Stock Code: 4961

Fitipower Integrated Technology Inc.
and Subsidiaries

Consolidated Financial Statements With Independent Auditors' Review Report

For the Six Months Ended June 30, 2023 and 2022

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Independent Auditors' Review Report

To the Board of Directors of
Fitipower Integrated Technology Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Fitipower Integrated Technology Inc. and its subsidiaries as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, and changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and 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 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Fitipower Integrated Technology Inc. and its subsidiaries as of June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, and its consolidated cash flows for the six months ended June 30, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Pei-Ju Hsiao and Fang-Yi Li.

KPMG

Taipei, Taiwan (Republic of China)
July 26, 2023

Notes to Readers

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

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Fitipower Integrated Technology Inc. and Subsidiaries

Consolidated Balance Sheet

June 30, 2023, December 31, 2022 and June 30, 2022

Unit: NT$ thousands

		June 30, 2023		December 31, 2022		June 30, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (Note 6 (1))	$ 2,192,417	9	6,758,947	27	4,915,556	19
1110	Current financial assets at fair value through profit or loss (Note 6 (2))	10,672,294	42	9,642,472	38	8,689,121	34
1136	Current financial assets at amortized cost (Note 6 (1) and Note 8)	21,453	-	200	-	5,200	-
1170	Accounts receivable, net (Note 6 (4))	2,932,529	11	2,569,838	10	4,244,017	17
1181	Accounts receivable due from related parties (Note 6 (4) and Note 7)	-	-	89,495	-	107,151	-
1175	Lease payments receivable	13,144	-	12,828	-	12,520	-
1200	Other receivables (Note 7)	138,261	1	72,238	-	3,603	-
130X	Current inventories, net (Note 6 (5))	2,227,797	9	2,506,847	10	3,584,140	14
1410	Prepayments and other current assets (Note 6 (6))	458,682	2	165,506	2	411,735	1
		18,656,577	74	21,818,371	87	21,973,043	85
	Non-current assets:						
1517	Non-current financial assets at fair value through other comprehensive income (Note 6 (3))	17,556	-	-	-	-	-
1536	Non-current financial assets at amortized cost (Note 6 (1) and 8)	4,838,660	19	-	-	-	-
1600	Property, plant and equipment (Note 6 (9))	1,036,109	4	1,054,976	4	825,630	3
1755	Right-of-use assets (Note 6 (10))	65,852	-	40,835	-	62,412	-
1780	Intangible assets (Note 6 (11))	71,248	-	83,883	-	60,829	-
1840	Deferred tax assets	53,392	-	51,363	-	18,987	-
1900	Other non-current assets (Note 6 (12))	802,783	3	2,394,852	9	2,752,979	12
1935	Long-term lease payments receivable	4,525	-	11,177	-	17,670	-
		6,890,125	26	3,637,086	13	3,738,507	15
	Total assets	**$ 25,546,702**	**100**	**25,455,457**	**100**	**25,711,550**	**100**

		June 30, 2023		December 31, 2022		June 30, 2022	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Current borrowings (Note 6 (13))	$ -	-	220,734	1	1,529,630	6
2120	Current financial liabilities at fair value through profit or loss (Note 6 (2))	2,053	-	1,306	-	711	-
2130	Current contract liabilities (Note 6 (20))	151,770	1	133,496	1	69,412	-
2170	Accounts and notes payable (Note 7)	1,842,130	7	1,891,917	7	2,344,171	9
2200	Other payables (Note 6 (12))	886,677	3	959,295	4	741,904	3
2216	Dividends payable (Note 6 (17))	1,582,499	6	-	-	3,164,997	13
2230	Current tax liabilities	308,427	1	800,658	3	752,038	3
2280	Current lease liabilities (Note 6 (14))	31,259	-	32,536	-	42,586	-
2399	Other current liabilities	26,281	1	25,845	-	26,532	-
		4,831,096	19	4,065,787	16	8,671,981	34
	Non-current liabilities:						
2570	Deferred tax liabilities	71,251	-	71,251	-	373	-
2580	Non-current lease liabilities (Note 6 (14))	34,148	-	8,633	-	22,046	-
2645	Guarantee Deposits received	151,803	1	166,277	1	161,735	1
		257,202	1	246,161	1	184,154	1
	Total liabilities	5,088,298	20	4,311,948	17	8,856,135	35
	Equity: (Note 6 (7), (8), (17) and (18))						
3110	Capital stock	1,865,453	7	1,865,453	7	1,865,453	7
3200	Capital surplus	8,619,822	34	8,615,095	34	6,986,364	27
	Retained earnings:						
3310	Legal reserve	1,160,976	5	853,945	3	853,945	3
3320	Special reserve	28,704	-	43,782	-	43,782	-
3350	Unappropriated retained earnings	5,182,953	20	6,054,591	24	5,244,852	21
		6,372,633	25	6,952,318	27	6,142,579	24
3400	Other equity	(80,314)	-	(28,704)	-	29,650	-
3500	Treasury stock	(9,449)	-	(9,449)	-	(9,449)	-
	Total equity attributable to owners of parent	16,768,145	66	17,394,713	68	15,014,597	58
36XX	Non-controlling interest	3,690,259	14	3,748,796	15	1,840,818	7
	Total equity	20,458,404	80	21,143,509	83	16,855,415	65
	Total liabilities and equity	**$ 25,546,702**	**100**	**25,455,457**	**100**	**25,711,550**	**100**

(Please refer to the accompanying notes to the consolidated financial statements)

Chairman: Lin, Yung-Chieh **Manager: Chiu, Shu-Hui** **CAO: Chen, Po-Tsang**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

Fitipower Integrated Technology Inc. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the three months and six months ended June 30, 2023 and 2022

Unit: NT$ thousands

			%		%		%		%
		For the Three Months Ended June 30				For the Six Months Ended June 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4111	**Operating revenue** (Note 6 (20) and Note 7)	$ 4,340,870	100	5,397,191	100	8,277,689	100	11,358,858	100
5000	**Operating cost** (Note 6 (5) (12), Note 7 and Note 12)	2,950,367	68	3,359,584	62	5,687,265	69	6,627,330	58
5900	**Gross profit from operations**	1,390,503	32	2,037,607	38	2,590,424	31	4,731,528	42
	Operating expense: (Note 6 (4) (12) (14) (15) (18) (21), Note 7 and Note 12)								
6100	Selling expense	91,535	2	105,098	2	171,363	2	206,532	2
6200	Administration expense	84,981	2	121,755	2	171,756	2	222,906	2
6300	Research and development expense	592,241	14	663,180	12	1,133,336	14	1,222,175	11
6450	Impairment loss	(1,340)	-	(7,752)	-	(320)	-	(7,525)	-
		767,417	18	882,281	16	1,476,135	18	1,644,088	15
6900	**Net operating income**	623,086	14	1,155,326	22	1,114,289	13	3,087,440	27
	Non-operating income and expense: (Note 6 (14) and (22))								
7100	Interest income	51,857	1	17,928	-	97,845	1	26,659	-
7010	Other income	38,217	1	2,610	-	42,293	1	7,544	-
7020	Other gains and losses, net	68,790	2	(105,840)	(2)	73,031	1	(63,988)	-
7050	Financial costs, net	(470)	-	(8,487)	-	(2,760)	-	(13,877)	-
		158,394	4	(93,789)	(2)	210,409	3	(43,662)	-
7900	**Income before income tax**	781,480	18	1,061,537	20	1,324,698	16	3,043,778	27
7950	**Less: Income tax expense** (Note 6 (16))	123,167	3	171,984	3	230,095	3	545,908	5
8000	**Net income**	658,313	15	889,553	17	1,094,603	13	2,497,870	22
8300	**Other comprehensive income** (Note 6 (16) and (17))**:**								
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(4,284)	-	-	-	(4,706)	-	-	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	(4,284)	-	-	-	(4,706)	-	-	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**								
8361	Exchange differences on translation	(255,084)	(6)	(5,771)	-	(281,736)	(3)	156,408	1
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(27,541)	(1)	(2,255)	-	(11,669)	-	18,381	-
	Total components of other comprehensive income that will be reclassified to profit or loss	(227,543)	(5)	(3,516)	-	(270,067)	(3)	138,027	1
	Total other comprehensive income	(231,827)	(5)	(3,516)	-	(274,773)	(3)	138,027	1
8500	**Total comprehensive income**	$ 426,486	10	886,037	17	819,830	10	2,635,897	23
	Profit attributable to:								
8610	Profit, attributable to owners of parent	$ 582,371	13	751,443	14	1,002,814	12	2,260,567	20
8620	Profit, attributable to non-controlling interests	75,942	2	138,110	3	91,789	1	237,303	2
		$ 658,313	15	889,553	17	1,094,603	13	2,497,870	22
	Comprehensive income attributable to:								
8710	Comprehensive income, attributable to owners of parent	$ 467,670	11	742,152	14	951,204	11	2,333,999	21
8720	Comprehensive income, attributable to non-controlling interests	(41,184)	(1)	143,885	3	(131,374)	(1)	301,898	2
		$ 426,486	10	886,037	17	819,830	10	2,635,897	23
	Earnings per share (Unit: NT$1) (Note 6 (19))								
9750	Basic earnings per share	$	3.13		4.04		5.39		12.14
9850	Diluted earnings per share	$	3.12		4.01		5.36		12.02

(Please refer to the accompanying notes to the consolidated financial statements)

Chairman: Lin, Yung-Chieh **Manager: Chiu, Shu-Hui** **CAO: Chen, Po-Tsang**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

Fitipower Integrated Technology Inc. and Subsidiaries
Consolidated Statement of Changes in Equity
For the six months ended June 30, 2023 and 2022

