

**TAIFLEX SCIENTIFIC COMPANY LIMITED  
AND SUBSIDIARIES**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2024 and 2023 and  
Independent Auditors' Review Report**

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**Notice to Readers**

*The English consolidated financial statements are not reviewed nor audited by independent auditors. They have been translated into English from the original Chinese version which are reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.*

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## **Independent Auditors' Review Report**

To Taiflex Scientific Co., Ltd.

### **Introduction**

We have reviewed the consolidated balance sheets of Taiflex Scientific Co., Ltd. and its subsidiaries (hereinafter referred to as “Taiflex Group”) as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended, and notes to consolidated financial statements (including a summary on significant accounting policies). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of review**

We conducted our reviews in accordance with the Standards on Review Engagement No. 2410 “Review of Financial Information Performed by the Independent Auditor of the Entity.” A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our reviews, we did not discover matters which would lead us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial status of Taiflex Group as of March 31, 2024 and 2023, and its consolidated financial performance and consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Ernst & Young, Taiwan

April 24, 2024

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
March 31, 2024, December 31, 2023 and March 31, 2023  
(In Thousands of New Taiwan Dollars)

Assets	Notes	March 31, 2024	December 31, 2023	March 31, 2023
<b>Current assets</b>				
Cash and cash equivalents	4, 6(1)	\$ 2,503,749	\$ 1,965,421	\$ 2,797,227
Financial assets at fair value through profit or loss - current	4, 6(2)	31,828	32,713	29,544
Financial assets at amortized cost - current	4, 6(3)	150,000	-	-
Notes receivable, net	4, 6(4)	729,449	720,982	641,511
Accounts receivable, net	4, 6(5)	2,837,668	3,095,035	2,163,701
Other receivables	7	71,690	52,913	32,712
Inventories, net	4, 6(6)	1,587,257	1,409,726	1,602,587
Prepayments		76,538	48,981	67,550
Other current assets	8	50,599	48,789	54,091
Total current assets		<u>8,038,778</u>	<u>7,374,560</u>	<u>7,388,923</u>
<b>Non-current assets</b>				
Financial assets at fair value through other comprehensive income - non-current	4, 6(7)	478,842	426,661	342,556
Investments accounted for using the equity method	4, 6(8)	14,831	15,152	24,545
Property, plant and equipment	4, 6(9)	4,501,128	4,529,075	4,051,188
Right-of-use assets	4, 6(22)	341,126	363,168	376,714
Intangible assets	4, 6(10,12)	145,839	151,100	158,584
Deferred income tax assets		149,655	157,049	143,382
Other non-current assets	4, 6(11)	15,874	14,697	37,924
Total non-current assets		<u>5,647,295</u>	<u>5,656,902</u>	<u>5,134,893</u>
<b>Total assets</b>		<u>\$ 13,686,073</u>	<u>\$ 13,031,462</u>	<u>\$ 12,523,816</u>

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

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS-(Continued)  
March 31, 2024, December 31, 2023 and March 31, 2023  
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	March 31, 2024	December 31, 2023	March 31, 2023
<b>Current liabilities</b>				
Short-term loans	6(13)	\$ 257,969	\$ 218,859	\$ 80,000
Financial liabilities at fair value through profit or loss - current	4, 6(14)	7,364	1,570	17,197
Contract liabilities - current	4, 6(20)	67,570	1,473	806
Notes payable		37,837	18,578	807
Accounts payable		1,384,468	1,042,424	794,114
Other payables	7	796,638	652,002	1,038,315
Current income tax liabilities	4, 6(25)	243,306	216,706	236,736
Lease liabilities - current	4, 6(22)	23,846	19,775	21,961
Current portion of bonds	6(15)	1,896,053	1,891,501	-
Current portion of long-term loans	6(16)	144,768	36,457	74,390
Other current liabilities		3,831	3,890	3,429
Total current liabilities		<u>4,863,650</u>	<u>4,103,235</u>	<u>2,267,755</u>
<b>Non-current liabilities</b>				
Bonds payable	6(15)	-	-	1,877,909
Long-term loans	6(16)	231,852	345,524	248,122
Deferred income tax liabilities		124,418	118,076	107,340
Lease liabilities - non-current	4, 6(22)	249,889	247,359	257,320
Net defined benefit liabilities - non-current	4, 6(17)	133,697	132,642	180,546
Other non-current liabilities	4, 12	16,297	15,999	-
Total non-current liabilities		<u>756,153</u>	<u>859,600</u>	<u>2,671,237</u>
Total liabilities		<u>5,619,803</u>	<u>4,962,835</u>	<u>4,938,992</u>
<b>Equity attributable to shareholders of the parent</b>				
Capital	6(18)			
Common stock		2,091,197	2,091,197	2,091,197
Capital surplus	6(18)	1,027,152	1,026,197	1,017,182
Retained earnings				
Legal reserve		1,208,439	1,163,891	1,163,891
Special reserve		164,692	310,176	310,176
Unappropriated earnings		3,584,686	3,560,533	3,069,478
Total retained earnings		<u>4,957,817</u>	<u>5,034,600</u>	<u>4,543,545</u>
Others	4	<u>(85,015)</u>	<u>(164,692)</u>	<u>(200,586)</u>
Total equity attributable to shareholders of the parent		<u>7,991,151</u>	<u>7,987,302</u>	<u>7,451,338</u>
Non-controlling interests	4, 6(18)	75,119	81,325	133,486
Total equity		<u>8,066,270</u>	<u>8,068,627</u>	<u>7,584,824</u>
<b>Total liabilities and equity</b>		<u>\$ 13,686,073</u>	<u>\$ 13,031,462</u>	<u>\$ 12,523,816</u>

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

(Concluded)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the Three Months Ended March 31, 2024 and 2023

	Notes	Three Months Ended March 31	
		2024	2023
Operating revenue	4, 6(20)	\$ 1,973,248	\$ 1,402,578
Operating costs	4, 6(6,23)	(1,520,459)	(1,181,716)
Gross profit		452,789	220,862
Operating expenses	4, 6(23)		
Sales and marketing expenses		(110,011)	(102,455)
General and administrative expenses		(125,262)	(98,651)
Research and development expenses		(86,248)	(76,809)
Expected credit (loss) gain	6(21)	(7,920)	569
Total operating expenses		(329,441)	(277,346)
Operating income (loss)		123,348	(56,484)
Non-operating income and expenses	6(24)		
Interest income		4,353	4,900
Other income		6,306	9,077
Other gains and losses		67,973	(15,123)
Finance costs		(9,672)	(8,062)
Expected credit loss	6(21)	(28,973)	-
Share of profit or loss of associates accounted for using the equity method	4, 6(9)	663	(2,515)
Total non-operating income and expenses		40,650	(11,723)
Income (loss) before income tax from continuing operations		163,998	(68,207)
Income tax (expense) benefit	4, 6(25)	(38,187)	11,817
Net income (loss) from continuing operations		125,811	(56,390)
Net income (loss)		125,811	(56,390)
Other comprehensive income (loss)	6(24)		
Items that will not be reclassified subsequently to profit or loss			
Unrealized gain on investments in equity instruments at fair value through other comprehensive income		52,181	86,867
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		34,702	28,729
Income tax related to items that may be reclassified subsequently to profit or loss		(6,886)	(5,746)
Total other comprehensive income, net of tax		79,997	109,850
Total comprehensive income		\$ 205,808	\$ 53,460
Net income (loss) attributable to:	4, 6(18,26)		
Shareholders of the parent		\$ 132,337	\$ (45,573)
Non-controlling interests		(6,526)	(10,817)
		\$ 125,811	\$ (56,390)
Total comprehensive income (loss) attributable to:			
Shareholders of the parent		\$ 212,014	\$ 64,017
Non-controlling interests		(6,206)	(10,557)
		\$ 205,808	\$ 53,460
Earnings (loss) per share (NT\$)	4, 6(26)		
Earnings (loss) per share - basic		\$ 0.63	\$ (0.22)
Earnings (loss) per share - diluted		\$ 0.54	\$ (0.22)

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

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the Three Months Ended March 31, 2024 and 2023  
(In Thousands of New Taiwan Dollars)

Item	Equity Attributable to Shareholders of the Parent								Non-Controlling Interests	Total Equity
	Retained Earnings					Others				
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total		
Balance as of January 1, 2023	\$ 2,091,197	\$ 1,140,566	\$ 1,089,400	\$ 235,996	\$ 3,661,049	\$ (171,006)	\$ (139,170)	\$ 7,908,032	\$ 144,043	\$ 8,052,075
Appropriation and distribution of 2022 earnings										
Legal reserve			74,491		(74,491)			-		-
Special reserve				74,180	(74,180)			-		-
Cash dividends for common stocks					(397,327)			(397,327)		(397,327)
Changes in other capital surplus										
Cash dividends from capital surplus		(125,472)						(125,472)		(125,472)
Net loss for the three months ended March 31, 2023					(45,573)			(45,573)	(10,817)	(56,390)
Other comprehensive income (loss) for the three months ended March 31, 2023						22,723	86,867	109,590	260	109,850
Total comprehensive income	-	-	-	-	(45,573)	22,723	86,867	64,017	(10,557)	53,460
Disposal of subsidiaries accounted for using the equity method		(1)						(1)		(1)
Share-based payments		2,089						2,089		2,089
Balance as of March 31, 2023	\$ 2,091,197	\$ 1,017,182	\$ 1,163,891	\$ 310,176	\$ 3,069,478	\$ (148,283)	\$ (52,303)	\$ 7,451,338	\$ 133,486	\$ 7,584,824
Balance as of January 1, 2024	\$ 2,091,197	\$ 1,026,197	\$ 1,163,891	\$ 310,176	\$ 3,560,533	\$ (196,494)	\$ 31,802	\$ 7,987,302	\$ 81,325	\$ 8,068,627
Appropriation and distribution of 2023 earnings										
Legal reserve			44,548		(44,548)			-		-
Cash dividends for common stocks					(209,120)			(209,120)		(209,120)
Reversal of special reserve				(145,484)	145,484			-		-
Changes in other capital surplus										
Changes from investments in associates accounted for using the equity method		17						17		17
Net income for the three months ended March 31, 2024					132,337			132,337	(6,526)	125,811
Other comprehensive income (loss) for the three months ended March 31, 2024						27,496	52,181	79,677	320	79,997
Total comprehensive income	-	-	-	-	132,337	27,496	52,181	212,014	(6,206)	205,808
Disposal of subsidiaries accounted for using the equity method		(9)						(9)		(9)
Share-based payments		947						947		947
Balance as of March 31, 2024	\$ 2,091,197	\$ 1,027,152	\$ 1,208,439	\$ 164,692	\$ 3,584,686	\$ (168,998)	\$ 83,983	\$ 7,991,151	\$ 75,119	\$ 8,066,270

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

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Three Months Ended March 31, 2024 and 2023  
(In Thousands of New Taiwan Dollars)

	Three Months Ended March 31	
	2024	2023
Cash flows from operating activities:		
Income (loss) before income tax	\$ 163,998	\$ (68,207)
Adjustments:		
Non-cash income and expense items:		
Depreciation	111,495	108,322
Amortization	5,648	5,802
Expected credit loss (gain)	36,893	(569)
Net loss (gain) on financial assets (liabilities) at fair value through profit or loss	8,053	(958)
Interest expense	9,672	8,062
Interest income	(4,353)	(4,900)
Compensation costs of share-based payments	947	2,089
Share of (gain) loss of associates accounted for using the equity method	(663)	2,515
Loss on disposal of property, plant and equipment	-	58
Others	5,750	16,273
Changes in operating assets and liabilities:		
Increase in financial assets mandatorily at fair value through profit or loss	(1,374)	(5,600)
(Increase) decrease in notes receivable	(8,467)	60,584
Decrease in accounts receivable	249,447	828,082
(Increase) decrease in other receivables	(18,514)	3,584
(Increase) decrease in inventories	(184,715)	151,672
Increase in prepayments	(24,658)	(25,606)
Increase in other current assets	(1,391)	(5,847)
Increase in other non-current assets	(23)	(13,995)
Increase in contract liabilities	66,097	48
Increase in notes payable	19,259	405
Increase in accounts payable	342,044	41,745
Decrease in other payables	(17,749)	(183,870)
Decrease in other current liabilities	(59)	(261)
Increase in net defined benefit liabilities	1,055	1,399
Cash generated from operations	758,392	920,827
Interest received	4,090	5,475
Interest paid	(3,876)	(3,126)
Income tax paid	(7,549)	(909)
Net cash generated by operating activities	751,057	922,267

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

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TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS-(Continued)  
For the Three Months Ended March 31, 2024 and 2023  
(In Thousands of New Taiwan Dollars)

	Three Months Ended March 31	
	2024	2023
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	\$ (150,000)	\$ -
Disposal of financial assets at amortized cost	-	30,743
Disposal of investments accounted for using the equity method	2,550	773
Acquisition of property, plant and equipment	(123,028)	(204,515)
Disposal of property, plant and equipment	-	4
Increase in refundable deposits	(1,236)	-
Decrease in refundable deposits	-	77
Acquisition of intangible assets	(38)	-
Increase in other current assets - other financial assets - current	(419)	(123)
Net cash used in investing activities	(272,171)	(173,041)
Cash flows from financing activities:		
Increase in short-term loans	39,110	-
Decrease in short-term loans	-	(175,000)
Repayment of long-term loans	(5,361)	(51,964)
Increase in guarantee deposits received	298	-
Decrease in guarantee deposits received	-	(255)
Repayment of lease principal	(7,000)	(7,302)
Net cash generated by (used in) financing activities	27,047	(234,521)
Effect of exchange rate changes on cash and cash equivalents	32,395	18,136
Net increase in cash and cash equivalents	538,328	532,841
Cash and cash equivalents at beginning of period	1,965,421	2,264,386
Cash and cash equivalents at end of period	\$ 2,503,749	\$ 2,797,227

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

(Concluded)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2024 and 2023

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

1. History and Organization

Taiflex Scientific Company Limited (the “Company”) was incorporated in August, 1997. Its main operations consist of manufacturing, research and development, and selling of flexible copper-clad laminate, cover-layer, bonding sheet, stiffener and composite film. Shares of the Company commenced trading on the Taipei Exchange on December 19, 2003 and were listed on the Taiwan Stock Exchange (TWSE) on December 17, 2009.

2. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the three months ended March 31, 2024 and 2023 were approved and authorized for issue in the Board of Directors’ meeting on April 24, 2024.

3. Newly Issued or Revised Standards and Interpretations

(1) Changes in accounting policies due to first-time adoption of International Financial Reporting Standards

The Group has adopted International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations and SIC interpretations endorsed by the Financial Supervisory Commission (FSC) to take effect for annual periods beginning on January 1, 2024. The first-time adoption of new standards does not have any material impact on the Group.

(2) As of the date of issuance of the financial statements, the Group has not adopted the following new, revised or amended standards and interpretations issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC:

No.	Projects of New or Amended Standards and Interpretations	Effective Date
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by IASB
IFRS 17	Insurance Contracts	January 1, 2023
IAS 21	Lack of Exchangeability	January 1, 2025
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027

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

The plan deals with the inconsistency between IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” in relation to the loss of control over a subsidiary that is contributed to an associate or a joint venture. IAS 28 states that when non-monetary assets are contributed in exchange for an interest in an associate or a joint venture, the share of gains or losses shall be eliminated in accordance

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)  
(Reviewed, Not Audited)  
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

with the treatments of a downstream transaction. However, IFRS 10 requires a full recognition of gains or losses arising from the loss of control over a subsidiary. The amendments place restrictions on the above-mentioned rules of IAS 28. The gains or losses from the sale or contribution of assets defined as a business under IFRS 3 shall be recognized in full.

The amendments also change IFRS 10 so that gains or losses arising from the sale or contributions of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture are recognized only to the extent of their shares owned by non-investors.

**B. IFRS 17 “Insurance Contracts”**

The standard provides a comprehensive model for the insurance contracts, including all relevant accounting aspects (the principles of recognition, measurement, presentation and disclosure). The core of IFRS 17 is the General Model where a group of insurance contracts is measured at the sum of fulfilment cash flows and contractual service margin at initial recognition. At the end of each reporting period, the carrying amount of the groups of insurance contracts is the sum of liabilities for remaining coverage and incurred claims.

Besides the General Model, the specific approach for contracts with direct participation features (Variable Fee Approach) and the simplified approach for short-term contracts (Premium Allocation Approach) are also provided.

After the issuance of IFRS 17 in May 2017, amendments were released in 2020 and 2021. Besides deferring the effective date by two years (i.e., from January 1, 2021 to January 1, 2023) and providing additional exemptions in the transitional provisions, these amendments simplify some requirements to lower the implementation cost and revise some requirements to make explanations in certain circumstances easier. The adoption of IFRS 17 will replace the transitional provisions (i.e., IFRS 4 “Insurance Contracts”).

**C. Lack of Exchangeability (Amendments to IAS 21)**

The amendments explain the exchangeability and lack of exchangeability between currencies and how to determine the exchange rate as well as additional disclosures required when a currency is not exchangeable. The amendments will take effect for annual periods beginning on January 1, 2025.

**D. IFRS 18 “Presentation and Disclosure in Financial Statements”**

Major changes in the new standard are as follows:

**(a) Improve the comparability of the income statement**

Income and expenses are classified into one of the five categories: operating, investing, financing, income taxes and discontinued operations. The first three categories are new ones to improve the structure of the income statement. Also, all companies are required to provide the new defined subtotals (including operating income). Through the improved structure of the income statement and newly defined subtotals, investors are given a consistent starting point for analyzing the financial performance of companies, thereby making it easier to perform comparison.

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)  
(Reviewed, Not Audited)  
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(b) Enhance the transparency of management-defined performance measures

Companies are required to give explanations on company-specific measures (i.e., management-defined performance measures) related to the income statement.

(c) More useful grouping of information in the financial statements

The standard gives guidance on how financial information shall be organized, i.e., whether items shall be presented in the primary financial statements or in the notes. This change is expected to provide more detailed and useful information. The standard also requires companies to provide more transparent operating expense information to assist investors with finding and understanding the information they use.

IFRS 18 will replace IAS 1 “Presentation of Financial Statements” and take effect for annual periods beginning on January 1, 2027.

For the aforementioned standards and interpretations issued by IASB but not yet endorsed by the FSC, the effective dates are to be determined by the FSC. The potential effects of the new or revised standards or interpretations in paragraphs A and D on the Group are under assessment; thus, they cannot be reasonably estimated for now. The adoption of other newly issued or revised standards and interpretations does not have any material impact on the Group.

#### 4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements for the three months ended March 31, 2024 and 2023 have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” endorsed and issued into effect by FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. Unless otherwise stated, the numbers within are expressed in thousands of New Taiwan dollars.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

The Group adopts the same preparation principle as the one used in the preparation of consolidated financial statements for the year ended December 31, 2023. Please refer to the consolidated financial statements for the year ended December 31, 2023 for details.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main Business	Ownership Percentage		
			2024.3.31	2023.12.31	2023.3.31
The Company	Taistar Co., Ltd. (Taistar)	Investment holding	100.00%	100.00%	100.00%
The Company	Leadmax Ltd. (Leadmax)	Trading of electronic materials	- (Note 1)	100.00%	100.00%

**TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**  
(Reviewed, Not Audited)  
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Investor	Subsidiary	Main Business	Ownership Percentage		
			2024.3.31	2023.12.31	2023.3.31
The Company	Koatech Technology Corporation (Koatech)	Manufacturing and selling of electronic materials and components	52.97%	52.97%	52.97%
The Company	TFS Co., Ltd. (TFS)	Investment holding	100.00%	100.00%	100.00%
The Company	Taiflex Scientific Japan Co., Ltd. (Japan Taiflex)	Trading and technical support of electronic materials	100.00%	100.00%	100.00%
The Company	Taiflex USA Corporation (USA Taiflex)	Technical support and marketing of electronic materials	100.00%	100.00%	100.00%
The Company	Richstar Co., Ltd. (Richstar)	Investment holding	73.94%	73.94%	73.94%
The Company	Taichem Materials Co., Ltd. (Taichem Materials)	Manufacturing and selling of semiconductor materials	100.00%	100.00%	100.00%
The Company	Taiflex Green Power Co., Ltd. (Taiflex Green Power)	Generation and selling of electricity from renewables	100.00%	100.00%	100.00%
The Company	Taiflex Scientific (Thailand) Co., Ltd. (Thailand Taiflex)	Manufacturing and selling of electronic materials	100.00%	100.00%	100.00%
Taistar	TSC International Ltd. (TSC)	Investment holding	100.00%	100.00%	100.00%
TSC	Kunshan Taiflex Electronic Co., Ltd. (Kunshan Taiflex Electronic)	Selling of chemical products, electronic materials and electronic components	100.00%	100.00%	100.00%
TFS	Richstar Co., Ltd. (Richstar)	Investment holding	26.06%	26.06%	26.06%
Richstar	Shenzhen Taiflex Electronic Co., Ltd. (Shenzhen Taiflex)	Trading of coating materials for high polymer film and copper foil	100.00%	100.00%	100.00%
Richstar	Rudong Fuzhan Scientific Co., Ltd. (Rudong Fuzhan)	Manufacturing and selling of electronic materials	100.00%	100.00%	100.00%
Koatech	KTC Global Co., Ltd. (KTC Global)	Investment holding	100.00%	100.00%	100.00%
KTC Global	KTC PanAsia Co., Ltd. (KTC PanAsia)	Investment holding	100.00%	100.00%	100.00%
KTC PanAsia	Kunshan Koatech Technology Corporation (Kunshan Koatech)	A wholesaler and a commission agent of electronic materials and components	100.00%	100.00%	100.00%

Note 1: Leadmax was liquidated in February 2024.

- (4) The consolidated financial statements for the three months ended March 31, 2024 and 2023 adopt the same accounting policies as the ones used in the consolidated financial statements for the year ended December 31, 2023. Please refer to the consolidated financial statements for the year ended December 31, 2023 for a summary of other significant accounting policies.

5. Significant Accounting Judgments and Major Sources of Estimation Uncertainty

The same critical accounting judgments and major sources of estimation uncertainty have been followed in the consolidated financial statements for the three months ended March 31, 2024 and 2023 as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2023. For the summary of critical accounting judgments and major sources of estimation uncertainty, please refer to the consolidated financial statements for the year ended December 31, 2023.

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6. Details of Significant Accounts

(1) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and petty cash	\$ 901	\$ 872	\$ 859
Bank deposits	2,103,464	1,964,549	2,646,835
Repurchased agreements	399,384	-	149,533
Total	<u>\$ 2,503,749</u>	<u>\$ 1,965,421</u>	<u>\$ 2,797,227</u>

(2) Financial assets at fair value through profit or loss - current

	March 31, 2024	December 31, 2023	March 31, 2023
Mandatorily at fair value through profit or loss:			
Derivative instruments not designated in a hedging relationship			
- Forward foreign exchange contracts	\$ -	\$ 4,867	\$ 517
- Foreign exchange swap contracts	-	92	-
Stocks	31,828	27,754	29,027
Total	<u>\$ 31,828</u>	<u>\$ 32,713</u>	<u>\$ 29,544</u>

The Group's financial assets at fair value through profit or loss were not pledged.

(3) Financial assets at amortized cost - current

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits - current	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ -</u>

Some financial assets were classified as financial assets at amortized cost by the Group and they were not pledged. Please refer to Note 12 for information concerning credit risk.

(4) Notes receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable, net	<u>\$ 729,449</u>	<u>\$ 720,982</u>	<u>\$ 641,511</u>

The Group's notes receivables were not pledged.

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6(21) for details on loss allowance and Note 12 for credit risk.

(5) Accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable	\$ 2,897,943	\$ 3,146,625	\$ 2,213,174
Less: Loss allowance	(60,275)	(51,590)	(49,473)
Accounts receivable, net	<u>\$ 2,837,668</u>	<u>\$ 3,095,035</u>	<u>\$ 2,163,701</u>

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- A. The Group's accounts receivables were not pledged.
- B. The credit terms of accounts receivables are generally set at monthly settlement with payment in 60 to 180 days. Please refer to Note 6(21) for loss allowance for the three months ended March 31, 2024 and 2023 and Note 12 for credit risk.

(6) Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 660,462	\$ 656,164	\$ 813,026
Inventories in transit	53,746	73,622	58,118
Supplies	13,281	12,616	22,655
Work in progress	168,413	31,946	55,119
Finished goods	443,659	412,160	390,727
Merchandise	247,696	223,218	262,942
Total	<u>\$ 1,587,257</u>	<u>\$ 1,409,726</u>	<u>\$ 1,602,587</u>

The Group recognized NT\$1,520,459 thousand and NT\$1,181,716 thousand of operating costs associated with inventories and NT\$3,498 thousand and NT\$8,893 thousand of inventory valuation loss for inventories written down to their net realizable value for the three months ended March 31, 2024 and 2023, respectively. The latter was recognized as an addition to operating costs.

The aforementioned inventories were not pledged.

(7) Financial assets at fair value through other comprehensive income - non-current

	March 31, 2024	December 31, 2023	March 31, 2023
Investments in equity instruments at fair value through other comprehensive income - non-current:			
Publicly traded stocks	\$ 478,842	\$ 426,661	\$ 342,556
Non-publicly traded stocks	-	-	-
Total	<u>\$ 478,842</u>	<u>\$ 426,661</u>	<u>\$ 342,556</u>

The said financial assets at fair value through other comprehensive income were not pledged. Please refer to Table 3 for details.

(8) Investments accounted for using the equity method

	March 31, 2024		December 31, 2023		March 31, 2023	
Investee	Amount	Ownership Percentage	Amount	Ownership Percentage	Amount	Ownership Percentage
Investments in associates:						
Innovision FlexTech Corp.	<u>\$ 14,831</u>	12.14%	<u>\$ 15,152</u>	12.97%	<u>\$ 24,545</u>	13.43%

The aforementioned investments accounted for using the equity method were not pledged.

Fair value when there is a quoted market price: Innovision FlexTech Corp. is a company listed on the Emerging Stock Board of Taipei Exchange. The fair value of the Group's investment in Innovision FlexTech Corp. amounted to NT\$35,858 thousand as of March 31, 2024.

