

Chia Chang Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Chia Chang Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Chia Chang Co., Ltd. (the "Corporation") and its subsidiaries (collectively, the "Group"), as of June 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 10 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2023 and 2022, combined total assets of these non-significant subsidiaries were NT\$1,655,582 thousand and NT\$1,835,157 thousand, respectively, representing 16% and 16%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$183,634 thousand and NT\$204,226 thousand, respectively, representing 8% and 6%, of the consolidated total liabilities; for the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$2,652 thousand, NT\$12,152 thousand, NT\$(2,863) thousand and NT\$86,749 thousand, respectively, representing 7%, 9%, (1)% and 15%, respectively, of the consolidated total comprehensive income. As disclosed in Note 11 to the consolidated financial statements, the carrying amounts of the investments accounted for using equity method were NT\$115,664 thousand and NT\$134,979 thousand as of June 30, 2023 and 2022, respectively. The share of profit (loss) of associates

accounted for using equity method was NT\$4,339 thousand, NT\$(32,453) thousand, NT\$26,487 thousand and NT\$(71,389) thousand for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, respectively. The financial statements of the associates included in the consolidated financial statements referred to in the first paragraph were not reviewed. Information on some non-significant subsidiaries and the investments accounted for using equity method as disclosed in Note 27 to the consolidated financial statements were based on the unreviewed financial statements for the same reporting periods as those of the Corporation.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of some non-significant subsidiaries and the investments accounted for using equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023 and 2022, its consolidated financial performance for the three months ended June 30, 2023 and 2022, and its consolidated financial performance 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 International Accounting Standard 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 Yao-Lin Huang and Shih-Chieh Chou.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 2, 2023

Notice to Readers

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

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

CHIA CHANG CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,559,872	24	\$ 2,078,231	19	\$ 2,248,708	20
Financial assets at fair value through profit or loss - current	44	-	45	-	46	-
Notes and accounts receivable, net (Notes 7 and 18)	2,594,373	25	2,658,467	24	3,484,841	30
Current tax assets	109,372	1	142,259	1	148,038	1
Inventories, net (Note 8)	396,368	4	397,329	4	535,232	5
Prepayments	77,816	1	61,871	1	147,175	1
Other financial assets - current (Note 6)	1,287,448	12	2,083,673	19	1,993,587	17
Other current assets	118,047	1	155,965	2	174,597	2
Total current assets	7,143,340	68	7,577,840	70	8,732,224	76
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 9)	206,716	2	191,982	2	211,534	2
Investments accounted for using equity method (Note 11)	115,664	1	124,317	1	134,979	1
Property, plant and equipment (Notes 12 and 25)	1,392,965	14	1,497,306	14	1,500,088	13
Right-of-use assets (Notes 13 and 25)	126,243	1	147,159	2	165,862	1
Investment properties (Notes 14 and 25)	53,603	1	53,991	1	54,379	1
Deferred tax assets (Note 4)	27,385	-	31,335	-	25,512	-
Prepayments for machinery and equipment	1,389,156	13	1,114,360	10	649,282	6
Other non-current assets	25,032	-	29,865	-	33,022	-
Total non-current assets	3,336,764	32	3,190,315	30	2,774,658	24
TOTAL	\$ 10,480,104	100	\$ 10,768,155	100	\$ 11,506,882	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 15 and 25)	\$ 50,000	1	\$ 190,000	2	\$ 405,000	4
Notes payable	140,471	1	212,232	2	173,218	1
Accounts payable	874,255	9	957,242	9	1,407,081	12
Other payables (Note 16)	745,263	7	574,705	5	897,060	8
Current tax liabilities	122,249	1	141,754	1	149,632	1
Lease liabilities - current (Note 13)	5,256	-	17,889	-	18,235	-
Other current liabilities	130,807	1	114,607	1	116,418	1
Total current liabilities	2,068,301	20	2,208,429	20	3,166,644	27
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 15 and 25)	4,310	-	4,409	-	-	-
Deferred tax liabilities - non-current (Note 4)	203,687	2	201,089	2	203,972	2
Lease liabilities - non-current (Note 13)	-	-	-	-	15,875	-
Guarantee deposits	830	-	830	-	830	-
Total non-current liabilities	208,827	2	206,328	2	220,677	2
Total liabilities	2,277,128	22	2,414,757	22	3,387,321	29
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 17)						
Ordinary shares	1,423,676	14	1,423,676	14	1,423,676	12
Capital surplus	2,820,797	26	2,820,797	26	2,820,797	25
Retained earnings						
Legal reserve	954,711	9	890,220	8	890,220	8
Special reserve	435,084	4	597,812	6	597,812	5
Unappropriated earnings	3,117,292	30	3,050,624	28	2,795,225	24
Total retained earnings	4,507,087	43	4,538,656	42	4,283,257	37
Other equity	(554,659)	(5)	(435,084)	(4)	(413,331)	(3)
Total equity attributable to owners of the Corporation	8,196,901	78	8,348,045	78	8,114,399	71
NON-CONTROLLING INTERESTS						
Total equity	6,075	-	5,353	-	5,162	-
TOTAL	\$ 10,480,104	100	\$ 10,768,155	100	\$ 11,506,882	100

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

(With Deloitte & Touche auditors' review report dated August 2, 2023)

CHIA CHANG CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
SALES REVENUE (Note 18)	\$ 1,560,012	100	\$ 2,146,955	100	\$ 2,977,453	100	\$ 4,370,520	100
COST OF GOODS SOLD (Notes 8 and 19)	<u>1,167,177</u>	<u>75</u>	<u>1,691,357</u>	<u>79</u>	<u>2,263,729</u>	<u>76</u>	<u>3,482,183</u>	<u>80</u>
GROSS PROFIT	<u>392,835</u>	<u>25</u>	<u>455,598</u>	<u>21</u>	<u>713,724</u>	<u>24</u>	<u>888,337</u>	<u>20</u>
OPERATING EXPENSES (Note 19)								
Selling and marketing expenses	49,254	3	76,162	4	102,989	4	147,955	3
General and administrative expenses	107,032	7	116,236	5	210,607	7	231,667	5
Research and development expenses	<u>18,037</u>	<u>1</u>	<u>17,179</u>	<u>1</u>	<u>34,552</u>	<u>1</u>	<u>34,698</u>	<u>1</u>
Total operating expenses	<u>174,323</u>	<u>11</u>	<u>209,577</u>	<u>10</u>	<u>348,148</u>	<u>12</u>	<u>414,320</u>	<u>9</u>
INCOME FROM OPERATIONS	<u>218,512</u>	<u>14</u>	<u>246,021</u>	<u>11</u>	<u>365,576</u>	<u>12</u>	<u>474,017</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES								
Share of profit (loss) of associates using equity method (Note 11)	4,339	-	(32,453)	(2)	26,487	1	(71,389)	(2)
Interest income	23,408	2	15,409	1	45,897	2	27,253	1
Other income (Note 19)	6,746	-	22,648	1	9,438	-	43,806	1
Interest expense	(280)	-	(1,091)	-	(768)	-	(2,128)	-
Exchange gains (Note 26)	<u>79,160</u>	<u>5</u>	<u>119,538</u>	<u>6</u>	<u>51,228</u>	<u>2</u>	<u>133,069</u>	<u>3</u>
Total non-operating income and expenses	<u>113,373</u>	<u>7</u>	<u>124,051</u>	<u>6</u>	<u>132,282</u>	<u>5</u>	<u>130,611</u>	<u>3</u>
INCOME BEFORE INCOME TAX	331,885	21	370,072	17	497,858	17	604,628	14
INCOME TAX EXPENSE (Notes 4 and 20)	<u>131,510</u>	<u>8</u>	<u>131,812</u>	<u>6</u>	<u>174,786</u>	<u>6</u>	<u>215,509</u>	<u>5</u>
NET INCOME	<u>200,375</u>	<u>13</u>	<u>238,260</u>	<u>11</u>	<u>323,072</u>	<u>11</u>	<u>389,119</u>	<u>9</u>

