CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

JUNE 30, 2023 AND 2022

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of CHIEFTEK PRECISION CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of CHIEFTEK PRECISION CO., LTD. and subsidiaries (the "Group") as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these 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" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. 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

The financial statements and related information disclosed in Note 13 of insignificant consolidated subsidiaries were not reviewed by independent auditors. Those statements reflect total assets of NT$306,650 thousand and NT$299,222 thousand, constituting 7% and 8% of the consolidated total assets, and total liabilities of NT$90,528 thousand and NT$88,875 thousand, both constituting 5% of the consolidated total liabilities as of June 30, 2023 and 2022, respectively, and total comprehensive income of NT$3,447 thousand, NT$10,716 thousand, NT$9,147 thousand and NT$20,919 thousand, constituting 8%, 12%, 11% and 12% of the consolidated total comprehensive income for the three-month and six-month periods then ended, respectively.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent auditors as described in the Basis for qualified conclusion section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023 and 2022, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Lin, Yung-Chih

Independent Auditors

Yeh, Fang-Ting

PricewaterhouseCoopers, Taiwan

Republic of China

August 4, 2023

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	June 30, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%	June 30, 2022 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 914,837	22	$ 864,154	21	$ 967,093	24
1136	Financial assets at amortized cost - current	6(2) and 8	78,173	2	76,810	2	84,349	2
1150	Notes receivable, net	6(3)	6,163	-	13,930	-	16,459	1
1170	Accounts receivable, net	6(3) and 12	241,254	6	281,809	7	325,852	8
1200	Other receivables		4,518	-	5,269	-	1,012	-
1220	Current income tax assets		3,033	-	-	-	-	-
130X	Inventories	6(4)	674,328	16	635,641	16	524,382	13
1410	Prepayments		62,673	2	55,795	2	63,266	2
11XX	**Total current assets**		1,984,979	48	1,933,408	48	1,982,413	50
	Non-current assets							
1600	Property, plant and equipment	6(5) and 8	1,901,114	47	1,861,738	46	1,741,337	44
1755	Right-of-use assets	6(6)	79,622	2	123,913	3	127,259	3
1780	Intangible assets	6(7)	66,733	2	71,078	2	75,042	2
1840	Deferred income tax assets		34,054	1	32,058	1	21,074	-
1915	Prepayments for equipment	6(5)	9,797	-	19,260	-	23,361	1
1920	Guarantee deposits paid		12,100	-	9,351	-	10,366	-
1990	Other non-current assets		4,792	-	3,495	-	4,002	-
15XX	**Total non-current assets**		2,108,212	52	2,120,893	52	2,002,441	50
1XXX	**Total assets**		$ 4,093,191	100	$ 4,054,301	100	$ 3,984,854	100

(Continued)

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	June 30, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%	June 30, 2022 AMOUNT	%
	Liabilities							
	Current liabilities							
2100	Short-term borrowings	6(8)	$ 325,000	8	$ 225,000	6	$ 240,000	6
2130	Current contract liabilities	6(15)	512	-	664	-	3,473	-
2150	Notes payable		91,081	2	160,497	4	135,746	4
2170	Accounts payable		40,597	1	46,525	1	78,709	2
2200	Other payables	6(9)	318,234	8	164,912	4	309,644	8
2230	Current income tax liabilities		26,354	1	88,497	2	44,772	1
2280	Current lease liabilities	6(6)(19)	3,641	-	5,713	-	5,662	-
2320	Long-term liabilities, current portion	6(10), 8 and 9	210,009	5	140,494	3	86,758	2
21XX	**Total current liabilities**		1,015,428	25	832,302	20	904,764	23
	Non-current liabilities							
2540	Long-term borrowings	6(10), 8 and 9	633,274	15	642,666	16	582,383	15
2570	Deferred income tax liabilities		27,364	1	27,670	1	20,053	-
2580	Non-current lease liabilities	6(6)(19)	80,624	2	122,488	3	125,357	3
2640	Net defined benefit liabilities	6(11)	5,776	-	5,945	-	7,333	-
25XX	**Total non-current liabilities**		747,038	18	798,769	20	735,126	18
2XXX	**Total liabilities**		1,762,466	43	1,631,071	40	1,639,890	41
	Equity							
	Share capital	6(12)(14)						
3110	Common stock		892,619	22	892,619	22	811,876	21
3150	Stock dividends to be distributed		-	-	-	-	80,743	2
	Capital reserves	6(13)						
3200	Capital surplus		446,121	11	446,121	11	440,667	11
	Retained earnings	6(14)						
3310	Legal reserve		247,879	6	213,096	5	213,096	6
3320	Special reserve		24,491	1	50,626	1	50,626	1
3350	Unappropriated retained earnings		890,835	22	992,829	25	808,537	20
3400	Other equity interest		(23,650)	(1)	(24,491)	-	(34,031)	(1)
3500	Treasury stocks	6(12)	(147,570)	(4)	(147,570)	(4)	(26,550)	(1)
3XXX	**Total equity**		2,330,725	57	2,423,230	60	2,344,964	59
	Significant Contingent Liabilities and Unrecognized Contract Commitments	6(6) and 9						
3X2X	**Total liabilities and equity**		$ 4,093,191	100	$ 4,054,301	100	$ 3,984,854	100

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Three months ended June 30				Six months ended June 30			
			2023		2022		2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(15)	$ 285,978	100	$ 451,641	100	$ 593,241	100	$ 845,076	100
5000	Operating costs	6(4)(11)(20)(21)	(152,707)	(54)	(251,346)	(56)	(328,784)	(56)	(483,600)	(57)
5900	Net operating margin		133,271	46	200,295	44	264,457	44	361,476	43
	Operating expenses	6(7)(11)(20)(21) and 7								
6100	Selling expenses		(30,222)	(10)	(29,236)	(6)	(58,014)	(10)	(59,024)	(7)
6200	General and administrative expenses		(38,983)	(14)	(41,685)	(9)	(76,706)	(13)	(81,007)	(10)
6300	Research and development expenses		(17,478)	(6)	(20,785)	(5)	(37,900)	(6)	(38,461)	(4)
6450	Expected credit impairment gain (loss)	12	110	-	1,192	-	(448)	-	52	-
6000	Total operating expenses		(86,573)	(30)	(90,514)	(20)	(173,068)	(29)	(178,440)	(21)
6900	Operating profit		46,698	16	109,781	24	91,389	15	183,036	22
	Non-operating income and expenses									
7100	Interest income	6(2)(16)	3,046	1	725	-	3,624	-	1,193	-
7010	Other income	6(17)	881	1	630	-	4,488	1	1,619	-
7020	Other gains and losses	6(18) and 12	14,992	5	6,186	2	16,338	3	28,817	4
7050	Finance costs	6(5)(6)(19)	(5,198)	(2)	(3,607)	(1)	(7,492)	(1)	(7,227)	(1)
7000	Total non-operating income and expenses		13,721	5	3,934	1	16,958	3	24,402	3
7900	**Profit before income tax**		60,419	21	113,715	25	108,347	18	207,438	25
7950	Income tax expense		(16,388)	(6)	(23,051)	(5)	(27,169)	(4)	(43,910)	(5)
8200	**Profit for the period**		$ 44,031	15	$ 90,664	20	$ 81,178	14	$ 163,528	20
	Other comprehensive income (Net)									
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations		$ 132	-	$ 2,009	1	$ 841	-	$ 16,595	2
8300	**Total other comprehensive income for the period**		$ 132	-	$ 2,009	1	$ 841	-	$ 16,595	2
8500	**Total comprehensive income for the period**		$ 44,163	15	$ 92,673	21	$ 82,019	14	$ 180,123	22
	Earnings per share (in dollars)	6(23)								
9750	Basic		$ 0.50		$ 1.02		$ 0.93		$ 1.84	
9850	Diluted		$ 0.50		$ 1.02		$ 0.93		$ 1.84	

