

ABC Taiwan Electronics
Corporation and Subsidiaries
Consolidated Financial Statements
and Independent Auditors' Review
Report
Quarter 2, 2024 and 2023

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Independent Auditors' Review Report

To: ABC Taiwan Electronics Corp

Introduction

We have audited the accompanying Consolidated Balance Sheet of ABC Taiwan Electronics Corp and subsidiaries for June 30, 2024 and 2023, and the consolidated statements of comprehensive income for April 1 to June 30 of 2024 and 2023, and January 1 to June 30 of 2024 and 2023, changes in equity and cash flows for January 1 to June 30 of 2024 and 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 Interim Financial Reporting (IAS 34) endorsed and issued into effect by the Financial Supervisory Commission (FSC). The Independent Auditors are responsible to form a conclusion on the consolidated Financial Statements based on the review outcomes.

Scope

The review work is performed by independent auditors in accordance with the International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information." The procedures for the review of the Consolidated Financial Statements include inquiries (mainly inquiries with the personnel of finance and accounting), analytical procedures and other review procedures. The scope of the review work is distinctly smaller than the scope of the audit work. Hence, the independent auditors were unable to express an audit opinion as it was not possible to detect all of the material matters identified by the audit work.

Conclusion

Based on the review results of the independent auditors, all material aspects of the abovementioned Consolidated Financial Statements were prepared according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 Interim Financial Reporting (IAS 34) endorsed and issued into effect by the Financial Supervisory Commission (FSC). The accompanying consolidated financial statements present fairly, in all material respects, the financial position of ABC Taiwan Electronics Corporation and subsidiaries as of June 30, 2024 and 2023, the consolidated financial performance as of April 1 to June 30 of 2024 and 2023, and the consolidated financial performance and consolidated cash flow from January 1 to June 30 of 2024 and 2023.

Deloitte & Touche
Ya-Yun Chang, CPA

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August 9, 2024

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

Unit: NTD thousand

		June 30, 2024		December 31, 2023		June 30, 2023				June 30, 2024		December 31, 2023		June 30, 2023	
Code	Assets	Amount	%	Amount	%	Amount	%	Code	Liabilities and equity	Amount	%	Amount	%	Amount	%
	Current assets								Current liabilities						
1100	Cash and cash equivalents (Note VI)	\$ 751,884	24	\$ 787,355	25	\$ 829,874	26	2100	Short-term borrowings (Note XVI)	\$ 260,000	8	\$ 230,000	7	\$ 284,876	9
1110	Financial assets measured at fair value through profit or loss - current (See Note VII)	22,820	1	22,022	1	21,601	-	2110	Short-term notes payable (Note XVI)	29,964	1	59,927	2	29,971	1
1170	Notes and accounts receivable, net (Note IX)	180,817	5	139,376	4	181,915	6	2170	Notes and accounts payable	245,192	8	207,068	7	200,020	6
								2206	Employees' compensation and remuneration of directors payable (Note XXI)	11,383	-	11,285	-	69,338	2
1180	Accounts receivable - related parties (Notes IX and XXVII)	138,931	4	109,371	3	127,136	4	2219	Other payables (Note XVII)	139,276	5	132,959	4	139,705	4
1200	Other receivables	26,823	1	28,297	1	24,268	1	2230	Current income tax liabilities (Note XXII)	6,329	-	26,718	1	22,526	1
1220	Current income tax assets (Note XXII)	6,883	-	6,364	-	6,014	-	2280	Lease liabilities - current (Note XIII)	647	-	1,115	-	3,229	-
130X	Inventories (Note X)	249,076	8	272,721	9	292,246	9	2322	Long-term loans with maturity within one year (Notes XVI and XXVIII)	280,114	9	211,653	7	180,857	6
1410	Prepayments	27,192	1	27,437	1	22,853	1	2399	Other current liabilities (Notes XVII and XX)	1,994	-	2,072	-	2,573	-
1470	Other current assets (Note XV)	374	-	871	-	4	-	21XX	Total of current liabilities	974,899	31	882,797	28	933,095	29
11XX	Total current assets	1,404,800	44	1,393,814	44	1,505,911	47								
	Non-current assets								Non-current liabilities						
1517	Financial assets at fair value through other comprehensive profit or loss - Non-current (Note VIII)	44,133	2	39,189	1	34,727	1	2540	Long-term loans (Notes XVI and XXVIII)	586,730	18	668,751	21	669,232	21
1600	Property, plant and equipment (Notes XII, XXVIII and XXIX)	1,606,296	51	1,560,868	50	1,502,411	47	2570	Deferred income tax liabilities (Note XXII)	84,588	3	88,889	3	103,143	3
								2580	Lease liabilities - non-current (Note XIII)	10	-	218	-	3,669	-
1755	Right-of-use assets (Note XIII)	5,653	-	19,323	1	25,031	1	2630	Long-term deferred revenue (Note XXIV)	6,868	-	7,370	-	7,973	1
1780	Intangible assets (Note XIV)	55,496	2	31,313	1	33,688	1	2640	Net defined benefit liabilities - non-current (Note XVIII)	-	-	-	-	1,273	-
1915	Prepayment for equipment purchase	35,879	1	87,474	3	97,304	3	2670	Other non-current liabilities (Notes XVII)	2,323	-	1,693	-	1,816	-
1975	Net defined benefit assets - non-current (Note XVIII)	6,500	-	6,585	-	-	-	25XX	Total non-current liabilities	680,519	21	766,921	24	787,106	25
1990	Other non-current assets (Note XV)	5,030	-	5,803	-	5,806	-	2XXX	Total liabilities	1,655,418	52	1,649,718	52	1,720,201	54
15XX	Total non-current assets	1,758,987	56	1,750,555	56	1,698,967	53		Equity attributable to shareholders of the Company (Note XIX)						
									Share capital						
								3110	Common stock share capital	1,050,006	33	1,050,006	34	929,209	29
								3150	Stock dividends to be distributed	-	-	-	-	120,797	4
								3100	Total share capital	1,050,006	33	1,050,006	34	1,050,006	33
								3200	Additional paid-in capital	181,063	6	181,063	6	181,063	5
									Retained earnings						
								3310	Legal reserve	152,922	5	148,446	5	148,446	5
								3320	Special reserves	152,144	5	128,123	4	128,123	4
								3350	Undistributed earnings	85,710	2	139,158	4	138,665	

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Joseph M. E. Hsu

Managerial Officer: Francis Fan

Accounting supervisor: Ya-Yun Cheng

ABC Taiwan Electronics Corporation and Subsidiaries

Consolidated Statements Of Comprehensive Income

April 1 to June 30 of 2024 and 2023, and January 1 to June 30 of 2024 and 2023

Unit: NTD thousand, except that net profit (loss) per share in NTD

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	Net operating revenue (Notes XX and XXVII)	\$ 456,645	100	\$ 478,110	100	\$ 899,988	100	\$ 1,108,936	100
5000	Operating cost (Notes X and XXI)	<u>351,015</u>	<u>77</u>	<u>368,446</u>	<u>77</u>	<u>719,429</u>	<u>80</u>	<u>852,110</u>	<u>77</u>
5900	Gross profit	<u>105,630</u>	<u>23</u>	<u>109,664</u>	<u>23</u>	<u>180,559</u>	<u>20</u>	<u>256,826</u>	<u>23</u>
	Operating expenses (Notes XXI and XXVII)								
6100	Sales and marketing expenses	18,782	4	12,814	3	35,128	4	32,486	3
6200	Management expenses	63,426	14	69,075	14	126,493	14	128,750	12
6300	R&D expenses	28,665	6	24,178	5	57,926	6	48,618	4
6450	ECL impairment loss (reversal of gain)	<u>1,295</u>	<u>-</u>	<u>(145)</u>	<u>-</u>	<u>1,109</u>	<u>-</u>	<u>(816)</u>	<u>-</u>
6000	Total operating expenses	<u>112,168</u>	<u>24</u>	<u>105,922</u>	<u>22</u>	<u>220,656</u>	<u>24</u>	<u>209,038</u>	<u>19</u>
6900	Net operating profit (loss)	<u>(6,538)</u>	<u>(1)</u>	<u>3,742</u>	<u>1</u>	<u>(40,097)</u>	<u>(4)</u>	<u>47,788</u>	<u>4</u>
	Non-operating income and expenses								
7100	Interest revenue (Note XXI)	2,889	-	2,372	-	4,388	1	2,496	1
7010	Other income (Notes XXI, XXIV, and XXVII)	352	-	337	-	698	-	1,980	-
7020	Other gains and losses (Notes XXI and XXVII)	30,466	7	18,662	4	48,381	5	19,097	2
7050	Financial costs (Note XXI)	<u>(4,835)</u>	<u>(1)</u>	<u>(4,811)</u>	<u>(1)</u>	<u>(9,582)</u>	<u>(1)</u>	<u>(8,745)</u>	<u>(1)</u>
7000	Total non-operating income and expenses	<u>28,872</u>	<u>6</u>	<u>16,560</u>	<u>3</u>	<u>43,885</u>	<u>5</u>	<u>14,828</u>	<u>2</u>
7900	Pre-tax profit	22,334	5	20,302	4	3,788	1	62,616	6
7950	Income tax expenses (Note XXII)	<u>(8,750)</u>	<u>(2)</u>	<u>(8,845)</u>	<u>(2)</u>	<u>(5,639)</u>	<u>(1)</u>	<u>(18,344)</u>	<u>(2)</u>
8200	Net income (loss)	<u>13,584</u>	<u>3</u>	<u>11,457</u>	<u>2</u>	<u>(1,851)</u>	<u>-</u>	<u>44,272</u>	<u>4</u>
	Other comprehensive income								
8310	Items not reclassified to profit or loss:								
8316	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income (Note XIX)	7,637	2	3,014	1	4,944	1	7,315	1
8360	Items that may be reclassified subsequently as profit or loss:								
8361	Exchange difference on translation of financial statements of foreign operations (Note XIX)	<u>13,455</u>	<u>3</u>	<u>(40,760)</u>	<u>(9)</u>	<u>33,725</u>	<u>3</u>	<u>(40,817)</u>	<u>(4)</u>
8300	Total other comprehensive income	<u>21,092</u>	<u>5</u>	<u>(37,746)</u>	<u>(8)</u>	<u>38,669</u>	<u>4</u>	<u>(33,502)</u>	<u>(3)</u>
8500	Total comprehensive income (loss)	<u>\$ 34,676</u>	<u>8</u>	<u>(\$ 26,289)</u>	<u>(6)</u>	<u>\$ 36,818</u>	<u>4</u>	<u>\$ 10,770</u>	<u>1</u>
	Net profit (loss) per share (Note XXIII)								
9750	Basic	<u>\$ 0.13</u>		<u>\$ 0.11</u>		<u>(\$ 0.02)</u>		<u>\$ 0.42</u>	
9850	Diluted	<u>\$ 0.13</u>		<u>\$ 0.11</u>		<u>(\$ 0.02)</u>		<u>\$ 0.42</u>	

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Joseph M. E. Hsu

Managerial Officer: Francis Fan

Accounting supervisor: Ya-Yun Cheng

ABC Taiwan Electronics Corporation and Subsidiaries
Consolidated Statements Of Changes In Equity
January 1 to June 30, 2024 and 2023