(Continued)

CHIA CHANG CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 337	-	\$ (10,836)	(1)	\$ 17,841	1	\$ 2,700	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of foreign operations	(161,922)	(11)	(93,001)	(4)	(137,416)	(5)	181,781	4
Other comprehensive income (loss)	(161,585)	(11)	(103,837)	(5)	(119,575)	(4)	184,481	4
TOTAL COMPREHENSIVE INCOME	<u>\$ 38,790</u>	<u>2</u>	<u>\$ 134,423</u>	<u>6</u>	<u>\$ 203,497</u>	<u>7</u>	<u>\$ 573,600</u>	<u>13</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 201,091	13	\$ 238,439	11	\$ 324,350	11	\$ 389,515	9
Non-controlling interests	(716)	-	(179)	-	(1,278)	-	(396)	-
	<u>\$ 200,375</u>	<u>13</u>	<u>\$ 238,260</u>	<u>11</u>	<u>\$ 323,072</u>	<u>11</u>	<u>\$ 389,119</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 39,506	2	\$ 134,602	6	\$ 204,775	7	\$ 573,996	13
Non-controlling interests	(716)	-	(179)	-	(1,278)	-	(396)	-
	<u>\$ 38,790</u>	<u>2</u>	<u>\$ 134,423</u>	<u>6</u>	<u>\$ 203,497</u>	<u>7</u>	<u>\$ 573,600</u>	<u>13</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 21)								
Basic	<u>\$ 1.41</u>		<u>\$ 1.67</u>		<u>\$ 2.28</u>		<u>\$ 2.74</u>	
Diluted	<u>\$ 1.41</u>		<u>\$ 1.67</u>		<u>\$ 2.26</u>		<u>\$ 2.72</u>	

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

(With Deloitte & Touche auditors' review report dated August 2, 2023)

(Concluded)

CHIA CHANG CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation											
	Ordinary Shares	Capital Surplus	Retained Earnings				Exchange Differences on Translation of Foreign Operations	Other Equity		Non-controlling Interests	Total Equity	
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total			
BALANCE AT JANUARY 1, 2022	\$ 1,423,676	\$ 2,820,768	\$ 799,339	\$ 524,565	\$ 2,996,941	\$ 4,320,845	\$ (657,345)	\$ 59,533	\$ (597,812)	\$ 7,967,477	\$ 5,558	\$ 7,973,035
Appropriation of 2021 earnings												
Legal reserve	-	-	90,881	-	(90,881)	-	-	-	-	-	-	-
Special reserve	-	-	-	73,247	(73,247)	-	-	-	-	-	-	-
Cash dividends distributed	-	-	-	-	(427,103)	(427,103)	-	-	-	(427,103)	-	(427,103)
Total appropriation of 2021 earnings	-	-	90,881	73,247	(591,231)	(427,103)	-	-	-	(427,103)	-	(427,103)
Net income (loss) for the six months ended June 30, 2022	-	-	-	-	389,515	389,515	-	-	-	389,515	(396)	389,119
Other comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	-	181,781	2,700	184,481	184,481	-	184,481
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	389,515	389,515	181,781	2,700	184,481	573,996	(396)	573,600
Changes in percentage of ownership interests in subsidiaries	-	29	-	-	-	-	-	-	-	29	-	29
BALANCE AT JUNE 30, 2022	\$ 1,423,676	\$ 2,820,797	\$ 890,220	\$ 597,812	\$ 2,795,225	\$ 4,283,257	\$ (475,564)	\$ 62,233	\$ (413,331)	\$ 8,114,399	\$ 5,162	\$ 8,119,561
BALANCE AT JANUARY 1, 2023	\$ 1,423,676	\$ 2,820,797	\$ 890,220	\$ 597,812	\$ 3,050,624	\$ 4,538,656	\$ (477,765)	\$ 42,681	\$ (435,084)	\$ 8,348,045	\$ 5,353	\$ 8,353,398
Appropriation of 2022 earnings												
Legal reserve	-	-	64,491	-	(64,491)	-	-	-	-	-	-	-
Special reserve	-	-	-	(162,728)	162,728	-	-	-	-	-	-	-
Cash dividends distributed	-	-	-	-	(355,919)	(355,919)	-	-	-	(355,919)	-	(355,919)
Total appropriation of 2022 earnings	-	-	64,491	(162,728)	(257,682)	(355,919)	-	-	-	(355,919)	-	(355,919)
Net income (loss) for the six months ended June 30, 2023	-	-	-	-	324,350	324,350	-	-	-	324,350	(1,278)	323,072
Other comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	(137,416)	17,841	(119,575)	(119,575)	-	(119,575)
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	324,350	324,350	(137,416)	17,841	(119,575)	204,775	(1,278)	203,497
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	2,000	2,000
BALANCE AT JUNE 30, 2023	\$ 1,423,676	\$ 2,820,797	\$ 954,711	\$ 435,084	\$ 3,117,292	\$ 4,507,087	\$ (615,181)	\$ 60,522	\$ (554,659)	\$ 8,196,901	\$ 6,075	\$ 8,202,976

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

(With Deloitte & Touche auditors' review report dated August 2, 2023)

CHIA CHANG CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 497,858	\$ 604,628
Adjustments for:		
Depreciation	126,094	121,890
Amortization	96,856	84,151
Interest income	(45,897)	(27,253)
Share of profit or loss of associates using equity method	(26,487)	71,389
Unrealized gain on foreign exchange	(24,954)	(14,593)
Write-down of inventories (reversed)	(8,217)	4,787
Dividend income	(4,172)	(15,995)
Gain on disposal and retirement of property, plant and equipment	(1,222)	(420)
Expected credit loss reversed	(1,152)	(352)
Interest expense	768	2,128
Net loss on disposal of investments	-	3,917
Net gain on fair value changes of financial assets at fair value through profit or loss	-	(1)
Changes in operating assets and liabilities:		
Notes and accounts receivable	80,659	34,108
Inventories	3,429	(8,743)
Prepayments	(15,945)	34,412
Other current assets	(69,567)	(75,216)
Notes payable	(71,761)	(17,285)
Accounts payable	(84,723)	(162,012)
Other payables	(162,813)	(179,107)
Other current liabilities	16,200	(4,952)
Cash generated from operations	304,954	455,481
Interest received	57,483	27,734
Income tax paid	(184,151)	(183,465)
Net cash generated by operating activities	<u>178,286</u>	<u>299,750</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in other financial assets	1,702,566	1,380,826
Increase in other financial assets	(920,345)	(1,250,071)
Increase in prepayments for machinery and equipment	(327,498)	(288,836)
Acquisition of property, plant and equipment	(40,810)	(15,570)
Dividends received	21,812	33,795
Proceeds from capital reduction of investments accounts for using equity method	17,500	30,000
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	16,918	-
Proceeds from disposal of property, plant and equipment	16,283	1,415

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CHIA CHANG CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	2022
Purchase of financial assets at fair value through other comprehensive income	\$ (13,811)	\$ -
Decrease (increase) in other non-current assets	<u>808</u>	<u>(4,271)</u>
Net cash generated by (used in) investing activities	<u>473,423</u>	<u>(112,712)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(140,000)	(65,000)
Repayment of the principal portion of lease liabilities	(12,521)	(14,339)
Change in non-controlling interests	2,000	-
Interest paid	<u>(816)</u>	<u>(1,725)</u>
Net cash used in financing activities	<u>(151,337)</u>	<u>(81,064)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(18,731)</u>	<u>63,047</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	481,641	169,021
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>2,078,231</u>	<u>2,079,687</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 2,559,872</u>	<u>\$ 2,248,708</u>

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

(With Deloitte & Touche auditors' review report dated August 2, 2023)

(Concluded)

CHIA CHANG CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Chia Chang Co., Ltd. (the “Corporation”) was incorporated in September 1985, and engages mainly in manufacturing, processing and trading of various precision machinery, related mechanical mold components, mechanical steel mold accessories and computer peripheral equipment.