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- A. The shares of profit or loss of associates accounted for using the equity method based on the investees' unreviewed financial statements for the three months ended March 31, 2024 and 2023 were as follows:

Investee	Three Months Ended March 31	
	2024	2023
Innovision FlexTech Corp.	\$ 663	\$ (2,515)

- B. The Group accounted for Innovision FlexTech Corp. (Innovision) using the equity method as it had significant influence over the investee through ownership and representation on Innovision's board of directors.
- C. The summarized financial information of the Group's investments in associates was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Total assets	\$ 262,454	\$ 256,117	\$ 345,291
Total liabilities	\$ 140,184	\$ 139,292	\$ 162,487

	Three Months Ended March 31	
	2024	2023
Revenue	\$ 61,079	\$ 35,974
Net income (loss)	\$ 5,250	\$ (18,482)

(9) Property, plant and equipment

	March 31, 2024	December 31, 2023	March 31, 2023
Owner-occupied property, plant and equipment	\$ 4,501,128	\$ 4,529,075	\$ 4,051,188

A. Owner-occupied property, plant and equipment

	As of January 1, 2024	Addition	Disposal	Reclassification	Impairment Loss	Effect of Exchange Rate Changes	As of March 31, 2024
<u>Cost</u>							
Land	\$ 335,228	\$ -	\$ -	\$ -	\$ -	\$ (5,339)	\$ 329,889
Buildings	1,997,609	2,888	-	-	-	7,571	2,008,068
Machinery and equipment	4,043,103	24,202	-	166,308	-	6,490	4,240,103
Hydropower equipment	478,404	9,823	-	-	-	1,085	489,312
Testing equipment	402,702	4,238	(285)	-	-	619	407,274
Miscellaneous equipment	378,706	1,610	(2,497)	-	-	739	378,558
Total	\$ 7,635,752	\$ 42,761	\$ (2,782)	\$ 166,308	\$ -	\$ 11,165	\$ 7,853,204
<u>Accumulated depreciation and impairment</u>							
Buildings	\$ 718,650	\$ 24,422	\$ -	\$ -	\$ -	\$ 1,234	\$ 744,306
Machinery and equipment	2,581,113	58,340	-	-	-	1,789	2,641,242
Hydropower equipment	300,765	6,014	-	-	-	339	307,118
Testing equipment	283,856	7,992	(285)	-	-	374	291,937
Miscellaneous equipment	254,214	7,234	(2,497)	-	-	512	259,463
Total	\$ 4,138,598	\$ 104,002	\$ (2,782)	\$ -	\$ -	\$ 4,248	\$ 4,244,066
Construction in progress and equipment awaiting inspection	1,031,921	33,536	-	(166,776)	-	(6,691)	891,990
Net	\$ 4,529,075						\$ 4,501,128



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	As of January 1, 2023	Addition	Disposal	Reclassification	Impairment Loss	Effect of Exchange Rate Changes	As of March 31, 2023
<u>Cost</u>							
Land	\$ 327,936	\$ -	\$ -	\$ -	\$ -	\$ 5,469	\$ 333,405
Buildings	1,848,661	71,220	-	-	-	2,143	1,922,024
Machinery and equipment	3,597,680	29,748	(130)	-	-	1,566	3,628,864
Hydropower equipment	472,741	3,648	-	-	-	281	476,670
Testing equipment	397,342	-	-	-	-	168	397,510
Miscellaneous equipment	328,648	4,931	(1,059)	-	-	195	332,715
Total	<u>\$ 6,973,008</u>	<u>\$ 109,547</u>	<u>\$ (1,189)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,822</u>	<u>\$ 7,091,188</u>
<u>Accumulated depreciation and impairment</u>							
Buildings	\$ 625,397	\$ 22,128	\$ -	\$ -	\$ -	\$ 220	\$ 647,745
Machinery and equipment	2,356,965	56,117	(130)	-	-	310	2,413,262
Hydropower equipment	285,928	5,642	-	-	-	59	291,629
Testing equipment	252,026	8,129	-	-	-	66	260,221
Miscellaneous equipment	225,305	7,296	(997)	-	-	96	231,700
Total	<u>\$ 3,745,621</u>	<u>\$ 99,312</u>	<u>\$ (1,127)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 751</u>	<u>\$ 3,844,557</u>
Construction in progress and equipment awaiting inspection	678,585	125,556	-	(367)	-	783	804,557
Net	<u>\$ 3,905,972</u>						<u>\$ 4,051,188</u>

B. Please refer to Note 8 for property, plant and equipment pledged.

(10) Intangible assets

	As of January 1, 2024	Addition	Disposal	Reclassification	Effect of Exchange Rate Changes	As of March 31, 2024
<u>Cost</u>						
Trademarks	\$ 627	\$ -	\$ -	\$ -	\$ -	\$ 627
Patents	34,612	38	-	-	-	34,650
Computer software	173,128	-	-	251	148	173,527
Goodwill	69,781	-	-	-	-	69,781
Total	<u>\$ 278,148</u>	<u>\$ 38</u>	<u>\$ -</u>	<u>\$ 251</u>	<u>\$ 148</u>	<u>\$ 278,585</u>

Accumulated amortization and impairment

Trademarks	\$ 424	\$ 16	\$ -	\$ -	\$ -	\$ 440
Patents	28,458	159	-	-	-	28,617
Computer software	98,166	5,385	-	-	138	103,689
Total	<u>127,048</u>	<u>\$ 5,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138</u>	<u>132,746</u>
Net	<u>\$ 151,100</u>					<u>\$ 145,839</u>

	As of January 1, 2023	Addition	Disposal	Reclassification	Effect of Exchange Rate Changes	As of March 31, 2023
<u>Cost</u>						
Trademarks	\$ 762	\$ -	\$ (176)	\$ -	\$ -	\$ 586
Patents	48,209	-	(6,091)	-	-	42,118
Computer software	266,934	-	(101,071)	196	57	166,116
Goodwill	69,781	-	-	-	-	69,781
Total	<u>\$ 385,686</u>	<u>\$ -</u>	<u>\$ (107,338)</u>	<u>\$ 196</u>	<u>\$ 57</u>	<u>\$ 278,601</u>

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	As of January 1, 2023	Addition	Disposal	Reclassification	Effect of Exchange Rate Changes	As of March 31, 2023
<u>Accumulated amortization and impairment</u>						
Trademarks	\$ 542	\$ 14	\$ (176)	\$ -	\$ -	\$ 380
Patents	41,542	208	(6,091)	-	-	35,659
Computer software	179,553	5,440	(101,071)	-	56	83,978
Total	221,637	\$ 5,662	\$ (107,338)	\$ -	\$ 56	120,017
Net	\$ 164,049					\$ 158,584

(Concluded)

(11) Other non-current assets

	March 31, 2024	December 31, 2023	March 31, 2023
Refundable deposits	\$ 15,606	\$ 14,370	\$ 12,768
Other non-current assets - other	268	327	25,156
Total	\$ 15,874	\$ 14,697	\$ 37,924

(12) Impairment testing of goodwill

Goodwill acquired through business combinations was allocated to each of the cash-generating units (CGUs) which were expected to benefit from synergies, and impairment evaluation on recoverable amount of goodwill was conducted at each year end. The Group measured recoverable amount at fair value less costs of disposals. The adoption of fair value less costs of disposal was determined by using the comparative approach for evaluation. Fair value less costs of disposal took into account the recent transaction prices or announced land value of similar objects with comparability in the region and adjusted for factors including location, scale and purposes. It was a level 3 fair value. Based on the analysis, the Company determined that the goodwill of NT\$69,781 thousand was not impaired.

Key assumption in calculating the fair value less costs of disposal

The calculation of CGUs' fair value less costs of disposal is most sensitive to the following assumption:

Transaction price of comparable object - the transaction price of comparable object is adjusted for conditions, transaction date, local factors, and individual factors.

Sensitivity to changes in assumption

For the evaluation of CGUs' fair value less costs of disposal, the management believes that no reasonably possible change in the above key assumption would cause the carrying value of the unit to materially exceed its recoverable amount.

(13) Short-term loans

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank loans	\$ 257,969	\$ 218,859	\$ 80,000

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The interest rate ranges of loans were 0.50% to 4.65%, 0.50% to 4.65% and 1.725% to 2.276% and the unused short-term credit facilities amounted to NT\$3,938,353 thousand NT\$3,914,140 thousand and NT\$3,628,272 thousand as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

(14) Financial liabilities at fair value through profit or loss - current

	March 31, 2024	December 31, 2023	March 31, 2023
Held for trading:			
Derivative instruments not designated in a hedging relationship			
- Forward foreign exchange contracts	\$ 4,704	\$ -	\$ 2,908
- Foreign exchange swap contracts	520	14	283
Designated as at fair value through profit or loss:			
- Convertible bonds - put option	2,140	1,556	14,006
Total	<u>\$ 7,364</u>	<u>\$ 1,570</u>	<u>\$ 17,197</u>

(15) Bonds payable

	March 31, 2024	December 31, 2023	March 31, 2023
Overseas unsecured convertible bonds payable	\$ 1,896,053	\$ 1,891,501	\$ 1,877,909
Less: Current portion	(1,896,053)	(1,891,501)	-
Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,877,909</u>

Overseas unsecured convertible bonds payable

	March 31, 2024	December 31, 2023	March 31, 2023
Liability component:			
Overseas unsecured convertible bonds payable			
- principal amount	\$ 1,945,300	\$ 1,945,300	\$ 1,945,300
Overseas unsecured convertible bonds payable			
- discounts	(49,247)	(53,799)	(67,391)
Subtotal	\$ 1,896,053	\$ 1,891,501	\$ 1,877,909
Less: Current portion	(1,896,053)	(1,891,501)	-
Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,877,909</u>
Embedded derivative financial instruments	\$ (2,140)	\$ (1,556)	\$ (14,006)
Equity component	<u>\$ 70,203</u>	<u>\$ 70,203</u>	<u>\$ 70,203</u>

The Company issued its first overseas unsecured convertible bonds at zero coupon rate on the Singapore Exchange Securities Trading Limited on November 30, 2021. Based on the contractual terms, the bonds contain a liability component (host contract), embedded derivative financial instruments (options for the issuer to redeem the bonds and the bondholders to request for redemption) and an equity component (an option for bondholders to request for conversion into issuer's common stocks). The key terms of the bonds are as follows:

Issue amount: US\$70,000 thousand (NT\$1,945,300 thousand)

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Period: November 30, 2021 to November 30, 2026

Major redemption and put option clauses:

- A. The bonds are converted into U.S. dollars equivalent to the New Taiwan dollar amount using a fixed exchange rate for the repayment, repurchase and redemption of the bonds. The fixed exchange rate is determined with reference to the US\$/NT\$ fixing published by the Taipei Forex Inc. at 11 a.m. on the pricing date (i.e., the Fixed Exchange Rate is US\$1.00 = NT\$27.79).
- B. After three months of the issuance and prior to the maturity date, the Company may redeem the outstanding convertible bonds in cash at the “Early Redemption Amount” when the closing price (converted into U.S. dollars at the applicable prevailing exchange rate) of the Company’s common stocks listed on the TWSE is at least 130% of the total amount determined by multiplying the Early Redemption Amount by the conversion price (translated into U.S. dollars at the Fixed Exchange Rate determined on the pricing date) and divided by the principal amount of the bonds for a period of thirty consecutive trading days. The Early Redemption Amount is converted to New Taiwan dollars using the Fixed Exchange Rate, and the New Taiwan dollars amount will be converted into U.S. dollars using the prevailing exchange rate (the US\$/NT\$ fixing published by the Taipei Forex Inc. at 11 a.m.) for payments in U.S. dollars.
- C. When more than 90 percent of the bonds have been redeemed, converted, repurchased and cancelled, the Company may redeem the outstanding bonds early, in whole but not in part, at the “Early Redemption Amount.”
- D. When changes in the tax laws of the ROC would result in an increase in costs for the Company, the Company may redeem the outstanding bonds early, in whole but not in part, at the “Early Redemption Amount.” For bondholders who choose not to have their bonds redeemed, they shall not request the Company to bear the additional taxes or expenses.
- E. The bondholders may request the Company to redeem all or part of the corporate bonds three years after the issue date (i.e., the holder’s put date is November 30, 2024) at the “Early Redemption Price.” The “Early Redemption Price” is converted to New Taiwan dollars using the Fixed Exchange Rate, and the New Taiwan dollars amount will be converted into U.S. dollars using the prevailing exchange rate (the US\$/NT\$ fixing published by the Taipei Forex Inc. at 11 a.m.) for payments in U.S. dollars.
- F. When the Company’s common stocks cease to be listed on the TWSE or are suspended from trading for a period of thirty consecutive trading days or more, the bondholders may request the Company to redeem the corporate bonds, in whole but not in part, at the “Early Redemption Price.”
- G. Upon the occurrence of a change of control as defined in the bond indenture, the bondholders may request the Company to redeem the corporate bonds, in whole but not in part, at the “Early Redemption Price.”

Terms of conversion:

- A. Underlying securities: Common stocks of the Company
- B. Conversion period: Bondholders have the right to convert their bonds into the Company’s common stocks from the day immediately following the 90-day period from the issue

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date to (1) 10 days prior to the maturity date or (2) no later than five business days prior to the holder's put date or the date when the Company exercises early redemption.

- C. Conversion price and its adjustments: The conversion price is set at NT\$53.5 per share at the time of issuance. When the conversion price needs to be adjusted due to circumstances set out in the bond indenture, it shall be adjusted according to formula in the indenture. The conversion price as of March 31, 2024 was NT\$47.61 per share.
- D. Redemption on maturity date: Upon maturity, the bonds will be redeemed at 100% of the outstanding principal amount (i.e., the "Redemption Amount at Maturity"). The Redemption Amount at Maturity is converted to New Taiwan dollars using the Fixed Exchange Rate, and the New Taiwan dollars amount will be converted into U.S. dollars using the prevailing exchange rate (the US\$/NT\$ fixing published by the Taipei Forex Inc. at 11 a.m.) for payments in U.S. dollars.

