$ 111,147	\$ 310,619	(\$ 49,419)	\$ 109,454	(\$ 81,555)	\$ 2,441,861	\$ 466,458	\$ 2,908,319	
Profit for the period		-	-	-	-	211,940	-	-	-	211,940	77,302	289,242	
Other comprehensive income for the period	6(17)	-	-	-	-	-	11,352	(83,285)	-	(71,933)	(8,293)	(80,226)	
Total comprehensive income for the period		-	-	-	-	211,940	11,352	(83,285)	-	140,007	69,009	209,016	
Distribution of 2021 earnings:	6(16)												
Legal reserve		-	-	23,075	-	(23,075)	-	-	-	-	-	-	
Cash dividends		-	-	-	-	(224,872)	-	-	-	(224,872)	-	(224,872)	
Capital surplus distribute cash		-	(16,062)	-	-	-	-	-	-	(16,062)	-	(16,062)	
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	(54,848)	(54,848)	
Balance at June 30, 2022		\$ 1,651,361	\$ 210,642	\$ 186,625	\$ 111,147	\$ 274,612	(\$ 38,067)	\$ 26,169	(\$ 81,555)	\$ 2,340,934	\$ 480,619	\$ 2,821,553	
For the six-month period ended June 30, 2023													
Balance at January 1, 2023		\$ 1,651,361	\$ 267,824	\$ 186,625	\$ 111,147	\$ 459,677	(\$ 42,859)	\$ 38,971	(\$ 30,254)	\$ 2,642,492	\$ 599,277	\$ 3,241,769	
Profit for the period		-	-	-	-	81,350	-	-	-	81,350	12,771	94,121	
Other comprehensive income for the period	6(17)	-	-	-	-	-	(17,904)	241,383	-	223,479	31,731	255,210	
Total comprehensive income for the period		-	-	-	-	81,350	(17,904)	241,383	-	304,829	44,502	349,331	
Distribution of 2022 earnings:	6(16)												
Legal reserve		-	-	39,700	-	(39,700)	-	-	-	-	-	-	
Cash dividends		-	-	-	-	(294,232)	-	-	-	(294,232)	-	(294,232)	
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	(126,932)	(126,932)	
Balance at June 30, 2023		\$ 1,651,361	\$ 267,824	\$ 226,325	\$ 111,147	\$ 207,095	(\$ 60,763)	\$ 280,354	(\$ 30,254)	\$ 2,653,089	\$ 516,847	\$ 3,169,936	

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

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		For the six-month periods ended June 30	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 123,228	\$ 374,030
Adjustments			
Income and expenses having no effect on cash flow			
Depreciation	6(23)	29,815	29,625
Amortization	6(23)	2,243	2,594
Expected credit loss (gain)	12(2)	15,106	21,703
Interest expense	6(22)	20,278	10,592
Interest income	6(19)	(13,539)	(6,512)
Dividend income	6(20)	(76,301)	-
Loss (gain) on disposal of property,plant and equipment	6(21)	32	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		(19,797)	9,287
Accounts receivable		787,335	(239,401)
Accounts receivable - related parties		(2,917)	41,066
Other receivables		2,004	1,573
Other receivables - related parties		(118)	-
Inventories		172,158	(476,803)
Prepayments		9,246	(31,524)
Other current assets		3,682	(2,614)
Other non-current assets		(1,931)	619
Net changes in liabilities relating to operating activities			
Contract liabilities		(76,340)	107,539
Notes payable		-	(6,458)
Accounts payable		(649,350)	176,673
Accounts payable - related parties		839	(5,192)
Other payables		(113,162)	33,001
Provisions for liabilities		(26,418)	5,570
Unearned receipts		(8,935)	4,381
Other current liabilities		(235)	315
Net defined benefit liability		(2,907)	(2,756)
Cash generated from operations		174,016	47,308
Interest received		12,965	5,544
Dividend received		76,301	-
Interest paid		(19,800)	(10,299)
Income tax paid		(70,607)	(37,882)
Net cash provided by (used in) operating activities		172,875	4,671
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income	6(2)	(\$ 402,094)	(\$ 107,956)
Acquisition of financial assets at amortized cost		(324,549)	(74,287)
Proceeds from disposal of financial assets at amortized cost		292,080	115,781
Acquisition of property, plant and equipment	6(27)	(14,791)	(19,505)
Proceeds from disposal of property, plant and equipment		310	-
Acquisition of intangible assets		(1,558)	(2,846)
Refundable deposits paid		-	(3,953)
Refundable deposits refunded		434	-
Other non-current assets paid		(9,947)	-
Net cash provided by (used in) investing activities		(460,115)	(92,766)
CASH FLOWS FROM FINANCING ACTIVITY			
Proceeds from short-term loans		684,000	582,117
Repayment of short-term loans		(577,000)	(828,382)
Proceeds from long-term loans		-	140,000
Repayment of long-term loans		(26,471)	(9,346)
Repayment of the principal portion of lease liabilities	6(28)	(11,626)	(10,793)
Guarantee deposits received		-	473
Cash dividend	6(27)	(12,908)	-
Proceeds from transaction with non-controlling interest		(41,612)	-
Net cash (used in)provided by financing activities		14,383	(125,931)
Effect of fluctuations in exchange rate		7,449	(2,757)
Net increase in cash and cash equivalents		(265,408)	(216,783)
Cash and cash equivalents at beginning of period	6(1)	1,345,746	1,221,566
Cash and cash equivalents at end of period	6(1)	\$ 1,080,338	\$ 1,004,783

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

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

1. HISTORY AND ORGANIZATION

Gallant Precision Machining Co., Ltd. (the “Company”).

The Company was incorporated on December 22, 1978. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in the design, manufacture and sale of molds and machinery, metal parts and mold parts, stamping parts and die-cast parts, and automated manufacturing systems and their unit equipment, as well as the management and investment in the relevant business. The Company’s stock was listed on the Taipei Exchange (formerly named GreTai Securities Market), effective from February, 1998.

The Company merged with Syntran Co., Ltd (the “Syntran Company”) on August 3, 2007 (merger effective date). The Company was a surviving company and Syntran Company was a dissolved company. Syntran Company was incorporated in November 1994, mainly engaged in the research, development, manufacture and sale of DWDM automatic optical testing machines, DWDM module packaging machines, digital safety monitoring systems and nano functional powder and films.

The special shareholders' meeting of the Company resolved to spin-off its semiconductor business on December 15, 2010 and the GreTai Securities Market approved the spin-off and the Company’s stock listed on January 13, 2011. The Company transferred its semiconductor business and related investment to the Company's subsidiary – Gallant Micro. Machining Co., Ltd. on the spin-off effective day March 1, 2011.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on August 9, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and operating result based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC effective as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
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 International Accounting Standards Board
Amendments to IFRS 16 “Requirements for Sale and Leaseback Transactions”	January 1, 2024
IFRS 17, “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17, “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17, “Initial application of IFRS 17 and IFRS 9 - comparative information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024
Amendments to IAS 12 “International Tax Reform-Pillar Two Model Rules”	May 23, 2023

The above standards and interpretations have no significant impact to the Group financial condition and operating result based on the Group’s assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of

preparations, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and IAS 34, “Interim Financial Reporting” as endorsed by the FSC.
- B. Please refer to the Group’s consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets at fair value through other comprehensive income.
- (b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRS 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.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2022.
- B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of subsidiary	Main Business Activities	Percentage of Ownership			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	Manufacturing and selling of semiconductor related equipment and parts	57.19	57.19	59.58	
Gallant Precision Machining Co., Ltd.	Gallant-Rapid Corporation Ltd. (the “GRC”)	Investing in Gallant Precision Industries (Suzhou) Co., Ltd.	100	100	100	Note2
Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Marketing and selling of process equipment of LCD and related parts.	100	100	100	Note2
Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd. (the “KMC”)	Investing in Gallant Micro. Machining (Suzhou) Co., Ltd.	100	100	100	

Name of Investor	Name of subsidiary	Main Business Activities	June 30, 2023	December 31, 2022	June 30, 2022	Note
Gallant Micro. Machining Co., Ltd.	Gallant Micro Machining (Malaysia) Sdn. Bhd. (the "GMMM")	Engaged in the import and export and trading business of semiconductor machines and related parts	100	100	100	
Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	Testing of wire and tools and testing equipment of PBC and related systems	53.21	53.21	76.02	Note1 Note2
GRC	Gallant Precision Industries (Suzhou) Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	100	100	100	Note2
KMC	Gallant Micro. Machining (Suzhou) Co., Ltd.	Manufacturing and selling of precision mold and related parts	100	100	100	
Gallant Precision Industries (Suzhou) Co., Ltd.	Gallant Precision Intelligence Technology Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	100	60	60	Note2 Note3
Gallant Micro. Machining (Suzhou) Co., Ltd.	Kunshan Qihong Electronic Sales Co., Ltd.	Circuit board testing equipment, wire and cable and semiconductor testing and manufacturing	100	100	100	Note2

Note 1: Utron Technologies Corp issued new shares in July 2022. The Group did not subscribe the new shares and therefore the percentage of ownership was decreased.

Note 2: The financial statements of the entity as of June 30, 2023 and 2022 were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary.

