

Key Ware Electronics Co., Ltd.
and Subsidiaries

Consolidated Financial Statements
and Independent Auditors' Report
Q2 of 2024 and 2023

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Independent Auditors' Report

To the Board of Directors of Key Ware Electronics Co., Ltd.:

Preface

Key Ware Electronics Co., Ltd. and its subsidiaries (hereinafter referred to as the "Key Ware Group") as of June 30, 2024, and 2023, along with the consolidated statements of comprehensive income, changes in equity, and cash flows for the periods from April 1 to June 30, 2024, and 2023, and from January 1 to June 30, 2024, and 2023, and the notes to the consolidated financial statements (including a summary of significant accounting policies) have been reviewed by us, the certified public accountants. The preparation and fair presentation of these consolidated financial statements, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission, are the responsibility of the management. Our responsibility is to express a conclusion on these consolidated financial statements based on our review.

Scope

We conducted our reviews in accordance with Statement of Auditing Standards No. 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is substantially less than an audit conducted in accordance with auditing standards, the objective of which is to express an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Key Ware Group as of June 30, 2024 and 2023, as well as the consolidated financial performance for the periods from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023, and the consolidated cash flows for the periods from January 1 to June 30, 2024 and 2023, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting," as endorsed and issued into effect by the Financial Supervisory Commission.

Deloitte & Touche

CPA, Li, Kuan-Hao

CPA, Lin, Wang-Sheng

Financial Supervisory Commission Approval
Document No.:

FSC Approval Document No. 1100372936

Financial Supervisory Commission Approval
Document No.:

FSC Approval Document No. 1060023872

August 12, 2024

Notices to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Key Ware Electronics Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
As of June 30, 2024, December 31, 2023, and June 30, 2023

Unit: NT\$ thousand

Code	Assets	June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%
	Current Assets						
1100	Cash and cash equivalents (Notes VI)	\$ 363,787	9	\$ 137,913	4	\$ 278,346	7
1110	Financial assets at fair value through profit or loss - current (Notes VII)	122,198	3	110,266	3	37,610	1
1120	Financial assets at fair value through other comprehensive income - current (Notes VIII and XXIX)	320,561	8	282,220	8	233,119	6
1150	Notes receivable (Notes IX)	63,453	2	61,616	2	68,402	2
1170	Accounts receivable (Notes IX)	535,958	14	496,455	14	479,135	13
1180	Accounts receivable - related parties (Notes XXVIII)	118	-	72	-	60	-
1200	Other receivables (Notes IX)	211,843	5	188,387	5	178,020	5
130X	Inventories (Notes X)	505,947	13	447,605	12	451,373	12
1421	Prepayments for goods	15,603	-	12,675	-	14,198	-
1460	Non-current Assets Held for Sale (Notes XI)	49,227	1	49,227	1	-	-
1470	Other current assets	70,116	2	50,355	1	43,705	1
11XX	Total current assets	<u>2,258,811</u>	<u>57</u>	<u>1,836,791</u>	<u>50</u>	<u>1,783,968</u>	<u>47</u>
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income - current (Notes VIII)	56,010	2	40,409	1	57,044	1
1550	Investments accounted for using the equity method (Notes XIII)	-	-	13,138	1	20,191	1
1600	Property, plant, and equipment (Notes XIV and XXIX)	1,324,074	33	1,321,591	36	1,492,733	39
1755	Right-of-use assets (Notes XV and XXVIII)	84,447	2	81,176	2	74,531	2
1805	Goodwill	7,515	-	7,155	-	7,115	-
1821	Other intangible assets (Notes XVI)	16,531	1	18,211	1	19,893	1
1840	Deferred tax assets (Notes XXIII)	86,533	2	82,093	2	109,280	3
1920	Refundable deposits	2,716	-	3,355	-	3,410	-
1915	Prepayment - non-current	11,611	-	10,679	-	13,584	-
1930	Other Receivables - Non-current (Note IX and XIV)	135,555	3	242,746	7	235,973	6
1990	Other non-current assets	8,216	-	3,740	-	7,683	-
15XX	Total non-current assets	<u>1,733,208</u>	<u>43</u>	<u>1,824,293</u>	<u>50</u>	<u>2,041,437</u>	<u>53</u>
1XXX	Total assets	<u>\$ 3,992,019</u>	<u>100</u>	<u>\$ 3,661,084</u>	<u>100</u>	<u>\$ 3,825,405</u>	<u>100</u>
	Liabilities and Equity						
	Current Liabilities						
2100	Short-term loans (Note XVII and XXIX)	\$ 821,271	21	\$ 552,950	15	\$ 643,098	17
2110	Accounts Payable - Short-term Notes (Note XVII)	-	-	24,979	1	9,998	-
2150	Notes Payable and Accounts Payable	156,105	4	125,843	3	98,436	3
2180	Accounts Payable - Related Parties (Note XXVIII)	50,075	1	22,721	1	14,937	-
2219	Other Payables (Note XIX)	71,551	2	93,997	3	89,808	2
2220	Other Payables - Related Parties (Note XXVIII)	-	-	165	-	49	-
2230	Current Income Tax Liabilities (Note IV)	41,212	1	68,421	2	65,778	2
2280	Lease Liabilities - Current (Notes XV and XXVIII)	20,377	1	18,292	-	16,635	-
2190	Bonds Payable Due Within One Year (Note XVIII)	-	-	56,759	2	56,008	1
2320	Short-term Borrowings Due within One Year (Notes XVII and XXIX)	16,647	-	16,274	-	21,805	1
2399	Other current liabilities	7,755	-	7,795	-	8,455	-
21XX	Total current liabilities	<u>1,184,993</u>	<u>30</u>	<u>988,196</u>	<u>27</u>	<u>1,044,000</u>	<u>27</u>
	Non-current liabilities						
2540	Long-term Loans (Notes XVII and XXIX)	470,511	12	463,787	13	485,892	13
2570	Deferred Income Tax Liabilities (Notes IV and XXIII)	113,854	3	121,656	3	118,249	3
2580	Lease Liabilities - Non-current (Notes XV and XXVIII)	30,098	1	30,061	1	24,850	1
2670	Other Non-current Liabilities (Notes XX)	20,350	-	17,853	-	13,840	-
25XX	Total non-current liabilities	<u>634,813</u>	<u>16</u>	<u>633,357</u>	<u>17</u>	<u>642,831</u>	<u>17</u>
2XXX	Total liabilities	<u>1,819,806</u>	<u>46</u>	<u>1,621,553</u>	<u>44</u>	<u>1,686,831</u>	<u>44</u>
	Equity attributable to owners of the parent						
3110	Common Stock Capital	1,923,535	48	1,923,135	53	1,899,283	50
3140	Advance Receipts for Capital Stock	-	-	-	-	2,340	-
3150	Stock Dividends To Be Distributed	-	-	-	-	21,852	1
3200	Capital Surplus	80,543	2	80,479	2	80,139	2
3300	Retained Earnings	193,161	5	185,255	5	325,748	8
3400	Other Equity	(43,669)	(1)	(166,966)	(5)	(216,107)	(6)
31XX	Total equity attributable to owners of the Company	<u>2,153,570</u>	<u>54</u>	<u>2,021,903</u>	<u>55</u>	<u>2,113,255</u>	<u>55</u>
36XX	Non-controlling Interests	<u>18,643</u>	<u>-</u>	<u>17,628</u>	<u>1</u>	<u>25,319</u>	<u>1</u>
3XXX	Total equity	<u>2,172,213</u>	<u>54</u>	<u>2,039,531</u>	<u>56</u>	<u>2,138,574</u>	<u>56</u>
	Total liabilities and equity	<u>\$ 3,992,019</u>	<u>100</u>	<u>\$ 3,661,084</u>	<u>100</u>	<u>\$ 3,825,405</u>	<u>100</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman:
Chow, Pong-Chi

President:
Chu, Tsung-Wei

Accounting Manager:
Lee, Yun-Ting

Key Ware Electronics Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
As of April 1 to June 30, 2024 and 2023, and as of January 1 to June 30, 2024 and 2023

Unit: NT\$ thousands, except for
Earnings per share (in Dollars)

Code		April 1 to June 30, 2024		April 1 to June 30, 2023		January 1 to June 30, 2024		January 1 to June 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating Revenue (Notes XXVIII)	\$ 315,120	100	\$ 243,813	100	\$ 575,748	100	\$ 492,660	100
5000	Operating Costs (Notes X, XX, XXII, and XXVIII)	<u>283,980</u>	<u>90</u>	<u>249,654</u>	<u>102</u>	<u>529,114</u>	<u>92</u>	<u>559,570</u>	<u>114</u>
5900	Gross Profit (Loss) from Operations	<u>31,140</u>	<u>10</u>	<u>(5,841)</u>	<u>(2)</u>	<u>46,634</u>	<u>8</u>	<u>(66,910)</u>	<u>(14)</u>
	Operating Expenses (Notes XVI ,XX, and XXII)								
6100	Selling and Marketing Expenses	12,680	4	15,727	6	24,682	4	30,714	6
6200	Administrative Expenses	15,937	5	16,082	7	31,868	6	33,819	7
6300	Research Expenses	1,072	1	991	-	2,063	-	1,590	-
6450	Expected Credit Impairment Loss	<u>7,220</u>	<u>2</u>	<u>1,107</u>	<u>1</u>	<u>7,486</u>	<u>1</u>	<u>2,750</u>	<u>1</u>
6000	Total Operating Expenses	<u>36,909</u>	<u>12</u>	<u>33,907</u>	<u>14</u>	<u>66,099</u>	<u>11</u>	<u>68,873</u>	<u>14</u>
6900	Operating Loss	<u>(5,769)</u>	<u>(2)</u>	<u>(39,748)</u>	<u>(16)</u>	<u>(19,465)</u>	<u>(3)</u>	<u>(135,783)</u>	<u>(28)</u>
	Non-operating Income and Expenses (Notes XIV, XXII, and XXVIII)								
7100	Interest Income	10,421	3	418	-	20,570	4	455	-
7010	Other Income	227	-	18	-	319	-	36	-
7020	Other Gains and Losses	(33,939)	(11)	2,193	1	794	-	454,355	92
7050	Financial Costs	(8,188)	(2)	(8,231)	(3)	(15,655)	(3)	(15,919)	(3)
7055	Expected Credit (Impairment Loss) Reversal Benefit	21,190	7	16,936	7	21,190	4	(45,987)	(9)
7060	Share of Profit or Loss of Associates Accounted for Using Equity Method	<u>2</u>	<u>-</u>	<u>189</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>525</u>	<u>-</u>
7000	Total Non-operating Income and Expenses	<u>(10,287)</u>	<u>(3)</u>	<u>11,523</u>	<u>5</u>	<u>27,217</u>	<u>5</u>	<u>393,465</u>	<u>80</u>
7900	Profit Before Tax	(16,056)	(5)	(28,225)	(11)	7,752	2	257,682	52
7950	Income Tax Expenses (Notes IV and XXIII)	<u>(9,076)</u>	<u>(3)</u>	<u>(36)</u>	<u>-</u>	<u>(1,169)</u>	<u>-</u>	<u>111,098</u>	<u>22</u>
8200	Net Profit for the Year	<u>(6,980)</u>	<u>(2)</u>	<u>(28,189)</u>	<u>(11)</u>	<u>8,921</u>	<u>2</u>	<u>146,584</u>	<u>30</u>
	Other Comprehensive Income								
8310	Items not to be reclassified to profit or loss								
8316	Unrealized Gains and Losses on Equity Instruments Measured at Fair Value through Other Comprehensive Income (Notes XXI)	85,800	27	(6,324)	(3)	53,943	9	(84,066)	(17)
8360	Items that may be subsequently reclassified to profit or loss								
8361	Exchange Differences on Translation of Financial Statements of Foreign Operations (Notes XXI)	17,310	5	(49,028)	(20)	86,692	15	(40,336)	(8)
8399	Income Tax related to items that may be subsequently reclassified (Notes XXI and XXIII)	<u>(3,462)</u>	<u>(1)</u>	<u>9,805</u>	<u>4</u>	<u>(17,338)</u>	<u>(3)</u>	<u>8,067</u>	<u>1</u>
8300	Other Comprehensive Income for the Year	<u>99,648</u>	<u>31</u>	<u>(45,547)</u>	<u>(19)</u>	<u>123,297</u>	<u>21</u>	<u>(116,335)</u>	<u>(24)</u>
8500	Total Comprehensive Income for the Year	<u>\$ 92,668</u>	<u>29</u>	<u>(\$ 73,736)</u>	<u>(30)</u>	<u>\$ 132,218</u>	<u>23</u>	<u>\$ 30,249</u>	<u>6</u>
	Net Profit Attributable to:								
8610	Equity Owners of the Company	(\$ 7,972)	(2)	(\$ 27,517)	(11)	\$ 7,906	2	\$ 149,806	31
8620	Non-controlling Interests	<u>992</u>	<u>-</u>	<u>(672)</u>	<u>-</u>	<u>1,015</u>	<u>-</u>	<u>(3,222)</u>	<u>(1)</u>
8600		<u>(\$ 6,980)</u>	<u>(2)</u>	<u>(\$ 28,189)</u>	<u>(11)</u>	<u>\$ 8,921</u>	<u>2</u>	<u>\$ 146,584</u>	<u>30</u>
	Total Comprehensive Income Attributable to:								
8710	Equity Owners of the Company	\$ 91,676	29	(\$ 73,064)	(30)	\$ 131,203	23	\$ 33,471	7
8720	Non-controlling Interests	<u>992</u>	<u>-</u>	<u>(672)</u>	<u>-</u>	<u>1,015</u>	<u>-</u>	<u>(3,222)</u>	<u>(1)</u>
8700		<u>\$ 92,668</u>	<u>29</u>	<u>(\$ 73,736)</u>	<u>(30)</u>	<u>\$ 132,218</u>	<u>23</u>	<u>\$ 30,249</u>	<u>6</u>
	Earnings Per Share (Note XXIV)								
9750	Basic	<u>(\$ 0.04)</u>		<u>(\$ 0.14)</u>		<u>\$ 0.04</u>		<u>\$ 0.78</u>	
9850	Diluted	<u>(\$ 0.04)</u>		<u>(\$ 0.14)</u>		<u>\$ 0.04</u>		<u>\$ 0.74</u>	

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman:
Chow, Pong-Chi

President:
Chu, Tsung-Wei

Accounting Manager:
Lee, Yun-Ting

Key Ware Electronics Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
From January 1 to June 30, 2024 and 2023

