

Promate Electronic Co., Ltd. and Subsidiaries

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

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INDEPENDENT AUDITOR’S REVIEW REPORT

The Board of Directors and Shareholders
Promate Electronic Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Promate Electronic Co., Ltd. and its subsidiaries (collectively, the “Group”) as of June 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2023 and 2022, combined total assets of these non-significant subsidiaries were NT\$393,085 thousand and NT\$423,337 thousand, respectively, representing 2.58% and 2.63%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$79,870 thousand and NT\$98,923 thousand, respectively, representing 0.80% and 0.89%, respectively, of the consolidated total liabilities; for the three-month periods ended June 30, 2023 and 2022, and for the six-month periods ended June 30, 2023 and 2022, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$372 thousand, NT\$10,721 thousand, (NT\$ 231), and (NT\$ 93) thousand, respectively, representing 0.13%, 4.10%, (0.05%), and (0.02%), respectively, of the total consolidated comprehensive income.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three-months and six-months then ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Po Jen Weng and Nai-Hua Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 8, 2023

Notice to Readers

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

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

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2023 (Reviewed)		December 31, 2021 (Audited)		June 30, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4, 6 and 31)	\$ 2,456,872	16	\$ 2,536,276	18	\$ 1,885,788	12
Financial assets at fair value through profit or loss - current (Notes 4, 7, 19, and 31)	53,456	1	20,813	-	46,032	-
Financial assets at amortized cost - current (Notes 4, 9, 10, 31 and 33)	57,266	1	3,972	-	2,408	-
Contract assets - current (Notes 4 and 25)	1,227	-	1,856	-	-	-
Notes receivable (Notes 4, 11 and 31)	51,167	-	40,685	-	49,906	-
Accounts receivable (Notes 4, 11 and 31)	5,224,090	34	4,560,982	32	6,687,913	42
Accounts receivable from related parties (Notes 4, 11, 31 and 32)	376	-	36	-	1,108	-
Other receivables (Notes 4, 11 and 31)	1,845,116	12	1,293,746	9	1,025,928	7
Current tax assets (Notes 4 and 27)	524	-	566	-	212	-
Inventories (Notes 4 and 12)	3,518,299	23	3,853,470	27	4,027,247	25
Other current assets (Notes 17)	11,557	-	34,852	-	24,962	-
Total current assets	13,219,950	87	12,347,254	86	13,751,504	86
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 8 and 31)	233,737	1	175,654	1	200,488	1
Property, plant and equipment (Notes 4, 14, 26, 29 and 33)	388,383	3	393,410	3	381,779	2
Right-of-use assets (Notes 4, 15, 26 and 32)	70,069	-	77,037	-	93,612	1
Other intangible assets (Notes 4, 16 and 26)	6,359	-	7,091	-	8,099	-
Deferred tax assets (Notes 4 and 27)	243,646	2	294,796	2	231,105	1
Prepayments for business facilities (Notes 17, 29 and 34)	-	-	569	-	5,511	-
Refundable Deposits (Notes 17 and 31)	1,081,888	7	1,128,516	8	1,404,343	9
Total non-current assets	2,024,082	13	2,077,073	14	2,324,937	14
TOTAL	\$ 15,244,032	100	\$ 14,424,327	100	\$ 16,076,441	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 4, 18, 29, 31, 33 and 34)	\$ 2,901,398	19	\$ 3,257,405	23	\$ 2,964,484	19
Short-term bills payable (Notes 4, 18, 29 and 31)	220,000	2	150,000	1	90,000	1
Contract liabilities - current (Notes 21 and 25)	265,299	2	217,013	2	201,143	1
Notes payable (Notes 20 and 31)	10,734	-	344	-	9,407	-
Accounts payable (Notes 20 and 31)	3,139,993	21	2,385,905	17	3,596,303	22
Accounts payable to related parties (Notes 20, 31 and 32)	13,239	-	28,175	-	22,491	-
Other payables (Notes 21 and 31)	1,679,190	11	729,380	5	1,469,855	9
Current tax liabilities (Notes 4 and 27)	49,837	-	204,908	1	225,037	2
Provisions- current (Notes 4 and 22)	7,389	-	5,821	-	2,700	-
Lease liabilities - current (Notes 4, 15, 29, 31 and 32)	31,910	-	40,054	-	38,491	-
Current portion of bonds payable (Note 4, 19, 31)	-	-	106,985	1	334,499	2
Other current liabilities (Note 21)	640,196	4	613,055	4	650,850	4
Total current liabilities	8,959,185	59	7,739,045	54	9,605,260	60
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 4, 18, and 31)	-	-	100,000	1	100,000	1
Provisions- noncurrent (Notes 4 and 22)	4,635	-	3,703	-	1,524	-
Deferred tax liabilities (Notes 4 and 27)	30,653	-	13,166	-	37,003	-
Lease liabilities - noncurrent (Notes 4, 15, 29, 31 and 32)	37,439	-	37,661	-	55,562	-
Net defined benefit liabilities - noncurrent (Notes 4 and 23)	35,830	-	36,274	-	42,040	-
Other non-current liabilities (Notes 21 and 31)	856,822	6	969,377	7	1,218,600	8
Total non-current liabilities	965,379	6	1,160,181	8	1,454,729	9
Total liabilities	9,924,564	65	8,899,226	62	11,059,989	69
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 13, 24, and 28)						
Share capital						
Ordinary shares	2,124,314	14	2,087,964	15	2,004,067	13
Capital surplus	1,354,126	9	1,290,786	9	1,145,921	7
Retained earnings						
Legal reserve	1,037,136	7	954,454	6	954,454	6
Special reserve	16,424	-	-	-	-	-
Unappropriated earnings	410,925	3	829,680	6	559,352	3
Total retained earnings	1,464,485	10	1,784,134	12	1,513,806	9
Other equity	8,426	-	(16,424)	-	4,339	-
Total equity attributable to owners of the Company	4,951,351	33	5,146,460	36	4,668,133	29
NON-CONTROLLING INTERESTS (Notes 13 and 24)						
Total equity	5,319,468	35	5,525,101	38	5,016,452	31
TOTAL	\$ 15,244,032	100	\$ 14,424,327	100	\$ 16,076,441	100

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

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 32)								
Sales	\$ 6,739,413	100	\$ 7,723,232	100	\$ 13,660,214	100	\$ 16,190,894	100
OPERATING COSTS (Notes 4, 12, 26 and 32)								
Cost of sales	(6,146,259)	(91)	(7,155,965)	(93)	(12,534,183)	(92)	(14,960,489)	(93)
GROSS PROFIT	<u>593,154</u>	<u>9</u>	<u>567,267</u>	<u>7</u>	<u>1,126,031</u>	<u>8</u>	<u>1,230,405</u>	<u>7</u>
OPERATING EXPENSES (Notes 26 and 32)								
Selling and marketing expenses	(285,710)	(4)	(279,064)	(4)	(477,663)	(3)	(597,459)	(4)
General and administrative expenses	(40,812)	(1)	(37,133)	-	(72,452)	(1)	(71,080)	-
Research and development expenses	(24,633)	-	(21,685)	-	(48,587)	-	(40,276)	-
Total operating expenses	(351,155)	(5)	(337,882)	(4)	(598,702)	(4)	(708,815)	(4)
OPERATING PROFIT	<u>241,999</u>	<u>4</u>	<u>229,385</u>	<u>3</u>	<u>527,329</u>	<u>4</u>	<u>521,590</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 26 and 32)								
Interest income	13,084	-	784	-	20,206	-	1,131	-
Other income- others	7,057	-	1,449	-	9,799	-	2,389	-
Other gains and losses	105,345	2	122,842	1	78,637	1	248,279	2
Finance costs	(36,179)	(1)	(22,681)	-	(70,175)	(1)	(38,120)	-
Total non-operating income and expenses	<u>89,307</u>	<u>1</u>	<u>102,394</u>	<u>1</u>	<u>38,467</u>	<u>-</u>	<u>213,679</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	331,306	5	331,779	4	565,796	4	735,269	5
INCOME TAX EXPENSE (Notes 4 and 27)	(67,857)	(1)	(69,356)	(1)	(115,140)	-	(150,470)	(1)
NET PROFIT FOR THE PERIOD	<u>263,449</u>	<u>4</u>	<u>262,423</u>	<u>3</u>	<u>450,656</u>	<u>4</u>	<u>584,799</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 24 and 27)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	39,967	-	(54)	-	38,083	-	4,352	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(8,215)	-	(1,162)	-	(6,865)	-	(1,917)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	(967)	-	446	-	(1,235)	-	3,206	-
Income tax relating to items that may be reclassified subsequently to profit or loss	193	-	(89)	-	247	-	(641)	-
Other comprehensive income (loss) for the period, net of income tax	<u>30,978</u>	<u>-</u>	<u>(859)</u>	<u>-</u>	<u>30,230</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 294,427</u>	<u>4</u>	<u>\$ 261,564</u>	<u>3</u>	<u>\$ 480,886</u>	<u>4</u>	<u>\$ 589,799</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 241,359	4	\$ 250,451	3	\$ 409,038	4	\$ 553,552	4
Non-controlling interests	<u>22,090</u>	<u>-</u>	<u>11,972</u>	<u>-</u>	<u>41,618</u>	<u>-</u>	<u>31,247</u>	<u>-</u>
	<u>\$ 263,449</u>	<u>4</u>	<u>\$ 262,423</u>	<u>3</u>	<u>\$ 450,656</u>	<u>4</u>	<u>\$ 584,799</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 267,068	4	\$ 249,956	3	\$ 433,888	3	\$ 558,280	4
Non-controlling interests	<u>27,359</u>	<u>-</u>	<u>11,608</u>	<u>-</u>	<u>46,998</u>	<u>1</u>	<u>31,519</u>	<u>-</u>
	<u>\$ 294,427</u>	<u>4</u>	<u>\$ 261,564</u>	<u>3</u>	<u>\$ 480,886</u>	<u>4</u>	<u>\$ 589,799</u>	<u>4</u>
EARNINGS PER SHARE (Note 28)								
Basic	<u>\$ 1.14</u>		<u>\$ 1.26</u>		<u>\$ 1.93</u>		<u>\$ 2.82</u>	
Diluted	<u>\$ 1.13</u>		<u>\$ 1.18</u>		<u>\$ 1.91</u>		<u>\$ 2.60</u>	

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

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company						Other Equity		Total	Noncontrolling Interest	Total Equity
	Issued Capital		Retained Earnings				Exchange Differences on Translating the Financial Statements of Foreign Operation	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income			
	Shares (Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2022	193,414	\$ 1,934,141	\$ 1,008,022	\$ 872,428	\$ -	\$ 821,907	(\$ 7,054)	\$ 9,605	\$ 4,639,049	\$ 366,622	\$ 5,005,671
Appropriation of 2021 earnings											
Legal reserve	-	-	-	82,026	-	(82,026)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(737,021)	-	-	(737,021)	-	(737,021)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(49,822)	(49,822)
Conversion of convertible bonds to common stock	6,993	69,926	137,899	-	-	-	-	-	207,825	-	207,825
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	2,940	-	(2,940)	-	-	-
Net profit for the six months ended June 30, 2022	-	-	-	-	-	553,552	-	-	553,552	31,247	584,799
Other comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	2,659	2,069	4,728	272	5,000
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	553,552	2,659	2,069	558,280	31,519	589,799
BALANCE AT JUNE 30, 2022	<u>200,407</u>	<u>\$ 2,004,067</u>	<u>\$ 1,145,921</u>	<u>\$ 954,454</u>	<u>\$ -</u>	<u>\$ 559,352</u>	<u>(\$ 4,395)</u>	<u>\$ 8,734</u>	<u>\$ 4,668,133</u>	<u>\$ 348,319</u>	<u>\$ 5,016,452</u>
BALANCE AT JANUARY 1, 2023	208,796	\$ 2,087,964	\$ 1,290,786	\$ 954,454	\$ -	\$ 829,680	(\$ 3,480)	(\$ 12,944)	\$ 5,146,460	\$ 378,641	\$ 5,525,101
Appropriation of 2022 earnings											
Legal reserve	-	-	-	82,682	-	(82,682)	-	-	-	-	-
Special reserve	-	-	-	-	16,424	(16,424)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(728,687)	-	-	(728,687)	-	(728,687)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(57,522)	(57,522)
Conversion of convertible bonds to common stock	3,635	36,350	63,340	-	-	-	-	-	99,690	-	99,690
Net profit for the six months ended June 30, 2023	-	-	-	-	-	409,038	-	-	409,038	41,618	450,656
Other comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	(903)	25,753	24,850	5,380	30,230
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	409,038	(903)	25,753	433,888	46,998	480,886
BALANCE AT JUNE 30, 2023	<u>212,431</u>	<u>\$ 2,124,314</u>	<u>\$ 1,354,126</u>	<u>\$ 1,037,136</u>	<u>\$ 16,424</u>	<u>\$ 410,925</u>	<u>(\$ 4,383)</u>	<u>\$ 12,809</u>	<u>\$ 4,951,351</u>	<u>\$ 368,117</u>	<u>\$ 5,319,468</u>