(16) Long-term loans

Details of long-term loans as of March 31, 2024, December 31, 2023 and March 31, 2023 were as follows:

Creditor	2024.3.31	Contract Term and Repayment
Export-Import Bank of the Republic of China - credit loan	\$ 200,000	2023.8.4 - 2029.8.4, non-revolving for six years from the initial drawdown date, principal to be repaid in 8 equal semiannual installments after the grace period of 30 months with quarterly interest payment
Bank of Ningbo - credit loan	13,418	2023.8.23 - 2024.9.22, principal to be repaid in 3 equal installments with monthly interest payment
Taishin International Bank - secured loan	119,670	2020.2.26 - 2025.2.25, principal to be repaid in the remaining term with monthly interest payment
E.Sun Commercial Bank - secured loan	39,286	2022.3.25 - 2029.3.25, principal to be repaid in equal monthly installments with monthly interest payment
Maxwealth Financial Leasing Co., Ltd. - secured loan	4,246	2023.8.2 - 2025.8.1, principal to be repaid in equal monthly installments with monthly interest payment
Subtotal	376,620	
Less: Current portion	(144,768)	
Total	<u>\$ 231,852</u>	

The subsidiary Koatech Technology Corporation entered into a machinery and equipment sale-leaseback financing arrangement with Maxwealth Financial Leasing Co., Ltd. for a term of two years. Under the agreement, machinery and equipment are pledged as collateral. At the end of the term, the ownership of such machinery and equipment would belong to Koatech Technology Corporation. Please refer to Note 8 for machinery and equipment pledged.

Creditor	2023.12.31	Contract Term and Repayment
Export-Import Bank of the Republic of China - credit loan	\$ 200,000	2023.8.4 - 2029.8.4, non-revolving for six years from the initial drawdown date, principal to be repaid in 8 equal semiannual installments after the grace period of 30 months with quarterly interest payment
Bank of Ningbo - credit loan	13,000	2023.8.23 - 2024.9.22, principal to be repaid in 3 equal installments with monthly interest payment
Taishin International Bank - secured loan	122,550	2020.2.26 - 2025.2.25, principal to be repaid in the remaining term with monthly interest payment
E.Sun Commercial Bank - secured loan	41,250	2022.3.25 - 2029.3.25, principal to be repaid in equal monthly installments with monthly interest payment

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Creditor	2023.12.31	Contract Term and Repayment
Maxwealth Financial Leasing Co., Ltd. - secured loan	\$ 5,181	2023.8.2 - 2025.8.1, principal to be repaid in equal monthly installments with monthly interest payment
Subtotal	381,981	
Less: Current portion	(36,457)	
Total	<u>\$ 345,524</u>	

The subsidiary Koatech Technology Corporation entered into a machinery and equipment sale-leaseback financing arrangement with Maxwealth Financial Leasing Co., Ltd. for a term of two years. Under the agreement, machinery and equipment are pledged as collateral. At the end of the term, the ownership of such machinery and equipment would belong to Koatech Technology Corporation. Please refer to Note 8 for machinery and equipment pledged.

Creditor	2023.3.31	Contract Term and Repayment
Export-Import Bank of the Republic of China - credit loan	\$ 75,000	2019.6.28 - 2024.6.28, non-revolving for five years from the initial drawdown date, principal to be repaid in 6 equal semiannual installments after the grace period of 30 months with quarterly interest payment
Taipei Fubon Bank - credit loan	77,000	2021.9.6 - 2026.9.6, non-revolving for 60 months from the initial drawdown date, principal to be repaid in 12 equal quarterly installments after the grace period of 24 months with monthly interest payment
Taishin International Bank - credit loan	123,370	2020.2.25 - 2025.2.25, principal to be repaid in the remaining term with monthly interest payment
E.Sun Commercial Bank - secured loan	47,142	2022.3.25 - 2029.3.25, principal to be repaid in equal monthly installments with monthly interest payment
Subtotal	322,512	
Less: Current portion	(74,390)	
Total	<u>\$ 248,122</u>	

- A. The interest rate ranges of loans were 1.6431% to 3.85%, 1.7165% to 3.85% and 1.70% to 1.94% as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively. Please refer to Note 8 for collateral of the long-term loans.
- B. In July 2020, the Group entered into a syndicated loan agreement with eight financial institutions, including the Bank of Taiwan (bookrunner), for a loan facility of NT\$2.5 billion or the equivalent in U.S. dollars. The contract term was five years from the initial drawdown date, i.e., October 2020 to October 2025 and the credit term of the agreement was mid-term loans - current. During the loan term, the Group was required to calculate and maintain the following financial ratios at an agreed level based on the consolidated financial statements audited by CPAs every six months: current ratio, debt ratio, interest coverage ratio and tangible net value. The Group has abided by those terms.

(17) Post-employment benefit plans

A. Defined contribution plan

Expenses under the defined contribution plan for the three months ended March 31, 2024 and 2023 were NT\$8,575 thousand and NT\$8,636 thousand, respectively.

B. Defined benefit plan

Expenses under the defined benefit plan for the three months ended March 31, 2024 and 2023 were NT\$1,675 thousand and NT\$2,048 thousand, respectively.

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(18) Equity

A. Capital

- (a) The Company's authorized capital was NT\$3,000,000 thousand, divided into 300,000 thousand shares (including 15,000 thousand shares with the amount of NT\$150,000 thousand reserved for the exercise of employee stock options, preferred stock with warrants and bond with warrants), each at a par value of NT\$10 as of March 31, 2024, December 31, 2023 and March 31, 2023.
- (b) The Company's issued capital was NT\$2,091,197 thousand, divided into 209,120 thousand shares, each at a par value of NT\$10 as of March 31, 2024, December 31, 2023 and March 31, 2023.

B. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
Additional paid-in capital	\$ 541,007	\$ 541,007	\$ 541,007
Premium from merger	262,500	262,500	262,500
Donated assets	1,970	1,970	1,970
Treasury stock transactions	27,280	27,280	27,280
Due to recognition of equity component of convertible bonds - stock options	70,203	70,203	70,203
Employee stock options	11,980	11,033	2,089
Others	112,212	112,204	112,133
Total	<u>\$ 1,027,152</u>	<u>\$ 1,026,197</u>	<u>\$ 1,017,182</u>

According to laws and regulations, capital surplus shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute capital surplus related to income derived from issuance of new shares at a premium or income from endowments received by the company as stock dividends up to a certain percentage of paid-in capital. The said capital surplus could also be distributed in the form of cash dividends to shareholders in proportion to the number of shares being held by each of them.

C. Appropriation of profits and dividend policies

Current year's earnings of the Company, if any, shall be distributed in the following order:

- (a) Taxes and dues.
- (b) Deficit compensation.
- (c) 10% of net profit as legal reserves. However, this shall not apply when the accumulated legal reserve has equaled total capital.
- (d) Special reserve appropriated or reversed as stipulated by relevant laws and regulations or the competent securities authorities.
- (e) For the remaining profits, if any, the Board of Directors shall draft a proposal for the distribution of earnings. Regarding earnings distributed by an issuance of new shares, the proposal shall be approved by the shareholders' meeting, and for

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earnings distributed in the form of cash, the proposal shall be submitted to the Board of Directors' meeting for resolution.

The Company authorizes the Board of Directors to approve the distribution of dividends and bonuses or the legal reserve and capital surplus stipulated in Paragraph 1, Article 241 of the Company Act, in whole or in part, in the form of cash with the consent of majority of attending directors which represents more than two-third of all directors pursuant to Paragraph 5, Article 240 of the Company Act and report to the shareholders' meeting.

After taking into account the environment and development stage of the Company, the needs of capital in the future, long-term financial planning and shareholders' demand for cash, the Board of Directors shall draw up an earnings distribution proposal based on the distributable earnings and submit it to the shareholders' meeting for approval. At least forty percent of the distributable earnings shall be appropriated as shareholders' dividends. The cash dividend shall not be lower than 10 percent of the total dividends and shall be capped at 100 percent.

The Company complies with Order No. Jin-Guan-Zheng-Fa-1090150022 issued by the FSC on March 31, 2021, which sets out the following provisions: On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserves. Later when the company uses, disposes of, or reclassifies relevant assets, it may reverse to distributable earnings a proportional amount of the special reserves originally set aside.

As of March 31, 2024 and 2023, special reserve set aside for the first-time adoption of IFRS amounted to NT\$75,546 thousand.

Information about the appropriation of 2023 and 2022 earnings resolved in the Board of Directors' meetings on February 20, 2024 and February 22, 2023, respectively, was as follows:

	Appropriation of Earnings		Dividend per Share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 44,548	\$ 74,491	-	-
Special reserve	-	74,180	-	-
Reversal of special reserve	(145,484)	-	-	-
Cash dividends	209,120	397,327	\$ 1.00	\$ 1.90

Distribution of stock dividends from earnings of NT\$104,560 thousand (i.e., NT\$0.5 per share) was proposed in the Board of Directors' meeting on February 20, 2024.

Distribution of cash from capital surplus of NT\$125,472 thousand (i.e., NT\$0.6 per share) was approved in the Board of Directors' meeting on February 22, 2023.

Please refer to Note 6(23) for information on the accrual basis and the amounts recognized for compensation to employees and remuneration to directors.



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D. Non-controlling interests (NCI)

	Three Months Ended March 31	
	2024	2023
Beginning balance	\$ 81,325	\$ 144,043
Net loss attributable to NCIs	(6,526)	(10,817)
Other comprehensive income attributable to NCIs:		
Exchange differences arising on translation of foreign operations	320	260
Ending balance	<u>\$ 75,119</u>	<u>\$ 133,486</u>

(19) Share-based payment plan

The Group's employees are entitled to receive share-based payments as part of their compensation. Transactions are accounted for as equity-settled share-based payment transactions where employees provide services as consideration for equity instruments.

A. Employee share-based payment plan of the parent company

The Company issued employees stock options of 3,000 units on February 22, 2023. Each unit is entitled to 1,000 common stocks of the Company. Parties eligible to receive the options include employees of the Company and its subsidiaries who met certain conditions. Exercise price of the option is the closing price of the Company's stocks on the grant date. Employees can exercise their options two years after the grant date by the vesting schedule. The Company would issue new shares for settlement when employees exercise their options.

The Black-Scholes-Merton pricing model is used to estimate the fair value of options on the grant date. Parameters and assumptions applied take into account the terms and conditions of the contract.

The options have a duration of five years and cash settlement is not an alternative. The Group has never adopted cash settlement for options granted under such plans in the past.

Details of the aforementioned share-based payment plan are as follows:

Grant Date	Total Unit (in Thousands)	Subscription Price per Unit (NT\$)
2023.2.22	3,000	42.30

For share-based payment plan granted in the three months ended March 31, 2024, assumptions used in the pricing model for estimating the fair value of options on the grant date were as follows:

	2023.2.22
Dividend yield ratio (%)	0%
Expected volatility (%)	28.80%~29.49%
Risk-free interest rate (%)	1.15%~1.16%
Expected option life (year)	3.5~4.0
Pricing model	Black-Scholes-Merton option pricing model
Weighted average fair value of options granted during the period (NT\$)	10.12

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Details of the parent company's employee stock option plan were as follows:

	Three Months Ended March 31, 2024			
	No. of Options Outstanding (in thousands)	Weighted Average Exercise Price (NT\$)	Range of Exercise Price (NT\$)	Weighted Average Remaining Life (Year)
Outstanding at beginning of period	2,880	\$ 39.9		
Granted	-	-		
Forfeited	(375)	39.9		
Exercised	-	-		
Expired	-	-		
Outstanding at end of period	2,505	39.9	\$ 39.9	3.83
Exercisable at end of period	-	-		

	Three Months Ended March 31, 2023			
	No. of Options Outstanding (in thousands)	Weighted Average Exercise Price (NT\$)	Range of Exercise Price (NT\$)	Weighted Average Remaining Life (Year)
Outstanding at beginning of period	3,000	\$ -		
Granted	-	-		
Forfeited	-	42.3		
Exercised	-	-		
Expired	-	-		
Outstanding at end of period	3,000	42.3	\$ 42.3	4.83
Exercisable at end of period	-	-		

B. Expenses of the share-based payment plan were as follows:

	Three Months Ended March 31	
	2024	2023
Expenses recognized for the share-based payment transactions (equity-settled share-based payments)	\$ 947	\$ 2,089

(20) Operating revenue

	Three Months Ended March 31	
	2024	2023
Revenue from sale of goods	\$ 1,973,248	\$ 1,402,578

Contract balances:

	March 31, 2024	December 31, 2023	March 31, 2023	December 31, 2022
Contract liabilities - current				
Sale of goods	\$ 67,570	\$ 1,473	\$ 806	\$ 758

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Beginning balance of contract liabilities reclassified to revenue amounted to NT\$1,473 thousand and NT\$758 thousand for the three months ended March 31, 2024 and 2023, respectively.

(21) Expected credit (loss) gain

	Three Months Ended March 31	
	2024	2023
Operating expenses - expected credit (loss) gain		
Accounts receivable	\$ (7,920)	\$ 569
Non-operating income and expenses - expected credit (loss)		
Other receivables	(28,973)	-
Total	<u>\$ (36,893)</u>	<u>\$ 569</u>

Please refer to Note 12 for information concerning credit risk.