Unit: NT\$ thousand

		Equity attributable to owners of the parent (Note XXI)											
		Reserve earnings							Other equity				
				To Be Distributed Stock Dividends		Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income	Total	Non-controlling Interests	Total Equity
Code		Capital stock - common shares	Capital collected in advance		Capital surplus								
A1	Balance as of January 1, 2023	\$ 1,899,283	\$ -	\$ -	\$ 80,139	\$ 24,373	\$ 192,785	\$ 7,449	(\$ 90,493)	(\$ 17,099)	\$ 2,096,437	\$ 28,541	\$ 2,124,978
D1	Net Profit (Loss) for January 1 to June 30, 2023	-	-	-	-	-	-	149,806	-	-	149,806	(3,222)	146,584
D3	After-Tax Other Comprehensive Income (Loss) for January 1 to June 30, 2023	-	-	-	-	-	-	-	(32,269)	(84,066)	(116,335)	-	(116,335)
D5	Total Comprehensive Income (Loss) for January 1 to June 30, 2023	-	-	-	-	-	-	149,806	(32,269)	(84,066)	33,471	(3,222)	30,249
	Distribution of Earnings for Fiscal Year 2022												
B1	Legal Surplus Reserve	-	-	-	-	745	-	(745)	-	-	-	-	-
B3	Reversal of Special Surplus Reserve	-	-	-	-	-	(34,141)	34,141	-	-	-	-	-
B5	Cash Dividends on Common Stock	-	-	-	-	-	-	(18,993)	-	-	(18,993)	-	(18,993)
B9	Stock Dividends on Common Stock	-	-	21,852	-	-	-	(21,852)	-	-	-	-	-
N1	Share-Based Payments (Note XXV)	-	2,340	-	-	-	-	-	-	-	2,340	-	2,340
Q1	Disposal of Equity Instruments Measured at Fair Value Through Other Comprehensive Income (Note VIII)	-	-	-	-	-	-	(7,820)	-	7,820	-	-	-
Z1	Balance as of June 30, 2023	\$ 1,899,283	\$ 2,340	\$ 21,852	\$ 80,139	\$ 25,118	\$ 158,644	\$ 141,986	(\$ 122,762)	(\$ 93,345)	\$ 2,113,255	\$ 25,319	\$ 2,138,574
A1	Balance as of January 1, 2024	\$ 1,923,135	\$ -	\$ -	\$ 80,479	\$ 25,118	\$ 158,644	\$ 1,493	(\$ 114,809)	(\$ 52,157)	\$ 2,021,903	\$ 17,628	\$ 2,039,531
D1	Net Income for January 1 to June 30, 2024	-	-	-	-	-	-	7,906	-	-	7,906	1,015	8,921
D3	After-Tax Other Comprehensive Income (Loss) for January 1 to June 30, 2024	-	-	-	-	-	-	-	69,354	53,943	123,297	-	123,297
D5	Total Comprehensive Income (Loss) for January 1 to June 30, 2024	-	-	-	-	-	-	7,906	69,354	53,943	131,203	1,015	132,218
	Distribution of Earnings for Fiscal Year 2023												
B1	Allocation to Legal Surplus Reserve	-	-	-	-	149	-	(149)	-	-	-	-	-
B3	Allocation to Special Surplus Reserve	-	-	-	-	-	1,344	(1,344)	-	-	-	-	-
N1	Share-Based Payments (Note XXV)	400	-	-	64	-	-	-	-	-	464	-	464
Z1	Balance as of June 30, 2024	\$ 1,923,535	\$ -	\$ -	\$ 80,543	\$ 25,267	\$ 159,988	\$ 7,906	(\$ 45,455)	\$ 1,786	\$ 2,153,570	\$ 18,643	\$ 2,172,213

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: Chow, Pong-Chi

President: Chu, Tsung-Wei

Accounting Manager: Lee, Yun-Ting

Key Ware Electronics Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

From January 1 to June 30, 2024 and 2023

		Unit: NT\$ thousand	
Code		From January 1 to June 30, 2024	From January 1 to June 30, 2023
	Cash flows from operating activities		
A10000	Net income before tax	\$ 7,752	\$ 257,682
A20010	Income and Expense Items		
A20100	Depreciation expenses	63,138	75,418
A20200	Amortization expenses	2,726	3,002
A20300	Expected credit losses	(13,704)	48,737
A20400	Valuation loss (gain) on financial assets and liabilities measured at fair value through profit or loss	822	(2,372)
A20900	Finance costs	15,655	15,919
A21200	Interest income	(20,570)	(455)
A21300	Dividend Income	(133)	-
A22300	Share of Losses (Gains) of Associates Recognized Using the Equity Method	1	(525)
A23700	Loss on Inventory Write-down and Obsolescence	2,646	42,210
A22500	Loss on Disposal of Property, Plant, and Equipment	19	2
A22600	Impairment Loss on Property, Plant, and Equipment	-	67,905
A22900	Gain on Expropriation of Land Use Rights	-	(514,185)
A24100	Unrealized Foreign Exchange Gain	(3,901)	(13,616)
A30000	Net Change in Operating Assets and Liabilities		
A31130	Notes Receivable	(1,139)	88,527
A31150	Accounts Receivable	(29,234)	181,948
A31160	Accounts Receivable - Related Parties	(46)	5
A31180	Other Receivables	12,033	24,286
A31200	Inventory	(49,812)	(8,557)
A31230	Prepayments for Goods	(2,928)	245
A31240	Other Current Assets	(19,761)	(15,617)
A32130	Notes Payable and Accounts Payable	26,422	(34,697)
A32160	Accounts Payable - Related Parties	27,354	(13,570)
A32180	Other Payables	(21,315)	4,722
A32190	Other Payables - Related Parties	(165)	(122)
A32230	Other Current Liabilities	(40)	147
A32240	Other Non-current Liabilities	2,497	354
A33000	Cash Generated from Operations	(1,683)	207,393
A33100	Interest Received	1,077	455
A33200	Dividends Received	133	—

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Code		From January 1 to June 30, 2024	From January 1 to June 30, 2023
A33300	Interest Paid	(\$ 16,245)	(\$ 16,219)
A33500	Income Tax Paid	(62,473)	(67,754)
AAAA	Net Cash Inflow from Operating Activities	(79,191)	123,875
Cash Flow from Investing Activities			
B00020	Disposal of Financial Assets Measured at Fair Value through Other Comprehensive Income	-	32,583
B00100	Acquisition of Financial Assets Measured at Fair Value through Profit or Loss	(348,006)	(179,225)
B00200	Disposal of Financial Assets Measured at Fair Value through Profit or Loss	337,939	217,630
B02700	Purchase of Property, Plant, and Equipment	(5,198)	(4,687)
B03700	Increase in Deposits Paid	-	(42)
B03800	Decrease in Deposits Paid	653	-
B05350	Decrease in Compensation Receivable	135,257	206,410
B06700	Increase in Other Non-current Assets	(5,522)	(2,723)
B07100	Increase in Prepayments	(8,524)	(5,314)
B07600	Dividends Received from Affiliates	10,365	992
BBBB	Net Cash Inflow (Outflow) from Investing Activities	116,964	265,624
Cash Flow from Financing Activities			
C00100	Short-term Borrowings Increase	1,341,420	1,128,705
C00200	Short-term Borrowings Decrease	(1,074,104)	(1,200,678)
C00600	Decrease in Short-term Bills Payable	(24,979)	(34,967)
C01300	Repayment of Convertible Bonds	(57,300)	(143,414)
C01600	Proceeds from Long-term Borrowings	20,000	-
C01700	Repayment of Long-term Borrowings	(12,903)	(45,842)
C04020	Principal Repayments on Leases	(9,594)	(12,480)
C04800	Exercise of Employee Stock Options	464	2,340
CCCC	Net Cash Flow from Financing Activities (Outflow) Inflow	183,004	(306,336)
DDDD	Effect of Exchange Rate Changes on Cash and Cash Equivalents	5,097	(3,562)
EEEE	Decrease in Cash and Cash Equivalents for the Year	225,874	79,601
E00100	Cash and Bank Balances at the Beginning of the Year	137,913	198,745
E00200	Cash and Bank Balances at the End of the Year	\$ 363,787	\$ 278,346

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman:
Chow, Pong-Chi

President:
Chu, Tsung-Wei

Accounting Manager:
Lee, Yun-Ting

Key Ware Electronics Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
From January 1 to June 30, 2024 and 2023
(Amount in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. Company History

Key Ware Electronics Co., Ltd. (the “Company” was incorporated on February 27, 1997, and is mainly engaged in the design, manufacture and processing of printed circuit board materials such as electroplating solution, dry film, drill bits and copper foil substrates.

The common stock issued by the Company has been listed and traded on the Taipei Exchange since March 29, 2001.

The Consolidated Financial Statements are presented in the New Taiwan dollar, the Company's functional currency.

II. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

The Consolidated Financial Statements have been approved by the Board of Directors on August 2, 2024.

III. Application of New and Amended Standards and Interpretations

- (I) Initial application of the latest Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC").

The application of the latest Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC should not result in major changes in the accounting policies of the Group.

- (II) FSC-endorsed IFRSs that are applicable in 2025

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB
Amendments to IAS 21: 'Lack of Exchangeability	January 1, 2025 (Note 1)

Note 1: Applicable for annual reporting periods beginning on or after January 1, 2025. When first applying the amendment, comparative periods must not be restated. Instead, the impact should be recognized in retained earnings or in the

cumulative translation differences for foreign operations (as appropriate) and the related affected assets and liabilities as of the date of initial application.

(III) IFRS Standards issued by the IASB but not yet endorsed and enacted by the FSC

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB (Note 1)
Annual Improvements to IFRS Standards – 11th Edition	January 1, 2026
Amendments to IFRS 9 and IFRS 7: 'Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IFRS 10 and IAS 28: 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Undetermined
IFRS 17: 'Insurance Contracts'	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17: 'Initial Application of IFRS 17 and IFRS 9 – Comparative Information	January 1, 2023
IFRS 18: 'Presentation and Disclosure of Financial Statements	January 1, 2027
IFRS 19: 'Disclosure of Non-publicly Accountable Subsidiaries	January 1, 2027

Note 1: Unless otherwise stated, the aforementioned newly issued/amended/ revised standards or interpretations shall be effective for annual reporting periods beginning on or after the respective dates.

IFRS 18 "Presentation and Disclosure of Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements," with key changes including:

- The income statement should categorize income and expenses into operating, investing, financing, income tax, and discontinued operations.
- The income statement should present operating profit, profit before financing and income tax, and profit for the period as subtotal and total figures.
- Guidance is provided to enhance aggregation and disaggregation requirements: entities must identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate them based on common characteristics, ensuring that each line item in the primary financial statements reflects at least one

similar characteristic. Items with different characteristics should be disaggregated in the primary financial statements and notes. Entities should label such items as "other" only when a more informative description cannot be provided.

- Disclosure of performance measures defined by management: When conducting external communications beyond financial statements and when communicating management's perspective on a specific aspect of the overall financial performance of the entity with users of financial statements, consolidated entities should disclose relevant information regarding performance measures defined by management in a single note to the financial statements. This disclosure should include a description of the measure, its calculation methodology, adjustments to subtotals or totals defined by IFRS accounting standards, and the impact of income taxes and non-controlling interests related to such adjustments.

In addition to the above disclosures, as of the date of issuance of these consolidated financial statements, the consolidated entity continues to evaluate the impact of the aforementioned standards and amendments on its financial position and financial performance. Any related impacts will be disclosed once the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Compliance declaration

This consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and effective by the Financial Supervisory Commission. This consolidated financial report does not include all the disclosure information required by all IFRS accounting standards for annual financial statements.

(II) Preparation basis

Except for financial instruments measured at fair value and the net defined benefit liability recognized by deducting the fair value of plan assets from the present value of the defined benefit obligation, this consolidated financial report is prepared on a historical cost basis.

The fair value measurement is classified into three levels based on the observability and importance of related input:

1. Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
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. deduced from).
3. Level 3: Inputs are unobservable inputs for the asset or liability.

(III) Basis of consolidation

The Consolidated Financial Statements include the financial statements of the Company and entities controlled by the Company (i.e., subsidiaries). The Consolidated Statements of Comprehensive Income include the operating income/loss of the acquired or disposed subsidiaries from the date of acquisition to the date of disposal in the current period. The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Group. All intergroup transactions, balances, income and expenses are eliminated in full upon consolidation. A subsidiary's total comprehensive income is attributed to the owners of the Company and non-controlling interests, even if non-controlling interests become having deficit balances in the process.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling 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.

For details regarding subsidiaries, ownership percentages, and business activities, refer to Note XII, Appendix IV, and Appendix V.

(IV) Summary of Significant Accounting Policies

Except for the following explanations, please refer to the summary of significant accounting policies in the consolidated financial statements for the year 2023.

1. Defined Benefit Retirement Plans

The pension cost for the interim period is calculated based on the actuarial-determined pension cost rate as of the end of the previous fiscal year, computed on a year-to-date basis from the beginning of the year to the end of the current period. Adjustments are made for significant market fluctuations

during the current period, as well as for significant plan amendments, settlements, or other significant one-time items.

2. Income Tax Expense

Income tax expense comprises current income tax and deferred income tax. The income tax for the interim period is assessed on an annual basis, calculated based on the expected annual total earnings using the applicable tax rate for the expected annual total earnings.

V. Major Sources of Significant Accounting Judgments, Estimates, and Assumptions Uncertainties

Please refer to the explanation of the major sources of significant accounting judgments, estimates, and assumptions uncertainties in the consolidated financial statements for the year 2023.

VI. Cash and Cash Equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Petty Cash	\$ 2,047	\$ 831	\$ 1,582
Bank Checks and Current Deposits	<u>361,740</u>	<u>137,082</u>	<u>276,764</u>
	<u>\$ 363,787</u>	<u>\$ 137,913</u>	<u>\$ 278,346</u>

VII. Financial instruments measured at fair value through profit or loss

Financial Assets - Current

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Mandatory Measurement at Fair Value through Profit or Loss</u>			
Domestic Listed (Exchange and OTC) and Emerging Stock	\$ 63,804	\$ 33,049	\$ 13,900
Foreign Listed Stock	58,394	10,022	-
RMB Financial Products	-	<u>67,195</u>	<u>23,710</u>
	<u>\$ 122,198</u>	<u>\$ 110,266</u>	<u>\$ 37,610</u>

VIII. Financial assets measured at fair value through other comprehensive income

Equity instrument investments

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Current</u>			
Domestic Over-the-Counter Stocks	<u>\$ 320,561</u>	<u>\$ 282,220</u>	<u>\$ 233,119</u>
<u>Non-current</u>			

Domestic Unlisted Stocks	\$ 24,943	\$ 19,469	\$ 27,560
Foreign Unlisted Stocks	<u>31,067</u>	<u>20,940</u>	<u>29,484</u>
	<u>\$ 56,010</u>	<u>\$ 40,409</u>	<u>\$ 57,044</u>

The consolidated company invests in equity instruments for medium to long-term strategic purposes, expecting to profit through long-term investment. Management believes that recognizing short-term fair value fluctuations of these investments in profit or loss would not align with the long-term investment strategy. Therefore, these investments have been designated as measured at fair value through other comprehensive income.