Note 3: Gallant Precision Industries (Suzhou) Co., Ltd. acquired the remaining 40% equity from Fujian Chengzhe Automation Technology Co. Ltd in June 2023.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of June 30, 2023, December 31, 2022 and June 30, 2022, the non-controlling interest amounted to \$516,847, \$599,277 and \$480,619, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest					
		June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	Ownership(%)	Amount	Ownership(%)	Amount	Ownership(%)
Gallant Micro. Machining Co., Ltd.	Taiwan	\$ 474,019	42.81	\$ 495,690	42.81	\$ 405,408	40.42

Summarized financial information of the subsidiaries:

Balance sheets

	Gallant Micro. Machining Co., Ltd. and its subsidiaries		
	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 1,761,414	\$ 1,973,083	\$ 1,890,247
Non-current assets	757,945	644,883	645,598
Current liabilities	(1,105,280)	(1,153,863)	(1,260,270)
Non-current liabilities	(263,951)	(262,121)	(257,045)
Total net assets	<u>\$ 1,150,128</u>	<u>\$ 1,201,982</u>	<u>\$ 1,018,530</u>

Statements of comprehensive income

	Gallant Micro. Machining Co., Ltd. and its subsidiaries	
	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Revenue	\$ 226,845	\$ 427,770
Profit before income tax	\$ 29,833	\$ 112,127
Income tax expense	(2,175)	(19,900)
Profit for the period from continuing operations	27,658	92,227
Profit for the period	27,658	92,227
Other comprehensive income, net of tax	53,531	(36,157)
Total comprehensive income for the period	<u>\$ 81,189</u>	<u>\$ 56,070</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 35,626</u>	<u>\$ 22,663</u>
Dividends paid to non-controlling interest	<u>\$ 72,628</u>	<u>\$ 54,849</u>

	Gallant Micro. Machining Co., Ltd. and its subsidiaries	
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Revenue	\$ 483,315	\$ 822,040
Profit before income tax	\$ 49,011	\$ 215,481
Income tax expense	(6,840)	(43,905)
Profit for the period from continuing operations	42,171	171,576
Profit for the period	42,171	171,576
Other comprehensive income, net of tax	75,634	(23,305)
Total comprehensive income for the period	\$ 117,805	\$ 148,271
Comprehensive income attributable to non-controlling interest	\$ 50,958	\$ 59,931
Dividends paid to non-controlling interest	\$ 72,628	\$ 54,849

Statements of cash flows

	Gallant Micro. Machining Co., Ltd. and its subsidiaries	
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Net cash provided by (used in) operating activities	\$ 227,780	\$ 51,004
Net cash provided by (used in) investing activities	(131,155)	(15,200)
Net cash provided by (used in) financing activities	(57,195)	(126,523)
Effect of exchange rates on cash and cash equivalents	(4,460)	1,997
Increase (decrease) in cash and cash equivalents	34,970	(88,722)
Cash and cash equivalents, beginning of period	503,709	516,024
Cash and cash equivalents, end of period	\$ 538,679	\$ 427,302

(4) Employee benefits

Pensions

Defined benefit plans

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(5) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant change as of June 30, 2023. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand and revolving funds	\$ 268	\$ 270	\$ 219
Checking accounts	26	26	26
Demand deposits	986,624	1,345,450	1,004,538
Time deposits	93,420	-	-
Total	<u>\$ 1,080,338</u>	<u>\$ 1,345,746</u>	<u>\$ 1,004,783</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Cash and cash equivalents pledged to Customs and others as collateral were classified as financial assets at amortised cost-non-current. Please refer to Note 8.

(2) Financial Assets at Fair Value Through Other Comprehensive Income

Items	June 30, 2023	December 31, 2022	June 30, 2022
Non-current items:			
Equity instruments			
Listed stocks	\$ 1,327,588	\$ 925,494	\$ 746,296
Non-Listed stocks	111,908	111,908	94,407
Valuation adjustment	419,993	113,749	98,107
Total	<u>\$ 1,859,489</u>	<u>\$ 1,151,151</u>	<u>\$ 938,810</u>

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. As at June 30, 2023, December 31, 2022, and June 30, 2022, the fair value of such investments amounted to \$1,859,489, \$1,151,151 and \$938,810, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the three-month period ended June 30, 2023.	For the three-month period ended June 30, 2022.
<u>Equity instruments at fair value through other comprehensive income:</u>		
Fair value change recognised in other comprehensive income	\$ 142,480	(\$ 81,486)
Dividend income recognized in profit or loss held at end of period	\$ 76,301	\$ -
	For the six-month period ended June 30, 2023.	For the six-month period ended June 30, 2022.
<u>Equity instruments at fair value through other comprehensive income:</u>		
Fair value change recognised in other comprehensive income	\$ 306,244	(\$ 104,430)
Dividend income recognized in profit or loss held at end of period	\$ 76,301	\$ -

(3) Financial assets at amortized cost

Items	June 30, 2023	December 31, 2022	June 30, 2022
Current items:			
Time deposits	\$ 599,915	\$ 586,983	\$ 631,895
Non-current items:			
Time deposits	14,855	14,777	18,038
Total	<u>\$ 614,770</u>	<u>\$ 601,760</u>	<u>\$ 649,933</u>

A. The Group transacts with financial institutions with high credit quality.

B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets measured at amortized cost is provided in Note 12(2). The Group investment in time deposit with financial institutions with high credit quality, and expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 53,671	\$ 35,446	\$ 30,896
Accounts receivable	\$ 1,861,753	\$ 2,657,461	\$ 2,297,799
Accounts receivable - related parties	21,875	19,530	5,767
Less: allowance for bad debts	(307,616)	(294,605)	(229,198)
	<u>\$ 1,576,012</u>	<u>\$ 2,382,386</u>	<u>\$ 2,074,368</u>

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

	June 30, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 1,293,689	\$ 53,671	\$ 1,906,654	\$ 35,446
Up to 90 days	174,001	-	359,366	-
91 to 120 days	40,734	-	29,146	-
Over 120 days	375,204	-	381,825	-
	<u>\$ 1,883,628</u>	<u>\$ 53,671</u>	<u>\$ 2,676,991</u>	<u>\$ 35,446</u>

	June 30, 2022	
	Accounts receivable	Notes receivable
Not past due	\$ 1,729,216	\$ 30,896
Up to 90 days	248,736	-
91 to 120 days	50,754	-
Over 120 days	274,860	-
	<u>\$ 2,303,566</u>	<u>\$ 30,896</u>

The above aging analysis was based on past due date.

B. As at June 30, 2023, December 31, 2022, June 30, 2022, and January 1, 2022, the balances of receivables from contracts with customers amounted to \$1,937,299, \$2,712,437, \$2,334,462 and \$2,136,485, respectively.

C. As at June 30, 2023, December 31, 2022, and June 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were \$53,671, \$35,446 and \$30,896, \$1,576,012, \$2,382,386 and \$2,074,368, respectively.

D. The Group does not hold any collateral as security.

E. Information relating to credit risk is provided in Note 12(2).

(5) Inventories

	June 30, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 295,394	(\$ 35,453)	\$ 259,941
Work in process	744,046	(200,788)	543,258
Finished goods	185,245	(91,807)	93,438
Inventory in transit	13,834	-	13,834
Total	<u>\$ 1,238,519</u>	<u>(\$ 328,048)</u>	<u>\$ 910,471</u>

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 281,324	(\$ 31,414)	\$ 249,910
Work in process	834,539	(174,632)	659,907
Finished goods	256,772	(90,978)	165,794
Inventory in transit	10,785	-	10,785
Total	<u>\$ 1,383,420</u>	<u>(\$ 297,024)</u>	<u>\$ 1,086,396</u>

June 30, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 285,654	(\$ 30,696)	\$ 254,958
Work in process	1,040,896	(105,819)	935,077
Finished goods	167,155	(88,772)	78,383
Inventory in transit	11,124	-	11,124
Total	<u>\$ 1,504,829</u>	<u>(\$ 225,287)</u>	<u>\$ 1,279,542</u>

The cost of inventories recognized as expense for the period:

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Cost of goods sold	\$ 484,569	\$ 745,644
Loss on decline in market value	12,128	9,301
	<u>\$ 496,697</u>	<u>\$ 754,945</u>
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Cost of goods sold	\$ 980,559	\$ 1,509,818
Loss on decline in market value	31,467	1,678
	<u>\$ 1,012,026</u>	<u>\$ 1,511,496</u>

(6) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Office equipment	Leased assets	Others	Construction in progress and equipment under installation	Total
At January 1, 2023								
Cost	\$ 134,686	\$ 605,842	\$ 171,042	\$ 35,373	\$ 65,682	\$ 67,387	\$ 1,854	\$ 1,081,866
Accumulated depreciation and impairment	- (181,228)	(98,975)	(23,852)	(20,220)	(31,125)	-	(355,400)	
	<u>\$ 134,686</u>	<u>\$ 424,614</u>	<u>\$ 72,067</u>	<u>\$ 11,521</u>	<u>\$ 45,462</u>	<u>\$ 36,262</u>	<u>\$ 1,854</u>	<u>\$ 726,466</u>
2023								
Opening net book amount as at January 1	\$ 134,686	\$ 424,614	\$ 72,067	\$ 11,521	\$ 45,462	\$ 36,262	\$ 1,854	\$ 726,466
Additions	-	693	5,401	5,801	-	1,178	-	13,073
Disposals	-	- (332)	(10)	-	-	-	- (342)	
Reclassifications	-	-	-	1,854	-	- (1,854)	-	
Depreciation charge	- (6,182)	(4,568)	(3,043)	(644)	(3,212)	-	(17,649)	
Net exchange differences	- (53)	(451)	(272)	-	(844)	-	(1,620)	
Closing net book amount as at June 30	<u>\$ 134,686</u>	<u>\$ 419,072</u>	<u>\$ 72,117</u>	<u>\$ 15,851</u>	<u>\$ 44,818</u>	<u>\$ 33,384</u>	<u>\$ -</u>	<u>\$ 719,928</u>
At June 30, 2023								
Cost	\$ 134,686	\$ 606,456	\$ 170,446	\$ 37,093	\$ 65,682	\$ 64,789	\$ -	\$ 1,079,152
Accumulated depreciation and impairment	- (187,384)	(98,329)	(21,242)	(20,864)	(31,405)	-	(359,224)	
	<u>\$ 134,686</u>	<u>\$ 419,072</u>	<u>\$ 72,117</u>	<u>\$ 15,851</u>	<u>\$ 44,818</u>	<u>\$ 33,384</u>	<u>\$ -</u>	<u>\$ 719,928</u>

