

Gemtek Technologies Co., Ltd.
and Subsidiary Companies

Consolidated Financial Statements
and Audit Report

For the Three Months Ended June 30,
2023 and 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Gemtek Technologies Co., Ltd.

Introduction

We have audited the accompanying consolidated financial statements of Gemtek Technologies Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for January 1 to June 30 2023 and 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements that are reasonably expressed in accordance with International Accounting Standards (IAS) No. 34 "Interim Financial Reporting" that has been approved and issued by the Financial Supervisory Commission. The results of the review are used to draw conclusions on the consolidated financial statements.

Scope of Review

Except for the base of qualified opinion, we performed the review work in accordance with the review standard No. 2410 "Review of Financial Statements". The procedures performed in reviewing the consolidated financial statements include inquiries (of those responsible for financial and accounting matters), analytical procedures and other review procedures. The scope of the inquiry work is obviously smaller than that of the audit work, so we may not be able to detect all the major matters that can be identified through the inquiry work, regarding to this, we are not able to express the audit opinion.

Base of Quilified opinion

As stated in Notes to consolidated financial statement No.13, the financial statements of the non-important subsidiaries included in the above-mentioned financial statements for the same period have not been reviewed by us, and their total assets on June 30, 2023 and 2022 were NT\$ NT\$866,841 thousand and NT\$881,743 thousand, accounting for 3.49% and 3.63% of total consolidated assets; total liabilities were NT\$200,482 thousand and NT\$144,909 thousand, accounting for 1.69% and 1.37% of total consolidated liabilities; from April 1st to June 30th in

2023 and 2022, and from January 1st to June 30th in 2023 and 2022, the total comprehensive profit and loss were NT\$ (8,305) thousand, NT\$ 70,541 thousand NT\$ (36,222) thousand and NT\$201,244 thousand, respectively, accounting for 2.21%, (84.88)%, 110.29% and 11.38% of the total consolidated comprehensive profit and loss. As stated in Notes to consolidated financial statement No.14, the balance of investments using the equity method on June 30, 2023 and 2022 were NT\$37,945,000 and NT\$24,922,000 respectively, compared with those from April 1 to June 30, 2023 and 2022, the share of investment net profit (loss) of recognized using the equity method from January 1 to June 30,2023 and 2022 is NT\$ (3,857) thousand, NT (3,232) thousand, NT\$ (6,548) thousand and NT\$ (5,119) thousand, respectively. The relevant information regarding the investees referred to in Note 33 of the consolidated financial statements is recognized and disclosed based on the financial statements of the investee companies for the same periods that have not been audited by the auditors.

Quilified opinion

According to the audit results, except for the possible adjustment of the financial statements of the non-important subsidiaries and some affiliated companies and investee companies mentioned in the paragraph of Base of qualified opinion, the consolidated financial statements may be adjusted. It has not been found that the above-mentioned consolidated financial statements have not been compiled in accordance with the Financial Reporting Standards for Securities Issuers and the International Accounting Standards (IAS) No. 34 "Interim Financial Reporting" approved and issued by the Financial Supervisory Commission in all major aspects, which makes it impossible to express the text properly The consolidated financial status of Gemtek Technology Co., Ltd. and its subsidiaries on June 30, 2023 and 2022, and the consolidated financial performance and consolidated cash flow from January 1 to June 30, 2023 and 2022.

Deloitte & Touche Taiwan
 Certified Public Accountant
 Alice H. Fang

Deloitte & Touche Taiwan
 Certified Public Accountant
 Jing-ting Yang

Financial Supervision Commission
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 1090347472

Securities and Futures Commission
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 0930128050

Date: August 3, 2023

GEMTEK TECHNOLOGY CO., LTD.
Parent Company and Subsidiaries Balance Sheets
June 30,2023 and 2022
(Expressed in thousands of New Taiwan Dollars)

code	ASSETS	June 30,2023		December 31,2022		June 30,2022	
		A m o u n t	%	A m o u n t	%	A m o u n t	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (note 4 and 6)	\$ 1,786,537	7	\$ 1,009,501	4	\$ 1,213,395	5
1110	Financial assets at fair value through profit or loss - current (note 4 and 7)	-	-	17,940	-	80,475	-
1136	Financial assets at amortized cost - current (note 4, 9 and 30)	227,373	1	3,307	-	19,122	-
1170	Accounts receivable, net (note 4 、 10 and 23)	9,081,495	36	9,305,116	38	7,247,101	30
1180	Accounts receivable from related parties (note 4 、 23 and 29)	80,206	-	63,000	-	288,465	1
1200	Other receivables (note 4 、 29)	193,209	1	33,949	-	165,499	1
1220	Current tax assets (note 4 and 25)	212	-	1,281	-	208	-
130X	Investories (note 4 and 11)	4,194,765	17	4,601,290	19	5,017,086	21
1460	Non-current assets for sale (note 4 and 12)	469,592	2	-	-	-	-
1470	Other current assets (note 17)	<u>219,417</u>	<u>1</u>	<u>243,671</u>			
1470	Other current assets (note 17)	<u>219,417</u>	<u>1</u>	<u>243,671</u>	<u>1</u>	<u>246,214</u>	<u>1</u>
11XX	Total current assets	<u>16,252,806</u>	<u>65</u>	<u>15,279,055</u>	<u>62</u>	<u>14,277,565</u>	<u>59</u>
	NON-CURRENT ASSETS						
1517	Financial assets at fair value through other comprehensive income - non-current (note 4 and 8)	2,958,150	12	3,258,819	13	4,244,856	17
1535	Financial assets at amortized cost - non-current (note 4 、 9 and 30)	20,000	-	20,000	-	20,000	-
1550	Investments accounted for using the equity method (note 4 ,13 and 14)	1,182,956	5	1,286,049	5	1,220,023	5
1600	Property, plant and equipment (note 4 and 15)	3,537,031	14	4,042,505	16	3,612,935	15
1755	Right-of-use assets (note 4 and 16)	360,295	2	384,883	2	135,654	1
1805	Goodwill (note 4)	265,224	1	265,224	1	265,224	1
1821	Other intangible assets	56,709	-	65,745	-	79,781	-
1840	Deferred tax assets (note 4 and 25)	41,406	-	61,716	-	45,563	-
1990	Other non-current assets (note 4 and 17)	<u>192,080</u>	<u>1</u>	<u>166,543</u>	<u>1</u>	<u>417,215</u>	<u>2</u>
15XX	Total non-current assets	<u>8,613,851</u>	<u>35</u>	<u>9,551,484</u>	<u>38</u>	<u>10,036,251</u>	<u>41</u>
1XXX	Total assets	<u>\$ 24,866,657</u>	<u>100</u>	<u>\$ 24,830,539</u>	<u>100</u>	<u>\$ 24,313,816</u>	<u>100</u>
code	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term borrowings (note 18)	\$ 1,658,630	7	\$ 2,526,205	10	\$ 2,391,600	10
2120	Financial liabilities at fair value through profit or loss - current (note 4 and 7)	4,320	-	-	-	-	-
2130	Contract liabilities - current (note 4 and 23)	395,803	2	325,857	1	301,087	1
2170	Accounts payable	6,002,727	24	7,103,761	29	6,035,549	25
2219	Other payables (note 20 and 29)	1,521,522	6	971,249	4	1,426,392	6
2230	Current tax liabilities (note 4 and 25)	43,057	-	137,470	1	75,742	-
2280	Current lease liabilities (note 4 and 16)	19,129	-	91,168	-	15,404	-
2399	Other current liabilities (note 20)	<u>486,971</u>	<u>2</u>	<u>56,977</u>	<u>-</u>	<u>61,732</u>	<u>-</u>
21XX	Total current liabilities	<u>10,132,159</u>	<u>41</u>	<u>11,212,687</u>	<u>45</u>	<u>10,307,506</u>	<u>42</u>
	NON-CURRENT LIABILITIES						
2530	Corporate bonds payable (note 19)	1,412,373	6	-	-	-	-
2570	Deferred tax liabilities (note 4 and 24)	306,700	1	224,596	1	216,947	1
2580	Non-current lease liabilities (note 4 and 15)	13,084	-	12,689	-	18,873	-
2670	Other non-current liabilities (note 19)	<u>1,746</u>	<u>-</u>	<u>1,705</u>	<u>-</u>	<u>1,611</u>	<u>-</u>
25XX	Total non-current liabilities	<u>1,733,903</u>	<u>7</u>	<u>238,990</u>	<u>1</u>	<u>237,431</u>	<u>1</u>
2XXX	Total liabilities	<u>11,866,062</u>	<u>48</u>	<u>11,451,677</u>	<u>46</u>	<u>10,544,937</u>	<u>43</u>
	EQUITY (note 4 、 22 and 27)						
	Share capital						
3110	Ordinary shares	<u>3,944,745</u>	<u>16</u>	<u>3,946,465</u>	<u>16</u>	<u>4,051,590</u>	<u>16</u>
3200	Capital surplus	<u>5,114,278</u>	<u>21</u>	<u>4,983,065</u>	<u>20</u>	<u>5,085,308</u>	<u>21</u>
	Retained earnings						
3310	Legal reserve	1,003,186	4	943,768	4	943,768	4
3320	Special reserve	195,638	1	195,638	1	195,638	1
3350	Unappropriated earnings	<u>1,352,547</u>	<u>5</u>	<u>1,728,176</u>	<u>7</u>	<u>1,253,832</u>	<u>5</u>
3300	Total retained earnings	<u>2,551,371</u>	<u>10</u>	<u>2,867,582</u>	<u>12</u>	<u>2,393,238</u>	<u>10</u>
3490	Other equity	<u>1,579,730</u>	<u>4</u>	<u>1,275,930</u>	<u>5</u>	<u>2,390,667</u>	<u>9</u>
3500	Treasury stock	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(307,112)</u>	<u>(1)</u>
31XX	Total equity attributable to owners of parent	<u>12,607,874</u>	<u>51</u>	<u>13,073,042</u>	<u>53</u>	<u>13,446,841</u>	<u>55</u>
36XX	Non-controlling interests (note 22)	<u>392,721</u>	<u>1</u>	<u>305,820</u>	<u>1</u>	<u>322,038</u>	<u>2</u>

3XXX	Total equity	<u>13,000,595</u>	<u>52</u>	<u>13,378,862</u>	<u>54</u>	<u>13,768,879</u>	<u>57</u>
	Total liabilities and equity	<u>\$ 24,866,657</u>	<u>100</u>	<u>\$ 24,830,539</u>	<u>100</u>	<u>\$ 24,313,816</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the auditors report of Deloitte & Touche Taiwan on August 3, 2023)

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting

GEMTEK TECHNOLOGY CO., LTD.

Parent Company and Subsidiaries Statements of Comprehensive Income

For April 1 to June 30, 2023 & 2022

(Expressed in thousands of New Taiwan Dollars, Except Earnings Per Share)

c o d e		April 1 to June 30 of 2023		April 1 to June 30 of 2022	
		Amount	%	Amount	%
4000	Operating revenue (note 4 、 23 、 29 and 34)	\$ 7,013,592	100	\$ 6,492,947	100
5000	Operating costs (note 11 、 21 、 24 and 29)	(<u>6,144,100</u>)	(<u>88</u>)	(<u>5,881,773</u>)	(<u>91</u>)
5900	Gross profit	<u>869,492</u>	<u>12</u>	<u>611,174</u>	<u>9</u>
	Operating expenses (note 21 、 24 and 29)				
6100	Selling expenses	(132,752)	(2)	(128,723)	(2)
6200	General and administrative expenses	(185,276)	(2)	(178,350)	(3)
6300	Research and development expenses	(270,127)	(4)	(207,100)	(3)
6450	Expected credit losses reversed on receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	(<u>588,155</u>)	(<u>8</u>)	(<u>514,173</u>)	(<u>8</u>)
6900	Profit from operations	<u>281,337</u>	<u>4</u>	<u>97,001</u>	<u>1</u>
	Non-operating income and expenses				
7100	Interest income (note 24)	15,869	-	5,238	-
7010	Other income (note 24 and 29)	14,148	-	21,322	-
7020	Other gains and losses (note 24)	86,569	1	(26,015)	-
7050	Finance costs (note 24)	(40,014)	-	(7,334)	-
7060	Share of profit of subsidiaries and associates (note 4 and 14)	<u>17,225</u>	<u>-</u>	<u>48,484</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>93,797</u>	<u>1</u>	<u>41,695</u>	<u>-</u>

7900	Profits before income tax	375,134	5	138,696	1
7950	Income tax (note 4 and 25)	(70,724)	(1)	(49,273)	-
8200	Net profit for the period	<u>304,410</u>	<u>4</u>	<u>89,423</u>	<u>1</u>
	Other comprehensive income / (loss)				
8310	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(625,464)	(9)	(164,695)	(3)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations	(55,146)	(1)	(7,903)	-
8370	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	<u>50</u>	<u>-</u>	<u>69</u>	<u>-</u>
8300	Other comprehensive income/(loss)	<u>680,560</u>	<u>10</u>	<u>172,529</u>	<u>3</u>
8500	Total comprehensive income	<u>\$ 376,150</u>	<u>5</u>	<u>\$ 83,106</u>	<u>1</u>
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	\$ 310,552	4	\$ 56,416	1
8620	Profit, attributable to non-controlling interests	(6,142)	-	33,007	-
8600		<u>\$ 304,410</u>	<u>4</u>	<u>\$ 89,423</u>	<u>1</u>
	Profit, attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 370,008	5	\$ 116,113	2
8720	Comprehensive income, attributable to non-controlling interests	(6,142)	-	33,007	1
8700		<u>(\$ 376,150)</u>	<u>(5)</u>	<u>(\$ 83,106)</u>	<u>(1)</u>
	Earnings per share (note 26)				
9750	Basic earnings per share	<u>\$ 0.79</u>		<u>\$ 0.14</u>	
9850	Diluted earnings per share	<u>\$ 0.70</u>		<u>\$ 0.13</u>	

c o d e		January 1 to June 30 of 2023		January 1 to June 30 of 2022	
		Amount	%	Amount	%
4000	Operating revenue (note 4 、 23 、 29 and 34)	\$ 14,076,601	100	\$ 11,665,536	100
5000	Operating costs (note 11 、 21 、 24 and 29)	(12,566,853)	(890)	(10,574,500)	(91)
5900	Gross profit	<u>1,509,748</u>	<u>10</u>	<u>1,091,036</u>	<u>9</u>
	Operating expenses (note 21 、 24 and 29)				
6100	Selling expenses	(250,995)	(2)	(243,457)	(2)
6200	General and administrative expenses	(348,009)	(2)	(326,986)	(3)
6300	Research and development expenses	(502,476)	(4)	(422,089)	(3)
6450	Expected credit losses reversed on receivables	(53,018)	—	90	—
6000	Total operating expenses	(<u>1,154,498</u>)	(<u>8</u>)	(<u>992,442</u>)	(<u>8</u>)
6900	Profit from operations	<u>355,250</u>	<u>2</u>	<u>98,594</u>	<u>1</u>
	Non-operating income and expenses				
7100	Interest income (note 24)	24,734	-	9,422	-
7010	Other income (note 24 and 29)	22,746	-	33,273	-
7020	Other gains and losses (note 24)	92,974	1	65,349	1
7050	Finance costs (note 24)	(68,862)	-	(12,444)	-
7060	Share of profit of subsidiaries and associates (note 4 and 14)	<u>24,928</u>	<u>—</u>	<u>92,186</u>	<u>1</u>
7000	Total non-operating income and expenses	<u>96,520</u>	<u>—</u>	<u>187,786</u>	<u>2</u>
7900	Profits before income tax	451,770	3	286,380	3
7950	Income tax (note 4 and 25)	(101,595)	(—)	(70,294)	(1)
8200	Net profit for the period	<u>350,175</u>	<u>3</u>	<u>216,086</u>	<u>2</u>