For receivables (including notes and accounts receivables), the Group measured the loss allowance at an amount equal to lifetime expected credit losses. The assessment on the loss allowance as of March 31, 2024, December 31, 2023 and March 31, 2023 was as follows:

March 31, 2024

	Not Past Due (Note)	Past Due			Total
		Within 90 Days	91-180 Days	Over 181 Days	
Gross carrying amount	\$ 3,467,972	\$ 107,436	\$ 17,304	\$ 34,680	\$ 3,627,392
Loss ratio	0%~1%	3%~20%	20%~50%	50%~100%	
Lifetime expected credit losses	19,444	7,033	3,461	30,337	60,275
Subtotal	<u>\$ 3,448,528</u>	<u>\$ 100,403</u>	<u>\$ 13,843</u>	<u>\$ 4,343</u>	<u>\$ 3,567,117</u>

December 31, 2023

	Not Past Due (Note)	Past Due			Total
		Within 90 Days	91-180 Days	Over 181 Days	
Gross carrying amount	\$ 3,735,805	\$ 96,216	\$ 7,722	\$ 27,864	\$ 3,867,607
Loss ratio	0%~1%	3%~10%	20%~50%	50%~100%	
Lifetime expected credit losses	17,164	5,996	1,544	26,886	51,590
Subtotal	<u>\$ 3,718,641</u>	<u>\$ 90,220</u>	<u>\$ 6,178</u>	<u>\$ 978</u>	<u>\$ 3,816,017</u>

March 31, 2023

	Not Past Due (Note)	Past Due			Total
		Within 90 Days	91-180 Days	Over 181 Days	
Gross carrying amount	\$ 2,740,183	\$ 78,459	\$ 3,081	\$ 32,962	\$ 2,854,685
Loss ratio	0%~1%	3%~20%	20%~50%	50%~100%	
Lifetime expected credit losses	12,634	3,261	616	32,962	49,473
Subtotal	<u>\$ 2,727,549</u>	<u>\$ 75,198</u>	<u>\$ 2,465</u>	<u>\$ -</u>	<u>\$ 2,805,212</u>

Note: None of the Group's notes receivables was overdue.

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Movements in the loss allowance for receivables in the three months ended March 31, 2024 and 2023 were as follows:

	Receivables	Other Receivables	Total
Balance as of January 1, 2024	\$ 51,590	\$ -	\$ 51,590
Appropriated in the current period	7,920	28,973	36,893
Write off	-	-	-
Effect of exchange rate changes	765	316	1,081
Balance as of March 31, 2024	<u>\$ 60,275</u>	<u>\$ 29,289</u>	<u>\$ 89,564</u>

  

	Receivables	Other Receivables	Total
Balance as of January 1, 2023	\$ 49,836	\$ -	\$ 49,836
Reversed in the current period	(569)	-	(569)
Write off	-	-	-
Effect of exchange rate changes	206	-	206
Balance as of March 31, 2023	<u>\$ 49,473</u>	<u>\$ -</u>	<u>\$ 49,473</u>

(22) Leases

A. The Group being a lessee

The Group leases various assets. The lease terms of these contracts range between 2 and 50 years.

The effects of leases on financial status, financial performance and cash flows of the Group were as follows:

(a) Amounts recognized in the balance sheets

i. Right-of-use assets

Carrying amount of right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
Land	\$ 296,115	\$ 325,516	\$ 334,383
Buildings	19,764	14,600	20,773
Transportation equipment	25,247	23,052	21,558
Total	<u>\$ 341,126</u>	<u>\$ 363,168</u>	<u>\$ 376,714</u>

The Group's right-of-use assets increased by NT\$12,769 thousand and NT\$2,724 thousand for the three months ended March 31, 2024 and 2023, respectively.

ii. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Current	\$ 23,846	\$ 19,775	\$ 21,961
Non-current	249,889	247,359	257,320
Lease liabilities	<u>\$ 273,735</u>	<u>\$ 267,134</u>	<u>\$ 279,281</u>

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Please refer to Note 6(24)D Finance costs for details on interest expenses of lease liabilities for the three months ended March 31, 2024 and 2023 and Note 12(5) Liquidity risk management for the maturity analysis on lease liabilities as of March 31, 2024 and 2023.

(b) Amounts recognized in the statements of comprehensive income

Depreciation of right-of-use assets

	Three Months Ended March 31	
	2024	2023
Land	\$ 2,065	\$ 2,130
Buildings	2,802	4,599
Transportation equipment	2,626	2,281
Total	<u>\$ 7,493</u>	<u>\$ 9,010</u>

(c) Lessee's income and expenses associated with leasing activities

	Three Months Ended March 31	
	2024	2023
Expense of short-term leases	\$ 20,161	\$ 24,142
Expense of leases of low value assets (excluding short-term leases of low value assets)	806	957

(d) Lessee's cash outflows associated with leasing activities

The Group's cash outflows from leases amounted to NT\$27,967 thousand and NT\$32,401 thousand for the three months ended March 31, 2024 and 2023, respectively.

(e) Other information associated with leasing activities

Options to extend or terminate the lease

Some of the Group's property leases contain options to extend or terminate the leases. When determining the lease term, it shall be the non-cancellable period where the lessee has the right to use the underlying asset, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease where the Group is reasonably certain not to exercise that option. The use of those options can maximize the flexibility in managing the contracts. The majority of options to extend or terminate the leases can only be exercised by the Group. The Group would reassess the lease periods when a significant event or a significant change in circumstances occurs (that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term) after the commencement date.

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

Function  Nature	Three Months Ended March 31					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	126,714	129,626	256,340	102,258	96,191	198,449
Labor and health insurance	14,535	10,297	24,832	15,198	10,583	25,781
Pension	5,963	4,287	10,250	6,092	4,592	10,684
Remuneration to directors	-	4,048	4,048	-	91	91
Other employee benefits expense	13,227	7,223	20,450	12,605	7,823	20,428
Depreciation	92,247	19,248	111,495	88,753	19,569	108,322
Amortization	776	4,872	5,648	797	5,005	5,802

According to the Company's Articles of Incorporation, when the Company makes a profit for the year, the compensation to employees shall not be lower than five percent of the balance and the remuneration to directors shall not be higher than four percent of the balance. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation to employees and remuneration to directors. The above-mentioned compensation to employees can be made in the form of stock or cash by a resolution adopted by a majority vote at a Board of Directors' meeting attended by at least two-thirds of the total number of directors. A report of such distribution shall be submitted to the shareholders' meeting. Information on the compensation to employees and remuneration to directors resolved or reported at the meetings of Board of Directors and shareholders is available at the Market Observation Post System website.

Based on profitability, the compensation to employees and remuneration to directors accrued for the three months ended March 31, 2024 and 2023 were as follows:

	Three Months Ended March 31	
	2024	2023
Compensation to employees	\$ 14,393	\$ -
Remuneration to directors	3,946	-

If the Board of Directors resolved to distribute compensation to employees in the form of stock, the closing price of stocks on the date preceding the resolution shall be the basis in calculating the number of stocks to be distributed. If the amount accrued differed from the amount resolved in the Board of Directors' meeting, the difference would be recognized in the profit or loss of the following year.

Information on 2023 and 2022 compensation to employees and remuneration to directors resolved in the Board of Directors' meetings on February 20, 2024 and February 22, 2023, respectively, was as follows:

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	Years Ended December 31	
	2023	2022
Compensation to employees	\$ 41,163	\$ 71,668
Remuneration to directors	11,256	19,597

The difference between 2023 compensation to employees and remuneration to directors resolved in the Board of Directors' meeting in 2024 and the amount accrued was recognized in the profit or loss of the following year.

The 2022 compensation to employees and remuneration to directors reported in the shareholders' meeting were not significantly different from the amounts resolved in the Board of Directors' meeting and the amounts recognized as expenses in the financial statements.

(24) Non-operating income and expenses

A. Interest income

	Three Months Ended March 31	
	2024	2023
Interest income	\$ 4,353	\$ 4,900

B. Other income

	Three Months Ended March 31	
	2024	2023
Other income	\$ 6,306	\$ 9,077

C. Other gains and losses

	Three Months Ended March 31	
	2024	2023
Loss on disposal of property, plant and equipment	\$ -	\$ (58)
Foreign exchange gain (loss), net	75,432	(15,451)
(Loss) gain on financial assets (liabilities) at fair value through profit or loss, net	(8,053)	958
Gain on disposal of investments accounted for using the equity method	1,294	326
Other losses	(700)	(898)
Total	\$ 67,973	\$ (15,123)

D. Finance costs

	Three Months Ended March 31	
	2024	2023
Interest on bank loans	\$ (3,872)	\$ (2,282)
Interest on lease liabilities	(1,248)	(1,271)
Interest on bonds payable	(4,552)	(4,509)
Total	\$ (9,672)	\$ (8,062)

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E. Components of other comprehensive income

For the three months ended March 31, 2024

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ 52,181	\$ -	\$ 52,181	\$ -	\$ 52,181
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	34,702	-	34,702	(6,886)	27,816
Total	<u>\$ 86,883</u>	<u>\$ -</u>	<u>\$ 86,883</u>	<u>\$ (6,886)</u>	<u>\$ 79,997</u>

For the three months ended March 31, 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Items that will not be reclassified subsequently to profit or loss:					
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ 86,867	\$ -	\$ 86,867	\$ -	\$ 86,867
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	28,729	-	28,729	(5,746)	22,983
Total	<u>\$ 115,596</u>	<u>\$ -</u>	<u>\$ 115,596</u>	<u>\$ (5,746)</u>	<u>\$ 109,850</u>

(25) Income tax

A. The major components of income tax expense (benefit) were as follows:

Income tax recognized in profit or loss

	Three Months Ended March 31	
	2024	2023
Current income tax expense (benefit):		
Current income tax payable	\$ 29,057	\$ 243
Income tax adjustments on prior years	1,668	(32,082)
Effect of exchange rate changes	(20)	56

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	Three Months Ended March 31	
	2024	2023
Deferred income tax expense:		
Deferred income tax expense relating to origination and reversal of temporary differences	\$ 7,482	\$ 19,966
Income tax expense (benefit)	\$ 38,187	\$ (11,817)
		(Concluded)

Income tax recognized in other comprehensive income

	Three Months Ended March 31	
	2024	2023
Deferred income tax expense:		
Exchange differences arising on translation of foreign operations	\$ 6,886	\$ 5,746
Income tax expense relating to components of other comprehensive income	\$ 6,886	\$ 5,746

B. Assessment of income tax returns:

As of March 31, 2024, the assessment of the Group's income tax returns in ROC was as follows:

	Assessment of Income Tax Returns
The Company	Assessed and approved up to 2021
Subsidiary - Koatech Technology Corporation	Assessed and approved up to 2021
Subsidiary - Taichem Materials Co., Ltd.	Assessed and approved up to 2022

(26) Earnings per share (EPS)

	Three Months Ended March 31, 2024		
	Amount after-tax	Weighted average number of outstanding shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to common shareholders of the Company	\$ 132,337	209,120	\$ 0.63
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Interest on convertible bonds	3,642	40,859	
Employee compensation - stock	-	1,204	
Employee stock options	-	2,113	
Net loss attributable to common shareholders of the Company and effect of potential common stocks	\$ 135,979	253,296	\$ 0.54

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	Three Months Ended March 31, 2023		
	Amount after-tax	Weighted average number of outstanding shares (in thousands)	EPS (NT\$)
<u>Basic EPS</u>			
Net income attributable to common shareholders of the Company	\$ (45,573)	209,120	<u>\$ (0.22)</u>
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Interest on convertible bonds	(Note)	(Note)	
Employee compensation - stock	-	-	
Employee stock options	-	(Note)	
Net income attributable to common shareholders of the Company and effect of potential common stocks	<u>\$ (45,573)</u>	<u>209,120</u>	<u>\$ (0.22)</u>

(Note): Due to antidilution effect, it was not included in the computation of diluted EPS.

7. Related Party Transactions

Related parties having transactions with the Group during the reporting period were as follows:

Names and relationships

Name	Relationship
Innatech Co., Ltd. (Innatech)	A substantive related party of the Group
SINYA Network System Integration Co., Ltd. (SINYA Network)	A substantive related party of the Group
SINYA Digital Co., Ltd. (SINYA Digital)	A substantive related party of the Group

(1) Prepayments

	March 31, 2024	December 31, 2023	March 31, 2023
Innatech	\$ 3,794	\$ 468	\$ 3,037
SINYA Digital	234	284	-
SINYA Network	-	-	51
Total	<u>\$ 4,028</u>	<u>\$ 752</u>	<u>\$ 3,088</u>

(2) Other payables - related parties

	March 31, 2024	December 31, 2023	March 31, 2023
Innatech	\$ 4,284	\$ 431	\$ 420
SINYA Digital	1,048	1,409	485
Total	<u>\$ 5,332</u>	<u>\$ 1,840</u>	<u>\$ 905</u>

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(3) Property transaction

Acquisition of property, plant and equipment

	Three Months Ended March 31	
	2024	2023
Innatech	\$ -	\$ 2,300

General and administrative expenses

	Three Months Ended March 31	
	2024	2023
Innatech	\$ 1,241	\$ 1,277
SINYA Digital	809	385
Total	\$ 2,050	\$ 1,662

(4) Compensation to key management of the Group

	Three Months Ended March 31	
	2024	2023
Short-term employee benefits	\$ 33,491	\$ 25,532
Post-employment benefits	385	188
Total	\$ 33,876	\$ 25,720

8. Pledged Assets

The following table listed assets of the Group pledged as collateral:

	Carrying Amount			Purpose of Pledge
	March 31, 2024	December 31, 2023	March 31, 2023	
Time deposits (Note)	\$ 43,246	\$ 42,827	\$ 43,270	Customs guarantee
Land	100,843	100,843	100,843	Long-term loans
Buildings	56,953	57,788	94,692	Letter of credit, short-term credit facilities and long-term loans
Machinery and equipment	9,739	9,824	-	Long-term loans
Total	\$ 210,781	\$ 211,282	\$ 238,805	

Note: These were recognized as other current assets - other.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Details of the Group's unused letters of credit as of March 31, 2024 were as follows:

	L / C Balance	
JPY	JPY	74,000 thousand
USD	US\$	2,860 thousand

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10. Significant Disaster Loss

None.