	Land	Buildings	Machinery and equipment	Office equipment	Leased assets	Others	Total
At January 1, 2022							
Cost	\$ 134,686	\$ 604,358	\$ 164,309	\$ 35,025	\$ 70,762	\$ 65,970	\$ 1,075,110
Accumulated depreciation and impairment	- (168,934)	(90,847)	(21,509)	(19,948)	(27,079)	(328,317)	
	<u>\$ 134,686</u>	<u>\$ 435,424</u>	<u>\$ 73,462</u>	<u>\$ 13,516</u>	<u>\$ 50,814</u>	<u>\$ 38,891</u>	<u>\$ 746,793</u>
2022							
Opening net book amount as at January 1	\$ 134,686	\$ 435,424	\$ 73,462	\$ 13,516	\$ 50,814	\$ 38,891	\$ 746,793
Additions	-	916	3,231	2,512	-	2,582	9,241
Depreciation charge	- (6,116)	(4,127)	(3,430)	(1,152)	(3,142)	(17,967)	
Net exchange differences	-	21	240	79	-	734	1,074
Closing net book amount as at June 30	<u>\$ 134,686</u>	<u>\$ 430,245</u>	<u>\$ 72,806</u>	<u>\$ 12,677</u>	<u>\$ 49,662</u>	<u>\$ 39,065</u>	<u>\$ 739,141</u>
At June 30, 2022							
Cost	\$ 134,686	\$ 605,304	\$ 169,514	\$ 35,406	\$ 70,762	\$ 67,703	\$ 1,083,375
Accumulated depreciation and impairment	- (175,059)	(96,708)	(22,729)	(21,100)	(28,638)	(344,234)	
	<u>\$ 134,686</u>	<u>\$ 430,245</u>	<u>\$ 72,806</u>	<u>\$ 12,677</u>	<u>\$ 49,662</u>	<u>\$ 39,065</u>	<u>\$ 739,141</u>

- A. Amount of borrowing costs capitalized as part of property, plant and equipment were \$0 for the three-month periods ended June 30, 2023 and 2022 and for the six-month periods ended June 30, 2023 and 2022, respectively.
- B. The significant components of buildings include main plants improvement and structure, which are depreciated over 10 and 50 years.
- C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.
- D. The above property, plant and equipment of the Group were for their own used.

(7) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings, and multifunction printers. Rental contracts are typically made for periods of 1 to 38 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise Buildings. Low-value assets comprise office equipment (multifunction printers).
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 193,881	\$ 196,901	\$ 199,922
Buildings	36,483	46,079	49,063
	<u>\$ 230,364</u>	<u>\$ 242,980</u>	<u>\$ 248,985</u>

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
	Depreciation charge	Depreciation charge
Land	\$ 1,510	\$ 1,512
Buildings	4,551	4,310
	<u>\$ 6,061</u>	<u>\$ 5,822</u>

	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
	Depreciation charge	Depreciation charge
Land	\$ 3,020	\$ 3,020
Buildings	9,146	8,638
	<u>\$ 12,166</u>	<u>\$ 11,658</u>

- D. For the three-month periods ended June 30, 2023 and 2022, and for the six-month periods ended June 30, 2023 and 2022, the Group's total cash outflow for leases were \$0, \$153, \$0 and \$2,912, respectively.

- E. The information on income and expense accounts relating to lease contracts is as follows:

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,161	\$ 1,328
Expense on short-term lease contracts	2,842	3,673
Expense on leases of low-value assets	207	128

		For the six-month period ended June 30, 2023		For the six-month period ended June 30, 2022
<u>Items affecting profit or loss</u>				
Interest expense on lease liabilities	\$	2,335	\$	2,659
Expense on short-term lease contracts		6,272		7,341
Expense on leases of low-value assets		370		243

F. For the six-month period ended June 30, 2023 and 2022, the Group's total cash outflow for leases were \$20,603 and \$21,036, respectively.

G. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Short-term borrowings

Type of borrowings	June 30, 2023	Interest rate range	Collateral
Unsecured Banking Loan	\$ 1,420,000	1.82%~2.09%	None
Type of borrowings	December 31, 2022	Interest rate range	Collateral
Unsecured Banking Loan	\$ 1,313,000	1.24%~1.87%	None
Type of borrowings	June 30, 2022	Interest rate range	Collateral
Unsecured Banking Loan	\$ 754,300	1.13%~2.48%	None

(9) Accounts payable

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts payable	\$ 593,071	\$ 1,214,387	\$ 1,168,487
Estimated accounts payable	120,774	150,340	250,181
	<u>\$ 713,845</u>	<u>\$ 1,364,727</u>	<u>\$ 1,418,668</u>

(10) Other payables

	June 30, 2023	December 31, 2022	June 30, 2022
Accrued salaries	\$ 184,042	\$ 268,598	\$ 191,148
Accrued employees' bonuses and directors' remuneration	142,631	130,863	130,130
Payables on equipment - Fixed assets	913	2,631	1,561
Payables on equipment - Intangible assets	-	938	515
Dividends payables and cash dividends from capital surplus	366,860	-	295,783
Others	61,585	95,475	102,364
	<u>\$ 756,031</u>	<u>\$ 498,505</u>	<u>\$ 721,501</u>

(11) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>June 30,2023</u>
Mortgage borrowings	Borrowing period is from July 1, 2021 to July 1, 2026, non-revolving instalments, with monthly interest payment, principal is repayable every 3 months with 5% of principal from July 1, 2022, and the rest of principal shall be paid off on the maturity date.	2.05%	Note	\$ 160,000
Mortgage borrowings	The mortgage borrowings is recyclable from November 24, 2021 to March 31, 2024, with monthly interest payment and the principal shall be paid off on the maturity date (the actual borrowings period is less than 3 years, because the factory contract period is from March 31, 2021 to March 31, 2024, the principal shall be paid off on the maturity date).	1.76%	Note	100,000
Mortgage borrowings	Borrowing period is from June 14, 2017 to June 14, 2032; interest is repayable monthly and principal is repayable monthly through June, 2018 to June, 2032.	1.98%	Note	55,286
Mortgage borrowings	Borrowing period is from December 8, 2022 to June 8, 2030; The principal is repayable every 3 months in 30 installments.	2.28%	Note	47,600
Unsecured borrowing	The unsecured borrowings is recyclable from April 20, 2023 to April 20, 2025, with monthly interest payment and the principal shall be paid off on the maturity date.	1.98%	None	80,000
Unsecured borrowing	The unsecured borrowings is recyclable from April 20, 2023 to April 20, 2025, with monthly interest payment and the principal shall be paid off on the maturity date.	1.98%	None	\$ 60,000
				502,886
Less: current portion				(152,943)
				<u>\$ 349,943</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Mortgage borrowings	Borrowing period is from July 1, 2021 to July 1, 2026, non-revolving instalments, with monthly interest payment, principal is repayable every 3 months with 5% of principal from July 1, 2022, and the rest of principal shall be paid off on the maturity date.	1.58%	Note	\$ 180,000
Mortgage borrowings	The mortgage borrowings is recyclable from November 24, 2021 to March 31, 2024, with monthly interest payment and the principal shall be paid off on the maturity date (the actual borrowings period is less than 3 years, because the factory contract period is from March 31, 2021 to March 31, 2024, the principal shall be paid off on the maturity date).	1.51%	Note	100,000
Mortgage borrowings	Borrowing period is from June 14, 2017 to June 14, 2032; interest is repayable monthly and principal is repayable monthly through June, 2018 to June, 2032.	1.73%	Note	58,357
Mortgage borrowings	Borrowing period is from June 08, 2020 to June 08, 2030; The principal is repayable every 3 months in 40 installments.	2.18%	Note	51,000
Unsecured borrowing	The unsecured borrowings is recyclable from January 18, 2022 to May 14, 2023, with monthly interest payment and the principal shall be paid off on the maturity date.	1.57%	None	80,000
Unsecured borrowing	The unsecured borrowings is recyclable from April 21, 2022 to May 14, 2023, with monthly interest payment and the principal shall be paid off on the maturity date.	1.57%	None	\$ 60,000
				529,357
Less: current portion				(192,943)
				<u>\$ 336,414</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 2022
Mortgage borrowings	Borrowing period is from July 1, 2021 to July 1, 2026, non-revolving instalments, with monthly interest payment and one year grace period, principal is repayable every 3 months with 5% of principal from July 1, 2022, and the rest of principal shall be paid off on the maturity date.	1.25%	Note	\$ 200,000
Mortgage borrowings	Borrowing period is from June 14, 2017 to June 14, 2032; interest is repayable monthly and principal is repayable monthly through June, 2018 to June, 2032 with one year grace period.	1.44%	Note	61,429
Mortgage borrowings	Borrowing period is from July 13, 2017 to July 13, 2022; Interest is repayable monthly and the principal is repayable every 6 months in 8 installments from January 13, 2019. The mortgage borrowings is recyclable from November 24, 2021 to March 31, 2024, with monthly interest payment and the principal shall be paid off on the maturity date (the actual borrowings period is less than 3 years, because the factory contract period is from March 31, 2021 to March 31, 2024, the principal shall be paid off on the maturity date).	1.30%	Note	2,875
Mortgage borrowings	Borrowing period is from June 08, 2020 to June 08, 2030; Interest is repayable monthly and the principal is repayable every 3 months in 40 installments from September 8, 2020.	1.22%	Note	100,000
Mortgage borrowings	The unsecured borrowings is recyclable from January 18, 2022 to May 14, 2023, with monthly interest payment and the principal shall be paid off on the maturity date.	1.80%	Note	54,400
Unsecured borrowings	The unsecured borrowings is recyclable from April 21, 2022 to May 14, 2023, with monthly interest payment and the principal shall be paid off on the maturity date.	1.17%	None	80,000
Unsecured borrowings		1.17%	None	\$ 60,000
				558,704
Less: current portion				(192,917)
				<u>\$ 365,787</u>

Note : Details of long-term borrowings pledged as collateral are provided in Note 8.

