

TXC Corporation and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022**

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 4,456,344	23	\$ 4,222,610	21	\$ 4,087,371	20
Financial assets at fair value through profit or loss - current (Note 7)	407,394	2	417,450	2	565,067	3
Financial assets at amortized cost - current (Note 9)	378,078	2	351,977	2	316,494	1
Notes receivable (Note 10)	39,974	-	32,125	-	7,018	-
Trade receivables (Note 10)	2,695,434	14	3,514,781	18	3,883,133	19
Trade receivables from related parties (Notes 10 and 30)	8,906	-	9,851	-	37,837	-
Other receivables	18,963	-	65,288	-	65,455	-
Other receivables from related parties (Note 30)	5	-	643	-	771	-
Inventories (Note 11)	2,710,597	14	2,699,721	14	2,752,976	13
Non-current assets held for sale (Note 13)	-	-	-	-	4,985	-
Other current assets	<u>114,453</u>	<u>1</u>	<u>98,005</u>	<u>-</u>	<u>133,525</u>	<u>1</u>
Total current assets	<u>10,830,148</u>	<u>56</u>	<u>11,412,451</u>	<u>57</u>	<u>11,854,632</u>	<u>57</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	-	-	-	-	600	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	650,372	3	662,533	4	1,165,334	6
Financial assets at amortized cost - non-current (Note 9)	89,228	1	-	-	92,839	1
Investments accounted for using equity method (Note 14)	468,019	3	458,607	2	443,625	2
Property, plant and equipment (Note 15)	6,181,434	32	6,319,742	32	6,200,188	30
Right-of-use assets (Note 16)	205,086	1	205,984	1	214,538	1
Investment properties (Note 17)	570,184	3	571,346	3	504,600	2
Other intangible assets	55,574	-	53,838	-	54,902	-
Deferred tax assets (Note 25)	48,234	-	61,271	-	51,356	-
Prepayments for equipment	151,338	1	94,538	1	287,741	1
Other non-current assets	<u>12,081</u>	<u>-</u>	<u>10,934</u>	<u>-</u>	<u>16,342</u>	<u>-</u>
Total non-current assets	<u>8,431,550</u>	<u>44</u>	<u>8,438,793</u>	<u>43</u>	<u>9,032,065</u>	<u>43</u>
TOTAL	<u>\$ 19,261,698</u>	<u>100</u>	<u>\$ 19,851,244</u>	<u>100</u>	<u>\$ 20,886,697</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 18)	\$ 354,885	2	\$ 513,750	3	\$ 824,271	4
Short-term bills payable (Note 18)	-	-	-	-	90,174	-
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	13,620	-	6,801	-
Contract liabilities - current (Notes 11 and 23)	41	-	40	-	11,262	-
Trade payables	1,013,670	5	1,208,497	6	1,726,027	8
Trade payables to related parties (Note 30)	90	-	622	-	132	-
Other payables (Note 20)	887,256	5	1,421,979	7	1,151,360	6
Other payables to related parties (Note 30)	399	-	1,250	-	1,814	-
Current tax liabilities (Note 25)	231,107	1	204,057	1	403,491	2
Lease liabilities - current (Note 16)	3,098	-	3,088	-	3,061	-
Deferred revenue - current (Notes 20 and 27)	38,152	-	38,817	-	24,589	-
Current portion of long-term borrowings (Note 18)	910,813	5	890,785	5	335,253	2
Other current liabilities	<u>34,341</u>	<u>-</u>	<u>39,206</u>	<u>-</u>	<u>17,192</u>	<u>-</u>
Total current liabilities	<u>3,473,852</u>	<u>18</u>	<u>4,335,711</u>	<u>22</u>	<u>4,595,427</u>	<u>22</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 19)	1,185,889	6	1,183,273	6	1,175,314	6
Long-term borrowings (Note 18)	1,431,543	7	1,522,600	8	1,548,730	8
Deferred tax liabilities (Note 25)	129,869	1	118,132	1	124,782	1
Lease liabilities - non-current (Note 16)	2,630	-	3,399	-	3,916	-
Deferred revenue - non-current (Notes 20 and 27)	99,207	1	108,191	-	67,228	-
Net defined benefit liabilities - non-current (Note 21)	32,153	-	35,203	-	58,735	-
Guarantee deposits received	<u>76,091</u>	<u>-</u>	<u>71,527</u>	<u>-</u>	<u>71,924</u>	<u>-</u>
Total non-current liabilities	<u>2,957,382</u>	<u>15</u>	<u>3,042,325</u>	<u>15</u>	<u>3,050,629</u>	<u>15</u>
Total liabilities	<u>6,431,234</u>	<u>33</u>	<u>7,378,036</u>	<u>37</u>	<u>7,646,056</u>	<u>37</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)						
Share capital						
Ordinary shares	<u>3,097,570</u>	<u>16</u>	<u>3,097,570</u>	<u>16</u>	<u>3,097,570</u>	<u>15</u>
Capital surplus	<u>1,718,626</u>	<u>9</u>	<u>1,709,979</u>	<u>9</u>	<u>1,697,067</u>	<u>8</u>
Retained earnings						
Legal reserve	1,946,812	10	1,946,812	10	1,635,942	8
Special reserve	-	-	-	-	346,761	2
Unappropriated earnings	<u>6,180,347</u>	<u>32</u>	<u>5,861,917</u>	<u>29</u>	<u>5,959,709</u>	<u>28</u>
Total retained earnings	<u>8,127,159</u>	<u>42</u>	<u>7,808,729</u>	<u>39</u>	<u>7,942,412</u>	<u>38</u>
Other equity						
Exchange differences on translating the financial statements of foreign operations	(415,627)	(2)	(450,523)	(2)	(303,365)	(2)
Unrealized gain on financial assets at fair value through other comprehensive income	<u>302,736</u>	<u>2</u>	<u>307,453</u>	<u>1</u>	<u>806,957</u>	<u>4</u>
Total other equity	<u>(112,891)</u>	<u>-</u>	<u>(143,070)</u>	<u>(1)</u>	<u>503,592</u>	<u>2</u>
Total equity	<u>12,830,464</u>	<u>67</u>	<u>12,473,208</u>	<u>63</u>	<u>13,240,641</u>	<u>63</u>
TOTAL	<u>\$ 19,261,698</u>	<u>100</u>	<u>\$ 19,851,244</u>	<u>100</u>	<u>\$ 20,886,697</u>	<u>100</u>

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

TXC CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
REVENUE (Note 23)	\$ 2,297,988	100	\$ 3,216,567	100
COST OF GOODS SOLD (Note 24)	<u>(1,504,702)</u>	<u>(65)</u>	<u>(2,017,490)</u>	<u>(63)</u>
GROSS PROFIT	<u>793,286</u>	<u>35</u>	<u>1,199,077</u>	<u>37</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	103,300	5	133,905	4
General and administrative expenses	130,992	6	155,975	5
Research and development expenses	<u>213,560</u>	<u>9</u>	<u>241,748</u>	<u>7</u>
Total operating expenses	<u>447,852</u>	<u>20</u>	<u>531,628</u>	<u>16</u>
PROFIT FROM OPERATIONS	<u>345,434</u>	<u>15</u>	<u>667,449</u>	<u>21</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	15,430	1	4,234	-
Other income (Note 24)	30,907	1	26,867	1
Other gains and losses (Note 24)	(27,671)	(1)	121,466	4
Finance costs (Note 24)	(13,157)	(1)	(10,971)	(1)
Share of profits of associates and joint venture (Note 14)	<u>129</u>	<u>-</u>	<u>2,361</u>	<u>-</u>
Total non-operating income and expenses	<u>5,638</u>	<u>-</u>	<u>143,957</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	351,072	15	811,406	25
INCOME TAX EXPENSE (Note 25)	<u>(64,302)</u>	<u>(3)</u>	<u>(141,069)</u>	<u>(4)</u>
NET PROFIT	<u>286,770</u>	<u>12</u>	<u>670,337</u>	<u>21</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	<u>26,943</u>	<u>1</u>	<u>(445,887)</u>	<u>(14)</u>

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ 34,243	2	\$ 247,684	8
Share of the other comprehensive income of associates accounted for using the equity method	<u>653</u>	<u>-</u>	<u>8,530</u>	<u>-</u>
	<u>34,896</u>	<u>2</u>	<u>256,214</u>	<u>8</u>
Other comprehensive income (loss) for the period, net of income tax	<u>61,839</u>	<u>3</u>	<u>(189,673)</u>	<u>(6)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 348,609</u>	<u>15</u>	<u>\$ 480,664</u>	<u>15</u>
EARNINGS PER SHARE (Note 26)				
From continuing operations				
Basic	<u>\$ 0.93</u>		<u>\$ 2.16</u>	
Diluted	<u>\$ 0.90</u>		<u>\$ 2.09</u>	

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

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company							Other Equity		
	Shares (In Thousands)	Share Capital	Capital Surplus	Retained Earnings			Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
				Legal Reserve	Special Reserve					
BALANCE AT JANUARY 1, 2022	309,757	\$ 3,097,570	\$ 1,696,784	\$ 1,635,942	\$ 346,761	\$ 5,184,854	\$ (559,579)	\$ 1,357,362	\$ 12,759,694	
Net profit for the three months ended March 31, 2022	-	-	-	-	-	670,337	-	-	670,337	
Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	256,214	(445,887)	(189,673)	
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	670,337	256,214	(445,887)	480,664	
Disposal of equity instruments at fair value through other comprehensive income (Note 8)	-	-	-	-	-	104,518	-	(104,518)	-	
Surplus donated	-	-	283	-	-	-	-	-	283	
BALANCE AT MARCH 31, 2022	<u>309,757</u>	<u>\$ 3,097,570</u>	<u>\$ 1,697,067</u>	<u>\$ 1,635,942</u>	<u>\$ 346,761</u>	<u>\$ 5,959,709</u>	<u>\$ (303,365)</u>	<u>\$ 806,957</u>	<u>\$ 13,240,641</u>	
BALANCE AT JANUARY 1, 2023	309,757	\$ 3,097,570	\$ 1,709,979	\$ 1,946,812	\$ -	\$ 5,861,917	\$ (450,523)	\$ 307,453	\$ 12,473,208	
Net profit for the three months ended March 31, 2023	-	-	-	-	-	286,770	-	-	286,770	
Other comprehensive income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	34,896	26,943	61,839	
Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	286,770	34,896	26,943	348,609	
Disposal of equity instruments at fair value through other comprehensive income (Note 8)	-	-	-	-	-	31,660	-	(31,660)	-	
Surplus donated	-	-	293	-	-	-	-	-	293	
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	8,354	-	-	-	-	-	8,354	
BALANCE AT MARCH 31, 2023	<u>309,757</u>	<u>\$ 3,097,570</u>	<u>\$ 1,718,626</u>	<u>\$ 1,946,812</u>	<u>\$ -</u>	<u>\$ 6,180,347</u>	<u>\$ (415,627)</u>	<u>\$ 302,736</u>	<u>\$ 12,830,464</u>	

