

**TAIFLEX SCIENTIFIC COMPANY LIMITED
AND SUBSIDIARIES**

**Consolidated Financial Statements for the
Six Months Ended June 30, 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 June 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the six months 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 June 30, 2024 and 2023, its consolidated financial performance for the three months and six months ended June 30, 2024 and 2023, and its consolidated cash flows for the six months 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

July 31, 2024

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2024, December 31, 2023 and June 30, 2023
(In Thousands of New Taiwan Dollars)

Assets	Notes	June 30, 2024	December 31, 2023	June 30, 2023
Current assets				
Cash and cash equivalents	4, 6(1)	\$ 2,828,475	\$ 1,965,421	\$ 2,507,053
Financial assets at fair value through profit or loss - current	4, 6(2)	33,857	32,713	31,600
Notes receivable, net	4, 6(3)	704,741	720,982	527,740
Accounts receivable, net	4, 6(4)	3,685,578	3,095,035	2,712,401
Other receivables	7	95,148	52,913	51,875
Inventories, net	4, 6(5)	1,779,119	1,409,726	1,668,241
Prepayments		108,594	48,981	63,705
Other current assets	8	47,673	48,789	48,126
Total current assets		<u>9,283,185</u>	<u>7,374,560</u>	<u>7,610,741</u>
Non-current assets				
Financial assets at fair value through other comprehensive income - non-current	4, 6(6)	654,063	426,661	322,911
Investments accounted for using the equity method	4, 6(7)	12,828	15,152	22,597
Property, plant and equipment	4, 6(8)	4,645,843	4,529,075	4,266,569
Right-of-use assets	4, 6(21)	304,749	363,168	371,613
Intangible assets	4, 6(9,11)	146,603	151,100	154,066
Deferred income tax assets		145,536	157,049	161,628
Other non-current assets	4, 6(10)	16,518	14,697	31,772
Total non-current assets		<u>5,926,140</u>	<u>5,656,902</u>	<u>5,331,156</u>
Total assets				
		<u>\$ 15,209,325</u>	<u>\$ 13,031,462</u>	<u>\$ 12,941,897</u>

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

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS-(Continued)
June 30, 2024, December 31, 2023 and June 30, 2023
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	June 30, 2024	December 31, 2023	June 30, 2023
Current liabilities				
Short-term loans	6(12)	\$ 243,348	\$ 218,859	\$ 81,428
Financial liabilities at fair value through profit or loss - current	4, 6(13)	5,943	1,570	13,894
Contract liabilities - current	4, 6(19)	86,255	1,473	1,913
Notes payable		37,698	18,578	413
Accounts payable		1,942,888	1,042,424	1,355,555
Other payables	7	1,038,572	652,002	1,160,984
Current income tax liabilities	4, 6(24)	243,446	216,706	122,685
Lease liabilities - current	4, 6(21)	22,986	19,775	21,189
Current portion of bonds	6(14)	1,232,686	1,891,501	-
Current portion of long-term loans	6(15)	140,992	36,457	14,467
Other current liabilities		4,219	3,890	3,935
Total current liabilities		4,999,033	4,103,235	2,776,463
Non-current liabilities				
Bonds payable	6(14)	-	-	1,882,428
Long-term loans	6(15)	229,914	345,524	154,081
Deferred income tax liabilities		136,614	118,076	107,437
Lease liabilities - non-current	4, 6(21)	214,533	247,359	253,506
Net defined benefit liabilities - non-current	4, 6(16)	134,735	132,642	157,934
Other non-current liabilities	4, 12	16,414	15,999	11,059
Total non-current liabilities		732,210	859,600	2,566,445
Total liabilities		5,731,243	4,962,835	5,342,908
Equity attributable to shareholders of the parent				
Capital	6(17)			
Common stock		2,091,197	2,091,197	2,091,197
Capital collected in advance		143,590	-	-
Stock dividends to be distributed		104,560	-	-
Total capital		2,339,347	2,091,197	2,091,197
Capital surplus	6(17)	1,553,459	1,026,197	1,020,336
Retained earnings				
Legal reserve		1,208,439	1,163,891	1,163,891
Special reserve		164,692	310,176	310,176
Unappropriated earnings		3,902,788	3,560,533	3,208,174
Total retained earnings		5,275,919	5,034,600	4,682,241
Others	4	242,215	(164,692)	(310,245)
Total equity attributable to shareholders of the parent		9,410,940	7,987,302	7,483,529
Non-controlling interests	4, 6(17)	67,142	81,325	115,460
Total equity		9,478,082	8,068,627	7,598,989
Total liabilities and equity		\$ 15,209,325	\$ 13,031,462	\$ 12,941,897

(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 and Six Months Ended June 30, 2024 and 2023
(In Thousands of New Taiwan Dollars)

	Notes	Three Months Ended June 30		Six Months Ended June 30	
		2024	2023	2024	2023
Operating revenue	4, 6(19)	\$2,880,719	\$2,079,535	\$4,853,967	\$3,482,113
Operating costs	4, 6(5,22)	(2,152,323)	(1,610,260)	(3,672,782)	(2,791,976)
Gross profit		728,396	469,275	1,181,185	690,137
Operating expenses	4, 6(22)				
Sales and marketing expenses		(134,447)	(121,808)	(244,458)	(224,263)
General and administrative expenses		(147,224)	(117,183)	(272,486)	(215,834)
Research and development expenses		(111,474)	(86,913)	(197,722)	(163,722)
Expected credit (loss) gain	6(20)	(17,677)	4,467	(25,597)	5,036
Total operating expenses		(410,822)	(321,437)	(740,263)	(598,783)
Operating income		317,574	147,838	440,922	91,354
Non-operating income and expenses	6(23)				
Interest income		11,967	10,443	16,320	15,343
Other income		12,608	3,199	18,914	12,276
Other gains and losses		15,654	7,034	83,627	(8,089)
Finance costs		(9,003)	(7,400)	(18,675)	(15,462)
Expected credit loss	6(20)	(310)	-	(29,283)	-
Share of profit or loss of associates accounted for using the equity method	4, 6(7)	(509)	(1,349)	154	(3,864)
Total non-operating income and expenses		30,407	11,927	71,057	204
Income before income tax		347,981	159,765	511,979	91,558
Income tax expense	4, 6(24)	(76,359)	(37,588)	(114,546)	(25,771)
Net income from continuing operations		271,622	122,177	397,433	65,787
Net income		271,622	122,177	397,433	65,787
Other comprehensive income	6(23)				
Items that will not be reclassified subsequently to profit or loss					
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		451,860	(19,645)	504,041	67,222
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		23,042	(114,402)	57,744	(85,673)
Income tax related to items that may be reclassified subsequently to profit or loss		(4,609)	22,881	(11,495)	17,135
Total other comprehensive income, net of tax		470,293	(111,166)	550,290	(1,316)
Total comprehensive income		\$ 741,915	\$ 11,011	\$ 947,723	\$ 64,471
Net income attributable to:	4, 6(17,25)				
Shareholders of the parent		\$ 279,723	\$ 138,696	\$ 412,060	\$ 93,123
Non-controlling interests		(8,101)	(16,519)	(14,627)	(27,336)
		\$ 271,622	\$ 122,177	\$ 397,433	\$ 65,787
Total comprehensive income attributable to:					
Shareholders of the parent		\$ 749,892	\$ 29,037	\$ 961,906	\$ 93,054
Non-controlling interests		(7,977)	(18,026)	(14,183)	(28,583)
		\$ 741,915	\$ 11,011	\$ 947,723	\$ 64,471
Earnings per share (NT\$)	4, 6(25)				
Earnings per share - basic		\$ 1.27	\$ 0.63	\$ 1.88	\$ 0.43
Earnings per share - diluted		\$ 1.09	\$ 0.55	\$ 1.61	\$ 0.39

(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 Six Months Ended June 30, 2024 and 2023
(In Thousands of New Taiwan Dollars)