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

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

		Capital			Retained Earnings			Other Equity Interest		
	Notes	Share capital - common stock	Stock dividends to be distributed	Capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury stocks	Total equity
For the six-month period ended June 30, 2022										
Balance at January 1, 2022		$ 811,876	$ -	$ 440,667	$ 182,266	$ 36,323	$ 891,999	($ 50,626)	($ 26,550)	$2,285,955
Profit for the period		-	-	-	-	-	163,528	-	-	163,528
Other comprehensive income for the period		-	-	-	-	-	-	16,595	-	16,595
Total comprehensive income for the period		-	-	-	-	-	163,528	16,595	-	180,123
Appropriations of 2021 earnings										
Legal reserve		-	-	-	30,830	-	(30,830)	-	-	-
Special reserve	6(14)	-	-	-	-	14,303	(14,303)	-	-	-
Cash dividends	6(14)	-	-	-	-	-	(121,114)	-	-	(121,114)
Stock dividends	6(12)(14)	-	80,743	-	-	-	(80,743)	-	-	-
Balance at June 30, 2022		$ 811,876	$ 80,743	$ 440,667	$ 213,096	$ 50,626	$ 808,537	($ 34,031)	($ 26,550)	$2,344,964
For the six-month period ended June 30, 2023										
Balance at January 1, 2023		$ 892,619	$ -	$ 446,121	$ 213,096	$ 50,626	$ 992,829	($ 24,491)	($ 147,570)	$2,423,230
Profit for the period		-	-	-	-	-	81,178	-	-	81,178
Other comprehensive income for the period		-	-	-	-	-	-	841	-	841
Total comprehensive income for the period		-	-	-	-	-	81,178	841	-	82,019
Appropriations of 2022 earnings										
Legal reserve		-	-	-	34,783	-	(34,783)	-	-	-
Cash dividends	6(14)	-	-	-	-	-	(174,524)	-	-	(174,524)
Reversal of special reserve	6(14)	-	-	-	-	(26,135)	26,135	-	-	-
Balance at June 30, 2023		$ 892,619	$ -	$ 446,121	$ 247,879	$ 24,491	$ 890,835	($ 23,650)	($ 147,570)	$2,330,725

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	For the six-month periods ended June 30 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 108,347	$ 207,438
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss (gain)	12	448	(52)
(Reversal of) loss on inventory market price decline	6(4)	(1,368)	2,396
Depreciation	6(5)(6)(20)	36,010	38,299
Gain on disposal of property, plant and equipment	6(18)	-	(19)
Amortization	6(7)(20)	5,029	4,920
Interest income	6(16)	(3,624)	(1,193)
Interest expense	6(19)	7,492	7,227
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		7,767	29,858
Accounts receivable		40,478	75,351
Other receivables		751	5,744
Inventories		(36,516)	(85,556)
Prepayments		(6,878)	(17,880)
Changes in operating liabilities			
Current contract liabilities		(152)	847
Notes payable		(49,217)	7,980
Accounts payable		(5,928)	29,253
Other payables		(23,739)	31,799
Net defined benefit liabilities		(169)	(148)
Cash inflow generated from operations		78,731	336,264
Interest received		3,624	1,193
Interest paid		(7,183)	(7,248)
Income tax received		-	10
Income tax paid		(94,647)	(49,705)
Net cash flows (used in) from operating activities		(19,475)	280,514

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CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	For the six-month periods ended June 30 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortized cost - current		($ 1,363)	($ 13,937)
Cash paid for acquisition of property, plant and equipment		(65,339)	(72,221)
Interest paid for acquisition of property, plant and equipment	6(5)(19)	(3,114)	-
Proceeds from disposal of property, plant and equipment		-	19
Acquisition of intangible assets	6(7)	(684)	(386)
Increase in prepayments for equipment		(9,808)	(7,405)
Increase in guarantee deposits paid		(2,749)	(2,367)
(Increase) decrease in other non-current assets		(1,297)	476
Net cash flows used in investing activities		(84,354)	(95,821)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		100,000	10,000
Payments of lease liability		(1,796)	(2,794)
Increase in long-term borrowings		100,000	-
Decrease in long-term borrowings		(41,067)	(39,905)
Net cash flows from (used in) financing activities		157,137	(32,699)
Effect of foreign exchange rate changes on cash and cash equivalents		(2,625)	13,149
Net increase in cash and cash equivalents		50,683	165,143
Cash and cash equivalents at beginning of period	6(1)	864,154	801,950
Cash and cash equivalents at end of period	6(1)	$ 914,837	$ 967,093

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

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

1. HISTORY AND ORGANIZATION

(1) CHIEFTEK PRECISION CO., LTD. (the "Company") was incorporated on October 19, 1998 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other related regulations. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the research, development, manufacture and sales of miniature linear guides, miniature ball screws, miniature linear modules, electro-optics equipment and semiconductor process equipment.

(2) The common stocks of the Company were originally listed on the Taipei Exchange from December 28, 2012, and have been authorized to trade in Taiwan Stock Exchange since December 23, 2020.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on August 4, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by IASB
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, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024
Amendments to IAS 12, 'International tax reform－pillar two model rules'	May 23, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.

B. The consolidated financial statements of the Group should be read together with the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

A. Except for the defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation, the consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, 'Critical accounting judgments, estimates and key sources of assumption uncertainty'.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements is the same as the consolidated financial statements for the year ended December 31, 2022.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)			
Name of investor	Name of subsidiary	Business activities	June 30, 2023	December 31, 2022	June 30, 2022	Note
CHIEFTEK PRECISION CO., LTD. ("CHIEFTEK PRECISION")	CHIEFTEK PRECISION HOLDING CO., LTD.	Professional investment	100	100	100	-
CHIEFTEK PRECISION CO., LTD.	CHIEFTEK PRECISION INTERNATIONAL LLC	Lease of real estate property	100	100	100	Note 1
CHIEFTEK PRECISION CO., LTD.	CHIEFTEK PRECISION USA CO., LTD. ("cpc USA")	Sales of high precision linear motion components and rendering after-sales service	100	100	100	Note 1
CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH ("cpc Europa")	Sales of high precision linear motion components and rendering after-sales service	100	100	100	-

Name of investor	Name of subsidiary	Business activities	Ownership (%) June 30, 2023	December 31, 2022	June 30, 2022	Note
CHIEFTEK PRECISION HOLDING CO., LTD.	Chieftek Machinery (Kunshan) Co., Ltd. ("Chieftek (Kunshan)")	Production, processing and sales of high precision linear motion components and after-sales service	100	100	100	-
CHIEFTEK PRECISION HOLDING CO., LTD.	CHIEFTEK PRECISION (Hong Kong) Co., Limited	Professional investment	-	100	100	Note 2

Note 1: The financial statements of the entity as of and for the six-month periods ended June 30, 2023 and 2022 were not reviewed by independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 2: The deregistration was approved by Hong Kong Companies Registry on February 3, 2023.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interest that are material to the Group: None.

(4) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

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

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(5) Income tax

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

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash:			
Cash on hand	$ 1,541	$ 1,656	$ 1,233
Checking accounts and demand deposits	911,860	861,108	964,539
	913,401	862,764	965,772
Cash Equivalents:			
Time deposits	1,436	1,390	1,321
	$ 914,837	$ 864,154	$ 967,093

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

B. The Group has no cash and cash equivalents pledged to others as of June 30, 2023, December 31, 2022 and June 30, 2022.