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

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 565,796	\$ 735,269
Adjustments for:		
Expected loss on credit impairment	(7,271)	13,600
Depreciation expenses	35,240	32,363
Amortization expenses	1,577	1,738
Finance costs	70,175	38,120
Interest income	(20,206)	(1,131)
Dividend income	(164)	(175)
Loss (gain) on inventory impairment	(57,053)	190,992
Loss (gain) on Lease Modification	(1,148)	(365)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(16,043)	7,136
Net loss (gain) on foreign currency exchange	5,191	16,267
Loss (gain) on scrap of inventories	771	2,124
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(16,602)	(39,786)
Decrease (increase) in contract assets	629	-
Decrease (increase) Notes receivable	(10,482)	42,892
Decrease (increase) in accounts receivable	(655,714)	167,469
Decrease (increase) in accounts receivable due from related parties	(340)	585
Decrease (increase) in other receivable	(551,370)	(298,887)
Decrease (increase) in inventories	391,474	(730,398)
Decrease (increase) in other current assets	23,295	(1,755)
Increase (decrease) in contract liabilities	48,286	54,837
Increase (decrease) in Notes payable	10,390	960
Increase (decrease) in accounts payable	754,088	(487,237)
Increase (decrease) in accounts payable to related parties	(14,936)	8,598
Increase (decrease) in other payable	172,328	118,250
Increase (decrease) in provisions	2,500	(100)
Increase (decrease) in net defined benefit liability	(444)	(603)
Increase (decrease) in other current liabilities	27,141	157,882
Cash generated from (used in) operations	757,108	28,645
Interest paid	(74,524)	(27,391)
Income tax paid	(208,150)	(280,182)
Net cash generated from (used in) operating activities	<u>474,434</u>	<u>(278,928)</u>

(Continued)

	For the Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(\$ 55,720)	(\$ 2,279)
Acquisition of financial assets at fair value through other comprehensive income	(20,000)	(33,373)
Proceeds from disposal of financial assets at amortized cost	2,278	2,250
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	3,891
Interest received	20,206	1,131
Other dividends received	164	175
Increase in prepayments for business facilities	(13,114)	(7,410)
Acquisition of property, plant and equipment	(1,155)	(3,157)
Refundable deposits paid	-	(234,412)
Refundable deposits refunded	<u>46,628</u>	<u>-</u>
Net cash used in investing activities	(<u>20,713</u>)	(<u>273,184</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of corporate bond payable	(7,500)	-
Increase in short-term loans	-	302,132
Decrease in short-term loans	(361,050)	-
Increase in short-term notes and bills payable	70,000	-
Decrease in short-term notes and bills payable	-	(90,000)
Increase of long-term debt	-	100,000
Decrease of long-term debt	(100,000)	-
Payments of lease liabilities	(21,069)	(20,701)
Guarantee deposits received	-	166,696
Guarantee deposits refunded	(<u>112,555</u>)	<u>-</u>
Net cash generated from financing activities	(<u>532,174</u>)	<u>458,127</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(<u>951</u>)	<u>2,917</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(79,404)	(91,068)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>2,536,276</u>	<u>1,976,856</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,456,872</u>	<u>\$ 1,885,788</u>

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

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE, 2023 and 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Promate Electronic Co., Ltd. (the “Company”) is a listed company that was established in May, 1986. The Company is mainly engaged in the distribution and sales of electronic/electrical components, sales of computer software and electrical products, and sales of electronic/electrical components.

The Company conducted an IPO on the Taipei Exchange (TPEX) in September 2002, and its common shares were listed on the Taiwan Stock Exchange (TWSE) since May 2004.

After carefully evaluating the opportunities of the business unit as well as Promate Electronic as a whole, the Board of Directors concluded that creating a separate entity is the next reasonable step for the business. With two separate entities, Promate Electronic and Promate Solutions will have the flexibility and agility needed to pursue growth in a concentrated manner. Most importantly, this will enable each entity to serve customers more effectively and deliver values to shareholders.

As of August 1st, 2013, the Company is pleased to announce that this business unit will form a fully-owned subsidiary under Promate Solutions Corporation.

The functional currency of the Company is the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on August 8, 2023

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

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

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

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment 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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	Note 3

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

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

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

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”).

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13 and Table 6 for the detailed information of subsidiaries (including the percentage of ownership and main businesses).

d Other significant accounting policies

Except for the following, refer to significant accounting policies to the consolidated financial statements for the years ended December 31, 2022.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods. Except for the following, refer to the consolidated financial statements for the year ended December 31, 2022 for the material accounting judgments and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash on hand	\$ 1,083	\$ 623	\$ 1,443
Checking accounts and demand deposits	2,040,283	1,903,627	1,696,081
Cash equivalents (time deposits with original maturities less than three months)			
Time deposits	<u>415,506</u>	<u>632,026</u>	<u>188,264</u>
	<u>\$ 2,456,872</u>	<u>\$ 2,536,276</u>	<u>\$ 1,885,788</u>

The market rate intervals of cash in bank, at the end of the reporting period were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Demand deposits	0.001%~1.65%	0.001%~3.70%	0.001%~0.35%
Time deposits	1.10%~4.75%	1.60%~4.35%	0.60%~2.00%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic quoted shares	\$ 8,495	\$ 4,602	\$ 8,730
Foreign quoted shares	-	16,211	16,257
Foreign non-guaranteed investments	<u>44,961</u>	<u>-</u>	<u>21,045</u>
	<u>\$ 53,456</u>	<u>\$ 20,813</u>	<u>\$ 46,032</u>

The group has signed a floating income financial contract with the bank. This floating income financial contract authorizes the bank to adjust the product yield from time to time according to the investment operation situation.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Non-current</u>			
Investments in equity instruments	<u>\$ 233,737</u>	<u>\$ 175,654</u>	<u>\$ 200,488</u>

Investments in equity instruments at FVTOCI:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Non-current</u>			
Domestic investments			
Listed shares			
HIGGSTECH Inc.	\$ 56,455	\$ 52,198	\$ 60,714
Unlisted shares			
Tricorntech Corp.	438	438	438
DigiZerocarbon Corp	-	500	500
Blutech Inc.	20,000	-	-

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Foreign investments			
Private Funds			
Esquarre IoT Landing Fund,L.P.	156,844	\$ 122,518	138,836
	<u>\$ 233,737</u>	<u>\$ 175,654</u>	<u>\$ 200,488</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	\$ 57,266	\$ 3,972	\$ 2,408
Less: Allowance for impairment loss	-	-	-
	<u>\$ 57,266</u>	<u>\$ 3,972</u>	<u>\$ 2,408</u>

- a. The interest rates for time deposits with original maturity over 3 months ranged from 0.49% ~4.68%, 0.22% ~3.10% and 0.22% per annum as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.
- b. Refer to Note 10 for information related to credit risk management and impairment evaluation of financial assets at amortized cost.
- c. Financial assets at amortized cost as collateral for borrowings are set out in Note 33.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments are classified as at FVTOCI and as at amortized cost.

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Gross carrying amount	\$ 57,266	\$ 3,972	\$ 2,408
Allowance for impairment loss	-	-	-
Amortized cost	57,266	3,972	2,408
Fair value adjustment	-	-	-
	<u>\$ 57,266</u>	<u>\$ 3,972</u>	<u>\$ 2,408</u>

In order to minimize credit risk, the Group has tasked its credit management committee with the development and maintenance of a credit risk grading framework for categorizing exposures according to the degree of the risk of default. The credit rating information may be obtained from independent rating agencies, where available, and if not available, the credit management committee uses other publicly available financial information to rate the debtors. The Group's exposure and the external credit ratings are continuously monitored and assessed for whether there has been a significant increase in credit risk since the last period to the reporting date.

The Group considers the historical default rates of each credit rating supplied by external rating agencies to estimate 12-month or lifetime expected credit losses.

The Group's current credit risk grading framework comprises the following categories:

<u>Category</u>	<u>Description</u>	<u>Basis for Recognizing Expected Credit Losses</u>
Normal	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs

Gross carrying amount and applicable expected credit loss rate of investments in debt instruments are as follows:

At Amortized Cost

Category	Expected Loss Rate	Gross Carrying Amount		
		June 30, 2023	December 31, 2022	June 30, 2022
Normal	0%-0.01%	\$ 57,266	\$ 3,972	\$ 2,408

There was no change in the allowance for impairment loss of investments in debt instruments at FVTOCI and at amortized cost for the six months ended June 30, 2023 and 2022.

11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 51,167	\$ 40,685	\$ 49,906
Less: Allowance for impairment loss	-	-	-
	<u>\$ 51,167</u>	<u>\$ 40,685</u>	<u>\$ 49,906</u>
From operation	<u>\$ 51,167</u>	<u>\$ 40,685</u>	<u>\$ 49,906</u>
<u>Accounts receivables</u>			
At amortized cost			
Gross carrying amount	\$ 5,271,382	\$ 4,615,658	\$ 6,744,183
Gross carrying amount- related parties	376	36	1,108
Less: Allowance for impairment loss	(47,292)	(54,686)	(56,270)
	<u>\$ 5,224,466</u>	<u>\$ 4,561,018</u>	<u>\$ 6,689,021</u>
<u>Overdue receivables</u>			
At amortized cost			
Gross carrying amount	\$ 13,972	\$ 13,972	\$ 13,972
Less: Allowance for impairment loss	(13,972)	(13,972)	(13,972)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other receivables</u>			
Accounts receivables at FVTOCI	\$ 1,727,398	\$ 1,200,308	\$ 904,683
Tax refund receivables	92,547	61,387	99,095
Customs duty refund receivables	2,714	2,434	2,293
Receivables for disposal of financial asset	15,128	10,900	11,079
Others	7,329	18,717	8,778
	<u>\$ 1,845,116</u>	<u>\$ 1,293,746</u>	<u>\$ 1,025,928</u>

Notes Receivable and Accounts Receivables

At amortized cost

The average credit period of the sales of goods was 90-150 days. No interest was charged on accounts receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual accounts debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Group measures the loss allowance for all accounts receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivables are estimated using an allowance matrix, which takes into consideration the historical credit loss experience with the respective debtor, the current financial position of the debtor, and the current and future economic conditions of the industry as well as the overall economy. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of notes receivables and accounts receivable based on the Group's provision matrix.

June 30, 2023

	<u>Not Past Due</u>	<u>Less than 30 Days</u>	<u>31 to 60 Days</u>	<u>61 to 90 Days</u>	<u>Over 90 Days</u>	<u>Total</u>
Expected credit loss rate	0.00%-2.16%	0.05%-33.41%	0.05%-48.57%	0.05%-74.50%	0.05%-100%	
Gross carrying amount	\$ 4,946,635	\$ 334,595	\$ 25,135	\$ 1,712	\$ 14,848	\$ 5,322,925
Loss allowance (Lifetime ECL)	(17,237)	(12,645)	(2,234)	(1,265)	(13,911)	(47,292)
Amortized cost	<u>\$ 4,929,398</u>	<u>\$ 321,950</u>	<u>\$ 22,901</u>	<u>\$ 447</u>	<u>\$ 937</u>	<u>\$ 5,275,633</u>

December 31, 2022

	<u>Not Past Due</u>	<u>Less than 30 Days</u>	<u>31 to 60 Days</u>	<u>61 to 90 Days</u>	<u>Over 90 Days</u>	<u>Total</u>
Expected credit loss rate	0.00%-0.74%	0.02%-32.29%	2.86%-52.87%	14.69%-91.41%	12.41%-100%	
Gross carrying amount	\$ 4,076,401	\$ 477,702	\$ 82,560	\$ 3,627	\$ 16,099	\$ 4,656,389
Loss allowance (Lifetime ECL)	(12,051)	(15,446)	(8,665)	(2,763)	(15,761)	(54,686)
Amortized cost	<u>\$ 4,064,350</u>	<u>\$ 462,256</u>	<u>\$ 73,895</u>	<u>\$ 864</u>	<u>\$ 338</u>	<u>\$ 4,601,703</u>

June 30, 2022

	<u>Not Past Due</u>	<u>Less than 30 Days</u>	<u>31 to 60 Days</u>	<u>61 to 90 Days</u>	<u>Over 90 Days</u>	<u>Total</u>
Expected credit loss rate	0.00%-0.50%	0.00%-31.90%	0.00%-50.35%	0.00%-85.93%	0.00%-100%	
Gross carrying amount	\$ 6,111,704	\$ 583,684	\$ 85,162	\$ 2,573	\$ 12,074	\$ 6,795,197
Loss allowance (Lifetime ECL)	(23,042)	(10,560)	(11,653)	(798)	(10,217)	(56,270)
Amortized cost	<u>\$ 6,088,662</u>	<u>\$ 573,124</u>	<u>\$ 73,509</u>	<u>\$ 1,775</u>	<u>\$ 1,857</u>	<u>\$ 6,738,927</u>

The movements of the loss allowance of accounts receivables and overdue receivables were as follows:

	For the Six Months Ended June 30			
	2023		2022	
	Trade Receivables	Overdue Receivables	Trade Receivables	Overdue Receivables
Balance on January 1	\$ 54,686	\$ 13,972	\$ 42,668	\$ 13,972
Add: Amount of expected loss recognized	-	-	13,600	-
Less: Amount of loss reversed	(7,271)	-	-	-
Foreign exchange gains and losses	(123)	-	2	-
Balance on June 30	<u>\$ 47,292</u>	<u>\$ 13,972</u>	<u>\$ 56,270</u>	<u>\$ 13,972</u>

12. INVENTORIES

	June 30, 2023	December 31, 2022	June 30, 2022
	Raw materials and work in process	\$ 371,517	\$ 288,639
Merchandise inventories	<u>3,146,782</u>	<u>3,564,831</u>	<u>3,682,374</u>
	<u>\$ 3,518,299</u>	<u>\$ 3,853,470</u>	<u>\$ 4,027,247</u>

Operating cost summarized by nature is listed below.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
	Cost of Goods Sold	\$ 6,162,582	\$ 7,037,894	\$ 12,589,180
Service cost	184	101	1,285	139
Impairment (Price recovery)	(17,275)	116,847	(57,053)	190,992
Write-off	<u>768</u>	<u>1,123</u>	<u>771</u>	<u>2,124</u>
	<u>\$ 6,146,259</u>	<u>\$ 7,155,965</u>	<u>\$ 12,534,183</u>	<u>\$14,960,489</u>

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

The entities included in the consolidated statements are listed below.