Item	Equity Attributable to Shareholders of the Parent											
	Capital			Retained Earnings				Others		Total	Non-Controlling Interests	Total Equity
	Common Stock	Capital Collected in Advance	Stock Dividends to be Distributed	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			
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												
Changes from investments in associates accounted for using the equity method				21						21		21
Cash dividends from capital surplus				(125,472)						(125,472)		(125,472)
Net income for the six months ended June 30, 2023							93,123			93,123	(27,336)	65,787
Other comprehensive income (loss) for the six months ended June 30, 2023								(67,291)	67,222	(69)	(1,247)	(1,316)
Total comprehensive income	-	-	-	-	-	-	93,123	(67,291)	67,222	93,054	(28,583)	64,471
Disposal of subsidiaries accounted for using the equity method				(3)						(3)		(3)
Share-based payments				5,224						5,224		5,224
Balance as of June 30, 2023	\$2,091,197	\$ -	\$ -	\$1,020,336	\$1,163,891	\$ 310,176	\$ 3,208,174	\$ (238,297)	\$ (71,948)	\$7,483,529	\$ 115,460	\$7,598,989
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)
Stock dividends for common stocks			104,560				(104,560)			-		-
Reversal of special reserve						(145,484)	145,484			-		-
Conversion of convertible bonds		143,590		523,737						667,327		667,327
Changes in other capital surplus												
Changes from investments in associates accounted for using the equity method				35						35		35
Net income for the six months ended June 30, 2024							412,060			412,060	(14,627)	397,433
Other comprehensive income (loss) for the six months ended June 30, 2024								45,805	504,041	549,846	444	550,290
Total comprehensive income	-	-	-	-	-	-	412,060	45,805	504,041	961,906	(14,183)	947,723
Disposal of subsidiaries accounted for using the equity method				(25)						(25)		(25)
Share-based payments				3,515						3,515		3,515
Disposal of equity instruments at fair value through other comprehensive income							142,939		(142,939)			-
Balance as of June 30, 2024	\$2,091,197	\$143,590	\$104,560	\$1,553,459	\$1,208,439	\$ 164,692	\$ 3,902,788	\$ (150,689)	\$ 392,904	\$9,410,940	\$ 67,142	\$9,478,082

(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 Six Months Ended June 30, 2024 and 2023
(In Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2024	2023
Cash flows from operating activities:		
Income before income tax	\$ 511,979	\$ 91,558
Adjustments:		
Non-cash income and expense items:		
Depreciation	236,204	214,092
Amortization	11,356	11,564
Expected credit loss (gain)	54,880	(5,036)
Net loss (gain) on financial assets (liabilities) at fair value through profit or loss	17,368	(2,595)
Interest expense	18,675	15,462
Interest income	(16,320)	(15,343)
Compensation costs of share-based payments	3,515	5,224
Share of (gain) loss of associates accounted for using the equity method	(154)	3,864
(Gain) loss on disposal of property, plant and equipment	(973)	287
Gain on disposal of investments accounted for using the equity method	(3,782)	(708)
Others	10,127	38,402
Changes in operating assets and liabilities:		
Increase in financial assets mandatorily at fair value through profit or loss	(14,208)	(9,322)
Decrease in notes receivable	16,241	174,355
(Increase) decrease in accounts receivable	(616,450)	282,857
Increase in other receivables	(41,452)	(16,277)
(Increase) decrease in inventories	(378,732)	64,739
Increase in prepayments	(52,618)	(25,761)
Increase in other current assets	1,693	(635)
Increase in other non-current assets	(726)	(6,240)
Increase in contract liabilities	84,782	1,155
Increase in notes payable	19,120	11
Increase in accounts payable	900,464	603,186
Increase (decrease) in other payables	172,492	(84,798)
Increase in other current liabilities	329	245
Increase (decrease) in net defined benefit liabilities	2,093	(21,213)
Cash generated from operations	935,903	1,319,073
Interest received	15,227	16,616
Interest paid	(7,636)	(4,846)
Income tax paid	(76,269)	(143,725)
Net cash generated by operating activities	867,225	1,187,118

(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 Six Months Ended June 30, 2024 and 2023
(In Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2024	2023
Cash flows from investing activities:		
Disposal of financial assets at fair value through other comprehensive income	\$ 276,639	\$ -
Disposal of financial assets at amortized cost	-	30,743
Disposal of investments accounted for using the equity method	6,270	1,773
Acquisition of property, plant and equipment	(332,254)	(527,815)
Disposal of property, plant and equipment	1,708	49
Increase in refundable deposits	(1,305)	(1,948)
Acquisition of intangible assets	(113)	(971)
(Increase) decrease in other current assets - other financial assets - current	(577)	630
Net cash used in investing activities	(49,632)	(497,539)
Cash flows from financing activities:		
Increase in short-term loans	24,489	-
Decrease in short-term loans	-	(173,572)
Repayment of long-term loans	(11,075)	(205,928)
Increase in guarantee deposits received	415	10,804
Repayment of lease principal	(14,721)	(18,256)
Net cash used in financing activities	(892)	(386,952)
Effect of exchange rate changes on cash and cash equivalents	46,353	(59,960)
Net increase in cash and cash equivalents	863,054	242,667
Cash and cash equivalents at beginning of period	1,965,421	2,264,386
Cash and cash equivalents at end of period	\$ 2,828,475	\$ 2,507,053

(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 Six Months Ended June 30, 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 six months ended June 30, 2024 and 2023 were approved and authorized for issue in the Board of Directors’ meeting on July 31, 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) and endorsed by the FSC:

No.	Projects of New or Amended Standards and Interpretations	Effective Date
IAS 21	Lack of Exchangeability	January 1, 2025

A. 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 aforementioned new, revised or amended standards and interpretations are issued by the IASB and endorsed by the FSC to take effect for annual periods beginning on January 1, 2025. The aforementioned standards or interpretations do not have any material impact on the Group.

(3) 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 IASB but not yet endorsed by the FSC:

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

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
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Volume 11	Annual Improvements to IFRS Accounting Standards	January 1, 2026

- 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 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.

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

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. IFRS 18 “Presentation and Disclosure in Financial Statements”

The standard will replace IAS 1 “Presentation of Financial Statements.” Major changes 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 profit or loss). 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.

(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.

D. Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures (IFRS 19)

The Standard simplifies the disclosure requirements for subsidiaries without public accountability, and allows eligible subsidiaries to choose whether to apply the Standard.

E. Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

The amendments include:

(a) Clarifying that financial liabilities are derecognized on the settlement date, and explain the accounting treatment for financial liabilities settled via electronic payment before the settlement date.

(b) Clarifying how to assess the cash flow characteristics of financial asset with features linked to environmental, social and governance (ESG) or similar contingent features.

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Reviewed, Not Audited)
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- (c) Clarifying the treatment of assets with non-recourse features and contractually linked instruments.
 - (d) Additional disclosure requirements under IFRS 7 for financial assets or liabilities with contingent features (including ESG-linked features) and equity instruments classified as at fair value through other comprehensive income.
- F. Annual Improvements to IFRS Accounting Standards (Volume 11)
- (a) Amendments to IFRS 1
The amendments improve the consistency of IFRS 1 with IFRS 9, primarily by providing clearer guidance on hedge accounting for first-time adopters.
 - (b) Amendments to IFRS 7
The amendments update an obsolete cross-reference concerning the derecognition of gains or losses.
 - (c) Amendments to implementation guidance of IFRS 7
The amendments improve some descriptions within the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price, and credit risk disclosures.
 - (d) Amendments to IFRS 9
The amendments add cross-references to clarify doubts concerning lessee's derecognition of lease liabilities and the transaction price.
 - (e) Amendments to IFRS 10
The amendments eliminate the inconsistency between paragraphs B74 and B73 of the Standard.
 - (f) Amendments to IAS 7
The amendments remove the cost method in paragraph 37 of the Standard.

For the aforementioned standards and interpretations issued by the 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 C to F 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 six months ended June 30, 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 the FSC.

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(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		
			2024.6.30	2023.12.31	2023.6.30
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%
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%

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Investor	Subsidiary	Main Business	Ownership Percentage		
			2024.6.30	2023.12.31	2023.6.30
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 six months ended June 30, 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 six months ended June 30, 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.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand and petty cash	\$ 840	\$ 872	\$ 940
Bank deposits	2,329,071	1,964,549	2,406,321
Repurchased agreements	498,564	-	99,792
Total	<u>\$ 2,828,475</u>	<u>\$ 1,965,421</u>	<u>\$ 2,507,053</u>

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

	June 30, 2024	December 31, 2023	June 30, 2023
Mandatorily at fair value through profit or loss:			
Derivative instruments not designated in a hedging relationship			
- Forward foreign exchange contracts	\$ -	\$ 4,867	\$ 4,126
- Foreign exchange swap contracts	-	92	738
Stocks	32,974	27,754	26,736
Designated as at fair value through profit or loss:			
- Redemption option of convertible bonds	883	-	-
Total	<u>\$ 33,857</u>	<u>\$ 32,713</u>	<u>\$ 31,600</u>

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

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(3) Notes receivable

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable, net	<u>\$ 704,741</u>	<u>\$ 720,982</u>	<u>\$ 527,740</u>

The Group's notes receivables were not pledged.