The Corporation’s shares have been listed on the Taiwan Stock Exchange (“TWSE”) since June 2011.

The consolidated financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on August 2, 2023.

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

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Corporation and its subsidiaries (collectively referred to as the “Group”).

- b. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	Note 3

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The requirement that the Group apply the exception and the requirement to disclose that fact is applied immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of above standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 10, Table 5 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earning.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Checking accounts and demand deposits	\$ 1,354,084	\$ 1,461,100	\$ 1,429,691
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	1,205,279	616,537	818,164
Cash on hand	<u>509</u>	<u>594</u>	<u>853</u>
	<u>\$ 2,559,872</u>	<u>\$ 2,078,231</u>	<u>\$ 2,248,708</u>

As of June 30, 2023, December 31, 2022 and June 30, 2022, time deposits with original maturities of more than 3 months were \$1,287,448 thousand, \$2,083,673 thousand and \$1,993,587 thousand, respectively, which were classified as other financial assets - current. As of June 30, 2023, December 31, 2022 and June 30, 2022, the interest rates of the time deposits with original maturities more than 3 months were 1.15%-5.30%, 0.76%-5.20% and 0.24%-3.00%, respectively.

7. NOTES AND ACCOUNTS RECEIVABLE

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Notes receivable - operating</u>	<u>\$ 80,493</u>	<u>\$ 82,484</u>	<u>\$ 84,558</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	2,516,424	2,579,737	3,402,553
Less: Allowance for impairment loss	<u>(2,544)</u>	<u>(3,754)</u>	<u>(2,270)</u>
	<u>2,513,880</u>	<u>2,575,983</u>	<u>3,400,283</u>
<u>Total</u>	<u>\$ 2,594,373</u>	<u>\$ 2,658,467</u>	<u>\$ 3,484,841</u>

The average credit period of sales of goods is 60-180 days. No interest is charged on unpaid accounts receivable.

In order to mitigate credit risk, the management of the Group has delegated qualified personnel in accordance with the segregation of duties principle to be responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

June 30, 2023

	Not Past Due	Past Due				Total
		Less than 90 Days	91 to 120 Days	121 to 150 Days	Over 150 Days	
Expected credit loss rate	0.01%	0.29%	2.12%	4.35%	100%	
Gross carrying amount	\$ 2,561,505	\$ 31,195	\$ 189	\$ 1,678	\$ 2,350	\$ 2,596,917
Allowance for impairment loss (Lifetime ECL)	<u>(28)</u>	<u>(89)</u>	<u>(4)</u>	<u>(73)</u>	<u>(2,350)</u>	<u>(2,544)</u>
Amortized cost	<u>\$ 2,561,477</u>	<u>\$ 31,106</u>	<u>\$ 185</u>	<u>\$ 1,605</u>	<u>\$ -</u>	<u>\$ 2,594,373</u>

December 31, 2022

	Not Past Due	Past Due				Total
		Less than 90 Days	91 to 120 Days	121 to 150 Days	Over 150 Days	
Expected credit loss rate	0.01%	0.17%	-	-	100%	
Gross carrying amount	\$ 2,645,119	\$ 13,585	\$ 10	\$ -	\$ 3,507	\$ 2,662,221
Allowance for impairment loss (Lifetime ECL)	<u>(224)</u>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>(3,507)</u>	<u>(3,754)</u>
Amortized cost	<u>\$ 2,644,895</u>	<u>\$ 13,562</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,658,467</u>

June 30, 2022

	Not Past Due	Past Due				Total
		Less than 90 Days	91 to 120 Days	121 to 150 Days	Over 150 Days	
Expected credit loss rate	-	0%-5%	20%	50%	100%	
Gross carrying amount	\$ 3,480,500	\$ 3,825	\$ -	\$ 1,342	\$ 1,444	\$ 3,487,111
Allowance for impairment loss (Lifetime ECL)	<u>-</u>	<u>(155)</u>	<u>-</u>	<u>(671)</u>	<u>(1,444)</u>	<u>(2,270)</u>
Amortized cost	<u>\$ 3,480,500</u>	<u>\$ 3,670</u>	<u>\$ -</u>	<u>\$ 671</u>	<u>\$ -</u>	<u>\$ 3,484,841</u>

The movements of the allowance for impairment loss of notes and accounts receivable were as follows:

	For the Six Months Ended June 30	
	2023	2022
Balance at January 1	\$ 3,754	\$ 2,570
Less: Impairment loss reversed	(1,152)	(352)
Effect of exchange rate differences	<u>(58)</u>	<u>52</u>
Balance at June 30	<u>\$ 2,544</u>	<u>\$ 2,270</u>

8. INVENTORIES

	June 30, 2023	December 31, 2022	June 30, 2022
Finished goods	\$ 192,646	\$ 218,829	\$ 211,489
Work in progress	88,214	74,617	108,435
Raw materials	<u>115,508</u>	<u>103,883</u>	<u>215,308</u>
	<u>\$ 396,368</u>	<u>\$ 397,329</u>	<u>\$ 535,232</u>

The cost of goods sold included the following:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Cost of inventories sold	\$ 1,171,562	\$ 1,690,928	\$ 2,271,946	\$ 3,477,396
Inventory write-downs (reversed)	<u>(4,385)</u>	<u>429</u>	<u>(8,217)</u>	<u>4,787</u>
	<u>\$ 1,167,177</u>	<u>\$ 1,691,357</u>	<u>\$ 2,263,729</u>	<u>\$ 3,482,183</u>

Inventory write-downs were reversed as a result of an increase in the net realizable value of inventories.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Non-current</u>			
Domestic investments			
Unlisted ordinary shares			
Chimei Motor Electronics Co., Ltd.	\$ 21,282	\$ 16,500	\$ 19,025
Top Taiwan XIII Venture Capital Co., Ltd.	48,469	39,079	44,362
CHIALEHUA HOLDING LIMITED	13,811	-	-
WK Technology Fund IX Ltd.	<u>123,154</u>	<u>136,403</u>	<u>148,147</u>
	<u>\$ 206,716</u>	<u>\$ 191,982</u>	<u>\$ 211,534</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

10. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			June 30, 2023	December 31, 2022	June 30, 2022	
The Corporation	CHIA CORPORATION	Investment activities	100.00	100.00	100.00	-
	GOLDSKY ENTERPRISES LIMITED	International trade	100.00	100.00	100.00	1)
	Chia Development Co., Ltd.	New business development and investment	100.00	100.00	100.00	-
CHIA CORPORATION	TARCOOLA TRADING LIMITED	Investment activities	100.00	100.00	100.00	-
	HUGE LINE INTERNATIONAL LIMITED	Investment activities	100.00	100.00	100.00	-
	CHIAPEX HOLDING LIMITED	Investment activities	100.00	100.00	100.00	1)
	CHIA-RUI HOLDING LIMITED	Investment activities	-	-	-	3)
TARCOOLA TRADING LIMITED	Chia Chang Technology (Suzhou) Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	100.00	-
HUGE LINE INTERNATIONAL LIMITED	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	100.00	-
	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	100.00	1)
CHIA-RUI HOLDING LIMITED	Quan Rui (Dong Guan) Industrial Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	-	-	-	2)
Chia Development Co., Ltd.	Energy Magic Co., Ltd.	Manufacturing of electronic components	50.00	50.00	50.00	1)
	EIDEAL Company Limited	Manufacturing of electronic components	80.00	80.00	-	1) and 4)
Chia Chang Technology (Suzhou) Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	100.00	1)