Unit: NT$ thousands

	Equity attributed to owners of parent										
			Retained earnings			Other equity items					
	Share capital for common stock	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Exchange difference on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 1,865,453	6,986,364	268,720	13,192	6,765,097	(43,782)	-	(9,449)	15,845,595	1,538,920	17,384,515
Net income in 2022	-	-	-	-	2,260,567	-	-	-	2,260,567	237,303	2,497,870
Other comprehensive income in 2022, net of income tax	-	-	-	-	-	73,432	-	-	73,432	64,595	138,027
Total comprehensive income in 2022	-	-	-	-	2,260,567	73,432	-	-	2,333,999	301,898	2,635,897
Profit allocation and distribution:											
Legal reserve appropriated	-	-	585,225	-	(585,225)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	30,590	(30,590)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(3,164,997)	-	-	-	(3,164,997)	-	(3,164,997)
Balance at June 30, 2022	**$ 1,865,453**	**6,986,364**	**853,945**	**43,782**	**5,244,852**	**29,650**	**-**	**(9,449)**	**15,014,597**	**1,840,818**	**16,855,415**
Balance at January 1, 2023	$ 1,865,453	8,615,095	853,945	43,782	6,054,591	(28,704)	-	(9,449)	17,394,713	3,748,796	21,143,509
Net income in 2023	-	-	-	-	1,002,814	-	-	-	1,002,814	91,789	1,094,603
Other comprehensive income in 2023, net of income tax	-	-	-	-	-	(46,904)	(4,706)	-	(51,610)	(223,163)	(274,773)
Total comprehensive income in 2023	-	-	-	-	1,002,814	(46,904)	(4,706)	-	951,204	(131,374)	819,830
Profit allocation and distribution:											
Legal reserve appropriated	-	-	307,031	-	(307,031)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(15,078)	15,078	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(1,582,499)	-	-	-	(1,582,499)	-	(1,582,499)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	4,727	-	-	-	-	-	-	4,727	(4,727)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	77,564	77,564
Balance at June 30, 2023	**$ 1,865,453**	**8,619,822**	**1,160,976**	**28,704**	**5,182,953**	**(75,608)**	**(4,706)**	**(9,449)**	**16,768,145**	**3,690,259**	**20,458,404**

(Please refer to the accompanying notes to the consolidated financial statements)

Chairman: Lin, Yung-Chieh **Manager: Chiu, Shu-Hui** **CAO: Chen, Po-Tsang**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

Fitipower Integrated Technology Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the six months ended June 30, 2023 and 2022

Unit: NT$ thousands

	For the Six Months Ended June 30	
	2023	2022
Cash flows from operating activities:		
Income before income tax	$ 1,324,698	3,043,778
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	206,708	150,971
Amortization expense	49,191	29,512
Reversal gain of expected credit loss	(320)	(7,525)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(47,080)	79,470
Interest expense	2,760	13,877
Interest income	(97,845)	(26,659)
Share-based payment	5,481	30,317
Loss on disposal of property, plant, and equipment	251	-
Inventory valuation and disposal loss	19,979	174,822
Impairment loss	-	183,365
Total adjustments to reconcile profit (loss)	139,125	628,150
Changes in operating assets and liabilities:		
Decrease in lease payments receivable	6,336	6,035
Decrease (increase) in accounts receivable	(272,876)	668,684
Decrease (increase) in other receivables	(64,399)	116,478
Decrease (increase) in inventories	259,071	(420,573)
Decrease (increase) in prepayments and other current assets	(293,176)	137,112
Decrease in accounts payable	(51,852)	(1,165,011)
Decrease in other payables	(72,618)	(306,155)
Increase (decrease) in contract liabilities	18,274	(15,042)
Increase (decrease) in other current liabilities	(10,866)	124,170
Total changes in operating assets and liabilities	(482,106)	(854,302)
Cash inflow generated from operations	981,717	2,817,626
Interest received	97,923	27,034
Interest paid	(2,760)	(12,628)
Income taxes paid	(700,978)	(991,815)
Net cash inflow from operating activities	375,902	1,840,217
Cash flow from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(22,262)	-
Acquisition of financial assets at fair value through profit or loss	(6,949,865)	(6,254,174)
Proceeds from disposal of financial assets at fair value through profit or loss	5,967,870	2,374,300
Decrease (increase) in acquisition of financial assets at amortized cost	(4,859,913)	555,000
Acquisition of property, plant and equipment	(179,226)	(281,110)
Proceeds from disposal of property, plant, and equipment	1,114	-
Acquisition of intangible assets	(36,823)	(25,595)
Increase (decrease) in refundable deposits	1,540,712	(1,035,027)
Increase in other non-current assets	(11,728)	(49,927)
Net cash outflow from investing activities	(4,550,121)	(4,716,533)
Cash flow from financing activities:		
Increase (decrease) in current borrowings	(220,734)	751,822
Decrease in guarantee deposits received	(11,376)	(9,522)
Payments of lease liabilities	(24,101)	(23,554)
Change in non-controlling interests	77,564	-
Net cash inflow (outflow) from financing activities	(178,647)	718,746
Effects of exchange rate changes on cash and cash equivalents	(213,664)	30,921
Net decrease in cash and cash equivalents	(4,566,530)	(2,126,649)
Cash and cash equivalents at beginning of period	6,758,947	7,042,205
Cash and cash equivalents at end of period	$ 2,192,417	4,915,556

(Please refer to the accompanying notes to the consolidated financial statements)

Chairman: Lin, Yung-Chieh **Manager: Chiu, Shu-Hui** **CAO: Chen, Po-Tsang**

Fitipower Integrated Technology Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

Fitipower Integrated Technology Inc. (hereinafter "the Company") was incorporated on July 4, 1995 with the approval of the Ministry of Economic Affairs and has its place of business registered at 3F., No.6-8, Duxing Rd., Hsinchu Science Park, Hsinchu City. Upon the resolution of the shareholders' meeting on March 30, 2006, the Company merged with Hongxin Semiconductor Co. on May 1 of the same year. The Company's primary activities after the merger are research, development, production, manufacturing and sales of integrated circuits (ICs) of the integrated services digital networking systems, memory ICs for communications, analog and digital hybrid ICs, as well as custom design, consumer ICs and microcomputer peripheral ICs. Upon the resolution of the shareholders' meeting on April 16, 2010, the Company merged with TechPower Semiconductor Co (hereinafter "TechPower") on May 1, 2010, with the Company being the surviving one and TechPower being extinguished as a result of the merger. The Company's shares have since October 17, 2018 been listed on the Taiwan Stock Exchange. A significant subsidiary of the Company, Jadard Technology INC., was officially listed on the Sci-Tech Innovation Board on September 27, 2022 under the stock code of 688252.SH.

2. Approval Date and Procedures of the Consolidated Financial Statements

These Consolidated Financial Statements were approved for issuance by the Board of Directors on July 26, 2023.

3. Application of New and Amended Standards and Interpretations

(1) The effect or impact that may arise when it has applied new or revised standards and interpretations endorsed by the Financial Supervisory Commission (FSC).

Since January 1, 2023, the consolidated company has started to apply the following newly amended International Financial Reporting Standards, which did not have a significant impact on the consolidated financial statements:

- Amendments to IAS 1: "Disclosure of Accounting Policies"
- Amendments to IAS 8: "Definition of Accounting Estimates"
- Amendments to IAS 12: "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(2) New and amended standards and interpretations not yet endorsed by the FSC

The consolidated company does not expect the following newly issued and amended standards, which have not yet been endorsed, to have a material impact on the consolidated financial statements.

- Amendments to IFRS 10/IAS 28: Sales or Contributions of Assets Between an Investor and Its Associate/Joint Venture
- IFRS 17 Insurance Contracts and Amendments to IFRS 17
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: “Non-current Liabilities with Covenants”
- Amendments to IFRS 17: “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”
- Amendment to IFRS 16: "Lease Liability in a Sale and Leaseback"
- Amendments to IAS 7 and IFRS 7: "Supplier Finance Arrangements"
- Amendment to IAS 12: "International Tax Reform - Pillar Two Model Rules"

4. Summary of Significant Accounting Policies

(1) Compliance statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "Preparation Regulations") and the International Accounting Standard No. 34 "Interim Financial Reporting" approved by the Financial Supervisory Commission (FSC). The consolidated financial statements do not include all necessary information that should be disclosed in the complete annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) recognized by the FSC (hereinafter “IFRS endorsed by the FSC”).

Except as described below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to Note 4 of the Consolidated Financial Statements for the year ended December 31, 2022.

(2) Consolidated basis

The subsidiaries included in these Consolidated Financial Statements consist of:

Name of Investment Company	Name of Subsidiary	Business Nature	Shareholding Percentage June 30, 2023	Shareholding Percentage December 31, 2022	Shareholding Percentage June 30, 2022	Note
The Company	Trade Logic Limited (Trade Logic)	Investment company	100.00%	100.00%	100.00%	—
The Company	Visual Sensing Technology Corp. (Visual Sensing Technology)	IC design	89.16%	89.16%	83.35%	Note 1
The Company	Pu Yu Investment Co., Ltd. (Pu Yu Investment)	Investment company	100.00%	100.00%	100.00%	Note 2
Trade Logic Limited	Ever Harvest Limited (Ever Harvest)	Investment company	100.00%	100.00%	100.00%	—
Ever Harvest Limited	JADARD TECHNOLOGY INC. (Shenzhen Jadard)	IC design	54.57%	55.04%	61.15%	Note 3 & 4
JADARD TECHNOLOGY INC.	Hefei Jadard Technology Co., Ltd. (Hefei Jadard)	Supply Chain Management	100.00%	100.00%	100.00%	—
JADARD TECHNOLOGY INC.	Jadard Technology Limited (Jadard Technology)	General Trading	100.00%	100.00%	100.00%	—
JADARD TECHNOLOGY INC.	Xiamen Jadard Technology Co., Ltd. (Xiamen Jadard)	Supply Chain Management	100.00%	100.00%	100.00%	—

Note 1: In October 2022, Visual-Sensing Technology Corp. conducts a cash capital increase. After the capital increase, the Company’s shareholding ratio increased to 89.16%.

Note 2: The Company invested and established Pu Yu Investment Co., Ltd. on May 24, 2022. Pu Yu Investment Co., Ltd. has been included in the consolidated financial statements since then.

Note 3: Jadard Technology INC. was listed on the Sci-Tech Innovation Board on September 27, 2022 and 40,555,600 new shares were issued externally, reducing the Company’s shareholding from 61.15% to 55.04% after the capital increase.

Note 4: Jadard Technology INC. conducted an employee stock option exercise to increase capital by 3,465,741 shares on January 19, 2023. After the increase, the Company's shareholding ratio fell from 55.04% to 54.57%.

(3) Government grants

The consolidated company recognizes the unconditional portion of the government grant as other income when it becomes receivable. Government grants that compensate the consolidated company for expenses or losses incurred are recognized in profit or loss systematically over the periods in which the related costs are incurred.

(4) Income tax

The consolidated company measures and discloses income tax expenses for the interim period in accordance with paragraph B12 of IAS 34 'Interim Financial Reporting'.

Income tax expense is measured at the best estimate of the effective tax rate expected for the full year by the management, multiplied by the pre-tax profit for the interim reporting period, and is fully recognized as the current income tax expense.

Income tax expenses that are recognized directly in equity items or other comprehensive income items are measured at the applicable tax rate expected when realizing or settling the temporary differences between the carrying amounts of related assets and liabilities for financial reporting purposes and their tax bases.

5. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When preparing these consolidated financial statements, the management must make judgments, estimates, and assumptions according to the Preparation Regulations and the International Accounting Standard No. 34 "Interim Financial Reporting" approved by the FSC. These will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income, and expenses. The actual results may differ from estimates.