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			June 30, 2023	December 31, 2022	June 30, 2022	
Promate Electronic Co., Ltd	Promate Solutions Corporation.	Production and sale of electronic products	66.21%	66.21%	66.21%	a
	PROMATE INTERNATIONAL CO., LTD.	Investment	100%	100%	100%	b
	HAPPY ON SUPPLY CHAIN MANAGEMENT LTD.	Warehouse and logistic device	100%	100%	100%	c
	PROMATE ELECTRONICS COMPANY USA	Sales of electronic/ electrical components	100%	100%	100%	d
	CT Continental Corporation	International trade	90%	90%	90%	e

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			June 30, 2023	December 31, 2022	June 30, 2022	
PROMATE INTERNATIONAL CO., LTD.	Promate Electronic (Shenzhen) Co., Ltd.	International trade	100%	100%	100%	f
	Promate Electronic (Shanghai) Co., Ltd	International trade	100%	100%	100%	g
Promate Solutions Corporation.	Promate Japan Inc.	International trade	100%	100%	100%	h

Remarks:

- a) Promate Solutions Corporation. (Promate Solutions) was incorporated in Taiwan on May 29, 2000. The Company holds 66.21% ownership in the subsidiary. Main business of Promate Solutions includes manufacturing and sales of information software and electronic parts, as well as services in the supply of electronic information.
- b) Promate International Co. Ltd (Promate International) was incorporated in Hong Kong on October 4, 2000 by the Company, who holds 100% ownership. Main business includes is investment operation.
- c) Happy On Supply Chain Management Ltd. (Happy on) was incorporated in Hong Kong in February 2006 by the Company, who holds 100% ownership. Main business includes logistics operation.
- d) Promate Electronics Company USA (Promate USA) incorporated in California, USA in November 2011 by the Company, who holds 100% ownership. Main business includes sale of electronic components.
- e) CT Continental Corporation (CTC) was incorporated on March 12, 1990. Since September 15, 2020, the Company holds 90% ownership in this subsidiary. Main businesses include manufacturing, distribution, and import and export of computer motherboards and computer peripherals.
- f) Promate Electronic (Shenzhen) Co., Ltd. was incorporated in Shenzhen, China in February 2009 by Promate International, who holds 100% ownership. Main businesses include the import and export of electronic components, economic information consulting, and the development and transfer of electronic products.
- g) Promate Electronic (Shanghai) Co., Ltd. was incorporated in Shanghai, China in November 2009 by Promate International, who holds 100% ownership. Main businesses include the import and export of electronic components and related services.
- h) Promate Japan Inc. was incorporated in Tokyo, Japan in March 2017 by Promate Solutions, who holds 100% ownership. The main business includes the import and export of electronic components and related products.

The financial statements of some non-significant subsidiaries included in the consolidated financial statements for the six months ended June 30, 2023 and 2022 were not reviewed.

These non-significant subsidiaries were Promate International, Happy on, Promate USA, Promate Electronic (Shenzhen), Promate Electronic (Shanghai), Promate Japan and CTC.

As of June 30, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT\$393,085 thousand and NT\$423,337 thousand, respectively, representing 2.58% and 2.63%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$79,870 thousand and NT\$98,923 thousand, respectively, representing 0.80% and 0.89%, respectively, of the consolidated total liabilities; for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$372 thousand, NT\$10,721 thousand, (NT\$231) thousand, and (NT\$93) thousand, respectively, representing 0.13%, 4.10%, (0.05%), and (0.02%), respectively, of the consolidated total comprehensive income.

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	June 30, 2023	December 31, 2022	June 30, 2022
Promate Solutions and its subsidiaries	33.79%	33.79%	33.79%

See Table 6 for the information on place of incorporation and principal place of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests				Accumulated Non-controlling Interests		
	For the three months ended June 30		For the six months ended June 30		June 30, 2023	December 31, 2022	June 30, 2022
	2023	2022	2023	2022			
Promate Solutions and its subsidiaries	\$ 22,017	\$ 11,954	\$ 41,596	\$ 31,207	\$ 362,035	\$ 372,581	\$ 342,202

The summarized financial information below represents amounts before intragroup eliminations.

Promate Solutions and its subsidiaries

	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 1,925,167	\$ 1,554,604	\$ 1,522,218
Non-current assets	223,414	184,069	200,664
Current liabilities	(1,047,951)	(618,051)	(681,183)
Non-current liabilities	(29,204)	(17,984)	(28,969)
Equity	<u>\$ 1,071,426</u>	<u>\$ 1,102,638</u>	<u>\$ 1,012,730</u>
Equity attributable to:			
The Parent Company	\$ 709,391	\$ 730,057	\$ 670,528
Non-controlling interests of Promate Solutions	<u>362,035</u>	<u>372,581</u>	<u>342,202</u>
	<u>\$ 1,071,426</u>	<u>\$ 1,102,638</u>	<u>\$ 1,012,730</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Revenue	<u>\$ 706,256</u>	<u>\$ 384,773</u>	<u>\$ 1,183,483</u>	<u>\$ 901,251</u>
Net income for the period	\$ 65,317	\$ 35,376	\$ 123,101	\$ 92,356
Other comprehensive income for the period	<u>15,591</u>	(<u>1,077</u>)	<u>15,921</u>	<u>806</u>
Total comprehensive income for the period	<u>\$ 80,908</u>	<u>\$ 34,299</u>	<u>\$ 139,022</u>	<u>\$ 93,162</u>
Net income attributable to:				
The Parent Company	\$ 43,246	\$ 23,422	\$ 81,505	\$ 61,149
Non-controlling interests of Promate Solutions	<u>22,071</u>	<u>11,954</u>	<u>41,596</u>	<u>31,207</u>
	<u>\$ 65,317</u>	<u>\$ 35,376</u>	<u>\$ 123,101</u>	<u>\$ 92,356</u>

Total comprehensive income (loss) attributable to:

	For the Three Months		For the Six Months	
	Ended June 30		Ended June 30	
	2023	2022	2023	2022
The Parent Company	\$ 53,568	\$ 22,709	\$ 92,046	\$ 61,683
Non-controlling interests of Promate Solutions	27,340	11,590	46,976	31,479
	<u>\$ 80,908</u>	<u>\$ 34,299</u>	<u>\$ 139,022</u>	<u>\$ 93,162</u>
Net cash flow from:				
Operating activities			\$ 60,486	\$ 27,300
Investing activities			(24,417)	(21,914)
Financing activities			(12,216)	(86,900)
Foreign exchange translation			(314)	(349)
Net cash inflow (outflow)			<u>\$ 23,539</u>	<u>(\$ 81,863)</u>
Dividends paid to non-controlling interests Promate Solutions			<u>\$ 57,522</u>	<u>\$ 49,766</u>

14. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Group

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Total
<u>Cost</u>							
Balance on January 1, 2023	\$ 212,223	\$ 192,583	\$ 86,311	\$ 20,551	\$ 63,907	\$ 113,044	\$ 688,619
Additions	-	-	38	-	19	1,098	1,155
Disposals	-	-	-	-	(440)	(896)	(1,336)
Reclassifications	-	-	240	-	242	9,542	10,024
Effect of foreign currency	-	(853)	(3)	(111)	16	(66)	(1,017)
Balance on June 30, 2023	<u>\$ 212,223</u>	<u>\$ 191,730</u>	<u>\$ 86,586</u>	<u>\$ 20,440</u>	<u>\$ 63,744</u>	<u>\$ 122,722</u>	<u>\$ 697,445</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 86,948	\$ 65,206	\$ 17,028	\$ 49,209	\$ 76,818	\$ 295,209
Disposals	-	-	-	-	(440)	(896)	(1,336)
Depreciation expense	-	3,314	3,128	565	2,514	6,259	15,780
Effect of foreign currency	-	(512)	(2)	(83)	16	(10)	(591)
Balance on June 30, 2023	<u>\$ -</u>	<u>\$ 89,750</u>	<u>\$ 68,332</u>	<u>\$ 17,510</u>	<u>\$ 51,299</u>	<u>\$ 82,171</u>	<u>\$ 309,062</u>
Carrying amount on June 30, 2023	<u>\$ 212,223</u>	<u>\$ 101,980</u>	<u>\$ 18,254</u>	<u>\$ 2,930</u>	<u>\$ 12,445</u>	<u>\$ 40,551</u>	<u>\$ 388,383</u>
Carrying amount on December 31, 2022 and January 1, 2023	<u>\$ 212,223</u>	<u>\$ 105,635</u>	<u>\$ 21,105</u>	<u>\$ 3,523</u>	<u>\$ 14,698</u>	<u>\$ 36,226</u>	<u>\$ 393,410</u>
<u>Cost</u>							
Balance on January 1, 2022	\$ 212,223	\$ 192,150	\$ 85,037	\$ 20,876	\$ 51,830	\$ 89,077	\$ 651,193
Additions	-	-	176	-	1,931	1,050	3,157
Reclassifications	-	-	-	-	-	8,735	8,735
Effect of foreign currency	-	642	2	184	307	35	1,170
Balance on June 30, 2022	<u>\$ 212,223</u>	<u>\$ 192,792</u>	<u>\$ 85,215</u>	<u>\$ 21,060</u>	<u>\$ 54,068</u>	<u>\$ 98,897</u>	<u>\$ 664,255</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 80,084	\$ 58,589	\$ 17,381	\$ 44,904	\$ 67,518	\$ 268,476
Depreciation expense	-	3,321	3,315	433	1,804	4,308	13,181
Effect of foreign currency	-	343	1	152	288	35	819
Balance on June 30, 2022	<u>\$ -</u>	<u>\$ 83,748</u>	<u>\$ 61,905</u>	<u>\$ 17,966</u>	<u>\$ 46,996</u>	<u>\$ 71,861</u>	<u>\$ 282,476</u>
Carrying amount on June 30, 2022	<u>\$ 212,223</u>	<u>\$ 109,044</u>	<u>\$ 23,310</u>	<u>\$ 3,094</u>	<u>\$ 7,072</u>	<u>\$ 27,036</u>	<u>\$ 381,779</u>

There was no indication of an impairment loss in the six months ended June 30, 2023 and 2022; therefore, the Group did not perform impairment assessment.

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

Buildings- Office in China	20 years
Buildings- Office in Taiwan	61 years
Buildings- Plant in Taiwan	25-30 years
Machinery Equipment	3-10 years
Transportation Equipment	3-10 years
Office Equipment	3-10 years
Miscellaneous Equipment	3-20 years

Property, plant and equipment pledged as collateral for borrowings are set out in Note 33.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31,		June 30, 2022	
	June 30, 2023	2022	June 30, 2022	
Carrying amounts				
Buildings	\$ 65,615	\$ 71,681	\$ 89,233	
Transportation equipment	<u>4,454</u>	<u>5,356</u>	<u>4,379</u>	
	<u>\$ 70,069</u>	<u>\$ 77,037</u>	<u>\$ 93,612</u>	
	For the Three Months		For the Six Months	
	Ended June 30		Ended June 30	
	2023	2022	2023	2022
Additions to right-of-use assets				
Buildings			\$ 33,919	\$ 8,452
Transportation equipment			<u>738</u>	<u>-</u>
			<u>\$ 34,657</u>	<u>\$ 8,452</u>
Depreciation charge for right-of-use assets				
Buildings	\$ 8,895	\$ 8,862	\$ 17,807	\$ 17,592
Transportation equipment	<u>847</u>	<u>795</u>	<u>1,653</u>	<u>1,590</u>
	<u>\$ 9,742</u>	<u>\$ 9,657</u>	<u>\$ 19,460</u>	<u>\$ 19,182</u>

Due to the modification and early termination of the lease contract during the six months ended June 30, 2023 and 2022, the Group's right-of-use assets were reduced by NT\$21,650 thousand and NT\$2,478 thousand respectively, and lease liabilities were reduced by NT\$22,798 thousand and NT\$2,843 thousand respectively. Thus, it resulted in a lease modification benefit of NT1,148 thousand and NT\$365 thousand respectively.

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2023 and 2022.

b. Lease liabilities

	December 31,		June 30, 2022	
	June 30, 2023	2022	June 30, 2022	
Carrying amounts				
Current	\$ 31,910	\$ 40,054	\$ 38,491	
Non-current	<u>\$ 37,439</u>	<u>\$ 37,661</u>	<u>\$ 55,562</u>	

Range of discount rate for lease liabilities was as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Buildings	2.75% ~ 4.75%	2.75% ~ 4.75%	2.75% ~ 6.40%
Transportation equipment	5.69%	5.69%	5.69%

c. Material lease-in activities and terms

The Group leased a number of cars for use by business personnel or warehouse personnel with lease terms of 2-3 years. The lease contracts for these cars do not contain terms for the right of renewal or the right of purchase.