- 1) The subsidiaries are not significant subsidiaries, so their financial statements for the six months ended June 30, 2023 and 2022 have not been reviewed.
 - 2) In order to integrate the production plants in China for improving production efficiency and saving both fixed expenses and management costs, on June 3, 2020, the Corporation's board of directors approved the disposal of the equipment and the termination of the operation of Quan Rui (Dong Guan) Industrial Co., Ltd., a subsidiary in China. The tax clearance certificate was obtained on February 18, 2022, and the remaining share capital was refunded to CHIA-RUI HOLDING LIMITED on April 14, 2022.
 - 3) It was deregistered and divested in April 2022.
 - 4) It was established in July 2022.
- b. Subsidiaries excluded from the consolidated financial statements: None.
- c. Details of subsidiaries that have material non-controlling interests: None.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investment in associates	June 30, 2023	December 31, 2022	June 30, 2022
Associate that is not individually material	<u>\$ 115,664</u>	<u>\$ 124,317</u>	<u>\$ 134,979</u>

The Group held an interest in Top Taiwan XIII Venture Capital Co., Ltd., and it was accounted for as an associate. On May 17, 2022, three additional directors were elected by the Corporation through the resolution of the shareholders in their meeting, and the Group ceased to have significant influence over Top Taiwan XIII Venture Capital Co., Ltd. The Group accounted for the remaining interests as financial assets at FVTOCI rather than using equity method. This transaction resulted in the recognition of a loss on disposal, which was calculated as follows:

Proceeds from disposal	\$ -
Plus: Fair value of retained investment	44,752
Less: Carrying amount of investment on the date of loss of significant influence	<u>(48,669)</u>
Loss recognized	<u>\$ (3,917)</u>

The investments accounted for by using equity method and the share of profit or loss and other comprehensive income of those investments were based on the associates' financial statements that have not been reviewed for the same periods. The Group considered that there would be no significant adjustments even if such financial statements were reviewed.

12. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2023	December 31, 2022	June 30, 2022
Land	\$ 316,981	\$ 326,047	\$ 326,047
Buildings	334,310	355,106	369,365
Machinery and Equipment	659,491	713,524	700,367
Miscellaneous Equipment	<u>82,183</u>	<u>102,629</u>	<u>104,309</u>
	<u>\$ 1,392,965</u>	<u>\$ 1,497,306</u>	<u>\$ 1,500,088</u>

Except for depreciation recognized, the Group did not have significant addition, disposal, or impairment of property, plant and equipment during the six months ended June 30, 2023 and 2022. The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	20-45 years
Elevators	15-20 years
Engineering system	10-20 years
Others	5-8 years
Machinery and equipment	2-10 years
Miscellaneous equipment	2-10 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 25.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2023		December 31, 2022		June 30, 2022
<u>Carrying amount</u>					
Land	\$ 114,897		\$ 119,632		\$ 122,229
Buildings	<u>11,346</u>		<u>27,527</u>		<u>43,633</u>
	<u>\$ 126,243</u>		<u>\$ 147,159</u>		<u>\$ 165,862</u>
	For the Three Months Ended		For the Six Months Ended		
	June 30		June 30		
	2023	2022	2023	2022	
Additions to right-of-use assets			<u>\$ -</u>		<u>\$ 23,564</u>
Depreciation charge for right-of-use assets					
Land	\$ 1,031	\$ 1,049	\$ 2,077		\$ 2,086
Buildings	<u>7,905</u>	<u>7,424</u>	<u>15,929</u>		<u>14,035</u>
	<u>\$ 8,936</u>	<u>\$ 8,473</u>	<u>\$ 18,006</u>		<u>\$ 16,121</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2023 and 2022.

Right-of-use assets pledged as collateral for bank borrowings are set out in Note 25.

b. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Carrying amount</u>			
Current	\$ 5,256	\$ 17,889	\$ 18,235
Non-current	\$ -	\$ -	\$ 15,875

Range of discount rates for lease liabilities was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Buildings	0.9%	0.9%	0.9%

c. Material leasing activities and terms

The Group leases certain land, plant and office with lease terms from 2019 to 2024. These arrangements do not contain renewal or purchase options.

The Group also leases land for producing products in China with lease terms of 44 to 50 years. The lease payment is paid in a lump sum at the time of signing the contract. The Group does not have bargain purchase options to acquire the leasehold land at the end of lease terms.

d. Other lease information

	<u>For the Three Months Ended</u>		<u>For the Six Months Ended</u>	
	June 30		June 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	\$ 2,032	\$ 1,613	\$ 3,849	\$ 6,177
Total cash outflow for leases			\$ 16,444	\$ 20,585

14. INVESTMENT PROPERTIES

Except for depreciation recognized during the year, the Group did not have significant addition, disposal, or impairment of investment properties for the six months ended June 30, 2023 and 2022. Investment properties are depreciated on a straight-line basis over the estimated useful life of 45 years.

Management was unable to reliably measure the fair value of investment properties located at Dafeng St., Luzhu District, Taoyuan City 338028, Taiwan (ROC) because of the remote location. The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Corporation determined that the fair value of the investment properties is not reliably measurable.

The investment properties of the Group were held under freehold interests. The investment properties pledged as collateral for bank borrowings are set out in Note 25.

15. BORROWINGS

a. Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Secured borrowings</u>			
Bank loans	\$ 50,000	\$ 140,000	\$ 190,000
<u>Unsecured borrowings</u>			
Line of credit borrowings	-	50,000	215,000
	<u>\$ 50,000</u>	<u>\$ 190,000</u>	<u>\$ 405,000</u>
Annual interest rate	1.70%	1.65%-1.73%	0.99%-1.14%

b. Long-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Secured borrowings</u>			
Bank loans	\$ 4,310	\$ 4,409	\$ -
Less: Current portion	-	-	-
Long-term borrowings	<u>\$ 4,310</u>	<u>\$ 4,409</u>	<u>\$ -</u>
Annual interest rate	3.95%	3.95%	-

The secured borrowings were secured by the Group's land, buildings, right-of-use assets and the investment properties. Refer to Note 25 for details.

16. OTHER PAYABLES

	June 30, 2023	December 31, 2022	June 30, 2022
Payables for dividends	\$ 355,919	\$ -	\$ 427,103
Payable for salaries and bonuses	146,001	270,095	178,951
Payable for transportation	39,756	49,396	72,811
Compensation payable to directors and employees	38,500	49,944	36,000
Payable for purchase of equipment	9,153	31,653	23,965
Others	<u>155,934</u>	<u>173,617</u>	<u>158,230</u>
	<u>\$ 745,263</u>	<u>\$ 574,705</u>	<u>\$ 897,060</u>

17. EQUITY

a. Share capital

	June 30, 2023	December 31, 2022	June 30, 2022
Authorized shares (in thousands)	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Authorized capital	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Issued and paid shares (in thousands)	<u>142,368</u>	<u>142,368</u>	<u>142,368</u>
Issued capital	<u>\$ 1,423,676</u>	<u>\$ 1,423,676</u>	<u>\$ 1,423,676</u>

The authorized shares include 600 thousand shares reserved for the exercise of employee stock options.

b. Capital surplus

	June 30, 2023	December 31, 2022	June 30, 2022
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital (1)</u>			
Additional paid-in capital	\$ 2,784,898	\$ 2,784,898	\$ 2,784,898
Expired employee share options	14,311	14,311	14,311
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interests in subsidiaries (2)	<u>21,588</u>	<u>21,588</u>	<u>21,588</u>
	<u>\$ 2,820,797</u>	<u>\$ 2,820,797</u>	<u>\$ 2,820,797</u>

- 1) Such capital surplus may be used to offset a deficit; when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using equity method.

c. Retained earnings and dividends policy

The amendments to Articles of Incorporation were resolved by the shareholders in their meeting on June 22, 2022. Under the dividends policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders in their meeting for the distribution of dividends and bonuses to shareholders. In the preceding paragraph, the board of directors is authorized to adopt a resolution to distribute dividends and bonuses in cash, and a report should be submitted in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 19-(d).