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

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 351,072	\$ 811,406
Adjustments for:		
Depreciation expenses	312,150	291,651
Amortization expenses	3,584	5,252
Net (gain) loss on fair value change of financial assets and liabilities at fair value through profit or loss	(9,635)	339
Finance costs	13,157	10,971
Interest income	(15,430)	(4,234)
Share of profits of associates and joint ventures	(129)	(2,361)
Loss (gain) on disposal of property, plant and equipment	36	(294)
Impairment losses recognized on property, plant and equipment	1,819	5
Write-down of inventories	3,230	4,265
Loss on disposal of non-current assets held for sale	-	249
Changes in operating assets and liabilities:		
Notes receivable	(7,849)	(2,339)
Trade receivables	819,328	121,415
Trade receivables from related parties	945	(6,943)
Other receivables	47,206	5,585
Other receivables from related parties	638	408
Inventories	(14,138)	(118,152)
Other current assets	(16,448)	(10,046)
Contract liabilities	-	448
Trade payables	(194,827)	(363,444)
Trade payables to related parties	(532)	(2,008)
Other payables	(534,934)	(328,283)
Other payables to related parties	(851)	(1,681)
Other current liabilities	(4,865)	(3,922)
Deferred revenue	(9,649)	(2,672)
Net defined benefit liabilities - non-current	(3,050)	(3,054)
Cash generated from operations	740,828	402,561
Interest paid	(10,330)	(8,047)
Income taxes paid	(12,384)	(38,988)
Net cash generated from operating activities	718,114	355,526
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets and liabilities at fair value through profit or loss	8,088	185,848
Purchase of financial assets at fair value through other comprehensive income	-	(10,000)

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TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
Proceeds from sale of financial assets at fair value through other comprehensive income	\$ 40,064	\$ 117,447
Purchase of financial assets at amortized cost	(116,697)	(127,175)
Proceeds from disposal of non-current assets held for sale	-	1,745
Payments for property, plant and equipment	(153,252)	(321,406)
Proceeds from disposal of property, plant and equipment	1	496
Payments for intangible assets	(3,905)	(6,921)
Increase in other non-current assets	(1,147)	-
Decrease in other non-current assets	-	1,016
Increase in prepayments for equipment	(56,800)	-
Interest received	<u>14,549</u>	<u>4,267</u>
Net cash used in investing activities	<u>(269,099)</u>	<u>(154,683)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from short-term borrowings	-	236,410
Repayments of short-term borrowings	(150,224)	-
Proceeds from long-term borrowings	85,030	-
Repayments of long-term borrowings	(155,652)	(76,765)
Proceeds from guarantee deposits received	4,564	1,434
Repayment of the principal portion of lease liabilities	(769)	(759)
Other changes in capital surplus	<u>293</u>	<u>283</u>
Net cash (used in) generated from financing activities	<u>(216,758)</u>	<u>160,603</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>1,477</u>	<u>94,280</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	233,734	455,726
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>4,222,610</u>	<u>3,631,645</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 4,456,344</u>	<u>\$ 4,087,371</u>

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

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

TXC Corporation (the “Company”) was incorporated in the Republic of China (ROC) on December 28, 1983.

TXC specializes in producing high quality crystals and crystal oscillator (CXO) as well as develops a variety of sensors by core technology to satisfy the market demand. Sensors are applied to various applications including mobile communication, information and storage device, internet of things, vehicle electronics, telecommunication equipment, smart home, AI, medical care, and 5G, etc.

The Company’s shares have been listed on the Taiwan Stock Exchange since August 26, 2002.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

To ensure the rights and interests of investors through full disclosure of operational governance, the Company applied for the Corporate Governance Assessment held by the Taiwan Corporate Governance Association (TCGA). For the “Corporate Governance Evaluation” jointly held by the Taiwan Stock Exchange Corporation (TWSE) and Taipei Exchange, under the category of listed companies, the company was awarded as the top 20 percent in 2014, top 5 percent from 2015 to 2017, and top 6 to 20 percent from 2018 to 2022. The Company will continue to strengthen corporate governance with the intention to achieve international standards for protection of public interest. The Company prepared Corporate Social Responsibility Report in accordance with GRI Standards every year, officially established ESG Committee on 2021. Meanwhile, The Company prepared ESG Report to acquire the-third-party (BSI) certification, initially introduced TCFD and SASB, comprehensively implemented sustainable development based on scientific methods which met international mainstream, and fulfilled the responsibilities as a global citizen. All of the above are the efforts that The Company made to replace Corporate Social Responsibility Report to reinforce its operation sustainable development, the implement of energy saving and emission reducing, developing gender-friendly workplace, and fulfilling responsibilities for social benefit.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 8, 2023.

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

- 1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

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

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

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification

of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

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

3) Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller - lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

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

2) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

3) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The same material accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 1,166	\$ 1,179	\$ 1,243
Checking accounts and demand deposits	3,663,169	3,367,422	3,436,128
Cash equivalents (investments with original maturities less than three months)			
Time deposits	662,009	274,009	150,000
Repurchase agreements collateralized by bonds	<u>130,000</u>	<u>580,000</u>	<u>500,000</u>
	<u>\$ 4,456,344</u>	<u>\$ 4,222,610</u>	<u>\$ 4,087,371</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Demand deposits	0.001%-2.85%	0.001%-2.85%	0.0001%-0.35%
Time deposits	0.975%-4.75%	0.98%-4.13%	0.35%-0.60%
Repurchase agreements collateralized by bonds	0.99%-1.05%	1.02%	0.27%-0.32%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial instruments (not under hedge accounting)			
Foreign exchange forward contracts and exchange contracts (b)	<u>\$ 2,805</u>	<u>\$ 3,662</u>	<u>\$ 484</u>
Non-derivative financial assets			
Listed shares	-	20,350	13,500
Mutual funds	290	287	109,696
Hybrid financial assets			
Structured deposits (a)	<u>404,299</u>	<u>393,151</u>	<u>441,387</u>
	<u>404,589</u>	<u>413,788</u>	<u>564,583</u>
	<u>\$ 407,394</u>	<u>\$ 417,450</u>	<u>\$ 565,067</u>

Financial assets at FVTPL - non-current

Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Redemption options on convertible bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600</u>

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities mandatorily classified as at FVTPL			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts and exchange contracts (b)	\$ -	\$ 13,620	\$ 6,801 (Concluded)

- a. The Group entered into structured time deposit contract with Bank during the three months ended March 31, 2023 and 2022. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract was assessed and classified mandatorily as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.
- b. At the end of the reporting period, outstanding foreign exchange contracts and exchange contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2023</u>			
Sell	USD/RMB	2023.04.26-2023.07.28	USD6,500/RMB44,621
Knock-out forward	USD/RMB	2023.04.11	USD3,000/RMB20,656
Knock-out forward	USD/JPY	2023.04.17-2023.05.22	USD4,000/JPY558,275
Exchange contracts	USD/NTD	2023.04.10-2023.07.24	USD29,000/NTD874,001
Foreign exchange forward contracts	USD/NTD	2023.04.10-2023.04.13	USD5,000/NTD153,600
Foreign exchange forward contracts	USD/JPY	2023.04.06-2023.04.25	USD2,000/JPY265,000
<u>December 31, 2022</u>			
Sell	USD/RMB	2023.01.30-2023.04.26	USD10,000/RMB70,227
Sell	USD/JPY	2023.01.04-2023.01.10	USD2,500/JPY334,823
Exchange contracts	USD/NTD	2023.01.09-2023.03.29	USD29,000/NTD900,640
Foreign exchange forward contracts	USD/NTD	2023.01.10	USD3,000/NTD99,000
<u>March 31, 2022</u>			
Sell	USD/RMB	2022.04.27-2022.07.27	USD8,500/RMB54,276
Sell	USD/JPY	2022.04.06-2022.04.20	USD3,000/JPY349,360
Knock-out forward	USD/JPY	2022.04.11-2022.06.06	USD6,000/JPY259,070
Exchange contracts	USD/NTD	2022.04.11-2022.05.12	USD6,000/NTD166,016
Foreign exchange forward contracts	USD/NTD	2022.05.19-2022.06.06	USD12,000/NTD337,800

The Group entered into foreign exchange forward contracts and exchange contracts during the three months ended March 31, 2023 and 2022 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Domestic investments			
Listed shares			
UPI Semiconductor Corp.	\$ 303,048	\$ 262,122	\$ 835,660
Emerging market shares			
Win Win Precision Technology Co., Ltd.	136,833	-	-
Unlisted shares	<u>22,291</u>	<u>213,170</u>	<u>87,740</u>
	<u>462,172</u>	<u>475,292</u>	<u>923,400</u>
Foreign investments			
Unlisted shares	<u>188,200</u>	<u>187,241</u>	<u>241,934</u>
	<u>\$ 650,372</u>	<u>\$ 662,533</u>	<u>\$ 1,165,334</u>

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

On January 16, 2023, Win Win Precision Technology Co., Ltd.'s shares were listed on the emerging market of OTC. The transfers of financial assets measured at fair value are set out in Note 29.

In the first quarter of 2023 and 2022, the Group sold its shares in UPI Semiconductor Corp. in order to manage credit concentration risk. The shares sold had a fair value of \$40,064 thousand and \$117,447 thousand and its related unrealized gain of \$31,660 thousand and \$104,518 thousand was transferred from other equity to retained earnings.