The Group also leased certain buildings for use as plant and office with lease terms of 3 to 5 years. The lease contracts for offices located in Taiwan specify that the lease payments will be adjusted by customer price index each year. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Expenses relating to low-value asset leases	\$ 909	\$ 589	\$ 1,435	\$ 1,095
Total cash outflow for lease			(\$ 22,504)	(\$ 21,796)

The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. OTHER INTANGIBLE ASSETS

	<u>Computer Software</u>
<u>Cost</u>	
Balance on January 1, 2023	\$ 23,547
Reclassifications	846
Disposal	(3,264)
Effect of foreign currency	(7)
Balance on June 30, 2023	<u>\$ 21,122</u>
<u>Accumulated amortization</u>	
Balance on January 1, 2023	(\$ 16,456)
Amortization expense	(1,577)
Disposal	3,264
Effect of foreign currency	6
Balance on June 30, 2023	<u>(\$ 14,763)</u>
Carrying amount on June 30, 2023	<u>\$ 6,359</u>
Carrying amounts at December 31, 2022 and January 1, 2023	<u>\$ 7,091</u>
<u>Cost</u>	
Balance on January 1, 2022	\$ 22,912
Effect of foreign currency	4
Balance on June 30, 2022	<u>\$ 22,916</u>

	Computer Software
<u>Accumulated amortization</u>	
Balance on January 1, 2022	(\$ 13,075)
Amortization expense	(1,738)
Effect of foreign currency	(4)
Balance on June 30, 2022	(<u>\$ 14,817</u>)
Carrying amount on June 30, 2022	<u>\$ 8,099</u>

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

Computer Software 2~10 years

Amortization expenses summarized by function are as below.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Selling and marketing expenses	\$ 13	\$ 25	\$ 27	\$ 57
General and administrative expenses	452	562	875	1,124
Research and development expenses	344	278	675	557
	<u>\$ 809</u>	<u>\$ 865</u>	<u>\$ 1,577</u>	<u>\$ 1,738</u>

17. OTHER ASSETS

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Prepayments	\$ 10,649	\$ 34,390	\$ 24,736
Others	908	462	226
	<u>\$ 11,557</u>	<u>\$ 34,852</u>	<u>\$ 24,962</u>
<u>Non-current</u>			
Prepayments for equipment	\$ -	\$ 569	\$ 5,511
Refundable deposits	1,081,888	1,128,516	1,404,343
Overdue receivables (Note 11)	13,972	13,972	13,972
Allowance for impairment loss - Overdue receivables (Note 11)	(13,972)	(13,972)	(13,972)
	<u>\$ 1,081,888</u>	<u>\$ 1,129,085</u>	<u>\$ 1,409,854</u>

Refundable deposits

Refundable deposits are mainly paid to suppliers as performance bond.

18. BORROWINGS

a. Short-term borrowings

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Secured borrowings			
Bank loans (1)	\$ 2,430,000	\$ 2,598,816	\$ 1,905,000
Bank loans - letters of credit (2)	<u>471,398</u>	<u>658,589</u>	<u>1,059,484</u>
	<u>\$ 2,901,398</u>	<u>\$ 3,257,405</u>	<u>\$ 2,964,484</u>

- 1) The effective weighted average interest rates for bank loans ranged from 1.72%-1.9476%, 1.30%~4.05% and 0.87%-1.225% per annum as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.
- 2) The effective weighted average interest rate for letters of credit loans was 1.693%-5.88%, 1.441%~5.8139% and 1.19%-2.1979% per annum as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

b. Short-term bills payable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Commercial paper	\$ 220,000	\$ 150,000	\$ 90,000
Less: Unamortized discount on bills payable	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 220,000</u>	<u>\$ 150,000</u>	<u>\$ 90,000</u>

The effective weighted average interest rates for commercial papers ranged from 1.858%-1.878%, 1.918%~2.068% and 1.148%-1.178% per annum as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

c. Long-term borrowings

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Secured borrowings</u> (Note 33)			
Bank loans	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>

As of December 31 and June 30, 2022, the weighted average effective interest rates of the bank borrowings secured by the Group's freehold land and buildings (refer to Note 33) was 1.66967% and 1.23% per annum, and the maturity date is May 6, 2024. The Group repaid in advance on April 25, 2023.

19. Convertible Bond

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Domestic unsecured convertible bonds	\$ -	\$ 107,500	\$ 338,300
Less : Discounts on bonds payable	-	(515)	(3,801)
Less: Current portion	<u>-</u>	<u>(106,985)</u>	<u>(334,499)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Unsecured Domestic Convertible Bonds - Third Issue

On June 8, 2020, the Company issued 10 thousand NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of \$1,000,000 thousand. In addition, the bond is publicly underwritten by bidding auction, the issue price is \$101, and the actual total issue amount is \$1,020,987 thousand. The annual interest rate of the issuance coupon is 0%, the issuance period is three years, and the

maturity date is June 8, 2023.

The major terms are as follows:

- a. In the period of circulation from three months after the issuance of the convertible corporate bonds to forty business days before the maturity of the bonds, the Company may notify the bondholders under the conversion measures and redeem all bonds in cash at the nominal amount when the agreed conditions are met.
- b. When this convertible bond expires, it will be repaid in cash based on the denomination of the bond.
- c. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. The conversion price at issuance was NT\$ 34.50.
- d. The conversion price after the issuance of convertible corporate bonds will be adjusted according to the anti-dilution clause of the third Unsecured Convertible Bonds Issuance and Conversion Rules of the Company. The conversion price was adjusted from NT\$34.50 per share to NT\$32.16 per share since July 29, 2020, i.e. the ex-dividend date.
- e. The conversion price after the issuance of convertible corporate bonds will be adjusted according to the anti-dilution clause of the third Unsecured Convertible Bonds Issuance and Conversion Rules of the Company. The conversion price was adjusted from NT\$32.16 per share to NT\$30.16 per share since August 29, 2021, i.e. the ex-dividend date.
- f. The conversion price after the issuance of convertible corporate bonds will be adjusted according to the anti-dilution clause of the third Unsecured Convertible Bonds Issuance and Conversion Rules of the Company. The conversion price was adjusted from NT\$30.16 per share to NT\$27.51 per share since July 25, 2022, i.e. the ex-dividend date.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - option. The effective interest rate of the liability component was 1.28% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,100 thousand)	\$ 1,015,887
Equity component (less transaction costs allocated to the equity component of \$255 thousand)	(53,332)
Redemption right	<u>100</u>
Liability component on the date of issuance (less transaction costs allocated to the liability component of \$4,845 thousand)	962,655
Interest charged at an effective interest rate of 1.28%	20,358
Conversion of corporate bond payable into common shares	(<u>648,514</u>)
Liability component on June 30, 2022	334,499
Interest charged at an effective interest rate of 1.28%	1,248
Conversion of corporate bond payable into common shares	(<u>228,762</u>)
Liability component on December 31, 2022	106,985
Interest charged at an effective interest rate of 1.28%	205
Conversion of corporate bond payable into common shares	(99,690)
Repayments of corporate bond payable	(<u>7,500</u>)
Liability component on June 30, 2023	<u>\$ -</u>

20. NOTES AND ACCOUNTS PAYABLE

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Notes payable</u>			
Non-trade	\$ 10,734	\$ 344	\$ 9,407
<u>Accounts payable</u>			
Accounts payable	\$ 3,139,993	\$ 2,385,905	\$ 3,596,303
Accounts payable - related parties	\$ 13,239	\$ 28,175	\$ 22,491

The average credit period for purchases of goods was between 30-120 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

21. OTHER LIABILITIES

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Current</u>			
Other payables			
Accrued commissions	\$ 47,127	\$ 14,144	\$ 48,899
Payables for salaries or bonuses	212,291	241,831	191,124
Payables for annual leave	19,500	24,950	18,350
Payables for compensation of employees and remuneration of directors	132,000	100,000	148,500
Subsidiaries' payables for compensation of employees and remuneration of directors	35,500	24,000	27,000
Accrued freights	\$ 39,732	36,794	44,253
Payables for dividends	786,728	519	787,362
Accrued Interests	7,067	12,981	9,457
Payables for maintenance and repairs	13,440	18,806	-
Payables for purchase of for business facilities	1,704	4,517	-
Others	<u>384,101</u>	<u>250,838</u>	<u>194,910</u>
	<u>\$ 1,679,190</u>	<u>\$ 729,380</u>	<u>\$ 1,469,855</u>
Others			
Refund liability (1)	\$ 620,374	\$ 591,362	\$ 633,344
Others	<u>19,822</u>	<u>21,693</u>	<u>17,506</u>
	<u>\$ 640,196</u>	<u>\$ 613,055</u>	<u>\$ 650,850</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits(2)	<u>\$ 856,822</u>	<u>\$ 969,377</u>	<u>\$ 1,218,600</u>

1) Refund liabilities is based on historical experience, management's judgments and other known reasons for which estimated product returns and rebates may occur in the reporting period. Refund liability is recognized as a reduction of operating income in the periods in which the related goods are sold.

2) Guarantee deposits

Guarantee deposits are mainly collected from customers.

22. PROVISIONS

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Current</u>			
Warranties	\$ 7,389	\$ 5,821	\$ 2,700
<u>Non-current</u>			
Warranties	\$ 4,635	\$ 3,703	\$ 1,524

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under sale of goods legislation. The estimate had been made on the basis of historic warranty trends, and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

23. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, employee benefit expenses in respect of the Group's defined benefit retirement plans were \$159 thousand, \$92 thousand, \$318 thousand, and \$183 thousand, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2022 and 2021.

24. Equity

a. Share capital

Common stock

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Number of shares authorized (in thousands)	250,000	250,000	250,000
Shares authorized	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
Number of shares issued and fully paid (in thousands)	212,431	208,796	200,407
Shares issued	\$ 2,124,314	\$ 2,087,964	\$ 2,004,067

Fully paid ordinary shares, with a par value of NT\$10, each of which carries one vote per share and carry a right to receive dividends

Of the Company's authorized shares, 10,000 thousand shares had been reserved for the issuance of convertible bonds and employee share options.

b. Capital surplus

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Issuance of ordinary shares	\$ 291,960	\$ 291,960	\$ 291,960
Conversion of employee stock options	66,208	66,208	66,208
Conversion of bonds	1,132,480	1,063,807	906,633
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal of acquisition	45,604	45,604	45,604
Forfeited share options	400	-	-

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Less: transfer to capital	(267,199)	(267,199)	(267,199)
Less: cash dividends paid	(73,408)	(73,408)	(73,408)
Less: Treasury stock cancellation	(9,461)	(9,461)	(9,461)
	<u>1,186,584</u>	<u>1,117,511</u>	<u>960,337</u>
<u>May be used to offset a deficit only</u>			
Changes in percentage of ownership interest in subsidiaries (2)	166,292	166,292	166,292
<u>May not be used for any purpose</u>			
Employee share options	\$ 1,250	\$ 1,250	\$ 1,250
Share options on Convertible Bond	<u>-</u>	<u>6,733</u>	<u>18,042</u>
	<u>1,250</u>	<u>6,933</u>	<u>19,292</u>
	<u>\$ 1,354,126</u>	<u>\$ 1,290,786</u>	<u>\$ 1,145,921</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors after amendment, refer to employees' compensation and remuneration of directors in Note 27, g.

The Company's dividend policy is formulated according to the Company's capital budget, mid- and long-term operational planning and financial status, as well as by reference to the general level of dividends in the industry and capital markets as the basis for dividend policy. Related earnings can be distributed in the form of stock dividends or cash dividends. However, the percentage of cash dividends shall not be less than 20% of the total dividends. The percentage of cash dividends will be increased when future earnings and funds are more abundant.

A legal reserve should be appropriated from earnings until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset any deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company's shareholders' meeting resolved in June 15, 2022 to amend the Articles to appropriate special reserve from the balance of retained earnings of the prior period against "the cumulative net decrease of other equity in the prior period". If the amount of retained earnings of the prior period is not enough for such appropriation, the Company should further make up the gap by the net profit after tax and the balances of other equity items of current period. Before amending the Articles, the Company appropriated by law from retained earnings of the prior period.

The appropriations of earnings for 2022 and 2021, which have been approved in the shareholders' meetings on June 14, 2023 and June 15, 2022 respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	<u>\$ 82,682</u>	<u>\$ 82,026</u>
Special reserve	<u>\$ 16,424</u>	<u>\$ -</u>
Cash dividends	<u>\$ 728,687</u>	<u>\$ 737,021</u>
Cash dividends per share (NT\$)	<u>\$ 3.45</u>	<u>\$ 3.78</u>

d. Special reserves

	For the Six Months	
	Ended June 30	
	2023	2022
Beginning on January 1	\$ -	\$ -
Appropriations (reversal) of special reserves		
In respect of debits to other equity items	<u>16,424</u>	<u>-</u>
Balance on December 31	<u>\$ 16,424</u>	<u>\$ -</u>

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Six Months	
	Ended June 30	
	2023	2022
Balance on January 1	(\$ 3,480)	(\$ 7,054)
Recognized for the period		
Exchange differences arising on translating the		
financial statements of foreign operations	(903)	2,659
Other comprehensive income recognized for the period	(903)	2,659
Balance on June 30	<u>(\$ 4,383)</u>	<u>(\$ 4,395)</u>

2) Unrealized gain or loss on Financial Assets at FVTOCI

	For the Six Months	
	Ended June 30	
	2023	2022
Balance on January 1	(\$ 12,944)	\$ 9,605
Recognized for the period		
Unrealized gain (loss) - equity instruments	<u>25,753</u>	<u>2,069</u>
Other comprehensive income recognized for the period	<u>25,753</u>	<u>2,069</u>
Cumulative unrealized gain (loss) of equity instruments		
transferred to retained earnings due to disposal	<u>-</u>	(2,940)
Balance on June 30	<u>\$ 12,809</u>	<u>\$ 8,734</u>

f. Non-controlling interests

	For the Six Months Ended June 30	
	2023	2022
Balance on January 1	\$ 378,641	\$ 366,622
Share of profit (loss) for the period	41,618	31,247
Other comprehensive income during the period		
Exchange differences arising on translating the foreign operations	(85)	(94)
Unrealized gain on FVTOCI financial assets	5,465	366
Cash dividends distributed by subsidiaries	(57,522)	(49,822)
Balance on June 30	<u>\$ 368,117</u>	<u>\$ 348,319</u>

25. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Revenue from contracts with customers				
Revenue from sale of goods	\$ 6,728,333	\$ 7,718,600	\$ 13,643,341	\$ 16,180,789
Revenue from NRE service	4,777	791	6,077	3,474
Revenue from repair	<u>2,660</u>	<u>2,393</u>	<u>5,460</u>	<u>3,802</u>
	<u>6,735,770</u>	<u>7,721,784</u>	<u>13,654,878</u>	<u>16,188,065</u>
Other operating income				
Service revenue	<u>3,643</u>	<u>1,448</u>	<u>5,336</u>	<u>2,829</u>
	<u>\$ 6,739,413</u>	<u>\$ 7,723,232</u>	<u>\$ 13,660,214</u>	<u>\$ 16,190,894</u>

a. Revenue from contracts with customers

Revenue from the sale of goods

Revenue from the sale of goods mainly comes from the distribution of electronic components and the sale and manufacture of industrial computer monitors and customized products. Goods are categorized into electronic components (application-specific and LCD display products, linear/distributed components, application-specific and image processing ICs) as well as embedded control systems, medical displays, and application-specific display modules (e.g., medical, factory automation, military, outdoor use, and sports equipment). The Group sells goods at the agreed prices stipulated in contracts, quotations or orders.