	Other comprehensive income / (loss)				
8310	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(328,291)	(2)	1,363,280	12
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations	(54,763)	(1)	187,942	1
8370	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	<u>36</u>	<u>-</u>	<u>480</u>	<u>-</u>
8300	Other comprehensive income/(loss)	<u>383,018</u>	<u>3</u>	<u>1,551,702</u>	<u>13</u>
8500	Total comprehensive income	<u>\$ 32,843</u>	<u>-</u>	<u>\$ 1,767,788</u>	<u>15</u>
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	\$ 372,091	3	\$ 120,084	1
8620	Profit, attributable to non-controlling interests	(<u>21,916</u>)	<u>-</u>	<u>96,002</u>	<u>1</u>
8600		<u>\$ 350,175</u>	<u>3</u>	<u>\$ 216,086</u>	<u>2</u>
	Profit, attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 10,927	-	\$ 1,671,786	14
8720	Comprehensive income, attributable to non-controlling interests	(<u>21,916</u>)	<u>-</u>	<u>96,002</u>	<u>1</u>
8700		(<u>\$ 32,843</u>)	(<u>-</u>)	(<u>\$ 1,767,788</u>)	(<u>15</u>)
	Earnings per share (note 26)				
9750	Basic earnings per share	<u>\$ 0.95</u>		<u>\$ 0.31</u>	
9850	Diluted earnings per share	<u>\$ 0.83</u>		<u>\$ 0.29</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the auditors report of Deloitte & Touche Taiwan on August 3, 2023)

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGY CO., LTD
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For January 1 to June 30, 2023
(Expressed in thousands of New Taiwan Dollars)

		Share Capital (note22)		Retained Earnings (note22)		Other (note22 and 27)								非	
Code		Shares (in thousand)	Amount	Advance Receipts for Share Capital	Capital Surplus (note 21)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Difference on Translation of the financial statement of Foreign	Unrealized Valuation Gain/Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Compensation	Total	Treasury Stock	Non-controlling Interests	Total Equity
A1	Balance At January 1, 2022	<u>366,119</u>	<u>\$ 3,661,188</u>	<u>\$ 44,798</u>	<u>\$ 4,441,626</u>	<u>\$ 878,269</u>	<u>\$ 1,305,902</u>	<u>\$ 696,971</u>	<u>(\$ 581,856)</u>	<u>\$ 1,268,926</u>	<u>(\$ 25,997)</u>	<u>\$ 661,073</u>	<u>\$ -</u>	<u>\$ 225,994</u>	<u>\$ 11,915,821</u>
	Remaining Allocation and Distribution At 2021														
B1	Provision of statutory surplus reserve	-	-	-	-	65,499	-	(65,499)	-	-	-	-	-	-	-
B3	Special surplus reserve	-	-	-	-	-	(1,110,264)	1,110,264	-	-	-	-	-	-	-
B5	Cash dividends to shareholders of Gemtek	-	-	-	-	-	-	(607,738)	-	-	-	-	-	-	(607,738)
	Subtotal	-	-	-	-	65,499	(1,110,264)	437,027	-	-	-	-	-	-	(607,738)
C7	Changes in capital reserves of affiliated companies recognized using the equity method	-	-	-	132,826	-	-	(216)	4	216	-	220	-	-	132,830
D1	Net Profit for January 1 to June 30, 2022	-	-	-	-	-	-	120,084	-	-	-	-	-	96,002	216,086
D3	Other comprehensive loss for January 1 to June 30, 2022	-	-	-	-	-	-	-	188,422	1,363,280	-	1,551,702	-	-	1,551,702
D5	Total comprehensive income/(loss) for January 1 to June 30, 2022	-	-	-	-	-	-	120,084	188,422	1,363,280	-	1,551,702	-	96,002	1,767,788
M3	Disposal of investments using the equity method	-	-	-	-	-	-	(34)	1	34	-	35	-	-	1
I1	corporate bond converted to ordinary shares	39,040	390,402	(44,798)	510,856	-	-	-	-	-	-	-	-	-	856,460
L1	Buy treasury stocks	-	-	-	-	-	-	-	-	-	-	-	(307,112)	-	(307,112)
O1	Changes of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	42	42
T1	Share-based payment expenses	-	-	-	-	-	-	-	-	-	10,787	10,787	-	-	10,787
Z1	BALANCE AT June 60, 2022	<u>405,159</u>	<u>\$ 4,051,590</u>	<u>\$ -</u>	<u>\$ 5,085,308</u>	<u>\$ 943,768</u>	<u>\$ 195,638</u>	<u>\$ 1,253,832</u>	<u>(\$ 393,429)</u>	<u>\$ 2,632,456</u>	<u>(\$ 15,210)</u>	<u>\$ 2,223,817</u>	<u>(\$ 307,112)</u>	<u>\$ 322,038</u>	<u>\$ 13,768,879</u>
A1	Balance At January 1, 2023	<u>394,646</u>	<u>\$ 3,946,465</u>	<u>\$ -</u>	<u>\$ 4,983,065</u>	<u>\$ 943,768</u>	<u>\$ 195,638</u>	<u>\$ 1,728,176</u>	<u>(\$ 347,887)</u>	<u>\$ 1,632,512</u>	<u>(\$ 8,695)</u>	<u>\$ 1,275,930</u>	<u>\$ -</u>	<u>\$ 305,820</u>	<u>\$ 13,378,862</u>
	Remaining Allocation and Distribution At 2022														
B1	Provision of statutory surplus reserve	-	-	-	-	59,418	-	(59,418)	-	-	-	-	-	-	-
B5	Cash dividends to shareholders of Gemtek	-	-	-	-	-	-	(591,712)	-	-	-	-	-	-	(591,712)
	Subtotal	-	-	-	-	59,418	-	(651,130)	-	-	-	-	-	-	(591,712)
D1	Net Profit for January 1 to June 30, 2023	-	-	-	-	-	-	372,091	-	-	-	-	-	(21,916)	350,175
D3	Other comprehensive loss for January 1 to June 30, 2023	-	-	-	-	-	-	-	(54,727)	(328,291)	-	(383,018)	-	-	(383,018)
D5	Total comprehensive income/(loss) for January 1 to June 30, 2023	-	-	-	-	-	-	372,091	(54,727)	(328,291)	-	(383,018)	-	(21,916)	(32,843)
M7	Changes in ownership of the Equity of subsidiaries	-	-	-	951	-	-	-	-	-	-	-	-	-	951
I1	Corporate bond converted to ordinary shares	-	-	-	133,101	-	-	-	-	-	-	-	-	-	133,101

N1	Cancelation of restricted share plan for employees	(<u>172</u>)	(<u>1,720</u>)	=	(<u>2,839</u>)	=	=	=	=	=	<u>4,559</u>	<u>4,559</u>	=	=	=
Q1	Disposal of equity instruments measured at fair value through other comprehensive profit or loss	=	=	=	=	=	=	(<u>96,590</u>)	=	<u>96,590</u>	=	<u>96,590</u>	=	=	=
O1	Changes of non-controlling interest	=	=	=	=	=	=	=	=	=	=	=	=	<u>108,817</u>	<u>108,817</u>
T1	Share-based payment expenses	=	=	=	=	=	=	=	=	=	<u>3,419</u>	<u>3,419</u>	=	=	<u>3,419</u>
Z1	BALANCE AT June 30, 2023	<u>394,474</u>	<u>\$ 3,944,745</u>	<u>\$ -</u>	<u>\$ 5,114,278</u>	<u>\$ 1,003,186</u>	<u>\$ 195,638</u>	<u>\$ 1,352,547</u>	(<u>\$ 402,614</u>)	<u>\$ 1,400,811</u>	(<u>\$ 717</u>)	<u>\$ 997,480</u>	<u>\$ -</u>	<u>\$ 392,721</u>	<u>\$ 13,000,595</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the auditors report of Deloitte & Touche Taiwan on August 3, 2023)

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGY CO., LTD
Parent Company and Subsidiaries Statements of Cash Flows
For JANUARY 1 TO JUNE 30,2023 and 2022
(Expressed in thousands of New Taiwan Dollars)

<u>CODE</u>		<u>JANUARY 1 TO JUNE 30,2023</u>	<u>JANUARY 1 TO JUNE 30,2022</u>
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Income before income tax	\$ 451,770	\$ 286,380
A20010	Adjustments for:		
A20100	Depreciation expense	245,528	207,122
A20200	Amortization expense	90,733	63,643
A20300	Expected credit losses recognized/(reversed) on receivables expense	53,018	(90)
A20400	Net (gain)/loss on fair value changes of financial [assets/liabilities] at fair value through profit or loss	(4,064)	18,664
A20900	Finance costs	68,862	12,444
A21200	Interest income	(24,734)	(9,422)
A21900	Share-based payment expenses	3,456	10,787
A22300	Share of profit of subsidiaries and associates	(24,928)	(92,186)
A22500	Gain on disposal of property, plant and equipment	14,516	1,647
A23800	Inventory depreciation and sluggish losses (recovery profits)	25,608	(9,032)
A24100	Net loss on foreign currency exchange	(75,335)	(160,269)
A23200	Disposal of investment interests using the equity method	-	(3,140)
A30000	Changes in operating assets and liabilities		
A31115	financial assets at fair value through profit or loss	17,561	61,938
A31150	Accounts receivable	385,811	(990,356)
A31160	Accounts receivable from related parties	(20,271)	(78,968)
A31180	Other receivables	(292,011)	(52,110)
A31200	Inventories	395,272	(1,109,825)
A31240	Other current assets	21,725	(5,580)
A31990	Prepaid pension	(1,108)	(1,056)
A32125	Contract liabilities	66,439	(4,261)
A32150	Accounts payable	(1,167,516)	2,057,488

A32160	Accounts payable to related parties	1,604	(14,983)
A32180	Other payables	(57,737)	110,057
A32190	Other payables - related parties	2,242	612
A32230	Other current liabilities	<u>436,892</u>	(<u>16,378</u>)
A33000	Cash generated from operations	613,333	283,126
A33100	Interest charged	27,481	9,737

(Continued)

(Brought Forward)

C o d e		JANUARY 1 TO JUNE 30,2023	JANUARY 1 TO JUNE 30,2022
A33300	Interest paid	(\$ 54,455)	(\$ 24,764)
A33500	Income tax paid	(92,525)	(19,890)
AAAA	Net cash used in operating activities	<u>493,834</u>	<u>248,209</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00040	Purchase of financial assets at amortized cost	(224,141)	-
B00050	Proceeds from disposal of financial assets at amortized cost	-	125,453
B01900	Disposal of long-term equity investments using the equity method	-	9,571
B02700	Acquisition of property, plant and equipment	(252,768)	(237,807)
B02800	Proceeds from disposal of property, plant and equipment	67,776	6,863
B03700	Increase in refundable deposits	1,383	-
B06700	Increase in other non-current assets	(125,410)	(249,440)
BBBB	Net cash used in investing activities	<u>(533,160)</u>	<u>(345,360)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Short-term borrowings (decrease) increase	(867,575)	283,080
C01200	Issuance of convertible corporate bonds	1,551,957	-
C01300	Redemption of Bonds	-	(3,300)
C04020	Repayment of the principal portion of lease liabilities	(8,704)	(7,442)
C04300	Increase in other non-current liabilities	41	145
C04900	Buy treasury shares	-	(307,112)
C05800	Changes in non-controlling interests	<u>108,817</u>	<u>42</u>
CCCC	Net cash generated from financing activities	<u>784,536</u>	<u>(34,587)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>31,826</u>	<u>69,325</u>
EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	777,036	(62,413)

E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,009,501</u>	<u>1,275,808</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,786,537</u>	<u>\$ 1,213,395</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the auditors report of Deloitte & Touche Taiwan on August 3,
2023)

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR

January 1, to June 30, 2023

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

I. COMPANY HISTORY

Gemtek Technologies Co., Ltd. (the “Company”) was incorporated on June 29, 1988. It researches, develops, manufactures, purchases, sells, exports, and imports electronic components, semi-finished products, finished products, computer software, hardware and peripheral equipment. The Company’s shares was listed on the Taipei Exchange (OTC) in January of 2002, and have been listed on the Taiwan Stock Exchange (TWSE) since June 30, 2003.

The consolidated financial statements of the Company and its subsidiaries (collectively, referred to as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

II. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issuance on August 03, 2023.

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

- (1) For the first time, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC) and Interpretations (SIC) (hereinafter referred to as "IFRSs")

The application of the revised IFRSs approved and issued by the Financial Supervisory Commission will not cause major changes in the accounting policies of the company and entities controlled by the company (hereinafter referred to as "merged companies").

- (2) IFRSs that have been issued by the IASB but have not yet been approved and made effective by the Financial Supervisory Commission

Effective date of new/amended/revised standards and interpretations
issued by IASB (Note 1)

Amendments to IFRS 10 and IAS 28 "Asset sales or contributions
between investors and their affiliates or joint ventures"
Undecided

Amendment to IFRS 16 "Lease Liabilities in Sale and Leaseback" January
1, 2024 (Note 2)

IFRS 17 "Contracts of insurance" 1 January 2023

(Continued)

(Brought Forward)

New, Amended and Revised Standards and Interpretations	Effective Date per IASB (Note1)
Amendments to IFRS 17	January 01, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 01, 2023
Amendments to IAS 1 "Classification of liabilities as current or non-current"	January 01, 2024
Amendments to IAS 1 "Non-current liabilities with contractual terms"	January 01, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 01, 2024
Amendment to IAS 12 "International Tax Changes - Pillar 2 Model Rules"	Note3

Note 1: Unless otherwise specified, the above-mentioned newly issued/amended/revised standards or interpretations are effective for the annual reporting period starting after the respective dates.

