CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

JUNE 30, 2024 AND 2023

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, 2024 and 2023, 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 material 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$328,824 thousand and NT$306,650 thousand, constituting 8% and 7% of the consolidated total assets, and total liabilities of NT$89,466 thousand and NT$90,528 thousand, both constituting 5% of the consolidated total liabilities as of June 30, 2024 and 2023, respectively, and total comprehensive income of NT$531 thousand, NT$3,447 thousand, NT$10,060 thousand and NT$9,147 thousand, constituting 2%, 8%, 13% and 11% 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, 2024 and 2023, 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.

Yeh, Fang-Ting

Independent Auditors

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

August 7, 2024

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	June 30, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%	(As amended) June 30, 2023 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 749,605	18	$ 834,093	21	$ 976,074	24
1136	Financial assets at amortized cost - current	6(2) and 8	66,361	2	32,639	1	16,936	-
1150	Notes receivable, net	6(4)	12,661	-	15,656	-	6,163	-
1170	Accounts receivable, net	6(4) and 12	234,302	6	224,709	6	241,254	6
1200	Other receivables		2,282	-	2,960	-	4,518	-
1220	Current income tax assets	6(23)	9,651	-	-	-	3,033	-
130X	Inventories	6(5)	635,493	16	647,192	16	674,328	16
1410	Prepayments		68,416	2	57,739	2	62,673	2
11XX	**Total current assets**		1,778,771	44	1,814,988	46	1,984,979	48
	Non-current assets							
1510	Financial assets at fair value through profit or loss - non-current	6(3)	49,974	1	-	-	-	-
1600	Property, plant and equipment	6(6) and 8	1,971,167	49	1,942,263	49	1,901,114	47
1755	Right-of-use assets	6(7)	83,682	2	77,470	2	79,622	2
1780	Intangible assets	6(8)	58,838	2	63,322	2	66,733	2
1840	Deferred income tax assets	6(23)	33,552	1	34,967	1	34,054	1
1915	Prepayments for equipment	6(6)	26,667	1	7,377	-	9,797	-
1920	Guarantee deposits paid		11,368	-	12,099	-	12,100	-
1990	Other non-current assets		4,598	-	2,498	-	4,792	-
15XX	**Total non-current assets**		2,239,846	56	2,139,996	54	2,108,212	52
1XXX	**Total assets**		$ 4,018,617	100	$ 3,954,984	100	$ 4,093,191	100

(Continued)

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023
(Expressed in thousands of New Taiwan dollars)

			June 30, 2024		December 31, 2023		(As amended) June 30, 2023	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Liabilities							
	Current liabilities							
2100	Short-term borrowings	6(9) and 8	$ 180,000	5	$ 365,000	9	$ 325,000	8
2130	Current contract liabilities	6(16)	2,099	-	440	-	512	-
2150	Notes payable		53,410	1	41,913	1	91,081	2
2170	Accounts payable		38,042	1	17,975	1	40,597	1
2200	Other payables	6(10)	185,251	5	112,141	3	318,234	8
2230	Current income tax liabilities	6(23)	8,560	-	29,880	1	26,354	1
2280	Current lease liabilities	6(7)	4,097	-	3,674	-	3,641	-
2320	Long-term liabilities, current portion	6(11), 8 and 9	94,735	2	81,259	2	210,009	5
21XX	**Total current liabilities**		566,194	14	652,282	17	1,015,428	25
	Non-current liabilities							
2540	Long-term borrowings	6(11), 8 and 9	981,419	25	846,915	21	633,274	15
2570	Deferred income tax liabilities	6(23)	28,213	1	24,505	1	27,364	1
2580	Non-current lease liabilities	6(7)	84,944	2	78,778	2	80,624	2
2640	Non-current net defined benefit liabilities	6(12)	8,756	-	8,936	-	5,776	-
25XX	**Total non-current liabilities**		1,103,332	28	959,134	24	747,038	18
2XXX	**Total liabilities**		1,669,526	42	1,611,416	41	1,762,466	43
	Equity							
	Share capital	6(13)						
3110	Common stock		892,619	22	892,619	23	892,619	22
	Capital reserves	6(14)						
3200	Capital surplus		446,121	11	446,121	11	446,121	11
	Retained earnings	6(15)						
3310	Legal reserve		257,422	6	247,879	6	247,879	6
3320	Special reserve		25,061	1	24,491	1	24,491	1
3350	Unappropriated retained earnings		880,077	22	905,089	23	890,835	22
3400	Other equity interest		(4,639)	-	(25,061)	(1)	(23,650)	(1)
3500	Treasury stocks	6(13)	(147,570)	(4)	(147,570)	(4)	(147,570)	(4)
3XXX	**Total equity**		2,349,091	58	2,343,568	59	2,330,725	57
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9						
3X2X	**Total liabilities and equity**		$ 4,018,617	100	$ 3,954,984	100	$ 4,093,191	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, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Three months ended June 30				Six months ended June 30			
			2024		2023		2024		2023	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16)	$ 249,958	100	$ 285,978	100	$ 503,997	100	$ 593,241	100
5000	Operating costs	6(5)(12)(21)(22)	(148,150)	(59)	(152,707)	(54)	(301,332)	(60)	(328,784)	(56)
5900	Net operating margin		101,808	41	133,271	46	202,665	40	264,457	44
	Operating expenses	6(8)(12)(21)(22), 7 and 12								
6100	Selling expenses		(27,313)	(11)	(30,222)	(10)	(49,875)	(10)	(58,014)	(10)
6200	General and administrative expenses		(38,809)	(16)	(38,983)	(14)	(75,408)	(15)	(76,706)	(13)
6300	Research and development expenses		(20,711)	(8)	(17,478)	(6)	(37,615)	(7)	(37,900)	(6)
6450	Expected credit impairment gain (loss)		3,859	2	110	-	1,871	-	(448)	-
6000	Total operating expenses		(82,974)	(33)	(86,573)	(30)	(161,027)	(32)	(173,068)	(29)
6900	Operating profit		18,834	8	46,698	16	41,638	8	91,389	15
	Non-operating income and expenses									
7100	Interest income	6(2)(17)	2,748	1	3,046	1	4,102	1	3,624	-
7010	Other income	6(18)	2,909	1	881	1	8,491	2	4,488	1
7020	Other gains and losses	6(3)(19) and 12	4,911	2	14,992	5	23,024	5	16,338	3
7050	Finance costs	6(6)(7)(20)	(632)	-	(5,198)	(2)	(7,719)	(2)	(7,492)	(1)
7000	Total non-operating income and expenses		9,936	4	13,721	5	27,898	6	16,958	3
7900	**Profit before income tax**		28,770	12	60,419	21	69,536	14	108,347	18
7950	Income tax expense	6(23)	(9,663)	(4)	(16,388)	(6)	(14,626)	(3)	(27,169)	(4)
8200	**Profit for the period**		$ 19,107	8	$ 44,031	15	$ 54,910	11	$ 81,178	14
	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		$ 5,712	2	$ 132	-	$ 20,422	4	$ 841	-
8300	**Total other comprehensive income for the period**		$ 5,712	2	$ 132	-	$ 20,422	4	$ 841	-
8500	**Total comprehensive income for the period**		$ 24,819	10	$ 44,163	15	$ 75,332	15	$ 82,019	14
	Earnings per share (in dollars)	6(24)								
9750	Basic		$	0.22	$	0.50	$	0.63	$	0.93
9850	Diluted		$	0.22	$	0.50	$	0.63	$	0.93

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other Equity Interest		
	Notes	Share capital - common stock	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, 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(15)	-	-	-	-	(174,524)	-	-	(174,524)
Reversal of special reserve	6(15)	-	-	-	(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
For the six-month period ended June 30, 2024									
Balance at January 1, 2024		$ 892,619	$ 446,121	$ 247,879	$ 24,491	$ 905,089	($ 25,061)	($ 147,570)	$ 2,343,568
Profit for the period		-	-	-	-	54,910	-	-	54,910
Other comprehensive income for the period		-	-	-	-	-	20,422	-	20,422
Total comprehensive income for the period		-	-	-	-	54,910	20,422	-	75,332
Appropriations of 2023 earnings:									
Legal reserve		-	-	9,543	-	(9,543)	-	-	-
Special reserve	6(15)	-	-	-	570	(570)	-	-	-
Cash dividends	6(15)	-	-	-	-	(69,809)	-	-	(69,809)
Balance at June 30, 2024		$ 892,619	$ 446,121	$ 257,422	$ 25,061	$ 880,077	($ 4,639)	($ 147,570)	$ 2,349,091

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, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	For the six-month periods ended June 30 2024	2023 (As amended)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 69,536	$ 108,347
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on valuation of financial assets at fair value through profit or loss	6(3)(19)	26	-
Expected credit impairment (gain) loss	12	(1,871)	448
Loss on (reversal of) inventory market price decline	6(5)	3,611	(1,368)
Depreciation	6(6)(7)(21)	29,428	36,010
Amortization	6(8)(21)	5,080	5,029
Interest income	6(17)	(4,102)	(3,624)
Interest expense	6(20)	7,719	7,492
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		2,995	7,767
Accounts receivable		(8,227)	40,478
Other receivables		678	751
Inventories		7,033	(36,516)
Prepayments		(10,677)	(6,878)
Changes in operating liabilities			
Current contract liabilities		1,659	(152)
Notes payable		11,516	(49,217)
Accounts payable		20,067	(5,928)
Other payables		3,943	(23,739)
Non-current net defined benefit liabilities		(180)	(169)
Cash inflow generated from operations		138,234	78,731
Interest received		4,102	3,624
Interest paid		(7,944)	(7,183)
Income tax paid		(40,474)	(94,647)
Net cash flows from (used in) operating activities		93,918	(19,475)

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CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	For the six-month periods ended June 30 2024	2023 (As amended)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortized cost - current		($ 33,722)	($ 190)
Acquisition of financial assets at fair value through profit or loss - non-current		(50,000)	-
Cash paid for acquisition of property, plant and equipment	6(25)	(34,536)	(65,339)
Interest paid for acquisition of property, plant and equipment	6(6)(20)(25)	(7,298)	(3,114)
Acquisition of intangible assets	6(8)	(572)	(684)
Increase in prepayments for equipment		(23,730)	(9,808)
Decrease (increase) in guarantee deposits paid		731	(2,749)
Increase in other non-current assets		(2,100)	(1,297)
Net cash flows used in investing activities		(151,227)	(83,181)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(26)	570,000	345,000
Decrease in short-term borrowings	6(26)	(755,000)	(245,000)
Payments of lease liability	6(26)	(2,021)	(1,796)
Increase in long-term borrowings	6(26)	601,726	100,000
Decrease in long-term borrowings	6(26)	(461,143)	(41,067)
Net cash flows (used in) from financing activities		(46,438)	157,137
Effect of foreign exchange rate changes on cash and cash equivalents		19,259	(2,625)
Net (decrease) increase in cash and cash equivalents		(84,488)	51,856
Cash and cash equivalents at beginning of period	6(1)	834,093	924,218
Cash and cash equivalents at end of period	6(1)	$ 749,605	$ 976,074

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, 2024 AND 2023

(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 7, 2024.

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®") Accounting Standards 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 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The 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 IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial Instruments'	January 1, 2026
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
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
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026

Except for IFRS 18, 'Presentation and disclosure in financial statements', the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements':

IFRS 18 replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, 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, 2023.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through profit or loss.

(b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with 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, 2023.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)			
Name of investor	Name of subsidiary	Business activities	June 30, 2024	December 31, 2023	June 30, 2023	Note
CHIEFTEK PRECISION CO., LTD. ("CHIEFTEK PRECISION")	CHIEFTEK PRECISION HOLDING CO., LTD.	Professional investment	100	100	100	-

Name of investor	Name of subsidiary	Business activities	Ownership (%) June 30, 2024	Ownership (%) December 31, 2023	Ownership (%) June 30, 2023	Note
CHIEFTEK PRECISION CO., LTD.	CHIEFTEK PRECISION INTERNATIONAL LLC	Lease of real estate property	100	100	100	Note
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
CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH ("cpc Europa")	Sales of high precision linear motion components and rendering after-sales service	100	100	100	-
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	-

Note: The financial statements of the entity as of and for the six-month periods ended June 30, 2024 and 2023 were not reviewed by independent auditors as the entity did not meet the definition of a significant subsidiary.

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) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(5) Employee benefits

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.

(6) 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, 2024. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2024	December 31, 2023	(As amended) June 30, 2023
Cash:			
Cash on hand	$ 1,163	$ 1,506	$ 1,541
Demand deposits of repatriating offshore funds (Note)	-	-	61,237
Checking accounts and demand deposits	715,992	769,734	911,860
	717,155	771,240	974,638
Cash Equivalents:			
Time deposits	32,450	62,853	1,436
	$ 749,605	$ 834,093	$ 976,074

Note: Refer to Note 6(2), 'Financial assets at amortized cost - current'.

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, 2024, December 31, 2023 and June 30, 2023.

(2) Financial assets at amortized cost - current

	June 30, 2024	December 31, 2023	(As amended) June 30, 2023
Restricted time deposits	$ 8,700	$ 8,700	$ 8,700
Time deposits with maturity of over 3 months	57,661	23,939	8,236
	$ 66,361	$ 32,639	$ 16,936

A. In accordance with the revised regulations of IFRS FAQ issued by the Financial Supervisory Commission on January 5, 2024, the Group reclassified the undrawn balances of $61,237 and $60,064 in the repatriated capital special account which were applicable to "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" on June 30, 2023 and January 1, 2023 to cash and cash equivalents. As of June 30, 2023, cash and cash equivalents and financial assets at amortized cost - current were $914,837 and $976,074 before the adjustments and $78,173 and $16,936 after the adjustments, respectively; in the Group's statements of cash flows for the six-month period ended June 30, 2023, cash flow used in financial assets at amortized cost and total net cash used in investing activities were $1,363 and $190 before the adjustments and $84,354 and $83,181 after the adjustments, respectively.

B. The Group recognized interest income of $153, $95, $412 and $140 from financial assets at amortized cost for the three-month and six-month periods ended June 30, 2024 and 2023, respectively, shown as part of "Interest income".

C. As of June 30, 2024, December 31, 2023 and June 30, 2023, 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.

D. For more information about the Group's time deposits pledged to others as collateral as of June 30, 2024, December 31, 2023 and June 30, 2023, refer to Note 8, 'Pledged assets'.

E. 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) Financial assets at fair value through profit or loss

Items	June 30, 2024
Non-current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Unlisted stocks	$ 50,000
Valuation adjustment	(26)
	$ 49,974

There was no such situation as of December 31, 2023 and June 30, 2023.

A. The Group recognized net loss of $26 on financial assets at fair value through profit or loss (listed as “Other gains and losses”) for the three-month and six-month periods ended June 30, 2024.

B. The Group has no financial assets at fair value through profit or loss pledged to others as of June 30, 2024.

(4) Notes and accounts receivable, net

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable	$ 12,661	$ 15,656	$ 6,163

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable	$ 253,067	$ 244,840	$ 257,656
Less: Allowance for doubtful accounts	(18,765)	(20,131)	(16,402)
	$ 234,302	$ 224,709	$ 241,254

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

	June 30, 2024		December 31, 2023		June 30, 2023	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 12,291	$ 183,161	$ 15,483	$ 178,761	$ 5,992	$ 193,117
Up to 30 days	192	31,660	-	12,914	-	20,974
31 to 90 days	-	13,013	-	24,592	-	15,127
91 to 180 days	-	8,044	-	10,969	-	12,792
181 to 365 days	-	3,633	-	4,183	-	1,573
Over 365 days	178	13,556	173	13,421	171	14,073
	$ 12,661	$ 253,067	$ 15,656	$ 244,840	$ 6,163	$ 257,656

The above ageing analysis was based on past due date.

B. The Group’s notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2023, the balances of notes receivable and accounts receivable from contracts with customers amounted to $312,064.

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, 2024, December 31, 2023 and June 30, 2023, 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'.

(5) Inventories

	June 30, 2024		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 47,796	($ 5,483)	$ 42,313
Supplies	77,542	(20,317)	57,225
Work in process	322,722	(23,787)	298,935
Finished goods	272,511	(35,491)	237,020
	$ 720,571	($ 85,078)	$ 635,493

	December 31, 2023		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 46,872	($ 5,300)	$ 41,572
Supplies	74,862	(18,712)	56,150
Work in process	317,360	(23,261)	294,099
Finished goods	288,510	(33,139)	255,371
	$ 727,604	($ 80,412)	$ 647,192

	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

The cost of inventories recognized as expense for the period:

	For the three-month periods ended June 30, 2024	For the three-month periods ended June 30, 2023
Cost of goods sold	$ 148,050	$ 153,458
Reversal of allowance on inventory market price decline (Note)	(170)	(540)
Loss (gain) on physical inventory	334	(73)
Revenue from sale of scraps	(64)	(138)
	$ 148,150	$ 152,707

	For the six-month periods ended June 30, 2024	For the six-month periods ended June 30, 2023
Cost of goods sold	$ 297,661	$ 330,886
Loss (reversal of allowance) on inventory market price decline (Note)	3,611	(1,368)
Loss (gain) on physical inventory	213	(291)
Revenue from sale of scraps	(153)	(443)
	$ 301,332	$ 328,784

Note: For the three-month periods ended June 30, 2024 and 2023 and six-month period ended June 30, 2023, the Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because the average cost of inventory decreased due to the increase in production capacity.

(6) Property, plant and equipment

At January 1, 2024	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	$ 401,691	$ 773,878	$ 965,344	$ 4,535	$ 24,710	$ 179,440	$ 922,224	$ 3,271,822
Accumulated depreciation	-	(234,967)	(900,786)	(3,836)	(23,144)	(166,826)	-	(1,329,559)
	$ 401,691	$ 538,911	$ 64,558	$ 699	$ 1,566	$ 12,614	$ 922,224	$ 1,942,263
Six-month period ended June 30, 2024								
At January 1, 2024	$ 401,691	$ 538,911	$ 64,558	$ 699	$ 1,566	$ 12,614	$ 922,224	$ 1,942,263
Additions	3,104	26,839	3,949	-	587	907	6,012	41,398
Transferred from prepayments for equipment	-	-	-	-	-	-	4,440	4,440
Transferred after acceptance inspection	-	785,504	148	2,492	-	512	(788,656)	-
Depreciation	-	(11,800)	(11,195)	(281)	(567)	(3,187)	-	(27,030)
Disposals－Cost	-	-	-	(134)	(147)	(19)	-	(300)
－Accumulated depreciation	-	-	-	134	147	19	-	300
Net currency exchange differences	3,756	6,124	171	6	12	27	-	10,096
At June 30, 2024	$ 408,551	$1,345,578	$ 57,631	$ 2,916	$ 1,598	$ 10,873	$ 144,020	$ 1,971,167
At June 30, 2024								
Cost	$ 408,551	$1,594,497	$ 970,424	$ 6,932	$ 25,374	$ 180,968	$ 144,020	$ 3,330,766
Accumulated depreciation	-	(248,919)	(912,793)	(4,016)	(23,776)	(170,095)	-	(1,359,599)
	$ 408,551	$1,345,578	$ 57,631	$ 2,916	$ 1,598	$ 10,873	$ 144,020	$ 1,971,167

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								
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								
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

A. Property, plant and equipment of the Group were all for operating purposes as of June 30, 2024, December 31, 2023 and June 30, 2023.

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

	For the three-month periods ended June 30,	
	2024	2023
Amount capitalized	$ 7,298	$ -
Interest rate for capitalization	1.85%	—

	For the six-month periods ended June 30,	
	2024	2023
Amount capitalized	$ 7,298	$ 3,114
Interest rate for capitalization	1.85%	1.63%

C. Information about the property, plant and equipment that were pledged to others as collateral as of June 30, 2024, December 31, 2023 and June 30, 2023 is provided in Note 8, 'Pledged assets'.

(7) 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, 2024	December 31, 2023	June 30, 2023
Land	$ 83,682	$ 77,470	$ 79,622

Depreciation charge:

	For the three-month periods ended June 30,	
	2024	2023
Land	$ 1,282	$ 1,076

Depreciation charge:

	For the six-month periods ended June 30,	
	2024	2023
Land	$ 2,398	$ 2,151

C. For the six-month periods ended June 30, 2024 and 2023, there were no additions to right-of-use assets; revaluations to right-of-use assets were $8,610 and ($42,140), respectively.

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

	For the three-month periods ended June 30,			
	2024		2023	
Items affecting profit or loss				
Interest expense on lease liabilities	$	429	$	382
Expense on short-term lease contracts	$	3,503	$	3,132

	For the six-month periods ended June 30,			
	2024		2023	
Items affecting profit or loss				
Interest expense on lease liabilities	$	811	$	767
Expense on short-term lease contracts	$	6,906	$	5,959

E. For the six-month periods ended June 30, 2024 and 2023, the Group's total cash outflow for leases were $9,738 and $8,522, respectively.

(8) Intangible assets

	Trademarks	Patents	Software	Turn-key professional technique	Others	Total
At January 1, 2024						
Cost	$ 685	$ 12,981	$ 14,885	$ 90,718	$ 60,000	$ 179,269
Accumulated amortization	(595)	(5,899)	(13,166)	(36,287)	(13,500)	(69,447)
Accumulated impairment	-	-	-	-	(46,500)	(46,500)
Net value	$ 90	$ 7,082	$ 1,719	$ 54,431	$ -	$ 63,322
Six-month period ended June 30, 2024						
Net value at January 1, 2024	$ 90	$ 7,082	$ 1,719	$ 54,431	$ -	$ 63,322
Additions－acquired separately	67	292	213	-	-	572
Amortization	(6)	(376)	(162)	(4,536)	-	(5,080)
Net currency exchange differences	-	-	24	-	-	24
Net value at June 30, 2024	$ 151	$ 6,998	$ 1,794	$ 49,895	$ -	$ 58,838
At June 30, 2024						
Cost	$ 752	$ 13,273	$ 15,173	$ 90,718	$ 60,000	$ 179,916
Accumulated amortization	(601)	(6,275)	(13,379)	(40,823)	(13,500)	(74,578)
Accumulated impairment	-	-	-	-	(46,500)	(46,500)
Net value	$ 151	$ 6,998	$ 1,794	$ 49,895	$ -	$ 58,838

	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

A. For the three-month and six-month periods ended June 30, 2024 and 2023, 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,	
	2024	2023
General and administrative expenses	$ 8	$ 6
Research and development expenses	2,530	2,514
	$ 2,538	$ 2,520

	For the six-month periods ended June 30,	
	2024	2023
General and administrative expenses	$ 17	$ 6
Research and development expenses	5,063	5,023
	$ 5,080	$ 5,029

(9) Short-term borrowings

Nature	June 30, 2024	Interest rate range	Collateral
Bank unsecured borrowings	$ 180,000	1.70%~1.75%	None

Nature	December 31, 2023	Interest rate range	Collateral
Bank secured borrowings	$ 30,000	1.81%	Buildings and structures
Bank unsecured borrowings	335,000	1.35%~1.88%	None
	$ 365,000		

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

For more information about interest expense recognized by the Group for the three-month and six-month periods ended June 30, 2024 and 2023, refer to Note 6(20), ‘Finance costs’.

(10) Other payables

	June 30, 2024	December 31, 2023	June 30, 2023
Dividends payable	$ 69,809	$ -	$ 174,524
Accrued salaries and bonuses	53,433	55,594	56,769
Employees’ compensation and directors’ remuneration payable	20,319	13,478	30,254
Equipment payable	3,700	4,117	6,633
Miscellaneous payable	3,511	3,423	5,259
Others	34,479	35,529	44,795
	$ 185,251	$ 112,141	$ 318,234

(11) Long-term borrowings

Nature	Expiry date	June 30, 2024	Interest rate range	Collateral
Long-term bank borrowings				
Secured borrowings	May 15, 2027～ February 15, 2031	$ 749,463	1.82%～ 2.81%	Land, buildings and structures
Unsecured borrowings	August 21, 2025～ February 19, 2029	326,691	1.98%～ 4.43%	None
		1,076,154		
Less: Current portion		(94,735)		
		$ 981,419		

Nature	Expiry date	December 31, 2023	Interest rate range	Collateral
Long-term bank borrowings				
Secured borrowings	May 15, 2027～ August 25, 2028	$ 549,388	1.73%～ 2.81%	Land, buildings and structures
Unsecured borrowings	February 25, 2025～ May 15, 2027	378,786	1.84%～ 4.56%	None
		928,174		
Less: Current portion		(81,259)		
		$ 846,915		

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		

For more information about interest expense recognized by the Group for the three-month and six-month periods ended June 30, 2024 and 2023, refer to Note 6(20), 'Finance costs'.

(12) 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, 2024 and 2023.

(c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to $360.

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, 2024 and 2023 were $3,448, $3,897, $6,878 and $8,414, respectively.

(13) 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,	
	2024	2023
Balance at beginning and end of period	87,262	87,262

B. 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	2024	2023
To be reissued to employees	2,000	2,000

(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, 2024, December 31, 2023 and June 30, 2023, treasury stocks purchased by the Company amounted to $147,570.

(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.

C. As of June 30, 2024, 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. All proceeds from shares issued have been collected.

(14) Capital reserve

For the six-month periods ended June 30, 2024 and 2023	Share premium	Treasury share transactions	Others	Total
Balances at beginning and end of period	$ 440,553	$ 5,454	$ 114	$ 446,121

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.

(15) 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 June 30, 2024, the above special reserve amounted to $25,061.

D. The Company recognized cash dividends distributed to owners amounting to $69,809 ($0.8 (in dollars) per share) and $174,524 ($2.0 (in dollars) per share) for the six-month periods ended June 30, 2024 and 2023, respectively.

(16) Operating revenue

A. The Group derives revenue from the transfer of goods at a point in time in segments. Revenue from contracts with customers is broken down by product category as follows:

	For the three-month periods ended June 30,	
	2024	2023
Miniature linear guides	$ 142,202	$ 162,893
Large linear guides	88,877	107,247
Linear motor	18,846	15,551
Others	33	287
	$ 249,958	$ 285,978

	For the six-month periods ended June 30,	
	2024	2023
Miniature linear guides	$ 272,716	$ 327,850
Large linear guides	179,395	236,249
Linear motor	51,583	28,402
Others	303	740
	$ 503,997	$ 593,241

B. The Group has recognized revenue-related contract liabilities amounting to $2,099, $440, $512 and $664 as of June 30, 2024, December 31, 2023, June 30, 2023 and January 1, 2023, respectively. Revenue recognized that were included in the contract liability balance at the beginning of 2024 and 2023 for the three-month and six-month periods ended June 30, 2024 and 2023 were $5, $—, $408 and $452, respectively.

(17) Interest income

	For the three-month periods ended June 30,	
	2024	2023 (As amended)
Interest income from bank deposits	$ 2,595	$ 2,951
Interest income from financial assets measured at amortized cost	153	95
	$ 2,748	$ 3,046

	For the six-month periods ended June 30,	
	2024	2023 (As amended)
Interest income from bank deposits	$ 3,690	$ 3,484
Interest income from financial assets measured at amortized cost	412	140
	$ 4,102	$ 3,624

(18) Other income

	For the three-month periods ended June 30,	
	2024	2023
Income from sales of solar energy power	$ 2,015	$ 442
Other income	894	439
	$ 2,909	$ 881

	For the six-month periods ended June 30,	
	2024	2023
Income from sales of solar energy power	$ 6,201	$ 777
Other income	2,290	3,711
	$ 8,491	$ 4,488

(19) Other gains and losses

	For the three-month periods ended June 30,	
	2024	2023
Currency exchange gain	$ 4,937	$ 14,993
Net loss on financial assets at fair value through profit or loss	(26)	-
Other losses	-	(1)
	$ 4,911	$ 14,992

	For the six-month periods ended June 30,	
	2024	2023
Currency exchange gain	$ 23,071	$ 16,368
Net loss on financial assets at fair value through profit or loss	(26)	-
Other losses	(21)	(30)
	$ 23,024	$ 16,338

(20) Finance costs

	For the three-month periods ended June 30,	
	2024	2023
Interest expense:		
Interest expense on bank borrowings	$ 7,501	$ 4,816
Interest expense on lease liabilities	429	382
Less: Capitalization of qualifying assets	(7,298)	-
	$ 632	$ 5,198

	For the six-month periods ended June 30,	
	2024	2023
Interest expense:		
Interest expense on bank borrowings	$ 14,206	$ 9,839
Interest expense on lease liabilities	811	767
Less: Capitalization of qualifying assets	(7,298)	(3,114)
	$ 7,719	$ 7,492

(21) Expenses by nature

	For the three-month period ended June 30, 2024		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 50,903	$ 46,101	$ 97,004
Depreciation	9,251	5,679	14,930
Amortization	-	2,538	2,538
	$ 60,154	$ 54,318	$ 114,472

	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 six-month period ended June 30, 2024		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 97,562	$ 88,317	$ 185,879
Depreciation	18,106	11,322	29,428
Amortization	-	5,080	5,080
	$ 115,668	$ 104,719	$ 220,387

	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

(22) Employee benefit expense

	For the three-month period ended June 30, 2024		
	Operating cost	Operating expense	Total
Wages and salaries	$ 42,168	$ 40,795	$ 82,963
Labor and health insurance expense	4,546	2,675	7,221
Pension costs	2,068	1,380	3,448
Other personnel expenses	2,121	1,251	3,372
	$ 50,903	$ 46,101	$ 97,004

	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 six-month period ended June 30, 2024		
	Operating cost	Operating expense	Total
Wages and salaries	$ 80,015	$ 77,884	$ 157,899
Labor and health insurance expense	9,229	5,342	14,571
Pension costs	4,141	2,737	6,878
Other personnel expenses	4,177	2,354	6,531
	$ 97,562	$ 88,317	$ 185,879

	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

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, 2024 and 2023, the Company's employees' compensation were $2,839, $3,813, $5,651 and $6,462, respectively; while directors' remuneration were $627, $762, $1,190 and $1,292, respectively. The aforementioned amounts were recognized in salary expenses and were estimated and accrued based on the earnings of current period and the percentage specified in the Articles of Incorporation of the Company.

The employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors were $11,048 and $2,430, respectively. The employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors were equal to the amounts recognized in the 2023 financial statements. The employees' compensation will be distributed in the form of cash. The employees' compensation and directors' remuneration for 2023 have not yet been distributed as of June 30, 2024.

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.

(23) Income tax

A. Income tax expense:

Components of income tax expense:

	For the three-month periods ended June 30,	
	2024	2023
Current income tax:		
Income tax incurred in current period	$ 8,560	$ 16,881
Prior year income tax under estimation	1,362	2,024
Total current income tax	9,922	18,905
Deferred income tax:		
Origination and reversal of temporary differences	(259)	(2,517)
Income tax expense	$ 9,663	$ 16,388

	For the six-month periods ended June 30,	
	2024	2023
Current income tax:		
Income tax incurred in current period	$ 12,319	$ 27,447
Prior year income tax (over) under estimation	(2,816)	2,024
Total current income tax	9,503	29,471
Deferred income tax:		
Origination and reversal of temporary differences	5,123	(2,302)
Income tax expense	$ 14,626	$ 27,169

B. The Company’s income tax returns through 2022 have been assessed and approved by the Tax Authority. There were no disputes existing between the Company and the Tax Authority as of August 7, 2024.

(24) Earnings per share ("EPS")

	For the three-month period ended June 30, 2024		
	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	$ 19,107	87,262	$ 0.22
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 19,107	87,262	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	76	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 19,107	87,338	$ 0.22

	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 six-month period ended June 30, 2024		
	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	$ 54,910	87,262	$ 0.63
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 54,910	87,262	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	107	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 54,910	87,369	$ 0.63

	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

(25) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the six-month periods ended June 30, 2024	For the six-month periods ended June 30, 2023
Purchase of property, plant and equipment	$ 41,398	$ 50,482
Add: Opening balance of notes payable	1,487	22,828
Opening balance of payable for equipment	4,117	4,405
Less: Ending balance of notes payable	(1,468)	(2,629)
Ending balance of payable for equipment	(3,700)	(6,633)
Capitalization of interest	(7,298)	(3,114)
Cash paid for purchase of property, plant and equipment	$ 34,536	$ 65,339

B. Investing and financing activities with no cash flow effects:

	For the six-month periods ended June 30, 2024	For the six-month periods ended June 30, 2023
(a) Prepayments for equipment reclassified to property, plant and equipment	$ 4,440	$ 19,271

	For the six-month periods ended June 30, 2024	For the six-month periods ended June 30, 2023
(b) Cash dividends appropriation	$ 69,809	$ 174,524
Less: Ending balance of cash dividends payable (listed as ‘other payables’)	(69,809)	(174,524)
Cash outflows for cash dividends appropriation	$ -	$ -

(26) Changes in liabilities from financing activities

	Short-term borrowings	Lease liability	Long-term borrowings	Liabilities from financing activities-gross
At January 1, 2024	$ 365,000	$ 82,452	$ 928,174	$ 1,375,626
Changes in cash flow from financing activities	(185,000)	(2,021)	140,583	(46,438)
Revaluations	-	8,610	-	8,610
Impact of changes in foreign exchange rate	-	-	7,397	7,397
At June 30, 2024	$ 180,000	$ 89,041	$ 1,076,154	$ 1,345,195

	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
Revaluations	-	(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

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,	
	2024	2023
Salaries and other short-term employee benefits	$ 7,489	$ 8,025

	For the six-month periods ended June 30,	
	2024	2023
Salaries and other short-term employee benefits	$ 14,910	$ 15,965

8. PLEDGED ASSETS

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

	Book value			
Asset pledged	June 30, 2024	December 31, 2023	June 30, 2023	Purpose of collateral
Restricted time deposits (Note 1)	$ 8,700	$ 8,700	$ 8,700	Performance guarantee
Land (Note 2)	374,126	371,047	371,815	Guarantee for long-term borrowings
Buildings and structures-net(Note 2)	519,645	520,831	529,610	Guarantee for long and short-term borrowings
	$ 902,471	$ 900,578	$ 910,125	

(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, 2024, December 31, 2023 and June 30, 2023, the endorsements and guarantees provided by the Company to the subsidiary, cpc Europa GmbH, amounted to $260,325, $186,890 and $－, respectively, and the actual amounts drawn down were $126,692, $122,328 and $－, respectively.

(2) As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group's remaining balance due for construction in progress and prepayments for equipment were $104,888, $164,838 and $89,035, respectively.

(3) On January 3, 2024, the Company entered into a mid-term secured syndicated loan contract for a credit line facility of $2,000,000 with 10 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% from 2023 to 2025; less than 200% in 2026 and 2027; less than 180% from 2028.

(c) Tangible net value (shareholders' equity less intangible assets): At least $1,300,000.

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, 2024, the Company has not violated any of the above covenants.

(4) For the details of operating lease agreements, refer to Note 6(7), '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 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.

(iv) 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, 2024		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 7,140	32.45	$ 231,692
JPY:NTD	39,973	0.2017	8,064
EUR:NTD	2,556	34.71	88,725
Financial liabilities			
Monetary items			
JPY:NTD	10,875	0.2017	2,194
EUR:NTD	608	34.71	21,163

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 11,553	30.705	$ 354,749
JPY:NTD	126,745	0.2172	27,529
EUR:NTD	1,537	33.98	52,225
Financial liabilities			
Monetary items			
EUR:NTD	313	33.98	10,760

	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

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 profit after tax for the six-month periods ended June 30, 2024 and 2023 would decrease/increase by $2,441 and $5,016, respectively.

(v) 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, 2024 and 2023 amounted to $4,937, $14,993, $23,071 and $16,368, respectively.

II. Price risk

The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio and set stop-loss amounts for these instruments. The Group expects no significant market risk.

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, 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in NTD, EUR, 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, 2024 and 2023 would have decreased/increased by $1,136 and $787, 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 based on the terms, there has been a significant increase in credit risk on that instrument. If the contract payment are past due over 365 days based on the terms, the default has occurred.

IV. 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 Group's provision matrix as of June 30, 2024, December 31, 2023 and June 30, 2023 is as follows:

June 30, 2024	Current	Up to 180 days	More than 181 days past due	Total
Expected loss rate	0.03%~2%	0.03%~37.06%	22%~100%	
Total book value	$ 183,161	$ 52,717	$ 17,189	$ 253,067
Loss allowance	841	3,336	14,588	18,765

December 31, 2023	Current	Up to 180 days	More than 181 days past due	Total
Expected loss rate	0.03%~2%	0.03%~35.81%	22%~100%	
Total book value	$ 178,761	$ 48,475	$ 17,604	$ 244,840
Loss allowance	719	4,241	15,171	20,131

June 30, 2023	Current	Up to 180 days	More than 181 days past due	Total
Expected loss rate	0.03%~2%	0.03%~40%	22%~100%	
Total book value	$ 193,116	$ 48,893	$ 15,646	$ 257,655
Loss allowance	796	665	14,941	16,402

V. 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,	
	2024	2023
	Accounts receivable	Accounts receivable
At January 1	$ 20,131	$ 16,325
(Reversal of) provision for impairment	(1,871)	448
Effect of foreign exchange	505	(371)
At June 30	$ 18,765	$ 16,402

(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, 2024	December 31, 2023	June 30, 2023
Floating rate:			
Expiring within one year	$ 904,050	$ 864,050	$ 775,000
Expiring beyond one year	1,633,634	2,524,562	2,520,000
	$ 2,537,684	$ 3,388,612	$ 3,295,000

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, 2024	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	$ 180,621	$ -	$ -	$ -
Notes payable	53,410	-	-	-
Accounts payable	38,042	-	-	-
Other payables	185,251	-	-	-
Lease liability	5,665	5,665	16,995	76,477
Long-term borrowings (including current portion)	119,945	352,761	279,496	416,863

December 31, 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	$ 366,915	$ -	$ -	$ -
Notes payable	41,913	-	-	-
Accounts payable	17,975	-	-	-
Other payables	112,141	-	-	-
Lease liability	5,126	5,126	15,378	71,760
Long-term borrowings (including current portion)	100,097	385,958	483,771	-

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	-

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

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

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.

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

The related information on the nature of the assets is as follows:

June 30, 2024	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ -	$ -	$ 49,974	$ 49,974

There was no such situation as of December 31, 2023 and June 30, 2023.

D. The methods and assumptions the Group used to measure fair value are as follows:

The fair value of financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

E. For the six-month periods ended June 30, 2024 and 2023, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3:

	For the six-month period ended June 30, 2024
	Equity instrument
At January 1	$ -
Gains recognized in profit or loss	50,000
Acquired during the period	(26)
At June 30	$ 49,974

There was no such situation for the six-month period ended June 30, 2023.

G. Group treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at June 30, 2024		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:						
Equity securities	$	49,974	Net asset value	Not applicable	—	Not applicable

13. SUPPLEMENTARY DISCLOSURES

(According to the regulatory requirement, only information for the six-month period ended June 30, 2024 is disclosed.)

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.

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 3.

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: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

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, 2024					
	CHIEFTEK PRECISION	Chieftek (Kunshan)	cpc Europa	cpc USA	Others	Total
Segment revenue	$ 372,626	$ 67,850	$ 171,155	$ 92,833	$ 5,695	$ 710,159
Inter-segment revenue	200,389	-	78	-	5,695	206,162
External revenue	172,237	67,850	171,077	92,833	-	503,997
Interest income	2,320	564	24	768	426	4,102
Depreciation and amortization	31,296	45	1,344	111	1,712	34,508
Capital expenditures	60,834	147	4,687	32	-	65,700
Interest expense	3,884	-	2,607	1,228	-	7,719
Segment pre-tax income	68,834	7,314	2,845	6,612	1,460	87,065
Segment assets	3,226,748	224,247	238,755	119,081	209,786	4,018,617
Segment liabilities	1,436,810	1,418	141,833	1,799	87,666	1,669,526

	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

(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,	
	2024	2023
Reportable segments pre-tax income	$ 85,605	$ 138,094
Other segments pre-tax gain	1,460	1,005
Inter segments gain	(17,529)	(30,752)
Profit before income tax	$ 69,536	$ 108,347

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the six-month period ended June 30, 2024

Table 1

Expressed in thousands of NTD

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount during the period	Outstanding endorsement/ guarantee amount at June 30, 2024	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor （Note 2）											
0	CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH	1	$ 1,174,546	$ 263,025	$ 260,325	$ 126,692	$ -	11%	$ 1,174,546	Y	N	N	—

(Note 1) The numbers filled in for the endorsements/gurantees provided by the Company or subsidiaries are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

(Note 2) The following code respresents the relationship with the Company:
(1) The Company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(Note 3) (1) The limit of total amount of endorsements/guarantees is 50% of the Company’s net worth of the latest financial statements, and the limit of total amount of endorsements/guarantees for a single party is 20% of the Company’s net worth of the latest financial statements. Between companies whose voting shares are held by the Company directly and indirectly more than 90%, an endorsement guarantee may be made and its amount shall not exceed 10% of the Company’s net worth of the latest financial statements. However, this does not apply to inter-company endorsement guarantees where the Company directly or indirectly holds 100% of the voting shares.
(2) For any endorsements or gurantees provided by the Company due to business dealings, except for the abovementioned limit, the amount of endorsements or gurantees shall be limited to the business dealing amount of the most recent year. The business deeling amount is product purchase or sale amount between the entities, whichever is higher.
(3) Between companies whose voting shares are 100% held by the Company directly and indirectly, and the limit of total amount of endorsements/guarantees is 50% of the company’s, who provide endorsement guarantee, net worth of the latest financial statements, and the limit of total amount of endorsements/guarantees to a single party is 50% of the company’s, who provide endorsement guarantee, net worth of the latest financial statements.
(4) The limit of total amount of endorsements/guarantees provided by the Company and subsidiaries is 50% of the Company’s net worth of the latest financial statements, and the limt of total amount of endorsements/guarantees provided by the Company and subsidiaries to a single party is 50% of the Company' s net worth of the latest financial statements.

(Note 4) Foreign currencies were translated into New Taiwan Dollars using the exchange rate (USD:NTD 1:32.45) as of June 30, 2024.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the six-month period ended June 30, 2024

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with thesecurities issuer	General ledger account	As of June 30, 2024				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
CHIEFTEK PRECISION CO., LTD.	Stocks:							
	Phoenix VI Innovation Investment Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	5,000,000	$ 49,974	2.54%	$ 49,974	—

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, 2024

Table 3

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 In use	—

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the six-month period ended June 30, 2024

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	Endorsements and guarantees	$ 260,325	–	6%
				Sales revenue	(75,663)	180 days after monthly-closing, T/T	(15%)
				Accounts receivable	19,716	–	–
		CHIEFTEK PRECISION USA CO., LTD.	1	Sales revenue	(52,065)	180 days after monthly-closing, T/T	(10%)
				Accounts receivable	10,611	–	–
		Chieftek Machinery (Kunshan) Co., Ltd.	1	Sales revenue	(72,661)	180 days after monthly-closing, T/T	(14%)
				Accounts receivable	52,839	–	1%
1	CHIEFTEK PRECISION USA CO., LTD.	CHIEFTEK PRECISION INTERNATINAL LLC	3	Rent payment	5,695	–	1%
				Guarantee deposits paid	1,623	–	–

(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 1:32.45) as of June 30, 2024.

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, 2024

Table 5

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as of June 30, 2024	Initial investment amount: Balance as of December 31, 2023	Shares held as of June 30, 2024: Number of shares	Shares held as of June 30, 2024: Ownership (%)	Shares held as of June 30, 2024: Book value	Net profit (loss) of the investee for the six-month period ended June 30, 2024	Investment income (loss) recognized by the Company for the six-month period ended June 30, 2024	Footnote
CHIEFTEK PRECISION CO., LTD.	CHIEFTEK PRECISION HOLDING CO., LTD.	Samoa	Professional investment	$ 152,263	$ 152,263	5,100,000	100%	$ 171,289	$ 5,358	$ 5,358	Subsidiary
	CHIEFTEK PRECISION INTERNATIONAL LLC	United States of America	Lease of real estate property	110,054	110,054	-	100%	120,454	1,191	1,191	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%	108,293	8,869	8,869	Subsidiary
	cpc Europa GmbH	Germany	Sales of high precision linear motion components and rendering after -sale services	98,695	98,695	-	100%	77,207	2,111	2,111	Subsidiary

(Note) Foreign currencies were translated into New Taiwan Dollars using the exchange rate (USD:NTD 1:32.45) as of June 30, 2024.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China - Basic information

For the six-month period ended June 30, 2024

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, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six-month period ended June 30, 2024: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six-month period ended June 30, 2024: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2024	Net income of investee for the six-month period ended June 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the six-month period ended June 30, 2024 （Note 2）	Book value of investments in Mainland China as of June 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2024	Footnote
Chieftek Machinery (Kunshan) Co., Ltd.	Production, processing and sales of high precision linear motion components and rendering after-sale services	$ 165,495	Note 1	$ 165,495	$ -	$ -	$ 165,495	$ 5,358	100%	$ 5,358	$ 185,358	$ 258,373	—

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2024	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.	$ 165,495	$ 165,495	$ 1,409,455

(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, 2024.

(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 1:32.45) as of June 30, 2024.

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, 2024

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, 2024	%	Balance at June 30, 2024	Purpose	Maximum balance during the six-month period ended June 30, 2024	Balance at June 30, 2024	Interest rate	Interest during the six-month period ended June 30, 2024	Others
Chieftek Machinery (Kunshan) Co., Ltd	$ 72,661	14%	$ -	-	$ 52,839	1%	$ -	-	$ -	$ -	-	$ -	$ -

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Major shareholders information

June 30, 2024

Table 8

Expressed in shares

Name of the major shareholder	Number of shares	
	Common stock	Ownership (%)
Hsu, Ming-Che	6,137,271	6.87%

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.