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Domestic investments			
Pledge deposits (a)	\$ 85,092	\$ 70,259	\$ 62,690
Time deposits with original maturity of more than three months (b)	<u>292,986</u>	<u>281,718</u>	<u>253,804</u>
	<u>\$ 378,078</u>	<u>\$ 351,977</u>	<u>\$ 316,494</u>
<u>Non-current</u>			
Domestic investment			
Time deposits with original maturities of more than one year (b)	<u>\$ 89,228</u>	<u>\$ -</u>	<u>\$ 92,839</u>

- a. Refer to Note 31 for information relating to investments in financial assets at amortized cost pledged as security.
- b. The ranges of interest rates for time deposits with original maturities of more than three months were approximately 1.17%-3.988%, 1.68%-4.125% and 1.68%-4.38% per annum as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Notes receivable</u>			
Notes receivable - operating	\$ 39,980	\$ 32,131	\$ 7,024
Less: Allowance for impairment loss	<u>(6)</u>	<u>(6)</u>	<u>(6)</u>
	<u>\$ 39,974</u>	<u>\$ 32,125</u>	<u>\$ 7,018</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 2,717,854	\$ 3,538,129	\$ 3,934,584
Less: Allowance for impairment loss	<u>(13,514)</u>	<u>(13,497)</u>	<u>(13,614)</u>
	<u>\$ 2,704,340</u>	<u>\$ 3,524,632</u>	<u>\$ 3,920,970</u>

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

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base. In addition, a 100% allowance for loss is recognized for accounts receivable when the overdue period exceeds 120 days and for which no other credit guarantee is provided.

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

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

March 31, 2023

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.47%	0.30%-3.01%	22.92%-34.39%	100%	100%	
Gross carrying amount	\$ 2,606,135	\$ 149,138	\$ 2,561	\$ -	\$ -	\$ 2,757,834
Loss allowance (Lifetime ECL)	(12,136)	(797)	(587)	-	-	(13,520)
Amortized cost	<u>\$ 2,593,999</u>	<u>\$ 148,341</u>	<u>\$ 1,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,744,314</u>

December 31, 2022

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.30%	0.27%-2.84%	22.93%-34.39%	100%	100%	
Gross carrying amount	\$ 3,332,503	\$ 230,679	\$ 7,078	\$ -	\$ -	\$ 3,570,260
Loss allowance (Lifetime ECL)	(10,032)	(1,037)	(2,434)	-	-	(13,503)
Amortized cost	<u>\$ 3,322,471</u>	<u>\$ 229,642</u>	<u>\$ 4,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,556,757</u>

March 31, 2021

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.29%	0.89%	100%	100%	100%	
Gross carrying amount	\$ 3,600,137	\$ 341,471	\$ -	\$ -	\$ -	\$ 3,941,608
Loss allowance (Lifetime ECL)	(10,547)	(3,073)	-	-	-	(13,620)
Amortized cost	<u>\$ 3,589,590</u>	<u>\$ 338,398</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,927,988</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 13,503	\$ 13,494
Foreign exchange gains and losses	<u>17</u>	<u>126</u>
Balance at March 31	<u>\$ 13,520</u>	<u>\$ 13,620</u>

11. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	\$ 547,594	\$ 620,212	\$ 560,819
Work in process	420,975	446,386	455,361
Raw materials	809,745	769,022	688,809
Supplies and spare parts	129,026	137,716	115,419
Merchandise	551,560	475,972	457,062
Buildings and land held for sale	<u>251,697</u>	<u>250,413</u>	<u>475,506</u>
	<u>\$ 2,710,597</u>	<u>\$ 2,699,721</u>	<u>\$ 2,752,976</u>

The cost of crystal inventories recognized as cost of goods sold for the three months ended March 31, 2023 and 2022 included \$1,504,702 thousand and \$2,009,598 thousand, respectively. The cost of goods sold for the three months ended March 31, 2023 and 2022 included inventory write-downs of \$3,230 thousand and \$4,265 thousand, respectively.

The cost of real estate inventories recognized as cost of goods sold for the three months ended March 31, 2023 and 2022 included \$0 thousand and \$7,892 thousand, respectively.

The construction in progress is the payment made by Chongqing Zhongyang Properties Co., Ltd. to acquire the land use right in Chongqing Gao-Shing District to develop and sell real estate in 2012. Chongqing Zhongyang Properties Co., Ltd. has obtained the title deed of real estate issued by Chongqing Association of land and real estate resources during 2013. The construction began in 2018 and continued to recognize revenue after completion in April 2021.

The details of the buildings and land held for sale are as follows:

Area	March 31, 2023	
	Buildings and Land Held for Sale	Contract Liabilities - Current
Jing Yuan	\$ 251,697	\$ 41
Area	December 31, 2022	
	Buildings and Land Held for Sale	Contract Liabilities - Current
Jing Yuan	\$ 250,413	\$ 40
Area	March 31, 2022	
	Buildings and Land Held for Sale	Contract Liabilities - Current
Jing Yuan	\$ 475,506	\$ 11,262

12. SUBSIDIARIES

Subsidiary Included in the Consolidated Financial Statements

The detail information of the subsidiaries at the end of reporting period was as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
TXC Corporation	Taiwan Crystal Technology International Limited	Investment management	100	100	100	a
	TXC Technology, Inc.	Marketing activities	100	100	100	b
	TXC Japan Corporation	Marketing activities	100	100	100	c
	Taiwan Crystal Technology (HK) Limited	International trading	100	100	100	e
	TXC Europe GmbH	Marketing activities	100	100	100	j
Taiwan Crystal Technology International Limited	TXC (Ningbo) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	100	100	100	d

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	100	100	100	f
	Chongqing Zhongyang Properties Co., Ltd.	Properties development	100	100	100	g
	Ningbo Beilun Jingyu Trading Corporation	International trading	100	100	100	h
	Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	Investment management	100	100	100	i
	TETC Corp. NINGBO	Research and development, manufacture, and sale of quartz elements and related electronic products	100	100	100	l
Chongqing Zhongyang Properties Co., Ltd.	ChongQing Dingsen Commercial Management Co., Ltd	Property management	100	100	100	k
TETC CORP. NINGBO	Shanghai JCH Co., Ltd (JCH)	Marketing activities and technical services	100	100	-	m

(Concluded)

Remarks:

- a. Taiwan Crystal Technology International Limited was incorporated on December 23, 1998 in Samoa.
- b. TXC Technology, Inc. was incorporated on December 1, 2000 in California, U.S.A.
- c. TXC Japan Corporation was incorporated on September 13, 2005 in Yokohama, Japan.
- d. TXC (Ningbo) Corporation was incorporated on March 12, 1999 in Ningbo, China.
- e. Taiwan Crystal Technology (HK) Limited was incorporated on July 6, 2010 in Hong Kong Special Administrative Region, China.
- f. TXC (Chongqing) Corporation was incorporated on October 11, 2010 in Chongqing, China.
- g. Chongqing Zhongyang Properties Co., Ltd. was incorporated on February 14, 2011 in Chongqing, China.
- h. Ningbo Beilun Jingyu Trading Corporation was incorporated on September 7, 2011 in Ningbo, China.
- i. Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited was incorporated on May 12, 2017 in Beilun District, Ningbo, China.
- j. TXC Europe GmbH was founded in Germany on August 17, 2018.
- k. ChongQing Dingsen Commercial Management Co., Ltd. was incorporated on February 21, 2019 in Chongqing, China.
- l. TETC Corp. Ningbo was incorporated on December 30, 2020 in Ningbo, China.
- m. Shanghai JCH Co., Ltd was registered on October 13, 2022 in Shanghai, China.
- n. Except for the financial statements for the three months ended March 31, 2023 and 2022 of Taiwan Crystal Technology International Limited, TXC (Ningbo) Corporation, TXC (Chongqing) Corporation, and Chongqing Zhongyang Properties Co., Ltd., all company are immaterial subsidiaries, and their financial statements have not been reviewed.

13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	March 31, 2023	December 31 2022	March 31 2022
Domestic investments			
Unlisted shares			
Godsmith Sensor Inc.	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,985</u>

In November 2020, the Company's board of directors approved to dispose of 24% shares of Godsmith Sensor Inc. and expected to complete the sale within twelve months. Accordingly, the Company has reclassified Godsmith Sensor Inc. as non-current assets held for sale, and were presented separately in the accompanying balance sheets.

For the three months ended March 31, 2022, the Group had sold 100 thousand shares in Godsmith Sensor Inc. at fair value of \$1,745 thousand and were recognized as loss on disposal \$249 thousand.

As of December 31, 2022, the Group still held 250 thousand shares. The financial assets were assessed to no longer meet the definition of non-current assets held for sale and therefore reclassified as financial assets at FVTOCI on the consolidated balance sheet.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2023	December 31, 2022	March 31, 2022
Investments in associates and joint ventures	\$ <u>468,019</u>	\$ <u>458,607</u>	\$ <u>443,625</u>

a. Investment in associates

	March 31, 2023	December 31, 2022	March 31, 2022
Associates that are not individually material	\$ <u>405,862</u>	\$ <u>401,707</u>	\$ <u>404,042</u>

For the Three Months Ended March 31

	2023	2022
The Group's share of:		
Profit from continuing operations	\$ 3,503	\$ 4,298
Other comprehensive income	<u>653</u>	<u>8,530</u>
Total comprehensive income for the period	\$ <u>4,156</u>	\$ <u>12,828</u>

Refer to Table 4 "name, locations, and related information of investees on which the Company exercises significant influence" for the nature of activities, principal place of business and country of incorporation of the associates.

b. Investment joint ventures

	March 31, 2023	December 31, 2022	March 31, 2022
Joint ventures that are not individually material	<u>\$ 62,157</u>	<u>\$ 56,900</u>	<u>\$ 39,583</u>
	For the Three Months Ended		March 31
		2023	2022
The Group's share of:			
Loss from continuing operations		<u>\$ (3,374)</u>	<u>\$ (1,937)</u>
Total comprehensive loss for the period		<u>\$ (3,374)</u>	<u>\$ (1,937)</u>

Refer to Table 4 “name, locations, and related information of investees on which the Company exercises significant influence” and Table 5 “information on investment in mainland China” for the nature of activities, principal place of business and country of incorporation of the joint ventures.