Note 2: The seller and lessee shall apply the amendments of IFRS 16 retrospectively to the sale and leaseback transactions signed after the first application of IFRS 16.

Note 3: After the release of these amendments, the exceptions and disclosed facts that have been applied will be applied immediately, and will be applied retrospectively in accordance with the provisions of IAS 8; These other disclosure requirements are not applicable to the interim financial reports of the period ending before December 31, 2023.

As of the release date of this consolidated financial report, the consolidated company is still continuously assessing the impact of amendments to other standards and interpretations on its financial status and financial performance, and the relevant impact will be disclosed when the assessment is completed.

IV.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Compliance statement

This consolidated financial report is prepared in accordance with the Financial Reporting Standards for Securities Issuers and the IAS 34 "Interim Financial Report" approved and issued by the Financial Supervisory Commission. This consolidated financial report does not contain all the disclosure information required by IFRSs in the entire annual financial report.

(2) Basis for compilation

Except for financial instruments measured at fair value, this consolidated financial report is prepared on a historical cost basis. The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

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

(3) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having

a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

See Note 13, Attachment 6, and Attachment 7 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

(4) Other significant accounting policies

In addition to the following descriptions, please refer to the Summary of Significant Accounting Policies in the 2022 Annually Consolidated Financial Report.

1. Non-current assets to be sold

The carrying amount of a non-current asset (or disposal group) is classified as held for sale when it is expected to be recovered primarily through a sale transaction rather than continued use. To qualify for this classification, non-current assets (or disposal groups) must be available for immediate sale in their current condition, and their sale must be highly probable. A sale is considered highly probable when an appropriate level of management is committed to a plan to sell the asset and the sale is expected to be completed within one year from the classification date.

2. Defined benefits post-employment benefits

The pension cost during the interim period is calculated based on the

actuarially determined pension cost rate at the end of the previous year, from the beginning of the year to the end of the current period, and takes into account the significant market fluctuations of the current period, as well as major plan amendments, liquidations or other major changes. One-time items are adjusted.

3. Income tax expense

Income tax expense is the sum of current income tax and deferred income tax. Income tax for the interim period is assessed on an annual basis and is calculated on interim pre-tax benefits at the tax rate applicable to the expected total earnings for the year.

V. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the major sources of uncertainty in major accounting judgments, estimates and assumptions used in this consolidated financial report, please refer to the same as the 2022 consolidated financial report.

VI. CASH AND CASH EQUIVALENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 1,856	\$ 2,219	\$ 2,808
Checking accounts and demand deposits	1,659,195	836,815	1,084,985
Cash equivalents			
Time deposits with original maturities of less than 3 months	<u>125,486</u>	<u>170,467</u>	<u>125,602</u>
	<u>\$ 1,786,537</u>	<u>\$ 1,009,501</u>	<u>\$ 1,213,395</u>

VII. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets - current</u>			
Mandatorily classified as at FVTPL			

Non-derivative financial assets			
— Domestic listed shares	\$ -	\$ -	\$ 62,502
Hybrid Financial Assets			
- Convertible corporate bonds	-	17,940	17,973
	<u>\$ -</u>	<u>\$ 17,940</u>	<u>\$ 80,475</u>

(Continued)

(Brought Forward)

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial liabilities - current</u>			
Designated at fair value through profit or loss measure			
corporate debt payable			
-Conversion option	\$ 4,320	\$ -	\$ -

VIII. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE
INCOME - OTHERS

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Non-current</u>			
Domestic Investments			
Listed shares	\$ 2,851,297	\$ 3,095,245	\$ 4,032,895
Unlisted shares	46,495	51,150	59,000
Total	<u>2,897,792</u>	<u>3,146,395</u>	<u>4,091,895</u>
Overseas Investment			
Listed shares	5,032	10,560	10,204
Unlisted shares	55,326	101,864	142,757
Total	<u>60,358</u>	<u>112,424</u>	<u>152,961</u>
	<u>\$ 2,958,150</u>	<u>\$ 3,258,819</u>	<u>\$ 4,244,856</u>

The company invests in the above-mentioned stocks for medium and long-term strategic purposes and expects to make profits through long-term investment. The management of the company believes that if the short-term fair value fluctuations of these investments are included in profit or loss, it would not be consistent with the long-term investment plan, so the company decide to designate these investments as measured at fair value through other comprehensive income.

IX. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Domestic Investment			
Time deposits with original maturities of	\$ 227,373	\$ 3,307	\$ 19,122

	June 30, 2023	December 31, 2022	June 30, 2022
more than 3 months			
<u>Non-current</u>			
Domestic Investment			
Time deposits with original maturities of more than 3 months	\$ 20,000	\$ 20,000	\$ 20,000

For information on the pledge of financial assets measured at amortized cost, please refer to Note 30.

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X. ACCOUNTS RECEIVABLE

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Accounts Receivable</u>			
At Amortized Cost			
Less: Allowance for impairment loss	\$ 9,119,958	\$ 9,313,057	\$ 7,247,714
<u>Accounts Receivable</u>	(<u>38,463</u>)	(<u>7,941</u>)	(<u>613</u>)
	<u>\$ 9,081,495</u>	<u>\$ 9,305,116</u>	<u>\$ 7,247,101</u>

The average credit period on sales of goods is 90 days with no accrued interest. The allowance for doubtful receivables was assessed by referring to the collectability of receivables based on an individual trade term analysis, aging analysis, the historical payment behavior and current financial condition of customers.

The Group measures the loss allowance for accounts receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

In the event there is evidence indicating that the customer is under severe financial difficulty and the Group cannot reasonably estimate the recoverable amounts, the Group writes off relevant accounts receivable. However, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, the recoverable amounts are recognized in profit or loss.

The following table details the loss allowance of note receivables and accounts receivables based on the Group's provision matrix.

June 30, 2023

	Not overdue	Less than 180 days	Between 181 and 365 days	Over 366 days	Total
Expected Credit Loss Rate	-	-	-	100%	
Gross carrying amount	\$ 8,864,539	\$ 216,956	\$ -	\$ 38,463	\$ 9,119,958
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	(<u>38,463</u>)	(<u>38,463</u>)

Amortized cost	<u>\$ 8,864,539</u>	<u>\$ 216,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,081,495</u>
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December 31, 2022

	Not overdue	Less than 180 days	Between 181 and 365 days	Over 366 days
Expected Credit Loss Rate	-	7.69%	100%	
Gross carrying amount	\$ 9,218,712	\$ 93,832	\$ 513	\$ 9,313,057
Loss allowance (Lifetime ECL)	(<u>215</u>)	(<u>7,213</u>)	(<u>513</u>)	(<u>7,941</u>)
Amortized cost	<u>\$ 9,218,497</u>	<u>\$ 86,619</u>	<u>\$ -</u>	<u>\$ 9,305,116</u>

June 30, 2022

	Not overdue	Less than 180 days	Between 181 and 365 days	Over 366 days
Expected Credit Loss Rate	-	0.80%	72.89%	
Gross carrying amount	\$ 7,246,200	\$ 1,005	\$ 509	\$ 7,247,714
Loss allowance (Lifetime ECL)	(<u>234</u>)	(<u>8</u>)	(<u>371</u>)	(<u>613</u>)
Amortized cost	<u>\$ 7,245,966</u>	<u>\$ 997</u>	<u>\$ 138</u>	<u>\$ 7,247,101</u>

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

	January 1 to June 30, 2023	January 1 to June 30, 2022
Balance, beginning of year	\$ 7,941	\$ 703
Add: Acquire Subsidiary	53,018	-
Less: Net remeasurement of loss allowance	-	(90)
Balance, end of year	(22,419)	-
Balance, beginning of year	(<u>77</u>)	<u>-</u>
Add: Acquire Subsidiary	<u>\$ 38,463</u>	<u>\$ 613</u>

XI. INVENTORIES

	June 30, 2023	December 31, 2022	June 30, 2022
Finished goods	\$ 563,652	\$ 697,243	\$ 661,278
Work in process	510,848	509,549	688,559
Raw materials and supplies	3,061,604	3,271,188	3,613,970
Inventory in transit	<u>58,661</u>	<u>123,310</u>	<u>53,279</u>
	<u>\$ 4,194,765</u>	<u>\$ 4,601,290</u>	<u>\$ 5,017,086</u>

The cost of goods sold related to inventory from April 1 to June 30 in 2023 and 2022 and from January 1 to June 30 in 2022 was NT\$6,144,100 thousand, NT\$5,881,773 thousand, NT\$12,566,853 thousand and NT\$10,574,500 thousand. The cost of goods sold

includes inventory depreciation and sluggish losses (recovery benefits) are NT\$3,903 thousand, NT\$ (5,028) thousand, NT\$25,608 thousand and NT\$ (9,032) thousand respectively. Inventory depreciation and sluggish recovery benefits are mainly due to the disposal of inventories with depreciation losses.

XII. Non-current assets to be sold

	June 30, 2023	December 31, 2022	June 30, 2022
Property, plant and equipment			
Right-of-use assets – land	\$ 438,354	\$ -	\$ -
	<u>31,238</u>	<u>-</u>	<u>-</u>
	<u>\$ 469,592</u>	<u>\$ -</u>	<u>\$ -</u>

On May 29, 2023, the board of directors of the merged company passed the disposal of the real estate, plant and equipment and right-of-use assets of AMBER Electronic Technology (Changshu) Co., Ltd. - land, and signed a contract with Changshu Zhirong New Energy Industry Development Co., Ltd. in June 2023. An asset sales contract was established and the disposal procedures are expected to be completed within 12 months. The consolidated company has reclassified the real estate, plant and equipment and right-of-use assets to be disposed - land as non-current assets to be sold and expressed separately in the consolidated balance sheet.

The sale price is expected to exceed the carrying amount of the relevant net assets, so no impairment loss should be recognized when classifying these units as non-current assets for sale.

XIII. SUBSIDIARIES

(I) Subsidiaries included in consolidated financial statements:

		Main Business Investment	% of Ownership		
Investor	Investee		June 30,2023	December 31,2022	June 30,2022
Gemtek Technologies Co., Ltd.	Brightech International Co., Ltd.		100%	100%	100%

Gemtek Technologies Co., Ltd.	G-Technology Investment Co., Ltd.	Investment	100%	100%	100%
Gemtek Technologies Co., Ltd.	Gemtek Investment Co., Ltd.	Telecommunications	100%	100%	100%
Gemtek Technologies Co., Ltd.	Gemtek Vietnam Co., Ltd.	Telecommunications	100%	100%	100%
Gemtek Technologies Co., Ltd.	BROWAN Communications Incorporation	Telecommunications	35.73%	33.68%	33.68%
Gemtek Investment Co., Ltd.	5V Technologies, Ltd.	Telecommunications	97.92%	97.92%	97.92%
Gemtek Investment Co., Ltd.	BROWAN Communications Incorporation	Telecommunications	14.71%	16.81%	16.81%
Brightech International Co., Ltd.	Gemtek Electronics Suzhou Co. Ltd.	Telecommunications	80.46%	80.46%	80.46%
G-Technology Investment Co., Ltd.	Gemtek Electronics Kunshan Co., Ltd.	Telecommunications	100%	100%	100%
G-Technology Investment Co., Ltd.	AMPAK International Holdings Ltd.	Investment	100%	100%	100%
G-Technology Investment Co., Ltd.	Primax Communication (B.V.I.) Inc.	Investment	100%	100%	100%
G-Technology Investment Co., Ltd.	Gemtek CZ., s.r.o.	Telecommunications	100%	100%	100%
AMPAK International Holdings Ltd.	AMPAK International Holdings Ltd.	Telecommunications	100%	100%	100%
Primax Communication (B.V.I.) Inc.	Gemtek Electronics Suzhou Co. Ltd.	Telecommunications	19.54%	19.54%	19.54%

In April 2023, the company did not subscribe for the cash capital increase equity of BROWAN Company according to the shareholding ratio, and increased the investment by NT\$150,202 thousand. The company's shareholding ratio increased from 33.68% to 35.73%; Proportionally subscribed for the cash capital increase equity of BROWAN Company, resulting in the shareholding ratio being reduced from 16.81% to 14.71%.

In March 2023, the company's board of directors approved its plan to invest in Lionic Networks Inc. and paid an investment of RMB 30,720,000 in advance.

Except for the subsidiaries included in the consolidated financial statements on June 30, 2023 and 2022, which have not been audited by accountants, the rest of the subsidiaries have been audited by accountants.

(II) Subsidiaries not included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership		
			June 30, 2023	December 31, 2022	June 30, 2022

Gemtek Technologies Co., Ltd.	Wi Tek Investment Co., Ltd.	Investment	100%	100%	100%
G-Technology Investment Co., Ltd.	PT. South Ocean	Investment	95%	95%	95%
Wi Tek Investment Co., Ltd.	Browan Communications (Xi'an) Inc.	Telecommunications	100%	100%	100%

On June 30, 2023 and on December 31, 2022 and June 30, 2022, the combined company held 100% of Wi Tek Investment Co., Ltd., and its total assets were NT\$720 thousand, NT\$3,349 thousand and NT\$5,887 thousand respectively, accounting for 0.003%, 0.01% and 0.02% of the consolidated assets, and operating income of NT\$0 thousand, accounting for 0% of the consolidated total operating income, so the company was not incorporated into the consolidated financial statements.

On June 30, 2023 and on December 31, 2022 and June 30, 2022, the merged company held 95% of the shares of PT. The consolidated assets are 0.01%, and the operating income is NT\$0,000, accounting for 0% of the consolidated total operating income, so the company is not incorporated into the consolidated financial statements.

On June 30, 2023 and December 31, 2022 and June 30, 2022, the merged company held 100% of the shares of Pro Communication (Xi'an) Co., Ltd. through Wi Tek Investment Co., Ltd., and its total assets were respectively NT\$8,215 thousand, NT\$9,724 thousand and NT\$9,440 thousand, accounting for 0.03%, 0.04% and 0.04% of the consolidated assets respectively. The operating income from January 1 to June 30 in 2023 and 2022 was NT\$799 thousand and NT\$2,355 thousand respectively, accounting for 0.006% and 0.02% of the consolidated total operating income respectively, so the company was not incorporated into the consolidated financial statements.