(12) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contributes monthly an amount equal to 2% and 7% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method, to the labors expected to be qualified for retirement next year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

The analysis of the present value of the defined benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

- (b) For the aforementioned pension plan, the Group recognized pension costs of \$67, \$135, \$133 and \$270 for the three-month periods ended June 30, 2023 and 2022, and for the six-month periods ended June 30, 2023 and 2022, respectively.
 - (c) Expected contributions to the defined benefit pension plans of the Group for the year ended December 31, 2023 are \$7,071.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Group's Chinese subsidiary have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC.) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage was 10% to 20%. Other than the monthly contributions, the Group has no further obligations.
 - (c) For the aforementioned pension plan, the Group recognized pension costs of \$10,688, \$10,279, \$22,024 and \$20,503 for the three-month periods ended June 30, 2023 and 2022, and for the six-month periods ended June 30, 2023 and 2022, respectively.

(13) Share-based payment

A. For the six-month periods ended June 30, 2023, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Treasury stock transferred to employees	2022.8.9	2,839	-	Immediately
Treasury stock transferred to employees	2022.8.19	1,135	-	Immediately

B. The fair value of the Company's treasury stocks transferred to employees is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Compensation cost per unit
Treasury stock transferred to employees	2022.8.9	25.35	18.07	7.28
Treasury stock transferred to employees	2022.8.19	90.80	71.13	19.67
Treasury stock transferred to employees	2022.8.19	90.80	74.91	15.89
Treasury stock transferred to employees	2022.8.19	90.80	78.09	12.71

C. Expenses arising from share-based payment transactions :

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Equity settled	\$ -	-
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Equity settled	\$ -	-

(14) Share capital

A. As of June 30, 2023, the Company's authorized capital was \$2,500,000, consisting of 250,000 thousand shares of ordinary stock, and the paid-in capital was \$1,651,361 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2023	Unit: shares in thousands 2022
At January 1 (At June 30)	163,462	160,623

B. On March 24, 2020, the Board of directors resolved to acquire 6,000 thousand shares of the Company. All the acquired shares will be reissued to employees. As of June 30, 2023, the Company has acquired 6,000 thousand shares, and 4,326 thousand shares have been reissued to employees.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Unit: shares in thousands

		June 30,2023	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	1,674	\$ 30,254
		December 31, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	1,674	\$ 30,254
		June 30,2022	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	4,513	\$ 81,555

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(15) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Details of Capital surplus:

	Share premium	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Net change in equity of subsidiaries	Employee stock option	Total
At January 1, 2023 (At June 30, 2023)	\$ 111,105	\$ 74,714	\$ 11,750	\$ 65,809	\$ 4,446	\$ 267,824
	Share premium	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Net change in equity of associates	Employee stock option	Total
At January 1, 2022	\$ 127,167	\$ 54,046	\$ 11,750	\$ 29,295	\$ 4,446	\$ 226,704
Capital surplus distribute cash	(16,062)	-	-	-	-	(16,062)
At June 30, 2022	\$ 111,105	\$ 54,046	\$ 11,750	\$ 29,295	\$ 4,446	\$ 210,642

(16) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and set aside a special reserve in accordance with applicable legal and regulatory requirement. Distributing the remaining amount plus prior year's retained earnings in the following order, but the ratios of the distribution of the aforementioned retained earnings and the cash dividend distribution shall be proposed by the Board of Directors based on the actual profit and capital situation of the current year, and proposed to the shareholders' meeting for resolution. The company authorized the board of directors to distribute all or part of the dividends or legal reserve and capital surplus in the form of cash with a resolution adopted by a majority vote at a meeting of the Board of Directors attended by over two-thirds of the directors, and report to the shareholders' meeting.

The ratio of cash dividend shall not be less than 10% of the shareholders' dividend.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land. As of the date of transition, the Company recognized \$132,987 special reserve.
- (c) The aforementioned special surplus reserve were reversed amounting to \$21,840 due to liquidation of subsidiaries for year ended December 31, 2021.
- D. On June 19, 2023 and June 8, 2022, respectively, the shareholders resolved that total dividends for the distribution of earnings for the year of 2022 and 2021 were as following:

	2022		2021	
	Amount	Earnings per share (In dollars)	Amount	Earnings per share (In dollars)
Legal reserve	\$ 39,700	\$ -	\$ 23,075	\$ -
Cash dividends	294,232	1.800	224,872	1.400
Total	<u>\$ 333,932</u>	<u>\$ 1.800</u>	<u>\$ 247,947</u>	<u>\$ 1.400</u>

- E. On June 8, 2022, the Shareholders resolved for the distribution of dividends from 2021 capital surplus amounting to \$16,062 (\$0.1 (in dollars) per share).

(17) Other equity items

For the six-month period ended June 30, 2023			
	Unrealised gains (losses) on financial assets at fair value through other comprehensive income	Currency translation	Total
At January 1	\$ 38,971	(\$ 42,859)	(\$ 3,888)
Revaluation-group	241,642	-	241,642
Revaluation - tax	(259)	-	(259)
Currency translation differences: - group	-	(17,904)	(17,904)
At June 30	<u>\$ 280,354</u>	<u>(\$ 60,763)</u>	<u>\$ 219,591</u>

For the six-month period ended June 30, 2022			
	Unrealised gains (losses) on financial assets at fair value through other comprehensive income	Currency translation	Total
At January 1	\$ 109,454	(\$ 49,419)	\$ 60,035
Revaluation-group	(81,164)	-	(81,164)
Revaluation - tax	(2,121)	-	(2,121)
Currency translation differences: - group	-	11,352	11,352
At June 30	<u>\$ 26,169</u>	<u>(\$ 38,067)</u>	<u>(\$ 11,898)</u>

(18) Operating revenue

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Revenue from Contracts with Customers	<u>\$ 658,174</u>	<u>\$ 1,136,717</u>
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Revenue from Contracts with Customers	<u>\$ 1,396,160</u>	<u>\$ 2,231,452</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

For the three-month period ended June 30, 2023	Taiwan	China	Other	Total
Total segment revenue	\$ 394,636	\$ 159,972	\$ 136,959	\$ 691,567
Inter-segment revenue	(10,666)	(22,722)	(5)	(33,393)
Revenue from external customer contracts	<u>\$ 383,970</u>	<u>\$ 137,250</u>	<u>\$ 136,954</u>	<u>\$ 658,174</u>
Timing of revenue recognition				
At a point in time	\$ 378,047	\$ 137,204	\$ 136,862	\$ 652,113
Over time	5,923	46	92	6,061
	<u>\$ 383,970</u>	<u>\$ 137,250</u>	<u>\$ 136,954</u>	<u>\$ 658,174</u>

For the three -month period ended June 30, 2022	Taiwan	China	Other	Total
Total segment revenue	\$ 704,629	\$ 527,626	\$ 37,293	\$ 1,269,548
Inter-segment revenue	(117,756)	(15,070)	(5)	(132,831)
Revenue from external customer contracts	<u>\$ 586,873</u>	<u>\$ 512,556</u>	<u>\$ 37,288</u>	<u>\$ 1,136,717</u>
Timing of revenue recognition				
At a point in time	\$ 579,209	\$ 512,542	\$ 37,261	\$ 1,129,012
Over time	<u>7,664</u>	<u>14</u>	<u>27</u>	<u>7,705</u>
	<u>\$ 586,873</u>	<u>\$ 512,556</u>	<u>\$ 37,288</u>	<u>\$ 1,136,717</u>
For the six-month period ended June 30, 2023	Taiwan	China	Other	Total
Total segment revenue	\$ 938,699	\$ 309,420	\$ 208,914	\$ 1,457,033
Inter-segment revenue	(25,496)	(35,365)	(12)	(60,873)
Revenue from external customer contracts	<u>\$ 913,203</u>	<u>\$ 274,055</u>	<u>\$ 208,902</u>	<u>\$ 1,396,160</u>
Timing of revenue recognition				
At a point in time	\$ 900,203	\$ 273,170	\$ 208,605	\$ 1,381,978
Over time	<u>13,000</u>	<u>885</u>	<u>297</u>	<u>14,182</u>
	<u>\$ 913,203</u>	<u>\$ 274,055</u>	<u>\$ 208,902</u>	<u>\$ 1,396,160</u>
For the six-month period ended June 30, 2022	Taiwan	China	Other	Total
Total segment revenue	\$ 1,167,577	\$ 1,259,114	\$ 43,468	\$ 2,470,159
Inter-segment revenue	(149,411)	(89,276)	(20)	(238,707)
Revenue from external customer contracts	<u>\$ 1,018,166</u>	<u>\$ 1,169,838</u>	<u>\$ 43,448</u>	<u>\$ 2,231,452</u>
Timing of revenue recognition				
At a point in time	\$ 1,006,066	\$ 1,169,787	\$ 43,352	\$ 2,219,205
Over time	<u>12,100</u>	<u>51</u>	<u>96</u>	<u>12,247</u>
	<u>\$ 1,018,166</u>	<u>\$ 1,169,838</u>	<u>\$ 43,448</u>	<u>\$ 2,231,452</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	June 30, 2023	December 31,2022	June 30, 2022	January 1,2022
Contract liabilities	<u>\$ 265,237</u>	<u>\$ 341,753</u>	<u>\$ 330,799</u>	<u>\$ 222,518</u>

C. Revenue recognised that was included in the contract liability balance at the beginning of the period

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Revenue recognised that was included in the contract liability balance at the beginning of the period	<u>\$ 53,680</u>	<u>\$ 46,533</u>
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Revenue recognised that was included in the contract liability balance at the beginning of the period	<u>\$ 139,908</u>	<u>\$ 160,288</u>

(19) Interest income

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Interest income from bank deposits	\$ 10,665	\$ 3,612
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Interest income from bank deposits	\$ 13,539	\$ 6,512

(20) Other income

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Rental revenue	\$ 6,152	\$ 6,956
Government grants revenue (Note)	11,568	2,754
Dividend income	76,301	-
Others income - others	4,918	4,505
Total	\$ 98,939	\$ 14,215
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Rental revenue	\$ 12,324	\$ 13,681
Government grants revenue (Note)	18,241	9,086
Dividend income	76,301	-
Others income - others	7,619	9,274
Total	\$ 114,485	\$ 32,041

Note: Government subsidy income mainly arose from the subsidy income of special subjects such as the implementation of special counseling program of the Ministry of Economic Affairs and the Ministry of Digital Development.