Except for investments of Ningbo Longying Semiconductor Co., Ltd., which were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been reviewed. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of Ningbo Longying Semiconductor Co., Ltd. which have not been reviewed.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Property in Construction	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 621,855	\$ 2,279	\$ 2,728,943	\$ 9,699,052	\$ 21,149	\$ 387,266	\$ 13,137	\$ 13,473,681
Additions	-	270	5,202	288,613	-	26,704	617	321,406
Disposals	-	-	-	(5,070)	-	(6,821)	-	(11,891)
Transfer from investment properties	-	-	5,903	-	-	-	-	5,903
Transfer from prepayments for equipment	-	-	-	200,793	-	-	-	200,793
Effects of foreign currency exchange differences	-	-	43,008	214,724	722	10,257	497	269,208
Balance at March 31, 2022	<u>\$ 621,855</u>	<u>\$ 2,549</u>	<u>\$ 2,783,056</u>	<u>\$ 10,398,112</u>	<u>\$ 21,871</u>	<u>\$ 417,406</u>	<u>\$ 14,251</u>	<u>\$ 14,259,100</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 1,209	\$ 1,211,106	\$ 6,157,842	\$ 15,109	\$ 244,587	\$ -	\$ 7,629,853
Disposals	-	-	-	(4,895)	-	(6,794)	-	(11,689)
Depreciation expense	-	93	34,976	238,588	706	10,540	-	284,903
Impairment losses	-	-	-	5	-	-	-	5
Transfer from investment properties	-	-	3,652	-	-	-	-	3,652
Effects of foreign currency exchange differences	-	-	22,432	123,687	524	5,545	-	152,188
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 1,302</u>	<u>\$ 1,272,166</u>	<u>\$ 6,515,227</u>	<u>\$ 16,339</u>	<u>\$ 253,878</u>	<u>\$ -</u>	<u>\$ 8,058,912</u>
Carrying value at March 31, 2022	<u>\$ 621,855</u>	<u>\$ 1,247</u>	<u>\$ 1,510,890</u>	<u>\$ 3,882,885</u>	<u>\$ 5,532</u>	<u>\$ 163,528</u>	<u>\$ 14,251</u>	<u>\$ 6,200,188</u>

(Continued)

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Property in Construction	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 621,855	\$ 3,024	\$ 2,781,991	\$ 11,127,318	\$ 24,354	\$ 427,331	\$ 97,580	\$ 15,083,453
Additions	-	-	4,522	46,716	-	5,258	96,756	153,252
Disposals	-	-	-	(1,888)	-	(1,752)	-	(3,640)
Reclassified as intangible assets	-	-	-	-	-	-	(1,314)	(1,314)
Reclassified	-	-	-	(892)	-	1,074	(182)	-
Effects of foreign currency exchange differences	-	-	6,099	33,161	117	1,383	202	40,962
Balance at March 31, 2023	<u>\$ 621,855</u>	<u>\$ 3,024</u>	<u>\$ 2,792,612</u>	<u>\$ 11,204,415</u>	<u>\$ 24,471</u>	<u>\$ 433,294</u>	<u>\$ 193,042</u>	<u>\$ 15,272,713</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ -	\$ 1,581	\$ 1,353,707	\$ 7,111,880	\$ 17,137	\$ 279,406	\$ -	\$ 8,763,711
Disposals	-	-	-	(1,888)	-	(1,715)	-	(3,603)
Depreciation expense	-	79	34,687	258,379	800	12,264	-	306,209
Impairment losses	-	-	-	1,819	-	-	-	1,819
Reclassified	-	-	-	(81)	-	81	-	-
Effects of foreign currency exchange differences	-	-	3,073	19,275	78	717	-	23,143
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 1,660</u>	<u>\$ 1,391,467</u>	<u>\$ 7,389,384</u>	<u>\$ 18,015</u>	<u>\$ 290,753</u>	<u>\$ -</u>	<u>\$ 9,091,279</u>
Carrying value at December 31, 2022 and January 1, 2023	<u>\$ 621,855</u>	<u>\$ 1,443</u>	<u>\$ 1,428,284</u>	<u>\$ 4,015,438</u>	<u>\$ 7,217</u>	<u>\$ 147,925</u>	<u>\$ 97,580</u>	<u>\$ 6,319,742</u>
Carrying value at March 31, 2023	<u>\$ 621,855</u>	<u>\$ 1,364</u>	<u>\$ 1,401,145</u>	<u>\$ 3,815,031</u>	<u>\$ 6,456</u>	<u>\$ 142,541</u>	<u>\$ 193,042</u>	<u>\$ 6,181,434</u>

(Concluded)

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

Land improvements	5-7 years
Buildings	
Industrial building	3-51 years
Electrical power systems	3-51 years
Engineering systems	3-51 years
Equipment	
Major production equipment	3-15 years
Temperature control systems	4-7 years
Transportation equipment	4-7 years
Transportation equipment	4-5 years
Office equipment	3-5 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 31.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Land	\$ 199,406	\$ 199,547	\$ 207,601
Buildings	5,082	5,727	5,890
Transportation equipment	<u>598</u>	<u>710</u>	<u>1,047</u>
	<u>\$ 205,086</u>	<u>\$ 205,984</u>	<u>\$ 214,538</u>

	For the Three Months Ended March 31	
	2023	2022
Additions to right-of-use assets	\$ <u>-</u>	\$ <u>-</u>
Depreciation charge for right-of-use assets		
Land	\$ 1,167	\$ 1,158
Buildings	654	654
Transportation equipment	<u>113</u>	<u>113</u>
	\$ <u>1,934</u>	\$ <u>1,925</u>

Right-of-use assets pledged as collateral for bank borrowings were set out in Note 31.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Current	\$ 3,098	\$ 3,088	\$ 3,061
Non-current	<u>2,630</u>	<u>3,399</u>	<u>3,916</u>
	\$ <u>5,728</u>	\$ <u>6,487</u>	\$ <u>6,977</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Buildings	0.86%-1.27%	0.86%-1.27%	0.86%-1.27%
Transportation equipment	0.86%	0.86%	0.86%

c. Material lease-in activities and terms

The Group purchased the land use right for the construction of plants, offices and retail stores with use term of 50 years in mainland China and its payments was paid fully at the time of contract signed and can be renewed upon the expiration of the period. The Group does not have purchase options to acquire the land and buildings at the end of the contract.

d. Other lease information

	For the Three Months Ended March 31	
	2023	2022
Expenses relating to short-term leases	\$ <u>55</u>	\$ <u>55</u>
Total cash outflow for leases	\$ <u>(824)</u>	\$ <u>(814)</u>

The Group leases certain buildings which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. INVESTMENT PROPERTIES

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2022	\$ 544,232
Transfer to property, plant and equipment	(5,903)
Effects of foreign currency exchange differences	<u>18,831</u>
Balance at March 31, 2022	<u>\$ 557,160</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ (49,864)
Depreciation expense	(4,823)
Transfer to property, plant and equipment	3,652
Effects of foreign currency exchange differences	<u>(1,525)</u>
Balance at March 31, 2022	<u>\$ (52,560)</u>
Carrying amounts at March 31, 2022	<u>\$ 504,600</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 637,330
Effects of foreign currency exchange differences	<u>3,120</u>
Balance at March 31, 2023	<u>\$ 640,450</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	\$ (65,984)
Depreciation expense	(4,007)
Effect of foreign currency exchange differences	<u>(275)</u>
Balance at March 31, 2023	<u>\$ (70,266)</u>
Carrying amounts at March 31, 2023	<u>\$ 570,184</u>

The investment real estate held by the combined company is mainly located in Pingzhen District of Taoyuan City and Ningbo City, Mainland China, and some of the factories and offices are leased to collect rents. The other part of the investment real estate is located in Chongqing City, mainland China, and is mainly self-built shopping malls to collect rents.

The investment properties held by the Group are depreciated using the straight-line method over their useful lives of 3-60 years.

The fair value of the Group's investment properties as of March 31, 2023, December 31, 2022 and March 31, 2022 was \$1,094,069 thousand, \$1,085,198 thousand and \$1,180,496 thousand, respectively. The fair value valuation had not been performed by independent qualified professional valuers; however, management of the Group used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment properties were freehold properties. The investment properties pledged as collateral for bank borrowing are set out in Note 31.

18. BORROWINGS

a. Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Secured borrowings (Note 31)</u>			
Bank loans	\$ 43,875	\$ 43,651	\$ 135,261
<u>Unsecured borrowings</u>			
Bank loans	266,692	359,869	621,379
Letters of credit	44,318	110,230	67,631
	<u>311,010</u>	<u>470,099</u>	<u>689,010</u>
	<u>\$ 354,885</u>	<u>\$ 513,750</u>	<u>\$ 824,271</u>

The interest rate on the bank loans and letters of credit were 2.45%-3.65%, 1.2%-3.65% and 2.65%-3.85% per annum as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

b. Short-term bills payable

	March 31, 2023	December 31, 2022	March 31, 2022
Bank acceptances	\$ -	\$ -	\$ 90,174

Outstanding short-term bills payable were as follows:

March 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
<u>Bank acceptances</u>						
Bank of Ningbo	<u>RMB 20,000</u>	<u>\$ -</u>	<u>\$ 90,174</u>	3.6%	-	<u>\$ -</u>

c. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Secured borrowings (Note 31)</u>			
Bank loans	\$ 124,144	\$ 39,180	\$ -
<u>Unsecured borrowings</u>			
Bank loans	2,218,212	2,374,205	1,883,983
Less: Current portion	(910,813)	(890,785)	(335,253)
	<u>1,307,399</u>	<u>1,483,420</u>	<u>1,548,730</u>
Long-term borrowings	<u>\$ 1,431,543</u>	<u>\$ 1,522,600</u>	<u>\$ 1,548,730</u>

The borrowings of the Group were as follows:

Detail of Borrowing		March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.01.03 Principle is paid monthly since January 15, 2021	\$ 43,750	\$ 50,000	\$ 68,750
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.01.03 Principle is paid monthly since January 15, 2021	65,625	75,000	103,125
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.01.03 Principle is paid monthly since January 15, 2021	65,625	75,000	103,125
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.04.01 Principle is paid monthly since March 15, 2023	288,000	300,000	300,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.04.15 Principle is paid monthly since May 15, 2023	200,000	200,000	200,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2024.09.15 Principle is paid monthly since September 15, 2022	144,000	168,000	200,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2024.09.15 Principle is paid monthly since September 15, 2022	216,000	252,000	300,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2024.09.15 Principle is paid monthly since September 15, 2022	72,000	84,000	100,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.01.03 Principle is paid monthly since March 15, 2021	45,652	52,174	71,739
Unsecured bank borrowing denominated in NT\$	Maturity date: 2026.08.17 Principle is paid monthly since September 15, 2022	170,833	183,333	200,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2023.09.06 Principle is repaid at maturity	-	-	180,000
Unsecured bank borrowing denominated in US\$	Maturity date: 2023.09.24 Principle is repaid at maturity	36,545	61,417	57,244
Unsecured bank borrowing denominated in NT\$	Maturity date: 2024.08.03 Principle is repaid at maturity	100,000	100,000	-
Unsecured bank borrowing denominated in NT\$	Maturity date: 2024.08.03 Principle is repaid at maturity	300,000	300,000	-
Unsecured bank borrowing denominated in NT\$	Maturity date: 2024.08.03 Principle is repaid at maturity	300,000	300,000	-
Secured bank borrowing denominated in RMB	Maturity date: 2027.11.01 Principle is repaid semi-annually per agreement of RMB250 thousand, from April 19, 2024 to April 19, 2026; per agreement of RMB500 thousand, from April 19, 2026 to the maturity date.	124,144	39,180	-
Unsecured bank borrowing denominated in RMB	Maturity date: 2023.08.31 Principle is repaid semi-annually per agreement of RMB100 thousand, from November 30, 2022 to the maturity date.	43,432	43,210	-
Unsecured bank borrowing denominated in RMB	Maturity date: 2023.09.08 Principle is repaid semi-annually per agreement of RMB100 thousand, from December 8, 2022 to the maturity date.	43,432	43,210	-
Unsecured bank borrowing denominated in RMB	Maturity date: 2023.11.01 Principle is repaid semi-annually per agreement of RMB500 thousand, from February 1, 2023 to the maturity date.	41,659	43,651	-
Unsecured bank borrowing denominated in RMB	Maturity date: 2023.11.08 Principle is repaid semi-annually per agreement of RMB500 thousand, from February 8, 2023 to the maturity date.	41,659	43,210	-
Less: Current portions		(910,813)	(890,785)	(335,253)
		<u>\$ 1,431,543</u>	<u>\$ 1,522,600</u>	<u>\$ 1,548,730</u>

The range of interest rate on bank loans was 0.85%-5.61%, 0.725%-5.49%, and 0.10%-1.36% per annum as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

19. BONDS PAYABLE

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured domestic convertible bonds	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
Less: Discount on bonds payable	<u>(14,111)</u>	<u>(16,727)</u>	<u>(24,686)</u>
	<u>\$ 1,185,889</u>	<u>\$ 1,183,273</u>	<u>\$ 1,175,314</u>

On July 26, 2021, the Company issued the 5th domestic unsecured convertible bonds with an aggregate principal amount of \$1,200,000 thousand at 0% interest rate, and the issuance period is for three years from July 26, 2021 to July 26, 2024. The repayment will be made at face value in full by cash upon maturity. Bondholders are entitled to convert bonds into the Company's ordinary shares from October 27, 2021 to July 26, 2024. The conversion price was set initially at \$138 per share. According to the regulations on issuance and conversion of bonds, the conversion price should be adjusted to \$122.9 per share starting from July 23, 2022.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus. The effective interest rate of the liability component was 0.8961% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,427 thousand)	\$ 1,194,573
Equity component (less transaction costs allocated to the equity component of \$129 thousand)	(28,431)
Assets component	<u>2,040</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$5,298 thousand)	<u>\$ 1,168,182</u>
Liability component at December 31, 2021	1,172,721
Interest charged at an effective interest rate	<u>2,593</u>
Liability component at March 31, 2022	<u>\$ 1,175,314</u>
Liability component at December 31, 2022	\$ 1,183,273
Interest charged at an effective interest rate	<u>2,616</u>
Liability component at March 31, 2023	<u>\$ 1,185,889</u>

20. OTHER LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Other payables			
Payables for compensations to employees and directors	\$ 432,443	\$ 393,658	\$ 504,924
Payables for commission	27,030	25,232	27,931
Payables for salaries	85,927	147,661	149,930
Payables for bonus	116,172	506,933	154,641
			(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
Payables for annual leave	\$ 45,344	\$ 47,364	\$ 43,425
Payables for purchase of equipment	46,428	138,135	104,842
Others	<u>133,912</u>	<u>162,996</u>	<u>165,667</u>
	<u>\$ 887,256</u>	<u>\$ 1,421,979</u>	<u>\$ 1,151,360</u>
Deferred revenue			
Arising from government grants (Note 27)	<u>\$ 38,152</u>	<u>\$ 38,817</u>	<u>\$ 24,589</u>
<u>Non-current</u>			
Deferred revenue			
Arising from government grants (Note 27)	<u>\$ 99,207</u>	<u>\$ 108,191</u>	<u>\$ 67,228</u>
			(Concluded)

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in mainland China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

Employee benefit expense for the three months ended March 31, 2023 and 2022 were \$343 thousand and \$421 thousand, respectively. Employee benefit expense was calculated on the basis of the actuarial valuations in December 31, 2022 and 2021.

22. EQUITY

a. Share capital

Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
Numbers of shares authorized (in thousands)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>309,757</u>	<u>309,757</u>	<u>309,757</u>
Shares issued	<u>\$ 3,097,570</u>	<u>\$ 3,097,570</u>	<u>\$ 3,097,570</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

The Company's 30,000 thousand shares authorized were reserved for the issuance of convertible bonds and employee share options.

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Issuance of ordinary shares	\$ 611,776	\$ 611,776	\$ 611,776
Conversion of bonds	977,028	977,028	977,028
Overdue options	73,377	73,377	73,377
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	331	331	331
<u>May only be used to offset a deficit</u>			
Share of changes in capital surplus of associates or joint venture	23,981	15,627	2,712
Others	3,702	3,409	3,412
<u>May not be used for any purpose</u>			
Employee share options	<u>28,431</u>	<u>28,431</u>	<u>28,431</u>
	<u>\$ 1,718,626</u>	<u>\$ 1,709,979</u>	<u>\$ 1,697,067</u>

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to employee benefits expense in Note 24(g).

Dividends are recommended by the board of directors in accordance with the Corporation's dividends policy. Under this policy, industry trends and growth should be evaluated, investment opportunities should be fully understood, and proper capital adequacy ratios should be considered in determining the dividends to be distributed. In addition, cash dividends should not be less than 20% of the total dividends to be appropriated.

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

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2022 and 2021 that were proposed by the board of directors on March 6, 2023 and approved by the shareholders in their meeting on May 31, 2022, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Fiscal Year 2022	For Fiscal Year 2021	For Fiscal Year 2022	For Fiscal Year 2021
Legal reserve	\$ 296,435	\$ 310,870	\$ -	\$ -
Special reserve	143,070	(346,761)	-	-
Cash dividends	2,168,299	2,323,178	7.0	7.5

The appropriation of earnings for 2022 is subject to the resolution of the shareholders' meeting to be held on May 30, 2023.

d. Other equity items

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ (450,523)	\$ (559,579)
Exchange differences on translating the financial statements of foreign operations	34,243	247,684
Share of exchange differences of associates accounted for using the equity method	<u>653</u>	<u>8,530</u>
Balance at March 31	<u>\$ (415,627)</u>	<u>\$ (303,365)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ <u>307,453</u>	\$ <u>1,357,362</u>
Recognized during the period		
Unrealized gain (loss) - equity instruments	<u>26,943</u>	<u>(445,887)</u>
Other comprehensive income (loss) recognized in the period	<u>26,943</u>	<u>(445,887)</u>
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(31,660)</u>	<u>(104,518)</u>
Balance at March 31	<u>\$ 302,736</u>	<u>\$ 806,957</u>

23. REVENUE

	For the Three Months Ended March 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$ 2,295,712	\$ 3,205,109
Construction contract revenue	<u>2,276</u>	<u>11,458</u>
	<u>\$ 2,297,988</u>	<u>\$ 3,216,567</u>

Contract Balances

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Trade receivables (Note 10)	<u>\$ 2,704,340</u>	<u>\$ 3,524,632</u>	<u>\$ 3,920,970</u>	<u>\$ 4,035,315</u>
Contract liabilities				
Construction of properties	\$ 41	\$ 40	\$ 11,262	\$ 10,814
Sale of goods	<u>13,282</u>	<u>12,116</u>	<u>11,243</u>	<u>15,654</u>
	<u>\$ 13,323</u>	<u>\$ 12,156</u>	<u>\$ 22,505</u>	<u>\$ 26,468</u>

The contract liabilities were unearned sales revenue and accounted for other current liabilities.

24. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended March 31	
	2023	2022
Bank deposits	\$ 9,662	\$ 1,175
Financial assets at amortized cost	2,464	2,432
Others	<u>3,304</u>	<u>627</u>
	<u>\$ 15,430</u>	<u>\$ 4,234</u>

b. Other income

	For the Three Months Ended March 31	
	2023	2022
Income from government grants	\$ 24,037	\$ 17,204
Others	<u>6,870</u>	<u>9,663</u>
	<u>\$ 30,907</u>	<u>\$ 26,867</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2023	2022
Loss on disposal of non-current assets held for sale	\$ -	\$ (249)
(Loss) gain on disposal of property, plant and equipment	(36)	294
Fair value changes of financial assets and financial liabilities		
Financial assets and liabilities mandatorily at FVTPL	9,635	(339)
Net foreign exchange (losses) gains	(32,096)	128,903
Property, plant and equipment impairment losses	(1,819)	(5)
Depreciation of investment properties	(4,007)	(4,823)
Others	<u>652</u>	<u>(2,315)</u>
	<u>\$ (27,671)</u>	<u>\$ 121,466</u>

d. Finance costs

	For the Three Months Ended March 31	
	2023	2022
Interest on bank loans	\$ 10,528	\$ 8,356
Interest on convertible bonds	2,616	2,593
Interest on lease liabilities	<u>13</u>	<u>22</u>
	<u>\$ 13,157</u>	<u>\$ 10,971</u>

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2023	2022
Property, plant and equipment	\$ 306,209	\$ 284,903
Investment properties	4,007	4,823
Right-of-use assets	1,934	1,925
Intangible assets	<u>3,584</u>	<u>5,252</u>
	<u>\$ 315,734</u>	<u>\$ 296,903</u>
An analysis of deprecation by function		
Operating costs	\$ 234,165	\$ 230,402
Operating expenses	73,978	56,426
Other gains and losses	<u>4,007</u>	<u>4,823</u>
	<u>\$ 312,150</u>	<u>\$ 291,651</u>
An analysis of amortization by function		
Operating costs	\$ 35	\$ 5,252
Operating expenses	<u>3,549</u>	<u>-</u>
	<u>\$ 3,584</u>	<u>\$ 5,252</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2023	2022
Post-employment benefits (see Note 21)		
Defined contribution plans	\$ 27,405	\$ 29,320
Defined benefit plans	<u>343</u>	<u>421</u>
	<u>27,748</u>	<u>29,741</u>
Other employee benefits		
Payroll expense	515,244	672,650
Labor and health insurance	38,014	34,595
Others	<u>22,511</u>	<u>18,765</u>
	<u>575,769</u>	<u>726,010</u>
	<u>\$ 603,517</u>	<u>\$ 755,751</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 358,746	\$ 400,365
Operating expenses	<u>244,771</u>	<u>355,386</u>
	<u>\$ 603,517</u>	<u>\$ 755,751</u>

g. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the rates no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the three months ended March 31, 2023 and 2022, respectively, were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2023	2022
Employees' compensation	9.0%	9.0%
Remuneration of directors	1.5%	1.5%