XIV. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

<u>June 30, 2023</u>	<u>December</u>	<u>June 30, 2022</u>
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		31,2022	
Investment in subsidiaries	\$ 3,578	\$ 6,167	\$ 8,614
Investment in associates	<u>1,179,378</u>	<u>1,279,882</u>	<u>1,211,409</u>
	<u>\$ 1,182,956</u>	<u>\$ 1,286,049</u>	<u>\$ 1,220,023</u>

(I) Investment in subsidiaries

	June 30, 2023	December 31,2022	June 30, 2022
Unlisted Company			
Wi Tek Investment Co., Ltd.	\$ 720	\$ 3,349	\$ 5,887
PT. South Ocean	<u>2,858</u>	<u>2,818</u>	<u>2,727</u>
	<u>\$ 3,578</u>	<u>\$ 6,167</u>	<u>\$ 8,614</u>

Proportion of ownership and voting rights:

	June 30, 2023	December 31,2022	June 30, 2022
WiTek Investment Co., Ltd.	100%	100%	100%
PT. South Ocean	95%	95%	95%

The profit and loss and other comprehensive profit and loss shares of subsidiaries that adopted the equity method from April 1 to June 30 in 2023 and 2022 and from January 1 to June 30 in 2023 and 2022 are based on the data of each subsidiary during the same period. Recognition of financial reports reviewed by accountants.

The above-mentioned subsidiaries are not included in the consolidated financial report, please refer to Note 13.

(II) Investments in associates

	June 30, 2023	December 31,2022	June 30, 2022
Material associate			
AMPAK Technology Inc.	\$ 1,145,011	\$ 1,242,015	\$ 1,195,101
Associate that is not individually material			
Free PP Worldwide Co.,Ltd.	24,852	26,409	13,011
BANDRICH, INC.	2,418	3,030	3,297

ANTEK NETWORKS INC	<u>7,097</u>	<u>8,428</u>	<u>-</u>
	<u>\$ 1,179,378</u>	<u>\$ 1,279,882</u>	<u>\$ 1,211,409</u>

1. Material associate :

Company Name	Proportion of ownership and voting rights		
	June 30,2023	December 31,2022	June 30,2022
AMPAK Technology Inc.	30.20%	30.20%	30.20%

For the business nature, principal place of business, and country information of company registration of the above-mentioned affiliated enterprises, please refer to Appendix VI.

The following summary financial information is prepared based on the IFRSs financial reports of related companies, and has reflected the adjustments made when the equity method is adopted.

AMPAK Technology Inc.

	June 30,2023	December 31,2022	June 30,2022
Current assets	\$ 2,146,656	\$ 2,237,822	\$ 3,129,369
Non-current assets	763,199	850,394	409,069
Current liabilities	(958,408)	(809,828)	(1,658,666)
Non-current liabilities	(<u>248,053</u>)	(<u>255,608</u>)	(<u>14,117</u>)
Equity	<u>\$ 1,703,394</u>	<u>\$ 2,022,780</u>	<u>\$ 1,865,655</u>
Proportion of the Group's ownership	30.20%	30.20%	30.20%
Equity attributable to the Group	\$ 513,876	\$ 610,880	\$ 563,966
Goodwill	<u>631,135</u>	<u>631,135</u>	<u>631,135</u>
Carrying amount	<u>\$ 1,145,011</u>	<u>\$ 1,242,015</u>	<u>\$ 1,195,101</u>
	January 1 to June 30, 2023	January 1 to June 30, 2022	
Operating revenue	<u>\$ 901,359</u>	<u>\$ 1,931,887</u>	

Net profit for the year	\$ 123,938	\$ 317,776
Other comprehensive income	<u>5,056</u>	(<u>6,341</u>)
Total comprehensive income for the year	<u>\$ 128,994</u>	<u>\$ 311,435</u>

2. Aggregate information of associates that are not individually material

	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
The Group's share of:		
Total comprehensive income	(\$ <u>3,938</u>)	(\$ <u>2,764</u>)

From April 1 to June 30 in 2023 and 2022, and from January 1 to June 30 in 2022 and 2022, the profit and loss and other comprehensive profit and loss shares of affiliated companies using the equity method, except AMPAK Technology Co., Ltd. Except for the recognition based on financial reports reviewed by accountants for the same period, the rest are recognized based on financial reports not reviewed by accountants for the same period.

XV. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Construction in progress and equipment's pending acceptance	Total
<u>Cost</u>						
Balance on January 01, 2022	\$ 368,719	\$ 3,193,097	\$ 2,106,907	\$ 1,441,369	\$ 88,037	\$ 7,198,129
Additions	-	19,425	62,201	63,164	93,017	237,807
Disposals	-	(611)	(18,217)	(26,430)	-	(45,258)
Prepayments for business facilities	-	-	16,481	10,016	-	26,497
Reclassification	-	2,109	121,186	3,658	(126,953)	-
Effect of foreign currency exchange differences	-	49,686	66,029	22,252	5,194	143,161
Balance on June 30, 2022	<u>\$ 368,719</u>	<u>\$ 3,263,706</u>	<u>\$ 2,354,587</u>	<u>\$ 1,514,029</u>	<u>\$ 59,295</u>	<u>\$ 7,560,336</u>
<u>Accumulated depreciation and impairment</u>						
Balance on January 01, 2022	\$ -	\$ 1,490,577	\$ 1,196,779	\$ 1,039,235	\$ -	\$ 3,726,591
Disposals	-	(611)	(14,704)	(21,433)	-	(36,748)
Depreciation expenses	-	53,763	83,660	60,402	-	197,825
Effect of foreign currency exchange differences	-	18,008	27,739	13,986	-	59,733
Balance on June 30, 2022	<u>\$ -</u>	<u>\$ 1,561,737</u>	<u>\$ 1,293,474</u>	<u>\$ 1,092,190</u>	<u>\$ -</u>	<u>\$ 3,947,401</u>
Net value on June 30, 2022	<u>\$ 368,719</u>	<u>\$ 1,701,969</u>	<u>\$ 1,061,113</u>	<u>\$ 421,839</u>	<u>\$ 59,295</u>	<u>\$ 3,612,935</u>
<u>Cost</u>						
Balance on January 01, 2023	\$ 368,719	\$ 3,291,019	\$ 2,609,946	\$ 1,515,431	\$ 351,810	\$ 8,136,925
Additions	-	270	112,308	82,157	58,033	252,768
Disposals	-	-	(124,529)	(277,051)	-	(401,580)
Reclassification	-	112,918	194,903	8,223	(316,044)	-
Effect of foreign currency exchange differences	-	(861,222)	-	(52,770)	-	(913,992)
Balance on June 30, 2023	<u>-</u>	<u>(25,181)</u>	<u>(301,074)</u>	<u>58,704</u>	<u>(54,715)</u>	<u>(322,266)</u>
Additions	<u>\$ 368,719</u>	<u>\$ 2,517,804</u>	<u>\$ 2,491,554</u>	<u>\$ 1,334,694</u>	<u>\$ 39,084</u>	<u>\$ 6,751,855</u>
<u>Accumulated depreciation and impairment</u>						
Balance on January 01, 2023	\$ -	\$ 1,613,994	\$ 1,411,880	\$ 1,068,546	\$ -	\$ 4,094,420
Disposals	-	-	(98,615)	(220,673)	-	(319,288)
Depreciation expenses	-	57,480	102,670	74,904	-	235,054
Effect of foreign currency exchange differences	-	(447,254)	-	(28,384)	-	(475,638)
Disposals	<u>-</u>	<u>(18,753)</u>	<u>(282,936)</u>	<u>(18,035)</u>	<u>-</u>	<u>(319,724)</u>
Balance on June 30, 2023	<u>\$ -</u>	<u>\$ 1,205,467</u>	<u>\$ 1,132,999</u>	<u>\$ 876,358</u>	<u>\$ -</u>	<u>\$ 3,214,824</u>
Net value on December 31, 2022 and January 1, 2023	<u>\$ 368,719</u>	<u>\$ 1,677,025</u>	<u>\$ 1,198,066</u>	<u>\$ 446,885</u>	<u>\$ 351,810</u>	<u>\$ 4,042,505</u>
Net value on June 30, 2023	<u>\$ 368,719</u>	<u>\$ 1,312,337</u>	<u>\$ 1,358,555</u>	<u>\$ 458,336</u>	<u>\$ 39,084</u>	<u>\$ 3,537,031</u>

There was no sign of impairment from January 1 to June 30 in 2023 and 2022, so the combined company did not conduct an impairment assessment.

The property, plant and equipment of the merged company are depreciated on a straight-line basis over the following useful lives:

Building	
Main buildings	50 years
Others	3~50 years
Machinery and equipment	2~10 years
Miscellaneous equipment	2~10 years

XVI. LEASE ARRANGEMENTS

(I) Right-of-use Assets

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amounts			
Land	\$ 329,191	\$ 358,581	\$ 101,498
Building	27,362	21,060	27,388
Transportation equipment	<u>3,742</u>	<u>5,242</u>	<u>6,768</u>
	<u>\$ 360,295</u>	<u>\$ 384,883</u>	<u>\$ 135,654</u>
	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023
Additions to right-of-use assets			<u>\$ 13,076</u>
Depreciation charge for right-of-use assets			<u>\$ 2,875</u>
Land	\$ 668	\$ 727	\$ 1,406
Buildings	3,853	3,204	7,566
Transportation equipment	<u>730</u>	<u>768</u>	<u>1,502</u>
	<u>\$ 5,251</u>	<u>\$ 4,699</u>	<u>\$ 9,297</u>

Except for the depreciation expenses recognized above, there were no major sublease or impairment of the right-of-use assets of the combined company from January 1 to June 30 in 2023 and 2022.

(II) Lease Liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amounts			
Current	<u>\$ 19,129</u>	<u>\$ 91,168</u>	<u>\$ 15,404</u>
Non-current	<u>\$ 13,084</u>	<u>\$ 12,689</u>	<u>\$ 18,873</u>

Range of discount rate for lease liabilities was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Buildings	0.69%~4.34%	0.67%~4.34%	0.67%~4.34%

Transportation equipment	0.67%~4.31%	0.67%~4.41%	0.67%~4.41%
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(III) Other lease information

	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Total cash outflow for leases	(\$ <u>4,648</u>)	(\$ <u>3,907</u>)	(\$ <u>9,034</u>)	(\$ <u>7,736</u>)

XVII. OTHER ASSETS

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Prepaid expenses	\$ 21,787	\$ 55,036	\$ 46,382
Prepayments	134,319	55,584	96,129
Temporary Payments	11,155	57,726	14,364
Offset Against Business Tax Payable	52,156	75,325	89,339
	<u>\$ 219,417</u>	<u>\$ 243,671</u>	<u>\$ 246,214</u>
<u>Non-current</u>			
Deferred expenses	\$ 86,592	\$ 101,597	\$ 163,464
Refundable deposits	6,866	8,249	9,606
Overdue receivables	219,160	196,741	196,741
Allowance for overdue receivables	(219,160)	(196,741)	(196,741)
Defined Benefit Asset	20,733	19,625	10,268
Prepayments for business facilities	47,169	36,762	233,877
Prepayments for investment	30,720	-	-
Others	-	310	-
	<u>\$ 192,080</u>	<u>\$ 166,543</u>	<u>\$ 417,215</u>

XVIII. BORROWINGS

Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 1,658,630</u>	<u>\$ 2,526,205</u>	<u>\$ 2,391,600</u>
Rate of interest per annum (%)	1.75%~5.88%	1.52%~5.95%	0.90%~3.00%

XIX. BONDS PAYABLE

	June 30, 2023	December 31, 2022	June 30, 2022
6th Domestic unsecured convertible bonds	\$ 1,412,373	\$ -	\$ -
Due within 1 year	-	-	-
	<u>\$ 1,412,373</u>	<u>\$ -</u>	<u>\$ -</u>

On June 2, 2023, the company issued 15,000 units of the sixth domestic three-year zero coupon rate unsecured conversion corporate bonds, with a total principal amount of NT\$1,500,000, issued at 103.82% of the face value, each face value It is NT\$100 thousand.

The conversion price per share on June 30, 2023 was NT\$29.3, and the conversion period was from June 2, 2023 to June 2, 2026. On the date when the convertible corporate bonds have been issued for 2 years, the bondholders may request the Company to redeem the convertible corporate bonds they hold in cash on the redemption base date at 100.5% of the face value of the bonds. From the day following the issuance of the convertible corporate bonds 3 months to 40 days before the expiration of the issuance period, if the closing price of the company's ordinary shares exceeds the current conversion price by 30% (inclusive) for 30 consecutive business days, the company may The face amount of the bond, and all of its bonds are collected in cash. From the day after the three months after the issuance of the convertible corporate bonds to 40 days before the expiration of the issuance, if the outstanding balance of the convertible corporate bonds is less than 10% of the original issuance amount, the company may call back all the bonds in cash according to the face value of the bonds. Except for conversion into ordinary shares of the Company and early withdrawal by the Company in accordance with the redemption terms, the shares will be repaid in cash upon maturity.

On the date when the convertible corporate bonds have been issued for 2 years, the bondholders may request the Company to redeem the convertible corporate bonds they hold in cash at the redemption base date at 101.0025% of the face value of the bonds. From the day following the issuance of the convertible corporate bonds 3 months to 40 days before the expiration of the issuance

period, if the closing price of the company's ordinary shares exceeds the current conversion price by 30% (inclusive) for 30 consecutive business days, the company may The face amount of the bond, and all of its bonds are collected in cash. From the day after the three months after the issuance of the convertible corporate bonds to 40 days before the expiration of the issuance, if the outstanding balance of the convertible corporate bonds is less than 10% of the original issuance amount, the company may call back all the bonds in cash according to the face value of the bonds. Except for conversion into ordinary shares of the Company and early withdrawal by the Company in accordance with the redemption terms, the shares will be repaid in cash upon maturity.

This convertible corporate bond includes liabilities and equity components, and the equity component is expressed as a capital reserve - stock option under the equity item. The liability component was originally recognized with an effective interest rate of 2.02%.

Proceeds from issuance (Less: NT\$5,408 thousand transaction cost)	\$ 1,551,957
Equity component (Less: NT\$464 thousand trading cost allocated to the equity component)	(133,101)
Financial liabilities at fair value through profit or loss — current (Less: NT\$30 thousand transaction cost))	(<u>8,669</u>)
Liability component at issue date (Less: NT\$4,914 thousand transaction cost allocated to the liability component)	1,410,187
Interest charged at Effective interest rate 2.02%	<u>2,186</u>
Liability component on June 30, 2023	<u><u>\$ 1,412,373</u></u>

On March 15, 2019, the company issued 12,000 units of the fifth domestic three-year unsecured conversion corporate bonds with a zero coupon rate, with a total principal amount of NT\$1,200,000, issued at 100.2% of the face value, and the face value of each bond was NT\$100 thousand.