From January 1 to June 30, 2023, the consolidated company adjusted its investment portfolio to diversify risk and sold part of its equity instrument investments at fair value for NT\$32,583 thousand. The related unrealized loss of NT\$7,820 thousand under other equity—financial assets measured at fair value through other comprehensive income was reclassified to retained earnings.

For information regarding the pledged equity instrument investments measured at fair value through other comprehensive income, please refer to Note XXIX.

IX. Accounts Receivable, Notes Receivable, and Other Receivables

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Notes Receivable</u>			
Arising from Operations	\$ 66,596	\$ 62,863	\$ 68,982
Less: Allowance for Doubtful Accounts	(<u>3,143</u>)	(<u>1,247</u>)	(<u>580</u>)
	<u>\$ 63,453</u>	<u>\$ 61,616</u>	<u>\$ 68,402</u>
<u>Accounts Receivable</u>			
Arising from Operations	\$ 552,845	\$ 507,167	\$ 488,127
Less: Allowance for Doubtful Accounts	(<u>16,887</u>)	(<u>10,712</u>)	(<u>8,992</u>)
	<u>\$ 535,958</u>	<u>\$ 496,455</u>	<u>\$ 479,135</u>
<u>Other Receivables - Current</u>			
Land acquisition receivable (Note XIV)	\$ 207,710	\$ 195,601	\$ 186,399
Proceeds from disposal of equipment receivable (Note XIV)	11,978	18,113	10,933
Proceeds from disposal of investments receivable	-	12,559	-
Other	6,270	1,794	950
Less: Allowance for Doubtful Accounts	(<u>14,115</u>)	(<u>39,680</u>)	(<u>20,262</u>)
	<u>\$ 211,843</u>	<u>\$ 188,387</u>	<u>\$ 178,020</u>

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	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Other Receivables -</u>			
<u>Non-current</u>			
Land acquisition receivable (Note XIV)	\$ 131,404	\$ 238,599	\$ 226,745
Proceeds from disposal of equipment receivable (Note XIV)	19,567	32,264	37,188
Less: Allowance for Doubtful Accounts	(<u>15,416</u>)	(<u>28,117</u>)	(<u>27,960</u>)
	<u>\$ 135,555</u>	<u>\$ 242,746</u>	<u>\$ 235,973</u>

(I) Notes and Accounts Receivable

To minimize credit risk, the management of the Group has delegated operational personnel to follow up on amounts past due to ensure that appropriate actions have been taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual receivable on the balance sheet date to ensure that adequate allowances are made for possible irrecoverable amounts. As such, the Group's management concludes that the credit risk has been significantly reduced.

The Group's credit period for commodity sales averages 120~180 days, and no interest was charged on accounts receivable.

The Group adopts the simplified approach as stipulated in IFRS 9 and recognizes loss allowances for accounts receivables based on the lifetime expected credit losses. The expected credit losses for the remaining period are calculated using a provision matrix, which takes into account the historical average recovery rates of various age groups of customers and the customers' past default records and current financial position. An allowance for loss is recognized as a percentage of the probable loss rate.

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

Loss allowances for notes and accounts receivable based on the provision matrix are as follows:

June 30, 2024

	0 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 360 Days	over 360 Days	Total
Expected credit loss rate	0%~2.74%	0%~5.79%	0%~19.38%	0%~36.24%	0%~100%	
Total carrying amount	\$ 397,170	\$ 182,663	\$ 21,967	\$ 6,030	\$ 11,611	\$ 619,441
Allowance for loss (expected credit losses during the period)	(<u>2,136</u>)	(<u>2,749</u>)	(<u>3,164</u>)	(<u>2,138</u>)	(<u>9,843</u>)	(<u>20,030</u>)
Amortized cost	<u>\$ 395,034</u>	<u>\$ 179,914</u>	<u>\$ 18,803</u>	<u>\$ 3,892</u>	<u>\$ 1,768</u>	<u>\$ 599,411</u>

December 31, 2023

	0 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 360 Days	over 360 Days	Total
Expected credit loss rate	0%~1.17%	0%~2.44%	0%~9.55%	0%~33.33%	0%~100%	
Total carrying amount	\$ 372,094	\$ 165,903	\$ 15,074	\$ 9,253	\$ 7,706	\$ 570,030
Allowance for loss (expected credit losses during the period)	(<u>1,428</u>)	(<u>1,643</u>)	(<u>971</u>)	(<u>2,079</u>)	(<u>5,838</u>)	(<u>11,959</u>)
Amortized cost	<u>\$ 370,666</u>	<u>\$ 164,260</u>	<u>\$ 14,103</u>	<u>\$ 7,174</u>	<u>\$ 1,868</u>	<u>\$ 558,071</u>

June 30, 2023

	0 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 360 Days	over 360 Days	Total
Expected credit loss rate	0%~0.74%	0%~3.21%	0%~5.88%	0%~23.71%	0%~100%	
Total carrying amount	\$ 341,011	\$ 160,431	\$ 18,828	\$ 32,361	\$ 4,478	\$ 557,109
Allowance for loss (expected credit losses during the period)	(<u>847</u>)	(<u>1,230</u>)	(<u>349</u>)	(<u>3,733</u>)	(<u>3,413</u>)	(<u>9,572</u>)
Amortized cost	<u>\$ 340,164</u>	<u>\$ 159,201</u>	<u>\$ 18,479</u>	<u>\$ 28,628</u>	<u>\$ 1,065</u>	<u>\$ 547,537</u>

Changes in loss allowances for accounts receivable and note receivables are as follows:

	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Beginning balance	\$ 11,959	\$ 6,965
Impairment loss in the current period	7,486	2,750
Foreign currency translation difference	585	(<u>143</u>)
Ending balance	<u>\$ 20,030</u>	<u>\$ 9,572</u>

The consolidated company's accounts receivable balances as of June 30, 2024, December 31, 2023, and June 30, 2023, are significantly concentrated in key customers, posing a credit risk. Please refer to Note 27 for further details.

(II) Other receivables

The Group recognized an allowance for losses on other receivables with reference to historical experience and the risk of default over the term of the receivables, and the changes in the allowance for losses on other receivables were as follows:

	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Beginning balance	\$ 67,797	\$ 3,150
Reversal (Provision) of impairment loss for the current period	(21,190)	45,987
Actual write-offs during the current period	(20,078)	-
Foreign exchange translation differences	3,002	(915)
Ending balance	<u>\$ 29,531</u>	<u>\$ 48,222</u>

X. Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Raw material	\$ 15,301	\$ 15,897	\$ 8,811
Material	12,484	10,023	21,250
Work in process	110,474	90,010	83,086
Finished products	367,688	331,675	338,226
	<u>\$ 505,947</u>	<u>\$ 447,605</u>	<u>\$ 451,373</u>

The consolidated company's cost of goods sold related to inventory for the periods from April 1 to June 30, 2024, and 2023, and from January 1 to June 30, 2024, and 2023, were NT\$184,104 thousand, NT\$176,052 thousand, NT\$339,784 thousand, and NT\$406,800 thousand, respectively. These amounts include inventory write-downs and obsolescence losses of NT\$2,646 thousand, NT\$0 thousand, NT\$2,646 thousand, and NT\$42,210 thousand, respectively.

XI. Non-current Assets Held For Sale

	June 30, 2024	December 31, 2023	June 30, 2023
Machinery and Equipment held for sale	<u>\$ 49,227</u>	<u>\$ 49,227</u>	<u>\$ -</u>

In November 2023, the consolidated company planned to dispose of certain machinery and equipment within the next year. The company is actively seeking buyers and has reclassified the machinery and equipment as non-current assets held for sale.

The expected sale price of these non-current assets held for sale is lower than the carrying amount of the related net assets. The consolidated company recognized an impairment loss of NT\$44,333 thousand in 2023, which was included in other gains and

losses. The fair value measurement was based on the valuation results of an independent appraiser, who used the cost approach and market approach, classified as Level 3 fair value.

XII. Subsidiaries

Subsidiaries included in the consolidated financial statements

The entities involved in the preparation of the Consolidated Financial Statements are listed as follows:

Name of Investor	Name of Subsidiary	Business Nature	Shareholding %			Explanation
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	Key Ware International Limited	General investment	100%	100%	100%	Note 1
The Company	Key De Precise Industris Co., Ltd	Wholesale and processing of electronic parts and components	51%	51%	51%	Note 1
The Company	Laserware Laser Technology Co., Ltd	Electronic components, machinery equipment, and drilling foundry	99.99%	99.99%	99.99%	Note 2
The Company	Jia Chi Co., Ltd	Drilling foundry	83.63%	83.63%	83.63%	Note 1
The Company	Hui Peng Technology Co., Ltd	Electronic components and machinery equipment	60%	60%	60%	Note 2
The Company	Key Ware Electronics (Thailand) Co., Ltd.	Drilling foundry	-	-	-	Note 2 and Note 3
Key Ware International Limited	Advisor Move Investments Limited	General investment	100%	100%	100%	Note 1
Key Ware International Limited	Module System International Limited	General investment	100%	100%	100%	Note 1
Advisor Move Investments Limited	Kunshan Key Ware Electronics Co., Ltd.	Drilling tools, hand tools	100%	100%	100%	Note 1
Kunshan Key Ware Electronics Co., Ltd	Kunshan Laserware Laser Technology Co., Ltd.	Drilling foundry	100%	100%	100%	Note 1
Kunshan Key Ware Electronics Co., Ltd	King Ware (Chongqing) Electronics Co., Ltd	Drilling tools, hand tools	100%	100%	100%	Note 1
Kunshan Key Ware Electronics Co., Ltd	Wuhan Laserware Laser Technology Co., Ltd	Drilling foundry	100%	100%	100%	Note 1
Kunshan Key Ware Electronics Co., Ltd	Shenzhen Laserware Laser Technology Co., Ltd	Drilling foundry	100%	100%	100%	Note 1
Kunshan Key Ware Electronics Co., Ltd	Shenzhen Laserware Laser Technology Co., Ltd	Drilling foundry	100%	-	-	Note 2 and Note 4

Note 1: Audited by certified public accountants.

Note 2: Not audited by certified public accountants; the management of the company believes that the unaudited financial statements of non-significant subsidiaries are not likely to have a significant impact.

Note 3: The company engages in diversified operations to increase revenue. Key Ware Electronics (Thailand) Co., Ltd. was registered on March 25, 2024. As of June 30, 2024, THB 2,500 thousand has been remitted.

Note 4: The company engages in diversified operations to increase revenue. Laserware Laser Technology (Hubei) Co., Ltd. was registered on March 22, 2024. As of June 30, 2024, RMB 2,600 thousand has been remitted by Kunshan Key Ware Electronics Co., Ltd.

XIII. Investments Accounted for Using the Equity Method

The Group's associates are as follows:

Name of Company	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	Equity %	Amount	Equity %	Amount	Equity %
<u>Individually insignificant associates</u>						
Rong Pei Wisdom Co., Ltd.	\$ -	-	\$ 13,138	22.73	\$ 20,191	22.73

Investments accounted for using the equity method and the consolidated company's share of profits, losses, and other comprehensive income are calculated based on the financial statements of the investee companies for the same period, which have not been reviewed by auditors.

Rong Pei Wisdom Co., Ltd. received approval for its dissolution registration in May 2024 and has entered the liquidation process.

XIV. Property, plant, and equipment

	June 30, 2024	December 31, 2023	June 30, 2023
Net amount for each category			
Owned land	\$ 113,167	\$ 113,167	\$ 113,167
Housing and Construction	430,877	421,240	433,500
Machinery	725,986	736,871	886,284
Transportation Equipment	1,743	117	118
Office Equipment	2,586	2,636	2,854
Lease Improvements	21,542	20,121	21,402
Other Equipment	28,173	27,439	35,408
	<u>\$ 1,324,074</u>	<u>\$ 1,321,591</u>	<u>\$ 1,492,733</u>

- (I) The consolidated company evaluated certain machinery, equipment, and leasehold improvements that were left idle due to decreased market demand. The recoverable amount was expected to be less than the carrying value, resulting in the recognition of an impairment loss of NT\$67,905 thousand from January 1 to June 30, 2023, which was recorded under other gains and losses.

Apart from the aforementioned explanations, the acquisition of equipment and plant, depreciation expense recognition, and reclassification, there were no significant disposals of property, plant, and equipment by the consolidated company from January 1 to June 30, 2023, and 2024. Depreciation expense is calculated on a straight-line basis using the following useful lives:

Buildings and structures	20 to 50 years
Machinery and equipment	2 to 13 years
Transportation equipment	3 to 5 years
Office equipment	3 to 8 years
Leasehold improvements	3 to 9 years
Other equipment	3 to 20 years

(II) Kunshan Key Ware and Kunshan Weixing were originally located at No. 1999, Hua'an Road, Huaqiao Town, Kunshan City, Jiangsu Province, China. In order to meet the requirements of the Shanghai Railway Line No. 11 and Suzhou Railway Line No. S1 projects and to meet the relocation requirements of the Planning and Construction Bureau of Huaqiao Economic Development Zone of the local authority, the Board of Directors authorized the Chairman to execute the relocation compensation contract in accordance with the law. The signed compensation agreements are described as follows:

1. Compensation agreement for land demolition and relocation

The compensation agreement was signed on December 11, 2015 between the Kunshan Huaqiao Township Relocation Office and Kunshan Key Ware, with the contents of the agreement focusing on the compensation for the non-removable objects and the suspension of production and relocation of Kunshan Key Ware and Kunshan Weixing, with a total compensation amount of RMB 152,206 thousand.

After signing the Compensation Agreement for Ground Structures Demolition, Kunshan Key Ware has gradually completed the relocation and handed over all factory buildings to the Huaqiao Township Relocation Office of Kunshan City. The total compensation amount has been received.

2. Land Use Rights Acquisition Compensation Agreement

The Land Use Right Acquisition Compensation Agreement was signed between Kunshan Huaqiao Weimin House Demolition Limited Company and Kunshan Key Ware on January 6, 2023. The content of the agreement is to compensate Kunshan Key Ware and Kunshan Weixing for the resumption and

relocation of their state-owned land use rights. The main terms of the agreement are as follows:

- (1) The total compensation amount is RMB 158,857 thousand;
- (2) Kunshan Huaqiao Weimin House Demolition Limited Company shall pay the first installment of compensation of RMB47,000 thousand by June 2023; the second installment of compensation of RMB47,000 thousand by June 2024 (RMB 30,000 thousand and RMB 17,000 thousand were received on June 30, 2024, and July 12, 2024, respectively.); the third installment of compensation of RMB31,000 thousand by June 2025; and the remaining compensation of RMB33,857 thousand by June 2026.
- (3) Kunshan Key Ware and Kunshan Weixing shall deliver the land use certificate to Kunshan Huaqiao Weimin House Demolition Limited Company after the signing of the contract, and deliver the legal documents for cancellation of the land use certificate and real estate certificate to Kunshan Huaqiao Weimin House Demolition Limited Company after the demolition of the old factory is completed.