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6(20) for details on loss allowance and Note 12 for credit risk.

(4) Accounts receivable

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable	\$ 3,763,822	\$ 3,146,625	\$ 2,755,703
Less: Loss allowance	<u>(78,244)</u>	<u>(51,590)</u>	<u>(43,302)</u>
Accounts receivable, net	<u>\$ 3,685,578</u>	<u>\$ 3,095,035</u>	<u>\$ 2,712,401</u>

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(20) for loss allowance for the six months ended June 30, 2024 and 2023 and Note 12 for credit risk.

(5) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials	\$ 762,923	\$ 656,164	\$ 567,342
Inventories in transit	109,323	73,622	80,801
Supplies	12,726	12,616	21,142
Work in progress	208,490	31,946	143,978
Finished goods	399,092	412,160	553,779
Merchandise	<u>286,565</u>	<u>223,218</u>	<u>301,199</u>
Total	<u>\$ 1,779,119</u>	<u>\$ 1,409,726</u>	<u>\$ 1,668,241</u>

The Group recognized NT\$2,152,323 thousand, NT\$1,610,260 thousand, NT\$3,672,782 thousand and NT\$2,791,976 thousand of operating costs associated with inventories for the three months and six months ended June 30, 2024 and 2023, respectively; including NT\$75 thousand, NT\$(11,834) thousand, NT\$(3,423) thousand and NT\$(20,727) thousand of gain on reversal of (or loss on) inventory write-downs for the three months and six months then ended, respectively. Reversal of write-down of inventory was mainly due to a decrease in the allowance for inventory write-downs from price recovery of inventories with allowance for inventory valuation losses at beginning of period, inventories sold or inventories used.

The aforementioned inventories were not pledged.

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

	June 30, 2024	December 31, 2023	June 30, 2023
Investments in equity instruments at fair value through other comprehensive income - non-current:			
Publicly traded stocks	\$ 654,063	\$ 426,661	\$ 322,911
Non-publicly traded stocks	-	-	-
Total	<u>\$ 654,063</u>	<u>\$ 426,661</u>	<u>\$ 322,911</u>

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

(7) Investments accounted for using the equity method

Investee	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	Ownership Percentage	Amount	Ownership Percentage	Amount	Ownership Percentage
Investments in associates:						
Innovision FlexTech Corp.	<u>\$ 12,828</u>	10.89%	<u>\$ 15,152</u>	12.97%	<u>\$ 22,597</u>	13.09%

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\$29,118 thousand as of June 30, 2024.

- A. The shares of profit or loss of associates accounted for using the equity method based on the investees' unreviewed financial statements for the six months ended June 30, 2024 and 2023 were as follows:

Investee	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Innovision FlexTech Corp.	<u>\$ (509)</u>	<u>\$ (1,349)</u>	<u>\$ 154</u>	<u>\$ (3,864)</u>

- 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:

	June 30, 2024	December 31, 2023	June 30, 2023
Total assets	\$ 261,690	\$ 256,117	\$ 341,875
Total liabilities	\$ 143,799	\$ 139,292	\$ 169,220

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Revenue	\$ 39,070	\$ 54,459	\$ 100,149	\$ 90,433
Net (loss) income	\$ (4,500)	\$ (10,300)	\$ 750	\$ (28,782)

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(8) Property, plant and equipment

	June 30, 2024	December 31, 2023	June 30, 2023
Owner-occupied property, plant and equipment	\$ 4,645,843	\$ 4,529,075	\$ 4,266,569

A. Owner-occupied property, plant and equipment

	As of January 1, 2024	Addition	Disposal	Reclassification	Effect of Exchange Rate Changes	As of June 30, 2024
<u>Cost</u>						
Land	\$ 335,228	\$ -	\$ -	\$ -	\$ (4,557)	\$ 330,671
Buildings	1,997,609	13,116	-	71,331	10,529	2,092,585
Machinery and equipment	4,043,103	170,531	-	156,433	9,025	4,379,092
Hydropower equipment	478,404	848	-	13,683	1,509	494,444
Testing equipment	402,702	2,098	(7,285)	24,133	861	422,509
Miscellaneous equipment	378,706	7,083	(3,891)	14,126	1,027	397,051
Total	\$ 7,635,752	\$ 193,676	\$ (11,176)	\$ 279,706	\$ 18,394	\$ 8,116,352

Accumulated depreciation and impairment

Buildings	\$ 718,650	\$ 49,631	\$ -	\$ -	\$ 1,715	\$ 769,996
Machinery and equipment	2,581,113	127,499	-	-	2,483	2,711,095
Hydropower equipment	300,765	12,229	-	-	470	313,464
Testing equipment	283,856	15,865	(6,900)	-	520	293,341
Miscellaneous equipment	254,214	15,846	(3,541)	-	720	267,239
Total	\$ 4,138,598	\$ 221,070	\$ (10,441)	\$ -	\$ 5,908	\$ 4,355,135
Construction in progress and equipment awaiting inspection	1,031,921	143,544	-	(286,991)	(3,848)	884,626
Net	\$ 4,529,075					\$ 4,645,843

	As of January 1, 2023	Addition	Disposal	Reclassification	Effect of Exchange Rate Changes	As of June 30, 2023
<u>Cost</u>						
Land	\$ 327,936	\$ -	\$ -	\$ -	\$ 1,172	\$ 329,108
Buildings	1,848,661	67,531	-	-	(11,829)	1,904,363
Machinery and equipment	3,597,680	69,696	(717)	-	(8,646)	3,658,013
Hydropower equipment	472,741	6,986	-	-	(1,551)	478,176
Testing equipment	397,342	1,472	(231)	-	(929)	397,654
Miscellaneous equipment	328,648	24,787	(1,055)	-	(1,125)	351,255
Total	\$ 6,973,008	\$ 170,472	\$ (2,003)	\$ -	\$ (22,908)	\$ 7,118,569

Accumulated depreciation and impairment

Buildings	\$ 625,397	\$ 44,325	\$ -	\$ -	\$ (1,550)	\$ 668,172
Machinery and equipment	2,356,965	113,031	(490)	-	(2,203)	2,467,303
Hydropower equipment	285,928	11,278	-	-	(421)	296,785
Testing equipment	252,026	16,218	(191)	-	(468)	267,585
Miscellaneous equipment	225,305	14,722	(995)	-	(713)	238,319
Total	\$ 3,745,621	\$ 199,574	\$ (1,676)	\$ -	\$ (5,355)	\$ 3,938,164
Construction in progress and equipment awaiting inspection	678,585	411,625	-	(1,040)	(3,006)	1,086,164
Net	\$ 3,905,972					\$ 4,266,569

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

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(9) Intangible assets

	As of January 1, 2024	Addition	Disposal	Reclassification	Effect of Exchange Rate Changes	As of June 30, 2024
<u>Cost</u>						
Trademarks	\$ 627	\$ -	\$ -	\$ -	\$ -	\$ 627
Patents	34,612	38	-	-	-	34,650
Computer software	173,128	75	-	6,515	206	179,924
Goodwill	69,781	-	-	-	-	69,781
Total	<u>\$ 278,148</u>	<u>\$ 113</u>	<u>\$ -</u>	<u>\$ 6,515</u>	<u>\$ 206</u>	<u>\$ 284,982</u>
<u>Accumulated amortization and impairment</u>						
Trademarks	\$ 424	\$ 31	\$ -	\$ -	\$ -	\$ 455
Patents	28,458	318	-	-	-	28,776
Computer software	98,166	10,791	-	-	191	109,148
Total	<u>127,048</u>	<u>\$ 11,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191</u>	<u>138,379</u>
Net	<u>\$ 151,100</u>					<u>\$ 146,603</u>
	As of January 1, 2023	Addition	Disposal	Reclassification	Effect of Exchange Rate Changes	As of June 30, 2023
<u>Cost</u>						
Trademarks	\$ 762	\$ -	\$ (176)	\$ -	\$ -	\$ 586
Patents	48,209	243	(13,840)	-	-	34,612
Computer software	266,934	728	(103,297)	378	(194)	164,549
Goodwill	69,781	-	-	-	-	69,781
Total	<u>\$ 385,686</u>	<u>\$ 971</u>	<u>\$ (117,313)</u>	<u>\$ 378</u>	<u>\$ (194)</u>	<u>\$ 269,528</u>
<u>Accumulated amortization and impairment</u>						
Trademarks	\$ 542	\$ 28	\$ (176)	\$ -	\$ -	\$ 394
Patents	41,542	417	(13,840)	-	-	28,119
Computer software	179,553	10,881	(103,297)	-	(188)	86,949
Total	<u>221,637</u>	<u>\$ 11,326</u>	<u>\$ (117,313)</u>	<u>\$ -</u>	<u>\$ (188)</u>	<u>115,462</u>
Net	<u>\$ 164,049</u>					<u>\$ 154,066</u>

(10) Other non-current assets

	June 30, 2024	December 31, 2023	June 30, 2023
Refundable deposits	\$ 15,675	\$ 14,370	\$ 14,793
Other non-current assets - other	843	327	16,979
Total	<u>\$ 16,518</u>	<u>\$ 14,697</u>	<u>\$ 31,772</u>

(11) 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

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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.