Service revenue

Service revenue mainly comprises revenue from the design of embedded, medical, and application specific display modules during product development; revenue from customers' request for repair when defects occur in products that exceed the warranty period; and revenue recognized at the agreed prices stipulated in contracts.

b. Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
Notes receivables (Note 11)	<u>\$ 51,167</u>	<u>\$ 40,685</u>	<u>\$ 49,906</u>	<u>\$ 92,798</u>
Accounts receivables (Note 11)	<u>\$ 5,224,090</u>	<u>\$ 4,560,982</u>	<u>\$ 6,687,913</u>	<u>\$ 6,868,984</u>
Accounts receivables from related parties (Note 11)	<u>\$ 376</u>	<u>\$ 36</u>	<u>\$ 1,108</u>	<u>\$ 1,693</u>

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
Contract assets				
Design of product	\$ 1,227	\$ 1,856	\$ -	\$ -
Less : allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contract assets - current	<u>\$ 1,227</u>	<u>\$ 1,856</u>	<u>\$ -</u>	<u>\$ -</u>
Contract liabilities - current (Note 22)				
Sale of goods	\$ 203,105	\$ 168,717	\$ 201,413	\$ 146,306
Design of product	<u>62,194</u>	<u>48,296</u>	<u>-</u>	<u>-</u>
Contract liabilities- current	<u>\$ 265,299</u>	<u>\$ 217,013</u>	<u>\$ 201,143</u>	<u>\$ 146,306</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment.

c. Disaggregation of revenue

For the three months ended June 30, 2023

	Reportable Segment					Total
	Application-specific and LCD Display Products	Linear/Distributed Components	Image Processing ICs	Application-specific ICs	Others	
Types of goods or services						
Revenue from the sale of goods	\$ 1,444,217	\$ 2,864,375	\$ 1,469,319	\$ 562,832	\$ 387,590	\$ 6,728,333
Service revenue	<u>7,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,642</u>	<u>11,080</u>
	<u>\$ 1,451,655</u>	<u>\$ 2,864,375</u>	<u>\$ 1,469,319</u>	<u>\$ 562,832</u>	<u>\$ 391,232</u>	<u>\$ 6,739,413</u>

For the three months ended June 30, 2022

	Reportable Segment					Total
	Application-specific and LCD Display Products	Linear/Distributed Components	Image Processing ICs	Application-specific ICs	Others	
Types of goods or services						
Revenue from the sale of goods	\$ 1,316,797	\$ 3,662,184	\$ 1,845,167	\$ 450,682	\$ 443,770	\$ 7,718,600
Service revenue	<u>3,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,448</u>	<u>4,632</u>
	<u>\$ 1,319,981</u>	<u>\$ 3,662,184</u>	<u>\$ 1,845,167</u>	<u>\$ 450,682</u>	<u>\$ 445,218</u>	<u>\$ 7,723,232</u>

For the six months ended June 30, 2023

	Reportable Segment					Total
	Application-specific and LCD Display Products	Linear/Distributed Components	Image Processing ICs	Application-specific ICs	Others	
Types of goods or services						
Revenue from the sale of goods	\$ 2,761,368	\$ 5,307,809	\$ 2,708,759	\$ 2,097,955	\$ 767,450	\$13,643,341
Service revenue	<u>11,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,336</u>	<u>16,873</u>
	<u>\$ 2,772,905</u>	<u>\$ 5,307,809</u>	<u>\$ 2,708,759</u>	<u>\$ 2,097,955</u>	<u>\$ 772,786</u>	<u>\$13,660,214</u>

For the six months ended June 30, 2022

	Reportable Segment					Total
	Application-specific and LCD Display Products	Linear/Distributed Components	Image Processing ICs	Application-specific ICs	Others	
Types of goods or services						
Revenue from the sale of goods	\$ 2,956,204	\$ 7,266,337	\$ 3,727,509	\$ 1,179,745	\$ 1,050,994	\$16,180,789
Service revenue	<u>7,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,829</u>	<u>10,105</u>
	<u>\$ 2,963,480</u>	<u>\$ 7,266,337</u>	<u>\$ 3,727,509</u>	<u>\$ 1,179,745</u>	<u>\$ 1,053,823</u>	<u>\$16,190,894</u>

26. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS AND OTHER COMPREHENSIVE INCOME (LOSS)

a. Interest income

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest Income				
Bank deposits	\$ 12,793	\$ 737	\$ 19,592	\$ 1,019
Financial assets at amortized cost	<u>291</u>	<u>47</u>	<u>614</u>	<u>112</u>
	<u>\$ 13,084</u>	<u>\$ 784</u>	<u>\$ 20,206</u>	<u>\$ 1,131</u>

b. Other income

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Rental income				
Other operating lease	\$ 803	\$ 76	\$ 1,740	\$ 304
Dividend Income				
Financial assets at FVTPL	118	174	164	175
Other	<u>6,136</u>	<u>1,199</u>	<u>7,895</u>	<u>1,910</u>
	<u>\$ 7,057</u>	<u>\$ 1,449</u>	<u>\$ 9,799</u>	<u>\$ 2,389</u>

c. Other gains and losses

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Gain (loss) on financial instruments				
Mandatorily measured at FVTPL	\$ 6,834	(\$ 7,703)	\$ 16,043	(\$ 7,136)
Net foreign exchange gains (losses)	100,768	134,592	68,929	263,566
Gain (loss) on Lease Modification	954	347	1,148	365
Bank charge	(3,210)	(4,393)	(7,482)	(8,515)
Other	(<u>1</u>)	(<u>1</u>)	(<u>1</u>)	(<u>1</u>)
	<u>\$ 105,345</u>	<u>\$ 122,842</u>	<u>\$ 78,637</u>	<u>\$ 248,279</u>

d. Finance costs

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest on bank loans	\$ 35,508	\$ 20,533	\$ 68,610	\$ 33,415
Interest on convertible corporate bond	16	1,269	205	2,906
Interest on lease liabilities	<u>655</u>	<u>879</u>	<u>1,360</u>	<u>1,799</u>
	<u>\$ 36,179</u>	<u>\$ 22,681</u>	<u>\$ 70,175</u>	<u>\$ 38,120</u>

There was no interest capitalization in the Group for the six-month period ended June 30, 2023 and 2022.

e. Depreciation and amortization

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
An analysis of deprecation by function				
Operating costs	\$ 222	\$ 221	\$ 444	\$ 443
Operating expenses	<u>17,414</u>	<u>16,106</u>	<u>34,796</u>	<u>31,920</u>
	<u>\$ 17,636</u>	<u>\$ 16,327</u>	<u>\$ 35,240</u>	<u>\$ 32,363</u>
An analysis of amortization by function				
Operating costs	\$ -	\$ -	\$ -	\$ -
Operating expenses	<u>809</u>	<u>865</u>	<u>1,577</u>	<u>1,738</u>
	<u>\$ 809</u>	<u>\$ 865</u>	<u>\$ 1,577</u>	<u>\$ 1,738</u>

f. Employee benefits expense

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Short-term benefits	<u>\$ 197,619</u>	<u>\$ 208,134</u>	<u>\$ 335,586</u>	<u>\$ 434,295</u>
Post-employment benefits				
Defined contribution plans	6,505	6,559	13,288	13,059
Defined benefit plans (see Note 23)	<u>159</u>	<u>92</u>	<u>318</u>	<u>183</u>
	<u>6,664</u>	<u>6,651</u>	<u>13,606</u>	<u>13,242</u>
Other employee benefits	<u>10,360</u>	<u>11,457</u>	<u>25,568</u>	<u>23,636</u>
Total employee benefits expense	<u>\$ 214,643</u>	<u>\$ 226,242</u>	<u>\$ 374,760</u>	<u>\$ 471,173</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 14,449	\$ 12,227	\$ 28,933	\$ 25,053
Operating expenses	<u>200,194</u>	<u>214,015</u>	<u>345,827</u>	<u>446,120</u>
	<u>\$ 214,643</u>	<u>\$ 226,242</u>	<u>\$ 374,760</u>	<u>\$ 471,173</u>

g. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors at the rates 7.5%-10% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

Employees' compensation and remuneration of directors for the three months and six months ended June 30, 2023 and 2022 were as follows:

Accrual rate

	For the six months ended June 30	
	2023	2022
Employees' compensation	7.5%	7.5%
Remuneration of directors	1.5%	1.5%

Amount

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Employees' compensation	<u>\$ 24,000</u>	<u>\$ 26,000</u>	<u>\$ 41,000</u>	<u>\$ 56,500</u>
Remuneration of directors	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 8,000</u>	<u>\$ 11,500</u>

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

The compensation to employees and remuneration to the directors of 2022 and 2021 were approved by the Company's board of directors on March 15, 2023 and March 16, 2022, respectively.

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Employees' compensation	<u>\$ 83,000</u>	<u>\$ 80,500</u>
Remuneration of directors	<u>\$ 17,000</u>	<u>\$ 16,500</u>

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

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

h. Gain or loss on foreign currency exchange

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Foreign exchange gains	\$ 325,877	\$ 533,360	\$ 1,244,037	\$ 1,146,984
Foreign exchange losses	(225,109)	(398,768)	(1,175,108)	(883,418)
Net foreign exchange gains and losses	<u>\$ 100,768</u>	<u>\$ 134,592</u>	<u>\$ 68,929</u>	<u>\$ 263,566</u>

27. INCOME TAXES RELATING TO CONTINUING OPERATION

a. Income tax recognized in profit or loss

Major components of tax expense (income) recognized in profit or loss are as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ 18,146	\$ 107,144	\$ 52,497	\$ 224,450
Income tax on unappropriated earnings	-	154	-	154
Adjustment for prior years	604	2,005	604	1,616
	<u>18,750</u>	<u>109,303</u>	<u>53,101</u>	<u>226,220</u>
Deferred tax				
In respect of the current period	<u>49,107</u>	<u>(39,947)</u>	<u>62,039</u>	<u>(75,750)</u>
Income tax expense recognized in profit or loss	<u>\$ 67,857</u>	<u>\$ 69,356</u>	<u>\$ 115,140</u>	<u>\$ 150,470</u>

b. Income tax expense recognized in other comprehensive income

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
<u>Deferred tax</u>				
In respect of current period				
Translating the financial statements of foreign operations	\$ 193	(\$ 89)	\$ 247	(\$ 641)
Unrealized gain on FVTOCI financial assets	<u>(8,215)</u>	<u>(1,162)</u>	<u>(6,865)</u>	<u>(1,917)</u>
Income tax recognized in other comprehensive income (loss)	<u>(\$ 8,022)</u>	<u>(\$ 1,251)</u>	<u>(\$ 6,618)</u>	<u>(\$ 2,558)</u>

c. Income tax assessments

The tax returns of the Company through 2020 have been assessed by the tax authorities.

The tax returns of Promate Solutions Corporation through 2019 have been assessed and cleared by the tax authorities.

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Basic earnings per share	<u>\$ 1.14</u>	<u>\$ 1.26</u>	<u>\$ 1.93</u>	<u>\$ 2.82</u>
Diluted earnings per share	<u>\$ 1.13</u>	<u>\$ 1.18</u>	<u>\$ 1.91</u>	<u>\$ 2.60</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Period

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Income for the period attributable to owners of the Company	<u>\$241,359</u>	<u>\$250,451</u>	<u>\$409,038</u>	<u>\$553,552</u>
Earnings used in the computation of basic earnings per share	241,359	250,451	409,038	553,552
Effect of potentially dilutive ordinary shares: The after-tax interest of convertible bonds	<u>13</u>	<u>1,016</u>	<u>164</u>	<u>2,325</u>
Earnings used in the computation of diluted earnings per share	<u>\$241,372</u>	<u>\$251,467</u>	<u>\$409,202</u>	<u>\$555,877</u>

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares in computation of basic earnings per share	212,385	198,179	211,460	196,208
Effect of potentially dilutive ordinary shares: Employees' compensation	539	626	1,768	2,124
Corporate bond	<u>46</u>	<u>13,444</u>	<u>969</u>	<u>15,397</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>212,970</u>	<u>212,249</u>	<u>214,197</u>	<u>213,729</u>

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonus would be settled in shares, and if the resulting potential shares have a dilutive effect, these shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

29. CASH FLOW INFORMATION

a. Non-cash transaction

For the six months ended June 30, 2023 and 2022, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

- 1) The Group reclassified prepayments for equipment amounting to NT\$10,024 thousand and NT\$8,735 thousand to property, plant and equipment for the six months ended June 30, 2023 and 2022, respectively.
- 2) The Group reclassified prepayments for equipment amounting to NT\$846 thousand to intangible assets for the six months ended June 30, 2023.
- 3) As of June 30, 2023 and 2022, cash dividends declared by the Company's shareholders' meetings are not yet distributed (refer to Note 21 and 24).

b. Reconciliation of liabilities arising from financing activities

For the six months ended June 30, 2023

	Balance as of January 1, 2023	Cash Flows	Non-cash Changes					Balance as of June 30, 2023
			New Lease	Lease Modified	Conversion of convertible bonds	Interest Amortized	Foreign Currency Exchange Rates	
Short-term borrowings	\$ 3,257,405	(\$ 361,050)	\$ -	\$ -	\$ -	\$ -	\$ 5,043	\$ 2,901,398
Short-term bills payable	150,000	70,000	-	-	-	-	-	220,000
Long-term borrowings	100,000	(100,000)	-	-	-	-	-	-
Guarantee deposits received	969,377	(112,555)	-	-	-	-	-	856,822
Bonds payable	106,985	(7,500)	-	-	(99,690)	205	-	-
Lease liabilities	77,715	(21,069)	13,007	(1,148)	-	1,360	(516)	69,349
	<u>\$ 4,661,482</u>	<u>(\$ 532,174)</u>	<u>\$ 13,007</u>	<u>(\$ 1,148)</u>	<u>(\$ 99,690)</u>	<u>\$ 1,565</u>	<u>\$ 4,527</u>	<u>\$ 4,047,569</u>

For the six months ended June 30, 2022

	Balance as of January 1, 2022	Cash Flows	Non-cash Changes					Balance as of June 30, 2022
			New Lease	Lease Modified	Conversion of convertible bonds	Interest Amortized	Foreign Currency Exchange Rates	
Short-term borrowings	\$ 2,645,942	\$ 302,132	\$ -	\$ -	\$ -	\$ -	\$ 16,410	\$ 2,964,484
Short-term bills payable	180,000	(90,000)	-	-	-	-	-	90,000
Long-term borrowings	-	100,000	-	-	-	-	-	100,000
Guarantee deposits received	1,051,904	166,696	-	-	-	-	-	1,218,600
Bonds payable	539,418	-	-	-	(207,825)	2,906	-	334,499
Lease liabilities	105,759	(20,701)	5,974	(365)	-	1,799	1,587	94,053
	<u>\$ 4,523,023</u>	<u>\$ 458,127</u>	<u>\$ 5,974</u>	<u>(\$ 365)</u>	<u>(\$ 207,825)</u>	<u>\$ 4,705</u>	<u>\$ 17,997</u>	<u>\$ 4,801,636</u>

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

Adopting a prudent risk management strategy and regularly reviewing the strategy, the Group engages in overall planning based on business development strategies and operational needs, in order to determine the appropriate capital structure of the Group.