11. Significant Subsequent Events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets at fair value through profit or loss	\$ 31,828	\$ 32,713	\$ 29,544
Financial assets at fair value through other comprehensive income	478,842	426,661	342,556
Financial assets at amortized cost:			
Cash and cash equivalents (excluding cash on hand)	2,502,848	1,964,549	2,796,368
Financial assets at amortized cost	150,000	-	-
Receivables	3,638,807	3,868,930	2,837,924
Other financial assets - current	43,246	42,827	43,270

Financial liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Financial liabilities at fair value through profit or loss:			
Held for trading	\$ 5,224	\$ 14	\$ 3,191
Designated as at fair value through profit or loss	2,140	1,556	14,006
Financial liabilities at amortized cost:			
Short-term loans	257,969	218,859	80,000
Payables	2,218,943	1,713,004	1,833,236
Bonds payable (including current portion)	1,896,053	1,891,501	1,877,909
Long-term loans (including current portion)	376,620	381,981	322,512
Lease liabilities (current and non-current)	273,735	267,134	279,281

(2) Objectives and policies of financial risk management

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

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

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(3) Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises foreign currency risk, interest rate risk and other price risks.

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

A. Foreign currency risk

The Group's exposure to foreign currency risk relates primarily to its operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and net investments in foreign operations.

The Group has certain receivables denominated in the same foreign currency as certain payables; therefore, natural hedge is achieved. The Group also uses forward foreign exchange contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as the said nature hedge and forward foreign exchange contracts do not qualify for hedge accounting criteria. Furthermore, as net investments in foreign operations are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis focusing on the impact of foreign exchange rate fluctuations on the Group's profit or loss and equity is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates of U.S. dollars and Chinese Yuan.

B. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to its variable interest rates for loans.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans.

C. Equity price risk

Equity securities of listed domestic companies held by the Group are susceptible to price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on equity portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors shall review all equity investment decisions and approve where appropriate.

A 5% increase/decrease in the prices of listed companies' stocks classified as at fair value through profit or loss could cause the profit or loss for the three months ended March 31, 2024 and 2023 to increase/decrease by NT\$1,591 thousand and NT\$1,451 thousand, respectively.

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A 5% increase/decrease in the prices of listed companies' stocks classified as at fair value through other comprehensive income could cause the comprehensive income for the three months ended March 31, 2024 and 2023 to increase/decrease by NT\$23,942 thousand and NT\$17,128 thousand, respectively.

D. Pre-tax sensitivity analysis was as follows:

For the three months ended March 31, 2024

Key Risk	Variation	Sensitivity of Profit or Loss
Foreign currency risk	NTD/USD appreciate/depreciate by 1%	-/+ NT\$14,042 thousand
	NTD/RMB appreciate/depreciate by 1%	-/+ NT\$ 7,412 thousand
Interest rate risk	Market interest rate increase/decrease by 10 basis points	+/- NT\$ 2,062 thousand

For the three months ended March 31, 2023

Key Risk	Variation	Sensitivity of Profit or Loss
Foreign currency risk	NTD/USD appreciate/depreciate by 1%	-/+ NT\$13,732 thousand
	NTD/RMB appreciate/depreciate by 1%	-/+ NT\$ 4,990 thousand
Interest rate risk	Market interest rate increase/decrease by 10 basis points	+/- NT\$ 2,437 thousand

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Group is exposed to credit risk from operating activities (primarily accounts and notes receivable) and financing activities (primarily bank deposits and various financial instruments).

Credit risk is managed by each business unit subject to the Group's credit risk policies, procedures and controls. Credit risk of all counterparties is assessed by considering their financial position and ratings from credit rating agencies, past experience, current economic environment, the Group's internal rating criteria, etc. The Group also uses some credit enhancement tools, such as prepayments or insurances, to reduce the credit risk of certain counterparties.

Credit risk from balances with banks and other financial instruments is managed by the Group in accordance with the Group's policies. The counterparties that the Group transacts with are reputable financial institutions both at home and abroad; thus, no significant credit risk is expected.

(5) Liquidity risk management

The Group maintains its financial flexibility through the use of cash and cash equivalents, highly-liquid marketable securities, bank loans, convertible bonds and leases. The table below summarized the maturity profile of the Group's financial liability contracts based on the earliest repayment dates and contractual undiscounted cash flows. The amount also included the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates was extrapolated based on the yield curve as of the end of the reporting period.

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Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
<u>March 31, 2024</u>					
Borrowings	\$ 410,827	\$ 98,105	\$ 118,670	\$ 25,142	\$ 652,744
Payables	2,218,943	-	-	-	2,218,943
Convertible bonds	1,945,300	-	-	-	1,945,300
Lease liabilities	24,507	31,231	19,413	268,776	343,927

December 31, 2023

Borrowings	\$ 265,365	\$ 185,667	\$ 119,289	\$ 52,266	\$ 622,587
Payables	1,713,004	-	-	-	1,713,004
Convertible bonds	1,945,300	-	-	-	1,945,300
Lease liabilities	24,862	35,959	20,328	270,937	352,086

March 31, 2023

Borrowings	\$ 159,602	\$ 215,871	\$ 29,010	\$ 7,908	\$ 412,391
Payables	1,833,236	-	-	-	1,833,236
Convertible bonds	-	1,945,300	-	-	1,945,300
Lease liabilities	20,053	28,952	19,254	273,205	341,464

Derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
<u>March 31, 2024</u>					
Inflows	\$ 670,778	\$ -	\$ -	\$ -	\$ 670,778
Outflows	680,002	-	-	-	680,002
Net	<u>\$ (9,224)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,224)</u>

December 31, 2023

Inflows	\$ 25,880	\$ -	\$ -	\$ -	\$ 25,880
Outflows	26,000	-	-	-	26,000
Net	<u>\$ (120)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (120)</u>

March 31, 2023

Inflows	\$ 566,527	\$ -	\$ -	\$ -	\$ 566,527
Outflows	570,882	-	-	-	570,882
Net	<u>\$ (4,355)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,355)</u>

The derivative financial liabilities in the table above were expressed using undiscounted net cash flows.

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(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the three months ended March 31, 2024:

	Short-term Loans	Long-term Loans	Lease Liabilities	Guarantee Deposits Received	Bonds Payable	Total Liabilities from Financing Activities
As of January 1, 2024	\$ 218,859	\$ 381,981	\$ 267,134	\$ 15,999	\$ 1,891,501	\$ 2,775,474
Cash flows	39,110	(5,361)	(7,000)	298	-	27,047
Non-cash movements	-	-	13,601	-	4,552	18,153
As of March 31, 2024	<u>\$ 257,969</u>	<u>\$ 376,620</u>	<u>\$ 273,735</u>	<u>\$ 16,297</u>	<u>\$ 1,896,053</u>	<u>\$ 2,820,674</u>

Reconciliation of liabilities for the three months ended March 31, 2023:

	Short-term Loans	Long-term Loans	Lease Liabilities	Guarantee Deposits Received	Bonds Payable	Total Liabilities from Financing Activities
As of January 1, 2023	\$ 255,000	\$ 374,476	\$ 281,770	\$ 255	\$ 1,873,400	\$ 2,784,901
Cash flows	(175,000)	(51,964)	(7,302)	(255)	-	(234,521)
Non-cash movements	-	-	4,813	-	4,509	9,322
As of March 31, 2023	<u>\$ 80,000</u>	<u>\$ 322,512</u>	<u>\$ 279,281</u>	<u>\$ -</u>	<u>\$ 1,877,909</u>	<u>\$ 2,559,702</u>

(7) Fair values of financial instruments

A. The valuation techniques and assumptions applied in determining the fair value of financial instruments

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

- (a) The carrying amount of cash and cash equivalents, receivables, short-term loans, payables and other current liabilities approximates their fair value due to short maturity terms.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on quoted market prices (e.g., listed equity securities).
- (c) For bank loans and bonds payable with no quoted market price, the fair value is determined by the quoted price of the counterparty or valuation techniques. The latter is based on the discounted cash flow analysis with assumptions of interest rates and discount rates primarily founded on relevant information of similar instruments.
- (d) In terms of derivative financial instruments with no quoted market price, the fair value of non-option derivatives is determined by the quoted price of the counterparty or the discounted cash flow analysis using the applicable yield curve for the contract duration. As for option derivatives, the quoted price of the counterparty or the appropriate option pricing models (e.g., the Black-Sholes model or the binomial tree valuation model of convertible bonds) are adopted to calculate the fair value.



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B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measure at amortized cost approximates their fair value.

C. Information on the fair value hierarchy of financial instruments

Please refer to Note 12(9) for details.

(8) Derivative instruments

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group's derivative instruments that were not eligible for hedge accounting and were outstanding were listed as follows:

A. Forward foreign exchange contracts that were not eligible for hedge accounting and were outstanding as of the balance sheet dates were listed as follows:

Currency	Contract Period	Contract Amount (in thousands)
<u>March 31, 2024</u>		
Sell RMB/Buy NTD	2023.11~2024.08	RMB 90,000/NT\$ 390,588
Sell USD/Buy NTD	2024.03~2024.06	US\$ 8,000/NT\$ 254,310
<u>December 31, 2023</u>		
Sell RMB/Buy NTD	2023.09~2024.05	RMB 90,000/NT\$ 392,334
Sell USD/Buy NTD	2023.11~2024.01	US\$ 1,000/NT\$ 31,345
<u>March 31, 2023</u>		
Sell RMB/Buy NTD	2022.12~2023.06	RMB 54,000/NT\$ 238,296
Sell USD/Buy NTD	2023.02~2023.05	US\$ 10,000/NT\$ 301,947

B. Foreign exchange swap contracts that were not eligible for hedge accounting and were outstanding as of the balance sheet dates were listed as follows:

Currency	Contract Period	Contract Amount (in thousands)
<u>March 31, 2024</u>		
Sell RMB/Buy NTD	2023.08~2024.04	RMB 6,000/NT\$ 25,880
<u>December 31, 2023</u>		
Sell RMB/Buy NTD	2023.08~2024.04	RMB 6,000/NT\$ 25,880
<u>March 31, 2023</u>		
Sell RMB/Buy NTD	2022.12~2023.04	RMB 6,000/NT\$ 26,284

For transactions involving forward foreign exchange contracts and foreign exchange swap contracts, the main purpose is to hedge the foreign currency risk of net assets or liabilities denominated in foreign currencies. As there will be corresponding cash inflows or outflows upon expiration and the Company has sufficient operation funds, no significant cash flow risk is expected.

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Embedded derivative instruments

Embedded derivative instruments identified from convertible bonds were separated from the host contract and measured at fair value through profit or loss. Please refer to Note 6(15) for details on the relevant contract.

(9) Fair value hierarchy

A. Definition of fair value hierarchy

For assets and liabilities measured or disclosed in fair values, they are categorized in the level of the lowest level input that is significant to the entire measurement. Inputs of each level are as follows:

Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities at the measurement date

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 inputs are unobservable inputs for the asset or liability

For assets and liabilities measured on a recurring basis, their categories shall be reevaluated at the end of each reporting period to determine if there is any transfer between different levels of fair value hierarchy.

B. Hierarchy of fair value measurement

The Group does not have assets that are measured at fair value on a non-recurring basis. The fair value hierarchy of assets and liabilities measured on a recurring basis was disclosed as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>March 31, 2024</u>				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Stocks	\$ 31,828	\$ -	\$ -	\$ 31,828
Financial assets at fair value through other comprehensive income	478,842	-	-	478,842
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	4,704	-	4,704
Foreign exchange swap contracts	-	520	-	520
Embedded derivative instruments	-	-	2,140	2,140
<u>December 31, 2023</u>				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 4,867	\$ -	\$ 4,867
Foreign exchange swap contracts	-	92	-	92
Stocks	27,754	-	-	27,754
Financial assets at fair value through other comprehensive income	426,661	-	-	426,661

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	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Foreign exchange swap contracts	\$ -	\$ 14	\$ -	\$ 14
Embedded derivative instruments	-	-	1,556	1,556
				(Concluded)

March 31, 2023

Assets measured at fair value:

Financial assets at fair value through profit or loss

Forward foreign exchange contracts	\$ -	\$ 517	\$ -	\$ 517
Stocks	29,027	-	-	29,027
Financial assets at fair value through other comprehensive income	342,556	-	-	342,556

Liabilities measured at fair value:

Financial liabilities at fair value through profit or loss

Forward foreign exchange contracts	-	2,908	-	2,908
Foreign exchange swap contracts	-	283	-	283
Embedded derivative instruments	-	-	14,006	14,006

C. Transfers between Level 1 and Level 2 fair value hierarchy

For the three months ended March 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value hierarchy for assets and liabilities measured on a recurring basis.