(12) Short-term loans

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank loans	\$ 243,348	\$ 218,859	\$ 81,428

The interest rate ranges of loans were 0.50% to 4.10%, 0.50% to 4.65% and 1.968% to 3.65% and the unused short-term credit facilities amounted to NT\$3,756,327 thousand and NT\$3,914,140 thousand and NT\$3,667,422 thousand as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively.

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

	June 30, 2024	December 31, 2023	June 30, 2023
Held for trading:			
Derivative instruments not designated in a hedging relationship			
- Forward foreign exchange contracts	\$ 5,943	\$ -	\$ 2,222
- Foreign exchange swap contracts	-	14	-
Designated as at fair value through profit or loss:			
- Convertible bonds - put option	-	1,556	11,672
Total	\$ 5,943	\$ 1,570	\$ 13,894

(14) Bonds payable

	June 30, 2024	December 31, 2023	June 30, 2023
Overseas unsecured convertible bonds payable	\$ 1,232,686	\$ 1,891,501	\$ 1,882,428
Less: Current portion	(1,232,686)	(1,891,501)	-
Net	\$ -	\$ -	\$ 1,882,428

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Overseas unsecured convertible bonds payable

	June 30, 2024	December 31, 2023	June 30, 2023
Liability component:			
Overseas unsecured convertible bonds payable			
- principal amount	\$ 1,261,666	\$ 1,945,300	\$ 1,945,300
Overseas unsecured convertible bonds payable			
- discounts	(28,980)	(53,799)	(62,872)
Subtotal	\$ 1,232,686	\$ 1,891,501	\$ 1,882,428
Less: Current portion	(1,232,686)	(1,891,501)	-
Net	\$ -	\$ -	\$ 1,882,428
Embedded derivative financial instruments	\$ 883	\$ (1,556)	\$ (11,672)
Equity component	\$ 45,531	\$ 70,203	\$ 70,203

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)

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 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 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."

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- 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 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 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 June 30, 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 Taipei Forex Inc. at 11 a.m.) for payments in U.S. dollars.

As of June 30, 2024, the total amount converted was US\$24,600 thousand (NT\$683,634 thousand).

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(15) Long-term loans

Details of long-term loans as of June 30, 2024, December 31, 2023 and June 30, 2023 were as follows:

Creditor	2024.6.30	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	13,270	2023.8.23 - 2024.9.22, principal to be repaid in 3 equal installments with monthly interest payment
Taishin International Bank - secured loan	116,760	2020.2.26 - 2025.2.25, principal to be repaid in the remaining term with monthly interest payment
E.Sun Commercial Bank - secured loan	37,321	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	3,555	2023.8.2 - 2025.8.1, principal to be repaid in equal monthly installments with monthly interest payment
Subtotal	370,906	
Less: Current portion	(140,992)	
Total	<u>\$ 229,914</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
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.

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Creditor	2023.6.30	Contract Term and Repayment
Taishin International Bank - secured 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	45,178	2022.3.25 - 2029.3.25, principal to be repaid in equal monthly installments with monthly interest payment
Subtotal	168,548	
Less: Current portion	(14,467)	
Total	<u>\$ 154,081</u>	

- A. The interest rate ranges of loans were 1.7765% to 3.85%, 1.7165% to 3.85% and 1.968% to 2% as of June 30, 2024, December 31, 2023 and June 30, 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.

(16) Post-employment benefit plans

A. Defined contribution plan

Expenses under the defined contribution plan for the three months and six months ended June 30, 2024 and 2023 were NT\$8,489 thousand, NT\$8,237 thousand, NT\$17,064 thousand and NT\$16,873 thousand, respectively.

B. Defined benefit plan

Expenses under the defined benefit plan for the three months and six months ended June 30, 2024 and 2023 were NT\$1,677 thousand, NT\$2,046 thousand, NT\$3,352 thousand and NT\$4,094 thousand, respectively.

(17) Equity

A. Capital

(a) Common stock

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

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

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(b) Capital collected in advance

As of June 30, 2024, convertible bond holders converted their bonds into 14,359 thousand shares of the Company's common stock, resulting in an increase in common stock capital by NT\$143,590 thousand, which was booked under capital collected in advance. The Board of Directors resolved on July 31, 2024, to set the capital increase record date on August 9, 2024.

(c) Stock dividends to be distributed

On May 24, 2024, the shareholders' meeting approved the capitalization of earnings through an issuance of new shares amounting to NT\$104,560 thousand. The issuance was approved and declared effective by the Securities and Futures Bureau of the FSC and the Board of Directors resolved to set July 29, 2024, as the ex-rights date.

B. Capital surplus

	June 30, 2024	December 31, 2023	June 30, 2023
Additional paid-in capital	\$ 1,089,416	\$ 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	45,531	70,203	70,203
Employee stock options	14,548	11,033	5,224
Others	112,214	112,204	112,152
Total	<u>\$ 1,553,459</u>	<u>\$ 1,026,197</u>	<u>\$ 1,020,336</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.

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- (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 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 June 30, 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
Stock dividends (Note)	104,560	-	0.50	-

(Note) Resolved at the shareholders' meeting on May 24, 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(22) 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 (NCIs)

	Six Months Ended June 30	
	2024	2023
Beginning balance	\$ 81,325	\$ 144,043
Net loss attributable to NCIs	(14,627)	(27,336)
Other comprehensive income attributable to NCIs:		
Exchange differences arising on translation of foreign operations	444	(1,247)
Others	-	-
Ending balance	<u>\$ 67,142</u>	<u>\$ 115,460</u>

(18) 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 six months ended June 30, 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:

	Six Months Ended June 30, 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	3.58
Exercisable at end of period	-	-		

	Six Months Ended June 30, 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	-	\$ -		
Granted	3,000	42.3		
Forfeited	-	-		
Exercised	-	-		
Expired	-	-		
Outstanding at end of period	3,000	42.3	\$ 42.3	4.58
Exercisable at end of period	-	-		

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

	Six Months Ended June 30	
	2024	2023
Expenses recognized for the share-based payment transactions (equity-settled share-based payments)	\$ 3,515	\$ 5,224

(19) Operating revenue

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Revenue from sale of goods	\$ 2,880,719	\$ 2,079,535	\$ 4,853,967	\$ 3,482,113
Contract balances:				
	June 30, 2024	December 31, 2023	June 30, 2023	December 31, 2022
Contract liabilities - current				
Sale of goods	\$ 86,255	\$ 1,473	\$ 1,913	\$ 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 six months ended June 30, 2024 and 2023, respectively.

(20) Expected credit (loss) gain

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Operating expenses - expected credit (loss) gain				
Accounts receivable	\$ (17,677)	\$ 4,467	\$ (25,597)	\$ 5,036
Non-operating income and expenses - expected credit (loss)				
Other receivables (Note)	(310)	-	(29,283)	-
Total	<u>\$ (17,987)</u>	<u>\$ 4,467</u>	<u>\$ (54,880)</u>	<u>\$ 5,036</u>

(Note) In March 2024, our subsidiary Rudong Fuzhan returned the right-of-use of undeveloped land to Rudong County's land administration agency according to the contract. Land auction proceeds, net of taxes, would be paid as compensation to Rudong Fuzhan. As it was difficult to estimate the timing of the compensation, the Company recognized an equivalent amount of credit loss of RMB 6,635 thousand based on a conservative assessment.