Unit: NTD thousand

Equity attributable to the Company's shareholders											
Code		Share capital				Retained earnings			Other equity		Total equity
		Shares (in thousand)	Amount	Stock dividends to be distributed	Additional paid-in capital	Legal reserve	Special reserves	Undistributed earnings	Exchange differences on the translation of financial statements of foreign operations	Unrealized (loss) gain on equity instruments at fair value through other comprehensive incomes	
A1	Balance as of January 1, 2023	92,921	\$ 929,209	\$ -	\$ 181,063	\$ 126,229	\$ 134,226	\$ 253,605	(\$ 142,738)	\$ 14,614	\$ 1,496,208
	Distribution of earnings for 2022										
B1	Legal reserve	-	-	-	-	22,217	-	(22,217)	-	-	-
B17	Reversal of special reserves	-	-	-	-	-	(6,103)	6,103	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	-	(22,301)	-	-	(22,301)
B9	Shareholder stock dividends	-	-	120,797	-	-	-	(120,797)	-	-	-
D1	Net income for January 1 to June 30, 2023	-	-	-	-	-	-	44,272	-	-	44,272
D3	Total other comprehensive income for January 1 to June 30, 2023	-	-	-	-	-	-	-	(40,817)	7,315	(33,502)
D5	Total comprehensive income for January 1 to June 30, 2023	-	-	-	-	-	-	44,272	(40,817)	7,315	10,770
Z1	Balance as of June 30, 2023	<u>92,921</u>	<u>\$ 929,209</u>	<u>\$ 120,797</u>	<u>\$ 181,063</u>	<u>\$ 148,446</u>	<u>\$ 128,123</u>	<u>\$ 138,665</u>	(<u>\$ 183,555</u>)	<u>\$ 21,929</u>	<u>\$ 1,484,677</u>
A1	Balance as of January 1, 2024	105,001	\$ 1,050,006	\$ -	\$ 181,063	\$ 148,446	\$ 128,123	\$ 139,158	(\$ 178,536)	\$ 26,391	\$ 1,494,651
	Distribution of earnings for 2023										
B1	Legal reserve	-	-	-	-	4,476	-	(4,476)	-	-	-
B3	Special reserves	-	-	-	-	-	24,021	(24,021)	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	-	(23,100)	-	-	(23,100)
D1	Net loss for January 1 to June 30, 2024	-	-	-	-	-	-	(1,851)	-	-	(1,851)
D3	Total other comprehensive income for January 1 to June 30, 2024	-	-	-	-	-	-	-	33,725	4,944	38,669
D5	Total comprehensive income for January 1 to June 30, 2024	-	-	-	-	-	-	(1,851)	33,725	4,944	36,818
Z1	Balance as of June 30, 2024	<u>105,001</u>	<u>\$ 1,050,006</u>	<u>\$ -</u>	<u>\$ 181,063</u>	<u>\$ 152,922</u>	<u>\$ 152,144</u>	<u>\$ 85,710</u>	(<u>\$ 144,811</u>)	<u>\$ 31,335</u>	<u>\$ 1,508,369</u>

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Joseph M. E. Hsu

Managerial Officer: Francis Fan

Accounting supervisor: Ya-Yun Cheng

ABC Taiwan Electronics Corporation and Subsidiaries

Consolidated Statements Of Cash Flows

January 1 to June 30, 2024 and 2023

Unit: NTD thousand

Code		January 1 to June 30, 2024	January 1 to June 30, 2023
	Cash flow from operating activities		
A10000	Pre-tax profit for the current period	\$ 3,788	\$ 62,616
A20010	Income/expenses that do not affect cash flow:		
A20100	Depreciation expense	84,882	80,366
A20200	Amortized expenses	8,960	6,056
A20300	ECL impairment loss (reversal of gain)	1,109	(816)
A20400	Net gains on financial assets measured at fair value through profit or loss	(194)	(238)
A20900	Financial cost	9,582	8,745
A21200	Income from interest	(4,388)	(2,496)
A22500	Net (profit) loss from disposal of property, plant and equipment	(35,471)	159
A23700	Inventory devaluation loss	25,787	1,862
A24100	Net gains on foreign currency exchange	(6,820)	(20,964)
A29900	Loss from lease modification	13,152	-
A30000	Net changes in operating assets and liabilities		
A31130	Notes and accounts receivable	(33,056)	51,399
A31160	Accounts receivable - related parties	(29,560)	72,305
A31180	Other receivables	1,464	5,854
A31200	Inventory	(2,117)	97,612
A31230	Prepayments	245	(4,978)
A31240	Other current assets	497	-
A31990	Other assets	49	62
A32130	Notes and accounts payable	33,931	(111,419)
A32180	Other payables	(6,491)	(27,086)
A32200	Liability reserve	39	(42)
A32230	Other current liabilities	(78)	(400)
A32240	Net defined benefit assets	85	-
A32250	Long-term deferred revenue	(698)	8,207
A32990	Employees' compensation and remuneration of directors payable	98	13,136
A33000	Cash inflow from operations	64,795	239,940
A33100	Interest received	4,388	2,496
A33300	Interest paid	(9,582)	(8,745)
A33500	Income tax paid	(30,663)	(45,224)
AAAA	Net cash inflow from operating activities	28,938	188,467

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Code		January 1 to June 30, 2024	January 1 to June 30, 2023
	Cash flows from investing activities		
B02700	Acquisition of property, plant and equipment	(\$ 132,425)	(\$ 108,985)
B02800	Proceeds from disposal of property, plant and equipment	45,770	2,442
B03800	Decrease in refundable deposits	724	97
B04500	Acquisition of intangible assets	(33,143)	(2,129)
B07200	Decrease in prepaid equipment purchase	<u>51,595</u>	<u>1,141</u>
BBBB	Net cash outflow from investing activities	(<u>67,479</u>)	(<u>107,434</u>)
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	800,000	770,000
C00200	Decrease in short-term borrowings	(770,000)	(730,000)
C00500	Increase (decrease) in short-term notes payable	(29,963)	29,971
C01600	Proceeds from long-term debt	197,173	193,740
C01700	Repayments of long-term debt	(210,733)	(129,657)
C04020	Repayment of lease liability principal	(<u>696</u>)	(<u>1,918</u>)
CCCC	Net cash (outflow) inflow from financing activities	(<u>14,219</u>)	<u>132,136</u>
DDDD	Effect of exchange rate fluctuations on cash and cash equivalents	<u>17,289</u>	(<u>594</u>)
EEEE	Net (decrease) increase of cash and cash equivalents for the current period	(35,471)	212,575
E00100	Cash and cash equivalents, beginning of the year	<u>787,355</u>	<u>617,299</u>
E00200	Cash and cash equivalents, end of the year	<u>\$ 751,884</u>	<u>\$ 829,874</u>

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Joseph M. E. Hsu Managerial Officer: Francis Fan Accounting supervisor: Ya-Yun Cheng

ABC Taiwan Electronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements

January 1 to June 30, 2024 and 2023

(Amounts in NTD thousand unless stated otherwise)

I. Company history

ABC Taiwan Electronics Corp (hereinafter referred to as "ABC Taiwan") was approved for establishment by the Ministry of Economic Affairs (MOEA) on May 25, 1979. Its principal business is providing chip inductors, power inductors, filter inductive components, transformers, micro-porous ceramic (MPC) heat sinks, various precision metal stamping parts, LED lighting fixtures, and other related products and their raw materials that are used in various electronic products, communication electronic products, computer and peripheral equipment, industrial electronic equipment, automotive electronic equipment and other circuits, various product molds and production equipment, their manufacturing, processing and trading, as well as the import and export business for each of the aforementioned items.

The ABC Taiwan's shares have been listed for trading on the Taipei Exchange since December 2, 2004.

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

II. Financial Statement Approval Date and Procedures

The Consolidated Financial Statements were approved by the Board of Directors on August 9, 2024.

III. Application of new and revised standards and interpretation

- (I) Initial adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") that have been endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The adoption of the amended IFRSs endorsed and issued into effect by the FSC does not have a material impact on the accounting policies of ABC Taiwan Electronics and subsidiaries (hereinafter referred to as the "Group").

- (II) FSC-endorsed IFRSs applicable from 2025 onwards

New / Revised / Amended Standards and Interpretation
Amendments to IAS 21 "Lack of Exchangeability"

Effective date issued by the
International Accounting
Standards Board (IASB)
January 1, 2025 (Note 1)

Note 1: The amendments apply to the annual reporting periods beginning on or after January 1, 2025. When the amendments are initially applied, the comparison periods shall not be re-stated, but the impacts shall be recognized in the retained

earnings or the exchange differences of foreign operations under equity (as appropriate), and related assets and liabilities on the date of initial application.

The Group will continue to evaluate other impacts of amendments of each standard and interpretations on the financial position and financial performance as of the release date of these Consolidated Financial Statements, and will disclose the relevant impact when the evaluation is completed.

- (III) IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

<u>New / Revised / Amended Standards and Interpretation</u>	<u>Effective date announced by IASB (Note 1)</u>
"IFRS Annual Improvements - Volume 11"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the 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"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First-time Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note 1: Unless stated otherwise, the above New / Revised / Amended Standards and Interpretation are effective for annual periods beginning on or after their respective effective dates.

1. IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements" and the main changes include:

- Items of income and expense are required to be classified into categories including operating, investing, financing, income tax, and discontinued operations in the statement of profit or loss.
- In the statement of profit or loss, the following subtotals and totals are required to be presented: operating profit or loss, profit or loss before financing and income tax, and profit or loss.
- The introduction of requirements to improve aggregation and disaggregation: the Group is required to identify assets, liabilities, equity, income and expenses that arise from individual transactions or other events, and to classify them into groups based on shared characteristics, resulting in line items in the primary financial statements that share at least one characteristic. These groups are then separated

based on further dissimilar characteristics, resulting in the separate disclosure of material items in the notes. The Group only marks such items as "others" when no more informative name can be found.

- The introduction of disclosures on Management-defined Performance Measures (MPMs): when the Group conducts the off-financial statements public communication, and the communicates with the users of the financial statements for the management's view toward a certain aspect in the overall financial performance of the Group, in a single note of the financial statement, it is required to disclose the information related to MPMs, including: a description of the measurement, how to calculate, a reconciliation of the MPM to the most directly comparable subtotal or total specified by IFRSs, and the effect of tax and non-controlling interests on the related reconciliation items.

In addition to the impact referred to above, the Group will continue to evaluate other impacts of amendments of each standard and interpretations on the financial position and financial performance as of the release date of these Consolidated Financial Statements, and will disclose the relevant impact when the evaluation is completed.

IV. Summary of significant accounting policies

(I) Compliance statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 Interim Financial Reporting as endorsed and issued into effect by the FSC. The consolidated financial statements do not include all IFRSs information disclosures required for the full annual financial report.

(II) Basis of preparation

The Consolidated Financial Statements have been prepared on the historical cost basis except for the financial instruments measured at fair value and the net defined liabilities (assets) recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The measurement of fair value is divided into Level 1 to Level 3 according to the observable degree and importance of the relevant input value:

1. Level 1 input value: Refers to the quotation (unadjusted) of the same asset or liability in an active market on the measurement date.
2. Level 2 input value: Refers to inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 input value: Refers to unobservable inputs for the asset or liability.

(III) Basis for consolidation

The consolidated financial statements include ABC Taiwan Electronics and the financial statements of its controlling entities (subsidiaries). Adjustments have been made to the financial statements of the subsidiaries to enable consistency in the accounting policies of the parent company and the subsidiaries. All of the transactions, account balances, income and expense losses between the entities were eliminated during the preparation of the consolidated financial statements.

Please refer to Notes XI and XXXI(II) for the statements, shareholding and operation items of the subsidiaries.

(IV) Other significant accounting policies

Please refer to the 2023 significant accounting policies compilation and explanation in addition to the below explanation.

1. Criteria for classifying assets and liabilities into current and non-current

Current assets include:

- (1) Assets held mainly for trading purpose;
- (2) Assets expected to be realized within 12 months after the balance sheet date; and
- (3) Cash and cash equivalents (excluding those that are restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

- (1) Liabilities held mainly for trading purposes;
- (2) Liabilities due and settled within 12 months after the balance sheet date; and
- (3) On the balance sheet date, the Company has no substantive right to defer settlement of liabilities for at least 12 months after the balance sheet date.

Assets or liabilities that are not the abovementioned current assets or liabilities are classified as non-current assets or liabilities.

2. Defined benefit - Benefits after retirement

The pension cost in the interim period adopts the pension cost rate determined by actuarial calculation at the end of the previous year. The period from the beginning to the end of the current year is taken as the basis for calculation. Adjustments are made based on the major market fluctuations and major plan revisions, liquidations or other one time matters.