Kunshan Key Ware has fulfilled its main obligations in accordance with the aforementioned compensation agreement. In March, 2023 it recognized land acquisition benefits of RMB 117,081 thousand (recorded under other income and expenses) and considered the expected credit losses of RMB 14,242 thousand for the remaining period of the payment. As of March 31, 2024, December 31, 2023 and June 30, 2023 the consolidated company recognized receivable land expropriation payments of RMB 74,478 thousand, RMB 97,996 thousand, and RMB 95,835 thousand, respectively, after deducting the received land expropriation payments from the net recognized land expropriation benefits (recorded under other receivables).

Additionally, the relocation agreement included incentive clauses for facility relocation. Kunshan Key Ware recognized subsidy incentives of RMB 16,435 thousand for completed facility relocations in December 2022 (recorded under other income and expenses) and considered expected credit losses of RMB 714 thousand for the remaining period of the payment term, which were fully received by June 2023.

(III) In November 2022, Kunshan Key Ware entered into a contract for the sale of machinery and equipment with an unrelated party, Chongqing Jinzixin Technology Co., Ltd. The equipment delivery was completed in December 2022. After considering the time value of money for the sales proceeds, a gain of RMB 12,916 thousand from the sale of machinery and equipment was recognized (recorded under other gains and losses). Since some of the equipment did not meet the expected functionality, both parties renegotiated the contract in June 2024 regarding these issues. Part of the machinery and equipment was returned to Kunshan Key Ware. The main terms of the revised contract are as follows:

1. The sale price of the machinery and equipment was revised to RMB 9,880 thousand.
2. The first installment of RMB 2,900 thousand (already received) will be followed by the remaining amount, which will be paid in 30 installments starting from July 2024.

Kunshan Key Ware has fully recognized impairment losses on the returned machinery and equipment.

(IV) For the amount of property, plant, and equipment pledged as collateral, please refer to Note XXIX.

XV. Lease Agreements

(I) Right-of-use assets

Carrying amount of right-of-use assets	June 30, 2024	December 31, 2023	June 30, 2023
Land	\$ 34,630	\$ 33,395	\$ 33,613
Buildings	37,343	32,683	32,293
Machinery	11,976	14,195	7,078
Transportation Equipment	498	903	1,547
	<u>\$ 84,447</u>	<u>\$ 81,176</u>	<u>\$ 74,531</u>

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2024
Additions to right-of-use assets	<u>\$ 999</u>	<u>\$ 13,796</u>	<u>\$ 999</u>	<u>\$ 13,796</u>
Depreciation Expense of Right-of-Use Assets				
Land	\$ 231	\$ 205	\$ 440	\$ 413
Buildings	3,128	3,660	6,225	7,454
Machinery	1,363	1,958	2,703	3,934
Transportation Equipment	371	322	742	645
	<u>\$ 5,093</u>	<u>\$ 6,145</u>	<u>\$ 10,110</u>	<u>\$ 12,446</u>

Apart from recognizing depreciation expenses, the consolidated company did not experience significant subleases or impairments of right-of-use assets in 2024 and from January 1 to June 30, 2023.

(II) Lease liabilities

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Carrying amount of lease liabilities			
Current	<u>\$ 20,377</u>	<u>\$ 18,292</u>	<u>\$ 16,635</u>
Non-current	<u>\$ 30,098</u>	<u>\$ 30,061</u>	<u>\$ 24,850</u>
The range of discount rates for lease liabilities			
Buildings	1.89%~2.37%	1.89%~2.37%	1.89%~2.37%
Machinery	2.26%~3.13%	2.26%~2.37%	2.26%~2.37%
Transportation Equipment	1.56%~2.26%	1.56%~2.26%	1.50%~2.26%

(III) Major lease activities and terms

The Group leases certain machinery and equipment, offices, and vehicles for business use for a period of 2 to 8 years. At the end of the lease term, the lease agreements do not contain renewal or off-take provisions.

(IV) Other lease information

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Short-term lease expenses	<u>\$ 3,204</u>	<u>\$ 801</u>	<u>\$ 5,017</u>	<u>\$ 1,675</u>
Low-value asset lease expense	<u>\$ 702</u>	<u>\$ 103</u>	<u>\$ 857</u>	<u>\$ 274</u>
Total cash flows on lease	<u>(\$ 8,948)</u>	<u>(\$ 7,079)</u>	<u>(\$ 15,901)</u>	<u>(\$ 14,429)</u>

XVI. Other intangible assets

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Customer Relationships	<u>\$ 16,531</u>	<u>\$ 18,211</u>	<u>\$ 19,893</u>

The acquisition of Key De Precise Industries Co., Ltd. resulted in an intangible asset - customer relationship, which was recognized at the fair value of NT\$40,346 thousand as

of June 1, 2017, the fair value was recorded on the basis of an appraisal report and amortized on a straight-line basis over 12 years of effectiveness.

The amortization amounts for the consolidated company from April 1 to June 30, 2024, and 2023, and from January 1 to June 30, 2024, and 2023, were NT\$839 thousand, NT\$839 thousand, NT\$1,680 thousand, and NT\$1,680 thousand, respectively (recorded as operating expenses).

XVII. Loans

(I) Short-term loans

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Unsecured loans</u>			
Credit line loans	\$ 750,271	\$ 481,950	\$ 578,098
<u>Secured loans</u>			
Bank loans	<u>71,000</u>	<u>71,000</u>	<u>65,000</u>
	<u>\$ 821,271</u>	<u>\$ 552,950</u>	<u>\$ 643,098</u>

The borrowing interest rates as of June 30, 2024, December 31, 2023, and June 30, 2023, are as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
NTD	2.13%~3.04%	2.00%~2.91%	2.00%~2.78%
RMB	2.80%~3.95%	3.30%~3.65%	3.65%~3.95%
JPY	1.10%~1.54%	1.16%~1.49%	1.10%~1.40%

(II) Short-term notes and bills payable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Commercial paper payable	\$ -	\$ 25,000	\$ 10,000
Deduct: Discount on short-term notes and bills payable	<u>-</u>	<u>21</u>	<u>2</u>
	<u>\$ -</u>	<u>\$ 24,979</u>	<u>\$ 9,998</u>
Interest rates	-%	1.81%	1.81%

(III) Long-term loans

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Secured loans</u>			
Bank loans	\$ 453,864	\$ 480,061	\$ 507,697
Deduct: Classified as due within 1 year	<u>16,647</u>	<u>16,274</u>	<u>21,805</u>
	<u>\$ 470,511</u>	<u>\$ 463,787</u>	<u>\$ 485,892</u>

The consolidated company signed a secured loan agreement with Mega Bank on May 24, 2021, with a total limit of NT\$105,000 thousand. Disbursements were made on July 27, 2021, September 29, 2021, and October 29, 2021, amounting to NT\$60,000 thousand, NT\$10,000 thousand, and NT\$30,000 thousand respectively. The loan term is 5 years, with monthly repayments calculated using the fixed installment method. The loan interest rate is based on Mega Bank's fixed deposit rate index plus 0.81%.

On January 26, 2022, the consolidated company signed a secured loan agreement with Shin Kong Bank for a total credit limit of NT\$440,000 thousand, and on March 7, 2022, NT\$440,000 thousand was disbursed. The loan maturity date was set for January 26, 2025. On March 22, 2024, the consolidated company amended the terms of the aforementioned credit agreement, increasing the credit limit to NT\$450,000 thousand, with the full amount disbursed. The new loan maturity date is March 6, 2027, and the loan interest rate is negotiated with the bank every three months on a case-by-case basis.

On March 9, 2022, the consolidated company signed a loan agreement with Jiangsu Kunshan Rural Commercial Bank for a total limit of USD 3,000 thousand, and disbursed USD 1,000 thousand. The loan term is 5 years, with semi-annual repayments of USD 125 thousand starting from September 2022. The loan interest rate is based on a 1.55% markup over the one-year London Interbank Offered Rate (LIBOR). The consolidated company fully repaid the loan ahead of schedule in March 2023.

The consolidated company signed a secured loan agreement with First Bank on April 25, 2022, for a total limit of NT\$10,200 thousand. On May 25, 2022, NT\$10,200 thousand was disbursed. The loan term is 5 years, with monthly repayments calculated using the fixed installment method. The loan interest rate is based on a 0.73% markup over First Bank's fixed deposit rate index.

As of June 30, 2024, December 31, 2023, and June 30, 2023, the effective annual interest rates ranged from 2.37% to 2.63%, 2.42% to 2.70%, and 2.40% to 2.65%, respectively.

Please refer to Note XXIX for details on bank loan guarantees.

XVIII. Corporate bonds payable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
The third unsecured corporate bond issuance in the fiscal year 2021	\$ -	\$ 56,759	\$ 56,008
Deduct: Classified as current portion due within 1 year	<u>-</u>	<u>(56,759)</u>	<u>(56,008)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Our company was approved by the Financial Supervisory Commission to issue the third unsecured convertible corporate bond domestically on April 21, 2021. The total amount issued was NT\$200,000 thousand, with a face value of NT\$100 thousand per bond and a coupon rate of 0%. The issuance period was 3 years. The methods for redemption or conversion are as follows:

1. Upon maturity, our company will redeem the bonds at face value.
2. If certain conditions are met, our company may, from 3 months after the issuance of the corporate bonds up to 40 days before maturity, request redemption of the bonds from bondholders in cash at face value.
3. From 3 months after the issuance of the corporate bonds until maturity, unless suspended for statutory transfer suspension periods, bondholders may request conversion into ordinary shares of our company at the prevailing conversion price. The original conversion price, as stipulated in the issuance and conversion regulations of our company's bonds, was NT\$21. From October 5, 2021, the cash capital increase reference date, the conversion price was adjusted to NT\$19.8.
4. The bondholders may sell back the convertible corporate bonds to the company on the date when 2 years have elapsed after issuance as the redemption reference date. Within 30 days before the redemption reference date, bondholders may request compensation from the company in cash for the bonds held, including interest, at face value.

The convertible corporate bonds consist of both liability and equity components. The equity component is recognized under the capital surplus - subscription rights. The original effective interest rate for the liability component was 2.68%, and the put option is measured at fair value through profit or loss. The information for the liability and equity components is as follows:

Issuance proceeds (less transaction costs of NT\$4,634 thousand)	\$195,366
Equity components	(8,556)
Repurchase option	(<u>1,140</u>)
Liability component on issuance date (excluding transaction costs of \$4,456 thousand amortized to liability)	185,670
Execution of sell-back option for corporate bonds payable	(197,243)
Interest calculated at an effective rate of 2.68%	<u>11,573</u>
Liability components as of June 30, 2024	<u>\$ -</u>

In May 2023, the holders of the company's second domestic unsecured convertible bonds exercised the sell-back option for a face value of NT\$142,700 thousand (including interest compensation of NT\$714 thousand), resulting in a bond buyback loss of NT\$431 thousand (included under other gains and losses). Additionally, the capital surplus related to the issuance of convertible bonds—specifically the equity component—was reclassified from stock warrants to capital surplus for expired stock warrants, amounting to NT\$6,104 thousand. The remaining face value of NT\$57,300 thousand was fully redeemed upon maturity in May 2024.

XIX. Other payables

	June 30, 2024	December 31, 2023	June 30, 2023
Salaries and bonuses payable	\$ 26,646	\$ 28,268	\$ 21,439
Service charge payable	9,059	6,471	6,207
Utilities payable	6,719	4,709	4,610
Processing fees payable	5,219	5,428	5,001
Equipment payables	319	2,789	21
Others	<u>23,589</u>	<u>46,332</u>	<u>52,530</u>
	<u>\$ 71,551</u>	<u>\$ 93,997</u>	<u>\$ 89,808</u>

XX. Post-retirement Benefit Plan

(I) Defined contribution plans — Taiwan

The pension system applicable to the consolidated company under the "Labor Pension Act" is a government-managed defined contribution plan, where 6% of each employee's monthly salary is contributed to their individual pension account at the Bureau of Labor Insurance.

The amounts that the consolidated company was required to contribute under the defined contribution plan for the periods from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023, were recognized as total expenses in the consolidated statement of comprehensive income, amounting to NT\$1,487 thousand, NT\$1,536 thousand, NT\$2,975 thousand, and NT\$3,174 thousand, respectively.

(II) Defined contribution plans — Mainland China

The employees of the consolidated company's subsidiaries in Mainland China participate in the pension insurance system stipulated by the government of the People's Republic of China. A certain percentage of the total monthly employee salary is contributed as pension insurance (recorded as employee insurance expenses), with a contribution rate of 16%, which is saved in individual accounts for each employee. The monthly pension payments are managed and arranged by the government, and the subsidiaries in Mainland China have no further obligations beyond the monthly contributions.

The amounts that the Mainland China subsidiaries of the consolidated company were required to contribute under the defined contribution plan for the periods from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023, were recognized as total expenses in the consolidated statement of comprehensive income, amounting to NT\$1,456 thousand, NT\$1,586 thousand, NT\$3,002 thousand, and NT\$2,791 thousand, respectively.

(III) Defined benefit plans

The pension expenses related to the defined benefit plan recognized for the periods from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023, were calculated using the pension cost rates determined by actuarial valuations as of December 31, 2023 and 2022. The amounts were NT\$1,248 thousand, NT\$815 thousand, NT\$2,497 thousand, and NT\$1,630 thousand, respectively (recorded as administrative expenses).

XXI. Equity

(I) Capital stock

Common stock

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Share capital authorized	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>
Number of shares authorized (in thousands)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Share capital issued	<u>\$ 1,923,535</u>	<u>\$ 1,923,135</u>	<u>\$ 1,899,283</u>
Number of shares issued (in thousands)	<u>192,353</u>	<u>192,313</u>	<u>189,928</u>

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	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Share capital issued	\$ 1,923,535	\$ 1,923,135	\$ 1,899,283
Stock dividends to be distributed	-	-	21,852
Share capital prepaid	-	-	2,340
	<u>\$ 1,923,535</u>	<u>\$ 1,923,135</u>	<u>\$ 1,923,475</u>
Common stock issued publicly	\$ 1,750,183	\$ 1,749,783	\$ 1,727,903
Common stock of private placement	173,352	173,352	171,380
Share capital issued	<u>\$ 1,923,535</u>	<u>\$ 1,923,135</u>	<u>\$ 1,899,283</u>

The common stock issued has a par value of \$10 per share and each share is entitled to one vote and the right to receive dividends.

In March 2024, employees of the company exercised stock options amounting to NT\$464 thousand, resulting in the issuance of 40 thousand ordinary shares at a subscription price of NT\$11.6 per share. The change in registration was completed on May 29, 2024.