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 June 30, 2024, December 31, 2023 and June 30, 2023 was as follows:

June 30, 2024

	Not Past Due	Past Due			
	(Note)	Within 90 Days	91-180 Days	Over 181 Days	Total
Gross carrying amount	\$ 4,343,694	\$ 51,478	\$ 37,918	\$ 35,473	\$ 4,468,563
Expected credit loss ratio	0.16%	12.76%	77.55%	99.90%	
Lifetime expected credit losses	6,834	6,570	29,404	35,436	78,244
Subtotal	<u>\$ 4,336,860</u>	<u>\$ 44,908</u>	<u>\$ 8,514</u>	<u>\$ 37</u>	<u>\$ 4,390,319</u>

December 31, 2023

	Not Past Due	Past Due			
	(Note)	Within 90 Days	91-180 Days	Over 181 Days	Total
Gross carrying amount	\$ 3,735,805	\$ 96,216	\$ 7,722	\$ 27,864	\$ 3,867,607
Expected credit loss ratio	0.46%	6.23%	19.99%	96.49%	
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>

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June 30, 2023

	Not Past Due (Note)	Past Due			Total
		Within 90 Days	91-180 Days	Over 181 Days	
Gross carrying amount	\$ 3,194,093	\$ 61,068	\$ 1,891	\$ 26,391	\$ 3,283,443
Expected credit loss ratio	0.45%	3.38%	19.99%	100%	
Lifetime expected credit losses	14,469	2,064	378	26,391	43,302
Subtotal	\$ 3,179,624	\$ 59,004	\$ 1,513	\$ -	\$ 3,240,141

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

Movements in the loss allowance for receivables in the six months ended June 30, 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	25,597	29,283	54,880
Write off	-	-	-
Effect of exchange rate changes	1,057	216	1,273
Balance as of June 30, 2024	\$ 78,244	\$ 29,499	\$ 107,743

	Receivables	Other Receivables	Total
Balance as of January 1, 2023	\$ 49,836	\$ -	\$ 49,836
Reversed in the current period	(5,036)	-	(5,036)
Write off	(506)	-	(506)
Effect of exchange rate changes	(992)	-	(992)
Balance as of June 30, 2023	\$ 43,302	\$ -	\$ 43,302

(21) 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

	June 30, 2024	December 31, 2023	June 30, 2023
Land	\$ 261,458	\$ 325,516	\$ 328,565
Buildings	17,052	14,600	19,190
Transportation equipment	26,239	23,052	23,858
Total	\$ 304,749	\$ 363,168	\$ 371,613

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The Group's right-of-use assets increased by NT\$17,044 thousand and NT\$7,840 thousand for the six months ended June 30, 2024 and 2023, respectively.

ii. Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Current	\$ 22,986	\$ 19,775	\$ 21,189
Non-current	214,533	247,359	253,506
Lease liabilities	<u>\$ 237,519</u>	<u>\$ 267,134</u>	<u>\$ 274,695</u>

Please refer to Note 6(23)D Finance costs for details on interest expenses of lease liabilities for the six months ended June 30, 2024 and 2023 and Note 12(5) Liquidity risk management for the maturity analysis on lease liabilities as of June 30, 2024 and 2023.

(b) Amounts recognized in the statements of comprehensive income

Depreciation of right-of-use assets

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Land	\$ 1,877	\$ 2,119	\$ 3,942	\$ 4,249
Buildings	2,862	870	5,664	5,469
Transportation equipment	2,902	2,519	5,528	4,800
Total	<u>\$ 7,641</u>	<u>\$ 5,508</u>	<u>\$ 15,134</u>	<u>\$ 14,518</u>

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

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Expense of short-term leases	\$ 22,990	\$ 19,929	\$ 43,151	\$ 44,071
Expense of leases of low value assets (excluding short-term leases of low value assets)	1,685	935	2,491	1,892

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

The Group's cash outflows from leases amounted to NT\$60,363 thousand and NT\$64,219 thousand for the six months ended June 30, 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

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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.

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

Function Nature	Three Months Ended June 30					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	159,376	140,889	300,265	123,392	116,601	239,993
Labor and health insurance	13,655	9,796	23,451	13,480	9,591	23,071
Pension	5,816	4,350	10,166	5,779	4,504	10,283
Remuneration to directors	-	7,609	7,609	-	3,388	3,388
Other employee benefits expense	17,560	9,205	26,765	14,643	7,938	22,581
Depreciation	101,428	23,281	124,709	88,612	17,158	105,770
Amortization	710	4,998	5,708	828	4,934	5,762

Function Nature	Six Months Ended June 30					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	286,090	270,515	556,605	225,650	212,792	438,442
Labor and health insurance	28,190	20,093	48,283	28,678	20,174	48,852
Pension	11,779	8,637	20,416	11,870	9,097	20,967
Remuneration to directors	-	11,657	11,657	-	3,479	3,479
Other employee benefits expense	30,787	16,428	47,215	27,248	15,761	43,009
Depreciation	193,675	42,529	236,204	177,365	36,727	214,092
Amortization	1,486	9,870	11,356	1,625	9,939	11,564

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'

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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 six months ended June 30, 2024 and 2023 were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Compensation to employees	\$ 27,443	\$ 11,775	\$ 41,836	\$ 11,775
Remuneration to directors	7,508	3,220	11,454	3,220

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:

	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.

(23) Non-operating income and expenses

A. Interest income

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Interest income	\$ 11,967	\$ 10,443	\$ 16,320	\$ 15,343

B. Other income

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Other income	\$ 12,608	\$ 3,199	\$ 18,914	\$ 12,276

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C. Other gains and losses

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Gain (loss) on disposal of property, plant and equipment	\$ 973	\$ (229)	\$ 973	\$ (287)
Foreign exchange gain (loss), net	22,226	5,767	97,658	(9,684)
(Loss) gain on financial assets (liabilities) at fair value through profit or loss, net	(9,315)	1,637	(17,368)	2,595
Gain on disposal of investments accounted for using the equity method	2,224	382	3,518	708
Other losses	(454)	(523)	(1,154)	(1,421)
Total	<u>\$ 15,654</u>	<u>\$ 7,034</u>	<u>\$ 83,627</u>	<u>\$ (8,089)</u>

D. Finance costs

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Interest on bank loans	\$ (3,756)	\$ (1,623)	\$ (7,628)	\$ (3,905)
Interest on lease liabilities	(1,218)	(1,258)	(2,466)	(2,529)
Interest on bonds payable	(4,029)	(4,519)	(8,581)	(9,028)
Total	<u>\$ (9,003)</u>	<u>\$ (7,400)</u>	<u>\$ (18,675)</u>	<u>\$ (15,462)</u>

E. Components of other comprehensive income

For the three months ended June 30, 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	\$ 451,860	\$ -	\$ 451,860	\$ -	\$ 451,860
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	23,042	-	23,042	(4,609)	18,433
Total	<u>\$ 474,902</u>	<u>\$ -</u>	<u>\$ 474,902</u>	<u>\$ (4,609)</u>	<u>\$ 470,293</u>

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For the three months ended June 30, 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 loss on investments in equity instruments at fair value through other comprehensive income	\$ (19,645)	\$ -	\$ (19,645)	\$ -	\$ (19,645)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	(114,402)	-	(114,402)	22,881	(91,521)
Total	<u>\$ (134,047)</u>	<u>\$ -</u>	<u>\$ (134,047)</u>	<u>\$ 22,881</u>	<u>\$ (111,166)</u>

For the six months ended June 30, 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	\$ 504,041	\$ -	\$ 504,041	\$ -	\$ 504,041
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	57,744	-	57,744	(11,495)	46,249
Total	<u>\$ 561,785</u>	<u>\$ -</u>	<u>\$ 561,785</u>	<u>\$ (11,495)</u>	<u>\$ 550,290</u>

For the six months ended June 30, 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	\$ 67,222	\$ -	\$ 67,222	\$ -	\$ 67,222
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	(85,673)	-	(85,673)	17,135	(68,538)
Total	<u>\$ (18,451)</u>	<u>\$ -</u>	<u>\$ (18,451)</u>	<u>\$ 17,135</u>	<u>\$ (1,316)</u>

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(24) Income tax

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

Income tax recognized in profit or loss

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current income tax expense:				
Current income tax payable	\$ 68,502	\$ 20,576	\$ 97,559	\$ 20,819
Income tax adjustments on prior years	529	4,524	2,197	(27,558)
Others	(5,706)	-	(5,706)	-
Effect of exchange rate changes	(25)	908	(45)	964
Deferred income tax (benefit) expense:				
Income tax (benefit) expense relating to origination and reversal of temporary differences	13,059	11,580	20,541	31,546
Income tax (benefit) expense	<u>\$ 76,359</u>	<u>\$ 37,588</u>	<u>\$ 114,546</u>	<u>\$ 25,771</u>