(21) Other gains and losses

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Losses on disposal of property, plant and equipment	(\$ 32)	\$ -
Net currency exchange gains	15,534	35,474
Other gains and losses	(1,225)	(1,888)
	\$ 14,277	\$ 33,586

	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Losses on disposal of property, plant and equipment	(\$ 32)	\$ -
Net currency exchange gains	5,713	75,602
Other gains and losses	(2,248)	(3,152)
	<u>\$ 3,433</u>	<u>\$ 72,450</u>

(22) Finance costs

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Interest expense	<u>\$ 10,493</u>	<u>\$ 5,766</u>

	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Interest expense	<u>\$ 20,278</u>	<u>\$ 10,592</u>

(23) Expenses by nature

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Employee benefit expense	<u>\$ 229,516</u>	<u>\$ 268,611</u>
Depreciation charges (including right of use assets)	<u>\$ 14,935</u>	<u>\$ 14,893</u>
Amortization charges on intangible assets	<u>\$ 1,146</u>	<u>\$ 1,368</u>

	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Employee benefit expense	<u>\$ 448,044</u>	<u>\$ 526,387</u>
Depreciation charges (including right of use assets)	<u>\$ 29,815</u>	<u>\$ 29,625</u>
Amortization charges on intangible assets	<u>\$ 2,243</u>	<u>\$ 2,594</u>

(24) Employee benefit expense

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Wages and salaries	\$ 194,195	\$ 233,978
Labour and health insurance fees	16,669	16,163
Pension costs	10,755	10,414
Other personnel expenses	7,897	8,056
	<u>\$ 229,516</u>	<u>\$ 268,611</u>

	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Wages and salaries	\$ 375,299	\$ 456,851
Labour and health insurance fees	35,298	32,912
Pension costs	22,157	20,773
Other personnel expenses	15,290	15,851
	<u>\$ 448,044</u>	<u>\$ 526,387</u>

- A. Under the Company's Articles of Incorporation, the Company shall distribute not less than 1% and not more than 12% of its annual profit as the employee compensation, and not more than 3% of its annual profit as the director remuneration. However, if the Company has an accumulated deficit, then it should be offset first.

Employee remuneration could be paid by cash or shares, and entitled to receive the cash or shares may include the employees of subsidiaries of the Company meeting certain specific requirements.

The term "profit" used in the first paragraph refers to the profit before tax before deducting the employee compensation and director remuneration. The distribution of employee compensation and director remuneration shall be in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported to the shareholders at shareholders' meeting.

- B. For the three-month periods ended June 30, 2023 and 2022 and for the six-month periods ended June 30, 2023 and 2022, employees' remuneration was accrued at \$9,093, \$13,314, \$14,318 and \$26,043, respectively; directors' remuneration was accrued at \$627, \$2,662, \$627 and \$2,738, respectively.

For the six-month periods ended June 30, 2023, employees' compensation and directors' and supervisors' remuneration were accrued based on the profit at 11.80% and 0.52%, respectively.

The employees' compensation of \$59,917 and directors' and supervisors' remuneration of \$10,155 for 2022 as resolved by the meeting of Board of Directors on February 22, 2023 were in agreement with those amounts recognized in the 2022 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Current tax:		
Current tax on profits for the period	\$ 283	\$ 26,465
Tax on undistributed surplus earnings	1,879	-
Prior year income tax (over) underestimation	20,876	(6,826)
Total current tax	23,038	19,639
Deferred tax:		
Origination and reversal of temporary differences	(9,354)	21,199
Total deferred tax	(9,354)	21,199
Income tax expense	\$ 13,684	\$ 40,838
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Current tax:		
Current tax on profits for the period	\$ 18,559	\$ 59,226
Tax on undistributed surplus earnings	1,879	-
Prior year income tax (over) underestimation	20,876	(1,704)
Total current tax	41,314	57,522
Deferred tax:		
Origination and reversal of temporary differences	(12,207)	27,266
Total deferred tax	(12,207)	27,266
Income tax expense	\$ 29,107	\$ 84,788

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 19,621	(\$ 1,916)
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 23,051	(\$ 4,529)

B. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(26) Earnings per share

For the three-month period ended June 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 42,798	163,462	\$ 0.26
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
- Employees' bonus	-	456	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 42,798	163,918	\$ 0.26
For the three-month period ended June 30, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 103,251	160,623	\$ 0.64
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
- Employees' bonus	-	1,015	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 103,251	161,638	\$ 0.64
For the six-month period ended June 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 81,350	163,462	\$ 0.50
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
- Employees' bonus	-	1,053	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 81,350	164,515	\$ 0.49

For the six-month period ended June 30, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 211,940	160,623	\$ 1.32
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares - Employees' bonus	-	1,448	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 211,940	162,071	\$ 1.31

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Purchase of property, plant and equipment	\$ 13,073	\$ 9,241
Add: opening balance of payable on equipment	2,631	11,825
Less: ending balance of payable on equipment (913)	(1,561)
Cash paid during the period	\$ 14,791	\$ 19,505

B. Financing activities with partial cash payments:

	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Cash dividends accrued	\$ 379,768	\$ 295,783
Less: ending balance of payable on dividends (366,860)	(295,783)
Cash dividends paid during the period	\$ 12,908	\$ -

(28) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Leases liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2023	\$ 1,313,000	\$ 529,357	\$ 4,087	\$ 250,561	\$ -	\$ 2,097,005
Changes in cash flow from financing activities	107,000	(26,471)	-	(11,626)	-	68,903
Interest expense	-	-	-	2,335	-	2,335
Payment of interest	-	-	-	(2,335)	-	(2,335)
Changes in other non - cash items	-	-	-	(634)	379,768	379,134
Payment of dividends	-	-	-	-	(12,908)	(12,908)
New lease	-	-	-	-	-	-
At June 30, 2023	\$ 1,420,000	\$ 502,886	\$ 4,087	\$ 238,301	\$ 366,860	\$ 2,532,134

	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Leases liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2022	\$ 1,000,565	\$ 428,050	\$ 3,614	\$ 263,096	\$ -	\$ 1,695,325
Changes in cash flow from financing activities	(246,265)	130,654	473	(10,793)	-	(125,931)
Interest expense	-	-	-	2,659	-	2,659
Payment of interest	-	-	-	(2,659)	-	(2,659)
Changes in other non - cash items	-	-	-	592	295,783	296,375
Charges in lease liabilities	-	-	-	2,912	-	2,912
At June 30, 2022	<u>\$ 754,300</u>	<u>\$ 558,704</u>	<u>\$ 4,087</u>	<u>\$ 255,807</u>	<u>\$ 295,783</u>	<u>\$ 1,868,681</u>

7. RELATED-PARTY TRANSACTIONS

(1) Names and relationship of related parties

Names of related parties	Relationship with the Company
C SUN Mfg. Ltd.	Associate
C SUN (Guangzhou) Mfg. Ltd.	Associate
Fujian Chengzhe Automation Technology Co. Ltd	Substantive related party
Ohmplus Technology Inc.	Substantive related party
OPXION Tech. Incorporation	Substantive related party

Note : The Group acquired the remaning 40% equity of Gallent Precision Intelligence Technology Co. Ltd from Fujian Chengzhe Automation Technology Co., Ltd in June 2023. Therefore, Fujian Chengzhe Automation Technology Co., Ltd is not substantive related party.

(2) Significant related party transactions

A. Operating revenue:

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Sales of goods:		
Associates	\$ 382	\$ 45
Substantive related party	2,080	-
Total	<u>\$ 2,462</u>	<u>\$ 45</u>
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Sales of goods:		
Associates	\$ 11,010	\$ 81
Substantive related party	2,080	-
	<u>\$ 13,090</u>	<u>\$ 81</u>

The Group's sales to related parties has no other transactions of the same type that can be compared, and the sales are conducted in accordance with the agreed sales prices and conditions; the terms of payment are not significantly different from those of non-related parties.

B. Purchases:

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Purchases of goods:		
Substantive related party	\$ -	\$ 942
	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Purchases of goods:		
Substantive related party	\$ 4	\$ 8,594

The purchase prices of transactions with related parties and non-related parties were negotiated in consideration of the differences of product and the complexity of production. There were no similar transaction types with non-related parties. The transactions with related parties are subject to the terms and conditions agreed upon by both parties. The payment terms are 90 days after the date of acceptance on a monthly basis.