Amount

	For the Three Months Ended March 31	
	2023	2022
Employees' compensation	<u>\$ 33,244</u>	<u>\$ 78,566</u>
Remuneration of directors	<u>\$ 5,541</u>	<u>\$ 13,094</u>

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

The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021 which were approved by the Company's board of directors on March 6, 2023 and March 7, 2022, respectively, were as follows:

	For the Year Ended December 31			
	2022		2021	
	Cash	Share	Cash	Share
Employees' compensation	\$ 330,344	\$ -	\$ 354,226	\$ -
Remuneration of directors	55,057	-	59,038	-

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

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

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. Major components of tax expense recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2023	2022
Current tax		
In respect of the current year	\$ 39,629	\$ 111,239
Deferred tax		
In respect of the current year	<u>24,673</u>	<u>29,830</u>
Income tax expense recognized in profit or loss	<u>\$ 64,302</u>	<u>\$ 141,069</u>

- b. Income tax assessments

The income tax returns through 2020 had been assessed by the tax authorities.

26. EARNINGS PER SHARE

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

Net Profit for the Period

	For the Three Months Ended March 31	
	2023	2022
Profit for the period attributable to owners of the Company	\$ 286,770	\$ 670,337
Interest on convertible bonds after tax	<u>2,093</u>	<u>2,074</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 288,863</u>	<u>\$ 672,411</u>

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Three Months Ended March 31	
	2023	2022
Weighted average number of ordinary shares in computation of basic earnings per share	309,757	309,757
Effect of dilutive potential ordinary shares:		
Convertible bonds	9,764	8,975
Employees' compensation	<u>3,064</u>	<u>3,425</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>322,585</u>	<u>322,157</u>

The Group may settle the compensation paid to employees by cash or shares; therefore, the Group presumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the shares had a dilutive effect. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

27. GOVERNMENT GRANTS

In 2022, the Group received a government grant of \$92,084 thousand for its investment of equipment. The amount was recognized as deferred revenue and subsequently transferred to profit or loss over the useful life of the related asset.

28. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

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

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

The management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

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

1) Fair value hierarchy

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign exchange forward contracts and exchange contracts	\$ -	\$ 2,805	\$ -	\$ 2,805
Mutual funds	290	-	-	290
Structured deposits	-	404,299	-	404,299
	<u>\$ 290</u>	<u>\$ 407,104</u>	<u>\$ -</u>	<u>\$ 407,394</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 303,048	\$ -	\$ -	\$ 303,048
Domestic emerging shares	136,833	-	-	136,833
Domestic unlisted shares	-	-	22,291	22,291
Foreign unlisted shares	-	-	188,200	188,200
	<u>\$ 439,881</u>	<u>\$ -</u>	<u>\$ 210,491</u>	<u>\$ 650,372</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 20,350	\$ -	\$ -	\$ 20,350
Foreign exchange forward contracts and exchange contracts	-	3,662	-	3,662
Mutual funds	287	-	-	287
Structured deposits	-	393,151	-	393,151
	<u>\$ 20,637</u>	<u>\$ 396,813</u>	<u>\$ -</u>	<u>\$ 417,450</u>
Financial liabilities at FVTPL				
Foreign exchange forward contracts and exchange contracts	\$ -	\$ 13,620	\$ -	\$ 13,620
Financial assets at FVTOCI				
Domestic listed shares	\$ 262,122	\$ -	\$ -	\$ 262,122
Domestic unlisted shares	-	-	213,170	213,170
Foreign unlisted shares	-	-	187,241	187,241
	<u>\$ 262,122</u>	<u>\$ -</u>	<u>\$ 400,411</u>	<u>\$ 662,533</u>

March 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 13,500	\$ -	\$ -	\$ 13,500
Redemption options on convertible bonds	-	600	-	600
Foreign exchange forward contracts and exchange contracts	-	484	-	484
Mutual funds	109,696	-	-	109,696
Structured deposits	<u>-</u>	<u>441,387</u>	<u>-</u>	<u>441,387</u>
	<u>\$ 123,196</u>	<u>\$ 442,471</u>	<u>\$ -</u>	<u>\$ 565,667</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 835,660	\$ -	\$ -	\$ 835,660
Domestic unlisted shares	-	-	87,740	87,740
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>241,934</u>	<u>241,934</u>
	<u>\$ 835,660</u>	<u>\$ -</u>	<u>\$ 329,674</u>	<u>\$ 1,165,334</u>
Financial liabilities at FVTPL				
Foreign exchange forward contracts and exchange contracts	<u>\$ -</u>	<u>\$ 6,801</u>	<u>\$ -</u>	<u>\$ 6,801</u>

For the three month ended March 31, 2023 and 2022, there were no transfer between Level 1 and Level 2.

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

For the three months ended March 31, 2023

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2022	\$ -	\$ 400,411
Transfer to Level 1	-	(190,880)
Effects of foreign currency exchange differences	<u>-</u>	<u>960</u>
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 210,491</u>

The fair value of these shares issued by Win Win Precision Technology Co., Ltd. was transferred from Level 3 to Level 1 since the shares were listed on the Taipei Exchange on January 16, 2023.

For the three months ended March 31, 2022

	Financial Assets at FVTPL	Financial Assets at FVTOCI
Financial Assets	Equity Instruments	Equity Instruments
Balance at January 1, 2022	\$ -	\$ 310,824
Purchase	-	10,000
Recognized in other comprehensive income	-	274
Effects of foreign currency exchange differences	-	8,576
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 329,674</u>

- 3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts and exchange contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Structured deposits	Discounted cash flow. Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the reporting period
Redemption options on convertible bonds	Binomial tree valuation model. Binomial tree valuation model were evaluated by the observable closing price of the stocks, volatility, risk-free interest rate, risk discount rate, and liquidity risk at the balance sheet date.

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

The Group uses price-book ratio approach, comparing the net value per share with other public companies among similar industries or evaluating share price based on average price-book ratio of other competitors, to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

The fair values of unlisted equity securities - ROC were determined using income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to derived from the ownership of these investees. The significant unobservable inputs used are listed in the table below. An increase in long-term revenue growth rates or long-term pre-tax operating margin or a decrease in the WACC or discount for lack of marketability used in isolation would result in increase in the fair value.

c. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
FVTPL			
Mandatorily at FVTPL (1)	\$ 407,394	\$ 417,450	\$ 565,667
Financial assets at amortized cost (2)	7,692,328	8,223,316	8,497,813
Financial assets at FVTOCI			
Equity instruments	650,372	662,533	1,165,334
<u>Financial liabilities</u>			
FVTPL			
Mandatorily at FVTPL (3)	-	13,620	6,801
Amortized cost (4)	5,860,636	6,814,283	6,924,999

- 1) The balances included the carrying amount of beneficiary certificate, foreign exchange forward contracts and exchange contracts, structured deposits, redemption options on convertible bonds, and equity instrument investments.
- 2) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits.
- 3) The balances included the carrying amount of foreign exchange forward contracts and exchange contracts.
- 4) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, short-term bills payable, bonds payable, notes payable, trade payables, other payables and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, trade receivables, trade payables and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function reported quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including: Foreign exchange forward contracts to hedge the exchange rate risk arising on the Group's foreign currency monetary.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period (see Note 33).

Sensitivity analysis

The Group was mainly exposed to the USD and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. The sensitivity analysis included external loans/borrowings as well as loans/borrowings to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in post-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	USD Impact		JPY Impact	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2023	2022	2023	2022
Profit or loss	\$ 35,607	\$ 44,130	\$ (2,728)	\$ (1,492)

- i. This was mainly attributable to the exposure outstanding on USD monetary items, which were not hedged at the end of the reporting period.
- ii. This was mainly attributable to the exposure to outstanding JPY monetary items, which were not hedged, at the end of the reporting period.

b) Interest rate risk

The Group was exposed to interest rate risk because the Group's bank deposits and the Group borrowed funds at floating interest rates.

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

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial assets	\$ 1,202,966	\$ 1,164,521	\$ 1,014,109
Financial liabilities	3,291,645	3,474,901	2,989,759
Cash flow interest rate risk			
Financial assets	3,719,518	3,408,887	3,479,707
Financial liabilities	591,485	635,507	983,983

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2023 and 2022 would increase by \$1,955 thousand and \$1,560 thousand, which was mainly attributable to the Group's exposure to interest rates on its floating rate bank deposits and bank borrowings.

2) Credit risk

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

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had available unutilized short-term bank loan facilities of approximately \$7,036,193 thousand, \$6,774,251 thousand and \$7,041,760 thousand, respectively.