(2) Financial assets at amortized cost - current

	June 30, 2023	December 31, 2022	June 30, 2022
Restricted demand deposits (Note)	$ 61,237	$ 60,064	$ 67,888
Restricted time deposits	8,700	8,700	-
Time deposits with maturity of over 3 months	8,236	8,046	16,461
	$ 78,173	$ 76,810	$ 84,349

Note: The demand deposits were restricted due to the Group’s application of repatriating offshore funds according to “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act”.

A. The Group recognized interest income of $425, $36, $470 and $47 from financial assets at amortized cost for the three-month and six-month periods ended June 30, 2023 and 2022, respectively, shown as part of “Interest Income”.

B. As of June 30, 2023, December 31, 2022 and June 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was its book value.

C. For more information about the Group's time deposits pledged to others as collateral as of June 30, 2023 and December 31, 2022, refer to Note 8, 'Pledged assets'. There was no such situation as of June 30, 2022.

D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2), 'Financial instruments'. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable, net

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	$ 6,163	$ 13,930	$ 16,459

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	$ 257,656	$ 298,134	$ 342,027
Less: Allowance for doubtful accounts	(16,402)	(16,325)	(16,175)
	$ 241,254	$ 281,809	$ 325,852

A. The ageing analysis of the Group's notes and accounts receivable is as follows:

	June 30, 2023		December 31, 2022		June 30, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 5,992	$ 193,117	$ 13,754	$ 226,438	$ 16,282	$ 272,828
Up to 30 days	-	20,974	-	20,364	-	21,174
31 to 90 days	-	15,127	-	26,445	-	24,439
91 to 180 days	-	12,792	-	8,408	-	7,804
Over 180 days	171	15,646	176	16,479	177	15,782
	$ 6,163	$ 257,656	$ 13,930	$ 298,134	$ 16,459	$ 342,027

The above ageing analysis was based on past due date.

B. As of January 1, 2022, the balances of notes receivable and accounts receivable from contracts with customers amounted to $463,695.

C. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was its book value.

D. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group does not hold any collateral as security for accounts receivable.

E. Information relating to credit risk is provided in Note 12(2), 'Financial instruments'.

(4) Inventories

	June 30, 2023		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 57,773	($ 4,101)	$ 53,672
Supplies	89,077	(15,395)	73,682
Work in process	299,207	(18,891)	280,316
Finished goods	304,086	(37,428)	266,658
	$ 750,143	($ 75,815)	$ 674,328

	December 31, 2022		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 68,489	($ 2,975)	$ 65,514
Supplies	93,540	(13,426)	80,114
Work in process	236,998	(20,717)	216,281
Finished goods	314,600	(40,868)	273,732
	$ 713,627	($ 77,986)	$ 635,641

	June 30, 2022		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 70,835	($ 3,361)	$ 67,474
Supplies	97,337	(11,877)	85,460
Work in process	245,856	(19,991)	225,865
Finished goods	182,334	(36,751)	145,583
	$ 596,362	($ 71,980)	$ 524,382

The cost of inventories recognized as expense for the period:

	For the three-month periods ended June 30,	
	2023	2022
Cost of goods sold	$ 153,458	$ 251,133
(Reversal of) loss on inventory market price decline (Note)	(540)	261
(Gain) loss on physical inventory	(73)	120
Revenue from sale of scraps	(138)	(168)
	$ 152,707	$ 251,346

	For the six-month periods ended June 30,	
	2023	2022
Cost of goods sold	$ 330,886	$ 481,309
(Reversal of) loss on inventory market price decline (Note)	(1,368)	2,396
(Gain) loss on physical inventory	(291)	266
Revenue from sale of scraps	(443)	(371)
	$ 328,784	$ 483,600

Note: For the three-month and six-month periods ended June 30, 2023, the Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because of the recovery of demand for some products, the average cost of inventory decreased due to the increase in production capacity.

(5) Property, plant and equipment

At January 1, 2023	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements and other equipment	Construction in progress and equipment before acceptance inspection	Total
Cost	$ 399,025	$ 766,458	$ 967,522	$ 4,386	$ 23,461	$ 177,643	$ 816,430	$ 3,154,925
Accumulated depreciation	-	(211,231)	(896,856)	(3,278)	(21,432)	(160,390)	-	(1,293,187)
	$ 399,025	$ 555,227	$ 70,666	$ 1,108	$ 2,029	$ 17,253	$ 816,430	$ 1,861,738

Six-month period ended June 30, 2023	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements and other equipment	Construction in progress and equipment before acceptance inspection	Total
At January 1, 2023	$ 399,025	$ 555,227	$ 70,666	$ 1,108	$ 2,029	$ 17,253	$ 816,430	$ 1,861,738
Additions	810	976	6,220	148	1,098	143	41,087	50,482
Transferred from prepayments for equipment	-	-	-	-	-	-	19,271	19,271
Transferred after acceptance inspection	-	1,504	12,632	-	-	291	(14,427)	-
Depreciation	-	(11,421)	(15,515)	(315)	(1,233)	(5,375)	-	(33,859)
Disposals－Cost	-	(1,232)	(24,818)	-	(344)	(1,399)	-	(27,793)
－Accumulated depreciation	-	1,232	24,818	-	344	1,399	-	27,793
Net currency exchange differences	1,710	1,529	203	3	(2)	39	-	3,482
At June 30, 2023	$ 401,545	$ 547,815	$ 74,206	$ 944	$ 1,892	$ 12,351	$ 862,361	$ 1,901,114

At June 30, 2023	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements and other equipment	Construction in progress and equipment before acceptance inspection	Total
Cost	$ 401,545	$ 769,707	$ 962,175	$ 4,522	$ 24,321	$ 176,799	$ 862,361	$ 3,201,430
Accumulated depreciation	-	(221,892)	(887,969)	(3,578)	(22,429)	(164,448)	-	(1,300,316)
	$ 401,545	$ 547,815	$ 74,206	$ 944	$ 1,892	$ 12,351	$ 862,361	$ 1,901,114

At January 1, 2022	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements and other equipment	Construction in progress and equipment before acceptance inspection	Total
Cost	$ 365,709	$ 748,444	$ 957,336	$ 5,747	$ 22,229	$ 175,530	$ 659,736	$ 2,934,731
Accumulated depreciation	-	(186,939)	(864,267)	(4,110)	(20,147)	(148,082)	-	(1,223,545)
	$ 365,709	$ 561,505	$ 93,069	$ 1,637	$ 2,082	$ 27,448	$ 659,736	$ 1,711,186
Six-month period ended June 30, 2022								
At January 1, 2022	$ 365,709	$ 561,505	$ 93,069	$ 1,637	$ 2,082	$ 27,448	$ 659,736	$ 1,711,186
Additions	-	2,133	2,678	-	1,011	576	19,909	26,307
Transferred from prepayments for equipment	-	-	-	-	-	-	27,552	27,552
Transferred after acceptance inspection	-	726	-	-	-	51	(777)	-
Depreciation	-	(10,870)	(16,539)	(291)	(618)	(6,636)	-	(34,954)
Disposals－Cost	-	-	-	(1,440)	(37)	(85)	-	(1,562)
－Accumulated depreciation	-	-	-	1,440	37	85	-	1,562
Net currency exchange differences	3,600	7,612	(5)	2	46	(9)	-	11,246
At June 30, 2022	$ 369,309	$ 561,106	$ 79,203	$ 1,348	$ 2,521	$ 21,430	$ 706,420	$ 1,741,337
At June 30, 2022								
Cost	$ 369,309	$ 760,742	$ 960,423	$ 4,325	$ 23,321	$ 176,053	$ 706,420	$ 3,000,593
Accumulated depreciation	-	(199,636)	(881,220)	(2,977)	(20,800)	(154,623)	-	(1,259,256)
	$ 369,309	$ 561,106	$ 79,203	$ 1,348	$ 2,521	$ 21,430	$ 706,420	$ 1,741,337

A. Property, plant and equipment of the Group were all for operating purposes as of June 30, 2023, December 31, 2022 and June 30, 2022.

B. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	For the six-month periods ended June 30,	
	2023	2022
Amount capitalized	$ 3,114	$ -
Range of the interest rates for capitalization	1.63%	-

For the three-month periods ended June 30, 2023 and 2022, no borrowing costs were capitalized as part of property, plant and equipment.

C. Information about the property, plant and equipment that were pledged to others as collateral as of June 30, 2023, December 31, 2022 and June 30, 2022 is provided in Note 8, 'Pledged assets'.

(6) Leasing arrangements－lessee

A. The Group leases land in Southern Taiwan Science Park Bureau of the Ministry of Science and Technology. Rental contracts are typically made for a period of 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

Carrying amount:

	June 30, 2023	December 31, 2022	June 30, 2022
Land	$ 79,622	$ 123,913	$ 127,259

Depreciation charge:

	For the three-month periods ended June 30,	
	2023	2022
Land	$ 1,076	$ 1,672

	For the six-month periods ended June 30,	
	2023	2022
Land	$ 2,151	$ 3,345

C. For the six-month periods ended June 30, 2023 and 2022, there were no additions to right-of-use assets; revaluations to right-of-use assets were ($42,140) and $7,227, respectively.

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

	For the three-month periods ended June 30,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 382	$ 593
Expense on short-term lease contracts	$ 3,132	$ 3,104

	For the six-month periods ended June 30,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 767	$ 1,192
Expense on short-term lease contracts	$ 5,959	$ 6,109

E. For the six-month periods ended June 30, 2023 and 2022, the Group's total cash outflow for leases were $8,522 and $10,095, respectively.

(7) Intangible assets

	Trademarks	Patents	Software	Turn-key professional technique	Others	Total
At January 1, 2023						
Cost	$ 685	$ 12,103	$ 13,336	$ 90,718	$ 60,000	$ 176,842
Accumulated amortization	(584)	(5,144)	(12,820)	(27,216)	(13,500)	(59,264)
Accumulated impairment	-	-	-	-	(46,500)	(46,500)
Net value	$ 101	$ 6,959	$ 516	$ 63,502	$ -	$ 71,078
Six-month period ended June 30, 2023						
Net value at January 1, 2023	$ 101	$ 6,959	$ 516	$ 63,502	$ -	$ 71,078
Additions－acquired separately	-	581	103	-	-	684
Amortization	(5)	(374)	(115)	(4,535)	-	(5,029)
Net value at June 30, 2023	$ 96	$ 7,166	$ 504	$ 58,967	$ -	$ 66,733
At June 30, 2023						
Cost	$ 685	$ 12,684	$ 13,516	$ 90,718	$ 60,000	$ 177,603
Accumulated amortization	(589)	(5,518)	(13,012)	(31,751)	(13,500)	(64,370)
Accumulated impairment	-	-	-	-	(46,500)	(46,500)
Net value	$ 96	$ 7,166	$ 504	$ 58,967	$ -	$ 66,733

	Trademarks	Patents	Software	Turn-key professional technique	Others	Total
At January 1, 2022						
Cost	$ 578	$ 11,333	$ 12,712	$ 90,718	$ 60,000	$ 175,341
Accumulated amortization	(578)	(4,430)	(12,613)	(18,144)	(13,500)	(49,265)
Accumulated impairment	-	-	-	-	(46,500)	(46,500)
Net value	$ -	$ 6,903	$ 99	$ 72,574	$ -	$ 79,576
Six-month period ended June 30, 2022						
Net value at January 1, 2022	$ -	$ 6,903	$ 99	$ 72,574	$ -	$ 79,576
Additions－acquired separately	65	321	-	-	-	386
Amortization	(1)	(355)	(28)	(4,536)	-	(4,920)
Net value at June 30, 2022	$ 64	$ 6,869	$ 71	$ 68,038	$ -	$ 75,042
At June 30, 2022						
Cost	$ 643	$ 11,654	$ 12,693	$ 90,718	$ 60,000	$ 175,708
Accumulated amortization	(579)	(4,785)	(12,622)	(22,680)	(13,500)	(54,166)
Accumulated impairment	-	-	-	-	(46,500)	(46,500)
Net value	$ 64	$ 6,869	$ 71	$ 68,038	$ -	$ 75,042

A. For the three-month and six-month periods ended June 30, 2023 and 2022, no borrowing costs were capitalized as part of intangible assets.

B. Details of amortization on intangible assets are as follows:

	For the three-month periods ended June 30, 2023	2022
General and administrative expenses	$ 6	$ 5
Research and development expenses	2,514	2,455
	$ 2,520	$ 2,460

	For the six-month periods ended June 30, 2023	2022
General and administrative expenses	$ 6	$ 12
Research and development expenses	5,023	4,908
	$ 5,029	$ 4,920

(8) Short-term borrowings

Nature	June 30, 2023	Interest rate range	Collateral
Bank unsecured borrowings	$ 325,000	1.41%~1.81%	None

Nature	December 31, 2022	Interest rate range	Collateral
Bank unsecured borrowings	$ 225,000	0.87%~1.40%	None

Nature	June 30, 2022	Interest rate range	Collateral
Bank unsecured borrowings	$ 240,000	0.51%~1.10%	None

For more information about interest expense recognized by the Group for the three-month and six-month periods ended June 30, 2023 and 2022, refer to Note 6(19), 'Finance costs'.

(9) Other payables

	June 30, 2023	December 31, 2022	June 30, 2022
Dividends payable	$ 174,524	$ -	$ 121,114
Accrued salaries and bonuses	56,769	71,127	67,731
Employees' compensation and directors' remuneration payable	30,254	22,500	42,202
Equipment payable	6,633	4,405	2,948
Miscellaneous payable	5,259	6,422	7,034
Others	44,795	60,458	68,615
	$ 318,234	$ 164,912	$ 309,644

(10) Long-term borrowings

Nature	Expiry date	June 30, 2023	Interest rate range	Collateral
Long-term bank borrowings				
Secured borrowings	March 20, 2025～ December 28, 2027	$ 548,075	1.73%～ 2.81%	Land, buildings and structures
Unsecured borrowings	February 25, 2025～ May 15, 2027	295,208	1.84%～ 2.11%	None
		843,283		
Less: Current portion		(210,009)		
		$ 633,274		

Nature	Expiry date	December 31, 2022	Interest rate range	Collateral
Long-term bank borrowings				
Secured borrowings	March 20, 2025～ December 28, 2027	$ 573,160	1.48%～ 2.81%	Land, buildings and structures
Unsecured borrowings	February 25, 2025～ May 15, 2027	210,000	1.71%～ 1.81%	None
		783,160		
Less: Current portion		(140,494)		
		$ 642,666		

Nature	Expiry date	June 30, 2022	Interest rate range	Collateral
Long-term bank borrowings				
Secured borrowings	March 20, 2025～ December 28, 2028	$ 484,141	1.30%～ 2.81%	Land, buildings and structures
Unsecured borrowings	November 20, 2023～ May 15, 2027	185,000	1.32%～ 1.41%	None
		669,141		
Less: Current portion		(86,758)		
		$ 582,383		

For more information about interest expense recognized by the Group for the three-month and six-month periods ended June 30, 2023 and 2022, refer to Note 6(19), ‘Finance costs’.