In June 2023, employees of the company exercised stock options amounting to NT\$2,340 thousand, resulting in the issuance of 200 thousand ordinary shares at a subscription price of NT\$11.7 per share. The change in registration was completed on October 25, 2023.

At the shareholders' meeting held on June 16, 2023, a resolution was passed to increase capital by issuing 2,185 thousand new shares from retained earnings. The issuance of these bonus shares was approved by the Financial Supervisory Commission on August 1, 2023, and the capital increase base date was set for September 18, 2023.

(II) Capital surplus

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>May be used to offset</u> <u>deficits, appropriated as</u> <u>cash dividends or</u> <u>transferred to capital</u> (Note)			
Stock issuance premium	\$ 65,422	\$ 65,212	\$ 64,872
Expired employee stock options	559	559	559
Expired convertible corporate bond warrants	8,556	6,104	6,104

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	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>May not be used for any purpose</u>			
Employees stock option	6,006	6,152	6,152
Convertible bond stock warrants	<u>-</u>	<u>2,452</u>	<u>2,452</u>
	<u>\$ 80,543</u>	<u>\$ 80,479</u>	<u>\$ 80,139</u>

Note: This type of capital surplus may be used to cover loss or issue cash or replenish capital when there is no loss, but capital replenishment is restricted to the ratio of actual capital stock each year.

(III) Retained earnings and dividend policy

In accordance with the provisions of the Company's earnings distribution policy, if the Company has a net profit for the current year, it shall first use the profit to pay income taxes and make up for any accumulated losses, and then set aside 10% as a legal capital reserve. Any excessive balance may be reserved or transferred to be a special reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated for dividends in accordance with a proposal for appropriation of earnings as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends. For the Company's policy on employee and director remuneration distribution in the Articles of Incorporation, please refer to Note XXII(V).

Since the Company's business is growing, the dividend distribution policy is based on the Company's current and future investment environment, capital requirements, domestic and international competition and capital budget, taking into account shareholders' rights and interests, balanced dividends and the Company's long-term financial planning, etc. The Board of Directors prepares the distribution plan annually in accordance with the law and submits it to the shareholders' meeting. For the current year's stock dividends, cash dividends shall be distributed at a rate of not less than 10% of the total dividends distributed.

The legal reserve shall be appropriated until the remaining balance reaches the Company's total paid-in capital. The legal reserve may be used to make up for losses. When the Company has no loss, the portion of the legal reserve exceeding 25% of the total paid-in capital may be appropriated in the form of cash, in addition to being transferred to share capital.

The Company appropriates or reserves special reserve in accordance with the Official Letter No. 1010012865, Official Letter No. 1010047490, Official Letter No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for

Special Reserves Appropriated Following Adoption of IFRSs."

The company held its shareholders' meetings on June 21, 2024, and June 16, 2023, where the following profit distribution plans for the fiscal years 2023 and 2022 were resolved:

	Distribution of Earnings		Dividends Per Share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 149	\$ 745		
Special reserve	(1,344)	(34,141)		
Cash dividends	-	18,993	\$ -	\$ 0.100
Stock dividends	-	21,852	-	0.115

(IV) Special reserve

Upon the initial adoption of IFRS accounting standards, the company transferred an amount of NT\$158,644 thousand from the accumulated translation adjustments to retained earnings, and a special earnings reserve of the same amount was established.

The special surplus reserve recognized for foreign operating entities (including subsidiaries) due to exchange differences in the translation of financial statements is reversed based on the proportion of the consolidated company's disposal. If the consolidated company loses significant influence, the entire reserve is reversed. When distributing earnings, a special surplus reserve should be added to account for the difference between the net amount of other shareholders' equity deductions at the end of the reporting period and the special surplus reserve recognized under IFRS accounting standards upon initial adoption. Subsequently, if there is a reversal of other shareholders' equity deductions, earnings may be distributed based on the reversed portion.

(V) Other equity items

1. Exchange differences on translation of financial statements of foreign operations

	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Beginning balance	(\$ 114,809)	(\$ 90,493)
Incurrd this year		
Exchange differences on translation of financial statements of foreign operations	86,692	(40,336)
Income taxes related to exchange differences on translation of financial statements of foreign operations	(17,338)	8,067
Ending balance	(\$ 45,455)	(\$ 122,762)

2. Unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income

	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Beginning balance	(\$ 52,157)	(\$ 17,099)
Incurred this year		
Unrealized gain or loss - equity instruments	53,943	(84,066)
Accumulated gains (losses) on disposal of equity instruments transferred to retained earnings	-	7,820
Ending balance	<u>\$ 1,786</u>	<u>(\$ 93,345)</u>

XXII. Net income of continuing operations

Net income of continuing operations includes the following items:

(I) Interest income

	April 1, 2024 to June 30, 2024	April 1, 2023 to June 30, 2023	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Bank deposits	\$ 553	\$ 418	\$ 1,088	\$ 455
Financial assets measured at amortized cost	<u>9,868</u>	<u>-</u>	<u>19,482</u>	<u>-</u>
	<u>\$ 10,421</u>	<u>\$ 418</u>	<u>\$ 20,570</u>	<u>\$ 455</u>

(II) Other Income

	April 1, 2024 to June 30, 2024	April 1, 2023 to June 30, 2023	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Rental income	\$ 94	\$ 18	\$ 186	\$ 36
Dividend income	<u>133</u>	<u>-</u>	<u>133</u>	<u>-</u>
	<u>\$ 227</u>	<u>\$ 18</u>	<u>\$ 319</u>	<u>\$ 36</u>

(III) Other gains and losses

	April 1, 2024 to June 30, 2024	April 1, 2023 to June 30, 2023	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Gains (losses) on financial instruments measured at fair value through profit or loss	(\$ 34,359)	(\$ 1,913)	(\$ 822)	\$ 2,372
Land Use Rights Expropriation Gain (Note XIV)	-	-	-	514,185
Impairment loss on real estate, plants, and equipment	-	(770)	-	(67,905)
Net foreign exchange gain	2,178	7,676	5,469	7,533
Others	<u>(1,758)</u>	<u>(2,800)</u>	<u>(3,853)</u>	<u>(1,830)</u>
	<u>(\$ 33,939)</u>	<u>\$ 2,193</u>	<u>\$ 794</u>	<u>\$ 454,355</u>

(IV) Finance costs

	April 1, 2024 to June 30, 2024	April 1, 2023 to June 30, 2023	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Interest on bank loans	\$ 7,815	\$ 7,292	\$ 14,681	\$ 13,542
Finance costs of corporate bonds payable	166	773	541	2,040
Interest on lease liabilities	<u>207</u>	<u>166</u>	<u>433</u>	<u>337</u>
	<u>\$ 8,188</u>	<u>\$ 8,231</u>	<u>\$ 15,655</u>	<u>\$ 15,919</u>

(V) Employee benefits and depreciation and amortization expenses

	April 1, 2024 to June 30, 2024			April 1, 2023 to June 30, 2023		
	Operation costs	Operation expenses	Total	Operation costs	Operation expenses	Total
Employee benefits						
Salary expenses	\$ 40,612	\$ 10,519	\$ 51,131	\$ 37,892	\$ 10,829	\$ 48,721
Employee insurance expenses	4,961	961	5,922	4,454	997	5,451
Pension expenses	1,073	1,693	2,766	1,029	1,322	2,351
Other employee benefits	1,618	152	1,770	1,948	113	2,061
Depreciation expenses	30,699	830	31,529	36,317	1,117	37,434
Amortization expenses	238	1,122	1,360	590	917	1,507

	January 1, 2024 to June 30, 2024			January 1, 2023 to June 30, 2023		
	Operation costs	Operation expenses	Total	Operation costs	Operation expenses	Total
Employee benefits						
Salary expenses	\$ 78,877	\$ 20,269	\$ 99,146	\$ 77,365	\$ 23,343	\$ 100,708
Employee insurance expenses	9,573	1,830	11,403	9,163	1,987	11,150
Pension expenses	2,107	3,396	5,503	2,192	2,612	4,804
Other employee benefits	3,054	297	3,351	3,403	232	3,635
Depreciation expenses	61,533	1,605	63,138	73,197	2,221	75,418
Amortization expenses	487	2,239	2,726	1,168	1,834	3,002

(VI) Employee compensation and director remuneration

In accordance with the company's Articles of Incorporation, the company allocates 1% to 10% of its pre-tax profit, before deducting employee and director remuneration, for employee compensation and no more than 1% for director compensation.

For the periods from January 1 to June 30, 2024 and 2023, the company estimated 1% of its profit for employee compensation, amounting to NT\$64 thousand and NT\$1,270 thousand, respectively.

If there are any changes in the amounts after the approval and issuance date of the annual consolidated financial statements, they will be treated as changes in

accounting estimates and adjusted in the subsequent year.

There was no difference between the actual distribution amounts of employee compensation for the years 2023 and 2022 and the amounts recognized in the consolidated financial statements for those respective years.

For information regarding employee and director compensation as resolved by the company's Board of Directors, please refer to the "Market Observation Post System" on the Taiwan Stock Exchange website.

XXIII. Income tax on continuing operations

(I) Income tax recognized in profit or loss

The main components of income tax expenses (benefits) are as follows:

	April 1, 2024 to June 30, 2024	April 1, 2023 to June 30, 2023	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Current income tax				
Incurred this year	\$ 32,112	\$ 41,514	\$ 32,975	\$ 41,735
Adjustments from previous years	(<u>427</u>)	(<u>41</u>)	(<u>427</u>)	<u>15</u>
	<u>31,685</u>	<u>41,473</u>	<u>32,548</u>	<u>41,750</u>
Deferred income tax				
Incurred this year	(<u>40,761</u>)	(<u>41,509</u>)	(<u>33,717</u>)	<u>69,348</u>
Income tax benefit recognized in profit or loss.	(<u>\$ 9,076</u>)	(<u>\$ 36</u>)	(<u>\$ 1,169</u>)	<u>\$ 111,098</u>

(II) Income tax recognized in other comprehensive income

	April 1, 2024 to June 30, 2024	April 1, 2023 to June 30, 2023	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
<u>Deferred income tax</u>				
Incurred this year				
Exchange differences on translation of financial statements of foreign operations	<u>\$ 3,462</u>	(<u>\$ 9,805</u>)	<u>\$ 17,338</u>	(<u>\$ 8,067</u>)

(III) Deferred income tax assets and liabilities

The income tax filings for the company, its subsidiary Key De Precise Industries Co., Ltd., and Jia Chi Co., Ltd. have been assessed and approved by the tax authorities up to the fiscal year 2022.

XXIV. Earnings (loss) per share.

Unit: NT\$ Per Share

	April 1, 2024 to June 30, 2024	April 1, 2023 to June 30, 2023	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Basic earnings (loss) per share from continuing operations	(\$ 0.04)	(\$ 0.14)	\$ 0.04	\$ 0.78
Diluted earnings (loss) per share from continuing operations	(\$ 0.04)	(\$ 0.14)	\$ 0.04	\$ 0.74

When calculating earnings per share, the impact of stock dividends has been retrospectively adjusted, with the stock dividend base date set as September 18, 2023. Due to the retrospective adjustment, the changes in basic and diluted earnings (loss) per share for the periods from April 1 to June 30, 2024, and from January 1 to June 30, 2024, are as follows:

Unit: NT\$ Per Share

	Before retroactive adjustment		After retroactive adjustment	
	April 1, 2024 to June 30, 2024	April 1, 2023 to June 30, 2023	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Basic earnings per share (loss)	(\$ 0.14)	\$ 0.79	(\$ 0.14)	\$ 0.78
Diluted earnings per share (loss)	(\$ 0.14)	\$ 0.74	(\$ 0.14)	\$ 0.74

Net income and weighted average number of common shares used for calculation of earnings per share (loss) are as follows:

Net Income for the period

	April 1, 2024 to June 30, 2024	April 1, 2023 to June 30, 2023	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Net income (loss) used to calculate basic earnings (loss) per share	(\$ 7,972)	(\$ 27,517)	\$ 7,906	\$ 149,806
Net income (loss) used to calculate diluted earnings (loss) per share	(\$ 7,972)	(\$ 27,517)	\$ 7,906	\$ 151,272

Number of shares

Unit: Thousand shares

	April 1, 2024 to June 30, 2024	April 1, 2023 to June 30, 2023	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Weighted average number of common shares used for calculation of basic earnings per share	192,340	189,928	192,326	189,928
Effect of potentially dilutive common shares:				
Convertible bonds	-	-	-	13,073
Employees stock option	-	-	175	-
Employee compensation	-	-	9	102
Weighted average number of common shares used for calculation of diluted earnings per share	<u>192,340</u>	<u>189,928</u>	<u>192,510</u>	<u>203,103</u>

If the consolidated company chooses to distribute employee compensation in the form of stocks or cash, when calculating diluted earnings per share, it is assumed that employee compensation will be distributed in the form of stocks. The weighted average number of shares outstanding will be adjusted to include the potential common shares that have a dilutive effect. When calculating diluted earnings per share before the decision to distribute employee compensation shares in the following year, the dilutive effect of such potential common shares will also be considered.

The employee stock options of the company were not included in the calculation of

diluted earnings per share because the exercise price was higher than the average market price of the shares from January 1 to June 30, 2023, and thus had an anti-dilutive effect. The convertible bonds outstanding from January 1 to June 30, 2024, if converted, would have an anti-dilutive effect, and therefore were not included in the calculation of diluted earnings per share.

XXV. Share-based payment arrangements

The consolidated company did not issue any new employee stock options from January 1 to June 30, 2024, or from January 1 to June 30, 2023. Here are the details of the existing employee stock options:

	January 1, 2024 to June 30, 2024		January 1, 2023 to June 30, 2023	
	Unit	Weighted average exercise price	Unit	Weighted average exercise price
Employees stock option	(Thousand)	(NT\$)	(Thousand)	(NT\$)
Outstanding at the beginning of the year	2,335	\$ 13.3	2,535	\$ 13.1
Granted during the year	(40)	11.6	(200)	11.7
Exercised during the year	<u>2,295</u>	13.3	<u>2,335</u>	13.3
Outstanding at the end of the year	<u>2,295</u>		<u>2,335</u>	

XXVI. Capital Risk Management

The Group manages capital management under the precondition for sustainable development to ensure that the Group's businesses are able to maximize the benefit for its shareholders by optimizing debt and equity. The capital structure of the Group consists of the Group's equity attributable to the owners of the Company (i.e., capital stock, capital surplus, retained earnings and other equity items).

Key management of the Group reviews the capital structure of the Group on a quarterly basis, which includes consideration of the cost of various types of capital and the associated risks. According to the management's opinions, the Group balances its overall capital structure through dividend payments, issuance of new shares, repurchase of shares and issuance of new debt or repayment of old debt.