3. Income tax expenses

Income tax expenses are the aggregate of the income taxes and deferred taxes during the period. Income tax for the interim period is evaluated using the fiscal year as the basis. Calculations for income before tax of the midterm period are made taking the applicable tax rates of the expected total annual earnings.

V. Major sources of significant accounting judgments, estimates, and assumptions uncertainty

With regard to the adoption of accounting policies by the consolidated company, management must make judgments, estimates and assumptions based on historical experience and other relevant factors if relevant information is not readily available from other sources. The actual outcome may be different from the estimates.

When developing significant accounting estimates, the Group incorporates the influence of the economic environment into the material estimates such as cash flows, growth, discount rates and profitability. Management will continue to review these estimates and assumptions.

Significant accounting judgments, estimates and assumptions adopted by these consolidated financial statements mainly derive from similar sources to that of the 2023 consolidated financial statements.

VI. Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Bank checks and demand deposits	\$ 686,053	\$ 657,478	\$ 797,548
Cash on hand and petty cash	931	916	1,186
Equivalent cash			
Bank time deposits with original maturity date within 3 months	64,900	128,961	31,140
	<u>\$ 751,884</u>	<u>\$ 787,355</u>	<u>\$ 829,874</u>

The market interest rate intervals of bank deposits on the balance sheet date were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Deposits in banks	0.001%~5.40%	0.001%~5.53%	0.001%~1.05%

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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets - Current</u>			
Mandatorily measured at fair value through profit or loss			
Financial products	<u>\$ 22,820</u>	<u>\$ 22,022</u>	<u>\$ 21,601</u>

VIII. Financial assets at fair value through other comprehensive profit or loss

Investment in equity instruments

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Non-current</u>			
Domestic investment			
TWSE/TPEX listed stock	\$ 44,133	\$ 39,189	\$ 34,727

The consolidated company invested in the common shares of the domestic companies in line with its mid and long-term investment strategic objective with the anticipation of return from long-term investment. The consolidated company's management does not recognize the short-term fair value volatility of such investments as profit or loss aligned with the abovementioned long-term investment planning. Therefore, management decided to designate such investments measured at fair value through other comprehensive incomes.

IX. Notes and accounts receivable, net amount

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Notes and accounts receivable</u>			
Measured at amortized cost			
Total book value	\$ 187,693	\$ 145,057	\$ 187,912
Less: Allowance for losses	(6,876)	(5,681)	(5,997)
	\$ 180,817	\$ 139,376	\$ 181,915
<u>Accounts receivable - related parties</u>			
Measured at amortized cost			
Total book value	\$ 138,931	\$ 109,371	\$ 127,136
Less: Allowance for losses	-	-	-
	\$ 138,931	\$ 109,371	\$ 127,136

Accounts receivable at amortized cost

The average credit period for the consolidated company's sales of goods on a monthly basis is 30 to 150 days, and the accounts receivable do not accrue interest. To mitigate the credit risk, the consolidated company's management has designated a team responsible for determining the line of credit cap, loan approval and adopting other adequate monitoring procedures, through which to ascertain if adequate action has been taken on recalling overdue receivables. Meanwhile, the consolidated company reviews the recoverable amount of each receivable on the balance sheet date to recognize appropriate impairment loss for the unrecoverable receivables. Hence, the consolidated company's management believes that the consolidated company's credit risks have been significantly reduced.

The consolidated company adopts the simplified method in IFRS 9 to recognize the allowance for loss of the accounts receivable according to the expected credit losses throughout the duration. Expected credit losses throughout the duration are calculated using Provision Matrix, which considers the historical default records and current financial status, industry economic conditions. As indicated by the consolidated company's historical experience in credit loss, the loss patterns among varied customer bases show no significant difference at all. In the preparation matrix, therefore, the customer bases were not further classified. Instead, we fixed

the anticipated rate of credit loss only based on the number of days overdue in the accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the consolidated company cannot reasonably expect the recoverable amount back, the consolidated company will directly write off the relevant accounts receivable, but will continue its recourses, and the amount recovered will be recognized in profit or loss.

The consolidated company uses a provision matrix to measure the allowance for losses of receivables as follows:

June 30, 2024

	Not overdue	Past Due by 1 ~ 60 Days	Past Due 61 ~ 90 Days	Past Due 91 ~ 120 Days	Overdue over 120 days	Total
Total book value	\$ 172,103	\$ 6,892	\$ 3,243	\$ 195	\$ 5,260	\$ 187,693
Loss allowance (expected credit losses throughout the duration)	-	(249)	(1,172)	(195)	(5,260)	(6,876)
Cost after amortization	<u>\$ 172,103</u>	<u>\$ 6,643</u>	<u>\$ 2,071</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,817</u>

December 31, 2023

	Not overdue	Past Due by 1 ~ 60 Days	Past Due 61 ~ 90 Days	Past Due 91 ~ 120 Days	Overdue over 120 days	Total
Total book value	\$ 135,699	\$ 4,078	\$ 153	\$ 4	\$ 5,123	\$ 145,057
Loss allowance (expected credit losses throughout the duration)	-	(401)	(153)	(4)	(5,123)	(5,681)
Cost after amortization	<u>\$ 135,699</u>	<u>\$ 3,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,376</u>

June 30, 2023

	Not overdue	Past Due by 1 ~ 60 Days	Past Due 61 ~ 90 Days	Past Due 91 ~ 120 Days	Overdue over 120 days	Total
Total book value	\$ 177,861	\$ 3,577	\$ 1,073	\$ 70	\$ 5,331	\$ 187,912
Loss allowance (expected credit losses throughout the duration)	-	(299)	(352)	(30)	(5,316)	(5,997)
Cost after amortization	<u>\$ 177,861</u>	<u>\$ 3,278</u>	<u>\$ 721</u>	<u>\$ 40</u>	<u>\$ 15</u>	<u>\$ 181,915</u>

Accounts receivable - related parties are non-overdue accounts.

The information about changes in the allowance for loss on accounts receivable is as follows:

	January 1 to June 30, 2024	January 1 to June 30, 2023
Balance at the beginning of the period	\$ 5,681	\$ 6,915
Less: Impairment loss provided (reversed) in current period	1,109	(816)
Foreign currency exchange difference	<u>86</u>	(<u>102</u>)
Balance at end of period	<u>\$ 6,876</u>	<u>\$ 5,997</u>

X. Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Commodities	\$ 2,330	\$ 1,169	\$ 2,116
Finished goods	133,465	153,089	146,241
Work-in-progress	4,858	8,175	13,170
Raw materials and supplies	108,423	110,288	130,719
	<u>\$ 249,076</u>	<u>\$ 272,721</u>	<u>\$ 292,246</u>

The nature of the cost of goods sold is as follows:

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Cost of inventories sold	\$ 347,484	\$ 366,898	\$ 693,642	\$ 850,248
Inventory devaluation loss	3,531	1,548	25,787	1,862
	<u>\$ 351,015</u>	<u>\$ 368,446</u>	<u>\$ 719,429</u>	<u>\$ 852,110</u>

XI. Subsidiaries

(I) Subsidiaries listed in the consolidated financial statements

The entities included in the preparation of this consolidated financial statements:

Name of investment company	Name of subsidiary	Type of business	Shareholding ratio			Explanation
			June 30, 2024	December 31, 2023	June 30, 2023	
ABC Taiwan Electronics	ATEC HOLDING COMPANY (AHC)	Reinvestment of the holding company in Mainland China	100%	100%	100%	Subsidiaries
	ABC AMERICA ELECTRONICS CORP. (AAE)	Trading of electronic components	100%	100%	100%	Subsidiaries
	ATEC UNIVERSAL COMPANY (AUC)	Reinvestment of the holding company in Mainland China	100%	100%	100%	Second-tier subsidiary
	A-TEC INTERNATIONAL COMPANY (AIC)	Reinvestment of the holding company in Mainland China	100%	100%	100%	Second-tier subsidiary
	AOBA TECHNOLOGY (M) SDN. BHD. (AOBA)	Manufacture, processing, and sale of electronic machine components, etc.	100%	100%	100%	Second-tier subsidiary
	Guangzhou ABC Electronics Corp. (Guangzhou ABC Company)	Manufacture, processing, and sale of electronic machine components, etc.	100%	100%	100%	Third-tier subsidiary
	ABC Electronics (Shanghai) Corp. (ABC (Shanghai) Company)	Manufacture, processing, and sale of electronic machine components, etc.	100%	100%	100%	Third-tier subsidiary

For the subsidiaries listed in the consolidated financial statements for the period between January 1 to June 30, 2024 and 2023, the financial statements of important subsidiaries have been reviewed by independent auditors with exception of insignificant subsidiary AAE. The management of the consolidated company thinks that the financial statements of AAE that are not reviewed by the independent auditors will not result in material impact.

XII. Property, plant and equipment

	June 30, 2024	December 31, 2023	June 30, 2023
Own use	<u>\$ 1,606,296</u>	<u>\$ 1,560,868</u>	<u>\$ 1,502,411</u>

	Land	Housing and construction	Machinery and equipment	Research and development equipment	Transportation equipment	Income-producing equipment	Miscellaneous equipment	Real estate under construction	Total
<u>Cost</u>									
Balance as of January 1, 2024	\$ 346,725	\$ 455,851	\$ 1,086,931	\$ 252,350	\$ 10,216	\$ 22,654	\$ 82,278	\$ 178,480	\$ 2,435,485
Increase	-	2,513	22,771	75,206	361	127	4,644	16,518	122,140
Disposal	-	(14,104)	(8,118)	-	(1,163)	(40)	(633)	-	(24,058)
Reclassification	-	175,164	1,779	-	-	-	-	(175,164)	1,779
Net exchange difference	1,368	7,091	28,018	-	108	552	1,194	87	38,418
Balance as of June 30, 2024	<u>\$ 348,093</u>	<u>\$ 626,515</u>	<u>\$ 1,131,381</u>	<u>\$ 327,556</u>	<u>\$ 9,522</u>	<u>\$ 23,293</u>	<u>\$ 87,483</u>	<u>\$ 19,921</u>	<u>\$ 2,573,764</u>
<u>Accumulated depreciation</u>									
Balance as of January 1, 2024	\$ -	\$ 166,930	\$ 583,813	\$ 65,787	\$ 6,416	\$ 13,355	\$ 38,316	\$ -	\$ 874,617
Depreciation expense	-	9,441	51,138	15,372	498	2,012	5,627	-	84,088
Disposal	-	(7,437)	(4,734)	-	(1,075)	(40)	(473)	-	(13,759)
Reclassification	-	-	1,779	-	-	-	-	-	1,779
Net exchange difference	-	3,576	15,945	-	94	368	760	-	20,743
Balance as of June 30, 2024	<u>\$ -</u>	<u>\$ 172,510</u>	<u>\$ 647,941</u>	<u>\$ 81,159</u>	<u>\$ 5,933</u>	<u>\$ 15,695</u>	<u>\$ 44,230</u>	<u>\$ -</u>	<u>\$ 967,468</u>
Net amount as of June 30, 2024	<u>\$ 348,093</u>	<u>\$ 454,005</u>	<u>\$ 483,440</u>	<u>\$ 246,397</u>	<u>\$ 3,589</u>	<u>\$ 7,598</u>	<u>\$ 43,253</u>	<u>\$ 19,921</u>	<u>\$ 1,606,296</u>
Net amount as of December 31, 2023 and January 1, 2024	<u>\$ 346,725</u>	<u>\$ 288,921</u>	<u>\$ 503,118</u>	<u>\$ 186,563</u>	<u>\$ 3,800</u>	<u>\$ 9,299</u>	<u>\$ 43,962</u>	<u>\$ 178,480</u>	<u>\$ 1,560,868</u>
<u>Cost</u>									
Balance as of January 1, 2023	\$ 348,832	\$ 458,914	\$ 1,070,246	\$ 156,414	\$ 16,011	\$ 24,196	\$ 69,117	\$ 134,029	\$ 2,277,759
Increase	-	2,914	48,183	6,800	-	1,448	11,296	41,229	111,870
Disposal	-	-	(18,349)	-	-	(3,390)	(1,661)	-	(23,400)
Net exchange difference	(2,305)	(10,766)	(35,957)	-	(151)	(633)	(1,204)	(12)	(51,028)
Balance as of June 30, 2023	<u>\$ 346,527</u>	<u>\$ 451,062</u>	<u>\$ 1,064,123</u>	<u>\$ 163,214</u>	<u>\$ 15,860</u>	<u>\$ 21,621</u>	<u>\$ 77,548</u>	<u>\$ 175,246</u>	<u>\$ 2,315,201</u>
<u>Accumulated depreciation</u>									
Balance as of January 1, 2023	\$ -	\$ 155,356	\$ 516,049	\$ 52,069	\$ 10,615	\$ 14,125	\$ 31,671	\$ -	\$ 779,885
Depreciation expense	-	7,371	52,378	10,624	784	2,043	5,141	-	78,341
Disposal	-	-	(15,834)	-	-	(3,390)	(1,575)	-	(20,799)
Reclassification	-	(60)	-	-	-	-	-	-	(60)
Net exchange difference	-	(4,065)	(19,265)	-	(133)	(362)	(752)	-	(24,577)
Balance as of June 30, 2023	<u>\$ -</u>	<u>\$ 158,602</u>	<u>\$ 533,328</u>	<u>\$ 62,693</u>	<u>\$ 11,266</u>	<u>\$ 12,416</u>	<u>\$ 34,485</u>	<u>\$ -</u>	<u>\$ 812,790</u>
Net amount as of June 30, 2023	<u>\$ 346,527</u>	<u>\$ 292,460</u>	<u>\$ 530,795</u>	<u>\$ 100,521</u>	<u>\$ 4,594</u>	<u>\$ 9,205</u>	<u>\$ 43,063</u>	<u>\$ 175,246</u>	<u>\$ 1,502,411</u>