(11) Pensions

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

(b) No pension cost was recognized under the aforementioned defined benefit pension plan of the Company for the three-month and six-month periods ended June 30, 2023 and 2022.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to $297.

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The other subsidiaries are subject to local government sponsored defined contribution plan. In accordance with related laws of the respective local government, the independent pension fund of employees is administered by the government. Other than the monthly contributions, these subsidiaries do not have further obligations. The pension costs under the defined contribution pension plans of the Group for the three-month and six-month periods ended June 30, 2023 and 2022 were $3,897, $4,979, $8,414 and $10,057, respectively.

(12) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	For the six-month periods ended June 30,	
	2023	2022
Balance at beginning and end of period	87,262	80,743

B. On May 27, 2022, the Company's stockholders adopted a resolution to issue shares of common stock due to capitalization of retained earnings of $80,743 and obtained approval from the SFC. The effective date of capitalization was set on September 4, 2022.

C. Treasury stocks

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

	Balance at beginning and end of the six-month periods ended June 30,	
Reason for reacquisition	2023	2022
To be reissued to employees	2,000	445

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

As of June 30, 2023, December 31, 2022 and June 30, 2022, the treasury shares amounted to $147,570, $147,570 and $26,550, respectively.

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

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should be reissued to the employees within 5 years from the reacquisition date and shares not reissued within the 5 year period are to be retired.

D. As of June 30, 2023, the Company's authorized capital was $1,500,000 (including $30,000 reserved for employee stock options), and the paid-in capital was $892,619 (89,262 thousand shares) with par value of $10 (in dollars) per share.

(13) Capital reserve

For the six-month period ended June 30, 2023	Share premium	Treasury share transactions	Others	Total
Balances at beginning and end of period	$ 440,553	$ 5,454	$ 114	$ 446,121

For the six-month period ended June 30, 2022	Share premium	Others	Total
Balances at beginning and end of period	$ 440,553	$ 114	$ 440,667

Pursuant to the R.O.C. Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the

Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital reserve to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(14) Retained earnings

A. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.

B. According to the Company's Articles of Incorporation, the Company's dividend policy is to distribute the current year's earnings, if any, in the following order:

(1) pay all taxes and dues;

(2) offset any loss of prior years;

(3) set aside 10% as legal reserve;

(4) set aside or reverse special reserve as required by regulations or the Competent Authority;

(5) The appropriation of the remaining amount after deducting items (1) to (4), along with the unappropriated retained earnings of prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the shareholders' meeting. However, the distribution of dividends shall not be lower than 20% of the current year's profit after deducting items (1) to (4). In order to continually expand the scale of operations, increase competitiveness and support the Company's long-term development plans, future capital requirements and long-term financial plan, the Company's dividend policy is to distribute stock dividends and partially as cash dividends. Cash dividends shall not be less than 10% of the total dividends distributed to shareholders. The Board of Directors of the Company shall adopt a resolution by a majority of more than two-thirds of the directors present to distribute whole or a part of the distributable dividends, bonuses, capital reserves or legal reserve in the form of cash, and report to the shareholders during their meetings. The above is not subject to provisions that require shareholders' approval.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. As of December 31, 2022, pursuant to the regulations for the deduction amount to stockholders' equity from other equity items, the Company has set aside special reserve of $24,491, which cannot be distributed to shareholders.

D. The Company recognized cash dividends distributed to owners amounting to $174,524 ($2.0 (in dollars) per share) and $121,114 ($1.5 (in dollars) per share) for the six-month periods ended June 30, 2023 and 2022, respectively. On May 27, 2022, the Company's stockholders resolved the distribution of stock dividends from 2021 earnings in the amount of $80,743 ($1.0 (in dollars) per share).

(15) Operating revenue

	For the three-month periods ended June 30,	
	2023	2022
Revenue from contracts with customers	$ 285,978	$ 451,641

	For the six-month periods ended June 30,	
	2023	2022
Revenue from contracts with customers	$ 593,241	$ 845,076

A. The Group derives revenue from the transfer of goods at a point in time in segments. Refer to Note 14, 'Segment information' for details.

B. The Group has recognized revenue-related contract liabilities amounting to $512, $664, $3,473 and $2,626 as of June 30, 2023, December 31, 2022, June 30, 2022 and January 1, 2022, respectively. Revenue recognized that were included in the contract liability balance at the beginning of 2023 and 2022 for the three-month and six-month periods ended June 30, 2023 and 2022 were $－, $－, $452 and $1,174, respectively.

(16) Interest income

	For the three-month periods ended June 30,	
	2023	2022
Interest income from bank deposits	$ 2,621	$ 689
Interest income from financial assets measured at amortized cost	425	36
	$ 3,046	$ 725

	For the six-month periods ended June 30,	
	2023	2022
Interest income from bank deposits	$ 3,154	$ 1,146
Interest income from financial assets measured at amortized cost	470	47
	$ 3,624	$ 1,193

(17) Other income

	For the three-month periods ended June 30,	
	2023	2022
Other income – others	$ 881	$ 630

	For the six-month periods ended June 30,	
	2023	2022
Other income – others	$ 4,488	$ 1,619

(18) Other gains and losses

	For the three-month periods ended June 30,	
	2023	2022
Currency exchange gain	$ 14,993	$ 6,349
Other losses	(1)	(163)
	$ 14,992	$ 6,186

	For the six-month periods ended June 30,	
	2023	2022
Currency exchange gain	$ 16,368	$ 28,799
Gain on disposal of property, plant and equipment	-	19
Other losses	(30)	(1)
	$ 16,338	$ 28,817

(19) Finance costs

	For the three-month periods ended June 30,	
	2023	2022
Interest expense:		
Interest expense on bank borrowings	$ 4,816	$ 3,014
Interest expense on lease liabilities	382	593
	$ 5,198	$ 3,607

	For the six-month periods ended June 30,	
	2023	2022
Interest expense:		
Interest expense on bank borrowings	$ 9,839	$ 6,035
Interest expense on lease liabilities	767	1,192
Less: Capitalization of qualifying assets	(3,114)	-
	$ 7,492	$ 7,227

(20) Expenses by nature

	For the three-month period ended June 30, 2023		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 56,599	$ 44,630	$ 101,229
Depreciation	10,792	6,515	17,307
Amortization	-	2,520	2,520
	$ 67,391	$ 53,665	$ 121,056

	For the three-month period ended June 30, 2022		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 82,277	$ 49,421	$ 131,698
Depreciation	12,135	6,552	18,687
Amortization	-	2,460	2,460
	$ 94,412	$ 58,433	$ 152,845

	For the six-month period ended June 30, 2023		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 112,959	$ 89,535	$ 202,494
Depreciation	21,760	14,250	36,010
Amortization	-	5,029	5,029
	$ 134,719	$ 108,814	$ 243,533

	For the six-month period ended June 30, 2022		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 164,183	$ 95,780	$ 259,963
Depreciation	24,656	13,643	38,299
Amortization	-	4,920	4,920
	$ 188,839	$ 114,343	$ 303,182

(21) Employee benefit expense

	For the three-month period ended June 30, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	$ 43,656	$ 39,577	$ 83,233
Labor and health insurance expense	8,293	2,385	10,678
Pension costs	2,410	1,487	3,897
Other personnel expenses	2,240	1,181	3,421
	$ 56,599	$ 44,630	$ 101,229