Income tax recognized in other comprehensive income

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Deferred income tax expense (benefit):				
Exchange differences arising on translation of foreign operations	\$ 4,609	\$ (22,881)	\$ 11,495	\$ (17,135)
Income tax expense (benefit) relating to components of other comprehensive income	<u>\$ 4,609</u>	<u>\$ (22,881)</u>	<u>\$ 11,495</u>	<u>\$ (17,135)</u>

B. Assessment of income tax returns:

As of June 30, 2024, the assessment of the Group's income tax returns in ROC was as follows:

	<u>Assessment of Income Tax Returns</u>
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

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(25) Earnings per share (EPS)

Three Months Ended June 30, 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	\$ 279,723	220,339	\$ 1.27
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Interest on convertible bonds	3,223	37,719	
Employee compensation - stock	-	472	
Employee stock options	-	1,773	
Net income attributable to common shareholders of the Company and effect of potential common stocks	\$ 282,946	260,303	\$ 1.09
Three Months Ended June 30, 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	\$ 138,696	218,736	\$ 0.63
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Interest on convertible bonds	3,616	38,460	
Employee compensation - stock	-	269	
Employee stock options	-	3,007	
Net income attributable to common shareholders of the Company and effect of potential common stocks	\$ 142,312	260,472	\$ 0.55
Six Months Ended June 30, 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	\$ 412,060	219,533	\$ 1.88
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Interest on convertible bonds	6,865	36,913	
Employee compensation - stock	-	1,426	
Employee stock options	-	1,794	
Net income attributable to common shareholders of the Company and effect of potential common stocks	\$ 418,925	259,666	\$ 1.61

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	Six Months Ended June 30, 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	\$ 93,123	218,736	<u>\$ 0.43</u>
<u>Diluted EPS</u>			
Effect of dilutive potential common stocks			
Interest on convertible bonds	7,222	38,460	
Employee compensation - stock	-	269	
Employee stock options	-	3,007	
Net income attributable to common shareholders of the Company and effect of potential common stocks	<u>\$ 100,345</u>	<u>260,472</u>	<u>\$ 0.39</u>

(Note): The EPS calculation had been retrospectively adjusted to account for the impact of stock dividend. The ex-rights date was set on July 29, 2024.

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

	June 30, 2024	December 31, 2023	June 30, 2023
Innatech	\$ 2,516	\$ 468	\$ 1,999
SINYA Digital	184	284	-
SINYA Network	-	-	13
Total	<u>\$ 2,700</u>	<u>\$ 752</u>	<u>\$ 2,012</u>

(2) Other payables - related parties

	June 30, 2024	December 31, 2023	June 30, 2023
Innatech	\$ 660	\$ 431	\$ 231
SINYA Digital	2,456	1,409	172
Total	<u>\$ 3,116</u>	<u>\$ 1,840</u>	<u>\$ 403</u>

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(3) Property transaction

Acquisition of property, plant and equipment

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Innatech	\$ 450	\$ -	\$ 450	\$ 2,300

General and administrative expenses

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Innatech	\$ 440	\$ 660	\$ 1,681	\$ 1,937
SINYA Digital	298	118	1,107	503
Total	\$ 738	\$ 778	\$ 2,788	\$ 2,440

(4) Compensation to key management of the Group

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 24,073	\$ 17,189	\$ 57,564	\$ 53,870
Post-employment benefits	615	462	1,000	914
Total	\$ 24,688	\$ 17,651	\$ 58,564	\$ 54,784

8. Pledged Assets

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

	Carrying Amount			
	June 30, 2024	December 31, 2023	June 30, 2023	Purpose of Pledge
Time deposits (Note)	\$ 43,404	\$ 42,827	\$ 42,517	Customs guarantee
Land	100,843	100,843	100,843	Long-term loans
Buildings	56,026	57,788	93,184	Letter of credit, short-term credit facilities and long-term loans
Machinery and equipment	9,538	9,824	-	Long-term loans
Total	\$ 209,811	\$ 211,282	\$ 236,544	

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 June 30, 2024 were as follows:

	L / C Balance
USD	US\$ 18,824 thousand

10. Significant Disaster Loss

None.

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11. Significant Subsequent Events

On July 18, 2024, the Company made a cash capital increase of THB 101,500 thousand in Taiflex Scientific (Thailand) Co., Ltd.

12. Others

(1) Categories of financial instruments

Financial assets

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets at fair value through profit or loss	\$ 33,857	\$ 32,713	\$ 31,600
Financial assets at fair value through other comprehensive income	654,063	426,661	322,911
Financial assets at amortized cost:			
Cash and cash equivalents (excluding cash on hand)	2,827,635	1,964,549	2,506,113
Receivables	4,485,467	3,868,930	3,292,016
Other financial assets - current	43,404	42,827	42,517

Financial liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Financial liabilities at fair value through profit or loss	\$ 5,943	\$ 1,570	\$ 13,894
Financial liabilities at amortized cost:			
Short-term loans	243,348	218,859	81,428
Payables	3,019,158	1,713,004	2,516,952
Bonds payable (including current portion)	1,232,686	1,891,501	1,882,428
Long-term loans (including current portion)	370,906	381,981	168,548
Lease liabilities (current and non-current)	237,519	267,134	274,695

(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.

(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.

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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 six months ended June 30, 2024 and 2023 to increase/decrease by NT\$1,649 thousand and NT\$1,337 thousand, respectively.

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 six months ended June 30, 2024 and 2023 to increase/decrease by NT\$32,703 thousand and NT\$16,146 thousand, respectively.

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D. Pre-tax sensitivity analysis was as follows:

For the six months ended June 30, 2024

Key Risk	Variation	Sensitivity of Profit or Loss
Foreign currency risk	NTD/USD appreciate/depreciate by 1%	-/+ NT\$18,435 thousand
	NTD/RMB appreciate/depreciate by 1%	-/+ NT\$ 7,821 thousand
Interest rate risk	Market interest rate increase/decrease by 10 basis points	+/- NT\$ 2,257 thousand

For the six months ended June 30, 2023

Key Risk	Variation	Sensitivity of Profit or Loss
Foreign currency risk	NTD/USD appreciate/depreciate by 1%	-/+ NT\$12,178 thousand
	NTD/RMB appreciate/depreciate by 1%	-/+ NT\$ 5,767 thousand
Interest rate risk	Market interest rate increase/decrease by 10 basis points	+/- NT\$ 2,256 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>June 30, 2024</u>					
Borrowings	\$ 392,413	\$ 98,041	\$ 116,415	\$ 25,043	\$ 631,912
Payables	3,019,158	-	-	-	3,019,158
Convertible bonds	1,261,666	-	-	-	1,261,666
Lease liabilities	27,163	34,283	17,136	230,536	309,118

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

June 30, 2023

Borrowings	\$ 99,308	\$ 134,492	\$ 16,052	\$ 5,922	\$ 255,774
Payables	2,516,952	-	-	-	2,516,952
Convertible bonds	-	1,945,300	-	-	1,945,300
Lease liabilities	20,597	29,030	19,965	271,062	340,654

Derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
<u>June 30, 2024</u>					
Inflows	\$ 635,479	\$ -	\$ -	\$ -	\$ 635,479
Outflows	641,922	-	-	-	641,922
Net	<u>\$ (6,443)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,443)</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>

June 30, 2023

Inflows	\$ -	\$ -	\$ -	\$ -	\$ -
Outflows	-	-	-	-	-
Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 six months ended June 30, 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	24,489	(11,075)	(14,721)	415	-	(892)
Non-cash movements	-	-	(14,894)	-	(658,815)	(673,709)
As of June 30, 2024	<u>\$ 243,348</u>	<u>\$ 370,906</u>	<u>\$ 237,519</u>	<u>\$ 16,414</u>	<u>\$ 1,232,686</u>	<u>\$ 2,100,873</u>