The Corporation distributes dividends after taking into consideration its future capital needs and long-term financial plans. Where the Corporation made a profit in a fiscal year, the Corporation could propose cash dividends between 10% and 100% of distributable earnings. The shareholders may adjust the ratio of dividends to reflect the profit and the adequacy of capital.

Appropriations of earnings to legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash. In the preceding paragraph, the board of directors is authorized to adopt a resolution to capital or distributed in cash, and a report should be submitted in the shareholders' meeting.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2021 that had been resolved by the shareholders in their meetings on June 22, 2022 were as follows:

	Appropriation of Earnings
	For the Year Ended December 31, 2021
Legal reserve	<u>\$ 90,881</u>
Special reserve	<u>\$ 73,247</u>
Cash dividends	<u>\$ 427,103</u>
Cash dividends per share (NT\$)	\$ 3.0

The appropriations of earnings for 2022 were as follows:

	For the Year Ended December 31, 2022
Legal reserve	<u>\$ 64,491</u>
Special reserve reversal	<u>\$ (162,728)</u>
Cash dividends	<u>\$ 355,919</u>
Cash dividends per share (NT\$)	\$ 2.5

The above cash dividends have been resolved by the board of directors on February 23, 2023 and the other proposed appropriations have been resolved by the shareholders in their meeting on May 29, 2023.

d. Special reserve

A proportionate share of the special reserve relating to exchange differences on translating the financial statements of foreign operations (including the subsidiaries of the Corporation) will be reversed on the Group's disposal of foreign operations; on the Group's loss of significant influence, however, the entire special reserve will be reversed. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

e. Non-controlling interests

	For the Six Months Ended June 30	
	2023	2022
Balance at January 1	\$ 5,353	\$ 5,558
Increase in non-controlling interests from issuance of ordinary shares for cash by subsidiaries	2,000	-
Attributable to non-controlling interests		
Net loss for the period	<u>(1,278)</u>	<u>(396)</u>
Balance at June 30	<u>\$ 6,075</u>	<u>\$ 5,162</u>

18. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Revenue from contracts with customers				
Revenue from the sale of goods	<u>\$ 1,560,012</u>	<u>\$ 2,146,955</u>	<u>\$ 2,977,453</u>	<u>\$ 4,370,520</u>

a. Contract information

The goods are sold at the fair value of the consideration received or receivable. The Group eliminates the estimated customer returns, discounts and other similar discounts from the amount of goods sold to determine the revenue from sale of goods.

b. Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
Notes and accounts receivable (Note 7)	<u>\$ 2,596,917</u>	<u>\$ 2,662,221</u>	<u>\$ 3,487,111</u>	<u>\$ 3,502,685</u>

c. Disaggregation of revenue

Refer to Note 28 for information on disaggregation of revenue.

19. INCOME BEFORE INCOME TAX

a. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Dividend income	\$ 4,172	\$ 15,995	\$ 4,172	\$ 15,995
Government subsidy income	1,427	9,044	1,560	27,990
Gain (loss) on disposal and retirement of property, plant and equipment, net	(808)	(141)	1,222	420
Loss on disposal of investment	-	(3,917)	-	(3,917)
Others	<u>1,955</u>	<u>1,667</u>	<u>2,484</u>	<u>3,318</u>
	<u>\$ 6,746</u>	<u>\$ 22,648</u>	<u>\$ 9,438</u>	<u>\$ 43,806</u>

b. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Property, plant and equipment	\$ 53,539	\$ 53,278	\$ 107,700	\$ 105,380
Intangible assets and others	45,164	39,629	96,856	84,151
Right-of-use assets	8,936	8,473	18,006	16,121
Investment properties	<u>194</u>	<u>195</u>	<u>388</u>	<u>389</u>
	<u>\$ 107,833</u>	<u>\$ 101,575</u>	<u>\$ 222,950</u>	<u>\$ 206,041</u>
An analysis of depreciation by function				
Operating costs	\$ 52,282	\$ 51,961	\$ 105,307	\$ 102,098
Operating expenses	10,193	9,790	20,399	19,403
Non-operating expenses	<u>194</u>	<u>195</u>	<u>388</u>	<u>389</u>
	<u>\$ 62,669</u>	<u>\$ 61,946</u>	<u>\$ 126,094</u>	<u>\$ 121,890</u>
An analysis of amortization by function				
Operating costs	\$ 44,001	\$ 38,934	\$ 94,466	\$ 82,766
Operating expenses	<u>1,163</u>	<u>695</u>	<u>2,390</u>	<u>1,385</u>
	<u>\$ 45,164</u>	<u>\$ 39,629</u>	<u>\$ 96,856</u>	<u>\$ 84,151</u>

c. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Payroll expense	\$ 252,089	\$ 302,626	\$ 497,698	\$ 644,783
Post-employment benefits				
Defined contribution plans	12,180	13,152	24,132	25,813
Other employee benefits	<u>24,948</u>	<u>28,735</u>	<u>52,576</u>	<u>57,195</u>
Total employee benefits expense	<u>\$ 289,217</u>	<u>\$ 344,513</u>	<u>\$ 574,406</u>	<u>\$ 727,791</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 189,183	\$ 238,203	\$ 377,468	\$ 515,784
Operating expenses	<u>100,034</u>	<u>106,310</u>	<u>196,938</u>	<u>212,007</u>
	<u>\$ 289,217</u>	<u>\$ 344,513</u>	<u>\$ 574,406</u>	<u>\$ 727,791</u>

d. Compensation of employees and remuneration of directors

The Corporation accrued compensation of employees at rates of no less than 1% and no higher than 15%, and remuneration of directors at rates of no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, are as follows:

Accrual rate

	For the Six Months Ended June 30	
	2023	2022
Compensation of employees	6.58%	5.52%
Remuneration of directors	1.46%	1.45%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Compensation of employees	<u>\$ 18,000</u>	<u>\$ 16,500</u>	<u>\$ 31,500</u>	<u>\$ 28,500</u>
Remuneration of directors	<u>\$ 3,500</u>	<u>\$ 3,750</u>	<u>\$ 7,000</u>	<u>\$ 7,500</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of employees and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Corporation's board of directors on February 23, 2023 and March 22, 2022, respectively, are as follows:

Amount

	For the Year Ended December 31	
	2022	2021
Compensation of employees	<u>\$ 35,944</u>	<u>\$ 34,694</u>
Remuneration of directors	<u>\$ 14,000</u>	<u>\$ 15,000</u>