The conversion price per share is NT\$24.8, and the conversion period is from June 16, 2019 to March 15, 2022. Two years after the

issuance of the converted corporate bonds, the bondholders may request the company to redeem the converted corporate bonds it holds in cash at 100.5% of the face value of the bonds on the sale base date. From the day following the issuance of the convertible corporate bonds 3 months to 40 days before the expiration of the issuance period, if the closing price of the company's ordinary shares exceeds the current conversion price by 30% (inclusive) for 30 consecutive business days, the company may The face amount of the bond, and all of its bonds are collected in cash. From the day after the three months after the issuance of the convertible corporate bonds to 40 days before the expiration of the issuance, if the outstanding balance of the convertible corporate bonds is less than 10% of the original issuance amount, the company may call back all the bonds in cash according to the face value of the bonds. Except for conversion into ordinary shares of the Company and early withdrawal by the Company in accordance with the redemption terms, the shares will be repaid in cash upon maturity.

This convertible corporate bond includes liabilities and equity components, and the equity component is expressed as capital reserve - stock option under the equity item. The effective interest rate originally recognized for the liability component was 1.46%.

Proceeds from issuance (Less: NT\$5,084 thousand transaction cost)	\$ 1,197,316
Equity component (Less: NT\$193 thousand trading cost allocated to the equity component)	(45,527)
Financial liabilities at fair value through profit or loss — current (Less: NT\$13 thousand transaction cost)	(<u>3,107</u>)
Liability component at issue date (Less: NT\$4,878 thousand transaction cost allocated to the liability component)	1,148,682
Interest charged at Effective interest rate 1.46%	45,815
Financial asset at fair value through profit or loss	(68)
Conversion of bonds payable into ordinary shares	(<u>336,587</u>)
Liability component on December 31, 2021	857,842
Interest charged at Effective interest rate 1.46%	1,918
Conversion of bonds payable into ordinary shares	(856,460)

Redemption of bond	(<u>3,300</u>)
Liability component on December 31, 2022	<u>\$ -</u>
XX. <u>OTHER LIABILITIES</u>	

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Other payables-current</u>			
Other payables	\$ 419,816	\$ 422,520	\$ 417,480
Payables for salaries or bonuses	507,253	548,230	397,275
Dividends payable	591,712	-	607,738
Other payables to related parties (Note 29)	<u>2,741</u>	<u>499</u>	<u>3,899</u>
	<u>\$ 1,521,522</u>	<u>\$ 971,249</u>	<u>\$ 1,426,392</u>
<u>Other liabilities – current</u>			
Advance payment for real estate	\$ 430,956	\$ -	\$ -
Temporary credits	42,465	43,630	49,445
Others	<u>13,550</u>	<u>13,347</u>	<u>12,287</u>
	<u>\$ 486,971</u>	<u>\$ 56,977</u>	<u>\$ 61,732</u>
<u>Other liabilities – non-current</u>			
Deposits received	<u>\$ 1,746</u>	<u>\$ 1,705</u>	<u>\$ 1,611</u>

XXI. RETIREMENT BENEFIT PLANS

From April 1 to June 30, 2023 and 2022, and from January 1 to June 30, 2023 and 2022, the pension expenses related to the defined benefit plan recognized are based on December 31, 2022 and 2021. The calculation of the pension cost rate determined by the daily actuarial calculation is NT\$61,000, NT\$118,000, NT\$123,000 and NT\$236,000 respectively.

XXII. EQUITY

(I) Share capital

Common stock

	June 30, 2023	December 31, 2022	June 30, 2022
Authorized shares (in thousands)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Issued and paid shares (in thousands)	<u>394,474</u>	<u>394,646</u>	<u>405,159</u>

Issued capital	<u>\$ 3,944,745</u>	<u>\$ 3,946,465</u>	<u>\$ 4,051,590</u>
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A holder of issued ordinary shares with par value of NT\$10 is entitled to the proportional rights to vote and to dividends.

During the 2023 year, some of the new shares that restricted employee rights did not meet the vested conditions. On December 16, 2022, March 13, 2023, and August 3, 2023, the board of directors resolved to withdraw 116,000 new shares that restricted employee rights, respectively. 56,000 shares and 346,000 shares were combined for capital reduction, and the base dates for capital reduction were January 2, 2023, March 13, 2023, and August 10, 2023 respectively.

The number of ordinary shares converted by exercising the conversion rights of the company's fifth domestic unsecured convertible corporate bonds held is 39,040,000 shares, and March 18, 2022 is used as the base date for capital increase.

(II) Capital Surplus

	June 30, 2023	December 31, 2022	June 30, 2022
Shares premium from issuance	\$ 970,862	\$ 970,862	\$ 1,090,775
Conversion premium	3,740,045	3,606,944	3,606,944
Recognition of changes in ownership interests in subsidiaries	37,075	36,197	36,197
Recognition of changes in investment in subsidiaries and associates by using the equity method	157,820	157,747	144,444
Employee restricted stock	57,312	60,151	55,784
Expired share option	150,691	150,691	150,691
Others	<u>473</u>	<u>473</u>	<u>473</u>
	<u>\$ 5,114,278</u>	<u>\$ 4,983,065</u>	<u>\$ 5,085,308</u>

The surplus from the issuance of shares exceeding the par value of the capital reserve (including the issuance of ordinary shares exceeding the par value and the conversion premium of corporate bonds, etc.) and the portion received as gifts can be used to make up for losses, and can also be used to make up for losses when the company has no losses. Distribute cash or

appropriate share capital, but when appropriating share capital, it is limited to a certain percentage of paid-in share capital every year.

Capital reserves generated from investments using the equity method, employee stock options and convertible corporate bond stock options may not be used for any purpose.

(III) Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For information on the accrual basis of the employees' compensation and remuneration of directors and the actual appropriations, refer to Note 24-8 employee benefits and remuneration of directors.

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

Under FSC Authorization Letters Jinguanzheng Fazi No. 1010012865 and No. 1010047490, and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve. On January 01, 2003, a total of NT\$195,638 thousand earnings was appropriated to special reserve.

The company held regular shareholders' meetings on May 29, 2023 and June 9, 2022, and passed the resolutions to approve the profit distribution proposals for 2022 and 2021 respectively as follows:

	For the year ended 2022	For the year ended 2021
Legal reserve	<u>\$ 59,418</u>	<u>\$ 65,499</u>
Special reserve	<u>\$ -</u>	<u>(\$ 1,110,264)</u>
Cash dividend	<u>\$ 591,712</u>	<u>\$ 607,738</u>
Cash dividend per share (dollar)	<u>\$ 1.5</u>	<u>\$ 1.5</u>

(IV) Special reserve

	June 30, 2023	December 31, 2022	June 30, 2022
Beginning balance	<u>\$ 195,638</u>	<u>\$ 1,305,902</u>	<u>\$ 1,305,902</u>
Appropriated special reserve			
Other deducted equity items	<u>-</u>	<u>(1,110,264)</u>	<u>(1,110,264)</u>
Ending balance	<u>\$ 195,638</u>	<u>\$ 195,638</u>	<u>\$ 195,638</u>

The special surplus reserve set aside due to the exchange differences on the translation of the financial statements of foreign operating institutions (including subsidiaries) when IFRSs is adopted for the first time will be reversed based on the disposal ratio of the merged company. When the merged company loses significant influence, it will be fully reversed. When distributing earnings, a special surplus reserve should be made additionally for the difference between the net decrease in other shareholders' equity recorded in the account at the end of the reporting period and the special surplus reserve set forth in the first adoption of IFRSs. If the balance of deductions from other shareholders' equity is subsequently reversed, the reversed portion of the earnings may be distributed.

(V) Other equity items

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

	January 1 to June 30, 2023	January 1 to June 30, 2022
Beginning balance	<u>(\$ 347,887)</u>	<u>(\$ 581,856)</u>
Produced in the current period		
Conversion differences for foreign operating institutions	(54,763)	187,942
Shares of subsidiaries and affiliates using the equity method	36	480
Changes in subsidiaries and affiliated enterprises recognized using the equity method	-	4
Disposal of investments using the equity method	-	<u>1</u>
Ending balance	<u>(\$ 402,614)</u>	<u>(\$ 393,429)</u>

2. Unrealized gain (loss) on financial assets at FVTOCI (fair value through other comprehensive income)

	January 1 to June 30, 2023	January 1 to June 30, 2022
Beginning balance	<u>\$ 1,632,512</u>	<u>\$ 1,268,926</u>
Recognized for the year		
Unrealized loss equity instruments		
Equity instruments	(328,291)	1,363,280
Changes in subsidiaries and affiliated enterprises recognized using the equity method	-	216
Disposal of investments using the equity method	-	34

	January 1 to June 30, 2023	January 1 to June 30, 2022
Accumulated gains and losses from disposal of equity instruments		
	<u>96,590</u>	<u>-</u>
Ending balance	<u><u>\$ 1,400,811</u></u>	<u><u>\$ 2,632,456</u></u>

3. Unearned compensation

On June 9, 2020, the shareholders' meeting resolved to issue employee restricted stocks. Please see Note 27 for more details.

	January 1 to June 30, 2023	January 1 to June 30, 2022
Beginning balance	(\$ 8,695)	(\$ 25,997)
Cancelled for the year		
	4,559	-
Recognized share-based payment expenses	<u>3,419</u>	<u>10,787</u>
Ending balance	<u><u>(\$ 717)</u></u>	<u><u>(\$ 15,210)</u></u>

(VI) Non-controlling interests

	January 1 to June 30, 2023	January 1 to June 30, 2022
Beginning balance	\$ 305,820	\$ 225,994
Net income	(21,916)	96,002
Cash dividends from subsidiaries	(40,061)	-
Obtained increased non-controlling interest in Browan	148,857	-
Restricted Stock Unit of Subsidiary restricts employees' rights to non-controlling interests	21	42
Ending balance	<u>\$ 392,721</u>	<u>\$ 322,038</u>

(VII) Treasury Stocks

Reason for withdrawal	Buy back for cancellation (thousand shares)	Total (thousand shares)
Number of shares on January 1, 2022	-	-
Increased in this issue	<u>10,342</u>	<u>10,342</u>
Number of shares on June 30, 2022	<u>10,342</u>	<u>10,342</u>

In order to protect the company's credit and shareholders' rights and interests, the company passed the resolution of the board of directors on April 20, 2022, to repurchase treasury shares in the centralized trading market. The number and amount of treasury shares repurchased were 10,342 thousand shares and 307,112 thousand dollars respectively, and On August 4, 2022, the board of directors decided to cancel the capital reduction and complete the relevant change registration.

The treasury stocks held by the company cannot be pledged in accordance with the provisions of the Securities and Exchange Act, nor can they enjoy the rights to dividend distribution and voting rights.

XXIII. Revenue

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Revenue from contracts				
Revenue from product sales	<u>\$ 7,013,592</u>	<u>\$ 6,492,947</u>	<u>\$14,076,601</u>	<u>\$11,665,536</u>

(I) Contract balance

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
Notes receivable(Note10)	\$ 9,081,495	\$ 9,305,116	\$ 7,247,101	\$ 6,157,358
Notes receivable — related parties (Note 29)	<u>80,206</u>	<u>63,000</u>	<u>288,465</u>	<u>201,980</u>
	<u>\$ 9,161,701</u>	<u>\$ 9,368,116</u>	<u>\$ 7,535,566</u>	<u>\$ 6,359,338</u>
Contract liabilities - current				
Product sales	<u>\$ 395,803</u>	<u>\$ 325,857</u>	<u>\$ 301,087</u>	<u>\$ 307,167</u>

(II) Details on revenue from contracts

Please see note 34.

XXIV. PROFIT BEFORE INCOME TAX

(I) Interest income

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Bank deposit	<u>\$ 15,869</u>	<u>\$ 5,238</u>	<u>\$ 24,734</u>	<u>\$ 9,422</u>

(II) Other income

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Rental incomes	\$ 2,477	\$ 2,171	\$ 4,933	\$ 4,609
Other income	<u>11,671</u>	<u>19,151</u>	<u>17,813</u>	<u>28,664</u>
	<u>\$ 14,148</u>	<u>\$ 21,322</u>	<u>\$ 22,746</u>	<u>\$ 33,273</u>

(III) Other gains and losses

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Gain (loss) on financial assets	\$ 4,064	(\$ 37,708)	\$ 4,064	(\$ 18,664)

and liabilities measured at FVTPL				
Foreign currency exchange loss	157,448	14,128	156,419	87,964
Disposal of interests of affiliated enterprises	-	3,140	-	3,140
Loss on disposal of property, plant and equipment	(22,278)	(401)	(14,516)	(1,647)
Others	(52,665)	(5,174)	(52,993)	(5,444)
	<u>\$ 86,569</u>	<u>(\$ 26,015)</u>	<u>\$ 92,974</u>	<u>\$ 65,349</u>

(IV) Finance costs

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Interest on convertible bond	\$ 2,186	\$ -	\$ 2,186	\$ 1,918
Interest on bank loans	37,675	7,193	66,346	10,232
Interest on lease liabilities	153	141	330	294
	<u>\$ 40,014</u>	<u>\$ 7,334</u>	<u>\$ 68,862</u>	<u>\$ 12,444</u>

(V) Impairment losses recognized (reversed)

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Accounts Receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,018</u>	<u>(\$ 90)</u>
Inventory (includes operating cost)	<u>\$ 3,903</u>	<u>(\$ 5,028)</u>	<u>\$ 25,608</u>	<u>(\$ 9,032)</u>

(VI) Depreciation and amortization

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Property, plant and equipment	\$ 115,986	\$ 102,922	\$ 235,054	\$ 197,825
Right-of-use assets	5,251	4,699	10,474	9,297
Deferred expenses	<u>38,877</u>	<u>32,420</u>	<u>90,733</u>	<u>63,643</u>
	<u>\$ 160,114</u>	<u>\$ 140,041</u>	<u>\$ 336,261</u>	<u>\$ 270,765</u>
Depreciation Expenses by Function				
Operating costs	\$ 61,585	\$ 75,361	\$ 147,741	\$ 145,824
Operating expenses	<u>59,652</u>	<u>32,260</u>	<u>97,787</u>	<u>61,298</u>
	<u>\$ 121,237</u>	<u>\$ 107,621</u>	<u>\$ 245,528</u>	<u>\$ 207,122</u>
Amortization expenses by function				
Operating costs	\$ 17,071	\$ 10,722	\$ 34,618	\$ 21,021
Operating expenses	<u>21,806</u>	<u>21,698</u>	<u>56,115</u>	<u>42,622</u>
	<u>\$ 38,877</u>	<u>\$ 32,420</u>	<u>\$ 90,733</u>	<u>\$ 63,643</u>

(VII) Employee Benefits Expenses

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Post-employment benefits				
Defined contribution plans	\$ 18,028	\$ 22,088	\$ 39,491	\$ 44,430
Defined benefit plans (Note 21)	<u>61</u>	<u>118</u>	<u>123</u>	<u>236</u>
	<u>18,089</u>	<u>22,206</u>	<u>39,614</u>	<u>44,666</u>
Share-based payments				
Equity-settled	<u>1,739</u>	<u>5,445</u>	<u>3,456</u>	<u>10,829</u>
Other employee benefit	<u>703,812</u>	<u>684,344</u>	<u>1,386,287</u>	<u>1,340,468</u>
Total employee benefits expenses	<u>\$ 723,640</u>	<u>\$ 711,995</u>	<u>\$ 1,429,357</u>	<u>\$ 1,395,963</u>
Employee benefits expense by function				
Operating costs	\$ 321,114	\$ 403,338	\$ 734,323	\$ 782,251
Operating expenses	<u>402,526</u>	<u>308,657</u>	<u>695,034</u>	<u>613,712</u>

\$ 723,640 \$ 711,995 \$ 1,429,357 \$ 1,395,963

(VIII) Employee compensation and Remuneration of Board of Directors

In compliance with the Articles of incorporation, the Company shall, after deducting the employee bonuses and remuneration benefits of directors from the current year's pre-tax benefits, allocate at least 13.5% for employee profit sharing bonuses and no more than 1.8% for the remuneration benefits of directors. The board of directors have resolved the accrual of employee compensation and remuneration of board of directors for January 1 to June 30 of 2023 and 2022, respectively, as follows:

	<u>Accrual Rate</u>	
	January 1 to June 30, 2023	January 1 to June 30, 2022
Employee compensation	13.5%	13.5%
Remuneration of Directors	1.8%	1.8%

Amount

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Employee compensation	\$ <u>59,061</u>	\$ <u>13,320</u>	\$ <u>71,376</u>	\$ <u>26,505</u>
Remuneration of Directors	\$ <u>7,875</u>	\$ <u>1,776</u>	\$ <u>9,517</u>	\$ <u>3,534</u>

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate and will be reflected in the following year.