Unrecognized or reversed impairment losses for January 1 to June 30, 2024 and 2023

Property, plant, and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Housing and construction	
Plant and main building	3 to 50 years
Engineering system	2 to 15 years
Machinery and equipment	2 to 10 years
Research and development equipment	2 to 15 years
Transportation equipment	5 to 10 years
Income-producing equipment	1 to 10 years
Miscellaneous equipment	2 to 20 years

Please refer to Note XXVIII for the amount of property, plant and equipment pledged as collateral for borrowings.

XIII. Lease agreement

(I) Right-of-use assets

	June 30, 2024	December 31, 2023	June 30, 2023
Book value of right-of-use assets			
Land	\$ 5,014	\$ 18,024	\$ 18,173
Building	489	1,048	6,330
Transportation equipment	150	251	528
	<u>\$ 5,653</u>	<u>\$ 19,323</u>	<u>\$ 25,031</u>

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Increase in right-of-use assets			<u>\$ -</u>	<u>\$ 5,430</u>
Depreciation expense for right-of-use assets				
Land	\$ 55	\$ 59	\$ 115	\$ 120
Building	270	786	578	1,604
Transportation equipment	<u>38</u>	<u>151</u>	<u>101</u>	<u>301</u>
	<u>\$ 363</u>	<u>\$ 996</u>	<u>\$ 794</u>	<u>\$ 2,025</u>

(II) Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Book value of lease liabilities			
Current	<u>\$ 647</u>	<u>\$ 1,115</u>	<u>\$ 3,229</u>
Non-current	<u>\$ 10</u>	<u>\$ 218</u>	<u>\$ 3,669</u>

The range of the discount rate for lease liabilities is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Building	5%	5%	5%~6.5%
Transportation equipment	1.56%	1.35%~1.56%	1.35%~1.56%

(III) Important lease activities and terms

The lands and buildings that the consolidated company leases are used as factories and employee dormitories with a lease period of 1~2 years. The lease payment is agreed for adjustments based on the market lease rate for every 3 years for the land leases in China. At the end of the lease period, there were no preferential purchase rights for the lands and buildings leased by the consolidated company.

(IV) Other lease information

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Expenses of short-term leases	<u>\$ 726</u>	<u>\$ 627</u>	<u>\$ 1,285</u>	<u>\$ 1,196</u>
Expenses for lease of low- value assets	<u>\$ 211</u>	<u>\$ 239</u>	<u>\$ 438</u>	<u>\$ 403</u>
Total cash (outflow) for leases			(<u>\$ 2,438</u>)	(<u>\$ 3,574</u>)

The consolidated company chooses to apply the exemption to the recognition of office equipment that meets the criteria of short-term lease and low-value asset lease, and does not recognize the relevant right-of-use assets and lease liabilities for these leases.

XIV. Intangible assets

	Computer software	Technology authorization	Technology	Customer relationship	Trademark rights	Goodwill	Total
<u>Cost</u>							
Balance as of January 1, 2024	\$ 11,982	\$ 7,422	\$ 19,800	\$ 28,809	\$ 3,372	\$ 5,340	\$ 76,725
Increase	32,209	934	-	-	-	-	33,143
Disposal	(2,715)	(892)	(8,975)	(4,936)	(3,372)	-	(20,890)
Net exchange difference	-	-	-	-	-	-	-
Balance as of June 30, 2024	<u>\$ 41,476</u>	<u>\$ 7,464</u>	<u>\$ 10,825</u>	<u>\$ 23,873</u>	<u>\$ -</u>	<u>\$ 5,340</u>	<u>\$ 88,978</u>
<u>Accumulated amortization</u>							
Balance as of January 1, 2024	\$ 6,787	\$ 2,775	\$ 14,774	\$ 17,725	\$ 3,351	\$ -	\$ 45,412
Amortized expenses	5,048	1,413	773	1,705	21	-	8,960
Disposal	(2,715)	(892)	(8,975)	(4,936)	(3,372)	-	(20,890)
Net exchange difference	-	-	-	-	-	-	-
Balance as of June 30, 2024	<u>\$ 9,120</u>	<u>\$ 3,296</u>	<u>\$ 6,572</u>	<u>\$ 14,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,482</u>
Net amount as of June 30, 2024	<u>\$ 32,356</u>	<u>\$ 4,168</u>	<u>\$ 4,253</u>	<u>\$ 9,379</u>	<u>\$ -</u>	<u>\$ 5,340</u>	<u>\$ 55,496</u>
<u>Cost</u>							
Balance as of January 1, 2023	\$ 12,034	\$ 4,542	\$ 20,204	\$ 29,031	\$ 3,524	\$ 5,340	\$ 74,675
Increase	1,189	940	-	-	-	-	2,129
Disposal	(1,541)	-	-	-	-	-	(1,541)
Net exchange difference	-	-	(441)	(242)	(166)	-	(849)
Balance as of June 30, 2023	<u>\$ 11,682</u>	<u>\$ 5,482</u>	<u>\$ 19,763</u>	<u>\$ 28,789</u>	<u>\$ 3,358</u>	<u>\$ 5,340</u>	<u>\$ 74,414</u>
<u>Accumulated amortization</u>							
Balance as of January 1, 2023	\$ 4,532	\$ 1,199	\$ 13,631	\$ 14,536	\$ 3,150	\$ -	\$ 37,048
Amortized expenses	2,419	986	773	1,705	173	-	6,056
Disposal	(1,541)	-	-	-	-	-	(1,541)
Net exchange difference	-	-	(441)	(242)	(154)	-	(837)
Balance as of June 30, 2023	<u>\$ 5,410</u>	<u>\$ 2,185</u>	<u>\$ 13,963</u>	<u>\$ 15,999</u>	<u>\$ 3,169</u>	<u>\$ -</u>	<u>\$ 40,726</u>
Net amount as of June 30, 2023	<u>\$ 6,272</u>	<u>\$ 3,297</u>	<u>\$ 5,800</u>	<u>\$ 12,790</u>	<u>\$ 189</u>	<u>\$ 5,340</u>	<u>\$ 33,688</u>

The above intangible assets with limited durability are amortized on a straight-line basis based on the following durability years:

Computer software	1 to 10 years
Technology authorization	2 to 5 years
Technology	7 years
Customer relationship	7 years
Trademark rights	10 years

XV. Other assets

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Retained tax credit	\$ 4	\$ 837	\$ 4
Others	370	34	-
	<u>\$ 374</u>	<u>\$ 871</u>	<u>\$ 4</u>
<u>Non-current</u>			
Refundable deposits	\$ 2,242	\$ 2,966	\$ 2,914
Others	2,788	2,837	2,892
	<u>\$ 5,030</u>	<u>\$ 5,803</u>	<u>\$ 5,806</u>

XVI. Borrowings

(I) Short-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Unsecured borrowings</u>			
- Borrowings of working capital fund	\$ 260,000	\$ 230,000	\$ 284,876

The interest rates of working capital borrowings as of June 30, 2024 and December 31 and June 30, 2023 were 1.82%~1.87%, 1.70%~1.775% and 0.425%~1.9531%, respectively.

(II) Short-term notes payable

	June 30, 2024	December 31, 2023	June 30, 2023
Commercial paper payable	\$ 29,964	\$ 59,927	\$ 29,971

Outstanding short-term notes payable are as follows:

June 30, 2024

Guarantee/ Acceptance Agency Commercial paper payable	Par value	Discount amount	Book value	Interest rate range	Name of collateral	Book value of collateral
China Bills Finance Corporation (CBF)	\$ 30,000	\$ 36	\$ 29,964	1.998%	Unsecured	\$ -

December 31, 2023

Guarantee/ Acceptance Agency Commercial paper payable	Par value	Discount amount	Book value	Interest rate range	Name of collateral	Book value of collateral
Mega Bank	\$ 30,000	\$ 38	\$ 29,962	1.908%	Unsecured	\$ -
China Bills Finance Corporation (CBF)	\$ 30,000	\$ 35	\$ 29,965	1.878%	Unsecured	\$ -

June 30, 2023

Guarantee/ Acceptance Agency Commercial paper payable	Par value	Discount amount	Book value	Interest rate range	Name of collateral	Book value of collateral
China Bills Finance Corporation (CBF)	\$ 30,000	\$ 29	\$ 29,971	1.85%	Unsecured	\$ -

(III) Long-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Secured borrowings (Note XXVIII)</u>			
Mid and long-term bank borrowings (1)	\$ 130,355	\$ 142,725	\$ 155,077
<u>Unsecured borrowings</u>			
Mid and long-term bank borrowings (2)	736,489	737,679	695,012
Sub-total	866,844	880,404	850,089
Due within one year	(280,114)	(211,653)	(180,857)
	\$ 586,730	\$ 668,751	\$ 669,232

1. Bank borrowings with maturity dates falling on June 30, 2024 and December 31 and June 30, 2023, will be subsequently cleared of payments by the end of July 2037. As of June 30, 2024 and December 31 and June 30, 2023, the interests rates are 1.925%~2.14%, 1.80%~2.02% and 1.80%~1.98%, respectively.
2. Bank credit borrowings with maturity dates falling on June 30, 2024 and December 31 and June 30, 2023, will be subsequently cleared of payments by the end of February 2030. As of June 30, 2024 and December 31 and June 30, 2023, the interests rates are 0.635%~2.2649%, 0.51%~2.1037% and 0.43%~2.26%, respectively.

Long-term bank borrowings

The consolidated company has made commitments for some of its long-term borrowings and so must maintain the financial ratio and regulations in its end-of-year consolidated financial statements each year for the duration of the credit extension, as shown below:

Starting from the date of the fund transfer, the annual consolidated financial statements shall be reviewed at the end of July each year. Among these, (1) the financial liabilities must not be over 100%, and (2) the minimum net worth shall be NT\$1,200,000 thousand. If this standard is not met the first time for any of the items, a review will be made for the next half of the annual report. If the standard is still not met, an interest rate of 0.25% will be added to the originally approved interest rate. The originally approved interest rate can be resumed once the standard has been met during the next review. If the standard is not met for two consecutive annual consolidated financial statements, the bank will deem all or part of the interest of the credit amount used as matured.

Each of the financial rates in the consolidated financial statements of the consolidated company for June 30, 2024 and December 31 and June 30, 2023 satisfies the limitations of the aforementioned financial rates.