Reconciliation of liabilities for the six months ended June 30, 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	(173,572)	(205,928)	(18,256)	10,804	-	(386,952)
Non-cash movements	-	-	11,181	-	9,028	20,209
As of June 30, 2023	<u>\$ 81,428</u>	<u>\$ 168,548</u>	<u>\$ 274,695</u>	<u>\$ 11,059</u>	<u>\$ 1,882,428</u>	<u>\$ 2,418,158</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 June 30, 2024, December 31, 2023 and June 30, 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>June 30, 2024</u>		
Sell RMB/Buy NTD	2024.02~2024.11	RMB 84,000/NT\$ 369,786
Sell USD/Buy NTD	2024.04~2024.10	US\$ 8,000/NT\$ 256,853
<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>June 30, 2023</u>		
Sell RMB/Buy NTD	2023.04~2023.10	RMB 60,000/NT\$ 260,826
Sell USD/Buy NTD	2023.05~2023.08	US\$ 5,000/NT\$ 152,686

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>June 30, 2024</u>		
Sell RMB/Buy NTD	2024.04~2024.12	RMB 2,000/NT\$ 8,840
<u>December 31, 2023</u>		
Sell RMB/Buy NTD	2023.08~2024.04	RMB 6,000/NT\$ 25,880
<u>June 30, 2023</u>		
Sell RMB/Buy NTD	2023.04~2023.08	RMB 6,000/NT\$ 26,406

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(14) 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>June 30, 2024</u>				
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Stocks	\$ 32,974	\$ -	\$ -	\$ 32,974
Embedded derivative instruments	-	-	883	883
Financial assets at fair value through other comprehensive income	654,063	-	-	654,063
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	5,943	-	5,943
<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

(Continued)

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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)

June 30, 2023

Assets measured at fair value:

Financial assets at fair value through profit or loss

Forward foreign exchange contracts	\$ -	\$ 4,126	\$ -	\$ 4,126
Foreign exchange swap contracts	-	738	-	738
Stocks	26,736	-	-	26,736

Financial assets at fair value through other comprehensive income

322,911	-	-	322,911
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Liabilities measured at fair value:

Financial liabilities at fair value through profit or loss

Forward foreign exchange contracts	-	2,222	-	2,222
Embedded derivative instruments	-	-	11,672	11,672

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

For the six months ended June 30, 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:

	Assets	Liabilities
	At Fair Value through Profit or Loss	At Fair Value through Profit or Loss
	Derivatives	Derivatives
January 1, 2024	\$ -	\$ (1,556)
Total income (loss) recognized for the period		
Recognized in profit or loss (under "other gains and losses")	756	1,751
Reclassification	195	(195)
Derecognized during the period	(68)	-
June 30, 2024	\$ 883	\$ -
January 1, 2023	\$ -	\$ (16,730)
Total income (loss) recognized for the period		
Recognized in profit or loss (under "other gains and losses")	-	5,058
June 30, 2023	\$ -	\$ (11,672)

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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>June 30, 2024</u>					
Financial assets:					
At fair value through profit or loss					
Embedded derivative instruments	Binomial tree valuation model of convertible bonds	Volatility	22.44%	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\$505 thousand/decrease by NT\$631 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>June 30, 2023</u>					
Financial liabilities:					
At fair value through profit or loss					
Embedded derivative instruments	Binomial tree valuation model of convertible bonds	Volatility	16.80%	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:

June 30, 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	\$ 97,568	32.449	\$ 3,165,984	\$ 82,763	30.750	\$ 2,544,948	
JPY	46,853	0.2018	9,455	81,406	0.2175	17,706	
RMB	179,507	4.4457	798,034	190,299	4.3333	824,621	
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD	\$ 40,759	32.449	\$ 1,322,589	\$ 29,480	30.750	\$ 906,512	
JPY	236,579	0.2018	47,742	141,825	0.2175	30,847	
RMB	3,591	4.4457	15,964	4,920	4.3333	21,321	

June 30, 2023			
	Foreign Currencies (in thousands)	Exchange Rate	NTD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 69,785	31.158	\$ 2,174,361
JPY	148,546	0.2151	31,952
RMB	139,042	4.2852	595,821
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 30,703	31.158	\$ 956,644
JPY	161,910	0.2151	34,827
RMB	4,467	4.2852	19,142

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 and six months ended June 30, 2024 and 2023, the Group's foreign exchange gain (loss) amounted to NT\$22,226 thousand, NT\$5,767 thousand, NT\$97,658 thousand and NT\$(9,684) 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 June 30, 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. Investees over which the Company exercises significant influence or control directly or indirectly (excluding investees 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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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.

Segment income (loss)

For the three months ended June 30, 2024

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	\$ 2,161,903	\$ 718,816	\$ -	\$ 2,880,719
Inter-segment	536,738	410,656	(947,394)	-
Total revenue	<u>\$ 2,698,641</u>	<u>\$ 1,129,472</u>	<u>\$ (947,394)</u>	<u>\$ 2,880,719</u>

Segment income (loss) (before income tax)	<u>\$ 389,274</u>	<u>\$ (7,789)</u>	<u>\$ (33,504)</u>	<u>\$ 347,981</u>
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Note: Inter-segment revenues were eliminated upon consolidation.

For the three months ended June 30, 2023

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	\$ 1,478,152	\$ 601,383	\$ -	\$ 2,079,535
Inter-segment	412,764	313,306	(726,070)	-
Total revenue	<u>\$ 1,890,916</u>	<u>\$ 914,689</u>	<u>\$ (726,070)</u>	<u>\$ 2,079,535</u>

Segment income (loss) (before income tax)	<u>\$ 165,584</u>	<u>\$ 3,186</u>	<u>\$ (9,005)</u>	<u>\$ 159,765</u>
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Note: Inter-segment revenues were eliminated upon consolidation.

For the six months ended June 30, 2024

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	\$ 3,558,949	\$ 1,295,018	\$ -	\$ 4,853,967
Inter-segment	943,388	686,003	(1,629,391)	-
Total revenue	<u>\$ 4,502,337</u>	<u>\$ 1,981,021</u>	<u>\$ (1,629,391)</u>	<u>\$ 4,853,967</u>

Segment income (loss) (before income tax)	<u>\$ 564,675</u>	<u>\$ (63,163)</u>	<u>\$ 10,467</u>	<u>\$ 511,979</u>
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Note: Inter-segment revenues were eliminated upon consolidation.

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For the six months ended June 30, 2023

	General Management	Overseas	Adjustment and Elimination (Note)	Total
Revenue				
External customer	\$ 2,396,411	\$ 1,085,702	\$ -	\$ 3,482,113
Inter-segment	731,370	531,530	(1,262,900)	-
Total revenue	<u>\$ 3,127,781</u>	<u>\$ 1,617,232</u>	<u>\$ (1,262,900)</u>	<u>\$ 3,482,113</u>
Segment income (loss) (before income tax)	<u>\$ 53,800</u>	<u>\$ (12,341)</u>	<u>\$ 50,099</u>	<u>\$ 91,558</u>

Note: Inter-segment revenues were eliminated upon consolidation.

Assets of the Group's operating segments as of June 30, 2024, December 31, 2023 and June 30, 2023 were summarized below:

	General Management	Overseas	Adjustment and Elimination	Total
As of June 30, 2024	<u>\$ 11,145,839</u>	<u>\$ 6,466,860</u>	<u>\$ (2,403,374)</u>	<u>\$ 15,209,325</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 June 30, 2023	<u>\$ 9,139,716</u>	<u>\$ 5,518,414</u>	<u>\$ (1,716,233)</u>	<u>\$ 12,941,897</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	260,496	259,592	-	1.70%~4.00%	2	-	Operating capital	-	-	-	1,882,188	3,764,376	(Note 7)
1	Kunshan Taiflex Electronic Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	Other receivables - related parties	Y	89,812	88,914	-	2.00%~4.00%	2	-	Operating capital	-	-	-	805,139	805,139	(Note 9)
1	Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	Other receivables - related parties	Y	628,684	622,398	533,484	2.00%~4.00%	2	-	Operating capital	-	-	-	805,139	805,139	(Note 9)
2	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	Other receivables - related parties	Y	91,445	70,242	74,805	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 six months ended June 30, 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 receivables from the related party, Koatech Technology Corporation, being overdue for over three months, the balance was reclassified as financing provided to others, causing the loan balance to exceed the permissible limit. Taiflex had requested Koatech Technology Corporation to develop an improvement plan pursuant to Article 16 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. The subsidiary shall present the improvement plan to each supervisor and complete the necessary improvements according to the plan's timeline.