	For the three-month period ended June 30, 2022		
	Operating cost	Operating expense	Total
Wages and salaries	$ 69,078	$ 44,479	$ 113,557
Labor and health insurance expense	7,127	2,231	9,358
Pension costs	3,470	1,509	4,979
Other personnel expenses	2,602	1,202	3,804
	$ 82,277	$ 49,421	$ 131,698

	For the six-month period ended June 30, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	$ 89,919	$ 78,907	$ 168,826
Labor and health insurance expense	12,834	5,381	18,215
Pension costs	5,516	2,898	8,414
Other personnel expenses	4,690	2,349	7,039
	$ 112,959	$ 89,535	$ 202,494

	For the six-month period ended June 30, 2022		
	Operating cost	Operating expense	Total
Wages and salaries	$ 137,698	$ 85,289	$ 222,987
Labor and health insurance expense	14,260	4,943	19,203
Pension costs	7,022	3,035	10,057
Other personnel expenses	5,203	2,513	7,716
	$ 164,183	$ 95,780	$ 259,963

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 3% to 15% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the three-month and six-month periods ended June 30, 2023 and 2022, the Company's employees' compensation were $3,813, $6,729, $6,462 and $12,668, respectively; while directors' remuneration were $762, $1,347, $1,292 and $2,534, respectively. The aforementioned amounts were recognized in salary expenses and were estimated and accrued based on the profit as of the end of the reporting period and the percentage specified in the Articles of Incorporation of the Company.

The employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were $18,500 and $4,000, respectively, and the employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were equal to the amounts recognized in the 2022 financial statements. The employees' compensation will be distributed in the form of cash.

Information about the appropriation of employees' compensation and directors' remuneration of the Company as proposed by the Board of Directors is posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income tax

A. Income tax expense:

Components of income tax expense:

	For the three-month periods ended June 30, 2023	For the three-month periods ended June 30, 2022
Current income tax:		
Income tax incurred in current period	$ 16,881	$ 25,396
Prior year income tax under (over) estimation	2,024	(1,530)
Total current income tax	18,905	23,866
Deferred income tax:		
Origination and reversal of temporary differences	(2,517)	(815)
Income tax expense	$ 16,388	$ 23,051

	For the six-month periods ended June 30, 2023	For the six-month periods ended June 30, 2022
Current income tax:		
Income tax incurred in current period	$ 27,447	$ 44,510
Prior year income tax under (over) estimation	2,024	(1,530)
Total current income tax	29,471	42,980
Deferred income tax:		
Origination and reversal of temporary differences	(2,302)	930
Income tax expense	$ 27,169	$ 43,910

B. The Company's income tax returns through 2021, except for 2020 income tax return, have been assessed and approved by the Tax Authority. There were no disputes existing between the Company and the Tax Authority as of August 4, 2023.

(23) Earnings per share ("EPS")

	For the three-month period ended June 30, 2023				
	Amount after tax		Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)	
Basic earnings per share					
Profit attributable to ordinary shareholders of the parent	$	44,031	87,262	$	0.50
Diluted earnings per share					
Profit attributable to ordinary shareholders of the parent	$	44,031	87,262		
Assumed conversion of all dilutive potential ordinary shares Employees' compensation		-	90		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$	44,031	87,352	$	0.50

	For the three-month period ended June 30, 2022				
	Amount after tax		Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)	
Basic earnings per share					
Profit attributable to ordinary shareholders of the parent	$	90,664	88,817	$	1.02
Diluted earnings per share					
Profit attributable to ordinary shareholders of the parent	$	90,664	88,817		
Assumed conversion of all dilutive potential ordinary shares Employees' compensation		-	173		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$	90,664	88,990	$	1.02

	For the six-month period ended June 30, 2023		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 81,178	87,262	$ 0.93
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 81,178	87,262	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	113	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 81,178	87,375	$ 0.93

	For the six-month period ended June 30, 2022		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 163,528	88,817	$ 1.84
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 163,528	88,817	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	212	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 163,528	89,029	$ 1.84

The abovementioned weighted average number of shares outstanding was retrospectively adjusted proportionately to the capitalized amount of unappropriated earnings for the year ended December 31, 2021.

(24) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the six-month periods ended June 30, 2023	2022
Purchase of property, plant and equipment	$ 50,482	$ 26,307
Add: Opening balance of notes payable	22,828	35,637
Opening balance of payable for equipment	4,405	15,207
Less: Ending balance of notes payable	(2,629)	(1,982)
Ending balance of payable for equipment	(6,633)	(2,948)
Capitalization of interest	(3,114)	-
Cash paid during the period	$ 65,339	$ 72,221

B. Investing and financing activities with no cash flow effects

	For the six-month periods ended June 30, 2023	2022
(a) Prepayments for equipment reclassified to property, plant and equipment	$ 19,271	$ 27,552

	For the six-month periods ended June 30, 2023	2022
(b) Cash dividends appropriation	$ 174,524	$ 121,114
Less: Ending balance of cash dividends payable (listed as 'other payables')	(174,524)	(121,114)
Cash outflows for cash dividends appropriation	$ -	$ -

(25) Changes in liabilities from financing activities

	Short-term borrowings	Lease liability	Long-term borrowings	Liabilities from financing activities-gross
At January 1, 2023	$ 225,000	$ 128,201	$ 783,160	$ 1,136,361
Changes in cash flow from financing activities	100,000	(1,796)	58,933	157,137
Changes in cash flow from other non-financing activities	-	(42,140)	-	(42,140)
Impact of changes in foreign exchange rate	-	-	1,190	1,190
At June 30, 2023	$ 325,000	$ 84,265	$ 843,283	$ 1,252,548

	Short-term borrowings	Lease liability	Long-term borrowings	Liabilities from financing activities-gross
At January 1, 2022	$ 230,000	$ 126,586	$ 703,138	$ 1,059,724
Changes in cash flow from financing activities	10,000	(2,794)	(39,905)	(32,699)
Changes in cash flow from other non-financing activities	-	7,227	-	7,227
Impact of changes in foreign exchange rate	-	-	5,908	5,908
At June 30, 2022	$ 240,000	$ 131,019	$ 669,141	$ 1,040,160

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

None.

(2) Key management compensation

	For the three-month periods ended June 30, 2023	For the three-month periods ended June 30, 2022
Salaries and other short-term employee benefits	$ 8,025	$ 7,153

	For the six-month periods ended June 30, 2023	For the six-month periods ended June 30, 2022
Salaries and other short-term employee benefits	$ 15,965	$ 14,311

8. PLEDGED ASSETS

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

	Book value			
Asset pledged	June 30, 2023	December 31, 2022	June 30, 2022	Purpose of collateral
Restricted time deposits (Note 1)	$ 8,700	$ 8,700	$ -	Performance guarantee
Land (Note 2)	371,815	371,056	369,309	Guarantee for long-term borrowings
Buildings and structures-net (Note 2)	529,610	535,302	538,889	Guarantee for long-term borrowings
	$ 910,125	$ 915,058	$ 908,198	

(Note 1) Listed as 'Financial assets at amortized cost - current'.

(Note 2) Listed as 'Property, plant and equipment'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group's remaining balance due for construction in progress and prepayments for equipment were $89,035, $208,203 and $168,523, respectively.