On March 13, 2023 and March 17, 2022, the employee remuneration and director's remuneration in 2022 and 2021 were respectively resolved by the board of directors as below:

	For the year ended 2022	For the year ended 2021
	Cash	Cash
Employee compensation	\$ 123,629	\$ 112,689
Remuneration of Directors	16,484	15,025

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2022 and 2021 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

XXV. INCOME TAXES

(1) Income tax recognized in profit or loss

The main components of income tax expenses are as follows:

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Current income tax				
Produced in this period	\$ 33,991	\$ 20,906	\$ 53,092	\$ 31,746
Undistributed Earnings Levy	-	51,777	-	51,777
Adjustments from previous years	<u>-</u>	<u>(13,569)</u>	<u>-</u>	<u>(13,569)</u>
	33,991	59,114	53,092	69,954
Deferred income tax				
Produced in this period	<u>36,733</u>	<u>(9,841)</u>	<u>48,503</u>	<u>340</u>
Income tax recognized in profit or loss				
cost	<u>\$ 70,724</u>	<u>\$ 49,273</u>	<u>\$ 101,595</u>	<u>\$ 70,294</u>

(2) Income tax assessment situation

The tax return filing of the Company, 5V TECHNOLOGIES, TAIWAN LTD., Browan Communications Inc. and Gemtek Investment Co. Ltd. as of 2021 and previous years have been assessed by the tax authorities.

XXVI. EARNINGS PER SHARE

Net profit for this period

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Net profit attributable to the owners of the company	\$ 310,552	\$ 56,416	\$ 372,091	\$ 120,084
Impact of potentially dilutive common shares:				
Convertible corporate	<u>1,749</u>	<u>-</u>	<u>1,749</u>	<u>1,534</u>

bonds after tax Interest Used to calculate diluted earnings per share of continuing operating units.	\$ 312,301	\$ 56,416	\$ 373,840	\$ 121,618
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Number of shares

	Unit: Thousand shares			
	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Weighted average number of ordinary shares in computation of basic earnings per share	393,112	396,115	393,112	390,340
Effect of potentially dilutive ordinary shares:				
Convertible bonds	51,195	20,642	51,195	20,642
Employee restricted stock	1,362	2,687	1,362	2,687
Employee compensation	<u>1,787</u>	<u>459</u>	<u>3,813</u>	<u>2,452</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>447,456</u>	<u>419,903</u>	<u>449,482</u>	<u>416,121</u>

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonuses would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

XXVII. SHARE-BASED PAYMENT ARRANGEMENTS

Restricted Stock Awards

On June 09, 2020, the annual shareholders' meeting of the Company approved the issuance of Restricted Stock Awards with a total amount of NT\$40,000 thousand, that is 4,000 thousand shares to be issued at issue price of NT\$10 per share. Followed by the approval letter Jinguanzheng Fazi No. 1090349323 issued by the Financial Supervisory Commission, Executive Yuan on July 14, 2020, the board of directors therefore determined August 7, 2020 as the capital increase base date.

If an employee still serves the Company after the subscription of Restricted Stock Awards, provided that the employee has not violated the Company's labor contract, work rules, or company regulations, and under the circumstance that the overall business operations and employee performances have reached the reasonable targets set out by the Company for the preceding year, the following ratio of shares for each vesting anniversary are:

- (I) 1st anniversary : 30% of subscription ;
- (II) 2nd anniversary : 30% of subscription ;
- (III) 3rd anniversary : 40% of subscription .

Vesting restrictions if conditions have not been fulfilled:

(I) Measures to be taken when employees fail to meet the vesting conditions:

1. Before vesting conditions are met, Restricted Stock Awards received by the employee are not to be sold, mortgaged, transferred, gifted, pledged, or otherwise sanctioned except in the event of inheritance.
2. The attendance, proposal, speech, and voting rights of the shareholders meeting shall be implemented in accordance with the trust custody agreement. Any cash dividends, stock dividends, and capital reserve cash (stocks) allocated to the New Employee Restricted Stock Awards shall be placed under the custody of the trust. For those Restricted Stocks whom their owners have not yet fulfilled the vesting conditions, the cash dividends, stock dividends, and capital reserves (stocks) generated shall be forfeited and being reclaimed or cancelled by the Company in accordance with relevant laws and regulations.

(II) Based upon the above trust custody agreement, employees who have received Restricted Stock Awards are eligible to retain certain rights, including but not limited to: the right to receive dividends, bonuses, and capital reserves, the right to subscribe shares for cash increase, and voting rights, which are equivalent to the rights of common shares issued by the Company.

(III) Restricted Stock Awards that are issued in accordance with this arrangement shall be handled via trust and custody before vesting conditions are fulfilled.

The company's shareholders meeting on May 29, 2023 approved the issuance of new shares with a total amount of NT\$43,000 to restrict employee rights. A total of 4,300 shares were issued at an issue price of NT\$10 per share.

It has been approved and taken into effect by the Financial Supervision and Administration Commission's letter No. 1120347892 dated July 11, 2023.

XXXVIII. FINANCIAL INSTRUMENTS

(I) Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value hierarchy

June 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTPL</u>				
-Corporate bond conversion option	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,320</u>	\$ <u>4,320</u>
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Equity Instrument Investment				
— Domestic and overseas listed stock	\$ 2,856,329	\$ -	\$ -	\$ 2,856,329
— Domestic and overseas unlisted stock	<u>-</u>	<u>-</u>	<u>101,821</u>	<u>101,821</u>
Total	<u>\$ 2,856,329</u>	<u>\$ -</u>	<u>\$ 101,821</u>	<u>\$ 2,958,150</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTPL</u>				
Convertible options	\$ <u>-</u>	\$ <u>-</u>	\$ <u>17,940</u>	\$ <u>17,940</u>
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Equity instrument investment				
— Domestic and overseas unlisted stock	\$ 3,105,805	\$ -	\$ -	\$ 3,105,805
— — Domestic and overseas unlisted stock	<u>-</u>	<u>-</u>	<u>153,014</u>	<u>153,014</u>
Total	<u>\$ 3,105,805</u>	<u>\$ -</u>	<u>\$ 153,014</u>	<u>\$ 3,258,819</u>

June 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTPL</u>				
Domestic and listed stock convertible corporate bonds	\$ 62,502	\$ -	\$ -	\$ 62,502
	<u>-</u>	<u>-</u>	<u>17,973</u>	<u>17,973</u>

Total	<u>\$ 62,502</u>	<u>\$ -</u>	<u>\$ 17,793</u>	<u>\$ 80,475</u>
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	Level 1	Level 2	Level 3	Total
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Equity instrument investment				
— Domestic and overseas listed stock	\$ 4,043,099	\$ -	\$ -	\$ 4,043,099
— Domestic and overseas unlisted stock	-	-	201,757	201,757
Total	<u>\$ 4,043,099</u>	<u>\$ -</u>	<u>\$ 201,757</u>	<u>\$ 4,244,856</u>

There were no transfers between Levels 1 and 2 in January 1 to June 30 of 2023 and 2022.

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

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

- Valuation techniques and inputs applied for Level 3 fair value measurement

For stocks of unlisted companies without an active market, their fair value is assessed by using the market method and the income method.

The market approach refers to the market price and related information of listed companies that share a similar background as the unlisted stock in order to estimate its fair value; the income approach uses the discounting cash flow method to calculate the present value of the expected return from holding the investment target.

Hybrid financial assets - Convertible corporate bonds have no market price for reference. The Company's evaluation of fair value is based on the Binomial

Tree Model for Convertible Bond Pricing, which factors in the volatility of the conversion price, the risk-free interest rate, the risk of discount rate, and the periods until maturity.

(II) Categories of financial instrument

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets</u>			
Fair value through profit or loss	\$ -	\$ 17,940	\$ 80,475
Fair value through other comprehensive income	2,958,150	3,258,819	4,244,856
Fair value after amortized cost (Note 1)	11,395,686	10,443,122	8,963,188
<u>Financial liabilities</u>			
Measured at fair value through profit or loss	4,320	-	-
Fair value after amortized cost (Note 2)	10,596,998	10,602,920	9,855,152

Note 1: Financial assets measured at fair value after amortized cost include cash and cash equivalents, notes receivables-related parties, accounts receivable, accounts receivables-related parties, other receivables, and refundable deposits etc.

Note 2: Financial liabilities measured at fair value after amortized cost include short-term loans, accounts payables, accounts payables -related parties, other payables, refundable deposits, and bonds payable etc.

(III) Financial risk management objective and policies

The Group's major financial instruments include equity instrument investment, accounts receivable, accounts payable, bonds payable, loans and lease liabilities. The Group's Financial Department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group's Finance Department seeks to mitigate the effect of these risks by using derivative financial instruments to hedge risk exposures under the policies approved by the board of directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The

Group's management monitors and reviews the financial activities in accordance with procedures required by relevant regulations and internal controls.

If the Finance Department should engage in derivative transactions, the results are reported to the Board of Directors on a regular basis.

1. Market Risk

The main financial risks that the combined company's operating activities expose the combined company to are foreign currency exchange rate changes (see (1) below), interest rate changes (see (2) below) and other price risks (see (3) below). .

There are no changes to the merged company's exposure to financial instrument market risks and its management and measurement of such exposures.

(1) Foreign Currency Risk

The Group engages in foreign currency-denominated sales and purchase transactions, therefore exposing the Group to foreign currency fluctuation risks.

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency (including those eliminated on consolidation) at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollars (the functional currency) against the relevant foreign currencies. If the loss of the financial asset measured at fair value through profit and loss reaches the 3% cap as laid out in the contract, the situation must be reported to the management, and a reassessment of the exchange rate fluctuation should be made. The sensitivity analysis included only outstanding foreign currency denominated monetary items plus forward

exchange contracts designated as a cash flow hedge, and their translations are adjusted at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollars strengthen 1% against the relevant currency; a negative number below indicates a decrease in pre-tax profit associated with New Taiwan dollars weakens 1% against the relevant currency.

	Impact of USD	
	January 1 to June 30, 2023	January 1 to June 30, 2022
Profit or Loss	\$ 37,548	(\$ 6,472)

The impact of foreign currencies on profit and loss listed in the above table mainly comes from the US dollar-denominated non-derivative financial assets and liabilities of the combined company that are still outstanding on the balance sheet date and have not been used for cash flow hedging.

The combined company's sensitivity to exchange rates increased in the two periods from January 1 to June 30 in 2022 and 2023, mainly because the increase in sales denominated in US dollars led to an increase in the balance of accounts receivable denominated in US dollars. °

(2) Interest rate risk

The Group is exposed to interest rate risk arising from borrowing at both fixed and floating interest rates.

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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Fair value interest rate risk</u>			
— Financial assets	\$ 372,970	\$ 193,774	\$ 164,835

— Financial liabilities	3,071,003	2,238,880	2,334,600
<u>Cash flow interest rate risk</u>			
— Financial assets	1,659,084	836,815	1,084,874
— Financial liabilities	-	287,325	57,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for January 1 to June 30 2023 and 2022 would increase by NT\$8,295 thousand and NT\$5,139 thousand, respectively. The main reason for the above derived from the net position of bank deposits and borrowings that are exposed to fluctuating interest rate risks and redeemable bonds attributable to the Group that are measured at fair value.

There was no significant changes in the sensitivity analysis of the current year's interest rates when compared to the previous year.

(3) Other market price risk

Equity price risk exposure arises from the Group's investments in domestic and foreign listed stocks, unlisted stocks, and convertible bonds. The Group assigns relevant personnel to monitor price fluctuations and evaluate the timing to increase hedge positions.

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to equity price risks at the end of the reporting period.

If equity prices of financial assets at FVTPL had been 1% higher/lower, profit or loss for January 1 to June 30 2023 and 2022 would increase/decrease by \$0 thousand and \$625 thousand, respectively. If equity prices of financial assets at FVTOCI had been higher/lower, other comprehensive income (loss) for January 1 to June 31 2023 and 2022 would increase/decrease by \$29,582 thousand and \$42,449 thousand, respectively.

There was no significant changes in the sensitivity analysis of the current year's equity prices when compared to the previous year.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

3. Liquidity risk

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

The Group relies on bank borrowings as a substantial source of liquidity. The detailed information of the Group's unused financing facilities as of June 30, 2023 and December 31, 2022 and June 30, 2022 is further stated in (3) financing facilities below.

(1) Liquidity and interest risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows offinancial liabilities from the earliest date on which the Group can

be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

For interest cash flows paid at floating interest rates, the undiscounted amount of interest can be inferred by the yield curve on the balance sheet date.