When preparing the consolidated financial statements, the significant judgments made by management in adopting the consolidated company's accounting policies and the primary sources of estimation uncertainty are consistent with Note 5 to the Consolidated Financial Statements for fiscal 2022.

6. Details of Significant Accounts

Except as noted below, there are no material differences between the descriptions of significant accounting items in these consolidated financial statements and the Consolidated Financial Statements for fiscal 2022. For related information, see Note 6 to the Consolidated Financial Statements for fiscal 2022.

(1) Cash and cash equivalents

		June 30, 2023	December 31, 2022	June 30, 2022
Cash	$	1,802	1,815	1,580
Checking and savings accounts		2,196,576	4,487,999	3,177,297
Time deposits		4,854,152	2,269,333	1,741,879
Less: Restricted deposits (recorded as financial assets measured at amortized cost) (Note 8)		(21,453)	(200)	(200)
Time deposits with original maturities of more than three months (recorded as financial assets measured at amortized cost)		(4,838,660)	-	(5,000)
	$	2,192,417	6,758,947	4,915,556

1) The interest rate range for the consolidated company's time deposits is as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Interest rate range	1.05%~4.95%	0.85%~4.80%	0.08%~3.70%

2) For the six months ended June 30, 2023, and 2022, the consolidated company did not record any impairment loss on financial assets measured at amortized cost. For other credit risk information, please refer to Note 6 (23).

(2) Current financial assets and liabilities at fair value through profit or loss

1) Mandatorily measured at fair value through profit or loss:

		June 30, 2023	December 31, 2022	June 30, 2022
Financial assets mandatorily measured at fair value through profit or loss:				
Current:				
Open-end Funds	$	10,672,291	9,641,905	8,689,030
Exchange Contracts		3	540	91
Forward Foreign Exchange Contracts		-	27	-
	$	10,672,294	9,642,472	8,689,121

	June 30, 2023	December 31, 2022	June 30, 2022
Financial liabilities mandatorily measured at fair value through profit or loss:			
Current:			
Exchange Contracts	$ 2,053	1,176	711
Forward Foreign Exchange Contracts	-	130	-
	$ 2,053	1,306	711

2) Details of derivative financial assets and liabilities were as follows:

	June 30, 2023			December 31, 2022			June 30, 2022		
	Contract Amount	Currency	Due date	Contract Amount	Currency	Due date	Contract Amount	Currency	Due date
Exchange Contracts									
USD	$ 22,500	USD	2023.07	33,000	USD	2023.01	39,000	USD	2022.07
Forward Foreign Exchange Contracts									
Sell USD forward foreign exchange	-	-	-	6,000	USD	2023.01	-	-	-

For the six months ended June 30, 2023 and 2022, the net valuation of financial assets (liabilities) generated by the above transactions measured at fair value through profit or loss were loss of $15,943 thousand and $94,891 thousand, respectively.

3) For the amount recognized at fair value through profit or loss, please refer to Note 6 (22).

4) For market and liquidity risk information, please refer to Note 6 (23).

5) The above financial assets have not been pledged as collateral.

(3) Financial assets at fair value through other comprehensive income

	June 30, 2023	December 31, 2022	June 30, 2022
Equity instruments at fair value through other comprehensive income:			
Public quoted equity	$ 17,556	-	-

1) The consolidated company holds these equity instrument investments as long-term strategic investments and not held for trading purposes, so they are designated at fair value through other comprehensive income at initial recognition.

2) The consolidated company did not dispose of any strategic investments from January 1, 2023, to June 30, 2023, so there was no transfer of cumulative profit and loss within equity during this period.

3) For market risk information, please refer to Note 6 (23).

4) The above financial assets have not been pledged as collateral.

(4) Accounts receivable (including the part from related parties), net

		June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable (including the part from related parties)	$	2,938,559	2,665,683	4,356,682
Less: Allowance for impairment losses		(6,030)	(6,350)	(5,514)
	$	**2,932,529**	**2,659,333**	**4,351,168**

The consolidated company uses a simplified approach to estimate expected credit losses for all accounts receivable (including related parties), i.e., it uses the expected credit loss measure for the duration. For this measurement purpose, these receivables (including related parties) are grouped by common credit risk characteristics that represent the customer's ability to pay all amounts due in accordance with contractual terms and are included in forward-looking information. The expected credit losses on the consolidated company's accounts receivable (including related parties) are analyzed as follows:

	June 30, 2023			
		Accounts receivable (including the part from related parties)	Weighted average expected credit loss rate	Expected credit losses in the duration of allowance
Not overdue	$	2,879,283	0.08%	2,443
Within 30 days past due		55,820	0.23%	131
More than 120 days past due		3,456	50%~100%	3,456
	$	**2,938,559**		**6,030**

	December 31, 2022		
	Accounts receivable (including the part from related parties)	Weighted average expected credit loss rate	Expected credit losses in the duration of allowance
Not overdue	$ 2,588,854	0.18%	4,585
Within 30 days past due	67,056	0.50%	335
31-60 days past due	6,873	1.22%	84
61-90 days past due	1,695	9.09%	154
91-120 days past due	15	13.33%	2
More than 120 days past due	1,190	50%~100%	1,190
	$ 2,665,683		6,350

	June 30, 2022		
	Accounts receivable (including the part from related parties)	Weighted average expected credit loss rate	Expected credit losses in the duration of allowance
Not overdue	$ 4,315,568	0.00%	-
Within 30 days past due	22,974	3.43%	788
31-60 days past due	8,854	1.30%	115
61-90 days past due	694	6.77%	47
More than 120 days past due	8,592	50~100%	4,564
	$ 4,356,682		5,514

The changes in the allowance for losses of the accounts receivable (including the part from related parties) of the consolidated company are as follows:

	Six Months Ended June 30	
	2023	2022
Beginning balance	$ 6,350	13,039
Reversal gain	(320)	(7,525)
Ending balance	$ 6,030	5,514

The consolidated company’s accounts receivable have not been pledged as collateral.

(5) Net inventory

		June 30, 2023	December 31, 2022	June 30, 2022
Finished goods	$	825,691	775,849	1,249,999
Work-in-progress		883,862	1,031,913	1,463,193
Raw materials		518,244	699,085	870,948
	$	**2,227,797**	**2,506,847**	**3,584,140**

1) The breakdown of cost of goods sold is as follows:

		Six Months Ended June 30	
		2023	**2022**
Cost of goods sold	$	5,667,286	6,452,508
Loss on decline in value of inventories and obsolescence		19,979	174,822
	$	**5,687,265**	**6,627,330**

2) As of June 30, 2023, December 31, 2022, and June 30, 2022, the consolidated company's inventory has not been pledged as collateral.

(6) Advance payment and other current assets

		June 30, 2023	December 31, 2022	June 30, 2022
Prepayment	$	390,412	29,793	245,480
Prepaid expenses		19,688	47,825	52,424
Tax credits and prepayments		47,753	87,534	111,701
Temporary Payment		829	354	2,130
	$	**458,682**	**165,506**	**411,735**

(7) Changes in ownership interests in subsidiaries

1) The initial public offering and listing of the subsidiary did not result in a loss of control.

The consolidated company's significant subsidiary, JADARD TECHNOLOGY INC., completed its initial public offering and listing on the Sci-Tech Innovation Board of the Shanghai Stock Exchange on September 27, 2022. The issuance price was RMB 21.68 per share, with the stock abbreviation "JADARD" and stock code 688252. After the initial public offering, the total share capital was 405,555,600 shares. The consolidated company's ownership of the subsidiary dropped from 61.15% to 55.04%. This change did not result in a loss of control and should be treated as an equity transaction. It increased the capital surplus by $1,636,704 thousand and did not affect profit and loss. As of June 30, 2023, and December 31, 2022, the fair values of JADARD TECHNOLOGY INC., which have public quotations, attributable to the consolidated company were $19,393,413 thousand and $16,499,563 thousand, respectively.

2) On January 19, 2023 JADARD TECHNOLOGY INC., carried out an increase in capital due to employees exercising stock rights, adding 3,465,741 shares. After the increase in capital, the consolidated company's ownership of the subsidiary dropped from 55.04% to 54.57%. This change did not result in a loss of control and should be treated as an equity transaction. It increased the capital surplus by $4,727 thousand and did not affect profit and loss.

3) In October 2022, Visual-Sensing Technology Corp. carried out a capital increase in cash. After the capital increase, the consolidated company's ownership of the subsidiary increased from 83.35% to 89.16%. This change is treated as an equity transaction, decreasing the capital surplus by $7,973 thousand.

(8) Subsidiaries with significant non-controlling interests

The non-controlling interests in the subsidiaries are as follows:

Name of subsidiary	Principal place of business / country of incorporation	Percentage of ownership interest and voting rights held by non-controlling interests		
		June 30, 2023	**December 31, 2022**	**June 30, 2022**
JADARD TECHNOLOGY	China	45.43%	44.96%	38.85%
Visual-Sensing Technology	Taiwan	10.84%	10.84%	16.65%

The aforementioned subsidiary, JADARD TECHNOLOGY INC., which is significant to the consolidated company, has the following summarized financial information. This financial information is prepared according to the International Financial Reporting Standards approved by the FSC, adjusted for differences in accounting policies, and the amounts are before the elimination of transactions between the companies:

Summarized financial information of JADARD:

	June 30, 2023	**December 31, 2022**	**June 30, 2022**
Current assets	$ 3,291,728	7,180,381	3,739,464
Non-current assets	5,361,906	1,923,625	1,944,468
Current liabilities	(472,669)	(913,517)	(893,824)
Non-current liabilities	(156,572)	(172,560)	(167,655)
Net assets	**$ 8,024,393**	**8,017,929**	**4,622,453**
Book value of non-controlling interests at the end of the period	**$ 3,682,941**	**3,737,767**	**1,835,608**

	Six Months Ended June 30	
	2023	**2022**
Operating income	**$ 2,213,606**	**2,882,023**
Net income	$ 210,407	628,689
Other comprehensive (loss) income	15,910	37,064
Total comprehensive income	**$ 226,317**	**665,753**
Net profit for the period attributable to non-controlling interests	**$ 95,500**	**244,238**
Total comprehensive income attributable to non-controlling interests	**$ 102,721**	**258,637**

	Six Months Ended June 30	
	2023	**2022**
Cash flows from (used in) operating activities	$ (586,402)	729,293
Cash flows from (used in) investing activities	(3,562,549)	(983,717)
Cash flows from (used in) financing activities	(238,176)	315,918
Increase (decrease) in cash and cash equivalents	**$ (4,387,127)**	**61,494**

(9) Property, plant and equipment

The changes in the cost and depreciation of the consolidated company's property, plant and equipment were as follows:

	Instruments and Machinery	Office equipment	Leasehold improvement	Equipment to be inspected	Total
Cost:					
Balance at January 1, 2023	$ 1,734,756	105,734	8,818	97	1,849,405
Addition	177,256	782	-	1,188	179,226
Disposal	(9,307)	(417)	-	-	(9,724)
Amount transferred in (out) in the current period	-	97	-	(97)	-
Effect of the changes in exchange rates	(21,561)	(768)	-	-	(22,329)
Balance at June 30, 2023	**$ 1,881,144**	**105,428**	**8,818**	**1,188**	**1,996,578**
Balance at January 1, 2022	$ 1,079,389	84,576	7,677	3,319	1,174,961
Addition	261,977	17,519	1,036	578	281,110
Disposal	(207)	(25)	-	-	(232)
Amount transferred in (out) in the current period	3,179	140	-	(3,319)	-
Effect of the changes in exchange rates	12,021	586	-	-	12,607
Balance at June 30, 2022	**$ 1,356,359**	**102,796**	**8,713**	**578**	**1,468,446**
Depreciation:					
Balance at January 1, 2023	$ 721,423	67,763	5,243	-	794,429
Depreciation	173,175	10,266	503	-	183,944
Disposal	(7,942)	(417)	-	-	(8,359)
Effect of the changes in exchange rates	(9,097)	(448)	-	-	(9,545)
Balance at June 30, 2023	**$ 877,559**	**77,164**	**5,746**	**-**	**960,469**
Balance at January 1, 2022	$ 458,360	48,009	3,792	-	510,161
Depreciation	117,614	9,681	834	-	128,129
Disposal	(207)	(25)	-	-	(232)
Effect of the changes in exchange rates	4,566	192	-	-	4,758
Balance at June 30, 2022	**$ 580,333**	**57,857**	**4,626**	**-**	**642,816**
Book value:					
Balance at June 30, 2023	**$ 1,003,585**	**28,264**	**3,072**	**1,188**	**1,036,109**
Balance at June 30, 2022	**$ 776,026**	**44,939**	**4,087**	**578**	**825,630**

As of June 30, 2023, December 31, 2022, and June 30, 2022, the consolidated company's property, plants, and equipment have not been pledged as collateral.

(10) Right-of-use assets

The cost and depreciation changes of the right-of-use assets recognized by the consolidated company for leased properties and buildings are as follows:

		Buildings
Cost of right-to-use assets:		
Balance at January 1, 2023	$	112,919
Addition		49,379
Disposal		(11,254)
Effect of the changes in exchange rates		(688)
Balance at June 30, 2023	**$**	**150,356**
Balance at January 1, 2022	$	154,378
Addition		30,366
Disposal		(39,752)
Effect of the changes in exchange rates		465
Balance at June 30, 2022	**$**	**145,457**
Depreciation and impairment loss on right-of-use assets:		
Balance at January 1, 2023	$	72,084
Depreciation		22,764
Disposal		(9,759)
Effect of the changes in exchange rates		(585)
Balance at June 30, 2023	**$**	**84,504**
Balance at January 1, 2022	$	72,835
Depreciation		22,842
Disposal		(12,751)
Effect of the changes in exchange rates		119
Balance at June 30, 2022	**$**	**83,045**
Book value:		
Balance at June 30, 2023	**$**	**65,852**
Balance at June 30, 2022	**$**	**62,412**

(11) Intangible assets

1) The changes in the cost and amortization of the consolidated company's intangible assets were as follows:

		Goodwill	Computer Software	Patent and know-how	Total
Cost:					
Balance at January 1, 2023	$	185,097	97,690	95,031	377,818
Separate acquisition		-	23,543	13,280	36,823
Effect of the changes in exchange rates		-	(484)	(379)	(863)
Balance at June 30, 2023	$	185,097	120,749	107,932	413,778
Balance at January 1, 2022	$	185,097	38,587	81,881	305,565
Separate acquisition		-	15,698	9,897	25,595
Effect of the changes in exchange rates		-	569	1,121	1,690
Balance at June 30, 2022	$	185,097	54,854	92,899	332,850
Amortization and accumulated impairment:					
Balance at January 1, 2023	$	183,365	46,495	64,075	293,935
Amortization		-	38,467	10,724	49,191
Effect of the changes in exchange rates		-	(313)	(283)	(596)
Balance at June 30, 2023	$	183,365	84,649	74,516	342,530
Balance at January 1, 2022	$	-	22,061	36,403	58,464
Amortization		-	14,689	14,823	29,512
Impairment for the period		183,365	-	-	183,365
Effect of the changes in exchange rates		-	319	361	680
Balance at June 30, 2022	$	183,365	37,069	51,587	272,021
Book value:					
Balance at June 30, 2023	$	1,732	36,100	33,416	71,248
Balance at June 30, 2022	$	1,732	17,785	41,312	60,829

Due to rapid market changes, the revenue from Hongxin Semiconductor in 2022 did not meet expectations. Hence, the consolidated company commissioned experts to issue an appraisal report. Based on this report, the company recognized an impairment loss on goodwill amounting to $183,365 thousand. The consolidated company deducted the recognized impairment loss from the book value of goodwill allocated to the cash-generating unit of Hongxin Semiconductor and reported this impairment loss under "Non-operating Expenses" in the consolidated statement of comprehensive income.

(12) Other noncurrent assets

	June 30, 2023	December 31, 2022	June 30, 2022
Prepaid Bonus	$ 172,754	136,970	138,302
Refundable deposits	629,463	2,233,260	2,614,677
Other	566	24,622	-
	$ 802,783	2,394,852	2,752,979

1) The consolidated company offers special bonuses to employees who meet specific criteria. The bonuses are paid in a lump sum upon signing the agreement. Employees must commit to serving for a specified period. If employees fail to fulfill this commitment for any reason, they must return the entire bonus. The company amortizes the prepaid bonus amount over the agreed service period as manufacturing and operating expenses. The recognized manufacturing and operating expenses for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 were $49,627 thousand, $50,418 thousand, $94,891 thousand, and $88,336 thousand, respectively.

2) To ensure stable outsourced production capacity, the consolidated company has signed capacity guarantee contracts with suppliers. According to the agreement, they pay a deposit, which will be returned upon fulfilling the contract terms. This deposit is listed under "Other Non-current Assets - Refundable Deposits." Additionally, considering market demand fluctuations and future capacity utilization, the company estimated related compensation losses and provision for liabilities based on the capacity guarantee contract. These amounts are listed under cost of goods sold and other payables.

(13) Short-term loans

The details of the short-term loans of the consolidated company are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank loans	$ -	-	1,307,680
Non-financial institution borrowings	-	220,734	221,950
	$ -	220,734	1,529,630
Interest rate collar	-	4.96%	1.64%~4.96%
Unused loan commitment	$ 12,192,980	14,149,836	3,370,280

(14) Lease liabilities

The book value of the lease liabilities of the consolidated company are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Current	$ 31,259	32,536	42,586
Non-current	$ 34,148	8,633	22,046

For the maturity analysis, please refer to Note 6 (23) Financial Instruments.

The amount recognized in profit and loss is as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Interest expense of lease liabilities	$ 337	361	742	816
Cost of low-value leased assets (excluding low-value leases under short-term leases)	$ 226	1,008	1,161	2,232

The amount recognized in the Statement of Cash Flows is as follows:

	Six Months Ended June 30	
	2023	**2022**
Total amount of cash outflow from lease	$ 26,004	26,602

Leasing of buildings and structures

The consolidated company leases buildings and premises for office use. The lease term for these offices is usually one to five years, and the rental payments of some contracts are subject to changes in the local price index.

(15) Employee benefits

Defined contribution plan

If the consolidated company is a domestic company, its defined contribution plan is based on the Labor Pension Act, which provides for a contribution rate of 6% of the workers' monthly wages to the Bureau of Labor Insurance's individual labor pension accounts. Under this plan, the consolidated company is not legally or constructively obligated to pay additional amounts after it has contributed a fixed amount to the bureau. If the consolidated company is a foreign company, it contributes an amount to the pension funds in accordance with local laws and regulations, and recognizes the required contributions in each period as current expenses. Chinese subsidiaries included in the consolidated entity are required by the Chinese government to make contributions to the basic endowment insurance premium at a statutory rate based on the approved salaries of employees and to recognize the contributions as current expenses.

For the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022, the retirement benefits and pension insurance expenses under the defined retirement pension plan of the consolidated company amounted to $16,685 thousand, $18,084 thousand, $34,025 thousand, and $35,140 thousand, respectively.

(16) Income tax

1) The statutory income tax rate for domestic consolidated companies is 20%, and the "Basic Income Tax Ordinance" is applied to calculate the basic tax amount. Trade Logic and Ever Harvest are established in the British Virgin Islands and Samoa, respectively. According to the laws of their respective registered countries, they do not levy corporate income tax on international business companies established within their borders that have no local income. The statutory income tax rate for Jadard Technology INC. and Hefei Jadard Technology Co.,

Ltd. is 25%. Jadard Technology INC. enjoys a preferential tax rate of 15% for high-tech enterprises in China. The income tax rate for Jadard Technology Limited is 16.5%.

2) Income tax expense

The details of income tax expense of the consolidated company are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Income tax expense in the current period	$ 123,167	171,984	230,095	545,908

Details of the income tax expenses recognized in the other comprehensive income of the consolidated company are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Components of other comprehensive income that will be reclassified to profit or loss:				
Exchange differences on translation	$ (27,541)	(2,255)	(11,669)	18,381

3) The company and Visual-Sensing Technology Corp. have completed corporate income tax filings and have been audited by the tax authorities up to the fiscal year 2021. All overseas subsidiaries have filed tax returns with their local tax authorities up to the fiscal year 2022.

(17) Capital and other interests

As of June 30, 2023, December 31, 2022, and June 30, 2022, the company's authorized total share capital was $3,000,000 thousand, with a par value of $10 per share. Total issued shares were 186,545 thousand shares, and all issued shares were common stock.

For the six months ended June 30, 2023 and 2022, the number of common shares outstanding was 186,176 thousand shares.

1) Common stock

To adjust the capital structure and enhance the return on equity for shareholders, the company resolved in the shareholders' meeting on May 31, 2023, to carry out a capital reduction returning $652,909 thousand in share capital and canceling 65,291 thousand issued shares. The capital reduction rate is 35%. This cash capital reduction was approved by the Taiwan Stock Exchange Corporation on July 27, 2023. The actual date for the capital reduction, to be decided by the chairman, is still pending.