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

20. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2023	2022	2023	2022
Current tax				
In respect of the current year	\$ 110,161	\$ 113,665	\$ 152,131	\$ 195,744
Income tax on unappropriated earnings	19,362	19,364	19,362	19,364
Adjustments for prior year	<u>(2,732)</u>	<u>(1,224)</u>	<u>(2,732)</u>	<u>(1,224)</u>
	<u>126,791</u>	<u>131,805</u>	<u>168,761</u>	<u>213,884</u>
Deferred tax				
In respect of the current year	<u>4,719</u>	<u>7</u>	<u>6,025</u>	<u>1,625</u>
Income tax expense recognized in profit or loss	<u>\$ 131,510</u>	<u>\$ 131,812</u>	<u>\$ 174,786</u>	<u>\$ 215,509</u>

b. Income tax examination

Income tax returns of the following companies have been examined by the tax authorities:

- 1) Chia Chang Co., Ltd. - through 2021
- 2) Energy Magic Co, Ltd. - through 2021
- 3) Chia Development Co., Ltd. - through 2021

21. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Income for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 201,091</u>	<u>\$ 238,439</u>	<u>\$ 324,350</u>	<u>\$ 389,515</u>

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	142,368	142,368	142,368	142,368
Effect of potentially dilutive ordinary shares:				
Employee share options	<u>433</u>	<u>706</u>	<u>1,033</u>	<u>1,099</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>142,801</u>	<u>143,074</u>	<u>143,401</u>	<u>143,467</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

22. CASH FLOW TRANSACTIONS

Non-cash Transactions

The cash dividends for 2022 approved in the board of directors' meeting were not yet distributed as of June 30, 2023; the cash dividends for 2021 approved in the shareholders' meeting were not yet distributed as of June 30, 2022 (refer to Notes 16 and 17, respectively).

23. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The disclosures of fair value are not required for financial instruments that are not measured at fair value but with carrying value approximating fair value such as cash and cash equivalents, notes and accounts receivable, other financial assets - current, refundable deposits, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings and guarantee deposits.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 44	\$ -	\$ -	\$ 44
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 206,716	\$ 206,716

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 45	\$ -	\$ -	\$ 45
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 191,982	\$ 191,982

June 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 46	\$ -	\$ -	\$ 46
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 211,534	\$ 211,534

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the six months ended June 30, 2023

	Financial Assets at FVTOCI
Balance at January 1, 2023	\$ 191,982
Additions	13,811
Recognized in other comprehensive income or loss	17,841
Capital reduction	<u>(16,918)</u>
Balance at June 30, 2023	<u>\$ 206,716</u>

For the six months ended June 30, 2022

	Financial Assets at FVTOCI
Balance at January 1, 2022	\$ 164,082
Reclassification from investments accounted for using equity method	44,752
Recognized in other comprehensive income or loss	<u>2,700</u>
Balance at June 30, 2022	<u>\$ 211,534</u>

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

For the domestic non-listed stocks held by the Group and measured at fair value, such fair value is determined by market approach and asset-based approach. The market approach is referring to the observable market price or to the comparable company. The asset-based approach is evaluating the total value of the individual assets and individual liabilities covered by evaluation target to measure its fair value.

c. Categories of financial instruments

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 44	\$ 45	\$ 46
Financial assets at amortized cost (1)	6,476,124	6,869,645	7,780,447
Financial assets at FVTOCI	206,716	191,982	211,534
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	1,822,451	1,942,064	2,883,189

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other financial assets - current, other receivables, and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors or the shareholders' meeting, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Corporation's treasury function reports quarterly to the Corporation's board of directors.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which expose the Group to foreign currency risk. Parts of the Group's sales are denominated in currencies other than the functional currency of the entity in the Group making the sale, whilst parts of costs are denominated in currencies other than the functional currency of the entity in the Group. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (excluding those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the period are set out in Note 26.

The Group was mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar and Chinese Yuan Renminbi (i.e., the functional currency) against the U.S. dollar. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the period for a 1% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit associated with the New Taiwan dollar and Chinese Yuan Renminbi strengthening 1% against the U.S. dollar. For a 1% weakening of the New Taiwan dollar and Chinese Yuan Renminbi against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	U.S. Dollar Impact	
	For the Six Months Ended	
	June 30	
	2023	2022
Profit or loss*	\$ 27,765	\$ 26,193

* The result was mainly attributable to the exposure on outstanding receivables and payables in U.S. dollar which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrow funds at fixed interest rates.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Fair value interest rate risk			
Financial assets	\$ 1,725,000	\$ 2,185,723	\$ 2,275,927
Financial liabilities	59,566	212,298	439,110
Cash flow interest rate risk			
Financial assets	2,121,811	1,975,587	1,965,515

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of the asset outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2023 and 2022 would have increased/decreased by \$2,561 thousand and \$2,359 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the six months ended June 30, 2023 and 2022 would have increased/decreased by \$2,067 thousand and \$2,115 thousand, respectively, as a result of the changes in financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to mitigate credit risk, the management of the Group has delegated qualified personnel in accordance with the segregation of duties principle to be responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

Since the counterparty of current funds and derivative financial instruments is a financial institution with a good credit rating, the Group does not expect any material credit risk.

The Group's concentration of credit risk of 43%, 50% and 53% of total accounts receivable as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively, was attributable to the Group's three largest customers.

3) Liquidity risk

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

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank loan facilities*			
Amount used	\$ -	\$ 50,000	\$ 215,000
Amount unused	<u>1,000,000</u>	<u>950,000</u>	<u>735,000</u>
	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 950,000</u>
Secured bank loan facilities*			
Amount used	\$ 54,310	\$ 144,409	\$ 190,000
Amount unused	<u>1,909,530</u>	<u>1,859,351</u>	<u>150,000</u>
	<u>\$ 1,963,840</u>	<u>\$ 2,003,760</u>	<u>\$ 340,000</u>

* Including the amount signed by the Group and the bank.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

June 30, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 737,941	\$ 1,022,048	\$ -	\$ 830
Lease liabilities	5,279	-	-	-
Fixed interest rate borrowings	<u>50,070</u>	<u>-</u>	<u>-</u>	<u>4,586</u>
	<u>\$ 793,290</u>	<u>\$ 1,022,048</u>	<u>\$ -</u>	<u>\$ 5,416</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 572,059	\$ 1,172,120	\$ -	\$ 830
Lease liabilities	2,638	-	15,348	-
Fixed interest rate borrowings	<u>190,204</u>	<u>-</u>	<u>-</u>	<u>4,778</u>
	<u>\$ 764,901</u>	<u>\$ 1,172,120</u>	<u>\$ 15,348</u>	<u>\$ 5,608</u>

June 30, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 897,060	\$ 1,580,299	\$ -	\$ 830
Lease liabilities	10,371	-	7,949	16,068
Fixed interest rate borrowings	<u>405,347</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,312,778</u>	<u>\$ 1,580,299</u>	<u>\$ 7,949</u>	<u>\$ 16,898</u>

24. RELATED PARTY TRANSACTIONS

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows:

Remuneration of key management personnel

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 9,355	\$ 8,693	\$ 18,899	\$ 17,674
Post-employment benefits	<u>217</u>	<u>214</u>	<u>434</u>	<u>427</u>
	<u>\$ 9,572</u>	<u>\$ 8,907</u>	<u>\$ 19,333</u>	<u>\$ 18,101</u>

25. PLEDGED ASSETS

The following assets were provided as collateral or guarantee for bank financing, amount of endorsement and guarantee, and for issuing commercial paper.