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

31. FINANCIAL INSTRUMENTS

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

December 31, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial Liabilities</u>					
Financial liabilities at amortized cost:					
— Bond payable	\$ 106,985	\$ 107,500	\$ -	\$ -	\$ 107,500

June 30, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial Liabilities</u>					
Financial liabilities at amortized cost:					
— Bond payable	\$ 334,499	\$ 338,300	\$ -	\$ -	\$ 338,300

The Level 2 and Level 3 fair value measurements above are determined by discounted cash flow analysis based on the income approach. The significant unobservable inputs used in Level 3 fair value measurements reflect the discount rates of counterparty credit risk

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

1) Fair value hierarchy

June 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed shares and emerging market shares	\$ 8,495	\$ -	\$ -	\$ 8,495
Foreign non-guaranteed investments	<u>44,961</u>	<u>-</u>	<u>-</u>	<u>44,961</u>
	<u>\$ 53,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,456</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity				
Domestic listed shares and emerging market shares	\$ 56,455	\$ -	\$ -	\$ 56,455
Domestic unlisted shares	-	-	20,438	20,438
Foreign Private Funds	<u>-</u>	<u>-</u>	<u>156,844</u>	<u>156,844</u>
	<u>\$ 56,455</u>	<u>\$ -</u>	<u>\$ 177,282</u>	<u>\$ 233,737</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic listed shares and emerging market shares	\$ 4,602	\$ -	\$ -	\$ 4,602
Foreign listed shares	<u>16,211</u>	<u>-</u>	<u>-</u>	<u>16,211</u>
	<u>\$ 20,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,813</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity				
Domestic listed shares and emerging market shares	\$ 52,198	\$ -	\$ -	\$ 52,198
Domestic unlisted shares	-	-	938	938
Foreign Private Funds	<u>-</u>	<u>-</u>	<u>122,518</u>	<u>122,518</u>
	<u>\$ 52,198</u>	<u>\$ -</u>	<u>\$ 123,456</u>	<u>\$ 175,654</u>

June 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic listed shares and emerging market shares	\$ 8,730	\$ -	\$ -	\$ 8,730
Foreign listed shares	16,257	-	-	16,257
Foreign non-guaranteed investments	<u>21,045</u>	<u>-</u>	<u>-</u>	<u>21,045</u>
	<u>\$ 46,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,032</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity				
Domestic listed shares and emerging market shares	\$ 60,714	\$ -	\$ -	\$ 60,714
Domestic unlisted shares	-	-	938	938
Foreign Private Funds	<u>-</u>	<u>-</u>	<u>138,836</u>	<u>138,836</u>
	<u>\$ 60,714</u>	<u>\$ -</u>	<u>\$ 139,774</u>	<u>\$ 200,488</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial Assets at Fair Value Through Other Comprehensive Income	For the six months ended June 30	
	<u>2023</u>	<u>2022</u>
Equity Instrument		
Balance on January 1	\$ 123,456	\$ 96,816
Recognized in other comprehensive income	33,826	9,585
Additions	<u>20,000</u>	<u>33,373</u>
Balance on June 30	<u>\$ 177,282</u>	<u>\$ 139,774</u>

3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The Group measures the fair value of its investments on domestic unlisted shares by using the market approach. The judgment is based on the industry type, the evaluation of the same type of company and the company's operating situation.

c. Categories of financial instruments

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	\$ 53,456	\$ 20,813	\$ 46,032
Financial assets at amortized cost (Note 1)	10,716,775	9,564,213	11,057,394
Financial assets at FVTOCI			
Equity instruments	233,737	175,654	200,488
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	8,821,376	7,727,571	9,805,639

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, notes and accounts receivables, other receivables and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term loans, short-term bills payable, notes and accounts payable, other payables, current portion of convertible bonds payable, long-term loans and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, accounts receivables, accounts payables, convertible bonds payable, borrowings and lease liabilities. The Group's Corporate Treasury monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

1) Market risk

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

a) Foreign currency risk

The Company and its subsidiaries had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The Group manages the risk that fluctuations in foreign currency could have on foreign-currency denominated assets and future cash flow by using forward exchange contracts, which was governed by the Group's policies ,

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 36.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The 1% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusted their translation at the end of the reporting period for a 1% change in foreign currency rates.

A positive number below indicates an increase in pretax profit and other equity associated with the 1% strengthening of the New Taiwan dollar against the relevant currency. For a 1% weakening of New Taiwan dollar against the relevant currency, there would be an equal and

opposite impact on pre-tax profit and other equity and the balances below would be negative.

	U.S. Dollar Impact	
	For the Six Months Ended June 30	
	2023	2022
Profit or loss	<u>\$ 43,543</u> (i)	<u>\$ 35,426</u> (i)

(i) This was mainly attributable to the exposure outstanding on U.S. dollar-denominated accounts receivables, accounts payables and loans, which were not hedged at the end of the reporting period

The Group's sensitivity to foreign currency increased during the current year mainly due to the decrease of accounts payable and bank loan in the USD.

In management's opinion, the sensitivity analysis did not reflect the inherent exchange rate risk because the exposure at the end of the year did not reflect the exposure during the period.

b) Interest rate risk

The Group evaluates hedging activities regularly to align with interest rate views and defined risk appetite and ensures that the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Fair value interest rate risk			
Financial assets	\$ 472,772	\$ 635,998	\$ 190,672
Financial liabilities	220,000	256,985	424,499
Cash flow interest rate risk			
Financial assets	2,040,283	1,903,627	1,696,081
Financial liabilities	2,901,398	3,357,405	3,064,484

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. For floating-rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profits for the six months ended June 30, 2023 and 2022 would decrease/increase by NT\$2,153 thousand and NT\$3,421 thousand, respectively, mainly attributable to the Group's exposure to the floating-interest rates on bank borrowings and bank deposits

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and beneficiary certificates. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk and evaluate when it is necessary to increase the risk aversion position.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had fluctuated by 3%, the pre-tax profit for the six months ended June 30, 2023

and 2022 would have increased/decreased by \$1,604 thousand and \$1,381 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income of or the six month ended June 30, 2023 and 2022 would have increase/decreased by \$7,012 thousand and \$6,015 thousand as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to equity prices increased mainly because of its increase in equity securities.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be mainly from the following:

- a) The carrying amount of the financial assets recognized in the balance sheets; and
- b) The maximum amount payable by the Group due to financial guarantees provided by the Group, regardless of possibility.

Financial assets are potentially affected by the failure of the Group's counterparties to fulfill their contractual obligations. The Group's credit risk is evaluated based on contracts whose fair value at the end of the financial reporting period is positive. The Group's counterparties are financial institutions and companies with sound credit ratings. The Group has a dedicated unit that regularly monitors counterparty credit exposure levels every year, so no significant credit risk is expected.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts.

The maximum credit exposure of the Group is the net carrying amount of financial assets after deducting the amount that can be offset against each other and the impairment loss recognized in accordance with the regulations without considering collateral and other credit enhancement policies.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of June 30, 2023, December 31, 2022, and June 30, 2022 the Group's available unutilized bank loan facilities set out in section (b) below.

- a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on agreed repayment dates.

To the extent that interest flows are floating, the undiscounted amount was derived from the yield curve at the end of the year.

June 30, 2023

	Less than 1 year	2-3 years	4-5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 2,964,582	\$ -	\$ -	\$ -
Short-term bills payable	220,000	-	-	-
Notes payables	10,734	-	-	-
Accounts payables	3,139,993	-	-	-
Accounts payables to related parties	13,239	-	-	-
Other payables	1,679,190	-	-	-
Lease liabilities-current	33,655	-	-	-
Lease liabilities-non current	-	33,586	5,771	-
Refund liability	620,374	-	-	-
	<u>\$ 8,681,767</u>	<u>\$ 33,586</u>	<u>\$ 5,771</u>	<u>\$ -</u>

December 31, 2022

	Less than 1 year	2-3 years	4-5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 3,322,214	\$ -	\$ -	\$ -
Short-term bills payable	150,000	-	-	-
Notes payables	344	-	-	-
Accounts payables	2,385,905	-	-	-
Accounts payables to related parties	28,175	-	-	-
Other payables	729,380	-	-	-
Lease liabilities-current	41,664	-	-	-
Lease liabilities-non current	-	36,393	2,989	-
Refund liability	591,362	-	-	-
Bond payable	107,500	-	-	-
Long-term borrowings	1,670	100,579	-	-
	<u>\$ 7,358,214</u>	<u>\$ 136,972</u>	<u>\$ 2,989</u>	<u>\$ -</u>

June 30, 2022

	Less than 1 year	2-3 years	4-5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 3,004,071	\$ -	\$ -	\$ -
Short-term bills payable	90,000	-	-	-
Notes payables	9,407	-	-	-
Accounts payables	3,596,303	-	-	-
Accounts payables to related parties	22,491	-	-	-
Other payables	1,469,855	-	-	-
Lease liabilities-current	40,567	-	-	-
Lease liabilities-non current	-	49,093	9,727	-
Refund liability	633,344	-	-	-
Bond payable	338,300	-	-	-
Long-term borrowings	1,230	101,045	-	-
	<u>\$ 9,205,568</u>	<u>\$ 150,138</u>	<u>\$ 9,727</u>	<u>\$ -</u>

b) Financing facilities

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank overdraft facilities			
Amount used	\$ 3,860,400	\$ 4,026,830	\$ 3,717,575
Amount unused	<u>5,583,354</u>	<u>5,202,322</u>	<u>4,528,995</u>
	<u>\$ 9,443,754</u>	<u>\$ 9,229,152</u>	<u>\$ 8,246,570</u>
Secured bank borrowings facility			
Amount used	\$ -	\$ 100,000	\$ 100,000
Amount unused	<u>400,000</u>	<u>300,000</u>	<u>300,000</u>
	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 400,000</u>

e. Transfers of financial assets

Factored accounts receivables were as follows:

June 30, 2023

<u>Counter-parties</u>	<u>Balance at January 1</u>	<u>Receivables Factoring Proceeds</u>	<u>Cash Received</u>	<u>Advances Received - Used</u>	<u>Balance at June 30</u>	<u>Credit Lines</u>
Bank SinoPac	\$ 504,796	\$ 1,817,076	(\$ 166,158)	(\$ 1,488,568)	\$ 667,146	<u>USD 54,000</u>
	USD 16,437	USD 59,440	(USD 6,098)	(USD 48,355)	USD 21,424	
Taishin International Bank	226,739	886,804	66,658	(499,514)	680,687	<u>USD 60,000</u>
	USD 7,383	USD 29,040	USD 1,748	(USD 16,312)	USD 21,859	
Chang Hwa Bank	107,424	99,220	(95,257)	(92,962)	18,425	<u>USD 4,000</u>
	USD 3,498	USD 3,251	(USD 3,123)	(USD 3,034)	USD 592	
E.Sun Bank	193,315	1,093,039	(310,912)	(800,505)	174,937	<u>USD 26,300</u>
	USD 6,295	USD 35,917	(USD 10,429)	(USD 26,165)	USD 5,618	
HSBC Bank	168,034	616,083	(121,159)	(476,755)	186,203	<u>USD 20,000</u>
	USD 5,472	USD 20,060	(USD 3,931)	(USD 15,622)	USD 5,979	
	<u>\$ 1,200,308</u>	<u>\$ 4,512,222</u>	<u>(\$ 626,828)</u>	<u>(\$ 3,358,304)</u>	<u>\$ 1,727,398</u>	
	<u>USD 39,085</u>	<u>USD 147,708</u>	<u>(USD 21,833)</u>	<u>(USD 109,488)</u>	<u>USD 55,472</u>	