XVII. Other liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Other payables			
Salary	\$ 30,609	\$ 30,835	\$ 34,989
Cash dividends	23,100	-	22,301
Bonus	19,330	29,812	18,432
Provision for equipment	15,662	25,947	18,472
Payable leave benefit	7,297	7,257	5,224
Freight and import/export expenses	2,335	2,023	2,172
Labor service expenses	2,019	2,509	1,741
Commission	567	397	1,197
Others	38,357	34,179	35,177
	<u>\$ 139,276</u>	<u>\$ 132,959</u>	<u>\$ 139,705</u>

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	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Other liabilities			
Collection of funds on behalf of others	\$ 1,835	\$ 1,723	\$ 1,876
Contract liabilities	159	349	103
Temporary receipts	-	-	375
Others	-	-	219
	<u>\$ 1,994</u>	<u>\$ 2,072</u>	<u>\$ 2,573</u>
<u>Non-current</u>			
Other liabilities			
Deferred credits	<u>\$ 2,323</u>	<u>\$ 1,693</u>	<u>\$ 1,816</u>

XVIII. Retirement benefit plan

The related pension fees of the defined benefit plan recognized for April 1 to June 30, 2024 and 2023, and January 1 to June 30, 2024 and 2023 are calculated based on the pension cost rate determined by actuarial calculation for December 31, 2023 and 2022. The amounts are NTD364 thousand and NTD143 thousand and NTD873 thousand and NTD285 thousand, respectively.

XIX. Equity

(I) Share capital

	June 30, 2024	December 31, 2023	June 30, 2023
Authorized shares (in thousand)	<u>150,000</u>	<u>150,000</u>	<u>120,000</u>
Authorized shares	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,200,000</u>
Issued and paid shares (in thousand)	<u>105,001</u>	<u>105,001</u>	<u>92,921</u>
Issued capital stock	\$ 1,050,006	\$ 1,050,006	\$ 929,209
Stock dividends to be distributed	-	-	120,797
	<u>\$ 1,050,006</u>	<u>\$ 1,050,006</u>	<u>\$ 1,050,006</u>

The shares issued were common shares with a par value of NT\$10 per share, and each share was entitled to one voting right and the right to receive dividends.

(II) Additional paid-in capital

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Can be used to offset losses, distribute cash, or capitalize on shares (Note)</u>			
Premium from stock issuance	\$ 169,469	\$ 169,469	\$ 169,469
Transaction of treasury stock	10,819	10,819	10,819
The difference between the equity actually acquired or disposed of and the book value	<u>775</u>	<u>775</u>	<u>775</u>
	<u>\$ 181,063</u>	<u>\$ 181,063</u>	<u>\$ 181,063</u>

Note: Such capital surplus may be used to offset a deficit, or, when the Company has no deficit, to distribute cash or stock capital, provided that the capital reserve shall be no more than a certain percentage of the Company's share capital each year.

(III) Retained earnings and dividend policy

According to the earnings distribution policy of the consolidated company, any earnings at the end of the year are subject to tax, and reversal of accumulated losses according to laws, followed by setting aside 10% of the earnings as legal reserve, and the remainder as provision or reverse of special reserves. If there are still earnings remaining, together with the undistributed earnings, the board of directors is to draft a motion for earnings distribution and submit to the shareholders' meeting for resolution and distribution of dividends to shareholders. Please refer to Note XXI (VII) regarding the policy for remuneration to the employees and the directors as stipulated in the ABC Taiwan's Articles of Incorporation.

The ABC Taiwan's shareholders' meeting, on June 9, 2023, passed amendments of the Articles of Incorporation. According to the revised version, ABC Taiwan's dividend policy will accommodate current and future development plans, consider the investment environment, fund requirements and domestic and external competition, and shareholders' interest to provide appropriation of earnings of at least 20% as the shareholders' dividends each year. However, when the accumulated earnings available for distribution falls below 2% of the share capital, the distribution may not be proceeded with. Any shareholders dividends are paid in the form of cash or shares, of which the cash dividends shall not be less than 10% of the total dividends.

According to the Articles of Incorporation before the amendment, ABC Taiwan's dividend policy would accommodate current and future development plans, consider the investment environment, fund requirements and domestic and external competition, and shareholders' interest to provide appropriation of earnings of at least 60% as the shareholders' dividends each year. However, when the accumulated earnings available for distribution fell below 2% of the share capital, the distribution would not be proceeded with. Any shareholders dividends were paid in the form of cash or shares, of which the cash dividends were not less than 10% of the total dividends.

Appropriation of legal reserve shall be made until the balance is equivalent to the amount of the Company's share capital. Legal reserve may be used to offset a deficit. If the Company has no deficit, the portion of legal reserve that exceeds 25% of the share capital may be capitalized or distributed in cash.

ABC Taiwan held shareholders' annual general meetings on June 3, 2024 and June 9, 2023. Earnings distribution proposals for 2023 and 2022 have been resolved and passed as follows:

	2023	2022
Legal reserve	\$ <u>4,476</u>	\$ <u>22,217</u>
Provision (reverse) of special reserves	\$ <u>24,021</u>	(\$ <u>6,103</u>)
Cash dividends	\$ <u>23,100</u>	\$ <u>22,301</u>
Stock dividends	\$ <u>-</u>	\$ <u>120,797</u>
Cash dividend per share (NTD)	\$ 0.22	\$ 0.24
Dividend per share (NTD)	\$ -	\$ 1.30

(IV) Special reserves

	January 1 to June 30, 2024	January 1 to June 30, 2023
Balance at the beginning of the period	\$ 128,123	\$ 134,226
Provision (reverse) of special reserves	<u>24,021</u>	(<u>6,103</u>)
Balance at end of period	<u>\$ 152,144</u>	<u>\$ 128,123</u>

Of which, NT\$39,767 thousand came from the recognition of the accumulated translation adjustments presented to ABC Taiwan into retained earnings upon initial adoption of the IFRSs.

(V) Other equity items

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

	January 1 to June 30, 2024	January 1 to June 30, 2023
Balance at the beginning of the period	(\$ 178,536)	(\$ 142,738)
Exchange differences arising from the translation of the net assets of foreign operations	<u>33,725</u>	(<u>40,817</u>)
Balance at end of period	(<u>\$ 144,811</u>)	(<u>\$ 183,555</u>)

2. Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss

	January 1 to June 30, 2024	January 1 to June 30, 2023
Balance at the beginning of the period	\$ 26,391	\$ 14,614
Incurred in the current period		
Unrealized gain or loss		
Equity instruments	<u>4,944</u>	<u>7,315</u>
Balance at end of period	<u>\$ 31,335</u>	<u>\$ 21,929</u>

XX. Income

(I) Revenue from contracts

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Revenue from contracts with customers				
Revenue from sale of goods	<u>\$ 456,645</u>	<u>\$ 478,110</u>	<u>\$ 899,988</u>	<u>\$ 1,108,936</u>

(II) Balance of contract

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Contract liabilities				
Revenue from sale of goods	<u>\$ 159</u>	<u>\$ 349</u>	<u>\$ 103</u>	<u>\$ 577</u>

(III) Breakdown of revenue from contracts with customers

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
<u>Main regional markets</u>				
USA	\$ 214,432	\$ 207,220	\$ 398,780	\$ 498,567
Germany	91,565	106,066	179,547	267,989
China	48,568	57,398	120,007	123,275
Taiwan	19,109	21,731	43,664	42,318
Others	<u>82,971</u>	<u>85,695</u>	<u>157,990</u>	<u>176,787</u>
	<u>\$ 456,645</u>	<u>\$ 478,110</u>	<u>\$ 899,988</u>	<u>\$ 1,108,936</u>

XXI. Net income and other comprehensive income

(I) Income from interest

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Income from interest				
Deposits in banks	<u>\$ 2,889</u>	<u>\$ 2,372</u>	<u>\$ 4,388</u>	<u>\$ 2,496</u>

(II) Other income

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Deferred government subsidies income	<u>\$ 352</u>	<u>\$ 337</u>	<u>\$ 698</u>	<u>\$ 1,980</u>

(III) Other gains and losses

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Net gains on foreign exchange	\$ 8,816	\$ 16,357	\$ 28,653	\$ 15,089
Net gains on financial assets measured at fair value through profit or loss	95	91	194	238
Net (loss) profit from disposal of property, plant and equipment	35,509	(97)	35,471	(159)
Loss from lease modification	(13,152)	-	(13,152)	-
Others	<u>(802)</u>	<u>2,311</u>	<u>(2,785)</u>	<u>3,929</u>
	<u>\$ 30,466</u>	<u>\$ 18,662</u>	<u>\$ 48,381</u>	<u>\$ 19,097</u>

(IV) Financial cost

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Interest of bank loans	\$ 4,828	\$ 4,786	\$ 9,563	\$ 8,688
Interest on lease liabilities	7	25	19	57
	<u>\$ 4,835</u>	<u>\$ 4,811</u>	<u>\$ 9,582</u>	<u>\$ 8,745</u>

(V) Depreciation and amortization

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Depreciation expense summarized by function				
Operating cost	\$ 28,955	\$ 30,931	\$ 59,413	\$ 62,412
Operating expenses	<u>13,929</u>	<u>9,092</u>	<u>25,469</u>	<u>17,954</u>
	<u>\$ 42,884</u>	<u>\$ 40,023</u>	<u>\$ 84,882</u>	<u>\$ 80,366</u>
Amortization expense summarized by function				
Operating cost	\$ 92	\$ 86	\$ 206	\$ 173
Operating expenses	<u>4,487</u>	<u>2,980</u>	<u>8,754</u>	<u>5,883</u>
	<u>\$ 4,579</u>	<u>\$ 3,066</u>	<u>\$ 8,960</u>	<u>\$ 6,056</u>

(VI) Employee benefit expenses

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
<u>Benefits after retirement</u>				
Defined contribution plan	\$ 1,668	\$ 1,637	\$ 3,317	\$ 3,321
Defined benefit plan (Note XVIII)	<u>364</u>	<u>143</u>	<u>873</u>	<u>285</u>
	2,032	1,780	4,190	3,606
Other employee benefits	<u>113,909</u>	<u>121,044</u>	<u>222,200</u>	<u>260,200</u>
Total employee benefit expenses	<u>\$ 115,941</u>	<u>\$ 122,824</u>	<u>\$ 226,390</u>	<u>\$ 263,806</u>
Summarized by function				
Operating cost	\$ 62,781	\$ 69,060	\$ 120,795	\$ 152,546
Operating expenses	<u>53,160</u>	<u>53,764</u>	<u>105,595</u>	<u>111,260</u>
	<u>\$ 115,941</u>	<u>\$ 122,824</u>	<u>\$ 226,390</u>	<u>\$ 263,806</u>

(VII) Employees' compensation and directors' remuneration

According to the ABC Taiwan's Articles of Incorporation, the employees' remuneration allocation is 12%~16% and the remuneration of directors is no more than 6% of the pre-tax income before deduction of the employees' and directors' remuneration. Estimation for the remuneration of employees and directors from April 1 to June 30, 2024 and 2023 and January 1 to June 30, 2024 and 2023 is as below:

Estimated ratio

	January 1 to June 30, 2024	January 1 to June 30, 2023
Compensation to employees	12%	13%
Remuneration to directors	3%	4%

Amount

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Compensation to employees	\$ 78	\$ 3,656	\$ 78	\$ 10,045
Remuneration to directors	\$ 20	\$ 1,125	\$ 20	\$ 3,091

If there is a change in the actual amount of remuneration after the Consolidated Financial Statements were authorized for issue, the difference is treated as a change in accounting estimate and adjusted into the books in the following year.

The remuneration to employees and directors for 2023 and 2022 was approved by the board of directors on March 11, 2024 and March 9, 2023, respectively, as follows:

	2023		2022	
	Cash	Shares of stock	Cash	Shares of stock
Compensation to employees	\$ 8,630	\$ -	\$ 42,978	\$ -
Remuneration to directors	2,655	-	13,224	-

There is no difference between the actual amounts of employees' remuneration and directors' remuneration paid for 2023 and 2022 and the amounts recognized in the Consolidated Financial Statements for 2023 and 2022.