	June 30, 2023	December 31, 2022	June 30, 2022
Property, plant and equipment			
Land	\$ 185,000	\$ 185,000	\$ 185,000
Buildings	95,425	98,025	97,326
Right-of-use assets	63,233	65,857	-
Investment properties	<u>53,603</u>	<u>53,991</u>	<u>54,379</u>
	<u>\$ 397,261</u>	<u>\$ 402,873</u>	<u>\$ 336,705</u>

26. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and respective functional currencies were as follows:

June 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	US\$ 28,125	31.140 (USD:NTD)	\$ 875,821
USD	US\$ 71,798	7.2258 (USD:RMB)	2,235,850
RMB	RMB 34,209	0.1384 (RMB:USD)	147,425
RMB	RMB 25,001	4.3096 (RMB:NTD)	107,744

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	US\$ 1,673	31.140 (USD:NTD)	\$ 52,086
USD	US\$ 13,823	7.2258 (USD:RMB)	430,498 (Concluded)

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	US\$ 26,477	30.710 (USD:NTD)	\$ 813,103
USD	US\$ 75,260	6.9646 (USD:RMB)	2,311,982
RMB	RMB 33,358	0.1436 (RMB:USD)	147,091

Financial liabilities

Monetary items			
USD	US\$ 1,662	30.710 (USD:NTD)	51,042
USD	US\$ 14,262	6.9646 (USD:RMB)	438,002

June 30, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	US\$ 31,348	29.720 (USD:NTD)	\$ 931,652
USD	US\$ 78,713	6.7114 (USD:RMB)	2,339,090
RMB	RMB 32,651	0.1490 (RMB:USD)	144,587
RMB	RMB 1	4.4283 (RMB:NTD)	4

Financial liabilities

Monetary items			
USD	US\$ 7,192	29.720 (USD:NTD)	213,747
USD	US\$ 19,593	6.7114 (USD:RMB)	582,311

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Three Months Ended June 30				
2023			2022	
Functional Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	6.9229 (USD:RMB)	\$ 60,056	6.4817 (USD:RMB)	\$ 98,586
USD	30.550 (USD:NTD)	27,032	28.721 (USD:NTD)	29,033
RMB	0.1444 (RMB:USD)	(7,413)	0.1543 (RMB:USD)	(8,081)
RMB	4.4129 (RMB:NTD)	<u>(515)</u>	4.4311 (RMB:NTD)	<u>-</u>
		<u>\$ 79,160</u>		<u>\$ 119,538</u>

For the Six Months Ended June 30				
2023			2022	
Functional Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	6.9229 (USD:RMB)	\$ 38,249	6.4817 (USD:RMB)	\$ 90,828
USD	30.550 (USD:NTD)	18,848	28.721 (USD:NTD)	49,699
RMB	0.1444 (RMB:USD)	(5,354)	0.1543 (RMB:USD)	(7,458)
RMB	4.4129 (RMB:NTD)	<u>(515)</u>	4.4311 (RMB:NTD)	<u>-</u>
		<u>\$ 51,228</u>		<u>\$ 133,069</u>

27. ADDITIONAL DISCLOSURES

a. Information on significant transactions:

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

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

28. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments are stamping department and others.

a. Segment revenue and results

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

	For the Six Months Ended June 30, 2023		
	Stamping Business	Others	Total
Revenue from external customers	<u>\$ 2,976,264</u>	<u>\$ 1,189</u>	<u>\$ 2,977,453</u>
Segment income	\$ 369,654	\$ (4,078)	\$ 365,576
Share of profit or loss of associate for using equity method	-	26,487	26,487
Interest income	45,738	159	45,897
Other gains and losses	5,266	4,172	9,438
Interest expense	(765)	(3)	(768)
Exchange gains and losses	<u>51,228</u>	<u>-</u>	<u>51,228</u>
Income before income tax	<u>\$ 471,121</u>	<u>\$ 26,737</u>	<u>\$ 497,858</u>
	For the Six Months Ended June 30, 2022		
	Stamping Business	Others	Total
Revenue from external customers	<u>\$ 4,370,520</u>	<u>\$ -</u>	<u>\$ 4,370,520</u>
Segment income	\$ 474,931	\$ (914)	\$ 474,017
Share of profit or loss of associate for using equity method	(969)	(70,420)	(71,389)
Interest income	27,200	53	27,253
Other gains and losses	27,811	15,995	43,806
Interest expense	(2,128)	-	(2,128)
Exchange gains and losses	<u>133,069</u>	<u>-</u>	<u>133,069</u>
Income (loss) before income tax	<u>\$ 659,914</u>	<u>\$ (55,286)</u>	<u>\$ 604,628</u>

Segment profit represented the profit before tax earned by each segment without the allocation of central administration costs and directors' salaries, share of profit or loss of associates for using equity method, gains or losses on disposal of interests in associates, lease income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of investment, exchange gains or losses, valuation gains or losses on financial instruments, interest expense and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets and liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Segment assets</u>			
Stamping business segment	\$ 10,164,772	\$ 10,470,686	\$ 11,186,498
Others	<u>315,332</u>	<u>297,469</u>	<u>320,384</u>
Consolidated total assets	<u>\$ 10,480,104</u>	<u>\$ 10,768,155</u>	<u>\$ 11,506,882</u>
<u>Segment liabilities</u>			
Stamping business segment	\$ 2,275,794	\$ 2,409,953	\$ 3,383,392
Others	<u>1,334</u>	<u>4,804</u>	<u>3,929</u>
Consolidated total liabilities	<u>\$ 2,277,128</u>	<u>\$ 2,414,757</u>	<u>\$ 3,387,321</u>

CHIA CHANG CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Foreign Currencies in Thousands)	Ending Balance (Foreign Currencies in Thousands)	Amount Actually Drawn (Foreign Currencies in Thousands)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Foreign Currencies in Thousands) (Note 1)	Financing Company's Total Financing Amount Limits (Foreign Currencies in Thousands) (Note 2)
													Item	Value		
1	GOLDSKY ENTERPRISES LIMITED	Chia Chang Co., Ltd.	Other receivables	Yes	\$ 62,280 (US\$ 2,000)	\$ 62,280 (US\$ 2,000)	\$ -	-	Short-term financing	Not applicable	Operating capital	\$ -	-	-	\$ 153,271 (US\$ 4,922)	\$ 306,573 (US\$ 9,845)
2	CHIA CORPORATION	Chia Chang Co., Ltd.	Other receivables	Yes	622,800 (US\$ 20,000)	622,800 (US\$ 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,235,916 (RMB 286,782)	2,471,831 (RMB 573,564)
		Nanjing Chia-Chan Precious Electronics Co., Ltd.	Other receivables	Yes	62,280 (US\$ 2,000)	62,280 (US\$ 2,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,235,916 (RMB 286,782)	2,471,831 (RMB 573,564)
		Chia Chang Technology (Suzhou) Co., Ltd.	Other receivables	Yes	622,800 (US\$ 20,000)	622,800 (US\$ 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,235,916 (RMB 286,782)	2,471,831 (RMB 573,564)
		Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	217,980 (US\$ 7,000)	217,980 (US\$ 7,000)	(RMB 43,096 10,000) Note 3	4.35%	Short-term financing	Not applicable	Operating capital	-	-	-	1,235,916 (RMB 286,782)	2,471,831 (RMB 573,564)
3	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	64,644 (RMB 15,000)	64,644 (RMB 15,000)	(RMB 64,644 15,000) Note 3	4.35%	Short-term financing	Not applicable	Operating capital	-	-	-	73,875 (RMB 17,142)	295,514 (RMB 68,571)
		Chia Chang Technology (Suzhou) Co., Ltd.	Other receivables	Yes	64,644 (RMB 15,000)	64,644 (RMB 15,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	73,875 (RMB 17,142)	295,514 (RMB 68,571)
4	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	43,096 (RMB 10,000)	21,548 (RMB 5,000)	(RMB 21,548 5,000) Note 3	4.35%	Short-term financing	Not applicable	Operating capital	-	-	-	42,062 (RMB 9,760)	168,255 (RMB 39,042)
		Chia Chang Technology (Suzhou) Co., Ltd.	Other receivables	Yes	43,096 (RMB 10,000)	-	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	42,062 (RMB 9,760)	168,255 (RMB 39,042)
5	Chia Development Co., Ltd.	EIDEAL Company Limited	Other receivables	Yes	20,000	20,000	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	30,792	123,168

Note 1: The limit for lending to each borrower is as follows:

- For companies with transactions and short-term funding needs, the amount for lending to a company shall not exceed 2% of the net equity of the Corporation based on its latest financial statements. The total amount for lending shall not exceed 5% of the net equity of the Corporation based on its latest financial statements.
- For associates with short-term funding needs, in which the Corporation holds less than 100% of the voting shares of each associate, the amount for lending shall not exceed 10% of the net equity of the associate. For associates with short-term funding needs, in which the Corporation holds 100% of the voting shares of each associate, the amount for lending shall not exceed 20% of the net equity of the associate.