Liquidity and interest risk rate tables

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

To extent that interest flows are floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

March 31, 2023

	Weighted Interest Average Effective Rate (%)	Less Than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 1,013,760	\$ -	\$ -	\$ -	\$ 1,013,760
Other payables	-	887,655	-	-	-	887,655
Lease liabilities	0.86-1.27	3,098	2,630	-	-	5,728
Variable interest rate liabilities	0.85-0.975	272,087	298,565	20,833	-	591,485
Fixed interest rate liabilities	0.9-5.61	993,611	2,173,888	124,146	-	3,291,645

December 31, 2022

	Weighted Interest Average Effective Rate (%)	Less Than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 1,209,119	\$ -	\$ -	\$ -	\$ 1,209,119
Other payables	-	1,423,229	-	-	-	1,423,229
Lease liabilities	0.86-1.27	3,088	3,399	-	-	6,487
Variable interest rate liabilities	0.725-0.975	248,087	354,087	33,333	-	635,507
Fixed interest rate liabilities	0.9-5.49	1,156,448	2,279,272	39,181	-	3,474,901

March 31, 2022

	Weighted Interest Average Effective Rate (%)	Less Than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 1,726,159	\$ -	\$ -	\$ -	\$ 1,726,159
Other payables	-	1,153,174	-	-	-	1,153,174
Other current liabilities	-	28,454	-	-	-	28,454
Lease liabilities	0.86-1.27	3,061	3,916	-	-	6,977
Variable interest rate liabilities	0.1-0.68	155,253	749,897	78,833	-	983,983
Fixed interest rate liabilities	0.3-3.85	1,094,445	1,895,314	-	-	2,989,759

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

Liquidity and interest rate risk tables for derivative financial liabilities

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

March 31, 2023

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	\$ <u>1,741</u>	\$ <u>1,704</u>	\$ <u>(641)</u>	\$ <u>-</u>	\$ <u>-</u>

December 31, 2022

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	\$ <u>(1,551)</u>	\$ <u>(9,098)</u>	\$ <u>688</u>	\$ <u>-</u>	\$ <u>-</u>

March 31, 2022

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	\$ <u>(2,065)</u>	\$ <u>(4,259)</u>	\$ <u>5</u>	\$ <u>-</u>	\$ <u>-</u>

30. RELATED-PARTY TRANSACTIONS

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

a. Related party name and category

<u>Name</u>	<u>Relationship with the Group</u>
Tai-Shing Electronics Components Corporation	Associate
TSE Technology (Ningbo) Co., Ltd.	Associate
EcLife Co., Ltd.	Other associate
Ningbo Longying Semiconductor Co., Ltd.	Other associate

b. Sale of goods

<u>Line Items</u>	<u>Related Party Categories</u>	<u>For the Three Months Ended March 31</u>	
		<u>2023</u>	<u>2022</u>
Sales	Associates	\$ 7,256	\$ 31,670
	Other associates	<u>1,176</u>	<u>2,951</u>
		<u>\$ 8,432</u>	<u>\$ 34,621</u>

Selling prices and payment terms offered to related parties were similar to those offered to third parties.

c. Purchase of goods

<u>Related Party Categories</u>	<u>For the Three Months Ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Other associates	<u>\$ 118</u>	<u>\$ 1,314</u>

Purchase prices and payment terms offered by related parties were similar to those offered by third parties.

d. Operating expenses

<u>Related Party Categories</u>	<u>For the Three Months Ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Other associates	<u>\$ 103</u>	<u>\$ 526</u>

e. Commission revenue

Related Party Categories	For the Three Months Ended March 31	
	2023	2022
Associates	\$ 377	\$ 375
Other associates	<u>-</u>	<u>-</u>
	<u>\$ 377</u>	<u>\$ 375</u>

f. Rental income

Related Party Categories	Location	Rent Collection	For the Three Months Ended March 31			
			2023	% to Total Account Balance	2022	% to Total Account Balance
TSE Technology (Ningbo) Co., Ltd.	1F., No. 189, Huangshan W. Rd., Beilun Dist., Ningbo City	Based on contract, and paid on a monthly basis	\$ 1,143	-	\$ 1,134	-
Tai-Shing Electronics Components Corporation	6F., No. 4, Gongye 6th Rd., Pingzhen Dist., Taoyuan City 324, Taiwan (R.O.C.)	Based on contract, and paid on a monthly basis	875	-	884	-
Ningbo Longying Semiconductor Co., Ltd.	1F., No. 189, Huangshan W. Rd., Beilun Dist., Ningbo City	Based on contract, and paid on a monthly basis	<u>44</u>	-	<u>44</u>	-
			<u>\$ 2,062</u>		<u>\$ 2,062</u>	

There is no significant difference in transaction terms between related parties and unrelated parties.

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

Related Party Categories	March 31, 2023	December 31, 2022	March 31, 2022
Associates	\$ 7,611	\$ 8,171	\$ 34,158
Other associates	1,363	1,748	3,747
Less: Allowance for impairment loss	<u>(68)</u>	<u>(68)</u>	<u>(68)</u>
	<u>\$ 8,906</u>	<u>\$ 9,851</u>	<u>\$ 37,837</u>

The outstanding trade receivables from related parties are unsecured.

h. Payables to related parties (excluding loans from related parties)

Related Party Categories	March 31, 2023	December 31, 2022	March 31, 2022
Other associates	<u>\$ 90</u>	<u>\$ 622</u>	<u>\$ 132</u>

The outstanding trade payables to related parties are unsecured.

Payment terms of the transactions to related parties were similar to those for third parties.

i. Other receivables from related parties

Related Party Categories	March 31, 2023	December 31, 2022	March 31, 2022
Associates	\$ 1	\$ 635	\$ 732
Other associates	<u>4</u>	<u>8</u>	<u>39</u>
	<u>\$ 5</u>	<u>\$ 643</u>	<u>\$ 771</u>

j. Other payables to related parties

Related Party Categories	March 31, 2023	December 31, 2022	March 31, 2022
Associates	\$ 95	\$ -	\$ -
Other associates	<u>304</u>	<u>1,250</u>	<u>1,814</u>
	<u>\$ 399</u>	<u>\$ 1,250</u>	<u>\$ 1,814</u>

k. Prepayments

Related Party Categories	March 31, 2023	December 31, 2022	March 31, 2022
Other associates	<u>\$ 4,318</u>	<u>\$ 4,357</u>	<u>\$ 3,802</u>

The prepayments were accounted for prepaid equipment.

l. Acquisition of property, plant and equipment

Related Party Categories	Acquisition Amounts For the Three Months Ended March 31	
	2023	2022
Other associates	<u>\$ 129</u>	<u>\$ 1,200</u>

m. Compensation of key management personnel

	For the Three Months Ended March 31	
	2023	2022
Short-term employee benefits	\$ 28,331	\$ 56,844
Post-employment benefits	<u>950</u>	<u>962</u>
	<u>\$ 29,281</u>	<u>\$ 57,806</u>

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

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	March 31, 2023	December 31, 2022	March 31, 2022
Building equipment, net	\$ 237,798	\$ 247,376	\$ 286,061
Investment property	12,810	13,147	14,679
Pledged deposits	85,092	70,259	62,690
Right-of-use assets	<u>10,671</u>	<u>10,710</u>	<u>11,238</u>
	<u>\$ 346,371</u>	<u>\$ 341,492</u>	<u>\$ 374,668</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of March 31, 2023 and 2022 were as follows:

- As of March 31, 2023, unused letters of credit amounted to approximately JPY11,058 thousand and EUR339 thousand.
- On November 8, 2021, the board of directors of the Company approved its subsidiary TETC CORP. NINGBO to construct a plant project, with an estimated investment of RMB145,000 thousand. On April 19, 2022, the Company signed a construction contract. The total contract amount divided into paid and unpaid is as follows:

Unit: In Thousands of Foreign Currencies

	Contract Amount	Paid Amount	Unpaid Amount
Property, plant and equipment	<u>RMB 101,880</u>	<u>RMB 19,220</u>	<u>RMB 82,660</u>

- As of March 31, 2022, the Company unrecognized commitments and contingent liabilities are as follows:

Unit: In Thousands of Foreign Currencies and New Taiwan Dollars

	Contract Amount	Paid Amount	Unpaid Amount
Acquisition of equipment	<u>\$ 156,510</u>	<u>\$ 81,821</u>	<u>\$ 74,689</u>
Acquisition of equipment	<u>RMB 36,016</u>	<u>RMB 10,263</u>	<u>RMB 25,753</u>
Acquisition of equipment	<u>JPY 104,188</u>	<u>JPY 36,850</u>	<u>JPY 67,338</u>
Acquisition of equipment	<u>USD 1,546</u>	<u>USD 633</u>	<u>USD 913</u>

33. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

Unit: In Thousands of Foreign Currencies and New Taiwan Dollars

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 117,591	30.4540 (USD:NTD)	\$ 3,581,116
USD	5,268	6.8717 (USD:RMB)	160,432
JPY	637,942	0.2288 (JPY:NTD)	145,961
JPY	183,381	0.0516 (JPY:RMB)	41,958
JPY	106,038	0.0075 (JPY:USD)	24,261

Financial liabilities

Monetary items			
USD	3,561	30.4540 (USD:NTD)	108,447
USD	2,378	6.8717 (USD:RMB)	72,420
JPY	1,018,749	0.2288 (JPY:NTD)	233,090
JPY	1,058,345	0.0516 (JPY:RMB)	242,149
JPY	42,447	0.0075 (JPY:USD)	9,712

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 139,256	30.7080 (USD:NTD)	\$ 4,276,273
USD	4,148	6.9646 (USD:RMB)	127,377
JPY	533,718	0.2324 (JPY:NTD)	124,036
JPY	306,521	0.0527 (JPY:RMB)	71,245
JPY	110,132	0.0076 (JPY:USD)	25,595

Financial liabilities

Monetary items			
USD	25,887	30.7080 (USD:NTD)	794,938
USD	8,133	6.9646 (USD:RMB)	249,748
JPY	1,338,747	0.2324 (JPY:NTD)	311,125
JPY	974,054	0.0527 (JPY:RMB)	226,370
JPY	97,085	0.0076 (JPY:USD)	22,563

March 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 148,269	28.622 (USD:NTD)	\$ 4,243,755
USD	15,146	6.3482 (USD:RMB)	433,509
JPY	940,516	0.2353 (JPY:NTD)	221,303
JPY	681,516	0.0522 (JPY:RMB)	160,361
JPY	329,603	0.0082 (JPY:USD)	77,556

Financial liabilities

Monetary items			
USD	8,044	28.622 (USD:NTD)	230,235
USD	1,189	6.3482 (USD:RMB)	34,032
JPY	1,207,984	0.2353 (JPY:NTD)	284,239
JPY	1,127,101	0.0522 (JPY:RMB)	265,207
JPY	250,686	0.0082 (JPY:USD)	58,986

For the three months ended March 31, 2023 and 2022, realized and unrealized net foreign exchange gains (losses) were losses of \$32,096 thousand and gains of \$128,903 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Lending funds to others. (None)
- 2) Providing endorsements or guarantees for others. (None)
- 3) Holding of securities at the end of the period. (Table 1)
- 4) Aggregate purchases or sales of the same securities reaching NT\$300 million or 20 percent of paid-in capital or more. (None)
- 5) Acquisition of real estate reaching NT\$300 million or 20 percent of paid-in capital or more. (None)
- 6) Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more. (None)
- 7) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (Table 2)
- 8) Trade receivables from related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (Table 3)
- 9) Trading in derivative instruments. (Note 7)

- 10) Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them. (Table 7)
- b. Information on investees (Table 4)
 - c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area. (Table 5)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: (Table 6)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
 - d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (None)

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

a. Crystal

The chief operating decision maker see every crystal selling unit in Taiwan and China as an operating segment. While preparing the financial report, the Group considers the following reasons:

- 1) The similar gross profit between the selling units.
- 2) The similar product's nature and manufacturing process.
- 3) The same product's delivery type.

b. Real estate development segment

The department and sales of real estate, along with mall space leasing in Chongqing is considered a separate operating segment by the chief operating decision maker (CODM)

Segment revenue and results

	Segment Revenue		Segment Profit	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2023	2022	2023	2022
Crystal	\$ 2,295,712	\$ 3,205,109	\$ 351,002	\$ 671,302
Real estate development segment	<u>2,276</u>	<u>11,458</u>	<u>(5,568)</u>	<u>(3,853)</u>
Continuing operations	<u>\$ 2,297,988</u>	<u>\$ 3,216,567</u>	345,434	667,449
Interest income			15,430	4,234
Other income			30,907	26,867
Other gains and losses			(27,671)	121,466
Financial costs			(13,157)	(10,971)
Share of profit or loss of associates			<u>129</u>	<u>2,361</u>
Profit before tax (continuing operations)			<u>\$ 351,072</u>	<u>\$ 811,406</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the three months ended March 31, 2023 and 2022.