2) Capital surplus

The balance of the company's capital reserves are as follows:

		June 30, 2023	December 31, 2022	June 30, 2022
Additional paid-in capital	$	6,102,418	6,102,418	6,102,418
Transaction of treasury shares		535	535	535
Difference between the carrying amount and the price of the shares of subsidiaries which were acquired or disposed		2,516,419	2,511,692	882,961
Other		450	450	450
	$	8,619,822	8,615,095	6,986,364

According to the Company Act, new shares or cash may only be issued from realized capital surplus in proportion to the original shares of the shareholders after the capital surplus has first been used to cover losses. Realized capital surplus as referred to in the preceding paragraph includes surplus from the issue of shares in excess of par value and proceeds from gifts. As stipulated in Article 72-1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, where capital reserve is capitalized, the combined amount of any portions capitalized in any 1 year may not exceed 10% of paid-in capital.

3) Retained earnings

Under the Company's Articles of Incorporation, if there is any net profit after tax for the period, the Company shall first make up the accumulated deficit in the annual final accounts and set aside 10% as legal reserve in accordance with the law, except when the accumulated legal reserve has reached the total paid-in capital of the Company. The special reserve is appropriated or reversed as required by law or by the competent authority. The Board of Directors shall prepare a proposal for the distribution of the remaining earnings, together with the undistributed earnings at the beginning of the period, and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders.

The Company's dividend policy is to allocate no less than 20% of the distributable earnings to shareholders each year, by taking into account the current and future development plans, the investment environment, capital requirements and domestic and international competition, as well as the interests of shareholders, among which no less than 10% of the total dividends for the year shall be paid in cash.

(I) Legal reserve

If the company has no losses, it may, by resolution of the shareholders' meeting, issue new shares or cash from the legal reserve, provided that the amount of such reserve exceeds 25% of the paid-in capital.

(II) Special reserve

According to the FSC's Jin-Guan-Zheng-Fa-Zi Order No. 1090150022 dated March 31, 2021, when distributing distributable earnings, the company recorded a net decrease in other equity during the year, which was not distributable from the current year's profit or loss as a supplement to the special reserve. If there is a subsequent reversal in the amount of other equity deductions, the reversed portion of the surplus may be distributed.

(III) Distribution of earnings

The company's profit distribution proposals for fiscal years 2022 and 2021 were resolved in the annual general shareholders' meetings on May 31, 2023, and June 22, 2022, respectively. Details of the dividends distributed to shareholders are as follows:

	2022		2021	
	Dividend per share (NT$)	**Amount**	**Dividend per share (NT$)**	**Amount**
Dividends distributed to ordinary shareholders				
Cash	$ 8.5	1,582,499	17.0	3,164,997

The dividends for the fiscal year 2022, approved by the company's resolution on June 6, 2023, were distributed on July 26, 2023.

4) Treasury shares

In accordance with Article 167-1 of the Company Act, the company shall buy back treasury shares for the purpose of transferring shares to employees, with the following changes:

	Six Months Ended June 30			
	2023		**2022**	
	Shares (in thousands)	**Amount**	**Shares (in thousands)**	**Amount**
Beginning Amount (equal to Ending Amount)	369	$ 9,449	369	9,449

In 2020, due to the provisions of Article 28-2 of the Securities and Exchange Act, the company bought back a total of 369 thousand shares for transfer to employees. As of June 30, 2023 and 2022, the number of shares not cancelled totaled 369 thousand shares.
According to Securities and Exchange Act, treasury share held by the company cannot be pledged and is not entitled to shareholders' rights until it is transferred.

5) Other equity

The changes in the company are other equity items are as follows:

		Exchange difference on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	$	(28,704)	-	(28,704)
Differences from foreign currency translations (net amount after taxes)		(46,904)	-	(46,904)
Financial assets measured at fair value through other comprehensive income		-	(4,706)	(4,706)
Balance at June 30, 2023	**$**	**(75,608)**	**(4,706)**	**(80,314)**
Balance at January 1, 2022	$	(43,782)	-	(43,782)
Differences from foreign currency translations (net amount after taxes)		73,432	-	73,432
Balance at June 30, 2022	**$**	**29,650**	**-**	**29,650**

6) Non-controlling interests

		Six Months Ended June 30	
		2023	**2022**
Beginning balance	$	3,748,796	1,538,920
Portion attributable to non-controlling interests:			
Current net profit		91,789	237,303
Exchange difference from translating foreign operations' financial statements		(223,163)	64,595
Difference between acquisition or disposal price of a subsidiary's shares and their book value		(4,727)	-
Employee stock option capital increase		77,564	-
Ending balance	**$**	**3,690,259**	**1,840,818**

(18) Share-based payment transaction

1) Details on the number and weighted average exercise price related to Jadard Technology Inc.'s employee stock option plan are as follows:

	Employee stock options for 2023	
	Six Months Ended June 30, 2023	
	Weighted average exercise price (RMB/$)	**Number of stock options (in thousands)**
Outstanding at the beginning of the period	$ 5.00	10,519
Granted during the period	-	-
Lost during the period	-	(7,053)
Exercised during the period	-	(3,466)
Outstanding at the end of the period	-	-
Exercisable at the end of the period		-

2) Employee expenses

The expenses incurred by the consolidated company in connection with share-based payments were as follows:

	Three Months Ended June 30		**Six Months Ended June 30**	
	2023	**2022**	**2023**	**2022**
Costs incurred in connection with the issuance of employee stock options	$ 2,716	15,811	5,481	30,317
	$ 2,716	**15,811**	**5,481**	**30,317**

(19) Earnings per share

The basic earnings per share and diluted earnings per share for the consolidated company are as follows:

1) Basic EPS

	Three Months Ended June 30		**Six Months Ended 30**	
	2023	**2022**	**2023**	**2022**
Net income attributable to the equity holders of the ordinary shares of the company	**$ 582,371**	**751,443**	**1,002,814**	**2,260,567**
Weighted average number of the ordinary shares outstanding	**186,176**	**186,176**	**186,176**	**186,176**
Basic earnings per share (NT$)	**$ 3.13**	**4.04**	**5.39**	**12.14**

2) Diluted earnings per share

	Three Months Ended June 30		Six Months Ended 30	
	2023	**2022**	**2023**	**2022**
Net income attributable to the equity holders of the ordinary shares of the company	**$ 582,371**	**751,443**	**1,002,814**	**2,260,567**
Weighted average number of the ordinary shares outstanding	186,176	186,176	186,176	186,176
Effect of the dilutive potential ordinary shares:				
－employee compensation	459	1,119	857	1,863
Weighted average number of the ordinary shares outstanding (after the adjustment to the effect of dilutive potential ordinary shares)	**186,635**	**187,295**	**187,033**	**188,039**
Diluted earnings per share (NT$)	**$ 3.12**	**4.01**	**5.36**	**12.02**

(20) Contractual revenue

1) Details of the contractual revenue

		Three Months Ended June 30		Six Months Ended June 30	
		2023	**2022**	**2023**	**2022**
Major regional markets:					
Taiwan	$	354,473	693,128	803,478	1,489,732
China		2,775,538	3,850,603	5,168,445	8,104,175
Hong Kong		1,194,264	839,669	2,267,062	1,729,526
Japan		2,046	960	3,577	12,685
South Korea		359	492	624	1,787
Other countries		14,190	12,339	34,503	20,953
	$	**4,340,870**	**5,397,191**	**8,277,689**	**11,358,858**
Main products lines:					
Display driver IC	$	3,205,749	3,799,788	6,111,076	8,139,701
Power management IC		639,498	752,030	1,223,754	1,509,338
Other		495,623	845,373	942,859	1,709,819
	$	**4,340,870**	**5,397,191**	**8,277,689**	**11,358,858**

2) Contract balances

Please refer to Note 6(4) for the disclosure of accounts receivable and impairment.

The initial balance of contract liabilities on January 1, 2023, and 2022 were recognized as income for the six months ended June 30, 2023 and 2022, amounting to $111,126 thousand and $37,835 thousand, respectively. The change in contract liabilities mainly resulted from the difference in time between when the consolidated company delivers goods to customers and satisfies its performance obligations and the time of customer payment.

(21) Compensation for employees and directors

Subject to the provisions of the Articles of Incorporation of the company, not less than 5% of the annual profit shall be appropriated as remuneration to employees and not more than 1% of the annual profit shall be appropriated as remuneration to directors. However, where the company has accumulated losses, the amount of the indemnity should be retained in advance. The foregoing employee remuneration may be in the form of shares or cash and may be paid to employees of a subordinate company who satisfy certain conditions. The remuneration of the directors noted above shall be payable in cash only. The first two items shall be resolved by the Board of Directors and reported to the shareholders' meeting.

The company did not allocate director compensation for the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022. Employee compensation provisions were $38,469 thousand, $53,792 thousand, $65,677 thousand, and $151,010 thousand, respectively. These provisions are based on the pre-tax net profit of the respective periods, subtracted by the amount before compensation for employees and directors, and multiplied by the distribution rates stipulated in the company's articles of incorporation. These are reported as the operating costs or operating expenses for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022. If there's a discrepancy between the actual amount distributed the following year and the estimated amount, it is treated as an accounting estimate change, with the difference recognized as the profit or loss for the subsequent year. If the board of directors decides to distribute employee compensation through stocks, the number of stocks is calculated based on the closing price of the ordinary shares the day before the board's resolution.

The company did not provide director remuneration for the years 2022 and 2021, and the estimated amounts of employee remuneration were $201,488 thousand and $369,675 thousand, respectively. There was no difference from the content of the company's board of directors' resolutions. Employee remuneration for 2022 and 2021 was distributed in cash, and relevant information can be found on the Market Observation Post System website.

(22) Non-operating income and expenses

1) Interest income

The breakdown of interest income of the consolidated company is as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Bank deposit interests	$ 51,842	17,919	97,815	26,642
Other interest income	15	9	30	17
Total interest income	**$ 51,857**	**17,928**	**97,845**	**26,659**

2) Other income

	Three Months Ended June 30		Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Income from government grants	$ 21,634	1,562	24,810	5,657
Other	16,583	1,048	17,483	1,887
Total Other income	**$ 38,217**	**2,610**	**42,293**	**7,544**

3) Other gains and losses

	Three Months Ended June 30		Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Loss on disposal of property, plant, and equipment	$ (251)	-	(251)	-
Foreign exchange gain	52,082	142,617	26,892	230,812
Profit (losses) on financial assets and liabilities measured at fair value through profit	17,744	(42,292)	47,080	(79,470)
Impairment loss	-	(183,365)	-	(183,365)
Others	(785)	(22,800)	(690)	(31,965)
	$ 68,790	**(105,840)**	**73,031**	**(63,988)**

4) Financial costs

	Three Months Ended June 30		Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Interest expenses	**$ (470)**	**(8,487)**	**(2,760)**	**(13,877)**

(23) Financial instruments

Except as described below, there were no significant changes in the fair value of the consolidated company's financial instruments, or in the exposure to credit risk, liquidity risk, and market risk due to financial instruments. For related information, please refer to Note 6(22) of the consolidated financial statements for the year 2022.