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	\$ 4,705,470	\$ 541,324	\$ 389,388	\$ 13,764	\$ -	4.14%	\$ 4,705,470	Y	N	Y	(Note 3)
0	Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	2	4,705,470	488,430	486,735	58,816	-	5.17%		Y	N	N	
0	Taiflex Scientific Co., Ltd.	Taiflex Green Power Co., Ltd.	2	4,705,470	230,000	230,000	40,000	-	2.44%		Y	N	N	
1	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	2	34,584	31,434	31,120	31,120	-	18.00%	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 six months ended June 30, 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 JUNE 30, 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	June 30, 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	4,025	654,063	4.52%	654,063	-
	Listed stocks	Zhen Ding Technology Holding Limited	-	Financial assets at fair value through profit or loss - current	255	32,974	0.03%	32,974	-

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	\$ 367,021	8.89%	Monthly settlement with payment in 180 days	-	-	\$ 365,599	11.49%	-
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	Sales	232,804	5.64%	Monthly settlement with payment in 90 days	-	-	167,196	5.25%	-
Taiflex Scientific Co., Ltd.	Taichem Materials Co., Ltd.	Holds 100% of the third-tier subsidiary	Purchases	229,507	12.58%	Monthly settlement with payment in 180 days	-	-	(59,102)	(3.66%)	-
Shenzhen Taiflex Electronic Co., Ltd.	Taiflex Scientific Co., Ltd.	The company's ultimate parent company	Purchases	367,021	40.82%	Monthly settlement with payment in 180 days	-	-	(365,599)	(34.47%)	-
Shenzhen Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company's associate	Purchases	495,939	55.16%	Monthly settlement with payment in 180 days	-	-	(642,982)	(60.63%)	-
Kunshan Taiflex Electronic Co., Ltd.	Taiflex Scientific Co., Ltd.	The company's ultimate parent company	Purchases	232,804	67.25%	Monthly settlement with payment in 90 days	-	-	(167,196)	(53.28%)	-
Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company's ultimate parent company	Purchases	110,648	31.96%	Monthly settlement with payment in 180 days	-	-	(142,645)	(45.46%)	-
Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company's associate	Sales	495,939	81.14%	Monthly settlement with payment in 180 days	-	-	642,982	81.33%	-
Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	The company's associate	Sales	110,648	18.10%	Monthly settlement with payment in 180 days	-	-	142,645	18.04%	-
Taichem Materials Co., Ltd.	Taiflex Scientific Co., Ltd.	The company's ultimate parent company	Sales	229,507	93.99%	Monthly settlement with payment in 180 days	-	-	59,102	84.74%	-

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	\$ 365,599	1.80	\$ -	-	\$ 89,053	\$ -	-
Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	Holds 100% of the third-tier subsidiary	167,196	3.07	-	-	-	-	-
Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	Holds 100% of the subsidiary	175,029	(Note 1)	-	-	-	-	-
Taiflex Scientific Co., Ltd.	Taichem Materials Co., Ltd.	The company's ultimate parent company	111,823	(Note 1)	-	-	13,655	-	-
Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	The company's associate	642,982	1.67	-	-	62,270	-	-
Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	The company's associate	142,645	1.74	-	-	15,835	-	-
Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	The company's associate	533,484	(Note 1)	-	-	88,914	-	-
Koatech Technology Corporation	Kunshan Koatech Technology Corporation	The company holds 100% of the third-tier subsidiary	125,059	0.96	70,360	Continued collection efforts	2,291	-	(Note 2)-
Koatech Technology Corporation	Kunshan Koatech Technology Corporation	The company holds 100% of the third-tier subsidiary	4,532	(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 June 30, 2024			Net Income (Loss) of Investee	Share of Profit/Loss	Note
				June 30, 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%	\$ 818,022	\$ 2,873	\$ 2,873	(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%	159,843	(31,101)	(16,474)	-
Taiflex Scientific Co., Ltd.	Innovision FlexTech Corp.	Taiwan	Manufacturing and selling of electronic materials	74,319	88,568	2,869	10.89%	12,828	750	154	-
Taiflex Scientific Co., Ltd.	TFS Co., Ltd.	Belize	Investment holding	478,797	478,797	15,520	100.00%	524,404	(6,595)	(6,595)	(Note 2)
Taiflex Scientific Co., Ltd.	Richstar Co., Ltd.	Samoa	Investment holding	1,316,239	1,316,239	44,000	73.94%	1,487,437	(25,307)	(18,712)	(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%	13,775	97	97	-
Taiflex Scientific Co., Ltd.	Taiflex USA Corporation	U.S.A.	Technical support and marketing of electronic materials	8,820	8,820	1	100.00%	11,626	54	54	-
Taiflex Scientific Co., Ltd.	Taichem Materials Co., Ltd.	Taiwan	Manufacturing and selling of semiconductor materials	246,000	246,000	17,000	100.00%	304,880	52,929	52,948	(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%	51,550	(146)	(139)	(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%	775,861	(24,493)	(24,493)	-
TFS Co., Ltd.	Richstar Co., Ltd.	Samoa	Investment holding	478,563	478,563	15,510	26.06%	528,222	(25,307)	(6,595)	(Note 2)
Taistar Co., Ltd.	TSC International Ltd.	Cayman Islands	Investment holding	683,946	683,946	21,170	100.00%	805,215	2,924	2,924	-
Koatech Technology Corporation	KTC Global Co., Ltd.	Samoa	Investment holding	113,517	113,517	3,960	100.00%	22,795	(23,060)	(23,060)	-
KTC Global Co., Ltd.	KTC PanAsia Co., Ltd.	Samoa	Investment holding	113,368	113,368	3,955	100.00%	20,798	(23,060)	(23,060)	-

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)

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 June 30, 2024	Profit/Loss of Investee	Ownership Percentage (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as of June 30, 2024	Accumulated Inward Remittances of Earnings as of June 30, 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	\$ 2,924	100.00%	\$ 2,924	\$ 805,139	\$ 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	1,814	100.00%	(9,367)	1,320,439	-
	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	(15,941)	100.00%	(15,941)	724,075	-
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	(23,060)	52.97%	(12,215)	11,011	-
Accumulated Outflows of Investment from Taiwan to Mainland China as of June 30, 2024					Investment Amounts Approved 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	\$ 367,021	General trading terms	7.56%
0	Taiflex Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	1	Accounts receivable	365,599	General trading terms	2.40%
0	Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	1	Sales revenue	232,804	General trading terms	4.80%
0	Taiflex Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	1	Accounts receivable	167,196	General trading terms	1.10%
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	1	Accounts receivable	65,313	General trading terms	0.43%
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	1	Other receivables	21,418	General trading terms	0.14%
0	Taiflex Scientific Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	1	Sales revenue	54,916	General trading terms	1.13%
0	Taiflex Scientific Co., Ltd.	Taichem Materials Co., Ltd.	1	Other receivables	111,823	General trading terms	0.74%
0	Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	1	Accounts receivable	16,025	General trading terms	0.11%
0	Taiflex Scientific Co., Ltd.	Taiflex Scientific (Thailand) Co., Ltd.	1	Other receivables	175,029	General trading terms	1.15%
1	Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Sales revenue	495,939	General trading terms	10.22%
1	Rudong Fuzhan Scientific Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Accounts receivable	642,982	General trading terms	4.23%
1	Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	3	Sales revenue	110,648	General trading terms	2.28%
1	Rudong Fuzhan Scientific Co., Ltd.	Kunshan Taiflex Electronic Co., Ltd.	3	Accounts receivable	142,645	General trading terms	0.94%
2	Kunshan Taiflex Electronic Co., Ltd.	Rudong Fuzhan Scientific Co., Ltd.	3	Other receivables	533,484	Financing, with terms agreed by both parties	3.51%
3	Taichem Materials Co., Ltd.	Taiflex Scientific Co., Ltd.	2	Sales revenue	229,507	General trading terms	4.73%
3	Taichem Materials Co., Ltd.	Taiflex Scientific Co., Ltd.	2	Accounts receivable	59,102	General trading terms	0.39%
4	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	3	Other receivables	74,805	Financing, with terms agreed by both parties	0.49%
4	Koatech Technology Corporation	Kunshan Koatech Technology Corporation	3	Accounts receivable	54,699	General trading terms	0.36%
5	Taiflex Scientific (Thailand) Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Sales revenue	49,695	General trading terms	0.33%
5	Taiflex Scientific (Thailand) Co., Ltd.	Shenzhen Taiflex Electronic Co., Ltd.	3	Accounts receivable	49,800	General trading terms	1.03%

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.		20,776,000	9.55%
Qiao Mei Development Corporation		16,263,729	7.48%

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.