December 31, 2022

<u>Counter-parties</u>	<u>Balance at January 1</u>	<u>Receivables Factoring Proceeds</u>	<u>Cash Received</u>	<u>Advances Received - Used</u>	<u>Balance at December 31</u>	<u>Credit Lines</u>
Bank SinoPac	\$ 126,696	\$ 3,680,591	(\$ 368,640)	(\$ 2,933,851)	\$ 504,796	<u>USD 54,000</u>
	USD 4,577	USD 124,411	(USD 13,846)	(USD 98,705)	USD 16,437	
Taishin International Bank	282,794	2,365,755	(272,443)	(2,149,367)	226,739	<u>USD 60,000</u>
	USD 10,217	USD 81,099	(USD 11,427)	(USD 72,506)	USD 7,383	
Chang Hwa Bank	14,929	251,768	(31,359)	(127,914)	107,424	<u>USD 4,000</u>
	USD 539	USD 8,428	(USD 1,149)	(USD 4,320)	USD 3,498	
E.Sun Bank	53,701	1,932,802	(223,645)	(1,569,543)	193,315	<u>USD 26,300</u>
	USD 1,940	USD 66,226	(USD 8,656)	(USD 53,215)	USD 6,295	
HSBC Bank	118,377	1,009,289	4,367	(963,999)	168,034	<u>USD 20,000</u>
	USD 4,277	USD 34,348	(USD 599)	(USD 32,554)	USD 5,472	
	<u>\$ 596,497</u>	<u>\$ 9,240,205</u>	<u>(\$ 891,720)</u>	<u>(\$ 7,744,674)</u>	<u>\$ 1,200,308</u>	
	<u>USD 21,550</u>	<u>USD 314,512</u>	<u>(USD 35,677)</u>	<u>(USD 261,300)</u>	<u>USD 39,085</u>	

June 30, 2022

<u>Counter-parties</u>	<u>Balance at January 1</u>	<u>Receivables Factoring Proceeds</u>	<u>Cash Received</u>	<u>Advances Received - Used</u>	<u>Balance at June 30</u>	<u>Credit Lines</u>
Bank SinoPac	\$ 126,696	\$ 2,022,928	(\$ 140,735)	(\$ 1,838,364)	\$ 170,525	<u>USD 54,000</u>
Taishin International Bank	USD 4,577	USD 70,889	(USD 6,403)	(USD 63,325)	USD 5,738	<u>USD 60,000</u>
	282,794	1,674,782	(147,942)	(1,213,617)	596,017	
Chang Hwa Bank	USD 10,217	USD 58,664	(USD 6,464)	(USD 42,363)	USD 20,054	<u>USD 6,000</u>
	14,929	107,229	(18,808)	(84,325)	19,025	
E.Sun Bank	USD 539	USD 3,764	(USD 743)	(USD 2,920)	USD 640	<u>USD 24,800</u>
	53,701	1,123,982	(129,003)	(986,780)	61,900	
HSBC Bank	USD 1,940	USD 39,806	(USD 5,339)	(USD 34,324)	USD 2,083	<u>USD 20,000</u>
	118,377	671,680	(54,480)	(678,361)	57,216	
	<u>USD 4,277</u>	<u>USD 23,543</u>	<u>(USD 2,403)</u>	<u>(USD 23,492)</u>	<u>USD 1,925</u>	
	<u>\$ 596,497</u>	<u>\$ 5,600,601</u>	<u>(\$ 490,968)</u>	<u>(\$ 4,801,447)</u>	<u>\$ 904,683</u>	
	<u>USD 21,550</u>	<u>USD 196,666</u>	<u>(USD 21,352)</u>	<u>(USD 166,424)</u>	<u>USD 30,440</u>	

The above credit lines may be used on a revolving basis.

The effective weighted average interest rates for factoring ranged from 5.62~6.47%, 0.80%~6.45%, and 0.80%-3.56% per annum as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

Pursuant to the factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Company, while losses from credit risk are borne by banks. Refer to Note 34 for information on the use of promissory notes provided by the Group as collateral for the sale of accounts receivable.

32. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are the related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. The details of transactions between the Group and other related parties are disclosed below.

a. Names and categories of related parties

<u>Name</u>	<u>Related Party Categories</u>
Weikeng Industrial Co., Ltd.	Substantive related party
HIGGSTEC Inc.	The management – The company is a corporate director of the entity.
Blutech Inc.	The management – The company is a corporate director of the entity.

b. Sales of goods

<u>Related Party Categories/Name</u>	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Substantive related party	\$ 127	\$ 29,886	\$ 559	\$ 30,075
The management	295	727	307	969
	<u>\$ 422</u>	<u>\$ 30,613</u>	<u>\$ 866</u>	<u>\$ 31,044</u>

c. Purchases of goods

<u>Related Party Categories/Name</u>	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Substantive related party	\$ 11,593	\$ 18,300	\$ 23,222	\$ 54,281
The management	2,770	2,945	7,439	9,048
	<u>\$ 14,363</u>	<u>\$ 21,245</u>	<u>\$ 30,661</u>	<u>\$ 63,329</u>

The related-party transactions were conducted under normal terms.

d. Receivables from related parties (excluding loans to related parties)

Related Party Categories/Name	June 30, 2023	December 31,	
		2022	June 30, 2022
Substantive related party	\$ 128	\$ 26	\$ 351
The management	248	10	757
	<u>\$ 376</u>	<u>\$ 36</u>	<u>\$ 1,108</u>

The outstanding trade receivables from related parties are unsecured. For the six months ended June 30, 2023 and 2022, no impairment losses were recognized for trade receivables from subsidiaries.

The revenue from sales to other customers through CT Continental Corp. for the six months ended June 30, 2023 and 2022 were NT\$792,014 thousand, and NT\$1,424,725 thousand respectively.

Its accounts receivable as of June 30, 2023 and 2022 was NT\$814,157 thousand, and NT\$1,474,784 thousand respectively.

All inter-company transactions have been eliminated from consolidation, and please see Table 5 in Note 37.

- e. Payables to related parties (excluding loans from related parties)

Related Party Categories/Name	June 30, 2023	December 31,	
		2022	June 30, 2022
Substantive related party	\$ 12,321	\$ 22,709	\$ 19,953
The management	918	5,466	2,538
	<u>\$ 13,239</u>	<u>\$ 28,175</u>	<u>\$ 22,491</u>

The outstanding accounts payables to related parties are unsecured.

- f. Lease arrangements - the Group is lessee

Line Items	Related Party Categories/Name	June 30, 2023	December 31,	
			2022	June 30, 2022
Lease liabilities - current	Substantive related party	\$ 3,767	\$ 3,739	\$ 3,712
Lease liabilities - non-current	Substantive related party	1,883	3,739	5,566
		<u>\$ 5,650</u>	<u>\$ 7,478</u>	<u>\$ 9,278</u>

Related Party Categories/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
	Interest expense			
Substantive related party	<u>\$ 41</u>	<u>\$ 68</u>	<u>\$ 83</u>	<u>\$ 137</u>

Lessor	Location	Lease term and Payment Method
Weikeng Industrial Co., Ltd.	Office building on Huanshan Road, Neihu District	The lease term begins on January 1, 2021 and ends on December 31, 2025. Rent is paid every six months, where the monthly rent is NT\$334,500.

g. Other transactions with related parties

Line Items	Related Party Categories/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2023	2022	2023	2022
Other income	The management	\$ -	\$ -	\$ -	\$ 376
Operating cost-Subcontracting fee	The management	\$ 1,024	\$ 237	\$ 1,260	\$ 370
Operating cost-Subcontracting fee	Freight	\$ 40	\$ -	\$ 40	\$ -
Research and development fee	Substantive related party	\$ 40	\$ 551	\$ 260	\$ 551
	The management	\$ 260	\$ 223	\$ 1,222	\$ 817

In March 2023, the Group participated in the cash capital increase of Blutech Inc. and invested NT\$20,000 thousand, increasing the shareholding ratio to 8.70%. Since the Group still has no significant influence on it, the Group classified it as Financial assets at fair value through other comprehensive income.

h. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 22,297	\$ 24,760	\$ 41,583	\$ 53,188
Other long-term employee benefits	170	170	340	340
	<u>\$ 22,467</u>	<u>\$ 24,930</u>	<u>\$ 41,923</u>	<u>\$ 53,528</u>

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	June 30, 2023	December 31, 2022	June 30, 2022
Land	\$ 205,987	\$ 205,987	\$ 205,987
Buildings	99,420	102,967	106,269
Time Deposits (Recognized as Financial assets at amortized cost)	4,033	3,972	2,408
	<u>\$ 309,440</u>	<u>\$ 312,926</u>	<u>\$ 314,664</u>

The land and buildings above have been pledged as collateral for bank loans. The Group may not use the pledged assets as collateral for other loans or sell them to other companies.

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

a. Significant commitments

- 1) As of June 30, 2023, December 31, 2022, and June 30, 2022, unused letters of credit for purchases of inventories were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
USD	\$ 1,424	\$ -	\$ 16
NTD	135,624	187,961	276,285

- 2) As of June 30, 2023, December 31, 2022, and June 30, 2022, the Group had issued promissory notes for the facilities of bank loans, the facilities of accounts receivables factoring and for purchase of inventories amounted to \$950,000 thousand, \$950,000 thousand and \$950,000 thousand, respectively.
- 3) As of June 30, 2023, December 31, 2022, and June 30, 2022, the Group has issued letters of guarantee for purchase of inventories amounted to \$260,578, \$247,859 thousand and \$264,630 thousand, respectively.
- 4) As of June 30, 2023, December 31, 2022, and June 30, 2022, the Group has all issued letters of guarantee for tariff guarantee amounted to \$18,000, \$18,000 thousand and \$18,000 thousand, respectively.
- 5) As of June 30, 2023, December 31, 2022, and June 30, 2022, commitment for acquisition of property, plant and equipment were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Contract amount	\$ -	\$ 1,130	\$ 12,672
Paid amount	-	(569)	(5,511)
Unpaid amount	<u>\$ -</u>	<u>\$ 561</u>	<u>\$ 7,161</u>

b. Contingent liabilities: None

35. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE: NONE

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

June 30, 2023

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 309,865	31.14	USD:NTD	\$ 9,649,200
USD	153	7.2723	USD:CNY	4,764
USD	187	144.99	USD:JPY	5,834
CNY	4,470	4.282	CNY:NTD	19,138
CNY	36	1.0779	CNY:HKD	155
HKD	1,203	3.974	HKD:NTD	4,781
HKD	31	0.1276	HKD:USD	125
EUR	151	33.81	EUR:NTD	5,119
GBP	46	39.38	GBP:NTD	1,827
JPY	8,708	0.215	JPY:NTD	1,872
				<u>\$ 9,692,815</u>

Financial liabilities

Monetary items

USD	\$ 170,035	31.14	USD:NTD	\$ 5,294,882
USD	5,201	7.2723	USD:CNY	161,971
USD	112	144.99	USD:JPY	3,474
CNY	80	4.282	CNY:NTD	343
CNY	209	1.0779	CNY:HKD	894
HKD	2,142	3.974	HKD:NTD	8,511
EUR	25	33.81	EUR:NTD	831
				<u>\$ 5,470,906</u>

December 31, 2022

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 278,787	30.71	USD:NTD	\$ 8,561,552
USD	62	132.70	USD:JPY	1,916
CNY	1,830	4.408	CNY:NTD	8,068
CNY	36	1.1199	CNY:HKD	159
CNY	1,827	0.1435	CNY:USD	8,053
HKD	1,230	3.938	HKD:NTD	4,845
HKD	32	0.1282	HKD:USD	127
EUR	127	32.72	EUR:NTD	4,155
GBP	46	37.09	GBP:NTD	1,715
JPY	11,716	0.2324	JPY:NTD	2,723
				<u>\$ 8,593,313</u>

Financial liabilities

Monetary items

USD	\$ 137,707	30.71	USD:NTD	\$ 4,228,972
USD	2,320	6.9669	USD:CNY	71,259

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>		<u>Carrying Amount</u>
CNY	207	4.408	CNY:NTD	912
CNY	88	1.1199	CNY:HKD	388
HKD	2,051	3.938	HKD:NTD	8,077
HKD	25	0.1282	HKD:USD	98
EUR	23	32.72	EUR:NTD	743
JPY	96	0.2324	JPY:NTD	22
				<u>\$ 4,310,471</u>

June 30, 2022

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>		<u>Carrying Amount</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 335,116	29.72	USD:NTD	\$ 9,959,661
USD	128	136.68	USD:JPY	3,816
CNY	2,788	4.439	CNY:NTD	12,376
CNY	38	1.1719	CNY:HKD	170
CNY	1,810	0.1494	CNY:USD	8,035
HKD	2,663	3.788	HKD:NTD	10,088
HKD	33	0.1275	HKD:USD	123
EUR	228	31.05	EUR:NTD	7,091
GBP	46	36.07	GBP:NTD	1,664
JPY	15,155	0.2182	JPY:NTD	3,307
				<u>\$ 10,006,331</u>

Financial liabilities

<u>Monetary items</u>				
USD	215,918	29.72	USD:NTD	\$ 6,417,094
USD	5,927	6.695	USD:CNY	176,156
CNY	253	4.439	CNY:NTD	1,124
HKD	2,375	3.788	HKD:NTD	8,995
EUR	19	31.05	EUR:NTD	596
				<u>\$ 6,603,965</u>

The Group is mainly exposed to the USD and CNY. The following information was aggregated by the functional currencies of the entities of the Group, and the exchange rates between respective functional currencies and the presentation currency were disclosed.