June 30, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months -1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 5,347,609	\$ 1,841,656	\$ 334,984	\$ -
Lease liabilities	1,648	3,256	14,650	13,236
Fixed interest instrument	<u>1,663,728</u>	<u>-</u>	<u>-</u>	<u>1,412,373</u>
	<u>\$ 7,012,985</u>	<u>\$ 1,844,912</u>	<u>\$ 349,634</u>	<u>\$ 1,425,609</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months -1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 5,894,826	\$ 1,767,993	\$ 412,191	\$ -
Lease liabilities	1,143	2,287	88,523	13,182
Fixed interest instrument	2,043,381	199,637	-	-
Floating rate instrument	<u>230,753</u>	<u>57,017</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,170,103</u>	<u>\$ 2,026,934</u>	<u>\$ 500,714</u>	<u>\$ 13,182</u>

June 30, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months -1 Year	1-5 Years
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<u>Non-derivative</u> <u>financial</u> <u>liabilities</u>				
<u>Non-derivative</u> <u>financial</u> <u>liabilities</u>	\$ 4,365,024	\$ 2,687,456	\$ 409,461	\$ -
Lease liabilities	1,324	3,406	11,094	19,077
Floating rate instrument	44	57,003	-	-
Fixed interest instrument	<u>1,917,807</u>	<u>420,236</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,284,199</u>	<u>\$ 3,168,101</u>	<u>\$ 420,555</u>	<u>\$ 19,077</u>

The aforementioned non-derivative financial liabilities were calculated by floating interest rates, therefore the results may differ from the interest rate accounted for the balance sheet date.

(2) Financing amount

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Unsecured bank borrowing limit			
- Amount used	\$ 1,658,630	\$ 2,526,205	\$ 2,391,600
- Unspent amount	<u>8,433,540</u>	<u>6,932,951</u>	<u>6,707,833</u>
	<u>\$10,092,170</u>	<u>\$ 9,459,156</u>	<u>\$ 9,099,433</u>

XXIX. TRANSACTIONS WITH RELATED PARTIES

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

(I) Related Party Name and Category

<u>Name of related party</u>	<u>Relationship with the Group</u>
AMPAK Technology Inc.	Associates
SparkLAN Communications, Inc.	Associates
ANTEK NETWORKS INC	Associates
BandRich Inc.	Associates

(II) Sales Revenue

<u>Type/Name of related party</u>	<u>April 1 to June 30, 2023</u>	<u>April 1 to June 30, 2022</u>	<u>January 1 to June 30, 2023</u>	<u>January 1 to June 30, 2022</u>
Associate				

Others	\$ <u>43,625</u>	\$ <u>82,481</u>	\$ <u>64,237</u>	\$ <u>166,334</u>
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Sales prices and payment terms for related parties were not significantly different from those for sales to non-related parties.

(III) Purchase and Processing Fee

Type/Name of related party	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Associate				
Others	\$ <u>-</u>	\$ <u>10,844</u>	\$ <u>-</u>	\$ <u>14,147</u>

The sales prices and trade term with related parties are not comparable to those with third-party customers for certain transactions due to different product specifications; other than that, the determination of sales prices and payment terms for related parties were not significantly different from those for sales to non-related parties.

(IV) Receivables from related parties

Account	Type/Name of related party	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivables – related parties	Associates			
	AMPAK Technology Inc.	71,746	51,344	277,539
	SparkLAN Communications, Inc.	8,460	11,656	-
	Others	<u>-</u>	<u>-</u>	<u>10,926</u>
		<u>\$ 80,206</u>	<u>\$ 63,000</u>	<u>\$ 288,465</u>

There is no collection guarantee for outstanding amounts receivable from related parties. No provision for losses was made for amounts receivable from related parties from January 1 to June 30 in 2023 and 2022.

(V) Other receivables from related parties

Type/Name of related party	June 30, 2023	December 31, 2022	June 30, 2022
Associate corporation			
AMPAK Technology Inc.	\$ 130,363	\$ 376	\$ 109,468
Others	<u>114</u>	<u>257</u>	<u>252</u>
	<u>\$ 130,477</u>	<u>\$ 633</u>	<u>\$ 109,720</u>

The combined company's other receivables from related enterprises include dividends receivable and advances on behalf of the company.

(VI) Other payables to related parties

Type/Name of related party	June 30, 2023	December 31, 2022	June 30, 2022
Association corporation			
Others	<u>\$ 2,741</u>	<u>\$ 499</u>	<u>\$ 3,899</u>

Other payables of the merged company to the above-mentioned related parties are advances on behalf of the parties.

(VII) Other trades with related parties

Type/Name of related party	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
<u>Rent income</u>				
Associates				
AMPAK Technology				
Inc.	\$ 867	\$ 948	\$ 1,718	\$ 2,080
Others	<u>79</u>	<u>1,339</u>	<u>155</u>	<u>1,423</u>
	<u>\$ 946</u>	<u>\$ 2,287</u>	<u>\$ 1,873</u>	<u>\$ 3,503</u>
<u>Other income</u>				
Associate	<u>\$ 151</u>	<u>\$ 151</u>	<u>\$ 302</u>	<u>\$ 754</u>

Rental income of the Group collected from associates were based on the market price

(VIII) Compensation of key management personnel

	April 1 to June 30, 2023	April 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Short-term employee benefits	\$ 23,568	\$ 11,900	\$ 37,168	\$ 30,147
Post-employment benefits	<u>331</u>	<u>307</u>	<u>668</u>	<u>3,121</u>
	<u>\$ 23,899</u>	<u>\$ 12,207</u>	<u>\$ 37,836</u>	<u>\$ 33,268</u>

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

XXIX ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged or mortgaged as collateral for tariffs on imported raw materials:

	June 30, 2023	December 31, 2022	June 30, 2022
Pledged bank deposits (included in financial assets measured at amortized cost)	<u>\$ 23,232</u>	<u>\$ 23,307</u>	<u>\$ 26,642</u>

XXXI. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of the balance sheet date were as follows:

As of June 30, 2023 and December 31, 2022, and June 30, 2022, the limit of guarantee for tariff covenants were NT\$23,232 thousand, NT\$23,307 thousand and NT\$26,642 thousand, respectively.

As of June 30, 2023, the combined company's significant unrecognized contractual commitments for the purchase of real estate, plant and equipment amounted to NT\$130,975 thousand.

XXXII. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant assets and liabilities denominated in foreign currencies of the group were as follows:

June 30, 2023

Foreign currency asset	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Monetary items</u>			
USD	\$ 319,411	31.14 (USD:NTD)	\$ 9,946,472
USD	104,585	7.2258 (USD:NTD)	<u>3,256,766</u>
			<u>\$ 13,203,238</u>

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(Continued page)

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Non-monetary items</u>			
Investments accounted for using equity method			
USD	\$ 913	31.14 (USD:NTD)	\$ 28,429
Financial asset measured at fair value through other comprehensive income			
USD	1,938	31.14 (USD:NTD)	60,358
			<u>\$ 88,787</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	207,574	31.14 (USD:NTD)	\$ 6,463,849
USD	95,845	7.2258 (USD:RMB)	2,984,611
			<u>\$ 9,448,460</u>
<u>December 31, 2022</u>			
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Foreign currency asset</u>			
<u>Monetary items</u>			
USD	\$ 426,403	30.71 (USD:NTD)	\$ 13,094,851
USD	247,006	6.9646 (USD:RMB)	7,585,569
			<u>\$ 20,680,420</u>
<u>Non-monetary items</u>			
Investments accounted for using equity method			
USD	1,061	30.71 (USD:NTD)	\$ 32,575
Financial asset measured at fair value through other comprehensive income			
USD	584	30.71 (USD:NTD)	17,940

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial asset measured at fair value through other comprehensive income			
USD	3,661	30.71 (USD:NTD)	112,424
			<u>\$ 162,939</u>
<u>Foreign currency liabilities</u>			
Monetary items			
USD	231,839	30.71 (USD:NTD)	\$ 7,119,776
USD	130,355	6.9646 (USD:RMB)	4,003,189
			<u>\$ 11,122,965</u>
<u>June 30, 2022</u>			
	Foreign Currencies	Exchange Rate	Carrying Amount
Foreign currency asset			
<u>Monetary items</u>			
USD	\$ 218,194	29.72 (USD:NTD)	\$ 6,484,737
USD	97,344	6.7114 (USD:RMB)	2,893,059
			<u>\$ 9,377,796</u>
<u>Non-monetary items</u>			
Investments accounted for using equity method			
USD	728	29.72 (USD:NTD)	21,625
Financial assets measured at fair value through profit or loss			
USD	605	29.72 (USD:NTD)	17,973
Financial asset measured at fair value through other comprehensive income			
USD	5,147	29.72 (USD:NTD)	152,961
			<u>\$ 192,559</u>

Foreign currency liabilities	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Monetary items</u>			
USD	231,097	29.72 (USD:NTD)	\$ 6,868,192
USD	106,217	6.7114 (USD:RMB)	3,156,776
			<u>\$ 10,024,968</u>

For the total realized and unrealized foreign currency exchange gains and losses of the combined company from April 1 to June 30 in 2022 and 2023 and from January 1 to June 30 in 2023 and 2022, please refer to the consolidated comprehensive income statement for details. Foreign currency transactions and the functional currencies of the Company's subsidiaries are diverse, so it is not possible to disclose exchange gains and losses separately for each significant foreign currency.

XXXII. SEPARATELY DISCLOSED ITEMS

(I) Information on Significant Transactions

1. Financing provided to others. (Table 1)
2. Endorsements/guarantees provided. (None)
3. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 2)
4. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the share capital. (None)
5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
9. Trading in derivative instruments. (Note 7 and 28)

10. Other: Intercompany relationships and significant intercompany transactions.
(Table 8)
- (II) Information on Investees(Note 6)
- (III) Information on investments in mainland China:
1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
 2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Tables 4, 5, and 8)
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - (3) The amount of property transactions and the amount of the resultant gains or losses.
 - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
 - (5) The highest balance during the year, the end of year balance, the interest rate range, and total current year interest with respect to financing of funds.
 - (6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- (IV) Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (None)

XXXIII. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segment is the wireless telecommunication products department.

(I) Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Segment Revenue		Segment Profit	
	January 1 to June 30, 2023	January 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Wireless telecommunication products department	<u>\$ 14,076,601</u>	<u>\$ 11,665,536</u>	\$ 703,259	\$ 425,580
Central administration cost			(348,009)	(326,986)
Interest income			24,734	9,422
Other income			22,746	33,273
Other gains and losses			92,974	65,349
Finance cost			(68,862)	(12,444)
Share of profit of subsidiaries and associates			<u>24,928</u>	<u>92,186</u>
Profit before income tax			<u>\$ 451,770</u>	<u>\$ 286,380</u>

Segment revenues reported above represents revenue generated from external customers. There were no inter-segment sales during January 1 to June 30 of 2023 and 2022.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs, interest income, other income, other gains or losses, finance cost, share of profit of associates accounted for using the equity method, and income tax expense. This was the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(II) Segment total assets and liabilities

The Group had not reported segment assets and liabilities information to the chief operating decision maker. Thus, no disclosure is made.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE THREE MONTHS ENDED June 30, 2023

TABLE 1

Unit: In Thousands of New Taiwan Dollars, Unless Stated
Otherwise

No.	Financing Company Name	Borrower	Finan cial State ment Acco unt	Rela ted Parti es	Parties Highe st Balanc e for the Period	Ending Balance	Actual Borrowin g Amount	Intere st Rate	Natur e of Finan cing (Not e 2)	Busin ess Trans acti on Amo unt	Reasons for Short-ter m Financing	Allo wanc e for Impai rment Loss	Collateral		Financing Limit for Each Borrowin g Company (Note 1)	Financing Company 's Total Financing Amount Limit (Note 1)
													Item	Valu e		
1	Gemtek Electroni cs (Suzhou) Co. Ltd.	Gemtek Electroni cs (ChangS hu) Co., Ltd.	Short -ter m fina nci ng	Yes	\$64,453	\$ 62,089	\$ 62,089	2.25	2	\$-	Operatin g capital	\$-	-	-	\$ 79,179	\$ 79,179
2	Gemtek Electroni cs (Suzhou) Co. Ltd.	Gemtek Electroni cs (ChangS hu) Co., Ltd.	Short -ter m fina nci ng	Yes	10,224	9,849	9,849	1.75	2	-	Operatin g capital	-	-	-	79,179	79,179

Note 1 : Pursuant to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” of Gemtek Electronics (Suzhou) Co. Ltd., when the parent company directly and indirectly holds 100% of the

voting shares of foreign companies engaged in fund loans, the aggregate amount of loans shall not exceed 100% of the lending company's net worth, and the maximum amount permitted to a single borrower shall not exceed 100% of the lending company's net worth.

Note 2 : Nature of financing -

1. Enter 1 for Business relationship.
2. Enter 2 for Short-term financing purpose.

Note 3 : Converted by the exchange rate recorded on the financial reporting date –RMB: New Taiwan Dollar = 1:4.282.

Note 4 : : The above transactions were eliminated during the compilation of this consolidated financial report

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

June 30, 2023

TABLE 2

Unit: In Thousands of New Taiwan Dollars/ US Dollars/
RMB. Unless Stated Otherwise

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Ending Balance				Note
				Shares/Units (in Note thousands)	Carrying Value	Percentage of Ownership%	Fair Value	
Gemtek Technologies Co., Ltd.	Stock							
	TAI-SAW TECHNOLOGY CO., LTD.	None	Financial assets measured at fair value through other comprehensive income – non-current	691	\$ 20,451	0.67	\$ 20,451	
	Green Packet Bhd.	None	"	26,273	5,032	2.81	5,032	
	LIONIC CORP.	The Corporation serves as corporate director	"	584	3,938	2.65	3,938	
	SKSpruce Holding	None	"	2,241	17,299	2.32	17,299	

Gemtek Investment Co.,Ltd	Limited							
	Greenwave holding, Inc.	None	"	3,965	20,127	0.96	20,127	Preferred stock
	Stock							
	Sky Phy Networks Limited	None	Financial assets measured at fair value through other comprehensive income – non-current	4,943	-	13.82	-	Preferred stock
	SanJet Corp	None	"	3,882	-	12.33	-	
	LIONIC CORP.	None	"	841	5,667	3.82	5,667	
	Polaris Group	The Corporation serves as corporate director	"	8,675	670,837	1.17	670,837	
	AIPTEK, Inc.	None	"	29	264	0.07	264	
	PYRAS TECHNOLOGY INC.	The Corporation serves as corporate director	"	3,100	36,890	19.52	36,890	
	Stock							
G-Technology Investment Co., Ltd.	Polaris Group	None	Financial assets measured at	26,467	2,159,745 (USD69,356)	3.68	2,159,745 (USD69,356)	

			fair value through other comprehensive income – non-current					
	Greenwave holding, Inc.	None	"	16,710	17,900 (USD 575)	4.05	17,900 (USD 575)	Preferred stock
	UBITUS Inc.	None	"	200	-	2.32	-	

Note 1: See Tables 6 and 6 for information on investments in subsidiaries, associates and joint ventures.