XXVII. Financial instruments

(I) Information on fair value - financial instruments not measured at fair value

In addition to the items listed in the table below, the management of the company believes that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values:

	June 30, 2024		December 31, 2023		June 30, 2023	
	Carrying Amount	Level 3 Fair Value	Carrying Amount	Level 3 Fair Value	Carrying Amount	Level 3 Fair Value
<u>Financial</u> <u>Liabilities</u>						
Accounts Payable Bonds	\$ -	\$ -	\$ 56,759	\$ 56,910	\$ 56,008	\$ 56,274

The fair value measurement of the Level 3 financial instruments mentioned above is

determined using a binary tree convertible bond pricing model. This model takes into account factors such as the remaining term of the bond, the price and volatility of the underlying stock of the convertible bond, the conversion price, the risk-free interest rate, the risk discount rate, and the liquidity risk of the convertible bond.

(II) Information on fair value - financial instruments measured at fair value on a recurring basis

1. Fair value level

June 30, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
Non-derivative financial assets				
— Domestic emerging stocks	\$ -	\$ -	\$ 13,966	\$ 13,966
— Domestic listed stocks	49,838	-	-	49,838
— Foreign listed stocks	<u>58,394</u>	<u>-</u>	<u>-</u>	<u>58,394</u>
Total	<u>\$ 108,232</u>	<u>\$ -</u>	<u>\$ 13,966</u>	<u>\$ 122,198</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Investments in equity instruments				
— Domestic Over-the-Counter Stocks	\$ 320,561	\$ -	\$ -	\$ 320,561
— Unlisted (OTC) stocks domestically and abroad	<u>-</u>	<u>-</u>	<u>56,010</u>	<u>56,010</u>
Total	<u>\$ 320,561</u>	<u>\$ -</u>	<u>\$ 56,010</u>	<u>\$ 376,571</u>

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
Non-derivative financial assets				
— Domestic emerging stocks	\$ -	\$ -	\$ 12,954	\$ 12,954
— Domestic listed stocks	20,095	-	-	20,095
— Foreign listed stocks	10,022	-	-	10,022
— RMB financial products	<u>-</u>	<u>-</u>	<u>67,195</u>	<u>67,195</u>
Total	<u>\$ 30,117</u>	<u>\$ -</u>	<u>\$ 80,149</u>	<u>\$ 110,266</u>

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through other comprehensive income</u>				
Investments in equity instruments				
— Domestic OTC stocks	\$ 282,220	\$ -	\$ -	\$ 282,220
— Domestic and foreign unlisted (OTC) stocks	-	-	40,409	40,409
Total	<u>\$ 282,220</u>	<u>\$ -</u>	<u>\$ 40,409</u>	<u>\$ 322,629</u>

June 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Non-derivative financial assets				
— Domestic emerging stocks	\$ -	\$ -	\$ 13,900	\$ 13,900
— RMB financial products	-	-	23,710	23,710
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,610</u>	<u>\$ 37,610</u>

<u>Financial assets measured at fair value through other comprehensive income</u>				
Investments in equity instruments				
— Domestic OTC stocks	\$ 233,119	\$ -	\$ -	\$ 233,119
— Domestic and foreign unlisted (OTC) stocks	-	-	57,044	57,044
Total	<u>\$ 233,119</u>	<u>\$ -</u>	<u>\$ 57,044</u>	<u>\$ 290,163</u>

There were no transfers between Level 1 and Level 2 fair value measurements during the periods from January 1 to June 30, 2024, and from January 1 to March 31, 2023.

2. Reconciliation of financial instruments measured at fair value in Level 3

Financial Instruments at Fair Value through Profit or Loss

	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Beginning balance	\$ 80,149	\$ 29,976
Recognized in profit or loss (other gains and losses)	1,384	3,175
Purchase	-	103,463
Disposal/Settlement	(70,255)	(98,507)
Effect of exchange rate changes	2,688	(497)
Settlement	<u>\$ 13,966</u>	<u>\$ 37,610</u>

Financial assets at fair value through other comprehensive income

	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Beginning balance	\$ 40,409	\$ 52,765
Recognized in other comprehensive income	<u>15,601</u>	<u>4,279</u>
Settlement	<u>\$ 56,010</u>	<u>\$ 57,044</u>

3. Valuation techniques and inputs of Level 3 fair value measurement

Category of Financial Instruments	Valuation Technique and Inputs
Renminbi financial products	The financial instruments purchased by the Group use counter-party quotes as a valuation technique and significant unobservable inputs to calculate the expected return on the investment.
Domestic and foreign unlisted (OTC) and emerging stocks	The total value of the individual assets and individual liabilities covered by the valuation targets is evaluated on a balance sheet basis, and the market approach is appropriately applied to the nature of the individual valuation targets, taking into account the liquidity discount and the control discount, to reflect the overall value of the enterprise or business.
Domestic emerging stocks	Valuation is conducted using the Comparable Company Method and the Emerging Stock Price Adjustment Method. The Comparable Company Method primarily relies on multiples based on market quotations of comparable listed (or over-the-counter) companies, with reference to per-share net asset value and sales value. These values already account for liquidity discounts.

As of June 30, 2024, December 31, 2023, and June 30, 2023, if the valuation parameters for equity instrument investments classified as Level 3 decrease by 5%, the fair value reflected in other comprehensive income for the period would experience adverse changes, with reductions of NT\$2,053 thousand, NT\$1,347 thousand, and NT\$1,898 thousand, respectively.

(III) Category of financial instruments

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	\$ 122,198	\$ 110,266	\$ 37,610
Financial assets at amortized cost (Note 1)	1,316,280	1,130,594	1,243,445
Financial assets at fair value through other comprehensive income	376,571	322,629	290,163

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Financial liabilities</u>			
Measured at amortized cost			
(Note 2)	1,573,774	1,279,905	1,448,354

Note 1: The balance includes cash and cash equivalents, notes receivable, accounts receivable, accounts receivable from related parties, other receivables, certain other current assets, and refundable deposits, all measured at amortized cost.

Note 2: The balance includes short-term borrowings, short-term notes payable, notes and accounts payable, accounts payable to related parties, certain other payables, other payables to related parties, certain other current liabilities, bonds payable, and long-term borrowings, all measured at amortized cost.

(IV) Financial risk management objectives and policies

The financial risk management objective of the Group is to manage the exchange rate risk, credit risk and liquidity risk associated with operating activities. To reduce the related financial risks, the Group is committed to identifying, evaluating and hedging market uncertainties in order to reduce the potential adverse effects of market changes on the Company's financial performance.

The significant financial activities of the Group are reviewed by the Board of Directors in accordance with the relevant regulations and internal control system. During the implementation of the financial plan, the Group must comply with the relevant financial operating procedures regarding the overall financial risk management and allocation of authority and responsibility.

1. Market risk

The main financial risks borne by the consolidated company due to its operating activities are foreign currency exchange rate risk, interest rate risk, and equity securities price risk.

(1) Foreign exchange risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date (including monetary items denominated in non-functional currencies that have been written off in the consolidated financial

statements) are shown in Note XXX.

Consolidated company mainly impacted by fluctuations in USD and JPY exchange rates, significant assets and liabilities from foreign currency transactions, gains and losses on foreign currency assets and liabilities offsetting each other due to market rate changes, notable discrepancy between foreign currency assets and liabilities exposing to foreign exchange risk. When the U.S. dollar depreciates by 3% against the New Taiwan dollar, the consolidated company's pre-tax net profit for the periods from January 1 to June 30, 2024, and 2023, would decrease by NT\$2,164 thousand and NT\$4,563 thousand, respectively. When the Japanese yen appreciates by 3% against the New Taiwan dollar, the pre-tax net profit for the same periods would decrease by NT\$860 thousand and NT\$1,545 thousand, respectively.

(2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate due to changes in market conditions.

The carrying amounts of financial liabilities of the Group exposed to interest rate risk on the balance sheet date are as follows :

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash flow interest rate risk — Financial liabilities	\$ 113,831	\$ 121,787	\$ 122,476
Cash flow interest rate risk — Financial liabilities	1,194,598	967,983	1,086,130

The following sensitivity analysis is calculated based on the interest rate exposure of floating rate liabilities as of the balance sheet date. The analysis assumes that the amount of liabilities outstanding on the balance sheet date remains outstanding throughout the entire year.

If interest rates increase by 1%, with all other variables remaining unchanged, the pre-tax net income of the consolidated company for the periods from January 1 to June 30, 2024, and January 1 to June 30, 2023, will decrease by NT\$5,973 thousand and NT\$5,431 thousand,

respectively.

(3) Equity securities price risk

Market risk of equity securities includes individual risk arising from changes in the market price of individual equity securities and general market risk arising from changes in the overall market price.

If the equity prices of the consolidated company decrease by 10%, the pre-tax net income for the periods from January 1 to June 30, 2024, and January 1 to June 30, 2023, will decrease by NT\$12,220 thousand and NT\$1,390 thousand, respectively, due to changes in fair value of financial assets measured at fair value through profit or loss. In addition, other comprehensive income for the periods from January 1 to June 30, 2024, and January 1 to June 30, 2023, will decrease by NT\$37,657 thousand and NT\$29,016 thousand, respectively, due to changes in fair value of financial assets measured at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to risk that causes the financial loss of the Group due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Group's maximum exposure to credit risk (without considering collaterals or other credit enhancement instruments and the maximum amount of irrevocable exposure) that could result in financial loss due to the counter-parties' failure to perform their obligations and the Group's provision of financial guarantees was mainly from the carrying amount of financial assets recognized in the consolidated balance sheet.

The Group's policy is to transact only with creditworthy counterparties and to obtain adequate guarantees, if necessary, to mitigate the risk of financial losses arising from defaults.

To minimize credit risk, the Group reviews the recoverable amount of each individual receivable on the balance sheet date to ensure that adequate allowances are made for possible irrecoverable amounts. As such, the Company's management concludes that the credit risk has been significantly reduced.

The counter-parties to the liquidity and derivative financial instruments are banks with high credit ratings from international credit rating agencies, so the credit risk is not significant.

Accounts receivable cover a diverse range of customers dispersed across different geographical regions. The consolidated company continuously evaluates various factors that may affect customers' payment capabilities, including financial condition, credit ratings from rating agencies, internal credit ratings, historical transaction records, and others. The company also insures trade credit to mitigate credit risks for specific customers. As of June 30, 2024, December 31, 2023, and for the period ending June 30, 2023, the enhanced credit amount for accounts receivable in certain mainland China regions amounted to NT\$66,907 thousand, NT\$65,173 thousand, and NT\$129,801 thousand, respectively.

As of June 30, 2024, December 31, 2023, and for the period ending June 30, 2023, the accounts receivable balances from the top ten customers represented 37%, 56%, and 50% of the consolidated company's total accounts receivable balances, respectively. The concentration risk related to the remaining accounts receivable is relatively insignificant.

3. Liquidity risk

The consolidated company manages and maintains sufficient cash and cash equivalents to support operations and mitigate the impact of cash flow fluctuations. Senior management oversees the utilization of bank financing facilities and ensures compliance with loan agreement terms.

Bank borrowings are an important source of liquidity for the consolidated company. As of June 30, 2024, December 31, 2023, and for the period ending June 30, 2023, the unused short-term bank financing facilities amounted to NT\$886,275 thousand, NT\$627,628 thousand, and NT\$580,240 thousand, respectively.

Liquidity and interest rate risk tables

The following table details the analysis of the remaining contractual maturities of the Group's non-derivative financial liabilities with contractual repayment periods, which are based on the earliest possible date on which the Group could be required to make repayment, and is prepared using the undiscounted cash flows of the financial liabilities, which include cash flows of interest and principal.

The maturity analysis of the Group's non-derivative financial liabilities is prepared based on the contractual repayment dates.

June 30, 2024

	<u>Less than 1 year</u>	<u>1 to 5 year(s)</u>	<u>6 to 10 years</u>
<u>Non-derivative financial liabilities</u>			
Short-term loans	\$ 821,271	\$ -	\$ -
Notes and accounts payable	156,105	-	-
Accounts payable - related parties	50,075	-	-
Other payables	71,551	-	-
Lease liabilities	21,275	30,479	403
Other current liabilities	7,755	-	-
Long-term loans	16,647	470,511	-

December 31, 2023

	<u>Less than 1 year</u>	<u>1 to 5 year(s)</u>	<u>6 to 10 years</u>
<u>Non-derivative financial liabilities</u>			
Short-term loans	\$ 552,950	\$ -	\$ -
Short-term notes and bills payable	25,000	-	-
Notes and accounts payable	116,242	-	-
Accounts payable - related parties	22,721	-	-
Other payables	103,598	-	-
Other payables - related parties	165	-	-
Lease liabilities	20,093	32,238	960
Other current liabilities	7,084	-	-
Long-term loans	16,274	463,787	-
Corporate bonds payable	57,300	-	-

June 30, 2023

	<u>Less than 1 year</u>	<u>1 to 5 year(s)</u>	<u>6 to 10 years</u>
<u>Non-derivative financial liabilities</u>			
Short-term loans	\$ 643,098	\$ -	\$ -
Short-term notes and bills payable	10,000	-	-
Notes and accounts payable	98,436	-	-
Accounts payable - related parties	14,937	-	-
Other payables	91,401	-	-
Other payables - related parties	49	-	-

	<u>Less than 1 year</u>	<u>1 to 5 year(s)</u>	<u>6 to 10 years</u>
Lease liabilities	19,399	23,947	1,528
Other current liabilities	7,737	-	-
Long-term loans	21,805	485,892	-
Corporate bonds payable	57,300	-	-

(V) Information on financial asset transfers

The Group transferred some of its banker's acceptances receivable in Mainland China to suppliers for payment of accounts payable. Since almost all risks and rewards of these instruments were transferred, the Group excluded the transferred bank's acceptance bill receivable and the corresponding accounts payable. However, if the derecognized bank's acceptance bills are not redeemed at maturity, the suppliers still have the right to demand the Group for settlement, so the Group continues to participate in these bills.

The consolidated company continues to participate in the maximum loss exposure related to bank acceptance bills that have been derecognized, which amounts to the face value of outstanding bank acceptance bills that have been transferred but have not yet matured. As of June 30, 2024, December 31, 2023, and for the period ending June 30, 2023, these amounts were NT\$7,260 thousand, NT\$8,618 thousand, and NT\$2,105 thousand, respectively. These bills will mature within 1 to 10 months after the balance sheet date. Considering the credit risk of the derecognized bank acceptance bills, the consolidated company assesses that their continued participation does not present significant fair value risk.

XXVIII. Related Party Transactions

All transactions between the Company and its subsidiaries (related parties of the), account balances, income, and expenses are eliminated upon consolidation and therefore are not shown in the note. The transactions between the Group and other related parties are as follows.