D. Movements in Level 3 fair value hierarchy for items measured on a recurring basis

Reconciliation of Level 3 fair value hierarchy for assets and liabilities measured on a recurring basis was as follows:

	Liabilities At Fair Value through Profit or Loss Derivatives
January 1, 2024	\$ 1,556
Total losses recognized for the three months ended March 31, 2024	
Recognized in profit or loss (under “other gains and losses”)	584
March 31, 2024	\$ 2,140
January 1, 2023	\$ 16,730
Total gains recognized for the three months ended March 31, 2023	
Recognized in profit or loss (under “other gains and losses”)	(2,724)
March 31, 2023	\$ 14,006

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E. Significant unobservable inputs for Level 3 fair value measurement

Significant unobservable inputs for recurring Level 3 fair value measurements of assets were as follows:

	Valuation Technique	Significant Unobservable Input	Quantitative Information	Relationship between Inputs and Fair Value	Sensitivity of Inputs to Fair Value
<u>March 31, 2024</u>					
Financial liabilities:					
At fair value through profit or loss					
Embedded derivative instruments	Binomial tree valuation model of convertible bonds	Volatility	17.51%	The higher the volatility, the higher the fair value estimates	A 5% increase/decrease in volatility could cause the profit or loss of the Group to increase by NT\$778 thousand/decrease by NT\$1,362 thousand
	Valuation Technique	Significant Unobservable Input	Quantitative Information	Relationship between Inputs and Fair Value	Sensitivity of Inputs to Fair Value
<u>December 31, 2023</u>					
Financial liabilities:					
At fair value through profit or loss					
Embedded derivative instruments	Binomial tree valuation model of convertible bonds	Volatility	15.76%	The higher the volatility, the higher the fair value estimates	A 5% increase/decrease in volatility could cause the profit or loss of the Group to increase/decrease by NT\$195 thousand
	Valuation Technique	Significant Unobservable Input	Quantitative Information	Relationship between Inputs and Fair Value	Sensitivity of Inputs to Fair Value
<u>March 31, 2023</u>					
Financial liabilities:					
At fair value through profit or loss					
Embedded derivative instruments	Binomial tree valuation model of convertible bonds	Volatility	17.81%	The higher the volatility, the higher the fair value estimates	A 5% increase/decrease in volatility could cause the profit or loss of the Group to increase by NT\$2,918 thousand/decrease by NT\$5,836 thousand

F. Valuation process for Level 3 fair value measurement

The valuation process for Level 3 fair value measurement involves having the finance department carries out independent fair value verification for financial instruments. Data from independent sources are used to deliver outcomes that reflect the market and are representative of the executable prices. Data sources are examined for independence, reliability and consistency with other resources while inputs and information for the valuation model are remeasured or reassessed periodically along with any other necessary fair value adjustments to ensure the measurements are reasonable.

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(10) Significant financial assets and liabilities denominated in foreign currencies

Information on significant financial assets and liabilities denominated in foreign currencies was listed below:

March 31, 2024				December 31, 2023			
	Foreign Currencies (in thousands)	Exchange Rate	NTD		Foreign Currencies (in thousands)	Exchange Rate	NTD
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$ 73,334	32.031	\$ 2,348,961	\$ 82,763	30.750	\$ 2,544,948	
JPY	140,610	0.2116	29,753	81,406	0.2175	17,706	
RMB	172,510	4.4141	761,478	190,299	4.3333	824,621	
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD	\$ 29,494	32.031	\$ 944,722	\$ 29,480	30.750	\$ 906,512	
JPY	177,403	0.2116	37,538	141,825	0.2175	30,847	
RMB	4,598	4.4141	20,296	4,920	4.3333	21,321	

  

March 31, 2023			
	Foreign Currencies (in thousands)	Exchange Rate	NTD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 61,950	30.474	\$ 1,887,864
JPY	115,328	0.2291	26,422
RMB	116,714	4.4357	517,706
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 16,882	30.474	\$ 514,462
JPY	92,213	0.2291	21,126
RMB	4,121	4.4357	18,279

The data above was disclosed based on the carrying amounts of foreign currencies (already translated to the functional currency).

As entities within the Group transact in various currencies, the exchange gain (loss) of monetary financial assets and liabilities cannot be disclosed by currencies of significant influence. For the three months ended March 31, 2024 and 2023, the Group's foreign exchange gain (loss) amounted to NT\$75,432 thousand and NT\$(15,451) thousand, respectively.

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(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder return. The Group manages and adjusts its capital structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

13. Additional Disclosures

(1) Information on significant transactions and investees

- A. Financing provided to others: Please refer to Table 1.
- B. Endorsement/guarantee provided to others: Please refer to Table 2.
- C. Marketable securities held as of March 31, 2024 (excluding investments in subsidiaries, associates and joint ventures): Please refer to Table 3.
- D. Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital: None.
- E. Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital: None.
- F. Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital: None.
- G. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital: Please refer to Table 4.
- H. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital: Please refer to Table 5.
- I. Direct or indirect significant influence or control over the investees (excluding investments in mainland China): Please refer to Table 6.
- J. Derivative financial instrument transactions: Please refer to Note 12.
- K. Others: intercompany relationships and significant intercompany transactions: Please refer to Table 8.

(2) Information on investments in mainland China: Please refer to Table 7.

(3) Information on major shareholders: Please refer to Table 9.

14. Operating Segment

For management purposes, the Group is organized into operating segments based on business units with independent operations at each region. The two reportable operating segments are as follows: The general management segment is responsible for the Group's operation planning and owns manufacturing, R&D and sales functions.

The overseas segment owns manufacturing and sales functions.

Operating segments have not been aggregated to form the above reportable operating segments.

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

Management monitors the operating results of its business units separately for the purpose of decision-making on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and measured consistently with methods applied to operating profit or loss in the consolidated financial statements. However, finance costs, financial benefits and income taxes are managed on the Group basis and are not allocated to operating segments.

(1) Segment income (loss)

For the three months ended March 31, 2024

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	\$ 1,397,046	\$ 576,202	\$ -	\$ 1,973,248
Inter-segment	406,650	275,347	(681,997)	-
Total revenue	<u>\$ 1,803,697</u>	<u>\$ 851,549</u>	<u>\$ (681,997)</u>	<u>\$ 1,973,248</u>
Segment income (loss) (before income tax)	<u>\$ 175,401</u>	<u>\$ (55,374)</u>	<u>\$ 43,971</u>	<u>\$ 163,998</u>

Note: Inter-segment revenues were eliminated upon consolidation.

For the three months ended March 31, 2023

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	\$ 918,259	\$ 484,319	\$ -	\$ 1,402,578
Inter-segment	318,606	218,224	(536,830)	-
Total revenue	<u>\$ 1,236,865</u>	<u>\$ 702,543</u>	<u>\$ (536,830)</u>	<u>\$ 1,402,578</u>
Segment income (loss) (before income tax)	<u>\$ (111,784)</u>	<u>\$ (15,527)</u>	<u>\$ 59,104</u>	<u>\$ (68,207)</u>

Note: Inter-segment revenues were eliminated upon consolidation.

Assets of the Group's operating segments as of March 31, 2024, December 31, 2023 and March 31, 2023 were summarized below:

	General Management	Overseas	Adjustment and Elimination	Total
As of March 31, 2024	<u>\$ 9,796,168</u>	<u>\$ 6,065,970</u>	<u>\$ (2,176,065)</u>	<u>\$ 13,686,073</u>
As of December 31, 2023	<u>\$ 9,209,339</u>	<u>\$ 5,990,101</u>	<u>\$ (2,167,978)</u>	<u>\$ 13,031,462</u>
As of March 31, 2023	<u>\$ 8,629,309</u>	<u>\$ 5,524,303</u>	<u>\$ (1,629,796)</u>	<u>\$ 12,523,816</u>

TABLE 1: FINANCING PROVIDED TO OTHERS

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Financing Company	Borrower	Financial Statement Account (Note 2)	Whether A Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Note 10)	Amount Actually Drawn (Note 11)	Interest Rate Range	Nature of Financing (Note 4)	Transaction Amount (Note 5)	Reason for Short-term Financing (Note 6)	Loss Allowance	Collateral		Financing Limit for Individual Borrower	Limit on Total Financing Amount	Note
													Item	Value			
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	Other receivables - related parties	Y	256,248	256,248	-	1.70%~4.00%	2	-	Operating capital	-	-	-	1,598,230	3,196,460	(Note 7)
1	Kunshan Taiflex Electronic Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Other receivables - related parties	Y	88,282	88,282	-	2.00%~4.00%	2	-	Operating capital	-	-	-	798,485	798,485	(Note 9)
1	Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	Other receivables - related parties	Y	617,974	617,974	529,692	2.00%~4.00%	2	-	Operating capital	-	-	-	798,485	798,485	(Note 9)
2	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	Other receivables - related parties	Y	91,445	69,743	68,529	0.00%~4.00%	2	-	Operating capital	-	-	-	69,168	69,168	(Note 10)

Note 1: Companies are coded as follows:

(1) Taiflex Scientific Co., Ltd. is coded "0."

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

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

Note 3: The maximum balance of financing provided to others for the three months ended March 31, 2024.

Note 4: Nature of Financing is coded as follows:

(1) Business transaction is coded "1."

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

Note 5: If the nature of financing is business transaction, the transaction amount shall be disclosed. The transaction amount refers to the business transaction amount of the most recent year between the financing company and the borrower.

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

Note 7: The Company's "Procedures for Lending Funds to Other Parties" stipulates that the amount of financing provided shall not exceed 40% of the Company's net worth in the most recent financial statements. The amount of financing provided to a single entity shall not exceed 20% of the Company's net worth in the most recent financial statements.

Note 8: Total amount of financing to firms or companies having business relationship with the Company shall not exceed 20% of the Company's net worth. The financing amount to an individual party is limited to the transaction amount between both parties. The transaction amount means the purchase or sales amount between the parties, whichever is higher, and shall not exceed 10% of the Company's net worth. However, the lending amount to a single enterprise whose voting rights are 100% held, either directly or indirectly, by the Company shall not exceed 20% of the Company's net worth.

Note 9: For financing between offshore companies that the Company holds, either directly and indirectly, 100% of the voting rights, both the financing provided to a single entity and the total financing shall not exceed 100% of the financing company's net worth in the most recent financial statements.

Note 10: For financing to offshore companies that the financing company holds, either directly and indirectly, 100% of the voting rights, both the financing provided to a single entity and the total financing shall not exceed 40% of the financing company's net worth in the most recent financial statements audited or reviewed by CPAs. Due to exchange rate fluctuations, the lending amount of Koatech Technology Corporation had exceeded the limit. Adjustments will be made in the next Board of Directors' meeting.

Note 11: If public companies, pursuant to Paragraph 1, Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, resolve each individual lending at the board meetings, the amounts resolved before drawdown shall be the publicly-announced balance to disclose the risk they assume; provided however, if any repayment is made subsequently, the outstanding balance after such repayment shall be disclosed to reflect the risk adjusted. If public companies, pursuant to Paragraph 2, Article 14 of the same Regulations, authorize the chairperson by board resolution, within a certain monetary limit and a period not to exceed one year, to give loans in instalments or to make a revolving credit line available, the amount resolved shall be the publicly-announced balance. Although repayments may be made subsequently, as drawdowns are likely to happen again, the amount of financing resolved by the board shall be recorded as the publicly-announced balance.

Note 12: This is the ending balance after evaluation.



TABLE 2: ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to A Single Entity	Maximum Balance for the Period (Note 4)	Ending Balance (Note 5)	Amount Actually Drawn (Note 6)	Amount of Endorsement/ Guarantee Secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Endorsement Provided by Parent Company to Subsidiaries (Note 7)	Endorsement Provided by Subsidiaries to Parent Company (Note 7)	Endorsement Provided to Subsidiaries in China (Note 7)	Note
		Name	Relationship (Note 2)											
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	2	\$ 3,995,576	\$541,324	\$541,324	\$ 6,391	\$ -	6.77%	\$ 3,995,576	Y	N	Y	(Note 3)
0	Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	2	3,995,576	480,465	480,465	25,223	-	6.01%		Y	N	N	
0	Taiflex Scientific Co., Ltd.	Taiflex Green Power Co., Ltd.	2	3,995,576	230,000	230,000	40,000	-	2.88%		Y	N	N	
1	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	2	34,584	30,899	30,899	30,899	-	17.87%	86,460	N	N	Y	(Note 8)

Note 1: Companies are coded as follows:

(1) Taiflex Scientific Co., Ltd. is coded "0."

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

Note 2: The relationships between endorsement/guarantee providers and guaranteed parties are categorized into the following seven types. Please specify the type.

(1) A company that has business relationships with Taiflex.

(2) A company in which Taiflex directly or indirectly holds over 50% of the voting rights.

(3) A company that directly or indirectly holds over 50% of Taiflex's voting rights.

(4) Endorsements/guarantees between companies in which Taiflex directly or indirectly holds over 90% of the voting rights.

(5) Mutual endorsements/guarantees between companies in the same industry or between joint builders which are provided in accordance with contractual terms for construction projects.

(6) Endorsements/guarantees provided by each shareholder for their jointly invested company in proportion to their shareholding percentages.

(7) Joint and several security between companies in the same industry for performance guarantees of pre-construction homes under the Consumer Protection Act.

Note 3: The overall amount of guarantees/endorsements provided shall not exceed 50% of the Company's net worth in the most recent financial statements. The amount of guarantees/endorsements provided to a single entity shall not exceed 20% of the net worth in the most recent financial statements. However, the restriction does not apply to guarantees/endorsements to companies whose voting rights are 100% held, either directly or indirectly, by the Company.

Note 4: The maximum endorsement/guarantee balance for the three months ended March 31, 2024.

Note 5: This refers to amounts approved by the board of directors. However, where the authority has been delegated by the board to the chairperson in accordance with Subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, this would be the amounts approved by the chairperson.

Note 6: This is the ending balance after evaluation.

Note 7: Fill in "Y" for endorsements/guarantees provided by listed parent companies to subsidiaries and vice versa, and for ones provided to subsidiaries in mainland China.

Note 8: The overall amount of guarantees/endorsements provided shall not exceed 50% of the endorsement/guarantee provider's net worth in the most recent financial statements. The amount of guarantees/endorsements provided to a single entity shall not exceed 20% of the endorsement/guarantee provider's net worth in the most recent financial statements.

TABLE 3: MARKETABLE SECURITIES HELD AS OF MARCH 31, 2024 (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

(In Thousands of New Taiwan Dollars)

Holder of Marketable Securities	Type of Marketable Securities (Note 1)	Name of Marketable Securities (Note 1)	Relationship with the Issuer (Note 2)	Financial Statement Account	March 31, 2024				Note
					Shares (In Thousands)	Carrying Amount (Note 3)	Ownership Percentage	Fair Value	
Taiflex Scientific Co., Ltd.	Non-listed (OTC) stocks	Exploit Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	25	\$ -	0.30%	\$ -	-
	Non-listed (OTC) stocks	Kyoritsu Optronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	741	-	18.10%	-	-
	Listed stocks	APAQ Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	6,139	478,842	6.90%	478,842	-
	Listed stocks	Zhen Ding Technology Holding Limited	-	Financial assets at fair value through profit or loss - current	255	31,828	0.03%	31,828	-

Note 1: Marketable securities stated in this table refer to stocks, bonds, beneficiary certificates and securities derived from the said items within the scope of IFRS 9 "Financial Instruments."

Note 2: Not required if the issuer of the marketable securities is not a related party.

Note 3: If marketable securities are measured at fair value, please fill in the fair value after valuation adjustment, net of accumulated impairment. If marketable securities are not measured at fair value, please fill in the original cost or amortized cost, net of accumulated impairment.

TABLE 4: RELATED PARTY TRANSACTIONS WITH PURCHASE OR SALES AMOUNT OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note
			Sales (Purchases)	Amount	Percentage to Total Sales (Purchases)	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total Notes/Accounts Receivable (Payable)	
Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	Sales	\$ 174,248	10.49%	Monthly settlement with payment in 180 days	-	-	\$ 394,114	16.26%	-
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	Sales	111,616	6.72%	Monthly settlement with payment in 90 days	-	-	152,254	6.28%	-
Shenzhen Taiflex Electronic Co., Ltd.	Taiflex Scientific Co., Ltd.	The company's ultimate parent company	Purchases	174,248	45.42%	Monthly settlement with payment in 180 days	-	-	(394,114)	(41.31%)	-
Shenzhen Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company's associate	Purchases	208,966	54.47%	Monthly settlement with payment in 180 days	-	-	(557,970)	(58.48%)	-
Kunshan Taiflex Electronic Co., Ltd.	Taiflex Scientific Co., Ltd.	The company's ultimate parent company	Purchases	111,616	68.10%	Monthly settlement with payment in 90 days	-	-	(152,254)	(56.21%)	-
Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company's associate	Sales	208,966	79.74%	Monthly settlement with payment in 180 days	-	-	557,970	81.76%	-

Note 1: The sales prices and collection terms of sales to related parties are not significantly different from those of sales to non-related parties.

TABLE 5: RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Ratio (times)	Overdue		Amounts Received in Subsequent Periods	Lost Allowance	Note
					Amount	Action Taken			
Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	\$ 394,114	1.65	\$ -	-	\$ 52,114	\$ -	-
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	152,254	3.10	-	-	-	-	-
Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	Holds 100% of the subsidiary	170,850	(Note 1)	-	-	-	-	-
Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company's associate	557,970	1.51	-	-	-	-	-
Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	The company's associate	114,478	1.81	-	-	-	-	-
Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company's associate	529,692	(Note 1)	-	-	-	-	-
Koatech Technology Corporation	Kunshan Koatech Technology Corporation	The company holds 100% of the third-tier subsidiary	114,767	1.22	64,115	Continued collection efforts	5,970	-	(Note 2)-
Koatech Technology Corporation	Kunshan Koatech Technology Corporation	The company holds 100% of the third-tier subsidiary	4,473	(Note 1)	-	-	-	-	-

Note 1: These are recognized as other receivables. Thus, turnover ratio analysis does not apply.

Note 2: Past due receivables are reclassified as financing provided to others. Please refer to Table 1 for details.

TABLE 6: INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE OR CONTROL DIRECTLY OR INDIRECTLY (EXCLUDING INVESTEEES IN MAINLAND CHINA)  
(In Thousands of New Taiwan Dollars)

Investor	Investee	Business Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2024			Net Income (Loss) of Investee	Share of Profit/Loss	Note
				March 31, 2024	December 31, 2023	Shares (In Thousands)	Ownership Percentage	Carrying Amount			
Taiflex Scientific Co., Ltd.	Taistar Co., Ltd.	Belize	Investment holding	\$ 704,536	\$ 704,536	21,825	100.00%	\$ 811,623	\$ 1,955	\$ 1,955	(Note 2)
Taiflex Scientific Co., Ltd.	Leadmax Limited	Samoa	Trading of electronic materials	-	337	-	-	-	-	-	(Note 3)
Taiflex Scientific Co., Ltd.	Koatech Technology Corporation	Taiwan	Manufacturing and selling of electronic materials and components	320,761	320,761	16,124	52.97%	168,828	(13,876)	(7,350)	-
Taiflex Scientific Co., Ltd.	Innovision FlexTech Corp.	Taiwan	Manufacturing and selling of electronic materials	82,869	88,568	3,199	12.14%	14,831	5,250	663	-
Taiflex Scientific Co., Ltd.	TFS Co., Ltd.	Belize	Investment holding	478,797	478,797	15,520	100.00%	518,400	(8,723)	(8,723)	(Note 2)
Taiflex Scientific Co., Ltd.	Richstar Co., Ltd.	Samoa	Investment holding	1,316,239	1,316,239	44,000	73.94%	1,470,415	(33,469)	(24,746)	(Note 2)
Taiflex Scientific Co., Ltd.	Taiflex Scientific Japan Co., Ltd.	Japan	Trading and technical support of electronic materials	16,260	16,260	6	100.00%	14,352	6	6	-
Taiflex Scientific Co., Ltd.	Taiflex USA Corporation	U.S.A.	Technical support and marketing of electronic materials	8,820	8,820	1	100.00%	11,529	105	105	-
Taiflex Scientific Co., Ltd.	Taichem Materials Co., Ltd.	Taiwan	Manufacturing and selling of semiconductor materials	246,000	246,000	17,000	100.00%	302,173	9,973	9,983	(Note 1)
Taiflex Scientific Co., Ltd.	Taiflex Green Power Co., Ltd.	Taiwan	Generation and selling of electricity from renewables	50,000	50,000	5,000	100.00%	51,639	(53)	(50)	(Note 1)
Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	Thailand	Manufacturing and selling of electronic materials	796,455	796,455	91,600	100.00%	783,013	(15,141)	(15,141)	-
TFS Co., Ltd.	Richstar Co., Ltd.	Samoa	Investment holding	478,563	478,563	15,510	26.06%	522,276	(33,469)	(8,723)	(Note 2)
Taistar Co., Ltd.	TSC International Ltd.	Cayman Islands	Investment holding	683,946	683,946	21,170	100.00%	798,560	1,966	1,966	-
Koatech Technology Corporation	KTC Global Co., Ltd.	Samoa	Investment holding	113,517	113,517	3,960	100.00%	34,381	(10,877)	(10,877)	-
KTC Global Co., Ltd.	KTC PanAsia Co., Ltd.	Samoa	Investment holding	113,368	113,368	3,955	100.00%	32,720	(10,877)	(10,877)	-

Note 1: Including depreciation of right-of-use assets and amortization of lease liabilities.

Note 2: Including unrealized gain/loss between companies.

Note 3: Liquidated in February 2024.

TABLE 7: INFORMATION ON INVESTMENTS IN MAINLAND CHINA

(In Thousands of New Taiwan Dollars)

TABLE 7. INFORMATION ON INVESTMENTS IN MAINLAND CHINA

(in Thousands of New Taiwan Dollars)

Investor	Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflows of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflows of Investment from Taiwan as of March 31, 2024	Profit/Loss of Investee	Ownership Percentage (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as of March 31, 2024	Accumulated Inward Remittances of Earnings as of March 31, 2024
						Outflow	Inflow						
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Selling of chemical products, electronic materials and electronic components	\$767,141 (US\$24,000,000)	2	\$ 767,141	\$ -	\$ -	\$ 767,141	\$ 1,966	100.00%	\$ 1,966	\$ 798,485	\$ 135,257
	Rudong Fuzhan Scientific Co., Ltd.	Manufacturing and selling of electronic materials	\$1,316,239 (US\$44,000,000)	2	1,316,239	-	-	1,316,239	(19,095)	100.00%	(25,432)	1,289,945	-
	Shenzhen Taiflex Electronic Co., Ltd.	Trading of coating materials for high polymer film and copper foil	\$479,160 (US\$15,500,000)	2	479,160	-	-	479,160	(8,037)	100.00%	(8,037)	726,754	-
Koatech Technology Corporation	Kunshan Koatech Technology Corporation	A wholesaler and a commission agent of electronic materials and components	\$113,219 (US\$3,950,000)	2	113,219	-	-	113,219	(10,877)	52.97%	(5,762)	17,326	-
Accumulated Outflows of Investment from Taiwan to Mainland China as of March 31, 2024					Investment Amounts Authorized by the Investment Commission, MOEA					Upper Limit of Investment			
Taiflex Scientific Co., Ltd.		\$2,562,540			\$2,580,303					(Note 3)			
Koatech Technology Corporation		\$113,219			\$140,222					\$103,752			

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

- (1) Direct investment in mainland China.
- (2) Investment in mainland China through companies in the third area.
- (3) Others.

Note 2: Significant transactions with the investees in China, either directly or indirectly through the third area, and the relevant prices, payment terms and unrealized gains or losses:

- (1) Purchase and ending balance of related payables and their weightings: see Table 4.
- (2) Sales and ending balance of related receivables and their weightings: see Tables 4 and 5.
- (3) The transaction amount and gain or loss arising from property transactions: N/A.
- (4) Ending balance of endorsements/guarantees or collateral provided and the purposes: see Table 2.
- (5) Maximum balance, ending balance, interest rate range and total interest of current period from financing provided to others: see Table 1.
- (6) Transactions that have significant impact on profit or loss of the current period or the financial position, such as services rendered or received: N/A.

Note 3: The Company received official documents issued by the Industrial Development Bureau, Ministry of Economic Affairs certifying the Company being qualified for operating headquarters. Thus, the limit stipulated in the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" does not apply.

Note 4: The upper limit of investment is calculated as follows:

Koatech Technology Corporation: NT\$172,920 thousand  $\times$  60% = NT\$103,752 thousand

TABLE 8: INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Account	Amount (Note 4)	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
0	Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	1	Sales revenue	\$ 174,248	General trading terms	8.83%
0	Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	1	Accounts receivable	394,114	General trading terms	2.88%
0	Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	1	Sales revenue	111,616	General trading terms	5.66%
0	Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	1	Accounts receivable	152,254	General trading terms	1.11%
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	1	Accounts receivable	52,413	General trading terms	0.38%
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	1	Other receivables	37,380	General trading terms	0.27%
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	1	Sales revenue	23,918	General trading terms	1.21%
0	Taiflex Scientific Co., Ltd.	Taichem Materials Co., Ltd.	1	Other receivables	56,408	General trading terms	0.41%
0	Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	1	Other receivables	170,850	General trading terms	1.25%
1	Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Sales revenue	208,966	General trading terms	10.59%
1	Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Accounts receivable	557,970	General trading terms	4.08%
1	Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	3	Sales revenue	51,189	General trading terms	2.59%
1	Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	3	Accounts receivable	114,478	General trading terms	0.84%
2	Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	3	Other receivables	529,692	Financing, with terms agreed by both parties	3.87%
3	Taichem Materials Co., Ltd.	Taiflex Scientific Co., Ltd.	2	Sales revenue	66,955	General trading terms	3.39%
3	Taichem Materials Co., Ltd.	Taiflex Scientific Co., Ltd.	2	Accounts receivable	48,656	General trading terms	0.36%
4	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	3	Other receivables	68,529	Financing, with terms agreed by both parties	0.50%
4	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	3	Accounts receivable	50,652	General trading terms	0.37%

Note 1: Transaction information between the parent company and its subsidiaries shall be disclosed by codes below:

(1) Taiflex Scientific Co., Ltd. is coded "0."

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

Note 2: Relationships are categorized into the following three types. Please specify the type.

(1) From the parent company to a subsidiary.

(2) From a subsidiary to the parent company.

(3) Between subsidiaries.

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

Note 4: Eliminated upon consolidation.

TABLE 9: INFORMATION ON MAJOR SHAREHOLDERS

(In Shares)

Name of Major Shareholder	Share	Total Shares Owned	Ownership Percentage
Chang Wah Electromaterials Inc.		20,906,000	9.99%
Qiao Mei Development Corporation		16,263,729	7.77%

Note 1: Major shareholders in the table above are shareholders owning 5% or more of the Company's common and preferred stocks (only the ones that have completed dematerialized registration and delivery, and include treasury stocks) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the financial statements may differ from the Company's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Company's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be the ones owned by the persons plus the ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.