Note 2: Converted by the exchange rate recorded on the financial reporting date - USD: NTD = 1: 31.14; RMB: NTD = 1 : 4.282

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

THE AMOUNT OF REAL ESTATE DISPOSED OF REACHES NT\$100 MILLION OR MORE THAN 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2023

TABLE 3

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company Disposing of Real Estate	Property Name	Date of Occurrence (Note 1)	Original Acquisition Date	Carrying Amount	Amount of the Transaction	Price Collection Situation	Gains and Losses on Disposal	Trading Partners	Relationship	Purpose of Punishment	Determined by Price Reference	Other Agreed Matters
Gemtek Electronics(ChangShu)Co., Ltd.	Houses and buildings and land use rights	2023/5/29	2009/11/20	\$ 453,291	\$ 819,521 (tax included)	Note 2	Note 2	Changshu Zhirong New Energy Industry Development Co., Ltd.	None	Cooperate with local government projects	Suzhou Anjiahe Land Real Estate Assets Appraisal Co., Ltd. Asset Appraisal Report	None
Gemtek Electronics(ChangShu)Co., Ltd.	Land use rights	2023/5/29	2012/11/14	16,301	57,354 ((tax included)	Note 3	Note 3	Changshu Zhirong New Energy Industry Development Co., Ltd.	None	Cooperate with local government projects	Suzhou Anjiahe Land Real Estate Assets Appraisal Co., Ltd. Asset Appraisal Report	None

Note 1: The date of occurrence refers to the date of transaction signing, payment date, entrustment transaction date, transfer date, board resolution date or other dates sufficient to determine the transaction object and transaction amount, whichever is the earlier.

Note 2: The handover was completed in July 2023 and full payment was received. The disposal benefit of RMB 248,620 thousand was recognized in July 2023.

Note 3: RMB 3,612,000 has been collected in 2023, but in compliance with local laws, the transfer process is still going through as of August 3, 2023, and the estimated proceeds from the disposal are RMB 19,083,000.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20%

OF THE PAID-IN CAPITAL

FOR THE SIX MONTHS ENDED JUNE 30, 2023

TABLE 4

Unit: In Thousands of New Taiwan Dollars, Unless Stated
Otherwise

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Gemtek Technologies Co., Ltd.	Gemtek Electronics(Kunshan)Co., Ltd.	Investment in subsidiary through third region	Purchase and processing expenses	\$ 4,029,569	26%	Note 1	Note 1	Note 1	(\$ 2,598,418)	(46%)	Note 2&3
	Gemtek Electronics(ChangShu)Co., Ltd.	Investment in subsidiary through third region	Purchase and processing expenses	858,462	6%	Note 1	Note 1	Note 1	(539,265)	(10%)	Note 2&3
	Gemtek Vietnam Co., Ltd.	Subsidiary	Purchase and processing	6,199,080	40%	Note 1	Note 1	Note 1	1,430,589	25%	Note 2&3

Gemtek Electronics(Kunshan)Co., Ltd.	BROWAN Communications Incorporation	Subsidiary	expenses Purchase and processing income	(185,753)	(1%)	Note 1	Note 1	Note 1	-	-	Note 2&3
	Gemtek Technologies Co., Ltd.	Parent company	Purchase and processing income	(4,029,569)	(76%)	Note 1	Note 1	Note 1	2,598,418	86%	Note 2&3
	Gemtek Electronics(ChangShu)Co., Ltd.										
	Gemtek Technologies Co., Ltd.	Parent company	Purchase and processing income	(858,462)	(97%)	Note 1	Note 1	Note 1	539,265	94%	Note 2&3
Gemtek Vietnam Co., Ltd.	Gemtek Technologies Co., Ltd.	Parent company	Purchase and processing income	(6,199,080)	(100%)	Note 1	Note 1	Note 1	(1,430,589)	60%	Note 2&3

BROWAN Communicati ons Incorporation	Gemtek Technologies Co., Ltd.	Parent company	Purchase and processi ng expense s	185,753	72%	Note 1	Note 1	Note 1	-	-	Note 2&3
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Note 1: The company purchases goods from related parties or entrusts related parties to process and repurchase finished products, which is a corporate strategy used for the purpose of cooperation and division of labor. The transaction price has no significant parties to compare. Payment terms are determined by the actual status of the company's assets.

Note 2 : Accounts receivables collected from and accounts payables paid to Gemtek Electronics (Kunshan) Co., Ltd., Gemtek Electronics (ChangShu) Co., Ltd., Gemtek CZ., s.r.o., and Gemtek Vietnam Co., Ltd. are expressed in net amount.

Note 3 : The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

THE AMOUNT RECEIVABLE FROM THE RELATED PARTY REACHES NT\$100 MILLION OR MORE THAN 20% OF THE
PAID-IN CAPITAL

June 30, 2023

Table 5

Unit: In Thousands of New Taiwan Dollars, Unless Stated
Otherwise

Company Name	Related Party	Relation ship	Receivable related party Balance of payment	Turnover	Overdue amounts receivable from related parties		Receivable related party after payment period Amount recovered	Provision Amount of loss	Note
					Amount	Processing method			
Gemtek Technologies Co., Ltd.	AMPAK Technology Inc	Related company	\$ 130,363	-	\$ -	-	\$ -	\$ -	Note 2
Gemtek Electronics(Kunshan)Co., Ltd.	Gemtek Technologies Co., Ltd.	parent company	2,598,418	3.41	-	-	2,598,418	-	Note 1
Gemtek Electronics(ChangShu)Co., Ltd.	Gemtek Technologies Co., Ltd.	parent company	539,265	2.16	-	-	-	-	Note 1

Gemtek Vietnam Co., Ltd.	Gemtek Technologies Co., Ltd.	parent compa ny	1,430,589	9.49	-	-	36,942	-	Note 1
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Note 1: All transactions listed in the above table have been eliminated when preparing consolidated financial statements.

Note 2: Represents dividends receivable and advances.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTEEES

June 30, 2023

Table 6

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2023	June 30, 2022	Shares/Units (In Thousands)	%	Carrying Amount			
Gemtek Technologies Co., Ltd.	Gemtek Investment Co.,Ltd	Hsinchu County, Taiwan	Investment	\$ 469,457	\$ 469,457	46,946	100.00	\$ 999,672	(\$ 10,695)	(\$ 10,695)	Note 3
	G-Technology Investment Co., Ltd.	Cayman Islands	Investment	2,345,252 (USD 73,600)	2,484,452 (USD 78,600)	73,600	100.00	5,907,011	(70,071)	(70,071)	Note 3
	Brightech International Co., Ltd.	Republic of Mauritius	Investment	207,969 (USD 6,145)	207,969 (USD 6,145)	6,145	100.00	63,877	(2,783)	(2,783)	Note 3
	AMPAK Technology Inc.	Hsinchu County, Taiwan	Telecommunications	510,303	510,303	20,001	30.20	1,145,011	123,938	31,474 (Note 1)	
	Wi Tek Investment Co., Ltd.	Cayman Islands	Investment	132,155 (USD 4,000)	132,155 (USD 4,000)	4,000	100.00	720	(2,610)	(2,610)	
	BROWAN Communications Incorporation	Hsinchu County, Taiwan	Telecommunications	300,329	297,826	14,318	35.73	425,053	(36,222)	(15,050)	Note 3
	Gemtek Vietnam Co., Ltd.	Vietnam	Telecommunications	908,384 (USD 30,000)	908,384 (USD 30,000)	-	100.00	1,375,039	86,512	86,512	Note 3
	ANTEK NETWORKS INC	Taiwan	Telecommunications	9,000	9,000	900	15.25	7,097	(8,725)	(1,331)	
G-Technology Investment Co., Ltd.	Ampak International Holdings Ltd.	Independent State of Samoa	Investment	1,099,843 (USD 35,561)	1,099,843 (USD 35,561)	36,000	100.00	1,049,395 (USD 33,699)	(57,556) (USD -1,881)	(57,556) (USD -1,881)	Note 3
	Gemtek CZ., s.r.o.	Czech Republic	Telecommunications	25,351 (USD 692)	25,351 (USD 692)	12,000	100.00	(11,271) (USD -362)	(7,750) (USD -253)	(7,750) (USD -253)	Note 3
	Primax Communication (B.V.I.) Inc.	British Virgin Islands	Investment	73,886 (USD 2,297)	73,886 (USD 2,297)	2,297	100.00	15,472 (USD 497)	(676) (USD -22)	(676) (USD -22)	Note 3
	PT. South Ocean	Indonesia	Telecommunications	7,838 (USD 238)	7,838 (USD 238)	24	95.00	2,858 (USD 92)	- USD -	- USD -	
	Free PP Worldwide Co.,Ltd.	Republic of Seychelles	Investment	30,260 (USD 1,000)	30,260 (USD 1,000)	1,002	30.00	24,852 (USD 798)	(6,648) (USD -217)	(1,994) (USD -65)	
Gemtek Investment Co.,Ltd	BROWAN Communications Incorporation	Hsinchu County, Taiwan	Telecommunications	141,825	141,825	5,895	14.71	166,840	(36,222)	(7,229)	Note 3

	BandRich Inc.	New Taipei City, Taiwan	Telecommunications	55,000	55,000	5,500	27.04	2,418	(2,265)	(613)	
	5V Technologies, Ltd.	Taipei City, Taiwan	Telecommunications	13,500	13,500	1,350	97.92	87,686	(1,689)	(2,752) (Note 2)	Note 3

Note 1: Based on the equity holding ratio, the amount is recognized by the net profit of the investee company NT\$37,430 thousand, less the identifiable intangible assets adjusted amortization of the current period NT\$5,956 thousand.

Note 2: Based on the equity holding ratio, the amount is recognized by the net profit of the investee company NT\$ 1,653 thousand, and less the identifiable intangible assets adjusted amortization of the current period NT\$1,099 thousand.

Note 3: The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA

June 30, 2023

Table 7

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan	Investment Flow		Investment Flow	Accumulated Outward Remittance for Investment from Taiwan	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount	Accumulated Repatriation of Investment Income
					Outflow	Outflow							
Gemtek Electronics (Suzhou) Co. Ltd.	Manufacturing of wireless telecommunication products such as wireless network cards and wireless gateways	\$ 260,019 (USD 8,350)	Indirect investment in Mainland China through a holding company established in other countries—Brightech International Co Ltd 及 Primx Communication (BVI) Inc	\$ 259,054 (USD 8,319)	\$ -	\$ -	\$ 259,054 (USD 8,319)	(3,460) (USD -114)	100.00	(3,460) (USD -114)	\$ 79,179 (USD 2,543)	\$ -	Note 3 & 4
Gemtek Electronics (Kunshan) Co., Ltd	Manufacturing of wireless telecommunication products such as wireless network cards and wireless gateways	467,100 (USD15,000)	Indirect investment in Mainland China through a holding company established in other countries—G-Technology Investment Co Ltd.	467,100 (USD15,000)	-	-	467,100 (USD15,000)	3,653 (USD 124)	100.00	3,653 (USD 124)	2,598,835 (USD83,456)	-	Note 3 & 4
Browan Communications (Xi'An) Inc.	R&D, production, sales and provision of technical consulting and related services for wireless network	124,560 (USD 4,000)	Indirect investment in Mainland China through a holding company established in other countries—Wi Tek Investment Co Ltd	124,560 (USD 4,000)	-	-	124,560 (USD 4,000)	(2,610) (USD -85)	100.00	(2,610) (USD -85)	714 (USD 23)	-	

Gemtek Electronics (ChangShu) Co., Ltd.	products R&D, production, sales and provision of technical consulting and related services for wireless network products	1,121,040 (USD36,000)	Indirect investment in Mainland China through a holding company established in other countries—G-Technology Investment Co Ltd	1,121,040 (USD36,000)	-	-	1,121,040 (USD36,000)	(27,902) (USD-1,884)	100.00	(27,902) (USD-1,884)	1,049,395 (USD33,699)	-	Note 3 & 4
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Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$1,989,223 USD63,880 (註1)	\$1,958,083 USD62,880	\$ 7,564,724

Note 1: (1) The investment amount remitted at the end of the period exceeds the USD 1,000 thousand investment amount approved by the Investment Commission of the Ministry of Economic Affairs.

The remittance was made by AMPAK Technology Inc., the parent company of Gemtek Electronics (ChangShu) Co., Ltd., Ltd. from the previous period.

(2) In July 2009, the Company acquired 100% shareholding of AMPAK International Holdings Ltd., an overseas holding company of Gemtek Electronics (ChangShu) Co., Ltd., through an overseas company G-Technology Investment Co., Ltd. for US\$561,000 (NT\$17,413 thousand), which has been approved by the Investment Commission of the Ministry of Economic Affairs Letter-2 No. 09800283840.

(3) The conversion rate is based on the average spot buying/selling exchange rate of the Bank of Taiwan on June 30, 2023.

Note 2: See Tables 4, 5 and 8 for the information about significant transactions with investees in the mainland China, either directly or indirectly through a third area.

Note 3: Amount was recognized based on the audited financial statements of the investee as of June 30, 2023.

Note 4: The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND BETWEEN EACH SUBSIDIARY,
AND THE CIRCUMSTANCES AND AMOUNTS OF ANY SIGNIFICANT TRANSACTIONS BETWEEN THEM

June 30, 2023

Table 8

Unit: In Thousands of New Taiwan Dollars. Unless Stated
Otherwise

No.	Name of Company Engaged in Business Transaction	Counterparty	Relationship	B u s i n e s s T r a n s a c t i o n S t a t u s			
				Account	Amount	Transaction Terms	% to Total Asset
0	<u>January 01, 2023 to June 30, 2023</u> Gemtek Technologies Co., Ltd.	Gemtek Electronics (ChangShu) Co., Ltd.	Parent company to subsidiary	Sales revenue — processing expense	\$ 858,462	Note 1	6%
0				Accounts payable	539,265	Note 1	2%
0		Gemtek Electronics (Kunshan) Co., Ltd	Parent company to subsidiary	Sales revenue — processing expense	4,029,569	Note 1	29%
0				Accounts payable	2,598,418	Note 1	10%
0		Gemtek CZ., s.r.o.	Parent company to subsidiary	Sales revenue — processing expense	99,262	Note 1	1%
0				Other receivables	36,365	Note 1	-
0		Gemtek Vietnam Co., Ltd.	Parent company to subsidiary	Sales revenue — processing expense	6,199,080	Note 1	44%
0				Accounts	1,430,589	Note 1	6%

0		BROWAN Communications Incorporation	Parent company to subsidiary	receivable Sales revenue — processing expense	185,753	Note 1	1%
1	Gemtek Electronics (Suzhou) Co. Ltd.			Accounts receivable	71,938	Note 2	-

Note 1: The company purchases goods from related parties or entrusts related parties to process and repurchase finished products, which is a corporate strategy used for the purpose of cooperation and division of labor. The transaction price has no significant parties to compare. Payment terms are determined by the actual status of the company's assets.

Note 2: According to the agreement of both parties.

Note 3: The above transactions were eliminated during the compilation of this consolidated financial report.