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	<u>For the Three Months Ended June 30</u>			
	<u>2023</u>		<u>2022</u>	
<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange (Loss)</u>	<u>Exchange Rate</u>	<u>Net Foreign Exchange Gain (Loss)</u>
NTD	1 (NTD : NTD)	\$ 101,295	1 (NTD : NTD)	\$ 137,610
CNY	4.282(CNY : NTD)	(83)	4.439(CNY : NTD)	(2,957)
HKD	3.974 (HKD : NTD)	17	3.788 (HKD : NTD)	(4)
JPY	0.215 (JPY : NTD)	107	0.2182 (JPY : NTD)	(57)
USD	31.14 (USD:NTD)	(568)	29.72 (USD:NTD)	-
		<u>\$ 100,768</u>		<u>\$ 134,592</u>

For the Six Months Ended June 30				
		2023	2022	
Foreign Currencies	Exchange Rate	Net Foreign Exchange (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD : NTD)	\$ 67,761	1 (NTD : NTD)	\$ 264,722
CNY	4.282(CNY : NTD)	1,714	4.439(CNY : NTD)	(1,239)
HKD	3.974 (HKD : NTD)	31	3.788 (HKD : NTD)	10
JPY	0.215 (JPY : NTD)	(9)	0.2182 (JPY : NTD)	73
USD	31.14 (USD:NTD)	(568)	29.72 (USD:NTD)	-
		<u>\$ 68,929</u>		<u>\$ 263,566</u>

37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. information on investees:

- 1) Financing provided to others. (None)
- 2) Endorsement/guarantee provided. (Table 1)
- 3) Marketable securities held. (Table 2)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 9) Trading in derivative instruments. (None)
- 10) Significant transactions between the Company and subsidiaries. (Table 5)

b. Information of investees. (Table 6)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (Table 8)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

- e) The highest balance, the end balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- d. Information of major shareholders (Table 9)

38. SEGMENT INFORMATION

Information reported to the chief operating decision maker (“CODM”) for the purpose of resource allocation and assessment of segment performance focuses on the area of operations. The Group’s segment information which is disclosed is as follows:

China region:

Manufacturing and distribution agents established in Mainland China and Hong Kong, including Happy On Supply Chain Management Limited, Promate Electronic (Shenzhen) Co., Ltd., and Promate Electronic (Shanghai) Company Limited.

Non-China region:

Manufacturing and distribution agents established outside Mainland China and Hong Kong, including the Company, Promate Solutions Corporation, CT Continental Corporation, Promate Japan Inc., and Promate Electronics Company USA.

The CODM considers manufacturing and distribution agent as a separate operating segment. But for financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment, taking into account the following factors:

- a. These operating segments have customers with similar risks;
- b. These operating segments have the same method of product delivery to customers.

Segment Revenues and Operating Results

Analysis by reportable segment of revenues and operating results of continuing operations was as follows:

	For the Six Months Ended June 30, 2023		
	China Region	Non-China Region	Total
Segment revenue	\$ 3,511,217	\$ 10,148,997	\$ 13,660,214
Segment income	\$ 123,114	\$ 404,215	\$ 527,329
Interest income			20,206
interest expenses			(70,175)
Net foreign exchange gains (losses)			68,929
Other gains and losses			19,507
Profit before income tax			\$ 565,796

	For the Six Months Ended June 30, 2022		
	China Region	Non-China Region	Total
Segment revenue	\$ 4,475,495	\$ 11,715,399	\$ 16,190,894
Segment income	\$ 120,550	\$ 401,040	\$ 521,590
Interest income			1,131
interest expenses			(38,120)
Net foreign exchange gains (losses)			263,566
Other gains and losses			(12,898)
Profit before income tax			\$ 735,269

The above revenues were generated through transactions with external customers and among segments. The inter-segment revenues for the six months ended June 30, 2023 and 2022 had been adjusted and eliminated from the consolidated financial statements.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' and supervisors' salaries, share of profits of associates, gain recognized on the disposal of interest in former associates, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2023

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Guaranteed During the Period	Outstanding Endorsement/Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/Guaranteed by Collaterals	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (%)	Maximum Collateral/Guarantee Amounts Allowable (Note 2)	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 1)										
0	Promate Electronic Co., Ltd. and subsidiaries	Promate Electronic (Shanghai) Co., Ltd	(1)	\$1,732,973	\$ 13,551	\$ 12,846	\$ -	\$ -	0.26	\$2,475,676	Y	N	Y
		Promate Electronic (Shenzhen) Co., Ltd.	(1)	1,732,973	35,560	34,256	-	-	0.69	2,475,676	Y	N	Y
1	Promate Electronic (Shanghai) Co., Ltd	Promate Electronic (Shenzhen) Co., Ltd.	(2)	1,732,973	26,670	25,692	-	25,692	0.52	2,475,676	N	N	Y

Note 1 : The 2 types of relationship between a guarantor and a guarantee are set out as follows:

- (1) Companies in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- (2) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares

Note 2 : The endorsement/guarantee limit is determined by the Company in accordance with Articles 36 and 38 of the Securities and Exchange Act and Operational Procedures for

Endorsements/Guarantees resolved by the shareholders' meeting: the total amount of endorsement/guarantee provided by the Company shall not exceed 50% of the net worth of the current period. The endorsement/guarantee provided to a single entity shall not exceed 35% of the net worth of the current period.

(1)According to the above regulations, aggregate Endorsement/Guarantee Limit: shall not exceed forty percent (50%) of net worth NT\$4,951,351 (in thousands) \times 50% = \$2,475,676 (in thousands).

(2)According to the above regulations, limits on Endorsement/Guarantee Given on Behalf of Each Party: Shall not exceed thirty percent (35%) of net worth NT\$4,951,351 (in thousands) \times 35% = \$1,732,973 (in thousands).

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

AS OF JUNE 30, 2023

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

Holding Company Name	Type and Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Promate Electronic Co., Ltd.	Ordinary shares Higgstec Inc	The management	Financial assets at fair value through profit or loss - noncurrent	789,000	\$ 24,064	-	\$ 24,064	Domestic listed company
	TricornTech Taiwan Corporation	None	"	48,645	438	-	438	Non-publicly traded equity investments
	DigiZerocarbon Corp.	"	"	50,000	-	-	-	"
	Blutech Inc. Private Fund	The management	"	250,000	10,000	-	10,000	"
	Esquarre IoT Landing Fund	"	"	USD2,375,651	78,422	-	78,422	Foreign private funds
Promate Solutions Corporation	Ordinary shares Higgstec Inc	The management	"	1,062,000	32,391	-	32,391	Domestic listed company
	Blutech Inc.	The management	"	250,000	10,000	-	10,000	Non-publicly traded equity investments
	Private Fund Esquarre IoT Landing Fund	None	"	USD2,375,651	<u>78,422</u>	-	<u>78,422</u>	Foreign private funds
					<u>\$ 233,737</u>		<u>\$ 233,737</u>	
Promate Solutions Corporation	Ordinary shares INTERNATIONAL GAMES SYSTEM CO.,LTD	None	Financial assets at fair value through profit or loss - current	2,300	\$ 1,421	-	\$ 1,421	Domestic listed company
	LOTES CO., LTD	"	"	518	446	-	446	"
	TTFB COMPANY LIMITED	"	"	4,000	1,222	-	1,222	"
	LARGAN Precision Co.,Ltd	"	"	1,000	2,130	-	2,130	"
	Asia Vital Components Co., Ltd.	"	"	318	86	-	86	"
	Jinan Acetate Chemical Co., LTD.	"	"	5,000	2,760	-	2,760	"
	Parade Technologies, Ltd.	"	"	400	430	-	430	"
Promate Electronic (Shanghai) Co., Ltd	Foreign non-guaranteed investments	None	Financial assets at fair value through profit or loss - current	RMB5,000,000	21,410		21,410	Foreign non-guaranteed investments
Promate Electronic (Shenzhen) Co., Ltd.	Foreign non-guaranteed investments	None	Financial assets at fair value through profit or loss - current	RMB5,500,000	<u>23,551</u>		<u>23,551</u>	"
					<u>\$ 53,456</u>		<u>\$ 53,456</u>	

Note 1 : Refer to Tables 6 and 7 for information on interests in subsidiaries, associates, and joint ventures.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Promate Electronic Co., Ltd	Promate Solutions Corporation.	Subsidiary	Sale	\$ 268,713	1.97%	Transaction terms are not significantly different from those for third parties	\$ -	—	Accounts receivable \$140,702	2.64%	
	Promate Electronic (Shanghai) Co., Ltd.	Subsidiary	"	103,335	0.76%	"	-	—	Accounts receivable 88,171	1.66%	

Note: All intercompany transactions have been eliminated from consolidation.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

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

AS OF JUNE 30, 2023

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Promate Electronic Co., Ltd	CT Continental Corporation	Subsidiary	Accounts receivable \$814,157	2.14	\$ -	—	\$ 147,762	\$ -
	Promate Solutions Corporation.	Subsidiary	Accounts receivable \$140,702	6.27	-	—	88,126	-

Note: All intercompany transactions have been eliminated from consolidation.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

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

No. (Note 1)	Investee Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 4)	Payment Terms	% to Total Sales or Assets (Note 3)
0	Promate Electronic Co., Ltd	Promate Solutions Corporation.	1	Sale	\$268,713	Transaction terms are not significantly different from those for third parties	1.97%
	"	"	1	Accounts receivable	140,702	"	0.92%
	"	CT Continental Corporation	1	Accounts receivable	814,157	Sales to other customers through CTC; transaction terms vary depending on each customer.	5.34%
	"	Happy On Supply Chain Management Ltd.	1	Freight expenses	19,437	Transaction terms are not significantly different from those for third parties	0.14%
	"	Promate Electronic (Shenzhen) Co., Ltd	1	Sale	82,423	"	0.60%
	"	"	1	Accounts receivable	82,574	"	0.54%
	"	"	1	Service expenses	32,928	"	0.24%
	"	Promate Electronic (Shanghai) Co., Ltd	1	Sale	103,335	"	0.76%
	"	"	1	Accounts receivable	88,171	"	0.58%
	"	"	1	Service expenses	16,463	"	0.12%

Note 1: The parent company and its subsidiaries are numbered as follows:

- a. "0" for the parent company.
- b. Subsidiaries are numbered from "1".

Note 2: The flow of related-party transactions is as follows:

- a. From the parent company to its subsidiary.
- b. From the subsidiary to its parent company.
- c. Between subsidiaries.

Note 3: For assets and liabilities, amounts are shown as a percentage to consolidated total assets as of June 30, 2023, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the six months ended June 30, 2023.

Note 4: All intercompany transactions have been eliminated from consolidation.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars/Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2023			Net Income (Loss) of the Investee)	Investment Gain (Loss) (Note)	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
Promate Electronic Co., Ltd	<u>With control ability</u> Promate Solutions Corporation.	Taipei, Taiwan	Production and trade of electronic components	\$ 297,527	\$ 297,527	25,328	66.21%	\$ 708,364	\$ 123,101	\$ 81,213	Subsidiary
	Promate International Co., Ltd.	Hong Kong	General investment	52,101	52,101	12,360	100%	54,566	(1,134)	(1,134)	Subsidiary
	Happy On Supply Chain Management Ltd.	Hong Kong	Warehousing and logistics services	12,124	12,124	3,000	100%	19,517	246	246	Subsidiary
	Promate Electronics Company USA	USA	General trade of electronic components	606	606	20	100%	10,553	247	247	Subsidiary
	CT Continental Corporation	Taipei, Taiwan	General trade of electronic components	54,000	54,000	5,400	90%	54,735	224	202	Subsidiary
Promate Solutions Corporation	<u>With control ability</u> Promate Japan, Inc.	Japan	General trade of electronic components	2,791	2,791	10	100%	3,961	186	186	Subsidiary

Note: Refer to Table 7 for information on investment in mainland China.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. For investments in China, disclose the name of the investee, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, gain or loss for the period, carrying amount of the investment, repatriated investment gains:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Investee Company	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2023	Net Income (Losses) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2023	Accumulated Repatriation of Investment Income as of June 30, 2023
					Outward	Inward						
Promate Electronic (Shenzhen) Co., Ltd.	International trade, entrepot trade, trade with companies and trading agents in free trade zones	\$ 6,782 (USD200)	100% Indirectly invested through Promate International Co, Ltd. (Note 1)	\$ 6,782 (USD200)	\$ -	\$ -	\$ 6,782 (USD200)	\$ 207 (Note 2)	100	\$ 207 (Note 2)	\$ 18,647	\$ -
Promate Electronic (Shanghai) Co., Ltd	"	32,500 (USD1,000)	Same as above	32,500 (USD1,000)	-	-	32,500 (USD1,000)	(821) (Note 2)	100	(821) (Note 2)	27,917	-

2. Limit on the amount of investment in China

Accumulated Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 39,282 USD 1,200	\$ 39,282 USD 1,200	\$3,191,681

Note 1: Indirect investment in mainland China through holding companies - Promate International co., Ltd.

Note 2: The amount was recognized based on the audited financial statements of the investee company.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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

Investee Company	Transaction Type	Purchase/ Sale		Unit Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized Gains or Losses
		Amount	Percentage		Payment Terms	Compared to General Transactions	Ending Balance	% of Total	
Promate Electronic (Shenzhen) Co., Ltd.	Sales	\$ 82,423	0.60%	No significant difference	No significant difference	No significant difference	Accounts receivable \$82,574	1.55%	\$ 3
Promate Electronic (Shanghai) Co., Ltd	Sales	103,335	0.76%	"	"	"	Accounts receivable \$88,171	1.66%	1,073

1. Endorsements, guarantees or collateral directly and indirectly provided by investee companies in mainland China through businesses in a third area: Table 1.
2. Financial intermediation directly and indirectly provided by investee companies in mainland China through a third area: None.
3. Other transactions that have a material impact on current profit or loss or financial status: None.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS****AS OF JUNE 30, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
None	-	-

Note: The percentage of ownership of major shareholders included in the table should be more than 5%, which was calculated based on the total number of ordinary shares, preference shares and treasury shares owned in the last trading day of the quarter that were traded in and registered electronically and was prepared by the Taiwan Depository & Clearing Corporation. In addition, the share capital and the actual number of traded shares with the completion of electronic registration stated in the consolidated financial statements might vary due to different calculation basis.