C. Receivables from related parties:

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable:			
Associates	\$ 21,875	\$ 19,530	\$ 4,633
Substantive related party	-	-	1,134
Subtotal	\$ 21,875	\$ 19,530	\$ 5,767
Others receivable:			
Associates	\$ 118	\$ -	\$ -

D. Payables to related parties:

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts payable:			
Substantive related party	\$ -	\$ 66	\$ 7,606

E. Contract liabilities:

	June 30, 2023	December 31, 2022	June 30, 2022
Contract liabilities:			
Associates	\$ 10,118	\$ 193	\$ 10,425

(3) Key management compensation

	For the three-month period ended June 30, 2023	For the three-month period ended June 30, 2022
Payroll and Salaries and other short-term employee benefits	\$ 5,587	\$ 4,960
Post-employment benefits	191	327
Total	\$ 5,778	\$ 5,287

	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Payroll and Salaries and other short-term employee benefits	\$ 17,456	\$ 16,991
Post-employment benefits	420	704
Total	<u>\$ 17,876</u>	<u>\$ 17,695</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	June 30, 2023	December 31, 2022	June 30, 2022	
Time deposits (shown as "financial assets at amortised cost non-current")	14,855	14,777	18,038	Exercise guarantee for construction and customs deposit
Property, plant and equipment	466,726	473,044	506,015	Long-term borrowings
Total	<u>\$ 481,581</u>	<u>\$ 487,821</u>	<u>\$ 524,053</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Contingent liabilities

As of June 30, 2023 and December 31, 2022 and June 30, 2022, the bank open a guarantee letter for the Company due to business tender and guarantee for construction amounting to \$43,397, \$45,648 and \$9,636, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

No significant change was made during the six-month period ended June 30, 2023. For more information, please refer to note 12 in the Group's consolidated financial statements for the year ended December 31, 2022.

(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets</u>			
Financial assets measured at fair value through profit or loss			
Financial assets at fair value through other comprehensive income	\$ 1,859,489	\$ 1,151,151	\$ 938,810
Financial assets at amortised cost/Loans and receivables			
Cash and cash equivalents	1,080,338	1,345,746	1,004,783
Financial assets at amortised cost	614,770	601,760	649,933
Notes receivables	53,671	35,446	30,896
Accounts receivables (include related party)	1,576,012	2,382,386	2,074,368
Other accounts receivables (include related party)	2,119	3,431	3,638
Refundable deposits paid	8,020	8,551	11,076
	<u>\$ 5,194,419</u>	<u>\$ 5,528,471</u>	<u>\$ 4,713,504</u>
<u>Financial liabilities</u>			
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Financial liabilities at amortized cost			
Short-term borrowings	\$ 1,420,000	\$ 1,313,000	\$ 754,300
Notes payable	1,764	1,764	2,225
Accounts payable (include related party)	713,845	1,364,793	1,426,274
Other accounts payable	756,031	498,505	721,501
Long-term borrowings (including current portion)	502,886	529,357	558,704
Guarantee deposits received	4,087	4,087	4,087
	<u>\$ 3,398,613</u>	<u>\$ 3,711,506</u>	<u>\$ 3,467,091</u>
Leases liabilities	<u>\$ 238,301</u>	<u>\$ 250,561</u>	<u>\$ 255,807</u>

B. Financial risk management policies

No significant change was made during the six-month period ended June 30, 2023. For more information, please refer to note 12 in the Group's consolidated financial statements for the year ended December 31, 2022.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i . The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and MYR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

June 30, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 36,458	31.14	\$ 1,135,322
JPY:NTD	309,659	0.2150	66,577
RMB:NTD	29,856	4.282	127,845
USD: RMB	2,002	7.2723	62,327
<u>Non-monetary items:</u>			
USD:NTD	\$ 9,437	31.14	\$ 293,870
<u>Financial liability</u>			
<u>Monetary items</u>			
USD:NTD	\$ 5,162	31.14	\$ 160,745
JPY:NTD	52,457	0.2150	11,278
RMB:NTD	2,208	4.282	9,456
<u>Non-monetary items</u> :None			
December 31, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 45,611	30.71	\$ 1,400,723
JPY:NTD	173,374	0.2324	40,292
RMB:NTD	61,051	4.408	269,115
USD: RMB	1,576	6.9669	48,396
<u>Non-monetary items</u> :			
USD:NTD	\$ 5,858	30.71	\$ 179,909
<u>Financial liability</u>			
<u>Monetary items</u>			
USD:NTD	\$ 3,665	30.74	\$ 112,547
JPY:NTD	112,370	0.2324	26,115
RMB:NTD	6,671	4.408	29,405
<u>Non-monetary items</u> :None			

June 30, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 41,614	29.72	\$ 1,236,758
JPY:NTD	233,760	0.2182	51,007
RMB:NTD	75,461	4.439	334,972
USD: RMB	1,909	6.6952	56,733
<u>Non-monetary items :</u>			
USD:NTD	\$ 6,068	29.72	\$ 180,330
<u>Financial liability</u>			
<u>Monetary items</u>			
USD:NTD	\$ 6,463	29.72	\$ 192,072
JPY:NTD	102,562	0.2182	22,379
RMB:NTD	14,798	4.439	65,688
<u>Non-monetary items :None</u>			

- ii . Total exchange loss, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended June 30, 2023 and 2022 and for the six-month periods ended June 30, 2023 and 2022, amounted to \$15,534, \$35,474, \$5,713 and \$75,602, respectively.
- iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

For the six-month period ended June 30, 2023			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 11,353	\$ -
JPY:NTD	1%	666	-
RMB:NTD	1%	1,278	-
USD: RMB	1%	623	-
<u>Non-monetary items</u>			
USD:NTD	1%	-	2,939
<u>Financial liability</u>			
USD:NTD	1%	(\$ 1,607)	\$ -
RMB:NTD	1%	(113)	-
USD:RMB	1%	(95)	-

For the six-month period ended June 30, 2022				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	12,368	\$ -
JPY:NTD	1%		510	-
RMB:NTD	1%		3,350	-
USD: RMB	1%		567	-
<u>Non-monetary items</u>				
USD:NTD	1%		-	1,803
<u>Financial liabilities</u>				
USD:NTD	1%	(\$	1,921)	\$ -
JPY:NTD	1%	(224)	-
RMB:NTD	1%	(657)	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the six-month periods ended June 30, 2023 and 2022 would have increased/decreased by \$18,595 and \$9,388, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. For the six-month periods ended June 30, 2023 and 2022, the Group's borrowings at variable rate were denominated in the NTD, JPY, USD. If the interest rate had increased/decreased by 1%, the amount of cash flow out for the six-month periods ended June 30, 2023 and 2022 would have increased/decreased by \$8,529 and \$9,030, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.

- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group measured actual transaction status. If the contract payments were past based on the term, the default has occurred.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customer's accounts receivable, in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- viii. The Group used the forecastability of Panel industry research report to adjust historical and timely information to assess the default possibility of accounts receivable. The provision matrix as of June 30, 2023, December 31, 2022 and June 30, 2022 is as follows:

June 30, 2023	Not past due	Between 0-90 days past due	Between 91-120 days past due	Over 120 days past due	Total
Expected loss rate	0.00%-0.74%	0.00%-26.7%	0.01%-30.92%	0.02%-100%	
Total book value	\$ 1,293,689	\$ 174,001	\$ 40,734	\$ 375,204	\$1,883,628
Loss allowance	\$ 8,982	\$ 17,102	\$ 8,306	\$ 273,226	\$ 307,616
December 31, 2022	Not past due	Between 0-90 days past due	Between 91-120 days past due	Over 120 days past due	Total
Expected loss rate	0.00%-0.67%	0.00%-21.3%	0.01%-24.33%	0.02%-100%	
Total book value	\$ 1,906,654	\$ 359,366	\$ 29,146	\$ 381,825	\$2,676,991
Loss allowance	\$ 16,746	\$ 15,411	\$ 2,956	\$ 259,492	\$ 294,605

June 30, 2022		Between 0-90	Between 91-120	Over 120 days	
	Not past due	days past due	days past due	past due	Total
Expected loss rate	0.00%-0.67%	0.00%-21.30%	0.01%-24.33%	0.02%-100%	
Total book value	\$ 1,729,216	\$ 248,736	\$ 50,754	\$ 274,860	\$2,303,566
Loss allowance	\$ 10,614	\$ 22,714	\$ 3,657	\$ 192,213	\$ 229,198

- ix. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the six-month period ended June 30, 2023
	Accounts receivable
At January 1	\$ 294,605
Provision for impairment	15,106
Effect of foreign exchange	(2,095)
At June 30	<u>\$ 307,616</u>
	For the six-month period ended June 30, 2022
	Accounts receivable
At January 1	\$ 207,192
Provision for impairment	21,703
Write-offs	(141)
Effect of foreign exchange	444
At June 30	<u>\$ 229,198</u>

- x. For investments in debt instruments at amortized cost and the credit rating levels are presented below:

	For the six-month period ended June 30, 2023			
	Lifetime			
	By Geographic	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost				
Group 1	\$ 131,604	\$ -	\$ -	\$ 131,604
Group 2	467,459	-	-	467,459
Group 3	15,707	-	-	15,707
	<u>\$ 614,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 614,770</u>
	For the year ended December 31, 2022			
	Lifetime			
	By Geographic	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortized cost				
Group 1	\$ 129,904	\$ -	\$ -	\$ 129,904
Group 2	456,299	-	-	456,299
Group 3	15,557	-	-	15,557
	<u>\$ 601,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 601,760</u>

For the six-month period ended June 30, 2022				
	By Geographic	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortized cost				
Group 1	\$ 127,624	\$ -	\$ -	\$ 127,624
Group 2	507,267	-	-	507,267
Group 3	15,042	-	-	15,042
	<u>\$ 649,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 649,933</u>

Group 1: Taiwan Bank

Group 2: China Bank

Group 3: Other regional Bank

(c) Liquidity risk

- i . Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii . Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, beneficiary certificates and financial assets at amortized cost (the period of time deposits are between 3 and 12 months), choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at June 30, 2023, December 31, 2022 and June 30, 2022, the Group held money market position of \$1,679,959, \$1,932,433 and \$1,636,433, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Company has the following undrawn borrowing facilities:

	June 30, 2023	December 31, 2022	June 30, 2022
Floating rate:			
Expiring within one year	\$ 2,174,560	\$ 1,972,960	\$ 2,504,283
Expiring beyond one year	<u>6,800</u>	<u>3,400</u>	<u>6,800</u>
	<u>\$ 2,181,360</u>	<u>\$ 1,976,360</u>	<u>\$ 2,511,083</u>

The facilities expiring within one year are annual facilities subject to review at various dates during 2023. The other facilities have been arranged to help finance the proposed equipment manufacturing and research and development business activities of the Group. Please refer to note 12.

- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

June 30, 2023	Less than 3 months	3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 1,210,000	\$ 210,000	\$ -	\$ -	\$ -
Notes payable	1,764	-	-	-	-
Accounts payable (related party)	417,229	63,269	233,347	-	-
Other payables (related party)	556,754	199,169	108	-	-
Leases liabilities	6,960	19,116	21,466	32,405	218,139
Long-term borrowings (including current portion)	15,673	146,181	198,944	123,548	39,388

Non-derivative financial liabilities:

December 31, 2022	Less than 3 months	3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 1,053,000	\$ 260,000	\$ -	\$ -	\$ -
Notes payable	1,764	-	-	-	-
Accounts payable (related party)	700,829	157,823	506,141	-	-
Other payables (related party)	343,209	155,296	-	-	-
Leases liabilities	7,062	20,927	25,138	37,504	222,151
Long-term borrowings (including current portion)	15,334	185,180	157,525	154,669	46,249

Non-derivative financial liabilities:

June 30, 2022	Less than 3 months	3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 454,300	\$ 300,000	\$ -	\$ -	\$ -
Accounts payable (related party)	1,575	650	-	-	-
Other payables (related party)	841,883	277,822	306,569	-	-
Leases liabilities	629,534	91,967	-	-	-
Long-term borrowings (including current portion)	6,804	20,455	25,462	41,502	226,162
<u>Derivative financial liabilities:</u>	17,906	181,741	147,494	177,729	52,836

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and investment property is included in Level 3.

B. Financial instruments not measured at fair value

The Group's financial instruments not measured at fair value (the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid, deposit account (over 3 months), short-term borrowings, contract liabilities, accounts payable, other payables, and long-term borrowings (including current portion) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

June 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 1,505,706</u>	<u>\$ -</u>	<u>\$ 353,783</u>	<u>\$ 1,859,489</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	<u>\$ 912,627</u>	<u>\$ -</u>	<u>\$ 238,524</u>	<u>\$ 1,151,151</u>
June 30, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	<u>\$ 717,369</u>	<u>\$ -</u>	<u>\$ 221,441</u>	<u>\$ 938,810</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i . The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

- ii . Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models.
- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- vi. The Group takes into account adjustments for credit risks to measure the fair value of financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- D. For the June 30, 2023, December 31, 2022 and June 30, 2022, there was no transfer into or out from Level 3.
- E. The following chart is the financial instruments movement of Level 3 for the six-month periods ended June 30, 2023 and 2022:
- | | For the six-month period
ended June 30, 2023 | For the six-month period
ended June 30, 2022 |
|--------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| | equity instrument | equity instrument |
| At January 1 | \$ 238,524 | \$ 229,087 |
| Acquired | - | 15,000 |
| Gains and losses recognized in other
comprehensive income | 115,259 | (22,646) |
| At June 30 | <u>\$ 353,783</u> | <u>\$ 221,441</u> |
- F. For the six-month periods ended June 30, 2023 and 2022, there was no transfer into or out from Level 3.
- G. Finance segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	June 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative equity instrument:					
Unlisted shares	\$ 293,870	Market comparable companies	Price to book ratio multiple ; Price - earnings ratio multiple	6.92~6.90 0.29~0.27	The higher the multiple, the higher the fair value
Unlisted shares	59,913	Net asset value	Not applicable	-	Not applicable
	December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative equity instrument:					
Unlisted shares	\$ 179,909	Market comparable companies	Price to book ratio multiple; Price- earnings ratio multiple	6.53~6.51 1.53~1.51	The higher the multiple , the higher the fair value
Unlisted shares	58,615	Net asset value	Not applicable	-	Not applicable
	June 30, 2022	Valuation technique	Significant unobservable input	Range(weighted average)	Relationship of inputs to fair value
Derivative equity instrument:					
Unlisted shares	\$ 180,329	Market comparable companies	Price to book ratio multiple; Price- earnings ratio multiple	6.26~6.24 1.50~1.48	The higher the multiple, the higher the fair value
Unlisted shares	41,112	Net asset value	Not applicable	-	Not applicable

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

June 30, 2023						
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 2,939	(\$ 2,939)
December 31, 2022						
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 1,799	(\$ 1,799)

			June 30, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets	Input	Change				
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 1,803	(\$ 1,803)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: : None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 4.

(4) Information of major shareholder

Information of major shareholder: Please refer to table 7.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

There is no material change in the Group's segment, classified basis and measurement of segment information.

(2) Information about segment

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Six month period ended June 30, 2023

	Gallant Precision Machining Co., Ltd	Gallant-Rapid Corporation Ltd.	Gallant Micro. Machining Co., Ltd.	APEX-I International Co., Ltd.	elimination	Amount
Revenue from external customers	\$ 871,167	\$ 25,552	\$ 483,315	\$ 16,126	\$ -	\$ 1,396,160
Inter-segment revenue	\$ 10,060	\$ 10,915	\$ 46,733	\$ -	(\$ 67,708)	\$ -
Segment income	\$ 106,393	(\$ 28,083)	\$ 49,011	\$ 9,233	(\$ 13,326)	\$ 123,228
Total segment assets	\$ 5,485,336	\$ 284,601	\$ 2,519,359	\$ 165,842	(\$ 1,104,158)	\$ 7,350,980

Six month period ended June 30, 2022

	Gallant Precision Machining Co., Ltd	Gallant-Rapid Corporation Ltd.	Gallant Micro. Machining Co., Ltd.	APEX-I International Co., Ltd.	elimination	Amount
Revenue from external customers	\$ 1,192,870	\$ 57,151	\$ 822,040	\$ 159,391	\$ -	\$ 2,231,452
Inter-segment revenue	\$ 18,615	\$ 90,549	\$ 124,901	\$ -	(\$ 234,065)	\$ -
Segment income	\$ 227,916	\$ 35,168	\$ 215,481	\$ 80,199	(\$ 184,734)	\$ 374,030
Total segment assets	\$ 5,188,619	\$ 482,758	\$ 2,535,845	\$ 181,673	(\$ 1,173,654)	\$ 7,215,241

(3) Reconciliation for segment income (loss)

- A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the six-month periods ended June 30, 2023 and 2022 is provided as follows:

	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Reportable segments income/(loss)	\$ 136,554	\$ 558,764
Other	(13,326)	(184,734)
Income/(loss) before tax from continuing operations	<u>\$ 123,228</u>	<u>\$ 374,030</u>

- B. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that of the financial statements.

A reconciliation of assets of reportable segment and total assets is as follow:

	June 30, 2023	December 31, 2022	June 30, 2022
Assets of reportable segments	\$ 8,455,138	\$ 8,963,004	\$ 8,388,895
Elimination of intersegment assets (<u>1,104,158)</u>	<u>1,066,643)</u>	<u>1,173,654)</u>
Total assets	<u>\$ 7,350,980</u>	<u>\$ 7,896,361</u>	<u>\$ 7,215,241</u>

Table 1

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
FINANCINGS PROVIDED
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 1)	Footnote
													Item	Value			
1	Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	Other receivables -related parties	Y	\$ 50,000	\$ 50,000	\$ -	2.00%	Short-term financing	-	Operating need	-	Promised note	\$ 50,000	\$ 110,730	\$ 221,460	
2	Utron Technologies Corp	U Pin Precision Co., Ltd.	Other receivables	N	1,350	-	-	-	Short-term financing	-	-	-	-	-	9,420	18,841	

Note1 : Gallant Micro. Machining Co., Ltd. Financings provided:

- (1) Total financing amount limits: Total financing amount limits shall not exceed 40% of the net worth of the Company.
- (2) The need for short-term financing: The total loan amount is limited to 20% of the company's net worth.
The total amount for lending to a company for funding for a short-term period shall not exceed 10% of the net worth of the Company.

Note2 : Utron Technologies Corp Financings provided:

- (1) Total financing amount limits: Total financing amount limits shall not exceed 40% of the net worth of the Company.
- (2) The need for short-term financing: The total loan amount is limited to 20% of the company's net worth.
The total amount for lending to a company for funding for a short-term period shall not exceed 10% of the net worth of the Company.

Note3 : When a public company whose loans of funds were resolved by the board of directors in accordance with paragraph 1 of Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, although the fund have not drawn down, the company shall announce the amount of loans of funds which resolved by the board of directors to disclose exposure risks. However, if the subsequent funds are repaid, the balance after repayment should be disclosed to reflect the adjustment of risk. If a public company whose chairperson be authorized within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down in accordance with paragraph 2 of Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the company shall announce the amount of loans of funds which resolved by the board of directors. Although the funds will be repaid later, considering the possibility of refinancing the loan, the company shall announce the amount of loans of funds which resolved by the board of directors.

Table 1

Table 2

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period Party	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable(Note1)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Footnote
		Name	Nature of Relationship											
0	Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Subsidiary	\$ 530,618	\$ 71,140	\$ 71,140	\$ -	\$ -	2.68%	\$ 1,326,545	Y	N	N	
1	Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	Subsidiary	221,460	80,000	60,000	60,000	-	2.26%	553,651	Y	N	N	

Note1: The detail of endorsements/guarantees provided by the company and subsidiary :

(1) Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company. The total endorsement/ guarantee amount to a company shall not exceed 20% of the net worth of the Company.

(2) Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company and subsidiaries. The total endorsement/ guarantee amount to a company shall not exceed 30% of the net worth of the Company and subsidiaries.

Note2: Gallant Micro. Machining Co., Ltd. endorsements guarantees provided

(1) Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company.