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

(VIII) Net (loss) gain on foreign currency exchange

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Total foreign exchange gains	(\$ 3,646)	\$ 19,999	\$ 30,524	\$ 29,426
Total loss on foreign currency exchange	12,462	(3,642)	(1,871)	(14,337)
Net gains on foreign currency exchange	\$ 8,816	\$ 16,357	\$ 28,653	\$ 15,089

XXII. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expense are as follows:

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Income tax for the current period				
Incurred in the current period	\$ 6,112	\$ 6,920	\$ 6,963	\$ 16,218
Surtax on undistributed retained earnings	-	3,148	-	3,148
Adjustments for previous year	2,977	1,016	2,977	1,172
	9,089	11,084	9,940	20,538
Deferred income tax				
Incurred in the current period	(339)	(2,239)	(4,301)	(2,194)
Income tax expenses recognized in profit or loss	\$ 8,750	\$ 8,845	\$ 5,639	\$ 18,344

(II) Authorization of income tax

The ABC Taiwan's profit-seeking enterprise income tax returns up to 2022 have been approved by the tax collection authority.

XXIII. Net profit (loss) per share

	Unit: NTD per share			
	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Basic net income (losses) per share	<u>\$ 0.13</u>	<u>\$ 0.11</u>	(<u>\$ 0.02</u>)	<u>\$ 0.42</u>
Diluted net income (losses) per share	<u>\$ 0.13</u>	<u>\$ 0.11</u>	(<u>\$ 0.02</u>)	<u>\$ 0.42</u>

In the calculation of earnings per share, the impact of the bonus shares has been adjusted retrospectively. The base date for distribution of bonus shares on October 1, 2023. Due to retrospective adjustment, the changes in basic and diluted earnings per share from April 1 to June 30, and January 1 to June 30, 2023 are as follows:

	Unit: NTD per share			
	Before retrospective adjustment		After retrospective adjustment	
	April 1 to June 30, 2023	January 1 to June 30, 2023	April 1 to June 30, 2023	January 1 to June 30, 2023
Basic net income per share	<u>\$ 0.12</u>	<u>\$ 0.48</u>	<u>\$ 0.11</u>	<u>\$ 0.42</u>
Diluted net income per share	<u>\$ 0.12</u>	<u>\$ 0.47</u>	<u>\$ 0.11</u>	<u>\$ 0.42</u>

The net income and the weighted average number of common shares issued for the calculation of net income (loss) per share are as follows:

Net income

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Net income attributable to the Company's shareholders	<u>\$ 13,584</u>	<u>\$ 11,457</u>	(<u>\$ 1,851</u>)	<u>\$ 44,272</u>
Net income (loss) used in the calculation of basic and diluted earnings per share	<u>\$ 13,584</u>	<u>\$ 11,457</u>	(<u>\$ 1,851</u>)	<u>\$ 44,272</u>

Number of shares

	Unit: Thousand shares			
	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Weighted average common stock shares used to calculate basic income (loss) per share	105,001	105,001	105,001	105,001
Effect of potentially dilutive ordinary shares:				
Compensation to employees	<u>4</u>	<u>417</u>	<u>-</u>	<u>1,044</u>
Weighted average common stock shares used to calculate diluted income (loss) per share	<u>105,005</u>	<u>105,418</u>	<u>105,001</u>	<u>106,045</u>

The Group can elect to distribute employees' compensation by stock or by cash. If compensation is in the form of shares, when calculating the diluted income (loss) per share, the Company should presume that the entire amount of compensation will be settled in shares, and the resulting potential shares should be included in the weighted-average number of shares outstanding to be used in calculating diluted income (loss) per share if the shares have a dilutive effect. The dilutive effects of the potential shares needs to be included in the calculation of diluted income (loss) per share until the shareholders resolve the number of shares to be distributed to employees' in the following year.

XXIV. Government subsidies

Guangzhou ABC Company has acquired the “Special Fund for Advanced Manufacturing Development” government subsidy of RMB 2,315 thousand. It is recognized as deferred revenue. The deferred revenue is transferred to profit and loss within the limited durability of the related assets. As of June 30, 2024 and 2023, a total of RMB159 thousand and RMB450 thousand were recognized as subsidy income.

XXV. Capital risk management

The consolidated company manages capital to ensure the Group’s enterprises to maximize shareholder’s returns by optimizing the balance of debt and equity under the precondition of continuing operation. The capital structure of the consolidated company is composed of the consolidated company's equity (i.e. share capital, additional paid-in capital, retained earnings, and other equity items).

XXVI. Financial Instruments

(I) Fair value information - Financial instruments that are not measured at fair value

The financial assets not at fair value and the book value of financial liabilities were considered by the consolidated company's management to be close to their fair value and have no reliable, fair value measurement.

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

1. Fair value hierarchy

June 30, 2024

	Class 1	Class 2	Class 3	Total
Financial assets measured at fair value through profit or loss				
Financial products	\$ -	\$ 22,820	\$ -	\$ 22,820
Financial assets at fair value through other comprehensive profit or loss				
TWSE(TPEX) domestic listed companies' stocks	\$ 44,133	\$ -	\$ -	\$ 44,133

December 31, 2023

	Class 1	Class 2	Class 3	Total
Financial assets measured at fair value through profit or loss				
Financial products	\$ -	\$ 22,022	\$ -	\$ 22,022
Financial assets at fair value through other comprehensive profit or loss				
TWSE(TPEX) domestic listed companies' stocks	\$ 39,189	\$ -	\$ -	\$ 39,189

June 30, 2023

	Class 1	Class 2	Class 3	Total
Financial assets measured at fair value through profit or loss				
Financial products	\$ -	\$ 21,601	\$ -	\$ 21,601
Financial assets at fair value through other comprehensive profit or loss				
TWSE(TPEX) domestic listed companies' stocks	\$ 34,727	\$ -	\$ -	\$ 34,727

There were no transfers between Class 1 and Class 2 fair value measurements in January 1 to June 30 of 2024 and 2023.

(III) Type of financial instrument

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Measured at fair value through profit or loss	\$ 22,820	\$ 22,022	\$ 21,601
Measured at fair value through other comprehensive income	44,133	39,189	34,727
Measured at amortized cost (Note 1)	1,071,696	1,036,815	1,139,937
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	1,445,249	1,430,092	1,411,146

Note 1: The balances include cash and equivalent cash, notes and accounts receivable, accounts receivable - related parties and other receivables and other financial assets measured at amortized cost.

Note 2: The balances of financial liabilities measured at amortized cost comprising short-term borrowings, short-term notes payables, notes and accounts payable, accounts

payable-related parties, other payables, and long-term borrowings (including long-term borrowings due within a year).

(IV) Financial risk management objective and policies

The consolidated company's primary financial instruments include equity investment, accounts receivable, accounts payable, borrowings, and lease liabilities. The consolidated company's financial management department shall provide services to each business unit, to plan and coordinate operations in the domestic financial markets, and to monitor and manage the consolidated company's operation-related financial risks through the internal risk report, with the risk exposure analyzed in accordance with the degree and breadth of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The financial management department is an independent organization dedicated exclusively to monitoring risks and implementing policies to mitigate risk exposure and it reports to ABC Taiwan's Board of Directors quarterly.

1. Market risk

The main financial risks for the consolidated company's operating activities are the risk of changes in foreign currency exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below).

The exposure of the market risk of the financial instruments of the consolidated company and the management and measurement of such exposure risk remain unchanged.

(1) Currency risk

Part of the consolidated company's cash inflows and outflows are denominated in foreign currencies, and therefore part of them have a natural hedging effect. The consolidated company's management of currency risk is for hedging and not for profit seeking.

For the book values of monetary assets and monetary liabilities denominated in non-functional currencies of the consolidated company as at the balance sheet date, please refer to Note XXX for details.

Sensitivity analysis

The consolidated company is mainly affected by fluctuations in the exchange rates of USD, CNY, and JPY.

The following table details the consolidated company's sensitivity analysis when the New Taiwan dollar (functional currency) increases and decreases by 5% against each relevant foreign currency. The sensitivity analysis included only the outstanding foreign currency monetary items and foreign exchange forward contracts designated as cash flow hedges, and the conversion at the

end of the period was adjusted based on a 5% change in exchange rates. The scope of sensitivity analysis includes cash and cash equivalents, accounts receivable (including related parties), other receivables, accounts payable, and other payables. The positive numbers in the table below indicate the amount by which the net profit before tax will increase when NTD depreciates by 5% against the relevant foreign currencies. When NTD appreciates by 5% against the relevant foreign currencies, the effect on net profit before tax will be the negative number of the same amount.

	Effect of US Dollars		Effect of Renminbi		Effect of Japanese Yen	
	January 1 to June 30, 2024	January 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Income (loss)	\$ 21,581	\$ 20,264	(\$ 5,796)	(\$ 1,532)	(\$ 11)	\$ 649

The management believes that the sensitivity analysis cannot represent the inherent risk of exchange rate, as foreign currency risk exposure at the balance sheet date cannot reflect the risk exposure at mid-year.

(2) Interest rate risks

Because individual entities within the consolidated company borrow funds at fixed and floating interest rates at the same time, interest rate risks can arise.

The book value of financial assets and liabilities of the Group with interest rate exposure on the balance sheet date is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Fair value interest rate risk			
- Financial assets	\$ 64,900	\$ 128,961	\$ 31,140
- Financial liabilities	140,621	131,260	156,869
Cash flow interest rate risk			
- Financial assets	686,031	657,464	797,530
- Financial liabilities	1,016,844	1,040,404	1,014,965

Sensitivity analysis

The following sensitivity analysis are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. The analysis of floating rate liabilities is based on the assumption that the amount of liabilities outstanding on the balance sheet date is outstanding throughout the reporting period.

If the interest rate decreased/increased by 0.1%, with all other variables remaining unchanged, the Group's net income before tax in January 1 to June 30 of 2024 and 2023, would increase/decrease by NTD165 thousand and NTD109 thousand, respectively, mainly due to the Group's variable interest rate/net asset interest rate exposure.

(3) Other price risk

The consolidated company's exposure to the equity price risk is due to the investment in the TWSE/TPEX listed equity securities. The equity investment was not held for trading but was classified as a strategic investment. The consolidated company does not trade such investments actively. The consolidated company's equity price risk is mainly concentrated on equity instruments in the electronics industry, which are traded on Taiwan Stock Exchanges and TPEX.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk exposure at the balance sheet date.

If the equity price increased/decreased by 5%, other comprehensive income before tax in January 1 to June 30 of 2024 and 2023 would have increased/decreased by NTD2,207 thousand and NTD1,736 thousand, respectively, due to changes in the fair value of financial assets through other comprehensive income.

2. Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligation resulting in financial loss for the consolidated company. As of the balance sheet date, the consolidated company's maximum credit risk of financial losses may be caused by counterparties' failure to fulfill obligations. The risk exposure mainly comes from the book value of financial assets recognized in the Consolidated Statements Of Balance Sheets.

To mitigate the credit risk, the consolidated company's management has designated a team responsible for determining the line of credit cap, loan approval and adopting other adequate monitoring procedures, through which to ascertain if adequate action has been taken on recalling overdue receivables. Meanwhile, the consolidated company reviews the recoverable amount of each receivable on the balance sheet date to recognize appropriate impairment loss for the unrecoverable receivables. Hence, the consolidated company's management believes that the consolidated company's credit risks have been significantly reduced.

In addition, because the counterparty of the current fund is a reputable bank, the credit risk is limited.

The consolidated company's credit risk is mainly concentrated in the top ten consolidated customers. As of June 30, 2024, December 31 and June 30 2023, the ratio of the total accounts receivable from the aforementioned customers was 72%, 70% and 76%, respectively.

3. Liquidity risk

The consolidated company manages and maintains sufficient positions of cash and cash equivalents to pay for the Group's operations and mitigate the impact of fluctuating cash flows. The management of the consolidated company supervises the utilization of the banking facilities and ensures compliance with the terms of the loan contract.