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

TABLE 1

TXC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
TXC Corporation	<u>Stock - unlisted company</u> Godsmith Sensor Inc	None	Financial assets at FVTOCI - non-current	800	\$ 4,833	4	\$ 4,833	
	RFIC Technology Corporation	TXC Corporation is a director of the Company	"	3,334	12,009	12	12,009	
	Gallopwave Inc.	None	"	5,000	5,449	10	5,449	
	<u>Stock - emerging shares</u> Win Win Precision Technology Co., Ltd.	"	"	1,625	136,833	3	136,833	
	<u>Stock - listed company</u> UPI Semiconductor Corp.	"	"	976	303,048	1	303,048	
					<u>\$ 462,172</u>		<u>\$ 462,172</u>	
TXC (Ningbo) Corporation	<u>Shares overseas - unlisted company</u> Ningbo SJ Electronics Co., Ltd.	None	Financial assets at FVTOCI - non-current	567	<u>\$ 55,939</u>	5	<u>\$ 55,939</u>	
TXC (Chongqing) Corporation	<u>Structured deposits</u> China Construction Bank	None	Financial assets at FVTPL - current	RMB 27,600	\$ 122,316		\$ 122,316	
	Fubon Bank (China) Co., Ltd	"	"	RMB 2,253	9,985		9,985	
	China CITIC Bank	"	"	RMB 41,766	185,099		185,099	
					<u>\$ 317,400</u>		<u>\$ 317,400</u>	
Ningbo Beilun Jingyu Trading Corporation	<u>Beneficiary certificate</u> Southern Cash Fund	None	Financial assets at FVTPL - current	RMB 64	<u>\$ 290</u>	-	<u>\$ 290</u>	
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	<u>Shares overseas - unlisted company</u> Zhejiang Bright Semiconductor Technology Co., Ltd.	None	Financial assets at FVTOCI - non-current	7,004	<u>\$ 132,261</u>	3	<u>\$ 132,261</u>	
Chongqing Zhongyang Properties Co., Ltd.	<u>Structured deposits</u> Chongqing Rural Commercial Bank	None	Financial assets at FVTPL - current	RMB 19,251	<u>\$ 85,319</u>	-	<u>\$ 85,319</u>	
ChongQing Dingsen Commercial Management Co., Ltd.	<u>Structured deposits</u> China Construction Bank	None	Financial assets at FVTPL - current	RMB 357	<u>\$ 1,580</u>	-	<u>\$ 1,580</u>	

TABLE 2

TXC CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	Purchases	\$ 544,328	40	No significant differences with the third parties.	Its trading price depends on its function within the Group	No significant differences with the third parties.	\$ (539,143)	(42)	
	"	"	Sales	136,663	7	"	"	"	152,320	6	
	TXC (Chongqing) Corporation	"	Purchases	304,707	23	"	"	"	(304,809)	(24)	

TABLE 3

TXC CORPORATION AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	\$ 152,320	3.32	\$ -	-	\$ 22,571	\$ -
TXC (Ningbo) Corporation	TXC Corporation	Parent entity	539,143	3.92	-	-	178,260	-
TXC (Chongqing) Corporation	TXC Corporation	Parent entity	304,809	4.20	-	-	84,106	-

Note: The ending balance is primarily consisted of other receivables, which is not applicable for the calculation of turnover rate.

TABLE 4

TXC CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2023			Net Income (Losses) of the Investee	Equity in the Earnings (Losses)	Note
				March 31, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
TXC Corporation	Taiwan Crystal Technology International Ltd.	Western Samoa	Investment management	\$ 1,390,461	\$ 1,390,461	42,835	100.00	\$ 7,247,796	\$ 131,480	\$ 112,309	
	Taiwan Crystal Technology International (HK) Limited	Hong Kong	International trading	2,371	2,371	2,371	100.00	189,499	(1,167)	(1,167)	
	TXC Japan Corporation	Japan	Marketing activities	6,172	6,172	6,172	100.00	32,277	1,046	1,046	
	TXC Technology Inc.	U.S.A.	Marketing activities	9,879	9,879	9,879	100.00	22,655	1,008	1,008	
	Tai-Shing Electronics Components Corporation	Taiwan	Manufacture and sales of electronics products	373,432	373,432	8,802	33.34	405,862	10,506	3,503	
	TXC Europe GmbH	Germany	Marketing activities	1,746	1,746	1,746	100.00	10,704	1,560	1,560	

TABLE 5

TXC CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

1. Name of the investees in mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in mainland China:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outflow of Investments from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investments from Taiwan as of March 31, 2023	Investee Company Current Net Income (Loss)	Percentage of Ownership	Investment Income (Loss) Recognized	Carrying Amount as of March 31, 2023	Accumulated Inward Remittance of Earnings as of March 31, 2023
					Outflow	Inflow						
TXC (Ningbo) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	\$ 2,350,052	Indirect investment of the Corporation in mainland China through the Corporation's subsidiary in a third region	\$ 1,427,630	\$ -	\$ -	\$ 1,427,630	\$ 131,490	100.00	\$ 131,490	\$ 7,325,243	\$ 1,039,001
TXC (Chongqing) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	1,162,074	Other investment of the Corporation in mainland China	-	-	-	-	25,928	100.00	25,928	1,681,996	306,500
TETC CORP. NINGBO	Research and development, manufacture, and sale of quartz elements and related electronic products	433,440	Other investment of the Corporation in mainland China	-	-	-	-	43,354	100.00	43,354	986,645	-
Chongqing Zhongyang Properties Co., Ltd.	Properties development	684,908	Other investment of the Corporation in mainland China	-	-	-	-	(5,050)	100.00	(5,050)	812,572	-
Ningbo Beilun Jingyu Trading Corporation	International trading	7,090	Other investment of the Corporation in mainland China	-	-	-	-	1	100.00	1	6,243	-
Ningbo Longying Semiconductor Co., Ltd.	Research and development in integrated circuit	246,257	Other investment of the Corporation in mainland China	-	-	-	-	(10,936)	29.37	(3,374)	62,157	-
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	Investment management	160,043	Other investment of the Corporation in mainland China	-	-	-	-	-	100.00	-	132,533	-
ChongQing Dingsen Commercial Management Co., Ltd.	Property management	4,390	Other investment of the Corporation in mainland China	-	-	-	-	(577)	100.00	(577)	(1,803)	-
Shanghai JCH Co., Ltd	Marketing activities and Technical Services	2,238	Other investment of the Corporation in mainland China	-	-	-	-	(3,690)	100.00	(3,690)	(1,390)	-

2.

Accumulated Outward Remittance for Investments in mainland China as of March 31, 2023	Investment Amounts Authorized by the Investments Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA
\$ 1,427,630	\$ 2,350,052	\$ -

Note: The investment in mainland China has no maximum limit since the Company has acquired the approval from the Industrial Development Bureau for the establishment of the Company's operating headquarters in Taiwan.

TXC CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

1. Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

Company Name	Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Accounts/Notes Receivable/Payable		Unrealized Gain	Note
			Amount	%		Payment Term	Comparison with Normal Transaction	Ending Balance	%		
TXC Corporation	TXC (Ningbo) Corporation	Purchases	\$ 544,328	40	Its trading price depends on its function within the Group	Similar with third parties	Its trading price depends on its function within the Group	\$ (539,143)	(42)	\$ 46,993	
	TXC (Ningbo) Corporation	Sales	136,663	7	"	"	"	152,320	6	10,216	
	TXC (Chongqing) Corporation	Purchases	304,707	23	"	"	"	(304,809)	(24)	17,643	
	TETC CORP. NINGBO	Purchases	94,151	7	"	"	"	(93,690)	(7)	3,463	

2. The transactions of properties and the profit or loss: None.
3. Endorsements guarantees or collateral directly or indirectly provided to the investees: None.
4. Financing directly or indirectly provided to the investees: None.
5. Other transactions that significantly impacted the current year’s profit or loss or financial position: None.

TXC CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

For the three months ended March 31, 2023

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			
				Accounts	Amount	Terms (Notes 1 and 2)	Percentage of Consolidated Total Gross Sales or Total Assets (%)
0	TXC Corporation	TXC (Ningbo) Corporation	a	Sales	\$ 136,663	a	6
				Purchases	544,328	a	24
				Trade receivables	152,320	a	1
		TXC (Chongqing) Corporation	a	Trade payables	539,143	a	3
				Purchases	304,707	a	13
				Trade payables	304,809	a	2
		TETC CORP. NINGBO	a	Purchases	94,151	a	4
				Trade payables	93,690	a	-
1	TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	c	Purchases	37,678	c	2
				Trade payables	44,748	c	-
		TETC CORP. NINGBO	c	Trade receivables	22,663	c	-
				Other receivables	36,929	c	-

Note 1: a. Represent the transactions from parent company to subsidiary.
c. Represent the transactions between subsidiaries.

Note 2: For the three months ended March 31, 2023 and 2022, the selling price and purchasing price were not significantly different from those of third parties, except for TXC (Ningbo) Corporation, TXC (Chongqing) Limited, TETC CORP. NINGBO and Taiwan Crystal Technology (HK) Limited which is depending on its function within the Group.

Note 3: The company may decide whether to list the material transactions in this table according to the principle of materiality.