(2) On February 19, 2020, the Company entered into a mid-term secured syndicated loan contract for a credit line facility of $2,900,000 with 11 financial institutions including Mega International Commercial Bank Co., Ltd. The credit term is 7 years. Under the terms of the syndicated loan, the Company agrees that:

A. The financial ratios stated in the Company's semi-annual reviewed financial statements and annual audited financial statements shall meet the following financial ratios which will be assessed semi-annually:

(a) Current ratio (current assets/current liabilities): At least 100%.

(b) Liability ratio (total liabilities/net equity): Less than 220% in 2020; less than 200% in 2021 and 2022; less than 180% from 2023.

(c) Tangible net value (shareholders' equity less intangible assets): At least $1,000,000.

B. If the Company violates the above financial covenants, the Company should improve within 9 months after the fiscal year or half fiscal year. It will not be considered as default, if the audited or reviewed financial ratios comply with the covenants after the improvement period. During the improvement period, the credit line which has not been withdrawn will be frozen, until the financial covenants are met. In addition, for withdrawn credit, its financing rate shall be increased by an additional 0.125% per annum from the date after the notification by the management bank to the date after the completion of improvement.

As of June 30, 2023, the Company has not violated any of the above covenants.

(3) For the details of operating lease agreements, refer to Note 6(6), 'Leasing arrangements－lessee'.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce the level of debt.

(2) Financial instruments

A. Details of the Group's financial instruments by category are provided in Note 6.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

(i) The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries denominated in various functional currency, primarily with respect to USD, EUR and JPY. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

(ii) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

(iii) The Group treasury's risk management policy is to hedge anticipated cash flows (mainly sale export and purchase of inventory) in the major foreign currency in the future so as to decrease the risk exposure in the major foreign currency.

(iv) The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, as the objective of the net investments in foreign operations is for strategic purposes, the Group does not hedge the investments.

(v) The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD, the subsidiaries' functional currency: USD, EUR and CNY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	June 30, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 16,947	31.14	$ 527,734
JPY:NTD	89,305	0.215	19,201
EUR:NTD	2,972	33.81	100,483
Financial liabilities			
Monetary items			
JPY:NTD	5,071	0.215	1,090
EUR:NTD	573	33.81	19,362

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 11,932	30.71	$ 366,439
JPY:NTD	31,630	0.2324	7,351
EUR:NTD	2,633	32.72	86,156
Financial liabilities			
Monetary items			
JPY:NTD	5,187	0.2324	1,205
EUR:NTD	801	32.72	26,411

	June 30, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 20,318	29.72	$ 603,841
JPY:NTD	57,797	0.2182	12,611
EUR:NTD	4,870	31.05	151,227
Financial liabilities			
Monetary items			
EUR:NTD	929	31.05	28,845

Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If the exchange rate of NTD to other currencies had appreciated/depreciated by 1% with all other factors remaining constant, the Group's net (loss) profit after tax for the six-month periods ended June 30, 2023 and 2022 would increase/decrease by $5,016 and $5,911, respectively.

(vi) The total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six-month periods ended June 30, 2023 and 2022 amounted to $14,993, $6,349, $16,368 and $28,799, respectively.

II. Price risk

The Group did not engage in any financial instruments with price variations, thus, the Group does not expect market risk arising from variations in the market prices.

III. Cash flow and fair value interest rate risk

(i) The Group's main interest rate risk arises from short-term and long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. However, partial interest rate risk is offset by cash and cash equivalents held at variable rates. For the six-month periods ended June 30, 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in NTD and USD.

(ii) The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

(iii) If the borrowing interest rate had increased/decreased by 10% with all other variables held constant, profit, net of tax for the six-month periods ended June 30, 2023 and 2022 would have decreased/increased by $787 and $483, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

II. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored.

III. The Group manages its credit risk, whereby if the contract payments are past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition and the impairment is assessed when the contract payments are past due over certain days.

IV. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group's written-off financial assets that are still under recourse procedures amounted to $3,895.

V. The Group classifies customers' accounts receivable in accordance with the credit rating of customers and credit risk on trade. The Group applies the simplified approach using the provision matrix and the forecast ability to adjust historical and timely information to estimate expected credit loss. The expected credit loss ranges from 0.03% to 100%. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the six-month periods ended June 30,	
	2023	2022
	Accounts receivable	Accounts receivable
At January 1	$ 16,325	$ 15,941
Provision for (reversal of) impairment	448	(52)
Effect of foreign exchange	(371)	286
At June 30	$ 16,402	$ 16,175

(c) Liquidity risk

I. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

II. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. The Group is expected to readily generate cash inflows for managing liquidity risk.

III. The Group has the following undrawn borrowing facilities:

	June 30, 2023	December 31, 2022	June 30, 2022
Floating rate:			
Expiring within one year	$ 775,000	$ 875,000	$ 890,200
Expiring beyond one year	2,520,000	2,620,000	2,760,000
	$ 3,295,000	$ 3,495,000	$ 3,650,200

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

June 30, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 325,717	$ -	$ -	$ -
Notes payable	91,081	-	-	-
Accounts payable	40,597	-	-	-
Other payables	318,234	-	-	-
Lease liability	5,126	5,126	15,378	74,323
Long-term borrowings (including current portion)	222,890	281,142	372,182	-

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 226,413	$ -	$ -	$ -
Notes payable	160,497	-	-	-
Accounts payable	46,525	-	-	-
Other payables	164,912	-	-	-
Lease liability	7,970	7,970	23,909	11,576
Long-term borrowings (including current portion)	153,269	219,606	45,870	-

June 30, 2022	Less than 1 year		Between 1 and 2 years		Between 2 and 5 years		More than 5 years
Non-derivative financial liabilities:							
Short-term borrowings	$	240,398	$	-	$	-	$ -
Notes payable		135,746		-		-	-
Accounts payable		78,709		-		-	-
Other payables		309,644		-		-	-
Lease liability		7,970		7,970		23,909	115,562
Long-term borrowings (including current portion)		96,415		170,464		360,822	72,687

V. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group had no fair value financial instruments.

B. Financial instruments not measured at fair value

The carrying amounts of the Group’s financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortized cost - current, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings (including current portion)) are approximate to their fair values.

13. SUPPLEMENTARY DISCLOSURES

(According to the regulatory requirement, only information for the six-month period ended June 30, 2023 is disclosed.)

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Group’s paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Refer to table 1.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 2.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 3.

I. Trading in derivative instruments undertaken during the reporting period: None.

J. Significant inter-company transactions during the reporting period: Refer to table 4.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 7.

(4) Major shareholders information

Major shareholders information: Refer to table 8.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the operating segments based on how the Group's chief operating decision maker regularly reviews information in order to make decisions.