Bank borrowings were an important source of liquidity for the consolidated company. For the bank financing facilities not drawn down by the consolidated company, please refer to the description of (2) financing facilities below.

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

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the consolidated company might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the bank borrowings that the consolidated company could be demanded to repay immediately were listed in the earliest time period of the below table, regardless of the probability of the bank executing the right. Maturity analysis of other non-derivative financial liabilities was compiled based on the agreed repayment date.

June 30, 2024

	Weighted average effective interest rate (%)	Payment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities	-	\$ 172,606	\$ 138,406	\$ 76,683	\$ -	\$ -
Floating interest rate instruments	0.64~2.26	35,276	162,656	245,065	467,268	153,215
Fixed interest rate instruments	1.82~2.00	140,167	-	-	-	-
Lease liabilities	1.56~5.00	93	177	387	10	-
		<u>\$ 348,142</u>	<u>\$ 301,239</u>	<u>\$ 322,135</u>	<u>\$ 467,278</u>	<u>\$ 153,215</u>

Further information on maturity analysis of the undiscounted total payments of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Lease liabilities	<u>\$ 657</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

	Weighted average effective interest rate (%)	Payment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities	-	\$ 135,438	\$ 155,516	\$ 52,277	\$ -	\$ -
Floating interest rate instruments	0.51~2.10	95,903	114,672	173,737	564,611	134,327
Fixed interest rate instruments	1.70~1.91	130,101	-	-	-	-
Lease liabilities	1.35~5.00	140	262	741	219	-
		<u>\$ 361,582</u>	<u>\$ 270,450</u>	<u>\$ 226,755</u>	<u>\$ 564,830</u>	<u>\$ 134,327</u>

Further information on maturity analysis of the undiscounted total payments of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Lease liabilities	<u>\$ 1,143</u>	<u>\$ 219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2023

	Weighted average effective interest rate (%)	Payment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities	-	\$ 191,905	\$ 122,338	\$ 90,883	\$ -	\$ -
Floating interest rate instruments	0.425~2.62	149,002	61,426	147,752	540,724	160,083
Fixed interest rate instruments	1.65~1.95	100,179	50,163	-	-	-
Lease liabilities	1.35~6.50	<u>308</u>	<u>616</u>	<u>2,368</u>	<u>3,714</u>	<u>-</u>
		<u>\$ 441,394</u>	<u>\$ 234,543</u>	<u>\$ 241,003</u>	<u>\$ 544,438</u>	<u>\$ 160,083</u>

Further information on maturity analysis of the undiscounted total payments of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Lease liabilities	<u>\$ 3,292</u>	<u>\$ 3,714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Financing amount

	June 30, 2024	December 31, 2023	June 30, 2023
The secured bank loan facility may be extended upon mutual consent of both parties.			
- Amount used	\$ 303,936	\$ 145,863	\$ 216,834
- Unutilized amount	<u>9,967</u>	<u>9,685</u>	<u>72,193</u>
	<u>\$ 313,903</u>	<u>\$ 155,548</u>	<u>\$ 289,027</u>
The unsecured bank loan facility may be extended upon mutual consent of both parties.			
- Amount used	\$ 856,136	\$ 1,027,679	\$ 953,908
- Unutilized amount	<u>439,177</u>	<u>526,500</u>	<u>569,023</u>
	<u>\$ 1,295,313</u>	<u>\$ 1,554,179</u>	<u>\$ 1,522,931</u>

XXVII. Related party transactions

All of the transactions, account balances, income and expense losses between the ABC Taiwan Electronics and subsidiaries (refer to as the related party) were eliminated. Thus, it is not disclosed in this Note. The transactions between the consolidated company and other related party are as below.

(I) Names of related parties and their relationships

Name of Related Party	Relationship with the consolidated company
Bourns, Inc.	Substantive related party

(II) Operating revenues

Account items	Category/name of related party	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Sales revenues	Substantive related party				
	Bourns, Inc.	<u>\$ 205,130</u>	<u>\$ 198,295</u>	<u>\$ 381,772</u>	<u>\$ 475,896</u>

The sales of goods between the consolidated company and related parties are performed based on general transaction rules.

(III) Receivables from related parties (not including loans to the related party)

Account items	Category/name of related party	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable - related parties	Substantive related party Bourns, Inc.	\$ <u>138,931</u>	\$ <u>109,371</u>	\$ <u>127,136</u>

No guarantee is collected for outstanding receivables from related parties. Receivables from related parties for January 1 to June 30, 2024 and 2023 are not yet listed as provision for allowance for losses. The collection period is open 60 to 120 days on a monthly basis.

(IV) Transactions with other related parties

Account items	Category/name of related party	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Other losses	Substantive related party Bourns, Inc.	(\$ <u>66</u>)	\$ <u>-</u>	\$ <u>2,001</u>	\$ <u>-</u>
Other income	Substantive related party Bourns, Inc.	\$ <u>138</u>	\$ <u>-</u>	\$ <u>138</u>	\$ <u>-</u>

(V) Remuneration to the management

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Short-term employee benefits	\$ 9,237	\$ 8,961	\$ 18,046	\$ 17,576
Benefits after retirement	<u>250</u>	<u>198</u>	<u>477</u>	<u>376</u>
	\$ <u>9,487</u>	\$ <u>9,159</u>	\$ <u>18,523</u>	\$ <u>17,952</u>

The remuneration to directors and other key management personnel is determined by the Remuneration Committee in accordance with individual performance and market trends.

XXVIII. Assets pledged as collateral

In addition to those disclosed in other notes, the following assets have been provided as collateral for bankers' acceptances and long-term bank borrowings:

	June 30, 2024	December 31, 2023	June 30, 2023
Land	\$ 348,093	\$ 299,830	\$ 299,830
Housing and construction	<u>389,834</u>	<u>140,225</u>	<u>141,989</u>
	\$ <u>737,927</u>	\$ <u>440,055</u>	\$ <u>441,819</u>

XXIX. Significant Contingent Liabilities and Unrecognized Commitments

Except for those already mentioned in other notes, the consolidated company's significant commitments and contingencies as of the balance sheet date are as follows:

Significant commitments

The consolidated company's unrecognized contractual commitments are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Acquisition of property, plant and equipment	\$ <u> -</u>	\$ <u> 13,738</u>	\$ <u> 13,738</u>

XXX. Significant assets and liabilities denominated in foreign currencies

The following information is aggregated by foreign currencies other than the functional currency of each entity of the consolidated company. The disclosed exchange rates refer to the exchange rates at which the foreign currencies were converted into functional currencies.

Significant assets and liabilities denominated in foreign currencies are as follows:

June 30, 2024

	Foreign currency	Exchange rate	Book value
<u>Assets denominated in foreign currencies</u>			
<u>Monetary items</u>			
US Dollars	\$ 12,106	32.4500 (USD: NTD)	\$ 392,847
US Dollars	2,247	4.9182 (USD: MYR)	72,916
US Dollars	33	7.3135 (USD: RMB)	1,069
Euros	4,243	34.7100 (EUR: NTD)	147,290
Euros	490	5.2607 (EUR: MYR)	17,000
Japanese Yen	23,437	0.2017 (JPY: NTD)	4,727
Hong Kong Dollars	508	4.1550 (HKD: NTD)	2,109
Renminbi	9,729	4.4370 (RMB: NTD)	43,168
NTD	13,357	0.1516 (NTD: MYR)	13,357
			<u>\$ 694,483</u>
<u>Liabilities denominated in foreign currencies</u>			
<u>Monetary items</u>			
US Dollars	530	32.4500 (USD: NTD)	\$ 17,191
US Dollars	424	4.9182 (USD: MYR)	13,744
US Dollars	131	7.3135 (USD: RMB)	4,248
Japanese Yen	22,800	0.2017 (JPY: NTD)	4,599
Japanese Yen	1,720	0.0306 (JPY: MYR)	347
Hong Kong Dollars	212	4.1550 (HKD: NTD)	879
Renminbi	35,854	4.4370 (RMB: NTD)	159,084
NTD	1,802	0.1516 (NTD: MYR)	1,802
NTD	40	0.2254 (NTD: RMB)	40
Singapore Dollar	3	3.6253 (SGD: MYR)	71
			<u>\$ 202,005</u>

December 31, 2023

	Foreign currency	Exchange rate	Book value
<u>Assets denominated in foreign currencies</u>			
<u>Monetary items</u>			
US Dollars	\$ 13,666	30.7050 (USD: NTD)	\$ 419,610
US Dollars	35	7.1093 (USD: RMB)	1,078
US Dollars	2,488	4.7894 (USD: MYR)	76,392

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	Foreign currency	Exchange rate	Book value
Euros	\$ 3,325	33.9800 (EUR: NTD)	\$ 112,994
Euros	304	5.3003 (EUR: MYR)	10,342
Japanese Yen	12,398	0.2172 (JPY: NTD)	2,693
Hong Kong Dollars	428	3.9290 (HKD: NTD)	1,683
Renminbi	10,733	4.3190 (RMB: NTD)	46,357
NTD	10,115	0.1560 (NTD: MYR)	10,115
			<u>\$ 681,264</u>

Liabilities
denominated in
foreign currencies

Monetary items

US Dollars	273	30.7050 (USD: NTD)	\$ 8,390
US Dollars	148	7.1093 (USD: RMB)	4,552
US Dollars	814	4.7894 (USD: MYR)	24,993
Japanese Yen	155	0.0339 (JPY: MYR)	34
Hong Kong Dollars	193	3.9290 (HKD: NTD)	757
Renminbi	30,465	4.3190 (RMB: NTD)	131,580
NTD	1,542	0.1560 (NTD: MYR)	1,542
Singapore Dollar	1	3.6328 (SGD: MYR)	35
			<u>\$ 171,883</u>

June 30, 2023

	Foreign currency	Exchange rate	Book value
Assets denominated in foreign currencies			
<u>Monetary items</u>			
US Dollars	\$ 13,467	31.1400 (USD: NTD)	\$ 419,371
US Dollars	551	4.8778 (USD: MYR)	17,155
US Dollars	39	7.2859 (USD: RMB)	1,228
Euros	4,086	33.8100 (EUR: NTD)	138,144
Euros	510	5.2961 (EUR: MYR)	17,254
Japanese Yen	160,148	0.2150 (JPY: NTD)	34,432
Hong Kong Dollars	88	3.9740 (HKD: NTD)	351
Renminbi	26,563	4.2740 (RMB: NTD)	113,532
NTD	12,169	0.1566 (NTD: MYR)	12,169
			<u>\$ 753,636</u>

Liabilities
denominated in
foreign currencies

Monetary items

US Dollars	229	31.1400 (USD: NTD)	\$ 7,116
US Dollars	677	4.8778 (USD: MYR)	21,069
US Dollars	136	7.2859 (USD: RMB)	4,239
Euros	\$ 1,734	5.2961 (EUR: MYR)	\$ 58,633
Japanese Yen	99,600	0.2150 (JPY: NTD)	21,414
Japanese Yen	175	0.0337 (JPY: MYR)	38
Hong Kong Dollars	224	3.9740 (HKD: NTD)	890
Renminbi	33,733	4.2740 (RMB: NTD)	144,173
NTD	1,009	0.1566 (NTD: MYR)	1,009
Singapore Dollar	1	3.5965 (SGD: MYR)	34
			<u>\$ 258,615</u>

For April 1 to June 30, 2024 and 2023, and January 1 to June 30, 2024 and 2023, the Group's net profit on foreign currency exchanged (realized and unrealized) were NTD8,816 thousand, NTD16,357 thousand, NTD28,653 thousand and NTD15,089 thousand, respectively. It is impossible to disclose exchange gains and losses by different currencies based on the significant impacts due to the variety of functional currencies used by the Group.