(2) The total endorsement/ guarantee amount to a company shall not exceed 20% of the net worth of the Company.

Note3: Limits on endorsement/ guarantee amount is based on the amount of the endorsement/ guarantee contract or notes were signed between guaranteed party and financial institutions.

Table 2

Table 3

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD(NOT INCLUDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
JUNE 30, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held Company Name	Marketable Securities Type and Name	Relationship with the company	Financial Statement Account	June 30, 2023				Footnote
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
Gallant Precision Machining Co., Ltd	C SUN Mfg. Ltd.	Associates	Financial assets at fair value through other comprehensive income-non-current	19,957,082	\$ 962,929	12.73	\$ 962,929	
Gallant Precision Machining Co., Ltd	AMPOC FAR-EAST CO., LTD.	None	Financial assets at fair value through other comprehensive income-non-current	5,000,000	328,000	4.37	328,000	
Gallant Precision Machining Co., Ltd	Phoenix Silicon International Corporation	None	Financial assets at fair value through other comprehensive income-non-current	2,580,000	155,057	1.69	155,057	
Gallant Precision Machining Co., Ltd	Ohmplus Technologies Inc.	None	Financial assets at fair value through other comprehensive income-non-current	495,000	5,500	8.74	5,500	
Gallant Precision Machining Co., Ltd	OpXion Tech. Incorporation	None	Financial assets at fair value through other comprehensive income-non-current	6,500,000	32,500	18.57	32,500	
Gallant-Rapid Corpration Ltd.	Phoenix & Corporation	None	Financial assets at fair value through other comprehensive income-non-current	6,694	113	0.59	113	
Gallant-Rapid Corporation Ltd.	Phoenix pioneer technology	None	Financial assets at fair value through other comprehensive income-non-current	1,079,183	21,800	0.36	21,800	
APEX-I International Co., Ltd.	Shinyu Light Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	286,891	-	1.98	-	
Gallant Micro. Machining Co., Ltd.	C SUN Mfg. Ltd.	The company has significant impact on the Group	Financial assets at fair value through other comprehensive income-non-current	1,237,723	59,720	0.79	59,720	
King Mechatronics Co., Ltd.	POWER EVER ENTERPRISES LIMITED	None	Financial assets at fair value through other comprehensive income-non-current	624,726	293,870	10.15	293,870	

Table 3

Table 4

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets(Note 3)
				Financial Statements Item	Amount	Terms	
0	Gallant Precision Machining Co., Ltd	Gallant Micro. Machining Co., Ltd.	1	Others receivable	\$ 98,429	subject to the terms and conditions agreed upon by both parties	1.34%
0	Gallant Precision Machining Co., Ltd	APEX-I International Co., Ltd.	1	Others receivable	72,865	subject to the terms and conditions agreed upon by both parties	0.99%
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	1	Sales	10,904	subject to the terms and conditions agreed upon by both parties	0.78%
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	1	Accounts receivable	82,222	subject to the terms and conditions agreed upon by both parties	1.12%
1	Gallant Micro. Machining Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	1	Sales	18,416	subject to the terms and conditions agreed upon by both parties	1.32%
1	Gallant Micro. Machining Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	1	Accounts receivable	23,485	subject to the terms and conditions agreed upon by both parties	0.32%
2	King Mechatronics Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	3	Accounts payable	19,099	subject to the terms and conditions agreed upon by both parties	0.26%

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column.

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows:

(1) The Company to the consolidated subsidiaries.

(2) The consolidated subsidiaries to the Company.

(3) The consolidated subsidiaries to another consolidated subsidiaries.

Note3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note4: The information only disclosing for the amount of transactions are more than \$10,000,000 and counter parties shall not disclose.

Table 4

Table 5

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES
SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2023			Net Income (Losses) of the Investee (Note1)	Share of Profits/Losses of Investee (Note1)	Footnote
				June 30, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
Gallant Precision Machining Co., Ltd.	Gallant-Rapid Corpration Ltd.	British Virgin Islands	Investing in Gallant Precision Industries (Suzhou) Co., Ltd.	\$ 459,050	\$ 459,050	13,560,000	100.00	\$ 223,532	(\$ 18,991)	(\$ 18,991)	
Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Taiwan	Marketing and selling of process equipment of LCD and related parts.	46,657	46,657	6,600,000	100.00	81,565	7,494	7,494	
Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	Taiwan	Manufacturing and selling of semiconductor related equipment and parts	379,182	379,182	16,171,750	57.19	629,971	43,403	24,823	
Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	British Virgin Islands	Investment Gallant Micro. Machining (Suzhou) Co., Ltd.	393,508	393,508	2,780,645	100.00	1,055,598	11,525	11,525	
Gallant Micro. Machining Co., Ltd.	Gallant Micro Machining(Malaysia) Sdn. Bhd.	Malaysia	Engaged in the import and export and trading business of semiconductor substrate machines and related parts	3,992	3,992	500,000	100.00	2,658	14	14	
Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	Taiwan	Testing of wire and tools and testing equipment of PBC and related systems	53,212	53,212	2,660,600	53.21	48,707	(2,675)	(1,401)	

Note1: Original investment amount has translated to New Taiwan Dollars at the closing exchange rate.

Table 5

Table 6

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (Note2(2))	Carrying Amount as of June 30, 2023	Accumulated Inward Remittance of Earnings as of June 30, 2023	Footnote
					Outflow	Inflow							
Gallant Precision Industries (Suzhou) Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	\$ 196,805	Indirectly invest in Mainland China through GRC registered in third region.	\$ 163,205	\$ -	\$ -	\$ 163,205	(\$ 19,232)	100.00	(\$ 19,232)	\$ 180,114	-	Note2- 2.C
Gallant Precision Intelligence Technology Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	42,820	Directly invest by GPI.	-	-	-	-	(14,229)	100.00	(9,651)	100,131	-	Note2- 2.C
Gallant Micro. Machining (Suzhou) Co., Ltd.	Manufacturing and selling of precision mold and related parts	141,687	Indirectly invest in Mainland China through KMC registered in third region.	250,461	-	-	250,461	13,868	100.00	13,868	787,098	-	Note2- 2.B
Kunshan Qihong Electronic Sales Co., Ltd.	Testing and manufacturing of circuit board testing equipment, wire and cable and semiconductor	4,282	Directly invest by GMM.	-	-	-	-	(568)	100.00	(568)	6,744	-	Note4
Suzhou Top Creation Machines Co.,Ltd.	PCB / FPC Wet Process Equipments	171,270	Indirectly invest in Mainland China through Power Ever registered in third region .	28,769	-	-	28,769	-	10.15	-	-	8,236	Note2- 2.C Note5
Nantong Top Creation Machines Co.,Ltd.	Design and production of printed circuit boards, flat panel displays, semiconductors, special equipment for the solar industry and sales of related spare parts	311,400	Indirectly invest in Mainland China through Power Ever registered in third region .	-	-	-	-	-	10.15	-	-	-	Note 6

Table 6-1

Investee Company	Accumulated Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Gallant Precision Machining Co., Ltd.	\$ 440,960	\$ 608,617	\$ 1,901,961
Gallant Micro Machining Co., Ltd.	\$ 279,230	\$ 279,230	\$ 690,077

Note1: There are three methods of investment as follows

- (1) Directly invest in Mainland China.
- (2) Indirectly invest in Mainland China.
- (3) Others.

Note2: Share of Profits/Losses recognized for the three month period ended June 30, 2023:

- (1) No investment income (loss) recognition.
- (2) There are three basis for investment income (loss) recognition.
 - A. The basis for investment income (loss) recognition is from the financial statements which were based on the audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The basis for investment income (loss) recognition is from the financial statements which were based on the audited and attested by R.O.C. parent company's CPA.
 - C. Others (The basis for investment income (loss) recognition is from the non-audited financial statements prepared by the investees.

Note3: The amounts of paid-in capital and accumulated beginning and ending balance have translated to New Taiwan Dollars at the closing exchange rate.

Note4: The investment was invested by Gallant Micro. Machining (Suzhou) Co., Ltd. There was no cash outflow for the six month period ended June 30, 2023.

Note5: The Company acquired 10% ownership of Suzhou Top Creation Machines Co.,Ltd. held by C SUN Mfg. Ltd. through the British Virgin Islands business King Mechatronics Co. Ltd. (BVI) for US\$1,205 thousand.

Thus, the Company indirectly invested in Suzhou Top Creation Machines Co.,Ltd. in the mainland, and then executed the equity conversion according to the relevant terms of the original investment contract.

After the conversion, the Company directed hold Suzhou Top Creation Machines Co.,Ltd. which was shown as "financial assets measured at fair value through other comprehensive income".

Note6: The Company invested in Samoa POWER EVER ENTERPRISES LIMITED through King Mechatronics Co. Ltd. (BVI) of the British Virgin Islands.

Received dividends of US\$1,015 thousand from Suzhou Top Creation Machines Co., Ltd., was reinvested in Nantong Chuangfeng Optoelectronics Equipment Co., Ltd. The investment was shown as "financial assets measured at fair value through other comprehensive income".

Note7: The investment amount was translated based on the exchange rate USD:NTD=1:31.14 of balance sheet date June 30, 2023.

Table 6-2

Table 7

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
INFORMATION OF MAJOR SHAREHLDER
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
C SUN Mfg. Ltd.	44,758,827	27.10%

Note1: The main shareholder information in this table is based on the last business day at the end of each quarter by the China Insurance Company, which calculates that shareholders hold more than 5% of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). As for the share capital recorded in the company's financial report and the company's actual number of shares delivered without physical registration, there may be differences or differences due to different calculation bases.

Note2: In the case of the above information, if the shareholder delivers the shares to the trust, it is disclosed in the individual accounts of the trustee who opened the trust account by the trustee. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider's equity declaration, please refer to Public information observatory.