(I) Names and relations of related parties

<u>Related Party</u>	<u>Relationship with the Group</u>
Chow, Pong-Chi	The chairman of the company
Wen Shung Industrial Corp.	Substantial related party
Belize Quan Ke Co., Ltd.	Substantial related party
Belize New Decision Co., Ltd.	Substantial related party
Dongguan Jiacun Trading Co., Ltd.	Substantial related party

Related Party	Relationship with the Group
Ching Pu Technology Inc.	Substantial related party
Shanghai Wenwei International Trading Co.,Ltd.	Substantial related party

(II) Operating revenue

Accounting Subject	Type/Name of Related Party	April 1, 2024 to June 30, 2024	April 1, 2023 to June 30, 2023	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Sales revenue	Substantial related party	\$ <u>106</u>	\$ <u>87</u>	\$ <u>213</u>	\$ <u>195</u>

(III) Purchase of goods

Type/Name of Related Party	April 1, 2024 to June 30, 2024	April 1, 2023 to June 30, 2023	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Substantial related party				
Wen Shung Industrial Corp.	\$ 41,890	\$ 19,003	\$ 71,568	\$ 44,572
Others	<u>2,951</u>	<u>867</u>	<u>4,140</u>	<u>1,202</u>
	\$ <u>44,841</u>	\$ <u>19,870</u>	\$ <u>75,708</u>	\$ <u>45,774</u>

The purchase and sale of goods to related parties are based on cost, and both parties negotiate prices with reference to market conditions.

(IV) Receivables from related parties

Accounting Subject	Type/Name of Related Party	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable	Substantial related party	\$ <u>118</u>	\$ <u>72</u>	\$ <u>60</u>

Outstanding receivables from related parties are unsecured, and the transaction terms are 120 days after month-end, with no significant differences from those for regular customers.

(V) Lease agreements

Type/Name of Related Party	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Acquisition of right-of-use assets		
Substantive related party	\$ <u>-</u>	\$ <u>10,435</u>

Accounting Subject	Type/Name of Related Party	June 30, 2024	December 31, 2023	June 30, 2023
Lease liabilities	Substantial related party	\$ <u>6,752</u>	\$ <u>8,464</u>	\$ <u>10,156</u>

Type/Name of Related Party	April 1, 2024 to June 30, 2024	April 1, 2023 to June 30, 2023	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Interest expenses (Recognized as finance costs)				
Substantial related party	\$ <u>42</u>	\$ <u>21</u>	\$ <u>89</u>	\$ <u>26</u>

<u>Type/Name of Related Party</u>	<u>January 1, 2024 to June 30, 2024</u>	<u>January 1, 2023 to June 30, 2023</u>
<u>Cash outflow from leasing</u>		
Substantial related party	<u>\$ 1,800</u>	<u>\$ 1,800</u>

Under the lease agreements between the Group and the substantial related parties, the rent is paid monthly in accordance with the size of the premise leased with reference to the market in the vicinity.

(VI) Payables to related parties

<u>Accounting Subject</u>	<u>Type/Name of Related Party</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Accounts payable	Substantial related party			
	Wen Shung Industrial Corp.	\$ 47,697	\$ 22,189	\$ 13,973
	Others	<u>2,378</u>	<u>532</u>	<u>964</u>
		<u>\$ 50,075</u>	<u>\$ 22,721</u>	<u>\$ 14,937</u>
Other payables	Substantial related party			
	Wen Shung Industrial Corp.	<u>\$ -</u>	<u>\$ 165</u>	<u>\$ 49</u>

The terms of the Group's purchase of copper foil substrates from the substantial related party are 120 days monthly, which is not yet materially different from those of the general suppliers.

(VII) Remuneration to the management

	<u>April 1, 2024 to June 30, 2024</u>	<u>April 1, 2023 to June 30, 2023</u>	<u>January 1, 2024 to June 30, 2024</u>	<u>January 1, 2023 to June 30, 2023</u>
Short-term employee benefits	\$ 1,115	\$ 1,159	\$ 2,483	\$ 2,323
Retirement benefits	<u>27</u>	<u>9</u>	<u>54</u>	<u>18</u>
	<u>\$ 1,142</u>	<u>\$ 1,168</u>	<u>\$ 2,537</u>	<u>\$ 2,341</u>

(VIII) Guarantee

Related parties provided joint guarantees for the borrowings of the consolidated company:

<u>Type/Name of Related Party</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Chairman			
Guaranteed amount	<u>\$ 426,000</u>	<u>\$ 521,000</u>	<u>\$ 642,200</u>
Actual disbursed amount (recorded as short-term borrowings)	<u>\$ 326,000</u>	<u>\$ 266,000</u>	<u>\$ 241,454</u>

XXIX. Pledged Assets

The following assets were provided as collateral for the Group's bank loans and performance guarantees:

	June 30, 2024	December 31, 2023	June 30, 2023
Property, plant, and equipment			
Land	\$ 113,167	\$ 113,167	\$ 113,167
Housing and Construction	113,421	115,035	116,647
Equipment	107,735	162,024	209,785
Financial assets at fair value through other comprehensive income - current			
Domestic OTC stocks	205,275	180,723	126,725

XXX. Information on Foreign Currency-denominated Assets and Liabilities of Significant Influence

The following summary is presented in foreign currencies other than the functional currency. The exchange rate disclosed in the summary refers to the exchange rate of a foreign currency to the functional currency. The significant impact on assets and liabilities recognized in foreign currencies is as follows:

Unit: Foreign currency/NT\$ thousand

	June 30, 2024			December 31, 2023			June 30, 2023		
	Foreign currencies	Exchange Rate	NTD	Foreign currencies	Exchange Rate	NTD	Foreign currencies	Exchange Rate	NTD
Monetary items of financial assets									
USD	\$ 2,230	32.45	\$ 72,364	\$ 4,069	30.71	\$ 124,935	\$ 4,884	31.14	\$ 152,088
JPY	308,698	0.2142	66,115	139,840	0.2183	30,524	122,782	0.2150	26,398
Non-monetary items of financial assets									
USD	957	32.45	31,055	682	30.71	20,941	947	31.14	29,490
Monetary items of financial liabilities									
USD	7	32.45	227	20	30.71	614	-	-	-
JPY	442,588	0.2142	94,791	214,228	0.2183	46,761	362,331	0.2150	77,901

For the foreign exchange gains and losses of the consolidated company from April 1 to June 30, 2024, and 2023, as well as from January 1 to June 30, 2024, and 2023, please

refer to Note 22. Due to the high volume of foreign currency transactions, it is not feasible to disclose the exchange gains and losses by each significantly affected foreign currency.

XXXI. Supplementary Disclosures

(I) Information on Significant Transactions:

1. Loans provided for others. (Table 1)
2. Endorsements/Guarantees Provided for Others. (Table 2)
3. Securities held at end of period (excluding investments in subsidiaries, associates, and joint ventures). (Table 3)
4. Accumulated Purchase or Sale of the Same Securities Amounting to NT\$300 million or 20% of Paid-in Capital or More. (None)
5. Acquisition of Real Estate Amounting to NT\$300 million or 20% of the Paid-in Capital or More. (None)
6. Disposal of property amounting to NT\$300 million or 20% of paid-in capital or more. (None)
7. Purchases or Sales with Related Parties Amounting to NT\$100 million or 20% of Paid-up Capital or More. (None)
8. Receivables from related parties amounting to NT\$100 million or 20% of paid-up capital or more. (None)
9. Derivatives transactions. (None)
10. Others: Intercompany Relationships and Significant Intercompany Transactions. (Table 6)

(II) Information on invested companies (Table 4)

(III) Information on Investments in Mainland China:

1. Information on any investee company in mainland China (name, main business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income, carrying amount of investment at end of period, repatriations of investment income, and limit on the amount of investment in mainland China. (Table 5)
2. Major transactions with any investee company in mainland China directly or indirectly through a third region, and their prices, payment terms, unrealized gains (losses), and other information: (Table 7)

- (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
- (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
- (3) The amount of property transactions and the amount of the resultant gains or losses. (None)
- (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (None)
- (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
- (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services. (None)

(IV) Information on Major Shareholders: Name, amount and percentage of shareholding of shareholders with 5% or more of the shares. (Table 8)

XXXII. Operating Segment Financial Information

(I) Segment Financial Information

The information provided by the Group to its key operating decision makers for the purpose of allocating resources and evaluating divisional performance focuses on the type of product or service to be delivered or provided. In accordance with IFRS 8, "Operating Segments," the Group's reportable segments (products or labor for drill bits, drilling foundry and copper foil substrates) are as follows:

1. Taiwan Business Division: Includes sales and segment operating expenses resulting from shipments from Key Ware Electronics, Key De Precise, Jia Chi, Hui Peng and Laserware Laser.
2. Mainland China Business Division: Includes sales and segment operating expenses arising from shipments of Kunshan Key Ware Electronics, Kunshan Weixing, Kunshan Laserware Laser, King Ware(Chongqing) , Wuhan Laserware Laser , Shenzhen Laserware Laser, Key Ware, Advisor and Module.
3. Thailand Business Division: This includes sales gains and losses and departmental operating expenses generated from the shipments of Key Ware Electronics (Thailand).

The financial information related to the operating segments of the consolidated company for the periods from January 1 to June 30, 2024, and January 1 to June 30, 2023, is presented as follows:

Item	January 1, 2024 to June 30, 2024			
	Taiwan Region	Mainland China Region	Thailand Region	Amount after adjustment
Segment revenue				
External revenue	<u>\$ 305,640</u>	<u>\$ 270,108</u>	<u>\$ -</u>	<u>\$ 575,748</u>
Segment profit or loss	<u>(\$ 10,026)</u>	<u>(\$ 9,429)</u>	<u>\$ -</u>	<u>(\$ 19,465)</u>
Non-operating income and expenses				<u>27,217</u>
Net income before tax				<u>\$ 7,752</u>
Segment assets	<u>\$ 1,682,760</u>	<u>\$ 2,307,037</u>	<u>\$ 2,222</u>	<u>\$ 3,992,019</u>

Item	January 1, 2024 to June 30, 2023			
	Taiwan Region	Mainland China Region	Thailand Region	Amount after adjustment
Segment revenue				
External revenue	<u>\$ 272,656</u>	<u>\$ 220,004</u>	<u>\$ -</u>	<u>\$ 492,660</u>
Segment profit or loss	<u>(\$ 22,762)</u>	<u>(\$ 113,021)</u>	<u>\$ -</u>	<u>(\$ 135,783)</u>
Non-operating income and expenses				<u>393,465</u>
Net income before tax				<u>\$ 257,682</u>
Segment assets	<u>\$ 1,674,417</u>	<u>\$ 2,150,988</u>	<u>\$ -</u>	<u>\$ 3,825,405</u>

Segment profit refers to the profit earned by each segment, excluding investment income or loss, interest income, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of investments, exchange gain or loss, gain or loss on valuation of financial instruments, interest expense and income tax expense recognized under the equity method. The measurement amount is provided to the chief operating decision maker to allocate resources to the segment and to measure its performance.

(II) Revenue from Main Products

The analysis of revenue from the main products of the continuing operations of the consolidated company is as follows:

	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Diamond Heads	\$ 276,591	\$ 345,182
Copper Foil Substrates	82,828	87,210
Drilling Services	<u>216,329</u>	<u>60,268</u>
	<u>\$ 575,748</u>	<u>\$ 492,660</u>

Key Ware Electronics Co., Ltd. and its investee companies

Loans provided for others

January 1 to June 30, 2024

Table 1

Unit: NT\$ thousand

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending balance	Actual Amount Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 1)
													Item	Value		
0	The Company	Four Companies including Kunshan Key Ware Electronics Co., Ltd (Note 2)	Other receivables - related parties	Yes	\$ 100,000	\$ 100,000	\$ -	-	Short-term Financing	\$	Operations turnover of investee companies	\$ -	—	\$ -	\$ 215,357	\$ 861,428
0	The Company	Jia Chi Co., Ltd (Note 3)	Other receivables - related parties	Yes	30,000	30,000	4,103	-	Short-term Financing		Operations turnover of investee companies	-	—	-	215,357	861,428
0	The Company	Laserware Laser Technology Co., Ltd (Note 4)	Other receivables - related parties	Yes	40,000	40,000	-	-	Short-term Financing		Operations turnover of investee companies	-	—	-	215,357	861,428

Note 1: In accordance with the "Regulations Governing the Loaning of Funds to Others", the total amount of funds loaned to others shall not exceed 40% of the Group's most recent audited or reviewed financial statements. The amount of individual loans shall not exceed 10% of the net value of the company to which the funds are lent if necessary for financial assistance.

Note 2: The loan of 100% of the Company's capital to an investee company was approved by the Board of Directors on May 3, 2024. The Company intends to lend funds to 100% of its investees (including Key Ware International Limited, Advisor Move Investments Limited, Module System International Limited, and Kunshan Key Ware Electronics Co., Ltd.). The total amount of the loan is limited to NT\$100 million (or its equivalent in foreign currency), and the chairman is authorized to allocate or recycle the funds in installments within one year after the resolution of the board of directors.

Note 3: On December 25, 2023, the Board of Directors approved the short-term financing provided by the Company to its subsidiary, Jia Chi Co., Ltd with an investment of 83.63%. The total amount of the financing is capped at 30 million (or its equivalent in foreign currency), and the Chairman is authorized to disburse the funds in installments or on a revolving basis within one year after the Board resolution.

Note 4: On March 8, 2024, the Board of Directors approved a short-term loan from the company to its 99.99% subsidiary, Laserware Laser Technology Co., Ltd., with a total loan amount limited to NT\$40 million (or its equivalent in foreign currency). The Chairman is authorized to disburse the loan in installments or on a revolving basis within one year of the Board's resolution to support the subsidiary's operational development needs.

Key Ware Electronics Co., Ltd. and its investee companies
Endorsements/Guarantees Provided for Others
January 1 to June 30, 2024

Table 2

Unit: NT\$/RMB thousand

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsements/ Guarantees Provided for Single Entity (Note)	Maximum Endorsement/ Guarantee Balance	Ending Balance	Actual Amount Drawn	Amount of Endorsements/ Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/ Guarantees to Net Worth per Latest Financial Statements	Endorsement/ Guarantee Ceiling (Note)	Endorsements/ Guarantees Provided by Parent for Subsidiary	Endorsements/ Guarantee s Provided by Subsidiary for Parent	Endorsements/ Guarantee s Provided for Subsidiary in Mainland China
		Name of Company	Relationship										
0	The Company	Key De Precise Industries Co., Ltd	Investee (subsidiaries) accounted for using the equity method	\$ 430,714	\$ 200,000	\$ 200,000	\$ 17,000	\$ -	9.29%	\$ 1,292,142	Y	N	N
0	The Company	Jia Chi Co., Ltd	Investee (subsidiaries) accounted for using the equity method	430,714	30,000	30,000	30,000	-	1.39%	1,292,142	Y	N	N
1	Kunshan Key Ware Electronics Co., Ltd	The Company	Parent company	362,794	75,565 RMB 16,500	75,128	75,128 RMB 16,500	75,128	4.14%	1,088,381	N	Y	N
1	Kunshan Key Ware Electronics Co., Ltd	Kunshan Laserware Laser Technology Co., Ltd.	Investee (subsidiaries) accounted for using the equity method	362,794	43,711 RMB 9,600	43,711	22,766 RMB 5,000	-	2.41%	1,088,381	N	N	Y

Note: In accordance with the Company's endorsement and guarantee procedures, the aggregate amount of the endorsement and guarantee shall not exceed 60% of the Company's latest audited or reviewed financial statements, and the amount of endorsement and guarantee for a single enterprise shall not exceed 20% of the aforementioned net value.