XXXI. Disclosures in notes

(I) Information about significant transactions:

1. Loans to others: None.
2. Endorsements and guarantees for others: none.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and joint ventures):

Unit: NTD thousand, unless stated otherwise

Company held	Type of marketable securities	Name of marketable securities	Relationship with issuer of securities	Accounting titles in book	End of period				Remarks
					Number of shares	Book value	Percentage of Ownership (%)	Fair value/book value	
ABC Taiwan Electronics	Shares of stock	PROSPERITY DIELECTRICS CO., LTD.	—	Financial assets at fair value through other comprehensive profit or loss	803,880	\$ 44,133	0.47	\$ 44,133 (Note)	—
ABC (Shanghai) Company	Financial products	Bank of Shanghai - Bank of Shanghai Winner RMB Financial Products	—	Financial assets measured at fair value through profit or loss	-	22,820	-	22,820	—

Note: Calculated based on the stock closing price on June 30, 2024.

4. Aggregate purchases or sales of the same securities reaching NT\$300 million or 20% of the paid-in capital or more: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of the paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20% of the paid-in capital or more: None.
7. Amount on purchase from and sale to related parties reaching NT\$100 million or more than 20% of the Paid-in capital:

Unit: NTD thousand, unless stated otherwise

Purchasing (selling) company	Counterparty	Relationship	Status of transactions				Trading terms different from general trade and reasons		Notes and accounts receivable (payable)		Remarks
			Purchasing (selling) goods	Amount	Percentage of total purchase (sale)	Credit period	Unit price	Credit period	Balance	As a percentage of total notes and accounts receivable (payable)	
ABC Taiwan Electronics	Guangzhou ABC Company	Third-tier subsidiaries held 100% by the Company	Purchase goods	\$ 403,904	69%	Monthly settlement of 60 days	Same as Note XXXI(I) 10.	Same as Note XXXI(I) 10.	(\$ 126,090)	(63%)	—
	ABC (Shanghai) Company	Third-tier subsidiaries held 100% by the Company	Purchase goods	100,050	17%	Monthly settlement of 60 days	Same as Note XXXI(I) 10.	Same as Note XXXI(I) 10.	(30,976)	(15%)	—
	Bourne, Inc.	Substantive related party of the Company	Sales of goods	381,772	48%	Monthly settlement of 60 days	Same as Note XXVII (II)	Same as Note XXVII (II)	138,931	53%	—

8. Accounts receivable from related parties reaching NT\$ 100 million or more than 20% of the paid-in capital:

Unit: NTD thousand, unless stated otherwise

The company that accounts for the accounts receivable	Name of counterparty	Relationship	Balance for receivables from related parties	Turnover	Overdue accounts receivable from related parties		Subsequent recovery of receivables from related parties	Allowance for Doubtful Accounts
					Amount	Disposal method		
ABC Taiwan Electronics	Bourns Inc	Substantive related party	\$ 138,931	6.15	\$ -	-	\$ 36,426	\$ -
Guangzhou ABC Company	ABC Taiwan Electronics	Parent company	126,090	7.49	-	-	-	-

9. Trading of derivatives: None.
10. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them:

Unit: NTD thousand, unless stated otherwise							
		Relationship with the counterparty (Note I)	Status of transaction				
Name	Counterparty		Accounting titles	Amount	Trading terms and conditions (Note II)	Percentage in consolidated total revenue or total assets	
January 1 to June 30, 2024							
ABC Taiwan Electronics	ABC (Shanghai) Company	1	Operating revenues	\$ 1,053	-	-	
		1	Purchase goods	100,050	-	11%	
		1	Accounts payable to related parties	30,976	-	1%	
		1	Other payables - related parties	207	-	-	
	Guangzhou ABC Company	1	Operating revenues	10	-	-	
		1	Purchase goods	403,904	-	45%	
		1	Other receivables - related parties	30	-	-	
		1	Accounts payable to related parties	126,090	-	4%	
	AOBA	1	Operating revenues	4,852	-	1%	
		1	Purchase goods	30,252	-	3%	
		1	Accounts payable to related parties	11,775	-	-	
		1	Other receivables - related parties	501	-	-	
	AAE	1	Labor service expenses	6,665	-	1%	
	AHC	Guangzhou ABC Company	3	Other receivables - related parties	1,980	-	-
		ABC (Shanghai) Company	3	Other receivables - related parties	2,215	-	-
	ABC (Shanghai) CO., LTD.	Guangzhou ABC Company	3	Purchase goods	23,384	-	3%
AOBA		3	Sales of goods	9,208	-	1%	
		3	Accounts payable to related parties	4,799	-	-	
		3	Purchase goods	916	-	-	
		3	Accounts payable to related parties	53	-	-	

Note 1: 1 Refers to transactions by parent company to subsidiary.

3 Refers to transactions between subsidiaries.

Note 2: The sales and purchases of goods between ABC Taiwan Electronics and related parties are performed based on general transaction rules and there are no other related product prices available for comparison. The payment period is from 30 to 60 days on a monthly basis while the collection period is from 60 to 120 days on a monthly basis. In order to cooperate with the operations of subsidiaries, ABC Taiwan Electronics temporarily collects and pays accounts based on its funding status.

(II) Information about reinvestment business:

Unit: NTD thousand, unless stated otherwise

Name of investment company	Name of investee company	Location of the Company	Main business items	Initial investment amount		Held at the end of period			Gains (losses) on investees for the current period	Investment income (loss) recognized by the Company	Remarks
				End of current period	End of last year	Number of shares	Percentage (%)	Book value			
ABC Taiwan Electronics	AHC	Mauritius	Reinvestment of the holding company in Mainland China	US\$ 33,004 Thousand (\$ 1,070,980)	US\$ 29,254 Thousand (\$ 898,244)	33,184,161	100	\$ 1,235,790	(\$ 37,855)	(\$ 37,191)	Subsidiary of the Company
	AAE	USA	Trading of electronic components	US\$ 100 Thousand (\$ 3,245)	US\$ 100 Thousand (\$ 3,071)	220,000	100	1,338	(125)	(125)	Subsidiary of the Company
AHC	ATEC UNIVERSAL COMPANY	Mauritius	Reinvestment of the holding company in Mainland China	US\$ 6,274 Thousand (\$ 203,591)	US\$ 6,274 Thousand (\$ 192,643)	6,274,457	100	513,390	(9,410)	(9,410)	Sub-subsidiaries of the Company
	A-TEC International Company	Mauritius	Reinvestment of the holding company in Mainland China	US\$ 5,691 Thousand (\$ 184,673)	US\$ 5,691 Thousand (\$ 174,742)	5,690,923	100	267,540	(28,596)	(28,596)	Sub-subsidiaries of the Company
	AOBA	Malaysia	Manufacture, processing, and sale of electronic machine components, etc.	US\$ 21,078 Thousand (\$ 683,981)	US\$ 20,078 Thousand (\$ 616,495)	67,022,080	100	449,855	8,871	(134)	Sub-subsidiaries of the Company
ATEC UNIVERSAL COMPANY	Guangzhou ABC Company	Guangzhou City, China	Manufacture, processing, and sale of electronic machine components, etc.	US\$ 6,274 Thousand (\$ 203,591)	US\$ 6,274 Thousand (\$ 192,643)	-	100	513,390	(9,410)	(9,410)	Third-tier subsidiary of the Company
A-TEC International Company	ABC (Shanghai) Company	Shanghai City, China	Manufacture, processing, and sale of electronic machine components, etc.	US\$ 5,691 Thousand (\$ 184,673)	US\$ 5,691 Thousand (\$ 174,742)	-	100	267,539	(28,596)	(28,596)	Third-tier subsidiary of the Company

(III) Investment in Mainland China:

- The name of the investee company in Mainland China, the main businesses and products, its paid-in capital, method of investment, information on inflow and outflow of capital, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area.

Unit: NTD thousand, unless stated otherwise

Name of investees in Mainland China	Main business Items	Paid-in capital	Method of investment	Accumulated Investment Amount from Taiwan at Beginning of Period	Investment amount for outward remittance or recovered in the current period		Accumulated Investment Amount from Taiwan at End of Period	Gains (losses) on investees for the current period	The Company's shareholding percentage by direct or indirect investment (Note II)	Recognition of investment gain (loss) in the current period (Note II)	Book value of investments at end of period (Note II)	Investment income remitted back as of the current period
					Outward remittance	Withdrawal						
Guangzhou ABC Company	Manufacture, processing, and sale of electronic machine components, etc.	US\$ 6,274 Thousand (\$ 203,591)	Note 1	US\$ 3,479 Thousand (\$ 112,894)	\$ -	\$ -	US\$ 3,479 Thousand (\$ 112,894)	(\$ 9,410)	100%	(\$ 9,410)	\$ 513,390	\$ -
ABC (Shanghai) Company	Manufacture, processing, and sale of electronic machine components, etc.	US\$ 5,691 Thousand (\$ 184,673)	Note 1	US\$ 5,691 Thousand (\$ 184,673)	-	-	US\$ 5,691 Thousand (\$ 184,673)	(28,596)	100%	(28,596)	267,539	-

Accumulated investment from Taiwan to Mainland China at end of period	Investment Amount Approved by Investment Commission, Ministry of Economic Affairs (MOEA), R.O.C.	Upper limits of investment to Mainland China as specified by the Investment Commission, MOEA, R.O.C.
US\$9,170 thousand (\$297,567)	US\$9,637 thousand (\$312,721)	\$905,021

Note 1: Investing in companies in Mainland China through companies invested and incorporated in a third region.

Note 2: Calculated based on the financial statements reviewed by the independent auditors of the parent company in Taiwan and the consolidated shareholding ratio.

Note 3: Figures in this table that involve foreign currencies are converted into NTD at the exchange rate on the date of the financial reporting.

- Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Please refer to Note XXXI(I) 10.

- (IV) Information on major shareholders: Name of shareholders with an ownership of 5% or more, number of shares held, and percentage:

Name of major shareholder	Shares	
	Number of shares held (shares)	Shareholding ratio
CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc.	9,117,736	8.68%
Joseph M. E. Hsu	6,150,038	5.85%

Note 1: The major shareholders in this table are shareholders holding more than 5% of the ordinary and special shares with dematerialized registration and delivery completed (including treasury shares) on the last business day of the quarter calculated by the Taiwan Depository & Clearing Corporation. The share capital recorded in the Company's consolidated financial statements and the number of shares actually delivered by the Company with the dematerialized registration completed may differ due to different calculation bases.

Note 2: The above information will be disclosed based on the trust accounts opened by the trustees for each trustor, if any. As for the insider declaration of more than 10% of the shares in accordance with the Securities and Exchange Act, the shareholding includes the shares placed in a trust and has the right to decide the utilization of the trust assets. For the information on the insider declaration of shareholding, please refer to the MOPS.

XXXII. Departmental information

This information is provided to the chief operating decision-maker for the purpose of allocating resources to the departments and to measure performances with a focus on the type of product or labor work delivered or provided. Departments of the consolidated company to be reported are as follows:

Inductor Business Unit

Other departments

(I) Department revenue and operating results

The revenue and operating results of the continuing business unit of the consolidated company are based on the analysis for the departments to be reported as follows:

	Departmental revenue		Departmental profit and loss	
	January 1 to June 30, 2024	January 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Inductor Business Unit	\$ 874,918	\$ 1,064,591	\$ 180,000	\$ 252,540
Other departments	25,070	44,345	559	4,286
Total amount for continuing operations	<u>\$ 899,988</u>	<u>\$ 1,108,936</u>	180,559	256,826
Amount not yet amortized:				
Operating expenses			(220,656)	(209,038)
Non-operating income and expenses			43,885	14,828
Pre-tax profit			<u>\$ 3,788</u>	<u>\$ 62,616</u>

The revenues reported above are generated from external customer transactions. There have been no inter-department sales for January 1 to June 30, 2024 and 2023.

Departmental profit and loss refers to the profits made by each of the departments, not including operating expenses to be amortized and non-operating income and expenses. This measurement is provided to the chief operating decision-maker for the purpose of allocating resources to the departments and to measure performance.

(II) Departmental assets

The measurement of the consolidated company assets have not been provided to the operating chief decision-maker. Hence, there is no disclosure of asset measurement amount.