1) Credit risk

(I) Credit risk exposure

The carrying amount of financial assets represents the maximum amount of credit risk exposure.

(II) Concentration of credit risk

As the consolidated company has a wide customer base and does not significantly concentrate its transactions with a single customer, there is no significant concentration of credit risk for accounts receivable. To reduce credit risk, the consolidated company also regularly assesses the financial condition of its customers.

(III) Credit risk on receivables

Please refer to Note 6(4) for credit risk exposure information of receivables. Other financial assets measured at amortized cost including time deposits for over three months and other receivables are financial assets with low credit risk and therefore the allowance for losses for the period is measured at the expected credit loss amount for 12 months. (Please refer to Note 4(7) to the Consolidated Financial Statements for fiscal 2022 for a description of how the consolidated company determines low credit risk). No allowance for losses was provided for the six months ended June 30, 2023 and 2022.

2) Liquidity risk

The following table presents an analysis of the contractual maturities of financial liabilities, the amounts of which include estimated interest but exclude the effect of netting agreements.

	Book value	Contract cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
June 30, 2023							
Non-derivative financial liabilities							
Accounts and notes payable	$ 1,842,130	1,842,130	1,842,130	-	-	-	-
Dividends payable	1,582,499	1,582,499	1,582,499	-	-	-	-
Other payables	886,677	886,677	886,677	-	-	-	-
Lease liabilities (including current and non-current)	65,407	67,878	20,397	12,324	12,937	22,220	-
Guarantee Deposits received	151,803	151,803	151,803	-	-	-	-
Subtotal	4,528,516	4,530,987	4,483,506	12,324	12,937	22,220	-
Derivative financial liabilities							
Currency swap contracts:							
Outflow	2,053	714,191	714,191	-	-	-	-
Inflow	-	(712,138)	(712,138)	-	-	-	-
Book value	2,053	2,053	2,053	-	-	-	-
Subtotal	2,053	2,053	2,053	-	-	-	-
Total	**$ 4,530,569**	**4,533,040**	**4,485,559**	**12,324**	**12,937**	**22,220**	**-**
December 31, 2022							
Non-derivative financial liabilities							
Current borrowings	$ 220,734	222,465	222,465	-	-	-	-
Accounts and notes payable	1,891,917	1,891,917	1,891,917	-	-	-	-
Other payables	959,295	959,295	959,295	-	-	-	-
Lease liabilities (including current and non-current)	41,169	39,709	16,218	14,187	9,304	-	-
Guarantee Deposits received	166,277	166,277	166,277	-	-	-	-
Subtotal	3,279,392	3,279,663	3,256,172	14,187	9,304	-	-
Derivative financial liabilities							
Currency swap contracts:							
Outflow	1,176	1,011,101	1,011,101	-	-	-	-
Inflow	-	(1,009,925)	(1,009,925)	-	-	-	-
Book value	1,176	1,176	1,176	-	-	-	-
Forward exchange contracts:							
Outflow	130	92,140	92,140	-	-	-	-
Inflow	-	(92,010)	(92,010)	-	-	-	-
Book value	130	130	130	-	-	-	-
Subtotal	1,306	1,306	1,306	-	-	-	-
Total	**$ 3,280,698**	**3,280,969**	**3,257,478**	**14,187**	**9,304**	**-**	**-**

	Book value	Contract cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
June 30, 2022							
Non-derivative financial liabilities							
Current borrowings	$ 1,529,630	1,539,301	1,313,890	225,411	-	-	-
Accounts and notes payable	2,344,171	2,344,171	2,344,171	-	-	-	-
Dividends payable	3,164,997	3,164,997	3,164,997	-	-	-	-
Other payables	741,904	741,904	741,904	-	-	-	-
Lease liabilities (including current and non-current)	64,632	60,402	22,001	16,284	21,937	180	-
Guarantee Deposits received	161,735	161,735	161,735	-	-	-	-
Subtotal	8,007,069	8,012,510	7,748,698	241,695	21,937	180	-
Derivative financial liabilities							
Currency swap contracts:							
Outflow	711	683,318	683,318	-	-	-	-
Inflow	-	(682,607)	(682,607)	-	-	-	-
Book value	711	711	711	-	-	-	-
Subtotal	711	711	711	-	-	-	-
Total	**$ 8,007,780**	**8,013,221**	**7,749,409**	**241,695**	**21,937**	**180**	**-**

The consolidated company does not expect the realizing of cash flows is to be significantly earlier or the actual amounts are to be significantly different.

3) Exchange rate risk

(I) Exposure of exchange risk

The consolidated company's financial assets and liabilities exposed to significant foreign currency exchange rate risk are as follows:

	June 30, 2023			December 31, 2022			June 30, 2022		
	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Financial assets									
Monetary items									
USD	$149,910	31.093	4,661,102	143,180	30.731	4,400,045	239,327	29.728	7,114,609
Financial liabilities									
Monetary items									
USD	89,355	30.970	2,767,307	116,954	30.702	3,590,736	179,921	29.652	5,334,990

(II) Sensitivity analysis

The consolidated company's exchange rate risk mainly arises from foreign currency denominated cash and cash equivalents, accounts receivable and other receivables, other non-current assets, accounts payable, and other current liabilities, etc., generating foreign exchange gains or losses when converted. If the New Taiwan Dollar depreciates or appreciates by 5% against the US dollar on June 30, 2023, and 2022, and all other factors remain unchanged, the net profit after tax for the six months ended June 30, 2023, and 2022 would decrease or increase by $75,752 thousand and $71,230 thousand, respectively. Both periods' analyses are based on the same basis.

Due to the variety of functional currencies used by the consolidated company, consolidated disclosure is used to reveal information about the exchange losses and gains on monetary items. The foreign exchange losses and gains (including realized and unrealized) for the six months ended June 30, 2023 and 2022 were a gain of $26,892 thousand and $230,812 thousand, respectively.

4) Fair value information

(I) Types and fair values of financial instruments

The consolidated company's financial assets at fair value through profit or loss are measured at fair value on a recurring basis. The carrying amounts and fair values of each class of financial assets and financial liabilities (including information on fair value hierarchy, except that if the carrying amount of a financial instrument that is not measured at fair value is a reasonable approximation of fair value, and for investments in equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured, disclosure of fair value information is not required) are presented below:

Fitipower Integrated Technology Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

	June 30, 2023				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Current financial assets at fair value through profit or loss	$ 10,672,294	10,672,294	-	-	10,672,294
Non-current financial assets at fair value through other comprehensive income					
Public quoted equity	17,556	17,556	-	-	17,556
Financial assets measured at amortized cost(Note)					
Cash and cash equivalents	2,192,417	-	-	-	-
Current financial assets at amortized cost (including current and non-current)	4,860,113	-	-	-	-
Accounts receivable	2,932,529	-	-	-	-
Lease payments receivable (including current and non-current)	17,669	-	-	-	-
Other receivables	138,261	-	-	-	-
Guarantee deposits paid	629,463	-	-	-	-
Total	**$ 21,460,302**	**10,689,850**	**-**	**-**	**10,689,850**
Current financial liabilities at fair value through profit or loss	$ 2,053	2,053	-	-	2,053
Financial liabilities measured at amortized cost(Note)					
Accounts and notes payable	1,842,130	-	-	-	-
Dividends payable	1,582,499	-	-	-	-
Other current liabilities	886,677	-	-	-	-
Lease liabilities (including current and non-current)	65,407	-	-	-	-
Guarantee Deposits received	151,803	-	-	-	-
Total	**$ 4,530,569**	**2,053**	**-**	**-**	**2,053**

	December 31, 2022				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through profit or loss	$ 9,642,472	9,642,472	-	-	9,642,472
Financial assets measured at amortized cost					
Cash and cash equivalents	6,758,947	-	-	-	-
Current financial assets at amortized cost(Note)	200	-	-	-	-
Accounts receivable (including the part from related parties)	2,659,333	-	-	-	-
Lease payments receivable (including current and non-current)	24,005	-	-	-	-
Other receivables	72,238	-	-	-	-
Guarantee deposits paid	2,233,260	-	-	-	-
Total	**$ 21,390,455**	**9,642,472**	**-**	**-**	**9,642,472**
Current financial liabilities at fair value through profit or loss	$ 1,306	1,306	-	-	1,306
Financial liabilities measured at amortized cost(Note)					
Current borrowings	$ 220,734	-	-	-	-
Accounts and notes payable	1,891,917	-	-	-	-
Other current liabilities	959,295	-	-	-	-
Lease liabilities (including current and non-current)	41,169	-	-	-	-
Guarantee Deposits received	166,277	-	-	-	-
Total	**$ 3,280,698**	**1,306**	**-**	**-**	**1,306**

	June 30, 2022				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through profit or loss	$ 8,689,121	8,689,121	-	-	8,689,121
Financial assets measured at amortized cost(Note)					
Cash and cash equivalents	4,915,556	-	-	-	-
Current financial assets at amortized cost	5,200	-	-	-	-
Accounts receivable (including the part from related parties)	4,351,168	-	-	-	-
Lease payments receivable (including current and non-current)	30,190	-	-	-	-
Other receivables	3,603	-	-	-	-
Guarantee deposits paid	2,614,677	-	-	-	-
Total	**$ 20,609,515**	**8,689,121**	**-**	**-**	**8,689,121**

	June 30, 2022				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Current financial liabilities at fair value through profit or loss	$ 711	711	-	-	711
Financial liabilities measured at amortized cost(Note)					
Current borrowings	$ 1,529,630	-	-	-	-
Notes and accounts payable	2,344,171	-	-	-	-
Dividends payable	3,164,997	-	-	-	-
Other current liabilities	741,904	-	-	-	-
Lease liabilities (including current and non-current)	64,632	-	-	-	-
Guarantee Deposits received	161,735	-	-	-	-
Total	**$ 8,007,780**	**711**	**-**	**-**	**711**

Note: The book amount is a reasonable approximation of fair value and there is no need to disclose the fair value.

(II) Valuation techniques and assumptions used to measure fair value

Where there is a quoted price in an active market for a financial instrument, the fair value is based on the quoted price in the active market. The quoted price of a financial instrument obtained from main exchanges and on-the-run securities from Taipei Exchange can be used as a basis to determine the fair value of the exchange-listed/OTC-listed companies' equity instrument and debt instrument with active market quotations.

A financial instrument has an active market for public quotations if public quotations of the financial instrument are obtained from an exchange, broker, underwriter, industry association, pricing service or competent authority in a timely manner and on a regular basis, and if the price represents an actual and frequent arm's length transaction. If these conditions are not met, the market is considered inactive. Generally speaking, a very wide bid-ask spread, a significant increase in the bid-ask spread or a very low trading volume are all indicators of an inactive market.