(2) Information about segment profit or loss, assets and liabilities

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

	For the six-month period ended June 30, 2023					
	CHIEFTEK PRECISION	Chieftek (Kunshan)	cpc Europa	cpc USA	Others	Total
Segment revenue	$ 457,784	$ 65,000	$ 210,414	$ 101,053	$ 5,454	$ 839,705
Inter-segment revenue	240,889	-	122	-	5,454	246,465
External revenue	216,895	65,000	210,293	101,053	-	593,241
Interest income	2,698	803	2	95	26	3,624
Depreciation and amortization	36,769	86	1,124	1,420	1,640	41,039
Capital expenditures	55,887	-	5,087	-	-	60,974
Interest expense	6,284	-	-	-	1,208	7,492
Segment pre-tax income	99,943	3,245	23,884	11,022	1,005	139,099
Segment assets	3,339,020	195,178	252,304	104,151	202,538	4,093,191
Segment liabilities	1,637,688	3,633	30,616	3,620	86,909	1,762,466

	For the six-month period ended June 30, 2022					
	CHIEFTEK PRECISION	Chieftek (Kunshan)	cpc Europa	cpc USA	Others	Total
Segment revenue	$ 698,510	$121,935	$ 231,104	$ 121,755	$ 5,133	$ 1,178,437
Inter-segment revenue	328,016	-	212	-	5,133	333,361
External revenue	370,494	121,935	230,892	121,755	-	845,076
Interest income	151	981	-	42	19	1,193
Depreciation and amortization	39,984	84	756	852	1,543	43,219
Capital expenditures	33,475	69	115	439	-	34,098
Interest expense	6,049	-	-	-	1,178	7,227
Segment pre-tax income	195,941	10,654	17,926	22,962	906	248,389
Segment assets	3,211,943	312,765	160,888	104,184	195,074	3,984,854
Segment liabilities	1,511,975	11,618	27,422	3,336	85,539	1,639,890

(3) Reconciliation for segment income

Sales between segments are carried out at arm’s length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segments pre-tax income to profit before income tax from continuing operations is provided as follows:

	For the six-month periods ended June 30,	
	2023	2022
Reportable segments pre-tax income	$ 138,094	$ 247,483
Other segments pre-tax gain	1,005	906
Inter segments gain	(30,752)	(40,951)
Profit before income tax	$ 108,347	$ 207,438

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

For the six-month period ended June 30, 2023

Table 1

Expressed in thousands of NTD

							If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:						
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
CHIEFTEK PRECISION CO., LTD.	Sugu new factory construction phase II	May 17, 2019	$ 467,579	$ 467,579	Hong Sheng Construction Corp.	—	—	—	—	$ -	Negotiation	Building for operation use Completed and awaiting acceptance	—

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the six-month period ended June 30, 2023

Table 2

Expressed in thousands of NTD

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH	Subsidiary	(Sales)	($ 131,019)	(29%)	(Note 1)	$ -	(Note 2)	$ 166,014	51%	—
cpc Europa GmbH	CHIEFTEK PRECISION CO., LTD.	Parent company	Purchases	131,019	90%	(Note 1)	-	(Note 3)	(166,014)	(100%)	—

(Note 1) 180 days after monthly-closing, T/T.

(Note 2) The Company's collection terms to third parties are 30 to 180 days after monthly statements.

(Note 3) The Company's payment terms to third parties are 30 to 60 days after monthly statements.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

June 30, 2023

Table 3

Expressed in thousands of NTD

Creditor	Counterparty	Relationship with the counterparty	Balance as of June 30, 2023	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH	Subsidiary	$ 166,014	1.49	$ -	—	$ 26,513	$ -

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the six-month period ended June 30, 2023

Table 4

Expressed in thousands of NTD

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH	1	Sales revenue	($ 131,019)	180 days after monthly-closing, T/T	(22%)
				Accounts receivable	166,014	–	4%
		CHIEFTEK PRECISION USA CO., LTD.	1	Sales revenue	(42,310)	180 days after monthly-closing, T/T	(7%)
				Accounts receivable	8,354	–	–
		Chieftek Machinery (Kunshan) Co., Ltd.	1	Sales revenue	(67,560)	180 days after monthly-closing, T/T	(11%)
				Accounts receivable	31,151	–	1%
1	CHIEFTEK PRECISION USA CO., LTD.	CHIEFTEK PRECISION INTERNATINAL LLC	3	Rent payment	5,454	–	1%
				Refundable deposits	1,557	–	–

(Note 1) The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

(Note 2) Relationship between transaction company and counterparty is classified into the following three categories:
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

(Note 3) Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

(Note 4) Only transactions over 1 million are disclosed.

(Note 5) Foreign currencies were translated into New Taiwan Dollars using the exchange rate (USD:NTD 1:31.14) as of June 30, 2023.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Names, locations and other information of investee companies (not including investees in Mainland China)

For the six-month period ended June 30, 2023

Table 5

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as of June 30, 2023	Initial investment amount: Balance as of December 31, 2022	Shares held as of June 30, 2023: Number of shares	Shares held as of June 30, 2023: Ownership (%)	Shares held as of June 30, 2023: Book value	Net profit (loss) of the investee for the six-month period ended June 30, 2023	Investment income (loss) recognized by the Company for the six-month period ended June 30, 2023	Footnote
CHIEFTEK PRECISION CO., LTD.	CHIEFTEK PRECISION HOLDING CO., LTD.	Samoa	Professional investment	$ 152,263	$ 152,263	5,100,000	100%	$ 160,631	$ 2,315	$ 2,315	Subsidiary
	CHIEFTEK PRECISION INTERNATIONAL LLC	United States of America	Lease of real estate property	110,054	110,054	-	100%	114,033	797	797	Subsidiary
	CHIEFTEK PRECISION USA CO., LTD.	United States of America	Sales of high precision linear motion components and rendering after -sale services	50,027	50,027	1,660,000	100%	93,735	8,350	8,350	Subsidiary
	cpc Europa GmbH	Germany	Sales of high precision linear motion components and rendering after -sale services	98,695	98,695	-	100%	55,675	19,290	19,290	Subsidiary
CHIEFTEK PRECISION HOLDING CO., LTD.	Chieftek Precision (Hong Kong) Co., Limited	Hong Kong	Professional investment	-	28	-	-	-	-	-	Subsidiary (Note 1) (Note 2)

(Note 1) Not required to disclose income (loss) recognized by the Company.
(Note 2) The deregistration was approved by Hong Kong Companies Registry on February 3, 2023.
(Note 3) Foreign currencies were translated into New Taiwan Dollars using the exchange rate (USD:NTD 1:31.14) as of June 30, 2023.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China - Basic information

For the six-month period ended June 30, 2023

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six-month period ended June 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023	Net income of investee for the six-month period ended June 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the six-month period ended June 30, 2023 （Note 2）	Book value of investments in Mainland China as of June 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Chieftek Machinery (Kunshan) Co., Ltd	Production, processing and sales of high precision linear motion components and rendering after-sale services	$ 158,814	Note 1	$ 158,814	$ -	$ -	$ 158,814	$ 2,321	100%	$ 2,321	$ 172,164	$ 258,373	—

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
CHIEFTEK PRECISION CO., LTD.	$ 158,814	$ 158,814	$ 1,398,435

(Note 1) Through investing in an existing company in the third area (CHIEFTEK PRECISION HOLDING CO., LTD.) which then invested in the investee in Mainland China.
(Note 2) The investment income (loss) is recognized based on the investees' financial statements that were reviewed by the parent company's auditors for the six-month period ended June 30, 2023.
(Note 3) The ceiling amount is 60% of the higher of net worth or consolidated net worth.
(Note 4) Foreign currencies were translated into New Taiwan Dollars using the exchange rate (USD:NTD 1:31.14) as of June 30, 2023.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China - Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area

For the six-month period ended June 30, 2023

Table 7

Expressed in thousands of NTD

	Sales (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at June 30, 2023	%	Balance at June 30, 2023	Purpose	Maximum balance during the six-month period ended June 30, 2023	Balance at June 30, 2023	Interest rate	Interest during the six-month period ended June 30, 2023	Others
Chieftek Machinery (Kunshan) Co., Ltd	$ 67,560	11%	$ -	-	$ 31,151	1%	$ -	-	$ -	$ -	-	$ -	$ -

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Major shareholders information

June 30, 2023

Table 8 Expressed in shares

	Number of shares	
Name of the major shareholder	Common stock	Ownership (%)
Hsu, Ming-Che	6,137,271	6.87%
Xinzhide Investment Co., Ltd.	4,871,100	5.45%

Note: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.
The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis.