ASIA VITAL COMPONENTS CO. , LTD

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE SIX-MONTH PERIODS ENDED

JUNE 30, 2023 AND 2022

Address: No.248-27, Xinsheng Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)
Telephone: 886-7-815-7612

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

English Translations of a Report Originally Issued in Chinese

To Asia Vital Components Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Asia Vital Components Co., Ltd. and subsidiaries (collectively, the "Company ") as of June 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2023 and 2022 and consolidated statements of changes in equity and cash flows for the six-month periods ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant account policies (together “the consolidated financial statements”). 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” as endorsed and became effective by Financial Supervisory Commission of the Republic of China, Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410 , ”Review of Financial Information Performed by the Independent Auditor of the Entity” 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 conducted in accordance with auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As discussed in Note, certain non-significant subsidiaries included in the consolidated financial statements were unreviewed. These subsidiaries’ total assets amounted to NT$12,192,914 thousand and NT$11,861,447 thousand, or 20% and 20% of the total consolidated assets as of June 30, 2023 and 2022, respectively. These subsidiaries’ total liabilities amounted to NT$6,878,335 thousand and NT$7,116,293 thousand, or 17% and 16% of the total consolidated liabilities as of June 30, 2023 and 2022, respectively. The comprehensive income of these subsidiaries amounted to (NT$109,351) thousand and (NT$339,449) thousand, or (12%) and (34%) of the consolidated comprehensive income for the three-month periods ended June 30, 2023 and 2022, respectively. The comprehensive income of these subsidiaries amounted to (NT$190,245) thousand and (NT$498,897) thousand, or (10%)and (20%) of the consolidated comprehensive income for the six-month periods ended June 30, 2023 and 2022, respectively. As discussed in Note 6(9) to consolidated financial statements mentioned, the investments accounted for under the equity method were NT$289,249 thousand and NT$233,931 thousand as of June 30, 2023 and 2022 respectively. The share of income of associates under the equity method amounted to NT$26,167 thousand and NT$9,382 thousand for the three-month periods ended June 30, 2023 and 2022, respectively. The share of income of associates under the equity method amounted to NT$40,287 thousand and NT$5,668 thousand for the six-month periods ended June 30, 2023 and 2022, respectively. The share of the other comprehensive income of associates under the equity method amounted to (NT$6,748) thousand and (NT$4,291) thousand for the three-month periods ended June 30, 2023 and 2022, respectively. The share of the other comprehensive income of associates under the equity method amounted to (NT$5,358) thousand and (NT$4,028) thousand for the six-month periods ended June 30, 2023 and 2022, respectively. These amounts were based on the investees' unreviewed financial statements. The information on Note 13 to consolidated financial statements was not reviewed by the independent accountants.

Qualified Conclusion

Based on our reviews, except for the information of certain non-significant subsidiaries and investees mentioned in the Basis for Qualified Conclusion paragraph where were based on the unreviewed financial statements that might be adjusted if they were reviewed by the independent accountants, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of June 30, 2023 and 2022, their consolidated financial performance for the three-month and six-month periods ended June 30, 2023 and 2022, and cash flows for the six-month periods ended June 30, 2022 and 2021, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

ERNST & YOUNG
Taiwan
Republic of China
Aug 9, 2023

Notice to Readers

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

English translation of Consolidated Financial Statements Originally issued in Chinese

ASIA VITAL COMPONENTS CO., LTD

UNAUDITED CONSOLIDATED BALANCE SHEETS

As of June 30, 2023, December 31, 2022 and June 30, 2022

(June 30, 2023 and 2022 are unaudited)

(Expressed in thousands of New Taiwan Dollars)

Assets	Notes	June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%
Current assets							
Cash and cash equivalents	6(1)	$20,955,482	34	$20,048,964	33	$16,766,086	28
Financial assets measured at amortized costs, current	6(2), 8	2,108,590	4	1,591,337	3	508,718	1
Notes receivable, net	4, 6(3)	576,649	1	737,514	1	882,629	1
Accounts receivable, net	4, 6(4)	4,294,509	7	3,992,020	7	5,018,319	8
Other receivables	6(4).(5)	583,925	1	342,920	1	413,725	1
Other receivables-related parties	6(5)	7,798	0	8,895	0	8,829	0
Inventories, net	6(6)	15,242,700	25	17,359,772	29	20,062,117	34
Prepayments	6(7)	671,356	1	707,461	1	1,192,813	2
Other current assets		682,101	1	697,119	1	961,739	2
Total current assets		45,123,110	74	45,486,002	75	45,814,975	77
Non-current assets							
Financial assets measured at fair value through other comprehensive income, noncurrent	4, 6(8)	136,757	0	137,638	0	122,158	0
Financial assets at amortized cost-noncurrent	6(2)	31,075	0	30,645	0	29,657	0
Investments accounted for under the equity method	6(9)	289,249	1	255,698	1	233,931	1
Property, plant and equipment	4, 6(10), 8	10,929,317	18	9,694,096	16	8,441,301	14
Right-of-use assets	4, 6(23), 8	1,756,870	3	1,874,586	3	1,958,054	3
Investment property	4, 6(11), 8	113,134	0	99,867	0	102,045	0
Intangible assets	6(12)	135,972	0	134,102	0	137,970	0
Deferred tax assets	4, 6(27)	1,343,487	2	1,253,720	2	1,041,584	2
Other non-current assets	6(13), 8	1,083,791	2	1,485,778	2	1,423,915	3
Net defined benefit assets, noncurrent	4, 6(19)	21,809	0	21,816	0	1,644	0
Total non-current assets		15,841,461	26	14,987,946	25	13,492,259	23
Total assets		$60,964,571	100	$60,473,948	100	$59,307,234	100

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

English translation of Consolidated Financial Statements Originally issued in Chinese

ASIA VITAL COMPONENTS CO., LTD

UNAUDITED CONSOLIDATED BALANCE SHEETS

As of June 30, 2023, December 31, 2022 and June 30, 2022

(June 30, 2023 and 2022 are unaudited)

(Expressed in thousands of New Taiwan Dollars)

		June 30, 2023		December 31, 2022		June 30, 2022	
Liabilities and Equity	Notes	Amount	%	Amount	%	Amount	%
Current liabilities							
Short-term loans	6(14)	$5,491,604	9	$6,294,019	10	$5,430,548	9
Contract liabilities, current	6(22)	2,560	0	5,439	0	30,086	0
Notes payable		2,155,134	3	2,898,825	5	3,174,336	5
Accounts payable		11,344,946	19	11,183,322	19	15,414,369	26
Other payables	6(15)	7,194,337	12	4,828,690	8	6,158,363	11
Current tax liabilities	4, 6(27)	923,140	1	1,334,677	2	903,838	2
Lease liabilities, current	4, 6(23)	221,600	0	237,049	0	218,976	0
Other current liabilities		2,777,825	5	4,421,873	7	2,547,849	4
Current portion of long-term loans	6(17)	1,225,742	2	1,675,864	3	1,506,257	3
Total current liabilities		31,336,888	51	32,879,758	54	35,384,622	60
Non-current liabilities							
Corporate bonds payable	6(16)	2,400,000	4	2,400,000	4	2,400,000	4
Long-term loans	6(17)	3,163,469	5	4,189,443	7	3,201,098	5
Deferred tax liabilities	4, 6(27)	1,922,375	3	1,837,012	3	1,641,201	3
Lease liabilities, noncurrent	4, 6(23)	944,880	2	1,026,275	2	1,115,564	2
Long-term deferred revenue	6(18)	672,265	1	705,691	1	724,905	1
Guarantee deposits		20,920	0	12,685	0	9,442	0
Total non-current liabilities		9,123,909	15	10,171,106	17	9,092,210	15
Total liabilities		40,460,797	66	43,050,864	71	44,476,832	75
Equity attributable to the parent company							
Capital	6(20)						
Common stock		3,833,101	6	3,533,101	6	3,533,101	6
Additional paid-in capital	6(20)	3,599,829	6	1,006,639	2	907,031	2
Retained earnings	6(20)						
Legal reserve		1,768,785	3	1,351,070	2	1,351,070	2
Special reserve		1,119,685	2	1,445,059	2	1,445,059	2
Unappropriated earnings		9,801,072	16	9,280,252	16	6,945,120	12
Total retained earnings		12,689,542	21	12,076,381	20	9,741,249	16
Other components of equity		(1,506,113)	(2)	(1,119,685)	(2)	(1,069,575)	(2)
Total equity attributable to the parent company		18,616,359	31	15,496,436	26	13,111,806	22
Non-controlling interests	6(20)	1,887,415	3	1,926,648	3	1,718,596	3
Total equity		20,503,774	34	17,423,084	29	14,830,402	25
Total liabilities and equity		$60,964,571	100	$60,473,948	100	$59,307,234	100

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

English translation of Consolidated Financial Statements originally issued in Chinese
ASIA VITAL COMPONENTS CO., LTD
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
As of June 30, 2023, December 31, 2022 and June 30, 2022
(Expressed in thousands of New Taiwan Dollars, except for earnings par share)
(June 30, 2023 and 2022 are unaudited)

Items	Notes	For the three-month period ended June 30, 2023		For the three-month period ended June 30, 2022		For the six-month period ended June 30, 2023		For the six-month period ended June 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
Operating revenues	4, 6(22)	$14,870,889	100	$13,764,052	100	$26,705,427	100	$26,356,893	100
Operating costs	6(23).(24)	(11,879,885)	(80)	(10,997,716)	(80)	(21,378,320)	(80)	(21,321,605)	(81)
Gross profit		2,991,004	20	2,766,336	20	5,327,107	20	5,035,288	19
Operating expenses	6(23).(24)								
Sales and marketing expenses		(297,803)	(2)	(223,032)	(2)	(506,490)	(2)	(401,785)	(2)
General and administrative expenses		(230,948)	(2)	(192,242)	(1)	(395,483)	(1)	(352,568)	(1)
Research and development expenses		(873,959)	(6)	(804,640)	(6)	(1,501,872)	(6)	(1,409,651)	(5)
Expected credit impairment (losses) gains		(40,905)	(0)	(18,176)	0	(23,628)	(0)	(7,369)	0
Subtotal		(1,443,615)	(10)	(1,238,090)	(9)	(2,427,473)	(9)	(2,171,373)	(8)
Operating income		1,547,389	10	1,528,246	11	2,899,634	11	2,863,915	11
Non-operating income and expenses									
Interest income	6(25)	121,428	1	14,563	0	167,032	1	22,545	0
Other income	6(25)	121,177	1	133,525	1	352,243	1	239,498	1
Other gains and losses	6(25)	166,032	2	46,311	0	76,079	0	(131,877)	-1
Finance costs	6(25)	(105,131)	(1)	(53,548)	(0)	(221,021)	(1)	(93,725)	-0
Share of profit or loss of associates	4, 6(9)	26,167	0	9,382	0	40,287	0	5,668	0
Subtotal		329,673	3	150,233	1	414,620	1	42,109	0
Income from continuing operations before income tax		1,877,062	13	1,678,479	12	3,314,254	12	2,906,024	11
Income tax expense	6(27)	(531,650)	(4)	(479,422)	(3)	(900,768)	(3)	(826,663)	-3
Net income		1,345,412	9	1,199,057	9	2,413,486	9	2,079,361	8
Other comprehensive income (loss)	6(26)								
Items that will not be reclassified subsequently to profit or loss:									
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		(550)	(0)	(2,410)	0	1,992	0	1,726	0
Items that may be reclassified subsequently to profit or loss:									
Exchange differences on translation of foreign operations		(610,555)	(4)	(215,525)	-2	(528,485)	(2)	474,469	1
Share of other comprehensive income (loss) of associates		(6,748)	(0)	(4,291)	-0	(5,358)	(0)	(4,028)	-0
Income tax related to items that may be reclassified subsequently		155,127	1	35,411	0	98,095	0	(67,379)	-0
Total other comprehensive loss, net of tax		(462,726)	(3)	(186,815)	-2	(433,756)	(2)	404,788	1
Total comprehensive income		$882,686	6	$1,012,242	7	$1,979,730	7	$2,484,149	9
Net income attributable to:									
Stockholders of the parent		$1,201,434	8	$1,096,046	8	$2,207,991	8	$1,842,019	7
Non-controlling interests		143,978	1	103,011	1	205,495	1	237,342	1
		$1,345,412	9	$1,199,057	9	$2,413,486	9	$2,079,361	8
Comprehensive income (loss) attributable to:									
Stockholders of the parent		$796,560	5	$928,552	7	$1,823,695	7	$2,217,503	8
Non-controlling interests		86,126	1	83,690	0	156,035	0	266,646	1
		$882,686	6	$1,012,242	7	$1,979,730	7	$2,484,149	9
Earnings per share (NTD)	4, 6(28)								
Earnings per share-basic		$3.18		$3.10		$6.03		$5.21	
Earnings per share-diluted		$3.18		$3.09		$6.03		$5.20	

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

English translation of Consolidated Financial Statements originally issued in Chinese

ASIA VITAL COMPONENTS CO. , LTD

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

As of June 30, 2023, December 31, 2022 and June 30, 2022

(June 30, 2023 and 2022 are unaudited)

	Equity Attributable to the Parent Company									
	Capital		Retained Earnings			Other Components of Equity				
Items	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains (Losses) From Equity Instruments Investments Measured At Fair Value Through Other Comprehensive	Total	Non-Controlling Interests	Total Equity
Balance as of January 1, 2023	$3,533,101	$1,260,103	$1,057,847	$1,326,487	$6,680,820	($1,120,959)	($324,100)	$12,413,299	$1,671,627	$14,084,926
Appropriation and distribution of 2022 retained earnings								–		–
Legal reserve			$293,223		($293,223)			–		–
Cash dividends					(1,165,924)			(1,165,924)		(1,165,924)
Special reserve reversed				$118,572	(118,572)					
Donation from shareholders		$238						238		238
Cash dividends from capital surplus		(353,310)						(353,310)		(353,310)
Income for the six-month period ended June 30, 2023					1,842,019			1,842,019	237,342	2,079,361
Other comprehensive income (loss) for the six-month period ended June 30, 2023						373,758	1,726	375,484	29,304	404,788
Total comprehensive income (loss)	–	–	–	–	1,842,019	373,758	1,726	2,217,503	266,646	2,484,149
Decrease in non-controlling interests								–	(219,677)	(219,677)
Balance as of June 30, 2022	$3,533,101	$907,031	$1,351,070	$1,445,059	$6,945,120	(747,201)	(322,374)	$13,111,806	$1,718,596	$14,830,402
Balance as of January 1, 2023	$3,533,101	$1,006,639	$1,351,070	$1,445,059	$9,280,252	($796,763)	($322,922)	$15,496,436	$1,926,648	$17,423,084
Appropriation and distribution of 2022 retained earnings										
Legal reserve			$417,715		($417,715)			–		–
Cash dividends					(1,596,962)			(1,596,962)		(1,596,962)
Special reserve reversed				($325,374)	325,374			–		–
Donation from shareholders		$251						251		251
Cash dividends from capital surplus		(317,979)						(317,979)		(317,979)
Income for the six-month period ended June 30, 2023					2,207,991			2,207,991	205,495	2,413,486
Other comprehensive income (loss) for the six-month period ended June 30, 2023						(386,288)	1,992	(384,296)	(49,460)	(433,756)
Total comprehensive income (loss)	–	–	–	–	2,207,991	(386,288)	1,992	1,823,695	156,035	1,979,730
Cash capital increase	300,000	2,550,000						2,850,000		2,850,000
Share-based payment transaction		360,918						360,918		360,918
Decrease in non-controlling interests								–	(195,268)	(195,268)
Proceeds from disposal of financial assets at fair value through other comprehensive income					2,132		(2,132)			–
Balance as of June 30, 2023	$3,833,101	$3,599,829	$1,768,785	$1,119,685	$9,801,072	($1,183,051)	($323,062)	$18,616,359	$1,887,415	$20,503,774

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

English translation of Consolidated Financial Statements originally issued in Chinese

ASIA VITAL COMPONENTS CO., LTD

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six-month periods ended June 30, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Items	For the six-month period ended June 30, 2023	For the six-month period ended June 30, 2022
Cash flows from operating activities:		
Net income before tax	$3,314,254	$2,906,024
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Income and expanse adjustments :		
Depreciation	879,090	815,481
Amortization	25,882	27,489
Amortization of royalty	438	438
Expected credit losses (profit)	23,628	7,369
Interest expense	221,021	93,725
Interest income	(167,032)	(22,545)
Compensation costs of share-based payment transaction	360,918	—
Share of profit of associates	(40,287)	(5,668)
Loss on disposal of property, plant and equipment	(8,885)	149,266
(Gain) on disposal of investments	—	(85)
Impairment loss on non-financial assets	25,701	25,815
Others	76,227	345,444
Changes in operating assets and liabilities:		
Notes receivable	160,658	(141,054)
Accounts receivable	(536,742)	579,090
Other receivables	(23,347)	(7,073)
Other receivables-related parties	1,097	360
Inventories	2,077,319	(4,831,182)
Prepayments	36,105	380,031
Other current assets	15,018	45,863
Other operation assets	(517,253)	247,323
Contract liabilities	(2,879)	27,568
Notes payable	(743,691)	279,865
Accounts payable	161,624	1,930,091
Other payables	259,101	669,871
Other current liabilities	(1,644,048)	859,047
Net defined benefit liabilities	7	3
Cash generated from operations	3,953,924	4,382,556
Interest received	162,627	20,646
Interest paid	(224,684)	(81,011)
Income tax paid	(1,218,614)	(929,133)
Net cash provided by operating activities	2,673,253	3,393,058
Cash flows from investing activities:		
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	3,390	—
Acquisition of financial assets measured at amortized costs	—	(27,609)
Acquisition of financial assets at fair value through profit or loss	—	(8,786)
Proceeds from disposal of financial assets at fair value through profit or loss	—	8,879
Acquisition of property, plant and equipment	(2,137,024)	(1,420,911)
Proceeds from disposal of property, plant and equipment	1,390	18,628
Decrease (Increase) in refundable deposits	9,892	(8,323)
Acquisition of intangible assets	(29,853)	(12,622)
Acquisition of right-of-use asset	—	(183,489)
Decrease (Increase) in other noncurrent assets-others	524,161	(613,807)
(Increase) Decrease in other noncurrent assets-others	(132,845)	391,504
Net cash (used) in investing activities	(1,760,889)	(1,856,536)
Cash flows from financing activities:		
Increase in short-term loans	8,423,577	12,426,255
(Decrease) in short-term loans	(9,291,038)	(10,940,351)
(Decrease) in short-term notes payable	—	(250,000)
Proceeds from long-term loans	2,010,000	2,270,000
Repayments of long-term loans	(3,490,776)	(1,541,544)
Increase (Decrease) in guarantee deposits	8,235	(35)
Repayment of lease liabilites	(124,693)	(106,194)
Change in non-controlling interests	2,850,000	—
Net cash provided in financing activities	385,305	1,858,131
Effect of exchange rate changes on cash and cash equivalents	(391,151)	456,622
Net increase in cash and cash equivalents	906,518	3,851,275
Cash and cash equivalents at beginning of year	$20,048,964	$12,914,811
Cash and cash equivalents at end of year	$20,955,482	$16,766,086

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

English Translation of Financial Statements Originally Issued in Chinese
ASIA VITAL COMPONENTS CO., LTD AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Unless otherwise stated, all amounts expressed are in thousands of New Taiwan Dollars)

1. History and organization

ASIA VITAL COMPONENTS CO., LTD. (the Company) was incorporated on December 17, 1991. The Company's registered address is No.248-27, Xinsheng Rd., Qianzhen Dist., Kaohsiung City. The principal activities of the Company are to manufacture, process, assemble and to import and export electronic parts, electronic materials, communication electronic machinery products, automobile parts, lighting device, computer peripherals.

The Company's ordinary shares were publicly listed on the Taiwan Stock Exchange (TWSE) on 27 September, 2002.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the six-month periods ended June 30, 2023 and 2022 were authorized for issue by the Board of Directors on Aug 9, 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments.

The Group adopted International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
f	International Tax Reform – Pillar Two Model Rules– Amendments to IAS 12	1 January 2023
g	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

A. IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

B. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

E. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

F. International Tax Reform – Pillar Two Model Rules– Amendments to IAS 12

The amendments introduced a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes; and targeted disclosure requirements for affected entities. An entity is not required to disclose the information required for any interim period ending on or before 31 December 2023.

G. Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently evaluating the potential impact of the aforementioned standards and interpretations listed under A、C and E , it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the six-month periods ended June 30,2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

The Group's consolidated financial statements preparation principles are the same as the 2022 consolidated financial statements. Please refer to the Group's 2022 consolidated financial statements.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			2023.6.30	2022.12.31	2022.6.30
The Group	AVC INTERNATIONAL CO., LTD.－ B.V.I. (AVCI－BVI)	Investment holding	100.00%	100.00%	100.00%
	CHIHUNG INTERNATIONAL LTD. (CHIHUNG)	Investment holding	100.00%	100.00%	100.00%
	RAYNEY INTERNATIONAL LTD. (RAYNEY)	Trade	100.00%	100.00%	100.00%
	MERIT TRADING CORPORATION (MERIT)	Trade	100.00%	100.00%	100.00%
	AVC AMERICA, INC. (AVCA)	Trade	100.00%	100.00%	100.00%
	AVC INTERNATIONAL (SAMOA) CO., LTD. (AVCI(SAMOA))	Trade	100.00%	100.00%	100.00%
	JADS CORPORATION (HK) LTD. (JADS)	Trade	100.00%	100.00%	100.00%
	AVC INTERNATIONAL CO., LTD.－ SAMOA (AVCI－SAMOA)	Trade	100.00%	100.00%	100.00%
	HUNG YE INVESTMENT CO., LTD. (HUNGYE)	Investment holding	100.00%	100.00%	100.00%

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			2023.6.30	2022.12.31	2022.6.30
	D-MAX TECHNOLOGY CO., LTD. (D-MAX)	Sales and manufacture of electronic parts and related products	100.00%	100.00%	100.00%
	FOSITEK CORP. (FST)	Sales and manufacture of electronic parts and related products	19.25%	19.25%	19.25%
	AVC EUROPE TECHNOLOGY GMBH (AVCEU)	Trade	100.00%	100.00%	100.00%
	AVC TECHNOLOGY (VIETNAM) COMPANY LIMITED. (AVC(VN))	Sales and manufacture of electronic products	100.00%	100.00%	100.00%
AVCI－BVI	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD. (AVCSZ)	Sales and manufacture of electronic products	100.00%	100.00%	100.00%
	MACE TECH CORP. (MACE)	Trade	100.00%	100.00%	100.00%
	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD. (AVCCD)	Sales and manufacture of computers, related parts and accessories	100.00%	100.00%	100.00%
	AVC OPTICS CORP. (AVCOC)	Investment holding	100.00%	100.00%	100.00%
MACE	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD. (AVCDG)	Manufacture, process and sales of electronic products	100.00%	100.00%	100.00%
AVCDG	AVC PRECISION, CO., LTD.	Manufacture, sales of electronic products	100.00%	100.00%	100.00%
AVCOC	AVC OPTICS (WUHAN) CORP. (AVCWH)	Sales and manufacture of computers, related parts and accessories	100.00%	100.00%	100.00%
AVCWH	WUHAN ASIA VITAL COMPONENTS CO.,LTD. (AVCWN)	Trade	100.00%	100.00%	100.00%
CHIHUNG	TONBRIDGE INVESTMENTS LTD. (TONBRIDGE)	Investment holding	— (Note 1)	— (Note 1)	100.00%
	ASIA VITAL COMPONENTS (CHINA) CO., LTD. (AVCCN)	Sales and manufacture of electronic products	100.00%	100.00%	100.00%

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			2023.6.30	2022.12.31	2022.6.30
TONBRIDGE	ASIA VITAL COMPONENTS (SHANGHAI) CO.,LTD. (AVCSH)	Notebook thermal module	— (Note 2)	— (Note 2)	100.00%
AVCCN	BEIJING AVC TECHNOLOGY RESEARCH CENTER CO., LTD. (AVCBJ)	Maintenance, research and development of electronic products	100.00%	100.00%	100.00%
D-MAX	WUCHIDA INTERNATIONAL CO., LTD. (WUCHIDA)	Investment holding	100.00%	100.00%	100.00%
WUCHIDA	D-Max INTERNATIONAL CO., LIMITED (D-Max)	Investment holding	100.00%	100.00%	100.00%
D-Max	(JIASHAN) D-MAX ELECTRONICS CO.,LTD.	Sales and manufacture of electronic and photographic equipment	100.00%	100.00%	100.00%
FST	MARKETHILL INVESTMENTS LIMITED (MARKETHILL)	Investment holding	100.00%	100.00%	100.00%
MARKETHILL	FIRST DOME CORP TELECOM.,LTD.	Sales and manufacture of rails, shafts and metal stamping tooling	100.00%	100.00%	100.00%

Note 1: TONBRIDGE INVESTMENTS LTD. has completed its unregistration in January 2023.

Note 2: ASIA VITAL COMPONENTS (SHANGHAI) CO.,LTD has completed its unregistration in September 2022.

Although the percentage of ownership interests in FST is less than 50%, the Group determined that it has control over FST. This is due to a combination of factors : the Group remains the single largest shareholder of FST since the increase of the investment in September 2014, the Group could obtain proxies to achieve relative majority in the absence of a contractual arrangement in place; and the ability of the Company to appoint or approve the key management personnel of FST who have the ability to direct the relevant activities.

The financial statements of part of the consolidated subsidiaries listed above had not been reviewed by auditors. As of June 30, 2023 and 2022, the related assets of the subsidiaries which were unaudited by auditors amount to $12,192,914 thousand and $11,861,447 thousand respectively, and the related liabilities amount to $6,878,335 thousand and $7,116,293 thousand, respectively. The comprehensive income of these subsidiaries amount to $(190,245) thousand and $(498,897) thousand for the six-month periods ended June 30, 2023 and 2022, respectively. The comprehensive income of these subsidiaries amount to $(109,351) thousand and $(339,449) thousand for the three-month periods ended June 30, 2023 and 2022, respectively.

(4) Basis of consolidationt

The accounting policies adopted by the Group in the consolidated financial statements from January 1 to June 30, 2023 are the same as the consolidated financial statements of 2022. For the summary of other important accounting policies, please refer to the Group's 2022 consolidated financial statements.

5. Significant accounting judgements, estimates and assumptions

The major sources of significant accounting judgments, estimates and assumptions that are used in the Group's consolidated financial statements for the period from January 1 to June 30 2023 and 2022 are the same as the 2022 consolidated financial statements. Please refer to the Group's 2022 consolidated financial statements.

6. Contents of significant accounts

(1) Cash and cash equivalents

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Cash on hand and demand deposits	$18,633,033	$19,013,406	$16,432,555
Time deposits	2,322,449	1,004,848	333,531
Commercial paper	—	30,710	—
Total	$20,955,482	$20,048,964	$16,766,086

Cash and cash equiralents were not pledged.

(2) Financial assets measured at amortized cost, current

Current:	30 Jun 2023	31 Dec 2022	30 Jun 2022
Bank deposits	$2,108,590	$1,591,337	$508,718
Noncurrent:			
Bond	31,075	30,645	29,657
Total	$2,139,665	$1,621,982	$538,375

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge and Note 12 for details on credit risk and assessment of impairment loss.

(3) Notes receivable, net

A.

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Notes receivable	$578,870	$739,277	$887,521
Less: loss allowance	(2,221)	(1,763)	(4,892)
Total	$576,649	$737,514	$882,629

B. Notes receivables arised from operating activities and were not pledged.

C. The Group follows the requirement of IFRS 9 to assess the impairment. The Group measures the loss allowance of its note receivables at an amount equal to lifetime expected credit losses. The movement in the provision for impairment of note receivables is as follows:

Movement of the loss allowance table:

	Loss allowance
As of 1 Jan 2023	$1,763
Charge for the current period	520
Foreign exchange adjustments	(62)
As of 30 Jun 2023	$2,221
As of 1 Jan 2022	$3,039
Charge for the current period	1,759
Foreign exchange adjustments	94
As of 30 Jun 2022	$4,892

(4) Accounts receivable, net

A.

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Account receivables	$4,483,128	$4,160,600	$5,166,530
Less: loss allowance	(188,619)	(168,580)	(148,211)
Total	$4,294,509	$3,992,020	$5,018,319

B. Accounts receivables were not pledged.

C. Trade receivables are generally on 90-150 day terms. The total carrying amount as of June 30, 2023, December 31, 2022 and June 30, 2022 were $4,483,128 thousand, $4,160,600 thousand and $5,166,530 thousand, respectively. The Group follows the requirement of IFRS 9 to assess the impairment, measure the loss allowance of its trade receivables at an amount equal to lifetime expected credit losses, condsider the grouping of note receivables by counterparties' credit rating, by geographical region and by industry sector, and its loss allowance is recognized based on expected loss ratio, details are as follow. Please refer to Note 12 for more details on credit risk management.

	Neither past due nor impaired	Past due but not impaired			Total
		31~90 days	91~180 days	>=181 days	
30 Jun 2023					
Gross carrying amount	$4,436,459	$9,743	$174	$36,752	$4,483,128
Loss ratio	0%~5%	1%~10%	5%~20%	50%~100%	
Lifetime expected credit losses	151,761	98	8	36,752	188,619
Subtotal	$4,284,698	$9,645	$166	—	$4,294,509

31 Dec 2022					
Gross carrying amount	$4,110,902	$7,519	$5,961	$36,218	$4,160,600
Loss ratio	0%~5%	1%~10%	5%~20%	50%~100%	
Lifetime expected credit losses	140,935	75	298	27,272	168,580
Subtotal	$3,969,967	$7,444	$5,663	$8,946	$3,992,020

30 Jun 2022					
Gross carrying amount	$5,110,968	$35,746	$1,320	$18,496	$5,166,530
Loss ratio	0%~5%	1%~10%	5%~20%	50%~100%	
Lifetime expected credit losses	129,350	358	66	18,437	148,211
Subtotal	$4,981,618	$35,388	$1,254	$59	$5,018,319

D. Movement of the loss allowance table:

	Collectively impaired
As of 1 Jan 2023	$168,580
Charge for the current period	21,922
Foreign exchange adjustments	(1,883)
As of 30 Jun 2023	$188,619
As of 1 Jan 2022	$142,749
Charge for the current period	3,885
Foreign exchange adjustments	1,577
As of 30 Jun 2022	$148,211

E. The Group entered into a factoring agreement with the following banks to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognized the transferred accounts receivable.

As of 30 June 2023, 31 December 2022 and 30 June 2022, other receivables from banks incurred by accounts receivable factoring amounted to $369,337 thousand, $155,123 thousand and $267,377 thousand, respectively.

As of 30 June 2023, 31 December 2022 and 30 June 2022, the relevant information of accounts receivable factored and derecognised by the Group is as follows:

(a) 30 June 2023:

The Factor (Transferee)	Interest Rate (%)	Accounts receivable factoring not yet due (in thousands)	Amount received (in thousands)	Retention (recognized as other receivables) (in thousands)	Credit Limit (in thousands)
E.SUN	—	$11,130	—	$11,130	$110,000
CTBC	6.2759%	858	$127	731	20,000
Total		$11,988	$127	$11,861	$120,000

(b) 31 December 2022:

The Factor (Transferee)	Interest Rate (%)	Accounts receivable factoring not yet due (in thousands)	Amount received (in thousands)	Retention (recognized as other receivables) (in thousands)	Credit Limit (in thousands)
E.SUN	5.127%~ 5.325%	$31,484	$27,594	$3,890	$100,000
CTBC	5.3911%~ 5.4043%	11,610	10,449	1,161	20,000
Total		$43,094	$38,043	$5,051	$120,000

(c) 30 June 2022:

The Factor (Transferee)	Interest Rate (%)	Accounts receivable factoring not yet due (in thousands)	Amount received (in thousands)	Retention (recognized as other receivables) (in thousands)	Credit Limit (in thousands)
E.SUN	0.8030%~ 2.570%	$70,316	$62,935	$7,381	$110,000
CTBC	0.8964%~ 3.2949%	16,160	14,544	1,616	20,000
Total		$86,476	$77,479	$8,997	$130,000

(5) Other receivables and other receivables-related parties

A.

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Tax refund receivable	$64,939	$52,356	$65,783
Other receivables	533,081	303,699	363,583
Less: loss allowance	(14,095)	(13,135)	(15,641)
Subtotal	583,925	342,920	413,725
Other receivables－related parties	7,798	8,895	8,829
Total	$591,723	$351,815	$422,554

B. The Group follows the requirement of IFRS 9 to assess the impairment. The Group measures the loss allowance of its other receivables at an amount equal to lifetime expected credit losses, condsiders the grouping of note receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is recognized based on expected loss ratio, details are as follow. Please refer to Note 12 for more details on credit risk management.

C. Movement of the loss allowance table:

	Collectively impaired
As of 1 Jan 2023	$13,135
Charge for the current period	1,186
Foreign exchange adjustments	(226)
As of 30 Jun 2023	$14,095
As of 1 Jan 2022	$13,737
Charge for the current period	1,725
Foreign exchange adjustments	179
As of 30 Jun 2022	$15,641

(6) Inventories

A.

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Raw materials	$3,386,221	$3,607,360	$4,598,438
Work in progress	960,235	1,109,560	1,449,799
Finished goods	10,896,244	12,642,852	14,013,880
Total	$15,242,700	$17,359,772	$20,062,117

B. Expenses and losses incurred on inventories for the six-month periods ended June 30 2023 and 2022 were as follows:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Cost of inventories sold	$11,813,608	$10,682,207	$21,288,285	$20,962,259
Loss (Profit) on inventory valuation	(41,227)	225,844	(51,419)	243,452
Loss on disposal of Inventory	107,504	89,665	141,454	115,894
Cost of goods sale	$11,879,885	$10,997,716	$21,378,320	$21,321,605

C. For the Group's three-month period ended June 30 2023 and six-month period ended June 30 2023, due to factors such as the rebound in the inventory price of the provision for decline in inventories at the beginning of the period, or the sale or use of the inventory, the assessment of the allowance for the provisioned inventory is recognized. The reduction in inventory recognition benefits was $41,227 thousand and $51,419 thousand.

D. No inventories were pledged.

(7) Prepayments

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Payment in advance	$601,902	$658,480	$1,114,637
Other prepaid expenses	69,454	48,981	78,176
Total	$671,356	$707,461	$1,192,813

(8) Financial assets at fair value through other comprehensive income, noncurrent

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Debt instrument investments measured at fair value through other comprehensive income – Non-current:			
Unlisted companies stocks	$136,757	$137,638	$122,158

Financial assets at fair value through other comprehensive income were not pledged.

(9) Investments accounted for under the equity method

A. The following table lists the investments in associates of the Group:

Investees	30 Jun 2023 Carrying amount	30 Jun 2023 Percentage of ownership (%)	31 Dec 2022 Carrying amount	31 Dec 2022 Percentage of ownership (%)	30 Jun 2022 Carrying amount	30 Jun 2022 Percentage of ownership (%)
Investments in associates:						
ZIMAG TECHNOLOGY CO., INC. (Note 1)	$52,366	9.53%	$50,818	9.53%	$50,883	9.53%
FURUKAWA AVC ELECTRONICS (SUZHOU) CO., LTD.	127,093	30.00%	98,316	30.00%	80,746	30.00%
ZHUZHOU CRRC-AVC THERMAL TECHNOLOGY CO., LTD.	109,790	25.00%	106,564	25.00%	102,302	25.00%
KEY APPLICATION TECHNOLOGY CO., LTD. (Note 2)	–	16.31%	–	16.31%	–	16.31%
Total	$289,249		$255,698		$233,931	

Note 1: The Group evaluated and concluded that it has significant influence over Innovision, thus, this investment of the Group used the equity method for evaluation.

Note 2: The Group evaluated and concluded that it has significant influence over Innovision, thus, this investment of the Group used the equity method for evaluation.

Investments accounted for using the equity method of the Company and its subsidiaries, were $289,249 thousand, $255,698 thousand and $233,931 thousand as of 30 June 2023, 31 December 2022 and 30 June 2022, respectively. For the three-month periods ended 30 June 2023 and 2022 and for the six-month periods ended 30 June 2023and 2022, the related shares of investment (loss) income from the associates were $26,167 thousand, $9,382 thousand, $40,287 thousand and $5,668 thousand, respectively. The related shares of other comprehensive income from the associates were $(6,748) thousand, $(4,291) thousand, $(5,358) thousand and $(4,028) thousand, which were based solely on the financial reports of other independent accountants.

None of the aforementioned associates were pledged.

B. Financial information of associates:

There is no individually significant associate for the Group. When an associate is a foreign operation, and the functional currency of the foreign entity is different from the Group, an exchange difference arising from translation of the foreign entity will be recognized in other comprehensive income (loss).

The aggregate financial information of the Group's investments in its joint ventures is as follows:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Net income	$26,167	$9,382	$40,287	$5,668
Other comprehensive income(loss)	(6,748)	(4,291)	(5,358)	(4,028)
Total comprehensive income	$19,419	$5,091	$34,929	$1,640

(10) Property, plant and equipment

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Owner occupied property, plant and equipment	$10,929,317	$9,694,096	$8,441,301

A. Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Molding equipment	Other facilities	Construction in progress and equipment awaiting examination	Total
Cost:							
As of 1 Jan 2023	$167,151	$3,365,191	$7,348,096	$846,333	$3,396,428	$1,440,945	$16,564,144
Additions	–	512,702	1,151,567	82,439	582,213	(191,897)	2,137,024
Disposals	–	–	(97,038)	(105,834)	(48,150)	–	(251,022)
Transfers and reclassifications	–	(20,969)	–	–	–	–	(20,969)
Exchange differences	–	(59,404)	(272,879)	(1,192)	(14,209)	5,431	(342,253)
As of 30 Jun 2023	$167,151	$3,797,520	$8,129,746	$821,746	$3,916,282	$1,254,479	$18,086,924
Depreciation and impairment:							
As of 1 Jan 2023	–	$1,070,817	$3,084,204	$737,437	$1,977,590	–	$6,870,048
Depreciation	–	57,313	364,459	58,313	259,438	–	739,523
Impairment loss	–	–	25,701	–	–	–	25,701
Disposals	–	–	(52,752)	(105,834)	(47,061)	–	(205,647)
Transfers and reclassifications	–	(4,282)	–	–	–	–	(4,282)
Exchange differences	–	(15,055)	(172,247)	(29,465)	(50,969)	–	(267,736)
As of 30 Jun 2023	–	$1,108,793	$3,249,365	$660,451	$2,138,998	–	$7,157,607

	Land	Buildings	Machinery and equipment	Molding equipment	Other facilities	Construction in progress and equipment awaiting examination	Total
Cost:							
As of 1 Jan 2022	$167,151	$3,304,819	$6,302,197	$928,372	$3,002,298	$204,132	$13,908,969
Additions	—	8,721	431,679	46,860	240,876	692,775	1,420,911
Disposals	—	(2,920)	(347,118)	(65,881)	(119,809)	—	(535,728)
Transfers and reclassifications	—	—	—	—	—	—	—
Exchange differences	—	83,831	163,467	19,838	54,426	7,090	328,652
As of 30 Jun 2022	$167,151	$3,394,451	$6,550,225	$929,189	$3,177,791	$903,997	$15,122,804
Depreciation and impairment:							
As of 1 Jan 2022	—	$942,969	$2,862,849	$695,325	$1,696,692	—	$6,197,835
Depreciation	—	50,845	313,071	110,186	206,433	—	680,535
Impairment loss	—	—	25,815	—	—	—	25,815
Disposals	—	(430)	(206,190)	(65,792)	(107,319)	—	(379,731)
Transfers and reclassifications	—	—	—	—	—	—	—
Exchange differences	—	33,781	79,076	14,779	29,413	—	157,049
As of 30 Jun 2022	—	$1,027,165	$3,074,621	$754,498	$1,825,219	—	$6,681,503
Net carrying amount as of:							
30 Jun 2023	$167,151	$2,688,727	$4,880,381	$161,295	$1,777,284	$1,254,479	$10,929,317
31 Dec 2022	$167,151	$2,294,374	$4,263,892	$108,896	$1,418,838	$1,440,945	$9,694,096
30 Jun 2022	$167,151	$2,367,286	$3,475,604	$174,691	$1,352,572	$903,997	$8,441,301

B. The Group has evaluated the value of some machinery and equipment has been impaired, and impairment losses are recognized amounted to NT$25,701 thousand and NT$25,815 thousand for the years ended 30 June 2023 and 2022, respectively. The recoverable amount is the difference between fair value and disposal cost, this fair value measurement is categorized under Level 3.

C. Please refer to Note 8 for more details on property, plant and equipment under pledge.

(11) Investment property

Investment property includes the Group's own occupied investment property and the investment property held by the Group with the right-of-use assets. The Group enters into commercial property leasing contracts for its own investment property with a leasing period ranging from 1 to 10 years. The lease contract includes provisions for adjusting the rent based on the annual market environment.

	Land	Buildings	Total
Cost：			
As of 1 Jan 2023	$8,769	$182,921	$191,690
Additions	－	－	－
Transfers and reclassifications	－	20,969	20,969
Exchange differences	－	(2,025)	(2,025)
As of 30 Jun 2023	$8,769	$201,865	$210,634
As of 1 Jan 2022	$8,769	$180,637	$189,406
Additions	－	－	－
Transfers and reclassifications	－	－	－
Exchange differences	－	1,573	1,573
As of 30 Jun 2022	$8,769	$182,210	$190,979
Depreciation and impairment:			
As of 1 Jan 2023	－	$91,823	$91,823
Depreciation	－	1,810	1,810
Transfers and reclassifications	－	4,282	4,282
Exchange differences	－	(415)	(415)
As of 30 Jun 2023	－	$97,500	$97,500
As of 1 Jan 2022	－	$86,910	$86,910
Depreciation	－	1,744	1,744
Transfers and reclassifications	－	－	－
Exchange differences	－	280	280
As of 30 Jun 2022	－	$88,934	$88,934
Net carrying amount as at:			
As of 30 Jun 2023	$8,769	$104,365	$113,134
As of 31 Dec 2022	$8,769	$91,098	$99,867
As of 30 Jun 2022	$8,769	$93,276	$102,045

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Rental income from investment property	$5,292	$4,273	$9,844	$8,850
Less: Direct operating expenses from Investment property generating rental income	(1,461)	(1,442)	(2,880)	(2,885)
Total	$3,831	$2,831	$6,964	$5,965

Please refer to Note 8 for more details on investment property under pledge.

The investment property held by the Group is industrial land and buildings, and the fair value is equivalent to the carrying value.

(12) Intangible assets

	Computer software	Patents	License fee	Goodwill	Total
Cost:					
As of 1 Jan 2023	$394,347	$5,185	$25,679	$7,107	$432,318
Addition	29,853	－	－	－	29,853
Disposals	(111)	－	－	－	(111)
Transfers and reclassifications	－	－	－	－	－
Exchange differences	(6,728)	－	－	－	(6,728)
As of 30 Jun 2023	$417,361	$5,185	$25,679	$7,107	$455,332
As of 1 Jan 2022	$356,830	$5,185	$25,679	$7,107	$394,801
Addition	12,622	－	－	－	12,622
Disposals	(23)	－	－	－	(23)
Transfers and reclassifications	－	－	－	－	－
Exchange differences	5,533	－	－	－	5,533
As of 30 Jun 2022	$374,962	$5,185	$25,679	$7,107	$412,933
Amortization and impairment:					
As of 1 Jan 2023	$264,774	$5,185	$21,150	$7,107	$298,216
Amortization	25,103	－	438	－	25,541
Disposals	(21)	－	－	－	(21)
Transfers and reclassifications	－	－	－	－	－
Exchange differences	(4,376)	－	－	－	(4,376)
As of 30 Jun 2023	$285,480	$5,185	$21,588	$7,107	$319,360

	Computer software	Patents	License fee	Goodwill	Total
As of 1 Jan 2022	$211,462	$5,185	$20,274	$7,107	$244,028
Amortization	27,005	—	438	—	27,443
Disposals	(23)	—	—	—	(23)
Transfers and reclassifications	—	—	—	—	—
Exchange differences	3,515	—	—	—	3,515
As of 30 Jun 2022	$241,959	$5,185	$20,712	$7,107	$274,963
Net carrying amount as at:					
30 Jun 2023	$131,881	—	$4,091	—	$135,972
31 Dec 2022	$129,573	—	$4,529	—	$134,102
30 Jun 2022	$133,003	—	$4,967	—	$137,970

Amortization expense of intangible assets under the statement of comprehensive income:

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Operating costs	$1,942	$2,058	$3,894	$4,132
Operating expenses	$11,204	$11,287	$21,647	$23,311

(13) Other non-current assets

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Advance payments in equipments	$746,635	$1,276,214	$1,219,079
Refundable deposits	197,506	207,398	202,093
Other advance	132,845	—	—
Other non-current assets - other	6,805	2,166	2,743
Total	$1,083,791	$1,485,778	$1,423,915

Please refer to Note 8 for more details on other non-current assets under pledge.

(14) Short-term borrowings

A.

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Unsecured bank loans	$5,491,604	$6,294,019	$5,430,548

B. Interest rate ranges are within 1.6629%~6.4300% , 1.3700%~5.6500% and 0.0000%~2.4260% as of 30 June 2023, 31 December 2022 and 30 June 2022, respectively.

C. As of 30 June 2023, 31 December 2022and 30 June 2022, unused short-term lines of credit were $14,974,104 thousand, $13,635,705 thousand and $10,583,212 thousand, respectively.

(15) Other payables

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Salaries and bonus	$2,122,029	$2,015,224	$1,775,767
Employee's compensation and remuneration of directors	372,964	293,002	280,636
Dividends payable	2,110,209	—	1,738,911
Others	2,589,135	2,520,464	2,363,049
Total	$7,194,337	$4,828,690	$6,158,363

(16) Corporate Bonds payable

	30 Jun 2023	31 Dec 2022	30 June 2022	Collateral
5 year secured bonds - issued at par value. Issued in August 2020. Interest at 0.62%, bullet repayment, payable annually.	$2,400,000	$2,400,000	$2,400,000	Bank guarantee
Less: current portion	—	—	—	
Ending balance	$2,400,000	$2,400,000	$2,400,000	

The issuance of the above corporate bonds payable is to repay existing loans and expand working capital, the Company entered into a syndicated credit facility agreement with 9 banks by E.SUN Commercial Bank, Taiwan Cooperative Bank, Hua Nan Commercial Bank, Bank of Taiwan, Land Bank of Taiwan, Mega International Commercial Bank, The Shanghai Commercial & Savings Bank, First Commercial Bank and CTBC Bank for a NT$2,424,000 thousand credit line.

(17) Long-term borrowings

	30 Jun 2023	31 Dec 2022	30 June 2022	Redemption
Unsecured Long-Term Loan from Taiwan Cooperative Bank	$120,000	$150,000	$180,000	Effective 17 Jun 2020 to 17 Jun 2025. Five-year loan: principal is repaid in 20 quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Taiwan Cooperative Bank	206,250	243,750	281,250	Effective 25 Mar 2022 to 24 Mar 2026. Four-year loan: principal is repaid in 16 quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Taiwan Cooperative Bank	468,750	—	—	Effective 9 Feb 2023 to 8 Feb 2027. Four-year loan: principal is repaid in 16 quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Shanghai Commercial & Savings Bank	62,500	87,500	100,000	Effective 17 September 2021 to 17 September 2024. Three-year loan: principal is repaid in 8 quarterly payments with monthly interest payments.

	30 Jun 2023	31 Dec 2022	30 June 2022	Redemption
Unsecured Long-Term Loan from Shanghai Commercial & Savings Bank	$125,000	$175,000	$200,000	Effective 25 Oct 2021 to 17 Sep 2024. Three-year loan: principal is repaid in quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Far Eastern International Bank	200,000	—	—	Revolving credit for 2-year basis according to the contract and the interest rate is negotiated every 3 months.
Unsecured Long-Term Loan from Taipei Fubon Bank	—	100,000	100,000	Effective 23 Jun 2021 to 31 Dec 2023. Three-year loan: split loan is available. The first period begins 18 months after first allocation. 16% of the principal is repaid in quarterly payments and the remaining principal is repaid on the maturity date.
Unsecured Long-Term Loan from Hua Nan Bank	—	—	177,778	Effective 12 Oct 2020 to 12 Oct 2023. Three-year loan: principal is repaid in monthly payments with monthly interest payments.
Unsecured Long-Term Loan from Hua Nan Bank	120,000	120,000	—	Effective 21 Oct 2022 to 21 Oct 2025. Three-year loan: principal is repaid in monthly payments with monthly interest payments.
Unsecured Long-Term Loan from Yuanta Commercial Bank	—	240,000	360,000	Effective 7 Sep 2020 to 7 Sep 2023. Three-year loan: split loan is available. The first period begins at the expiration date of interest-only. Principal is repaid in 9 quarterly payments with monthly interest payments. Payments 1 to 8 are for NT$60,000 thousand, and the final payment is for NT$120,000 thousand.
Unsecured Long-Term Loan from Taipei Fubon Bank (original Jih Sun Bank)	64,000	132,000	200,000	Effective 19 Nov 2021 to 19 Nov 2023. Two-year loan: principal is amortized on a quarterly basis, and interest is paid on a monthly basis.

	30 Jun 2023	31 Dec 2022	30 June 2022	Redemption
Unsecured Long-Term Loan from Cathay United Bank	—	—	$200,000	Revolving credit for 2 years from 12 Sep 2020 to 12 Sep 2022.
Unsecured Long-Term Loan from Cathay United Bank	—	$300,000	—	Revolving credit for 2 years from 12 Sep 2022 to 12 Sep 2024.
Unsecured Long-Term Loan from Bank of Taiwan	—	141,666	191,667	Effective 25 May 2021 to 25 May 2024. Three-year loan: interest-only payment for the first year. Principal is repaid with monthly interest payments.
Unsecured Long-Term Loan from Taiwan Business Bank	$104,166	166,667	229,167	Effective 1 Apr 2020 to 1 Apr 2024. Four-year loan: principal is repaid with monthly interest payments.
Unsecured Long-Term Loan from Export-Import Bank of the Republic of China	250,000	250,000	250,000	Effective 21 Dec 2021 to 21 Dec 2027. Six-year loan: interest-only payment for 30 months. Principal is repaid with monthly interest payments.
Unsecured Long-Term Loan from E. Sun Bank	125,000	175,000	200,000	Effective 16 Sep 2021 to 16 Sep 2024. Three-year loan: principal is amortized on a quarterly basis, and interest is paid on a monthly basis.
Unsecured Long-Term Loan from Taiwan Cooperative Bank	75,000	105,000	135,000	Effective 3 Sep 2019 to 3 Sep 2024. Five-year loan: principal is repaid in quarterly payments with monthly interest payments.
Unsecured Long-Term Loan from Land Bank of Taiwan	250,000	300,000	—	Effective 22 Dec 2022 to 22 Dec 2025. Three-year loan: principal is repaid in monthly payments with interest.
Unsecured Long-Term Loan from Export-Import Bank of the Republic of China	770,000	770,000	770,000	Effective 11 Apr 2022 to 11 Apr 2028. Six-year loan: interest-only payment for 30 months. Principal is repaid with monthly interest payments.
Unsecured Long-Term Loan from Taiwan Business Bank	375,000	437,500	500,000	Effective 17 June 2022 to 17 June 2026. Four-year loan: principal is repaid in monthly payments with monthly interest payments.

	30 Jun 2023	31 Dec 2022	30 June 2022	Redemption
Unsecured Long-Term Loan from HSBC Commercial Bank	—	$600,000	—	Effective 18 Oct 2022 to 26 August 2024. Two-year loan: monthly interest payments.
Unsecured Long-Term Loan from DBS Bank	—	500,000	—	Revolving line are two years,every loans can't be over six months.The two-year limit is based on the initial draw-down date. The actual credit line has no maturity date.
Unsecured Long-Term Loan from Mizuho Corporate Bank	$500,000	—	—	Revolving credit for 2 years from 20 Sep 2022 to 20 Sep 2024.
Unsecured Long-Term Loan from First Commercial Bank	11,333	13,333	$15,333	Effective 29 Apr 2021 to 29 Apr 2026. Five-year loan: principal is repaid in monthly payments with monthly interest payments.
Unsecured Long-Term Loan from First Commercial Bank	24,667	28,667	32,667	Effective 8 July 2021 to 8 July 2026. Five-year loan: principal is repaid in monthly payments with monthly interest payments.
Unsecured Long-Term Loan from First Commercial Bank	31,140	40,947	49,533	Effective 20 Dec 2021 to 20 Dec 2024. Three-year loan: principal is amortized on a quarterly basis.
Unsecured Long-Term Loan from E. Sun Bank	175,163	241,841	267,480	Effective 27 July 2021 to 27 July 2024. Three-year loan: principal is amortized on a quarterly basis.
Unsecured Long-Term Loan from E. Sun Bank	19,462	241,841	267,480	Effective 9 Sep 2021 to 9 Sep 2024. Three-year loan: principal is amortized on a quarterly basis.
Unsecured Long-Term Loan from Shanghai Commercial & Savings Bank	311,780	304,595	—	Effective 24 Oct 2022 to 23 Oct 2027. Five-year loan: principal is amortized on a quarterly basis.
Subtotal	4,389,211	5,865,307	4,707,355	
Less: Due within one year	(1,225,742)	(1,675,864)	(1,506,257)	
Total	$3,163,469	$4,189,443	$3,201,098	
Range of interest rates	1.6500%～6.5959%	1.3905%～6.0994%	0.9721%～3.8584%	

(18) Long-term deferred revenue

Government grants were as follows:

	For the six-month periods ended June 30	
	2023	2022
Beginning balance	$705,691	$722,619
Released to the statement of comprehensive income	(13,779)	(13,841)
Exchange differences	(19,647)	16,127
Ending balance	$672,265	$724,905

Government grants have been received for the purchase of certain items of property, plant and equipment.

(19) Post-employment benefits

A. Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended 30 June 2023 and 2022 are $8,016 thousand and $8,149 thousand, respectively; for the six-month periods ended 30 June 2023 and 2022 are $15,861 thousand and $16,274 thousand, respectively.

B. Defined benefits plan

Costs under the defined benefits plan for the three-month periods ended 30 June 2023 and 2022 are $663 thousand and $652 thousand, respectively; for the six-month periods ended 30 June 2023 and 2022 are $1,348 thousand and $1,310 thousand, respectively.

(20) Equities

A. Common stock

As of 30 June 2023, 31 December 2022 and 30 June 2022, the Group's authorized capital was $6,000,000 thousand, and issued $3,833,101 thousand、3,533,101 thousand and 3,533,101 thousand with 383,310 thousand shares、353,310 thousand shares and 353,310 thousand shares, each at a par value of $10. Each share has one voting right and a right to receive dividends.

On November 11, 2022, the Company convened the Board of Directors and resolved to issue 30,000 new shares in cash capital increase.The par value is 10 per share and is issued at NT$95 per share. This cash capital increase and issuance of new shares, It has been Financial Supervisory Commission approved the declaration on January 16, 2023, And will take April 17, 2023 as the base date for capital increase, and complete the change registration at April 27, 2023.

B. Additional paid-in capital

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Share premium	$2,581,008	$348,987	$348,987
Difference between consideration and carrying amount of subsidiaries acquired or disposed	72,336	72,336	72,336
Donated assets received	3,637	3,386	3,386
Premium from merger	443,730	443,730	443,730
Employee stock option	475,826	114,908	15,300
Share options of convertible bonds	23,292	23,292	23,292
Total	$3,599,829	$1,006,639	$907,031

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

(a) Payment of all taxes and dues;

(b) Offset prior years' operation losses;

(c) Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve, except for when accumulated legal reserve has reached total authorized capital.

(d) Set aside or reverse special reserve in accordance with law and regulations; and

(e) The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

(f) According to Paragraph 5, Article 240 of the Company Act, the resolution authorizing a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors shall, in the form of the distribution of dividends and dividends or all or part of the legal reserves and capital reserves provided for in Paragraph 1, Article 241 of the Companies Act, shall be paid in cash and shall be reported to the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future development plan, investment environment, fund requirements, domestic and international competition as well as the interest of the shareholders. A percentage of no less than 5% of the distributable profits of the accounting period shall be distributed as shareholders' dividends annually. When the accumulated distributable profits are less than 10% of our paid-up capital, we will no longer be required to make allowances for allocation. Shareholders' dividends could be paid in the form of shares or cash. Accordingly, at least 10% of the dividends must be paid in the form of cash.

According to the Company Act, the Company needs to set aside an amount to legal reserves unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserves that exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Following the adoption of TIFRS, the FSC on 6 April 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserves. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserves, from the profit/loss of the current period and the undistributed earnings from the previous period. The amount should equal to "other net deductions from shareholders' equity for the current fiscal year, provided that the company has already set aside special reserves according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

As of 1 January 2023 and 2022, special reserve set aside for the first-time adoption of TIFRS amounts to $95,481 thousand. Furthermore, the Group has not reversed special reserve for the six-month periods ended 30 June 2023 and 2022 as results of the no use, disposal or reclassification of related assets. As of 30 June 2023 and 2022, special reserve set aside for the first-time adoption of TIFRS amounts to $95,481 thousand.

Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the shareholders' meeting on 15 June, 2023 and 17 June, 2022, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2022	2021	2022	2021
Legal reserve	$417,715	$293,223		
Special reserve	(325,374)	118,572		
Common stock -cash dividend	1,596,962	1,165,924	$4.17	$3.3

The shareholders' meeting was on 15 June, 2023 and 17 June, 2022 resolved to distribute $317,979 thousand and $353,310 thousand from capital surplus to shareholders in the form of cash. Shareholders are entitled to receive $0.83 and $1.00 per share.

Please refer to Note 6.25 for further details on employees' compensation and remuneration to directors and supervisors.

D. Non-controlling interests

	For the six-month periods ended June 30	
	2023	2022
Beginning balance	$1,926,648	$1,671,627
Profit (loss) attributable to non-controlling interests	205,495	237,342
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	(49,460)	29,304
Increasing(decreasing) in non-controlling interests	(195,268)	(219,677)
Ending balance	$1,887,415	$1,718,596

(21) Share-based payment

Certain employees of the Group are entitled to share-based payments as part of their remunerations. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payments transactions.

A. Stock option plan for employees of the parent company

On July 7, 2022 and June 29, 2023, the Parent Company issue employee share options with a total number of 14,631 units and 2,058 units. Each unit entitles an optioned to subscribe for 1,000 shares of the Company's common shares. The exercise price of the option was set at the closing price of the Company's common share on the grant date. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by the Parent Company.

The fair value of the share options is estimated at the grant date using a binomial option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The contractual term of each option granted is 10 years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

The relevant details of the aforementioned share-based payments plan were as follows:

Date of grant	Total number of share options granted (in thousands)	The number of share that can be option each unit (share)	Exercise price of share Options ($) (Note)
July 7, 2022	$14,631	1,000	$52.44
June 29, 2023	$2,058	1,000	$150

The following table lists the inputs to the model used for the plan granted during January 1 to June 30,2023:

	June 29, 2023	July 7, 2022
Dividend yield(%)	—	—
Expected volatility(%)	40.36%	36.89%
Risk-free interest rate(%)	1.16%	1.2462%
Expected option life(year)	10 years	10 years
Price of the grant date ($)	150	52.44
Strike price ($)	150	52.44
Option pricing model	Binomial option pricing model	Binomial option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The further details of the Group for the six-month periods ended June 30 on the aforementioned share-based payments plan were as follows:

For the six-month periods ended June 30				
Stock option	Number of share options outstanding	Average exercise price of share options ($)	Fulfillment price range ($)	Average remaining contract period of share options
Outstanding at beginning of period	14,631	$52.44	$52.44	9.02 years
Granted	2,058	150	150	9.99 years
Exercised	—	—		
Expired	—	—		
Outstanding at end of period	16,689	—		
Exercisable at end of period	16,689	—		

B. Expenses incurred on share-based payment transactions plan were shown as follows:

	For the six-month periods ended June 30
Expenses incurred on share-based payment transactions (equity-settled share-based payments transactions)	$360,918

(22) Operating revenues

A. Disaggregation of revenue

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Sale of goods	$14,870,889	$13,764,052	$26,705,427	$26,356,893
Timing of revenue recognition:				
At a point in time	$14,870,889	$13,764,052	$26,705,427	$26,356,893

B. Contract balances

Contract liabilities - current

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Sale of goods	$2,560	$5,439	$30,086

During the period, contract liabilities significantly decreased as performance obligations are partially satisfied and $5,439 thousand included in the contract liability balance at the beginning of the period was recognized as revenue during the period.

(23) Lease

A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment and office equipment. The lease terms range from 1 to 50 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

(a) Amounts recognized in the balance sheet

I. Right-of-use assets

The carrying amount of right-of-use assets

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Land	$708,004	$727,653	$725,752
Buildings	1,035,358	1,131,904	1,219,472
Other equipment	13,508	15,029	12,830
Total	$1,756,870	$1,874,586	$1,958,054

During the six-month period ended 30 June 2023, the Group's additions to right-of-use assets amounted to $15,846 thousand.

II. Lease liabilities

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Current	$221,600	$237,049	$218,976
Non-current	944,880	1,026,675	1,115,564
Total	$1,166,480	$1,263,724	$1,334,540

Please refer to Note 6.25(4) for the interest on lease liabilities recognized during the six-month period ended 30 June 2023 and refer to Note 12.5 Liquidity Risk Management for the maturity analysis for lease liabilities as of 30 June 2023.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Land	$4,624	$7,072	$9,262	$10,696
Buildings	59,382	58,672	122,845	117,423
Other equipment	2,852	2,582	5,650	5,083
Total	$66,858	$68,326	$137,757	$133,202

(c) Income and costs relating to leasing activities

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
The expenses relating to short-term leases	$14,556	$12,450	$25,577	$25,026

(d) Cash outflow relating to leasing activities

During the six-month period ended 30 June 2023, the Group’s total cash outflows for leases amounting to $150,270 thousand.

B. Group as a lessor (applicable to the disclosure requirement in IFRS 16)

Please refer to Note 6.11 for relevant disclosure of the Group's own occupied investment property. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Lease income for operating leases				
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$7,777	$7,883	$12,932	$16,879

Please refer to Note 6.11 for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of 30 June 2023 are as follow:

	30 Jun 2023	31 Dec 2022	30 Jun 2023
Not later than one year	$22,685	$18,016	$13,732
Later than one year and not later than five years	61,267	42,556	47,321
Later than five years	—	—	—
Total	$83,952	$60,572	$61,053

(24) Summary statement of employee benefits, depreciation and amortization expenses by function:

Function / Nature	For the three-month periods ended June 30					
	2023			2022		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$1,136,347	$843,873	$1,980,220	$1,540,982	$743,464	$2,284,446
Labor and health insurance	$97,821	$38,763	$136,584	$107,430	$35,954	$143,384
Pension	$903	$7,776	$8,679	$1,192	$7,609	$8,801
Other employee benefits expense	$23,313	$18,984	$42,297	$33,095	$14,409	$47,504
Depreciation	$373,209	$78,749	$451,958	$336,546	$71,789	$408,335
Amortization	$1,942	$11,638	$13,580	$2,805	$10,679	$13,484

Function / Nature	For the six-month periods ended June 30					
	2023			2022		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$2,256,197	$1,416,293	$3,672,490	$2,966,236	$1,329,228	$4,295,464
Labor and health insurance	$186,286	$80,542	$266,828	$196,226	$76,061	$272,287
Pension	$1,889	$15,320	$17,209	$2,389	$15,195	$17,584
Other employee benefits expense	$45,600	$34,396	$79,996	$61,262	$27,425	$88,687
Depreciation	$723,941	$155,149	$879,090	$670,203	$145,278	$815,481
Amortization	$3,931	$22,389	$26,320	$4,803	$23,124	$27,927

According to the Company's Articles of Incorporation, no less than 3% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributed as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the current year, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the three-month and six-month periods ended 30 June 2023 to be $59,637 thousand, $25,558 thousand, $105,974 thousand and $45,417 thousand, respectively. The Company estimated the amounts of employees' compensation and remuneration to directors and supervisors for three-month and six-month periods ended 30 June 2022 to be $46,548 thousand, $19,949 thousand, $76,933 thousand and $32,971 thousand, respectively. The aforementioned amounts were recognized as employee benefits expense. If the Board of Directors resolves to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price of the day before the Board of Directors meeting. The difference between the estimation and the resolution of the stockholder's meeting will be recognized in profit or loss in the subsequent year.

The Company's 2023 employee compensation and director's compensation approved by the shareholders' meeting on 15 June 2023 employee compensation and director's compensation reported by the shareholders' meeting of 17 June 2022are as follows:

	2022	2021
Employee compensation	$178,639	$130,791
Remuneration to directors and supervisors	76,559	56,053

The distribution was passed by the Board of Directors meeting held on 15 March, 2023 to distribute NT$178,639 thousand and NT$76,559 thousand in cash as employee compensation and remuneration to directors and supervisors of 2022, which has no material differences between the expense listed in the financial report of 2022.

No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December, 2022 and 2021.

(25) Non-operating income and expenses

A. Interest income

	For the three -month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Interest income from bank deposits	$120,087	$12,503	$164,425	$19,188
Financial assets at amortized cost	1,329	2,053	2,584	3,344
Others	12	7	23	13
Total	$121,428	$14,563	$167,032	$22,545

B. Other income

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Rental income	$7,777	$7,883	$12,932	$16,879
Others	113,400	125,642	339,311	222,619
Total	$121,177	$133,525	$352,243	$239,498

C. Other gains and losses

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Gains (losses) on disposal of property, plant and equipment	$7,846	($36,361)	$8,885	($149,266)
Gains on disposal of investments	—	85	—	85
Foreign exchange income, net	178,272	103,431	111,060	58,714
Impairment loss	(12,752)	(12,961)	(25,701)	(25,815)
Others	(7,334)	(7,833)	(18,165)	(15,595)
Total	$166,032	$46,311	$76,079	($131,877)

D. Finance costs

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Interest on borrowings from bank	$89,168	$28,627	$180,344	$46,729
Interest on corporate bonds payable	3,720	3,720	7,440	7,440
Interest on lease liabilities	10,170	13,416	21,121	27,212
Others	2,073	7,785	12,116	12,344
Total	$105,131	$53,548	$221,021	$93,725

(26) Components of other comprehensive income

For the three-month period ended 30 June 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gain from equity instruments investments measured at fair value through other comprehensive income	($550)	—	($550)	—	($550)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(610,555)	—	(610,555)	$155,127	(455,428)
Share of other comprehensive income of associates accounted for using the equity method	(6,748)	—	(6,748)	—	(6,748)
Total of other comprehensive income	($617,853)	—	($617,853)	$155,127	($462,726)

For the six-month period ended 30 June 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gain from equity instruments investments measured at fair value through other comprehensive income	$1,992	－	$1,992	－	$1,992
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(528,485)	－	(528,485)	$98,095	(430,390)
Share of other comprehensive income of associates accounted for using the equity method	(5,358)	－	(5,358)	－	(5,358)
Total of other comprehensive income	($531,851)	－	($531,851)	$98,095	($433,756)

For the three-month period ended 30 June 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized losses from equity instruments investments measured at fair value through other comprehensive income	($2,410)	－	($2,410)	－	($2,410)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(215,525)	－	(215,525)	$35,411	(180,114)
Share of other comprehensive income of associates accounted for using the equity method	(4,291)	－	(4,291)	－	(4,291)
Total of other comprehensive income	($222,226)	－	($222,226)	$35,411	($186,815)

For the six-month period ended 30 June 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gain from equity instruments investments measured at fair value through other comprehensive income	$1,726	—	$1,726	—	$1,726
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	474,469	—	474,469	($67,379)	407,090
Share of other comprehensive income of associates accounted for using the equity method	(4,028)	—	(4,028)	—	(4,028)
Total of other comprehensive income	$472,167	—	$472,167	($67,379)	$404,788

(27) Income tax

A. The major components of income tax expense are as follows:

Income tax expense recognized in profit or loss

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Current income tax expense:	$468,651	$555,756	$807,077	$897,532
Deferred tax expense :				
Deferred tax expense relating to origination and reversal of temporary differences	62,999	(76,334)	93,691	(70,869)
Total income tax expense	$531,650	$479,422	$900,768	$826,663

B. Income tax relating to components of other comprehensive income

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Deferred tax expense:				
Exchange differences resulting from translating the financial statements of foreign opreations	($155,127)	($35,411)	($98,095)	$67,379
Income tax relating to components of other comprehensive income	($155,127)	($35,411)	($98,095)	$67,379

C. The assessment of income tax returns

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

(28) Earnings per share

	For the six-month period ended June 30 2023		
	Amount	Number of shares (shares in thousands)	Earnings per share
Basic earnings per share			
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$2,207,991	365,643	$6.03
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	—	391	
Diluted earnings per share			
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$2,207,991	366,034	$6.03

	For the six-month period ended June 30 2022		
	Amount	Number of shares (shares in thousands)	Earnings per share
Basic earnings per share			
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$1,842,019	353,310	$5.21
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	—	826	
Diluted earnings per share			
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$1,842,019	354,136	$5.20

	For the three-month period ended June 30 2023		
	Amount	Number of shares (shares in thousands)	Earnings per share
Basic earnings per share			
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$1,201,434	377,977	$3.18
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	–	220	
Diluted earnings per share			
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$1,201,434	378,197	$3.18

	For the three-month period ended June 30 2022		
	Amount	Number of shares (shares in thousands)	Earnings per share
Basic earnings per share			
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$1,096,046	353,310	$3.10
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	–	500	
Diluted earnings per share			
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$1,096,046	353,810	$3.09

7. Related party transactions

Key management personnel compensation

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	$14,637	$7,887	$24,393	$21,794
Post-employment benefits	302	302	603	601
Total	$14,939	$8,189	$24,996	$22,395

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

	Carrying amount		
Assets pledged for security	30 Jun 2023	31 Dec 2022	30 Jun 2022
Financial assets measured at amortized cost	$2,108,590	$1,591,337	$508,718
Land	88,235	88,235	88,235
Buildings	121,901	126,014	129,925
Right-of-use assets	25,382	26,475	27,040
Investment property	30,030	30,977	31,924
Refundable deposits	3,500	3,500	3,500
Total	$2,377,638	$1,866,538	$789,342

9. Commitments and contingencies

(1) Legal claim contingency

None.

(2) The Group signed the contract of the new plant in Vietnam for opreating purpose, which has 240 million dollars not paid until 30 June 2023.

(3) Other

The Group guaranteed a deposit for customs in the amount of $2,500 thousand and $1,000 thousand from Bank of Taiwan and Taiwan Cooperative Bank, respectively.

10. Losses due to major disasters

None.

11. Significant subsequent events

None

12. Financial instruments

(1) Categories of financial instruments

Financial assets

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Financial assets at fair value through profit or loss:			
Financial assets at fair value through other comprehensive income	$136,757	$137,638	$122,158
Financial assets measured at amortized cost			
Cash and cash equivalents (excluding cash on hand)	20,942,308	20,039,260	16,756,907
Financial assets measured at amortized cost	2,139,665	1,621,982	538,375
Amounts receivables	5,462,881	5,081,349	6,323,502
Subtotal	$28,544,854	$26,742,591	$23,618,784
Total	$28,681,611	$26,880,229	$23,740,942

Financial liabilities

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Financial liabilities at amortized cost:			
Short-term loans	$5,491,604	$6,294,019	$5,430,548
Amounts payables	20,694,417	18,910,837	24,747,068
Corporate bonds payable (including current portion)	2,400,000	2,400,000	2,400,000
Lease liabilities (including current portion)	4,389,211	5,865,307	4,707,355
Long-term loans (including current portion)	1,166,480	1,263,324	1,344,540
Total	$34,141,712	$34,733,487	$38,619,511

(2) Financial risk management objectives and policies

The Group’s principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group’s policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

A. Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.
The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore forming a natural hedge. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB. The information of the sensitivity analysis is as follows:

(a) When NTD strengthens/weakens against USD by 1%, the profit for the six-month periods ended 30 June 2023 and 2022 is decreased/increased by $49,864 thousand and decreased/increased by $19,667 thousand, respectively.
(b) When NTD strengthens/weakens against RMB by 1%, the profit for the six-month periods ended 30 June 2023 and 2022 is increased/decreased by 5,623 thousand and increased/decreased by $26,275 thousand, respectively.

B. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period. A change of 10 basis points of interest rate in a reporting period could cause the profit for the six-month periods ended 30 June 2023 and 2022 to decrease/ increase by $10,999 thousand and $4,959 thousand, respectively.

C. Equity price risk

The fair value of the Group's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's unlisted equity securities are classified as financial assets at fair value through other comprehensive income.

The equity price sensitivity analysis is based on fair value changes as at the end of the reporting period. For the six-month periods ended 30 June 2023 and 2022, a change of 5% in the price classified as equity instruments investments measured at fair value through other comprehensive income could cause the other comprehensive income to increase/ decrease by $6,838 thousand and $6,108 thousand, respectively.

Please refer to Note 12.8 for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 30 June 2023, 31 December 2022 and 30 June 2022, amounts receivables from top ten customers represent 65.21%, 75.21% and 76.61% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 30 June 2023					
Loans	$6,944,139	$2,553,846	$709,063	—	$10,207,048
Corporate bonds payable	$14,880	$2,429,760	—	—	$2,444,640
Amounts payables	$20,658,501	—	—	—	$20,658,501
Lease liabilities	$256,148	$445,112	$340,872	$292,671	$1,334,803
As of 31 December 2022					
Loans	$8,185,382	$3,433,111	$775,432	$96,743	$12,490,668
Corporate bonds payable	$14,880	$2,429,760	—	—	$2,444,640
Amounts payables	$18,871,258	—	—	—	$18,871,258
Lease liabilities	$281,909	$439,097	$449,665	$311,688	$1,482,359
As of 30 June 2022					
Loans	$7,020,175	$2,320,864	$716,271	$225,156	$10,282,412
Corporate bonds payable	$14,880	$29,760	$2,414,880	—	$2,459,520
Amounts payables	$24,722,546	—	—	—	$24,722,546
Lease liabilities	$267,350	$446,247	$439,472	$425,459	$1,578,528

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the six-month period ended 30 June 2023:

	Short-term borrowings	Corporate bonds payable	Long-term borrowings	Lease liabilities	Guarantee Deposits	Total liabilities from financing activities
As at 1 Jan 2023	$6,294,019	$2,400,000	$5,865,307	$1,263,324	$12,685	$15,835,335
Cash flows	(867,461)	—	(1,480,776)	(124,693)	8,235	(2,464,695)
Non-cash changes	65,046	—	4,680	27,849	—	97,575
As at 30 Jun 2023	$5,491,604	$2,400,000	$4,389,211	$1,166,480	$20,920	$13,468,215

Reconciliation of liabilities for the six-month period ended 30 June 2022:

	Short-term borrowings	Short-term notes payable	Corporate bonds payable	Long-term borrowings	Lease liabilities
As at 1 Jan 2022	$3,837,377	$250,000	$2,400,000	$3,938,711	$1,397,631
Cash flows	1,485,904	(250,000)	—	728,456	(106,194)
Non-cash changes	107,267	—	—	40,188	43,103
As at 30 Jun 2022	$5,430,548	—	$2,400,000	$4,707,355	$1,334,540

	Guarantee Deposits	Total liabilities from financing activities
As at 1 Jan 2022	$9,477	$11,833,196
Cash flows	(35)	1,858,131
Non-cash changes	—	190,558
As at 31 Mar 2022	$9,442	$13,881,885

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(b) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of financial assets and financial liabilities measured at amortized cost approximate their fair value due to their short maturities.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12.8 for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 30 June 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	—	—	$136,757	$136,757

As at 31 December 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	—	—	$137,638	$137,638

As at 30 June 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	—	—	$122,158	$122,158

C. Reconciliation for fair value measurements in Level 3 is as follows:

	Financial assets at fair value through other comprehensive income
As at 1 Jan 2023	$137,638
Unrealized income from equity instruments investments measured at fair value through other comprehensive income	1,992
Disposal	(3,390)
Other	517
As at 30 Jun 2023	$136,757

	Financial assets at fair value through other comprehensive income
As at 1 Jan 2022	$117,923
Unrealized income from equity instruments investments measured at fair value through other comprehensive income	1,726
Other	2,509
As at 30 Jun 2022	$122,158

D. Information on significant unobservable inputs of fair value measurement in Level 3 fair value hierarchy:

Significant unobservable inputs of fair value measurement in Level 3 fair value hierarchy are as follows :

As at 30 June 2023:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Correlation between inputs and fair value	Sensitivity Analysis of correlation between inputs and fair value
Financial assets:					
Financial assets at fair value through other comprehensive income stocks	Market approach and net asset approach	Discount for lack of marketability	35%	The greater degree of lack of marketability, the lower the estimated fair value is determined.	1% strengthens (weakens) in the discount for lack of marketability would result in (decreased) increased in the Group’s profit or loss by $743 thousand.

As at 31 December 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Correlation between inputs and fair value	Sensitivity Analysis of correlation between inputs and fair value
Financial assets:					
Financial assets at fair value through other comprehensive income stocks	Market approach and net asset approach	Discount for lack of marketability	35%	The greater degree of lack of marketability, the lower the estimated fair value is determined.	1% strengthens (weakens) in the discount for lack of marketability would result in (decreased) increased in the Group’s profit or loss by $737 thousand.

As at 30 June 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Correlation between inputs and fair value	Sensitivity Analysis of correlation between inputs and fair value
Financial assets:					
Financial assets at fair value through other comprehensive income stocks	Market approach and net asset approach	Discount for lack of marketability	35%	The greater degree of lack of marketability, the lower the estimated fair value is determined.	1% strengthens (weakens) in the discount for lack of marketability would result in (decreased) increased in the Group’s profit or loss by $670 thousand.

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	30 June 2023		
	Foreign currencies (in thousands)	Foreign exchange rate	NT$ (in thousands)
Financial assets			
Monetary items:			
USD	$479,044	31.1400	$14,917,424
RMB	$3,044,562	4.2820	$13,036,816
Financial liabilities			
Monetary items:			
USD	$318,915	31.1400	$9,931,022
RMB	$2,913,254	4.2820	$12,474,552

	31 December 2022		
	Foreign currencies (in thousands)	Foreign exchange rate	NT$ (in thousands)
Financial assets			
Monetary items:			
USD	$393,300	30.7100	$12,078,257
RMB	$2,785,793	4.4080	$12,279,776
Financial liabilities			
Monetary items:			
USD	$286,601	30.7100	$8,801,519
RMB	$2,850,751	4.4080	$12,566,108

	30 June 2022		
	Foreign currencies (in thousands)	Foreign exchange rate	NT$ (in thousands)
Financial assets			
Monetary items:			
USD	$377,856	29.7200	$11,229,886
RMB	$2,481,959	4.439	$11,017,416
Financial liabilities			
Monetary items:			
USD	$311,682	29.720	$9,263,193
RMB	$3,073,872	4.439	$13,644,916

The Group’s functional currency are various, and hence is not able to disclose the information of exchange gains and losses by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain was $111,060 thousand and $58,714 thousand for the six-month periods ended 30 June 2023 and 2022, respectively.

(10) Capital management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, returning capital to shareholders or issuing new shares.

13. Other disclosure

(1) Information at significant transactions and on investees

A. Financing provided to others for the six-month periods ended 30 June 2023: Please refer to Attachment 1.
B. Endorsement/Guarantee provided to others for the six-month periods ended 30 June 2023: Please refer to Attachment 2.
C. Securities held as of 30 June 2023: Please refer to Attachment 3.
D. Individual securities acquired or disposed of with accumulated amount exceeding the lowers of NT$300 million or 20% of the capital stock for the six-month periods ended 30 June 2023: None.
E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock for the six-month periods ended 30 June 2023: Please refer to Attachment 4.
F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock for the six-month periods ended 30 June 2023: None.
G. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20% of the capital stock for the six-month periods ended 30 June 2023: Please refer to Attachment 5.
H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock as of 30 June 2023: Please refer to Attachment 6.
I. Direct or indirect significant influence or control over the investees for the six-month periods ended 30 June 2023 (excluding investments in China): Please refer to Attachment 7.
J. Financial instruments and derivative transactions: None
K. Others: Significant inter-company transactions during the reporting periods: Please refer to Attachment 9.

(2) Information on investments in mainland China

A. Information on investments in mainland China: Please refer to Attachment 8.
B. Significant transactions with the investee companies in China directly or indirectly through the third area and the relevant prices, payment terms and unrealized gains and losses:
   (a) Purchase, ending balance of related payables and their weightings: Please refer to Attachment 5.
   (b) Sales, the ending balance of related receivables and their weightings: Please refer to Attachment 5.
   (c) Ending balance of endorsements/guarantees or collateral provided and the purposes: Please refer to Attachment 2.
   (d) Transactions that have significant impact on the profit or loss of current period or the financial position: None.

(3) Information of major shareholders: Please refer to Attachment 10.

14. Segment information

For management purposes, the Group is organized into business units based on their products and services and has two reportable operating segments as follows:

(1) General management segment:
The general management segment is responsible for the Group's operation planning and owns manufacturing, R&D and sales functions.

(2) Overseas segment:
The overseas segment owns manufacturing and sales functions.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.

However, finance costs, financial benefits and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

For the three-month period ended 30 June 2023

	Overseas	General management	Adjustment and elimination	Total
Revenue				
External customer	$4,058,752	$10,812,137	—	$14,870,889
Inter-segment (Note)	9,859,715	729,829	($10,589,544)	—
Total revenue	$13,918,467	$11,541,966	($10,589,544)	$14,870,889
Segment profit	$1,045,037	$805,858	$26,167	$1,877,062

Note: Inter-segment revenues were eliminated on consolidation.

For the three-month period ended 30 June 2022

	Overseas	General management	Adjustment and elimination	Total
Revenue				
External customer	$4,676,629	$9,087,423	—	$13,764,052
Inter-segment (Note)	13,453,619	4,717,416	($18,171,035)	—
Total revenue	$18,130,248	$13,804,839	($18,171,035)	$13,764,052
Segment profit	$1,475,847	$193,250	$9,382	$1,678,479

Note: Inter-segment revenues were eliminated on consolidation.

For the six-month period ended 30 June 2023

	Overseas	General management	Adjustment and elimination	Total
Revenue				
External customer	$7,389,544	$19,315,883	—	$26,705,427
Inter-segment (Note)	18,618,846	1,477,878	($20,096,724)	—
Total revenue	$26,008,390	$20,793,761	($20,096,724)	$26,705,427
Segment profit	$1,616,485	$1,657,482	$40,287	$3,314,254

Note: Inter-segment revenues were eliminated on consolidation.

For the six-month period ended 30 June 2022

	Overseas	General management	Adjustment and elimination	Total
Revenue				
External customer	$9,454,306	$16,902,587	—	$26,356,893
Inter-segment (Note)	25,049,725	12,613,321	($37,663,046)	—
Total revenue	$34,504,031	$29,515,908	($37,663,046)	$26,356,893
Segment profit	$2,629,706	$270,650	$5,668	$2,906,024

Note: Inter-segment revenues were eliminated on consolidation.

As of 30 June 2023, 31 December 2022 and 30 June 2022, the assets of reportable segment information were as follows:

	Overseas	General management	Adjustment and elimination	Total
30 June 2023 Assets	$47,068,495	$28,094,461	($14,198,385)	$60,964,571
31 December 2022 Assets	$45,880,336	$27,745,184	($13,151,572)	$60,473,948
30 June 2022 Assets	$49,310,240	$29,503,681	($19,506,687)	$59,307,234

ASIA VITAL COMPONENTS CO. , LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

FINANCING PROVIDED TO OTHERS

TABLE 1

No (Note 1)	Financing Company	Counter-party	Financial Statement Account (Note 2)	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Note 9)	Amount Actually Drawn	Interest Rate	Nature of Financing (Note 4)	Transaction Amounts (Note 5)	Reason for Financing (Note 6)	Allowance for Doubtful Accounts	Collateral		Financing Limits for Each Borrower	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
0	ASIA VITAL COMPONENTS CO., LTD	WUCHIDA INTERNATIONAL CO., LTD.	Other receivables	Yes	$155,700 (USD5,000 thousand)	$155,700 (USD5,000 thousand)	–	3.00%	2	–	Operating capital	–	–	–	$7,446,543	$7,446,543	(Note 7)
1	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	AVC PRECISION, CO., LTD.	Other receivables	Yes	$428,200 (CNY100,000 thousand)	–	–	3.00%	2	–	Operating capital	–	–	–	$1,137,783	$1,137,783	(Note 8)
2	MACE TECH CORP.	WUCHIDA INTERNATIONAL CO., LTD.	Other receivables	Yes	$108,990 (USD3,500 thousand)	$108,990 (USD3,500 thousand)	$108,990 (USD3,500 thousand)	0.00%	2	–	Operating capital	–	–	–	$1,261,427	$1,261,427	(Note 8)
3	CHIHUNG INTERNATIONAL LTD.	JADS CORPORATION (HK) LIMITED	Other receivables	Yes	$155,700 (USD5,000 thousand)	$155,700 (USD5,000 thousand)	$155,700 (USD5,000 thousand)	0.00%	2	–	Operating capital	–	–	–	$2,303,239	$2,303,239	(Note 8)

Note 1： Companies are coded as follows：

(1) ASIA VITAL COMPONENTS Co., LTD. is coded "0".

(2) The investees are coded from "1" in the order presented in the table above.

Note 2：Receivables from affiliates and related parties, shareholder transactions, prepayments and temporary payments etc. are required to be disclosed in this field if they are financings provided to others.

Note 3：The maximum balance of financing provided to others for the year ended June 30, 2021.

Note 4：Nature of Financing are coded as follows：

(1) Business transaction is coded "1".

(2) Short-term financing is coded "2".

Note 5：If nature of financing is business transaction, the amount of transaction should be disclosed.

Note 6：With respect to short-term financing, the reasons of financing and the purpose of use by the counter-party shall be specified, such as loan repayment, equipment acquisition or operating capital.

Note 7：ASIA VITAL COMPONENTS CO., LTD : The financing provided to any single entity shall not exceed 40% of the net worth. Total financing shall not exceed 40% of the net worth.

Note 8： D-MAX TECHNOLOGY CO., LTD. AND FOSITEK CORP. : The financing provided to any single entity shall not exceed 40% of the net worth. Total financing shall not exceed 40% of the net worth.

Note 9：If public companies, pursuant to Paragraph 1, Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees by Public Companies, resolve each individual lending at the board meetings, the amounts resolved (before any drawing) shall be the publicly-announced balance to disclose the risk they assume; provided however, if any repayment is made subsequently, the outstanding balance after such repayment shall be disclosed to reflect the risk adjusted. If public companies, pursuant to Paragraph 2, Article 14 of the same Regulations, authorize the chairperson by board resolution, within a certain monetary limit and a period not to exceed one year, to give loans in instalments or to make a revolving credit line available, the amount resolved shall be the publicly-announced balance. Although repayment may be made subsequently, as drawings are likely to happen, the amount of financing resolved by the board shall be recorded as the publicly-announced balance.

Note 10：All the above transactions were eliminated on consolidation.

ASIA VITAL COMPONENTS CO. , LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS

TABLE 2

No (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note 3&4)	Maximum Balance for the Period (Note 12)	Ending Balance (Note 13)	Amount Actually Drawn (Note 14)	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3&4)	Endorsement provided by parent company to subsidiaries (Note 15)	Endorsement provided by subsidiaries to parent company (Note 15)	Endorsement provided to subsidiaries in China (Note 15)	Note
		Name	Nature of Relationship (Note 2)											
0	ASIA VITAL COMPONENTS CO.,LTD	AVC INTERNATIONAL (SAMOA) CO., LTD.	2	$18,616,357	$311,400 (USD10,000 thousand)	–	–	–	–	$27,924,536	Y	N	N	(Note 3)
0	ASIA VITAL COMPONENTS CO.,LTD	AVC PRECISION, CO., LTD.	2	$18,616,357	$739,600 (USD10,000 thousand) (CNY100,000 thousand)	$428,200 (CNY100,000 thousand)	$214,100 (CNY50,000 thousand)	–	2.30%	$27,924,536	Y	N	Y	(Note 3)
0	ASIA VITAL COMPONENTS CO.,LTD	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	2	$18,616,357	$1,794,460 (USD48,000 thousand) (CNY70,000 thousand)	$1,150,250 (USD28,000 thousand) (CNY65,000 thousand)	$411,072 (CNY96,000 thousand)	–	6.18%	$27,924,536	Y	N	Y	(Note 3)
0	ASIA VITAL COMPONENTS CO.,LTD	AVC OPTICS (WUHAN) CORP.	2	$18,616,357	$311,400 (USD10,000 thousand)	–	–	–	–	$27,924,536	Y	N	Y	(Note 3)
0	ASIA VITAL COMPONENTS CO.,LTD	AVC TECHNOLOGY (VIETNAM) COMPANY LIMITED	2	$18,616,357	$5,449,500 (USD175,000 thousand)	$5,449,500 (USD175,000 thousand)	$3,643,380 (USD117,000 thousand)	–	29.27%	$27,924,536	Y	N	N	(Note 3)

Note 1：Companies are coded as follows:

(1) ASIA VITAL COMPONENTS Co., LTD. is coded "0".

(2) The investees are coded from "1" in the order presented in the table above.

Note 2：The relationships between endorsement/guarantee providers and guaranteed parties are categorized into the following types :

(1) A company that has a business relationship with AVC.

(2) A subsidiary in which AVC holds directly over 50% of common equity interest.

(3) An investee in which AVC and its subsidiaries jointly hold over 50% of common equity interest.

(4) A parent company that holds directly over 90% or indirectly over 90% through a subsidiary of the company's common equity interest.

(5) A company that has provided guarantees to AVC, and vice versa, due to contractual requirements.

(6) A company in which AVC jointly invests with other shareholders, and for which AVC has provided endorsement/guarantee in proportion to its shareholding percentage.

(7) Companies in the same industry provide among themselves joint and several security for a perfomance guarantee of a sales contract for pre-construction homes pursunat to the Consumer Protection Act for each other.

Note 3：ASIA VITAL COMPONENTS CO.,LTD.：The aggregate amount of endorsements/guarantees for any single entity shall not exceed 20% of the Company's net worth, and the aggregate amount of endorsements/guarantees for any single overseas associated company shall not exceed 100% of the Company's equity net worth.

The overall amount of guarantees/endorsements shall not exceed 150% of the Company's equity net worth.

Note 4：ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., ASIA VITAL COMPONENTS (CHINA) CO., LTD., ASIA VITAL COMPONENTS (CHENGDU) CO., LTD., AVC OPTICS (WUHAN) CORP., ASIA VITAL COMPONENTS (DONGGUAN) CO., LTD., AVC PRECISION, CO., LTD. :

The amount of guarantees/endorsements provided to any single entity shall not exceed USD200 million dollars.

FOSITEK CORP.：The aggregate amount of endorsements/guarantees for any single overseas associated company shall not exceed 100% of the Company's equity net worth. The overall amount of guarantees/endorsements shall not exceed 150% of the Company's equity net worth.

Note5：AVC OPTICS (WUHAN) CORP., ASIA VITAL COMPONENTS (CHENGDU) CO., LTD., ASIA VITAL COMPONENTS (CHINA) CO., LTD., jointly guarnateed to ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., is CNY120 million dollars. The above table separately presents the resulting in double calculation of the closing balance.

It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note6：ASIA VITAL COMPONENTS (CHENGDU) CO., LTD., ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., jointly guarnateed to ASIA VITAL COMPONENTS (CHINA) CO., LTD., is CNY180 million dollars. The above table separately presents the resulting in double calculation of the closing balance.

It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note7：ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD., jointly guarnateed to AVC PRECISION, CO., LTD. is CNY177.5 million dollars. The above table separately presents the resulting in double calculation of the closing balance.

It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note8：ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., AVC PRECISION, CO., LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD., jointly guarnateed to ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD. is CNY118.75 million dollars. The above table separately presents the resulting in double calculation of the closing balance.

It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note9：AVC PRECISION, CO., LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD., jointly guarnateed to ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD. is CNY40 million dollars. The above table separately presents the resulting in double calculation of the closing balance. It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note10：ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD., jointly guarnateed to AVC PRECISION, CO., LTD. is CNY27million dollars. The above table separately presents the resulting in double calculation of the closing balance. It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note11：ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., ASIA VITAL COMPONENTS (CHINA) CO., LTD., jointly guarnateed to AVC OPTICS (WUHAN) CORP. is CNY50 million dollars. The above table separately presents the resulting in double calculation of the closing balance. It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note12 : Maximum balance of endorsements/guarantees provided to others for current period.

Note13 : The maximum balance for the period and ending balance represent the amounts approved by the Board Directors.

Note14 : The company which endorsements/guarantees by AVC should disclosed the amount actually drawn within ending balance.

Note15 : Public company provided endorsements/guarantees to subsidiary or subsidiary provided endorsements/guarantees to public company or provided endorsements/guarantees which located in CHINA area coded "Y".

ASIA VITAL COMPONENTS CO. , LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS

TABLE 2-1

No (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note 3&4)	Maximum Balance for the Period (Note 12)	Ending Balance (Note 13)	Amount Actually Drawn (Note 14)	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3&4)	Endorsement provided by parent company to subsidiaries (Note 15)	Endorsement provided by subsidiaries to parent company (Note 15)	Endorsement provided to subsidiaries in China (Note 15)	Note
		Name	Nature of Relationship (Note 2)											
1	AVC OPTICS (WUHAN) CORP.	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	4	$6,228,000 (USD200,000 thousand)	$513,840 (CNY120,000 thousand)	$513,840 (CNY120,000 thousand)	$351,562 (CNY82,102 thousand)	—	17.88%	$6,228,000 (USD200,000 thousand)	N	N	Y	(Note 4、5)
2	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	4	$6,228,000 (USD200,000 thousand)	$513,840 (CNY120,000 thousand)	$513,840 (CNY120,000 thousand)	$351,562 (CNY82,102 thousand)	—	29.48%	$6,228,000 (USD200,000 thousand)	N	N	Y	(Note 4、5)
2	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	4	$6,228,000 (USD200,000 thousand)	$770,760 (CNY180,000 thousand)	$770,760 (CNY180,000 thousand)	$395,358 (CNY92,330 thousand)	—	44.22%	$6,228,000 (USD200,000 thousand)	N	N	Y	(Note 4、6)
3	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	AVC OPTICS (WUHAN) CORP.	4	$6,228,000 (USD200,000 thousand)	$856,400 (CNY200,000 thousand)	$856,400 (CNY200,000 thousand)	$48,249 (CNY11,288 thousand)	—	19.81%	$6,228,000 (USD200,000 thousand)	N	N	Y	(Note 4、 11)
3	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	AVC PRECISION, CO., LTD.	4	$6,228,000 (USD200,000 thousand)	$760,055 (CNY177,500 thousand)	$760,055 (CNY177,500 thousand)	$169,191 (CNY39,512 thousand)	—	17.58%	$6,228,000 (USD200,000 thousand)	N	N	Y	(Note 4、7)
3	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	4	$6,228,000 (USD200,000 thousand)	$508,488 (CNY118,750 thousand)	$508,488 (CNY118,750 thousand)	$62,650 (CNY14,631 thousand)	—	11.76%	$6,228,000 (USD200,000 thousand)	N	N	Y	(Note 4、8)
3	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	4	$6,228,000 (USD200,000 thousand)	$1,627,161 (CNY380,000 thousand)	$1,627,161 (CNY380,000 thousand)	$601,508 (CNY140,474 thousand)	—	37.65%	$6,228,000 (USD200,000 thousand)	N	N	Y	(Note 4、6)
4	AVC PRECISION, CO., LTD.	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	3	$6,228,000 (USD200,000 thousand)	$1,173,268 (CNY274,000 thousand)	$1,173,268 (CNY274,000 thousand)	$89,939 (CNY21,004 thousand)	—	114.62%	$6,228,000 (USD200,000 thousand)	N	N	Y	(Note 4、8、9)

Note 1：Companies are coded as follows:

(1) ASIA VITAL COMPONENTS Co., LTD. is coded "0".

(2) The investees are coded from "1" in the order presented in the table above.

Note 2：The relationships between endorsement/guarantee providers and guaranteed parties are categorized into the following types :

(1) A company that has a business relationship with AVC.

(2) A subsidiary in which AVC holds directly over 50% of common equity interest.

(3) An investee in which AVC and its subsidiaries jointly hold over 50% of common equity interest.

(4) A parent company that holds directly over 90% or indirectly over 90% through a subsidiary of the company's common equity interest.

(5) A company that has provided guarantees to AVC, and vice versa, due to contractual requirements.

(6) A company in which AVC jointly invests with other shareholders, and for which AVC has provided endorsement/guarantee in proportion to its shareholding percentage.

(7) Companies in the same industry provide among themselves joint and several security for a perfomance guarantee of a sales contract for pre-construction homes pursunat to the Consumer Protection Act for each other.

Note 3：ASIA VITAL COMPONENTS CO.,LTD.：The aggregate amount of endorsements/guarantees for any single entity shall not exceed 20% of the Company's net worth, and the aggregate amount of endorsements/guarantees for any single overseas associated company shall not exceed 100% of the Company's equity net worth.

The overall amount of guarantees/endorsements shall not exceed 150% of the Company's equity net worth.

Note 4：ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., ASIA VITAL COMPONENTS (CHINA) CO., LTD., ASIA VITAL COMPONENTS (CHENGDU) CO., LTD., AVC OPTICS (WUHAN) CORP., ASIA VITAL COMPONENTS (DONGGUAN) CO., LTD., AVC PRECISION, CO., LTD. :

The amount of guarantees/endorsements provided to any single entity shall not exceed USD200 million dollars.

FOSITEK CORP.：The aggregate amount of endorsements/guarantees for any single overseas associated company shall not exceed 100% of the Company's equity net worth. The overall amount of guarantees/endorsements shall not exceed 150% of the Company's equity net worth.

Note5：AVC OPTICS (WUHAN) CORP., ASIA VITAL COMPONENTS (CHENGDU) CO., LTD., ASIA VITAL COMPONENTS (CHINA) CO., LTD., jointly guarnateed to ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., is CNY120 million dollars. The above table separately presents the resulting in double calculation of the closing balance.

It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note6：ASIA VITAL COMPONENTS (CHENGDU) CO., LTD., ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., jointly guarnateed to ASIA VITAL COMPONENTS (CHINA) CO., LTD., is CNY180 million dollars. The above table separately presents the resulting in double calculation of the closing balance.

It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note7：ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD., jointly guarnateed to AVC PRECISION, CO., LTD. is CNY177.5 million dollars. The above table separately presents the resulting in double calculation of the closing balance.

It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note8：ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., AVC PRECISION, CO., LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD., jointly guarnateed to ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD. is CNY118.75 million dollars. The above table separately presents the resulting in double calculation of the closing balance.

It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note9：AVC PRECISION, CO., LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD., jointly guarnateed to ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD. is CNY40 million dollars. The above table separately presents the resulting in double calculation of the closing balance. It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note10：ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD., jointly guarnateed to AVC PRECISION, CO., LTD. is CNY27million dollars. The above table separately presents the resulting in double calculation of the closing balance. It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note11：ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., ASIA VITAL COMPONENTS (CHINA) CO., LTD., jointly guarnateed to AVC OPTICS (WUHAN) CORP. is CNY50 million dollars. The above table separately presents the resulting in double calculation of the closing balance. It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note12 : Maximum balance of endorsements/guarantees provided to others for current period.

Note13 : The maximum balance for the period and ending balance represent the amounts approved by the Board Directors.

Note14 : The company which endorsements/guarantees by AVC should disclosed the amount actually drawn within ending balance.

Note15 : Public company provided endorsements/guarantees to subsidiary or subsidiary provided endorsements/guarantees to public company or provided endorsements/guarantees which located in CHINA area coded "Y".

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS

TABLE 2-2

No (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party: Name	Guaranteed Party: Nature of Relationship (Note 2)	Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note 3&4)	Maximum Balance for the Period (Note 12)	Ending Balance (Note 13)	Amount Actually Drawn (Note 14)	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3&4)	Endorsement provided by parent company to subsidiaries (Note 15)	Endorsement provided by subsidiaries to parent company (Note 15)	Endorsement provided to subsidiaries in China (Note 15)	Note
5	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	AVC PRECISION, CO., LTD.	2	$6,228,000 (USD200,000 thousand)	$1,449,458 (CNY338,500 thousand)	$1,449,458 (CNY338,500 thousand)	$370,850 (CNY86,607 thousand)	$834,990 (CNY195,000 thousand)	50.96%	$6,228,000 (USD200,000 thousand)	N	N	Y	(Note 4、7、10)
6	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	AVC OPTICS (WUHAN) CORP.	4	$6,228,000 (USD200,000 thousand)	$214,100 (CNY50,000 thousand)	$214,100 (CNY50,000 thousand)	–	–	3.91%	$6,228,000 (USD200,000 thousand)	N	N	Y	(Note 4、11)
6	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	4	$6,228,000 (USD200,000 thousand)	$428,200 (CNY100,000 thousand)	$428,200 (CNY100,000 thousand)	$267,652 (CNY62,506 thousand)	–	7.82%	$6,228,000 (USD200,000 thousand)	N	N	Y	(Note 4)
6	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	4	$6,228,000 (USD200,000 thousand)	$1,156,140 (CNY270,000 thousand)	$1,156,140 (CNY270,000 thousand)	$619,770 (CNY144,738 thousand)	–	21.11%	$6,228,000 (USD200,000 thousand)	N	N	Y	(Note 4、5)
6	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	AVC PRECISION, CO., LTD.	4	$6,228,000 (USD200,000 thousand)	$875,669 (CNY204,500 thousand)	$875,669 (CNY204,500 thousand)	$169,191 (CNY39,512 thousand)	–	15.99%	$6,228,000 (USD200,000 thousand)	N	N	Y	(Note 4、7、10)
6	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	4	$6,228,000 (USD200,000 thousand)	$679,768 (CNY158,750 thousand)	$679,768 (CNY158,750 thousand)	$62,650 (CNY14,631 thousand)	–	12.41%	$6,228,000 (USD200,000 thousand)	N	N	Y	(Note 4、8、9)
7	FOSITEK CORP.	FIRST DOME CORP TELECOM.,LTD.	2	$2,337,356	$543,412 (USD7,000 thousand) (CNY76,000 thousand)	$453,490 (USD7,000 thousand) (CNY55,000 thousand)	–	–	19.40%	$3,506,034	N	N	Y	(Note 4)

Note 1：Companies are coded as follows:

(1) ASIA VITAL COMPONENTS Co., LTD. is coded "0".

(2) The investees are coded from "1" in the order presented in the table above.

Note 2：The relationships between endorsement/guarantee providers and guaranteed parties are categorized into the following types :

(1) A company that has a business relationship with AVC.

(2) A subsidiary in which AVC holds directly over 50% of common equity interest.

(3) An investee in which AVC and its subsidiaries jointly hold over 50% of common equity interest.

(4) A parent company that holds directly over 90% or indirectly over 90% through a subsidiary of the company's common equity interest.

(5) A company that has provided guarantees to AVC, and vice versa, due to contractual requirements.

(6) A company in which AVC jointly invests with other shareholders, and for which AVC has provided endorsement/guarantee in proportion to its shareholding percentage.

(7) Companies in the same industry provide among themselves joint and several security for a perfomance guarantee of a sales contract for pre-construction homes pursunat to the Consumer Protection Act for each other.

Note 3：ASIA VITAL COMPONENTS CO.,LTD.：The aggregate amount of endorsements/guarantees for any single entity shall not exceed 20% of the Company's net worth, and the aggregate amount of endorsements/guarantees for any single overseas associated company shall not exceed 100% of the Company's equity net worth.
The overall amount of guarantees/endorsements shall not exceed 150% of the Company's equity net worth.

Note 4：ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., ASIA VITAL COMPONENTS (CHINA) CO., LTD., ASIA VITAL COMPONENTS (CHENGDU) CO., LTD., AVC OPTICS (WUHAN) CORP., ASIA VITAL COMPONENTS (DONGGUAN) CO., LTD., AVC PRECISION, CO., LTD. :
The amount of guarantees/endorsements provided to any single entity shall not exceed USD200 million dollars.
FOSITEK CORP.：The aggregate amount of endorsements/guarantees for any single overseas associated company shall not exceed 100% of the Company's equity net worth. The overall amount of guarantees/endorsements shall not exceed 150% of the Company's equity net worth.

Note5：AVC OPTICS (WUHAN) CORP., ASIA VITAL COMPONENTS (CHENGDU) CO., LTD., ASIA VITAL COMPONENTS (CHINA) CO., LTD., jointly guarnateed to ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., is CNY120 million dollars. The above table separately presents the resulting in double calculation of the closing balance.
It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note6：ASIA VITAL COMPONENTS (CHENGDU) CO., LTD., ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., jointly guarnateed to ASIA VITAL COMPONENTS (CHINA) CO., LTD., is CNY180 million dollars. The above table separately presents the resulting in double calculation of the closing balance.
It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note7：ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD., jointly guarnateed to AVC PRECISION, CO., LTD. is CNY177.5 million dollars. The above table separately presents the resulting in double calculation of the closing balance.
It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note8：ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., AVC PRECISION, CO., LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD., jointly guarnateed to ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD. is CNY118.75 million dollars. The above table separately presents the resulting in double calculation of the closing balance.
It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note9：AVC PRECISION, CO., LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD., jointly guarnateed to ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD. is CNY40 million dollars. The above table separately presents the resulting in double calculation of the closing balance. It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note10：ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD. ASIA VITAL COMPONENTS (CHINA) CO., LTD., jointly guarnateed to AVC PRECISION, CO., LTD. is CNY27million dollars. The above table separately presents the resulting in double calculation of the closing balance. It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note11：ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD., ASIA VITAL COMPONENTS (CHINA) CO., LTD., jointly guarnateed to AVC OPTICS (WUHAN) CORP. is CNY50 million dollars. The above table separately presents the resulting in double calculation of the closing balance. It is a joint endorsement guarantee for obtaining a single line of credit in substance.

Note12 : Maximum balance of endorsements/guarantees provided to others for current period.

Note13 : The maximum balance for the period and ending balance represent the amounts approved by the Board Directors.

Note14 : The company which endorsements/guarantees by AVC should disclosed the amount actually drawn within ending balance.

Note15 : Public company provided endorsements/guarantees to subsidiary or subsidiary provided endorsements/guarantees to public company or provided endorsements/guarantees which located in CHINA area coded "Y".

ASIA VITAL COMPONENTS CO. , LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES)

TABLE 3

Name of Held Company	Type and name of Marketable Securities	Relationship with the Company	Financial Statement Account	March 31, 2023			
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership	Market Value
ASIA VITAL COMPONENTS CO.,LTD	Not listed (OTC) stocks						
	RTR-TECH TECHNOLOGY CO., LTD.	–	Financial assets measured at fair value through other comprehensive income, noncurrent	14,000	–	19.42%	–
	APTOS TECHNOLOGY INC.	–	Financial assets measured at fair value through other comprehensive income, noncurrent	180	–	0.74%	–
	UBIQCONN TECHNOLOGY, INC.	–	Financial assets measured at fair value through other comprehensive income, noncurrent	4,140	$31,881	5.52%	$31,881
MERIT TRADING CORPORATION	Not listed (OTC) stocks						
	FURUKAWA ELECTRIC (SHENZHEN) CO., LTD.	Other related parties	Financial assets measured at fair value through other comprehensive income, noncurrent	(Note)	$95,225	9.06%	$95,225
MACE TECH CORP.	Not listed (OTC) stocks						
	SHENG-SHING WORLDWIDE CORP.	–	Financial assets measured at fair value through other comprehensive income, noncurrent	703	$9,651	14.06%	$9,651
ASIA VITAL COMPONENTS (CHINA) CO., LTD.	Not listed (OTC) stocks						
	SHENZHEN TIMELINK TECHNOLOGY CO., LTD.	–	Financial assets measured at fair value through other comprehensive income, noncurrent	2,273	–	10.80%	–

Note：None amount of shares is issued publicly by Limited Company.

ASIA VITAL COMPONENTS CO. , LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL

TABLE 4

Company Name	Types of Property	Transaction Date	Transaction Amount	Payment Term	Counterparty	Prior Transaction of Related Counterparty				Price Reference	Purpose of Acquisition	Other Terms
						Owner	Relationships	Transfer Date	Amount			
AVC TECH. (VIETNAM) CO., LTD.	Factory construction	8 March, 2023	USD17,000 thousand	Based on the terms in the Contract	CHUANGXING CONSTRUCTION OVERSEAS DEVELOPMENT CO., LTD	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Manufacturing purpose	None

ASIA VITAL COMPONENTS CO. , LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

RELATED PARTY TRANSACTIONS WITH PURCHASE OR SALES AMOUNT OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

TABLE 5

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	Percentage to Total	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total	
ASIA VITAL COMPONENTS CO., LTD	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	Subsidiary	(Purchases)	($945,137)	(6%)	Net 90 days from the end of the month of when invoice is issued by T/T	N/A	N/A	($666,489)	(7%)	
ASIA VITAL COMPONENTS CO., LTD	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	Subsidiary	(Purchases)	($5,097,194)	(33%)	Net 90 days from the end of the month of when invoice is issued by T/T	N/A	N/A	($3,513,374)	(37%)	
ASIA VITAL COMPONENTS CO., LTD	AVC OPTICS (WUHAN) CORP.	Subsidiary	(Purchases)	($481,285)	(3%)	Net 60 days from the end of the month of when invoice is issued by T/T	N/A	N/A	($276,458)	(3%)	
ASIA VITAL COMPONENTS CO., LTD	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	Subsidiary	(Purchases)	($394,352)	(3%)	Net 90 days from the end of the month of when invoice is issued by T/T	N/A	N/A	($332,108)	(3%)	
ASIA VITAL COMPONENTS CO., LTD	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	Subsidiary	(Purchases)	($6,436,472)	(41%)	Net 60 days from the end of the month of when invoice is issued by T/T	N/A	N/A	($3,432,350)	(36%)	
ASIA VITAL COMPONENTS CO., LTD	WUCHIDA INTERNATIONAL CO., LTD.	Subsidiary	(Purchases)	($369,280)	(2%)	Net 30 days from the end of the month of when invoice is issued by T/T	N/A	N/A	($196,454)	(2%)	
ASIA VITAL COMPONENTS CO., LTD	AVC TECH. (VIETNAM) CO., LTD.	Subsidiary	(Purchases)	($1,145,171)	(7%)	Net 30 days from the end of the month of when invoice is issued by T/T	N/A	N/A	($489,652)	(5%)	
ASIA VITAL COMPONENTS CO., LTD	AVC AMERICA, INC.	Subsidiary	Sales	$657,933	3%	Net 60 days from the end of the month of when invoice is issued by T/T	N/A	N/A	$184,327	11%	

(Continued)

ASIA VITAL COMPONENTS CO. , LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

RELATED PARTY TRANSACTIONS WITH PURCHASE OR SALES AMOUNT OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

TABLE 5-1

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	Percentage to Total	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total	
ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	$945,137	68%	Net 90 days from the end of the month of when invoice is issued by T/T	N/A	N/A	$666,489	78%	
ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	$5,097,194	96%	Net 90 days from the end of the month of when invoice is issued by T/T	N/A	N/A	$3,513,374	98%	
AVC OPTICS (WUHAN) CORP.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	$481,285	34%	Net 60 days from the end of the month of when invoice is issued by T/T	N/A	N/A	$276,458	45%	
ASIA VITAL COMPONENTS (CHINA) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	$394,352	9%	Net 90 days from the end of the month of when invoice is issued by T/T	N/A	N/A	$332,108	11%	
ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	$6,436,472	91%	Net 60 days from the end of the month of when invoice is issued by T/T	N/A	N/A	$3,432,350	89%	
WUCHIDA INTERNATIONAL CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	$369,280	98%	Net 30 days from the end of the month of when invoice is issued by T/T	N/A	N/A	$196,454	98%	
AVC TECH. (VIETNAM) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	Sales	$1,134,246	100%	Net 30 days from the end of the month of when invoice is issued by T/T	N/A	N/A	$489,652	100%	
AVC AMERICA, INC.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	(Purchases)	($657,933)	(96%)	Net 60 days from the end of the month of when invoice is issued by T/T	N/A	N/A	($184,327)	(95%)	

Note：All the above transactions were eliminated on consolidation.

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

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

TABLE 6

Company Name	Related Party	Nature of Relationships	Ending Balance (Note 3)	Turnover Ratio (times)	Overdue		Amounts Received in Subsequent Periods	Allowance for Doubtful Accounts
					Amount	Action Taken		
ASIA VITAL COMPONENTS (CHINA) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	$332,108	1.39	—	(Note 2)	$66,830	(Note 1)
ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	$3,513,374	1.45	—	(Note 2)	$518,664	(Note 1)
ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	$666,489	1.64	—	(Note 2)	$195,261	(Note 1)
WUCHIDA INTERNATIONAL CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	$196,454	1.56	—	(Note 2)	$45,519	(Note 1)
AVC OPTICS (WUHAN) CORP.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	$276,458	1.18	—	(Note 2)	$94,898	(Note 1)
ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	$3,432,350	2.00	—	(Note 2)	$853,407	(Note 1)
AVC TECH. (VIETNAM) CO., LTD.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	$489,652	3.87	—	(Note 2)	$304,280	(Note 1)
AVC AMERICA, INC.	ASIA VITAL COMPONENTS CO., LTD	The company's ultimate parent	$184,327	4.42	—	(Note 2)	$181,731	(Note 1)

Note 1：The preparation of consolidated statements does not require recording the allowance for doubtful accounts.

Note 2：The Company balances its accounts regularly and writes off receivables against payables.

Note 3：All the above transactions were eliminated on consolidation.

ASIA VITAL COMPONENTS CO. , LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE COMPANIES (Not including investment in Mainland China)

TABLE 7

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment		Investment as of June 30, 2023			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount			
ASIA VITAL COMPONENTS CO., LTD	AVC INTERNATIONAL CO., LTD.－B.V.I.	British Virgin Islands	Investment holding	$5,147,294	$5,147,294	16	100.00%	$10,131,240	$489,518	$271,396	
	CHIHUNG INTERNATIONAL LTD.	Samoa	Investment holding	$1,040,647	$1,040,647	32,770	100.00%	$5,738,976	$293,292	$293,088	
	MERIT TRADING CORPORATION	Samoa	Trade	$29,088	$29,088	892	100.00%	$100,985	($33,792)	($31,416)	
	RAYNEY INTERNATIONAL LTD.	Samoa	Trade	$78,950	$78,950	2,400	100.00%	$160,948	$32,447	$32,447	
	AVC AMERICA, INC.	USA	Trade	$91,903	$91,903	41	100.00%	$225,099	$1,803	$1,803	
	AVC INTERNATIONAL (SAMOA) CO., LTD.	Samoa	Trade	$10,157	$10,157	300	100.00%	$11,352	($1,905)	$4,245	
	JADS CORPORATION (HK) LTD.	Hongkong	Trade	$327	$327	$10	100.00%	$29,307	($14)	$2,342	
	ZIMAG TECHNOLOGY CO., INC.	Taoyuan City, Taiwan	Manufacture, process and sales of molds and aluminum products	$45,000	$45,000	2,700	9.53%	$52,366	$17,445	$1,550	
	AVC INTERNATIONAL CO., LTD.－SAMOA	Samoa	Trade	$32,120	$32,120	1,000	100.00%	$116,161	($14,428)	($14,428)	
	FOSITEK CORP.	New Taipei City, Taiwan	Sales and manufacture of electronic parts, computers and related products	$211,099	$211,099	11,637	19.25%	$449,941	$254,494	$48,999	
	HUNG YE INVESTMENT CO., LTD.	New Taipei City, Taiwan	Investment holding	$60,000	$60,000	6,000	100.00%	$5,382	$2	$2	
	D-MAX TECHNOLOGY CO., LTD.	New Taipei City, Taiwan	Sales and manufacture of electronic parts and related products	$201,035	$201,035	28,500	100.00%	$329,835	$20,516	$20,242	
	AVC EUROPE TECHNOLOGY GMBH	Germany	Trade	$9,050	$9,050	250	100.00%	$8,819	$89	$89	
	AVC TECHNOLOGY (VIETNAM) COMPANY LIMITED	Vietnam	Sales and manufacture of electronic	$1,419,917	$1,419,917	(Note)	100.00%	$1,295,212	$155,876	($101,496)	

Note：None amount of shares is issued publicly by Limited Company.

(Continued)

ASIA VITAL COMPONENTS CO. , LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE COMPANIES (Not including investment in Mainland China)

TABLE 7-1

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment		Investment as of June 30, 2023			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount			
AVC INTERNATIONAL CO., LTD.－B.V.I.	MACE TECH CORP.	British Virgin Islands	Trade	$319,776	$319,776	11,068	100.00%	$3,153,570	$102,336	$102,336	
	AVC OPTICS CORP.	Cayman Islands	Investment holding	$3,128,775	$3,128,775	100,000	100.00%	$2,874,104	($43,570)	($43,570)	
CHIHUNG INTERNATIONAL LTD.	TONBRIDGE INVESTMENTS LTD.	Samoa	Investment holding	－	－	－	－	－	－	－	
HUNG YE INVESTMENT CO., LTD.	KEY APPLICATION TECHNOLOGY CO., LTD.	Hsinchu City, Taiwan	Sales and manufacture of electronic products	$15,300	$15,300	1,115	16.31%	－	($4,348)	－	
D-MAX TECHNOLOGY CO., LTD.	WUCHIDA INTERNATIONAL CO., LTD.	Samoa	Investment holding	$132,004	$132,004	4,000	100.00%	$234,147	$24,188	$24,188	
WUCHIDA INTERNATIONAL CO., LTD.	D-MAX INTERNATIONAL CO., LIMITED	Hongkong	Investment holding	$132,004	$132,004	4,000	100.00%	$321,636	$3,084	$3,961	
FOSITEK CORP.	MARKETHILL INVESTMENTS LTD.	Samoa	Investment holding	$949,097	$949,097	33,200	100.00%	$2,678,022	$264,032	$262,100	

Note：TONBRIDGE INVESTMENTS LTD. has been cancelled the registration in January 2023.

ASIA VITAL COMPONENTS CO. , LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
INFORMATION ON INVESTMENT IN MAINLAND CHINA

TABLE 8

Investor Company	Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method ofInvestment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2023	Percentage of Ownership (Direct or Indirect Investment)	Profits/ Losses of the Investee Company	Share of Profits/Losses	Carrying Amount as of June 30, 2023	Accumulated Inward Remittance of Earnings as of June 30, 2023
						Outflow	Inflow						
ASIA VITAL COMPONENTS CO. , LTD	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	Sales and manufacture of computers related products and computer cooling fans	$642,719	(2) AVC INTERNATIONAL CO., LTD.－B.V.I.	$642,719	–	–	$642,719	100.00%	$384,266	$384,266	$4,322,363	–
ASIA VITAL COMPONENTS CO. , LTD	FURUKAWA AVC ELECTRONICS (SUZHOU) CO., LTD.	Sales and manufacture of reflow machines, solder paste printers and notebook thermal modules	$267,247	(2) RAYNEY INTERNATIONAL LTD.	$54,176	–	–	$54,176	30.00%	$107,596	$32,279	$127,093	–
ASIA VITAL COMPONENTS CO. , LTD	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	Sales and manufacture of computers, electronic products and related parts	$514,105	(2) AVC INTERNATIONAL CO., LTD.－B.V.I.	$319,776	–	–	$319,776	100.00%	$103,945	$103,945	$2,844,459	–
ASIA VITAL COMPONENTS CO. , LTD	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	Sales and manufacture of computers related products and computer cooling fans	$879,291	(2) CHIHUNG INTERNATIONAL LTD.	$879,291	–	–	$879,291	100.00%	$345,482	$345,482	$5,476,241	–
ASIA VITAL COMPONENTS CO. , LTD	FURUKAWA ELECTRIC (SHENZHEN) CO., LTD.	Sales and manufacture of automobile parts	$321,060	(2) MERIT TRADING CORPORATION	$29,088	–	–	$29,088	9.06%	($44,974)	–	$95,225	–
ASIA VITAL COMPONENTS CO. , LTD	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	Sales and manufacture of computers, related parts and accessories	$1,055,897	(2) AVC INTERNATIONAL CO., LTD.－B.V.I.	$1,055,897	–	–	$1,055,897	100.00%	$95,985	$95,985	$1,742,906	–
D-MAX TECHNOLOGY CO., LTD.	(JIASHAN)D-MAX ELECTRONICS CO.,LTD.	Sales and manufacture of electronic and photographic equipment	$132,004	(2) WUCHIDA INTERNATIONAL CO., LTD.	$132,004	–	–	$132,004	100.00%	$3,083	$3,083	$321,378	–
ASIA VITAL COMPONENTS CO. , LTD	AVC OPTICS (WUHAN) CORP.	Sales and manufacture of computers related products and computer cooling fans	$3,128,775	(2) AVC INTERNATIONAL CO., LTD.－B.V.I.	$3,128,775	–	–	$3,128,775	100.00%	($43,570)	($43,570)	$2,874,091	–
FOSITEK CORP.	FIRST DOME CORP TELECOM.,LTD.	Sales and manufacture of rails, shafts and metal stamping tooling	$846,331	(2) MARKETHILL INVESTMENTS LTD.	$846,331	–	–	$846,331	100.00%	$263,320	$263,320	$2,664,003	–

Accumulated Outflow of Investment from Taiwan to Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$7,088,057 (US$230,093,010)	$8,119,780 (US$260,750,828)	(Note 3)

Note 1：The methods for investment in Mainland China are categorized into the following three types. Please specify the type.

(1) Direct investment in Mainland China.

(2) Indirectly investment in Mainland China through companies registered in the third area (Please specify the name of the company in third region).

(3) Others.

Note 2：The table is expressed in thousands of New Taiwan Dollars.

Note 3：The Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau, MOEA, the ceiling amount of the investment in Mainland China is not applicable to the Company.

Note 4：All the above transactions were eliminated on consolidation.

ASIA VITAL COMPONENTS CO. , LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

TABLE 9

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	ASIA VITAL COMPONENTS CO. , LTD	AVC AMERICA, INC.	1	Sales	$657,933	General trading terms	2%
0	ASIA VITAL COMPONENTS CO. , LTD	AVC AMERICA, INC.	1	Accounts receivable	$184,327	General trading terms	0%
0	ASIA VITAL COMPONENTS CO. , LTD	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	1	Purchases	$394,352	General trading terms	1%
0	ASIA VITAL COMPONENTS CO. , LTD	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	1	Accounts payable	$332,108	General trading terms	1%
0	ASIA VITAL COMPONENTS CO. , LTD	AVC OPTICS (WUHAN) CORP.	1	Purchases	$481,285	General trading terms	2%
0	ASIA VITAL COMPONENTS CO. , LTD	AVC OPTICS (WUHAN) CORP.	1	Accounts payable	$276,458	General trading terms	0%
0	ASIA VITAL COMPONENTS CO. , LTD	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	1	Purchases	$945,137	General trading terms	4%
0	ASIA VITAL COMPONENTS CO. , LTD	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	1	Accounts payable	$666,489	General trading terms	1%
0	ASIA VITAL COMPONENTS CO. , LTD	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	1	Purchases	$5,097,194	General trading terms	19%
0	ASIA VITAL COMPONENTS CO. , LTD	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	1	Accounts payable	$3,513,374	General trading terms	6%
0	ASIA VITAL COMPONENTS CO. , LTD	WUCHIDA INTERNATIONAL CO.,LTD.	1	Purchases	$369,280	General trading terms	1%
0	ASIA VITAL COMPONENTS CO. , LTD	WUCHIDA INTERNATIONAL CO.,LTD.	1	Accounts payable	$196,454	General trading terms	0%
0	ASIA VITAL COMPONENTS CO. , LTD	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	1	Purchases	$6,436,472	General trading terms	24%
0	ASIA VITAL COMPONENTS CO. , LTD	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	1	Accounts payable	$3,432,350	General trading terms	6%
0	ASIA VITAL COMPONENTS CO. , LTD	AVC TECH. (VIETNAM) CO., LTD.	1	Purchases	$1,145,171	General trading terms	4%
0	ASIA VITAL COMPONENTS CO. , LTD	AVC TECH. (VIETNAM) CO., LTD.	1	Accounts payable	$489,652	General trading terms	1%

ASIA VITAL COMPONENTS CO. , LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

TABLE 9-1

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
1	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	3	Sales	$105,253	General trading terms	0%
1	ASIA VITAL COMPONENTS (CHENGDU) CO., LTD.	JADS CORPORATION (HK) LTD.	3	Sales	$182,238	General trading terms	1%
2	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	3	Other accounts receivable	$528,827	General trading terms	1%
2	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	AVC OPTICS (WUHAN) CORP.	3	Accounts receivable	$109,804	General trading terms	0%
2	ASIA VITAL COMPONENTS (CHINA) CO., LTD.	AVC OPTICS (WUHAN) CORP.	3	Sales	$165,402	General trading terms	1%
3	AVC OPTICS (WUHAN) CORP.	JADS CORPORATION (HK) LTD.	3	Accounts payable	$143,166	General trading terms	0%
3	AVC OPTICS (WUHAN) CORP.	JADS CORPORATION (HK) LTD.	3	Purchases	$283,849	General trading terms	1%
4	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	JADS CORPORATION (HK) LTD.	3	Accounts payable	$272,467	General trading terms	1%
4	ASIA VITAL COMPONENTS (SHEN ZHEN) CO., LTD.	JADS CORPORATION (HK) LTD.	3	Purchases	$113,075	General trading terms	0%
5	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	JADS CORPORATION (HK) LTD.	3	Accounts receivable	$141,275	General trading terms	0%
5	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	JADS CORPORATION (HK) LTD.	3	Sales	$276,810	General trading terms	1%
5	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	AVC PRECISION, CO., LTD.	3	Accounts payable	$408,557	General trading terms	1%
5	ASIA VITAL COMPONENTS (DONGGUAN) CO.,LTD.	AVC PRECISION, CO., LTD.	3	Purchases	$1,141,584	General trading terms	4%
6	CHIHUNG INTERNATIONAL LTD.	JADS CORPORATION (HK) LTD.	3	Other accounts receivable	$155,700	General trading terms	0%

Note 1： The parent company and its subsidiaries are coded as follows:
No.1. The parent company is coded "0".
No.2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2： Transactions are categorized as follows:
No.1. Transactions from parent company to a subsidiary.
No.2. Transactions from subsidiary to the parent company.
No.3. Transactions between subsidiaries.

Note 3： Regarding the percentage of transaction amount to consolidated net revenue or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on interim accumulated amount to consolidated net revenue for income statement items.

ASIA VITAL COMPONENTS CO. , LTD AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

Information of major shareholders

TABLE 10

Shares / Name	Number of shares (thousand)	Percentage of ownership
FURUKAWA ELECTRIC CO., LTD.	52,945	13.81%
The new labor retirement fund of discretionary nomura investment account for the first time in 2021.	26,660	6.95%

Note 1：The main shareholder information in this form is calculated by the collection company, on the last business day of each quarter, that the total information of the common shares and special shares held by shareholders of the company that have completed the non-entity login delivery (including the storage shares) of the company amounts to more than 5%. As for the share capital recorded in the Company's financial report and the number of unregistered shares actually completed by the Company, there may be differences or differences due to the basis for the calculation of the company.

Note 2：The opening of the information, if the shareholders will share the shares to the trust, is disclosed to the trustees to open a trust account of the individual sub-accounts. As for the shareholders to handle the internal ownership declaration of more than 10% of the shares in accordance with the Securities Exchange Act, the shareholding of the shareholders includes their own shareholding plus their delivery of the trust and the use of decision-making rights for the trust property, etc., the relevant insider equity declaration information can be found in the Market Observation Post System.