Key Ware Electronics Co., Ltd. and its investee companies

Securities Held at End of Period

June 30, 2024

Table 3

Unit: NT\$/RMB thousand

Securities Holding Company	Marketable Securities and Name	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Remark
				Number of Shares (in Thousands)	Carrying amount	Shareholding Ratio (%)	Market Value/Net Equity Value	
The Company	<u>Domestic listed (OTC) stocks</u>							
	Savior Lifetec Corp.	—	Financial assets at fair value through other comprehensive income - current	12,571	\$ 320,561	3.96	\$ 320,561	Note 1
	Savior Lifetec Corp.	—	Financial assets at fair value through profit or loss - current	1,345	34,298	0.42	34,298	
	Zhen Ding Technology Holding Limited	—	Financial assets at fair value through profit or loss - current	120	15,540	0.01	15,540	
	<u>Domestic OTC stocks</u>							
	Qbic Technology Co., Ltd.	—	Financial assets at fair value through profit or loss - current	417	13,966	2.15	13,966	
	<u>Domestic unlisted (OTC) stocks</u>							
	Han Yu Entrepreneurship Investment Co., Ltd.	—	Financial assets at fair value through other comprehensive income - noncurrent	3,200	24,943	8.89	24,943	
	<u>Foreign unlisted (OTC) stocks</u>							
	Concord Venture Capital Group Limited	—	Financial assets at fair value through other comprehensive income - noncurrent	-	20,818	13.57	20,818	
	Kinara Inc.	—	Financial assets at fair value through other comprehensive income - noncurrent	1,809	10,249	2.07	10,249	
	<u>Foreign listed (OTC) stocks</u>							
	Sana Biotechnology, Inc.	—	Financial assets at fair value through other comprehensive income - current	319	56,555	0.16	56,555	
	Silicon Motion Technology Corp.	—	Financial assets at fair value through other comprehensive income - noncurrent	1	1,840	0.00	1,840	

Note 1: The Company provided 8,050 thousand shares of Savior Lifetec Corporation to financial institutions as a collateral for financing.

Key Ware Electronics Co., Ltd. and its investee companies
Name of investee company, location and other related information
January 1 to June 30, 2024

Table 4

Unit: NT\$/USD/RMB/THB thousand

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Ending Balance			Profit (Loss) of Investee for the Period	Investment Income (Loss) Recognized for the Period	Remark
				Ending Balance for the Current Period	Ending Balance for the Previous Period	Number of Shares (in Thousands)	Shareholding (%)	Carrying amount			
Key Ware Electronics Co., Ltd.	Key Ware International Limited	Trustnet Chambers, P.O. Box 3444, Road Town, Tortola, B.V.I.	General investment	\$ 769,617 USD 23,717	\$ 769,617 USD 23,717	23,717	100.00	\$ 1,829,042	\$ 28,789 RMB 6,385	\$ 26,827 RMB 5,892	Note 1, Note 3
	Key De Precise Industries Co., Ltd	No. 31, Keji 2nd Rd., Guishan Dist., Taoyuan City	Wholesale and processing of electronic parts and components	30,600	30,600	612	51.00	24,601	3,225	838	Note 1, Note 4
	Laserware Laser Technology Co., Ltd	4F., No. 76, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	Electronic components, machinery and equipment	1,000	1,000	100	99.99	966	1	1	Note 2
	Rong Pei Wisdom Co., Ltd.	4F., No. 76, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	General investment	18,667	18,667	1,867	22.73	-	(8)	(1)	Note 2 , Note 6
	Jia Chi Co., Ltd	No. 8-5, Nangong Ln., Sec. 1, Nangong Rd., Luzhu Dist., Taoyuan City	Drilling foundry	49,500	49,500	2,972	83.63	(3,814)	1,227	1,057	Note 1
	Hui Peng Technology Co., Ltd	No. 32, Xingbang Rd., Taoyuan Dist., Taoyuan City	Electronic components and machinery equipment	600	600	60	60.00	608	3	2	Note 2
	Key Ware Electronics (Thailand) Co., Ltd.	59/16 Moo. 6, Na Di Subdistrict, Mueang Samut Sakhon Province 74000	Drilling subcontracting	2,243 THB 2,500	- THB -	250	100.00	2,218	1 THB 1	1 THB 1	Note 2
Key Ware International Limited	Advisor Move Investments Limited	Trustnet Chambers, P.O. Box 3444, Road Town, Tortola, B.V.I.	General investment	323,202 USD 9,960	323,202 USD 9,960	9,960	100.00	836,102 RMB 183,628	13,079 RMB 2,901	13,079 RMB 2,901	Note 1
	Module System International Limited	Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	General investment	420,455 USD 12,957	420,455 USD 12,957	12,957	100.00	989,782 RMB 217,380	15,803 RMB 3,505	15,803 RMB 3,505	Note 1

Note 1: The calculation is based on the audited financial statements for the period from January 1 to June 30, 2024, reviewed by the company's auditor.

Note 2: The calculation is based on the investee's unaudited financial statements for the period from January 1 to June 30, 2024.

Note 3: The difference is due to the unrealized gross profit of the parent company to the associates and the unrealized gain on asset transactions.

Note 4: The difference is due to amortization expense of intangible assets arising from investments.

Note 5: The difference is due to unrealized gain from asset transactions between associates.

Note 6: Rong Pei Wisdom Co., Ltd. was dissolved in May 2024, with the dissolution date set as May 3, 2024. As of June 30, 2024, the liquidation process had not yet been completed.

Note 7: For information on Mainland China investee, please refer to Table 5.

Key Ware Electronics Co., Ltd. and its investee companies
Information on Investments in Mainland China
January 1 to June 30, 2024

Table 5

Unit: NT\$/USD/RMB thousand

Investee Company	Main Business Activities	Paid-in Capital	Method of Investments	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Profit (Loss) of Investee for the Period	The Company's Direct or Indirect Ownership	Investment Profit (Loss) Recognized for the Period (Note 1)	Carrying Amount of Investments at End of Period	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated						
Kunshan Key Ware Electronics Co., Ltd	Drilling tools, hand tools	\$ 784,219 USD 24,167	Investment in Mainland China through companies registered in a third region	\$ 691,424 USD 21,607	\$ -	\$ -	\$ 701,147 USD 21,607	\$ 29,274 RMB 6,493	100%	\$ 29,274 RMB 6,493	\$ 1,813,968 RMB 398,391	\$ 56,563 RMB 13,000
Kunshan Laserware Laser Technology Co., Ltd.	Drilling foundry	31,873 RMB 7,000	Investment in Mainland China through Kunshan Key Ware Electronics Co., Ltd.	-	-	-	-	884 RMB 196	100%	884 RMB 196	6,702 RMB 1,472	-
King Ware(Chongqing) Electronics Co., Ltd.	Electronic components wholesale	4,553 RMB 1,000	Investment in Mainland China through Kunshan Key Ware Electronics Co., Ltd.	-	-	-	-	162 RMB 36	100%	162 RMB 36	6,693 RMB 1,470	-
Wuhan Laserware Laser Technology Co., Ltd	Drilling foundry	177,576 RMB 39,000	Investment in Mainland China through Kunshan Key Ware Electronics Co., Ltd.	-	-	-	-	6,416 RMB 1,423	100%	6,416 RMB 1,423	179,826 RMB 39,494	-
Shenzhen Laserware Laser Technology Co., Ltd.	Drilling foundry	23,950 RMB 5,260	Investment in Mainland China through Kunshan Key Ware Electronics Co., Ltd.	-	-	-	-	72 RMB 16	100%	72 RMB 16	6,570 RMB 1,443	-
Hubei Laserware Laser Technology Co., Ltd.	Drilling foundry	11,838 RMB 2,600	Investment in Mainland China through Kunshan Key Ware Electronics Co., Ltd.	-	-	-	-	(18) (RMB 4)	100%	(18) (RMB 4)	11,820 RMB 2,596	-

Accumulated Amount of Investments Remitted from Taiwan to Mainland China at End of Period	Amount of Investments Authorized by Investment Commission, M.O.E.A.	Ceiling on Amount of Investments Stipulated by Investment Commission, M.O.E.A.
\$718,995 (USD 22,157)	\$786,166 (USD 24,227)	\$1,303,328 (註二)

Note 1: The invested company's financials are recognized based on the audited financial statements for the period from January 1 to June 30, 2024.

Note 2: According to the "Principles for Examination of Investment or Technical Cooperation in Mainland China", the accumulated amount of the investor's investment in Mainland China shall not exceed 60% of the net value or the combined net value, whichever is higher.

Key Ware Electronics Co., Ltd. and its investee companies
Intercompany Relationships and Significant Intercompany Transactions
January 1 to June 30, 2024

Table 6

Unit: NT\$ thousand

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Description of Transactions			
				Ledger Account	Amount	Transaction Term	Percentage of Consolidated Total Revenue or Total Assets
0	Key Ware Electronics Co., Ltd.	Key De Precise Industries Co., Ltd	1	Accounts receivable	\$ 4	—	0.00
		Key De Precise Industries Co., Ltd	1	Other Receivables	3		0.00
		Jia Chi Co., Ltd	1	Accounts receivable	70,565	Note 3	1.77
		Jia Chi Co., Ltd	1	Other Receivables	4,250	—	0.11
		Jia Chi Co., Ltd	1	Other Receivables	504	—	0.01
		Jia Chi Co., Ltd	1	Miscellaneous expenses	2,917	—	0.51
		Kunshan Key Ware Electronics Co., Ltd	1	Accounts receivable	11,837	Note 4	0.30
		Kunshan Key Ware Electronics Co., Ltd	1	Accounts payable	28,593	Note 3	0.72
		Kunshan Key Ware Electronics Co., Ltd	1	Sales revenue	25,435	Note 4	4.42
		Kunshan Key Ware Electronics Co., Ltd	1	Unrealized gross profit on sales	399	—	0.07
		Kunshan Key Ware Electronics Co., Ltd	1	Realized gross profit on sales	636	—	0.11
		Kunshan Key Ware Electronics Co., Ltd	1	Cost of goods sold	26,744	Note 3	4.65
		Kunshan Key Ware Electronics Co., Ltd	1	Long-term deferred income	78,559	—	1.97
		Kunshan Key Ware Electronics Co., Ltd	1	Gain on disposal of property, plant, and equipment	771	—	0.02
		Wuhan Laserware Laser Technology Co., Ltd	1	Long-term deferred income	7,359	—	0.18
		Wuhan Laserware Laser Technology Co., Ltd	1	Gain on disposal of property, plant, and equipment	827	—	0.14
1	Kunshan Key Ware Electronics Co., Ltd	Kunshan Key Ware Electronics Co., Ltd	3	Accounts receivable	8,777	Note 3	0.22
		Kunshan Key Ware Electronics Co., Ltd	3	Other receivables	4,509	—	0.11
		Kunshan Key Ware Electronics Co., Ltd	3	Sales revenue	5,204	Note 3	0.90
		Kunshan Key Ware Electronics Co., Ltd	3	Miscellaneous income	7,000	—	1.22
		Kunshan Key Ware Electronics Co., Ltd	3	Miscellaneous expenses	4,606	—	0.80
		Wuhan Laserware Laser Technology Co., Ltd	3	Accounts receivable	42,946	Note 3	1.08
		Wuhan Laserware Laser Technology Co., Ltd	3	Sales revenue	9,159	Note 3	1.59
		Wuhan Laserware Laser Technology Co., Ltd	3	Other Receivables	28	—	0.00

Note 1: The information on business dealings between the parent company and subsidiaries should be numbered according to the following method:

1. For the parent company, fill in 0.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationships with counterparties can be any one of the following three types:

1. The parent company to subsidiaries.

2. Subsidiaries to the parent company.

3. Subsidiaries to subsidiaries.

Note 3: Transaction price are based on cost, and both parties negotiate prices with reference to market conditions. The trading terms are net 180 days.

Note 4: Transaction price are based on cost, and both parties negotiate prices with reference to market conditions. The trading terms are net 120 days.

Note 5: The transaction price is based on cost, and the transaction terms require advance payment.

Note 6: In preparing the consolidated financial statements, inter-parent-subsidary transactions are written-off.

Key Ware Electronics Co., Ltd. and its investee companies
Major Transactions with Any Investee Company in mainland China Directly or Indirectly through a Third Region, and Their Prices, Payment terms,
Unrealized Gains (Losses), and Other Information
January 1 to June 30, 2024

Table 7

Unit: NT\$ thousand

Investee Company	Type of Transaction	Purchases, sales, and disposal of assets		Price	Transaction Term		Notes and Accounts Receivable (Payable)		Unrealized gains (losses)	Remark
		Amount	Percentage (%)		Payment Terms	Difference with General Transactions	Amount	Percentage (%)		
Kunshan Key Ware Electronics Co., Ltd	Sales	\$ 25,435	11%	No material difference from the general account	Net 120 to 180 days	No material difference from the general transaction	\$ 11,837	6%	\$ 237	—
	Purchase of goods	41,107	12%	No material difference from the general account	Net 180 days	No material difference from the general transaction	(80,316)	55%	-	—
Kunshan Laserware Laser Technology Co., Ltd	Sales	5,204	3%	No material difference from the general account	Net 180 days	No material difference from the general transaction	8,777	4%	-	—
Wuhan Laserware Laser Technology Co., Ltd	Sales	9,159	6%	No material difference from the general account	Net 180 days	No material difference from the general transaction	42,946	17%	-	—

Note: The unrealized gain or loss on transactions with the investees in Mainland China has been fully written off in the preparation of the consolidated financial statements.

Key Ware Electronics Co., Ltd.
Information on Major Shareholders
June 30, 2024

Table 8

Name of Major Shareholders	Shareholding	
	Number of shares held (shares)	Shareholding ratio (%)
Qing Yu Investment Co., Ltd.	14,201,709	7.38
Jia Ju Investment Co., Ltd.	11,169,353	5.80

Note: The major shareholders in this table are shareholders holding more than 5% of the common shares that have completed delivery without physical registration on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.