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by reference to quoted prices from counterparties. The fair value obtained through valuation techniques may be calculated by reference to the current fair value of other financial instruments with substantially similar terms and characteristics, by discounted cash flow techniques or by applying models using other valuation techniques, including market information available at the date of the consolidated balance sheet (e.g., Taipei Exchange refers to the yield curve, Reuters average commercial paper rate quotes).

(24) Financial risk management

The objectives and policies of the consolidated company's financial risk management have not significantly changed from what was disclosed in the Consolidated Financial Statements for the year 2022. For related information, please refer to Note 6(23) of the Consolidated Financial Statements for the year 2022.

(25) Capital management

The objectives, policies, and procedures of the consolidated company's capital management are consistent with what was disclosed in the Consolidated Financial Statements for the year 2022; furthermore, the aggregate quantitative data for items under capital management also have not significantly changed from what was disclosed in the Consolidated Financial Statements for the year 2022. For related information, please refer to Note 6(24) of the Consolidated Financial Statements for the year 2022.

(26) Investment and fund-raising activities by non-cash transactions

The consolidated company's investment and financing activities in non-cash transactions for the six months ended June 30, 2023 and 2022 were as follows:

1) Right-of-use assets acquired by lease please refer to Note 6(10).

2) The reconciliation of liabilities from financing activities is as follows:

			Non-cash changes		
	January 1, 2023	**Cash flow**	**Change in exchange rate**	**Other**	**June 30, 2023**
Current borrowings	$ 220,734	(220,734)	-	-	-
Lease liabilities (including current and non-current)	41,169	(24,101)	(183)	48,522	65,407
Guarantee Deposits received	166,277	(11,376)	(3,098)	-	151,803
Total liabilities from financing activities	$ 428,180	(256,211)	(3,281)	48,522	217,210

			Non-cash changes		
	January 1, 2022	**Cash flow**	**Change in exchange rate**	**Other**	**June 30, 2022**
Current borrowings	$ 777,808	751,822	-	-	1,529,630
Lease liabilities (including current and non-current)	83,504	(23,554)	635	4,047	64,632
Guarantee Deposits received	165,706	(9,522)	5,551	-	161,735
Total liabilities from financing activities	$ 1,027,018	718,746	6,186	4,047	1,755,997

7. Transaction with Related Parties

(1) Name and relationship of related parties

The related parties with whom the consolidated company had transactions during the period covered by these consolidated financial statements are as follows:

Name of related party	Relationship with the consolidated company
Hon Hai Precision Industry Co., Ltd. (Hon Hai Precision)	Entity with significant influence over the Company (Note)
Fitipower Environmental Sustainability Foundation (Fitipower Foundation)	Other related party
Hongfutai Precision Electrons (Yantai) Co., Ltd. (Hongfutai (Yentai))	Other related party (Note)
Foxconn Interconnect Technology Limited Taiwan Branch (Cayman)	Other related party (Note)
Hongfujin Precision Industry (Wuhan) Co., Ltd.	Other related party (Note)
Fulina Ambit (Shanghai) Microsystems Co., Ltd.	Other related party (Note)
Shenzhen Fu Tai Hong Precision Industrial Co., Ltd.	Other related party (Note)
Shenzhen Fulian Fugui Precision Industry Co., Ltd.	Other related party (Note)
Hongfujin Precision Electrons (Chongqing) Co., Ltd.	Other related party (Note)
Hongfujin Precision Electrons (Yantai) Co., Ltd.	Other related party (Note)
Nanning Fulian Fugui Precision Industry Co., Ltd.	Other related party (Note)
Kunshan Fuchengke Precision Electronical Co., Ltd. (Kunshan Fuchengke)	Other related party (Note)
Socle Technology Corp. (Socle Technology)	Other related party (Note)
CLOUD NETWORK TECHNOLOGY SINGAPORE(CLOUD NETWORK)	Other related party (Note)
FIH (HONG KONG) LIMITED	Other related party (Note)
Hongfujin Precision Industry (Shenzhen) Co., Ltd. (Renamed Foxconn Technology Group Co., Ltd. in December 2022.)	Other related party (Note)
ECMMS PRECISION SINGAPORE PTE.LTD.	Other related party (Note)
Chiun Mai Communication Systems, Inc.	Other related party (Note)
FUFutaijing Precision Electron (Beijing) Co., Ltd.	Other related party (Note)
FORTUNEBAY TECHNOLOGY PTE. LTD. (FORTUNEBAY)	Other related party (Note)

Note: On June 15, 2023, Hon Hai Precision resigned as a corporate director of the company, losing significant influence over the company. Henceforth, Foxconn Technology Group and its subsidiaries are no longer considered related parties of this group.

(2) Significant transactions with related parties

1) Operating revenue

The consolidated company's significant sales to related parties are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Hon Hai Precision	$ -	637	311	1,225
FIH (Hong Kong)	10,807	9,193	21,243	10,569
Kunshan Fuchengke	2,991	6,315	8,402	26,621
CLOUD NETWORK	5,263	18,174	17,235	40,687
FORTUNEBAY	24,849	-	25,238	-
Other related parties	1,586	30,859	13,037	53,296
	$ 45,496	**65,178**	**85,466**	**132,398**

The consolidated company's sales conditions to other related parties are not significantly different from general sales prices. The agreed credit term is 90 days after acceptance. No collateral has been received for receivables between related parties.

2) Accounts receivable from related parties

Accounts receivable by the consolidated company to related parties were as follows:

Account Items	Type of Related Party	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	Hon Hai Precision	$ -	1,003	933
Accounts receivable	Hongfutai (Yentai).	-	8	20,537
Accounts receivable	Kunshan Fuchengke	-	9,866	18,422
Accounts receivable	CLOUD NETWORK	-	28,462	29,391
Accounts receivable	FIH(HONG KONG)	-	24,131	9,248
Accounts receivable	Other related parties	-	26,025	28,620
Others	Socle Technology	-	-	387
		$ -	**89,495**	**107,538**

3) Donation expenses

From January 1 to June 30, 2023, the consolidated company donated $3,000 thousand to the Fitipower Foundation, which is recorded under operating expenses.

4) Accounts payable to related parties

Accounts payable by the consolidated company to related parties were as follows:

Account Items	Type of Related Party	June 30, 2023	December 31, 2022	June 30, 2022
Accounts payable	Other related parties－			
	Socle Technology	$ -	32	-

(3) Transactions related to key management personnel

Key management personnel compensation includes:

	Three Months Ended June 30		Six Months Ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	$ 17,851	32,973	28,815	48,786
Post-employment benefits	54	35	108	70
	$ 17,905	33,008	28,923	48,856

8. Pledged Assets

The carrying amounts of assets pledged by the consolidated company are as follows:

Type of assets	Secured object	June 30, 2023	December 31, 2022	June 30, 2022
Current financial assets at amortized cost (Time deposits)	Customs Margin	$ 200	200	200
Current financial assets at amortized cost (Time deposits)	Engaging in purchase transactions to provide collateral to creditors	4,000	-	-
Current financial assets at amortized cost	Restricted assets	17,253	-	-
		$ 21,453	200	200

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(1) The consolidated company issued refundable deposit guarantee notes to obtain short-term loan credit lines. The balances on June 30, 2023, December 31, 2022, and June 30, 2022, were $4,789,020 thousand, $4,770,530 thousand, and $5,199,910 thousand, respectively.

(2) The subsidiary of the consolidated company, Jadard Technology Inc. (hereinafter referred to as "Shenzhen Jadard"), signed a capacity reservation contract on December 30, 2021, and paid a deposit of $2,210,663 thousand (RMB 508,900 thousand). An agreement to terminate this contract was signed in the second quarter, and the originally paid deposit of $894,510 thousand (RMB 208,900 thousand) has been reclassified as prepayments for goods.

10. Losses due to Major Disasters: None.

11. Subsequent Events: None.

12. Others

(1) The employee benefits, depreciation and amortization expense were summarized as follows:

Function / Nature	For the Three Months Ended June 30, 2023			For the Three Months Ended June 30, 2022		
	Belonging to operating cost	Belonging to operating expense	Total	Belonging to operating cost	Belonging to operating expense	Total
Employee benefit expenses						
Payroll expenses	16,125	497,549	513,674	20,988	638,396	659,384
Labor/Health insurance expenses	951	21,807	22,758	1,331	30,255	31,586
Pension expenses	605	16,080	16,685	660	17,424	18,084
Compensation of directors	-	395	395	-	276	276
Other employee benefit expenses	902	18,956	19,858	602	12,369	12,971
Depreciation expenses	22,787	81,375	104,162	17,255	60,224	77,479
Amortization expenses	-	26,369	26,369	-	16,126	16,126

Function / Nature	For the Six Months Ended June 30, 2023			For the Six Months Ended June 30, 2022		
	Belonging to operating cost	Belonging to operating expense	Total	Belonging to operating cost	Belonging to operating expense	Total
Employee benefit expenses						
Payroll expenses	31,554	956,634	988,188	41,364	1,153,974	1,195,338
Labor/Health insurance expenses	1,996	47,288	49,284	2,285	48,890	51,175
Pension expenses	1,236	32,789	34,025	1,321	33,819	35,140
Compensation of directors	-	671	671	-	558	558
Other employee benefit expenses	1,503	32,141	33,644	1,305	25,896	27,201
Depreciation expenses	46,569	160,139	206,708	34,297	116,674	150,971
Amortization expenses	-	49,191	49,191	-	29,512	29,512

(2) Seasonality of operations:

The sale of the consolidated company's products follows the cycle of the consumer electronics industry and is subject to seasonal fluctuations due to demand in the end market.

13. Supplementary Disclosures

(1) Information on Significant Transactions

For the period from January 1 to June 30, 2023, the consolidated company has disclosed the following significant transaction-related information in accordance with the preparation guidelines:

1) Lending of funds to others: None

2) Provision of endorsement/guarantee: None.

3) Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures):

Unit: NT$ thousands/ thousand shares

Holding Company	Type and name of marketable securities	Relationship with the issuer of the marketable securities	Financial statement account	End of the Period				Note
				Shares (Unit)	Carrying value	Shareholding percentage	Fair value	
The Company	Taishin 1699 Money Market Fund	-	Current financial assets at fair value through profit or loss	240,930	3,337,598	-	3,337,598	
The Company	PGIM Money Market Fund	-	Current financial assets at fair value through profit or loss	7,140	115,380	-	115,380	
The Company	Jih Sun Money Market Fund	-	Current financial assets at fair value through profit or loss	61,186	927,495	-	927,495	
The Company	FSITC Taiwan Money Market	-	Current financial assets at fair value through profit or loss	1,982	31,001	-	31,001	
The Company	Allianz Global Investors Taiwan Money Market Fund	-	Current financial assets at fair value through profit or loss	39,393	504,573	-	504,573	
The Company	Hua Nan Phoenix Money Market Fund	-	Current financial assets at fair value through profit or loss	128,193	2,130,540	-	2,130,540	
The Company	Taishin Ta-Chong Money Market Fund	-	Current financial assets at fair value through profit or loss	86,754	1,259,588	-	1,259,588	
The Company	Yuanta Wan Tai Money Market Fund	-	Current financial assets at fair value through profit or loss	12,135	187,590	-	187,590	
The Company	Sinopac TWD Money Market Fund	-	Current financial assets at fair value through profit or loss	83,332	1,184,158	-	1,184,158	
The Company	Fubon Chi-Hsiang Money Market Fund	-	Current financial assets at fair value through profit or loss	30,608	489,857	-	489,857	
The Company	InnoCare Optoelectronics Corp.	-	Non-current financial assets at fair value through other comprehensive income	168	17,556	0.43 %	17,556	
Pu Yu Investment Co., Ltd	Taishin 1699 Money Market Fund	-	Current financial assets at fair value through profit or loss	25,777	357,088	-	357,088	
Pu Yu Investment Co., Ltd	Union Money Market Fund	-	Current financial assets at fair value through profit or loss	10,928	147,423	-	147,423	

4) Acquisition or sale of the same securities with the accumulated cost reaching NT$300 Million or 20% of Paid-in Capital or More:

Unit: NT$ thousands/thousand shares

Investor	Types and Names of Marketable Securities	Financial statement account	Transaction counterparty	Relationships	Beginning of the period		Acquisition		Sale				End of the period	
					Number of shares (Unit)	Amount	Number of shares (Unit)	Amount	Number of shares (Unit)	Amount	Cost	Gain(Loss)	Number of shares (Unit)	Amount
The Company	Beneficiary certification - Jih Sun Money Market Fund	Current financial assets at fair value through profit or loss	-	-	-	-	61,186	926,600	-	-	-	-	61,186	927,495
The Company	Beneficiary certification - Union Money Market Fund	Current financial assets at fair value through profit or loss	-	-	118,404	1,588,489	9,165	123,000	127,569	1,716,565	1,711,157	5,408	-	-
The Company	Beneficiary certification - Allianz Global Investors Taiwan Money Market Fund	Current financial assets at fair value through profit or loss			71,815	914,582	-	-	32,422	415,000	411,895	3,105	39,393	504,573
The Company	Beneficiary certification - Hua Nan Phoenix Money Market Fund	Current financial assets at fair value through profit or loss	-	-	51,883	857,077	224,644	3,726,733	148,334	2,462,233	2,453,000	9,233	128,193	2,130,540
The Company	Beneficiary certification - Yuanta Wan Tai Money Market Fund	Current financial assets at fair value through profit or loss			32,871	505,204	3,865	59,500	24,601	380,000	377,945	2,055	12,135	187,590
The Company	Beneficiary certification - Yuanta De-Li Money Market Fund	Current financial assets at fair value through profit or loss			54,993	911,205	1,507	25,000	56,500	940,071	935,000	5,071	-	-
The Company	Beneficiary certification - SinoPac TWD Money Market Fund	Current financial assets at fair value through profit or loss			-	-	83,332	1,179,900	-	-	-	-	83,332	1,184,158
The Company	Beneficiary certification - Fubon Chi-Hsiang Money Market Fund	Current financial assets at fair value through profit or loss			-	-	30,608	489,500	-	-	-	-	30,608	489,857

5) Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.

7) Purchase or sale of goods with related parties amounting to at least NT$100 million or 20% of the paid-in capital:

Unit: NT$ thousands

Company Name	Name of the counterparty	Relationship	Transaction details				Situation and reason of why trading conditions are different from general trading		Notes/ accounts receivable or payable		Note
			Purchases (Sales)	Amount	Ratio to total purchases/ sales amount	Loan period	Unit price	Loan period	Balance	Ratio to total amount of notes/accounts receivable or payable	
Hefei Jadard	Jadard Technology Limited Taiwan Branch	Associate	Sales	189,847	2.29 %	120 days for monthly checkout	-	-	145,370	4.95%	
Hefei Jadard	Jadard Technology Limited	Associate	Sales	212,282	2.56 %	120 days for monthly checkout	-	-	147,685	5.03%	

Note: All the transactions listed above were offset when preparing the Consolidated Financial Statements.

8) Receivables from Related Parties Reaching NT$100 Million or 20% of Paid-in Capital or more:

Unit: NT$ thousands

The Company's accounts receivable	Name of counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue amounts due from related parties		Subsequent recoveries of amounts due from related parties	Allowance for losses
					Amount	Respond		
Hefei Jadard	Jadard Technology Limited Taiwan Branch	Associate	145,370	2.74	-	-	8,933	-
Hefei Jadard	Jadard Technology Limited	Associate	147,685	4.82	-	-	-	-
Shenzhen Jadard	Hefei Jadard	Associate	115,926	0.92	-	-	-	-

Note: All the transactions listed above were offset when preparing the consolidated financial statements.

9) Engaged in derivatives trading: Refer to Note 6(2).

10) Business relationships, significant transactions, and amount between the parent company and subsidiaries and between subsidiaries:

No.	Name of the transaction counterparty	Name of counter-party	Nature of relationship	Conditions of transactions			
				Account name	Amount	Terms of transaction	Percentage to consolidated net revenue or total assets
1	Hefei Jadard	Jadard Technology Limited Taiwan Branch	**3**	Sales	189,847	120 days for monthly checkout	2.29%
1	Hefei Jadard	Jadard Technology Limited	**3**	Sales	212,282	120 days for monthly checkout	2.56%

Note 1. The numeral system shall be filled in as follows:

1. Fill in 0 as parent company.
2. Subsidiaries are numbered by company type starting with the Arabic numeral 1.

Note 2. There are 3 types of relationship with the counterparty:

1. Parent to subsidiary
2. Subsidiary to parent
3. Subsidiary to subsidiary

Note 3. The amount of the above disclosure criteria is based on the amount of consolidated total assets exceeding 1% for assets and liabilities and the amount of consolidated total revenue exceeding 1% for profit and loss. The above related party transactions have been written-off in the preparation of the consolidated financial statements.

(2) Information on Investees:

From January 1 to June 30, 2023, the following are the investment business information of the consolidated company (excluding investments in mainland companies):

Unit: NT$ thousands/thousand shares

Investor Company	Investee Company	Location	Main businesses	Original investment amount		Balance as of the end			Net income (loss) of the investee	Share of profit/loss of investee	Note
				End of the period	End of last year	Shares	Percentage of ownership	Book value			
The Company	Trade Logic	BVI	Investment	302,296	302,296	30	100.00%	4,341,452	114,907	114,907	Note
Trade Logic	Ever Harvest	Samoa	Investment	302,296	302,296	10,000	100.00%	4,341,452	114,907	114,907	Note
The Company	Visual Sensing Technology	Hsinchu City	IC design	260,000	260,000	23,000	89.16%	71,958	(34,225)	(34,399)	Note
Jadard Technology INC.	Jadard Technology Limited	Hong Kong	General trade	270,264	270,264	9,200	100.00%	314,118	(93,299)	(93,299)	Note
The Company	Pu Yu Investment	Taipei City	Investment	500,000	500,000	50,000	100.00%	503,176	2,989	2,989	Note

Note: The Company's subsidiaries over which the company has control and the long-term investments in consolidated entities have been write-off.

(3) Information on Investments in Mainland China:

1) Name and main business items of the investee company in Mainland China and other related information:

Unit: NT$ thousands

Investee Company	Main businesses	Paid-up capital	Method of investment (Note 1)	Beginning balance of accumulated outflow of investment from Taiwan	Investment amount dispatched or retrieved during this period		Ending balance of accumulated outflow of investment from Taiwan	Net income (loss) of the investee	The Company's percentage of ownership directly or indirectly	Investment gains (losses) recognized in the current period (Note 2)	Carrying amount as of the end	Ending balance of accumulated inward remittance of earnings
					Dispatched	Retrieved						
Jadard Technology INC.	IC degisn	1,790,797 (Note 3)	(1)	302,296	-	-	302,296	210,407	54.57%	114,907	4,341,452	-
Hefei Jadard	Supply chain management	224,523 (Note 4)	(2)	-	-	-	-	30,044	54.57%	16,408	398,956	-
Xiamen Jadard	Supply chain management	4,344 (Note 5)	(2)	-	-	-	-	(8)	54.57%	(5)	1,909	-

Note 1: There are two types of investment methods that can be labeled as follows：

(1) Reinvestment in mainland China companies through re-investment in existing companies in third regions (Trade Logic Limited and Ever Harvest Limited).

(2) The investment method refers to a direct investment by a mainland company in a mainland company.

Note 2: The investment income or loss is recognized on the basis of the financial statements audited by the parent company's certified public accountants in Taiwan.

Note 3: The paid-in capital was RMB 409,021thousand, which was translated into NT$1,790,797 thousand at the exchange rate at the time of investment.

Note 4: The paid-in capital was RMB 50,000 thousand, which was converted to NT$224,523 thousand at the exchange rate at the time of investment.

Note 5: The paid-in capital was RMB 1,000 thousand, which was converted to NT$4,344 thousand at the exchange rate at the time of investment.

Note 6: The subsidiaries over which the Company has control, and the long-term investments of other consolidated entities have been offset.

2) Investment Limit to Mainland China:

Unit: NT$ thousands

Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amounts authorized by MOEAIC	Upper limit on investment authorized by MOEAIC
302,296	302,296	10,060,887

Note: Amend the investment limit in China according to letter no. Tai-wan-shen-tzu-09704604680 issued on August 29, 2008

3) Significant transactions with Mainland China investees:

For significant direct or indirect transactions between the consolidated company and its investees in Mainland China (which were writ-off at the time the statement was prepared), please refer to the description of "Information on Significant Transactions".

(4) Information of Major Shareholders:

Unit: share

Share / Name of major shareholder	Number of shares currently held	Shareholding percentage
Hyield Venture Capital Co., Ltd.	13,213,984	7.08%
Bao Shin International Investments Co., Ltd.	10,540,000	5.65%
Hon Chi International Investment Co., Ltd.	10,100,037	5.41%

14. Operating Segment Information

There is only one reportable operating segment of the consolidated company, which is mainly engaged in research and development and production and sales of integrated circuits. Related departmental profit and loss, departmental assets and departmental liabilities are consistent with the information stated in financial statements; please refer to the Consolidated Balance Sheet and the Consolidated Statement of Income.