Note 2: The total amount for lending shall not exceed 40% of the net equity of the Corporation based on its latest financial statements.

Note 3: All intercompany transactions have been eliminated upon consolidation.

CHIA CHANG CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Foreign Currencies in Thousands)	Outstanding Endorsement/ Guarantee at the End of the Period (Foreign Currencies in Thousands)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals (Foreign Currencies in Thousands)	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiaries	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	The Corporation	GOLDSKY ENTERPRISES LIMITED	Note 1	\$ 4,098,450	\$ 560,520 (US\$ 18,000)	\$ 560,520 (US\$ 18,000)	\$ -	\$ -	6.84%	\$ 4,098,450	Yes	No	No
		CHIA CORPORATION	Note 1		1,557,000 (US\$ 50,000)	1,557,000 (US\$ 50,000)		622,800 (US\$ 20,000)					
1	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Note 1	4,098,450	86,192 (RMB 20,000)	64,644 (RMB 15,000)	-	-	0.79%	4,098,450	No	No	Yes

Note 1: Subsidiary in which the Corporation directly or indirectly owns more than 50% of its voting shares.

Note 2: According to the Corporation's endorsement/guarantee operating procedures, the total amount of guarantee provided by the Corporation to any individual entity shall not exceed 2% of the Corporation's net equity based on its latest financial statements, except for the guarantee provided to any entity whose voting shares are 50% owned. The total balance of guarantee shall not exceed 50% of the Corporation's net equity based on its latest financial statements.

CHIA CHANG CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
 JUNE 30, 2023
 (In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Number of Shares (Units in Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chia Chang Co., Ltd.	<u>Ordinary share(s)</u> Chimei Motor Electronics Co., Ltd.	None	Financial assets at FVTOCI - non-current	1,372	\$ 21,282	4.65	\$ 21,282	Notes 1 and 2
	Top Taiwan XIII Venture Capital Co., Ltd.	The Corporation is its corporate directors	Financial assets at FVTOCI - non-current	5,000	48,469	5.81	48,469	Notes 1 and 2
CHIA CORPORATION	<u>Ordinary share(s)</u> CHIALEHUA HOLDING LIMITED	None	Financial assets at FVTOCI - non-current	900	13,811	15.00	13,811	Notes 1 and 2
TARCOOLA TRADING LIMITED	<u>Mutual fund(s)</u> Capital RMB Money Market Fund-RMB	None	Financial assets at FVTPL - current	1	44	-	44	Notes 1 and 2
Chia Development Co., Ltd.	<u>Ordinary share(s)</u> WK Technology Fund IX Ltd.	One of the Corporation's key management personnel is one of its supervisors	Financial assets at FVTOCI - non-current	5,998	123,154	7.69	123,154	Notes 1 and 2

Note 1: The unlisted stocks mentioned above are calculated using a valuation method at fair value, and the mutual fund is calculated at net value on June 30, 2023.

Note 2: The securities held at end of period have not been provided as collateral or pledged for loans.

CHIA CHANG CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars)

No.	Transaction Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets
0	The Corporation	GOLDSKY ENTERPRISES LIMITED	1	Other current liabilities	\$ 18,174	Note 6	-
1	CHIA CORPORATION	Chia Chang Technology (Chong Qing) Co., Ltd.	3	Other receivables	44,223	Note 3, interest rate 4.35%	-
2	GOLDSKY ENTERPRISES LIMITED	Chia Chang Co., Ltd.	2	Accounts receivable	18,174	Note 6	-
3	Chia Chang Technology (Suzhou) Co., Ltd.	Nanjing Chia-Chan Precious Electronics Co., Ltd. Nanjing Chia-Chan Precious Electronics Co., Ltd.	3 3	Accounts Payable Purchase	17,843 21,899	Note 2 Note 2	- 1
4	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Nanjing Chia-Chan Precious Electronics Co., Ltd. Nanjing Chia-Chan Precious Electronics Co., Ltd. Chia Chang Technology (Chong Qing) Co., Ltd.	3 3 3	Accounts Payable Purchase Other receivables	13,450 12,987 65,985	Note 2 Note 2 Note 4, interest rate 4.35%	- - 1
5	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Chia Chang Technology (Suzhou) Co., Ltd. Chia Chang Technology (Suzhou) Co., Ltd. Ningbo Chia Chang Electronics Hardware Co., Ltd. Ningbo Chia Chang Electronics Hardware Co., Ltd. Chia Chang Technology (Chong Qing) Co., Ltd.	3 3 3 3 3	Accounts receivable Sales revenue Accounts receivable Sales revenue Other receivables	17,843 21,899 13,450 12,987 22,053	Note 2 Note 2 Note 2 Note 2 Note 5, interest rate 4.35%	- 1 - - -
6	Chia Chang Technology (Chong Qing) Co., Ltd.	Nanjing Chia-Chan Precious Electronics Co., Ltd. Ningbo Chia Chang Electronics Hardware Co., Ltd. CHIA CORPORATION	3 3 3	Other payables Other payables Other payables	22,053 65,985 44,223	Note 5, interest rate 4.35% Note 4, interest rate 4.35% Note 3, interest rate 4.35%	- 1 -

Note 1: The flow of transactions are identified by the following numbers in the "Relationship" column:

- a. 1 - from parent company to subsidiary;
- b. 2 - from subsidiary to parent company;
- c. 3 - between subsidiaries.

Note 2: For the purchase and sales transactions between the Group and its related parties, the collection period is 60-180 days.

Note 3: Other receivables from Chia Chang Technology (Chong Qing) Co., Ltd. recognized by CHIA CORPORATION included loan of \$43,096 thousand and interest receivable of \$1,127 thousand.

Note 4: Other receivables from Chia Chang Technology (Chong Qing) Co., Ltd. recognized by Ningbo Chia Chang Electronics Hardware Co., Ltd. included loan of \$64,644 thousand and interest receivable of \$1,341 thousand.

Note 5: Other receivables from Chia Chang Technology (Chong Qing) Co., Ltd. recognized by Nanjing Chia-Chan Precious Electronics Co., Ltd. included loan of \$21,548 thousand and interest receivable of \$505 thousand.

(Continued)

Note 6: Accounts receivable and accounts payable that resulted from the mold payments on behalf and mold receipts under custody between the Group and the related parties.

Note 7: A transaction is disclosed if it amounts to more than \$10,000 thousand.

Note 8: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

CHIA CHANG CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS AND RELATED INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2023			Net Income (Loss) of the Investee (Foreign Currencies in Thousands)	Share of Profit (Loss) (Note 1)	Note
				June 30, 2023 (Foreign Currencies in Thousands)	December 31, 2022 (Foreign Currencies in Thousands)	Number of Shares (Units in Thousands)	Percentage of Ownership %	Carrying Amount (Foreign Currencies in Thousands)			
Chia Chang Co., Ltd.	CHIA CORPORATION	Samoa	Investment holdings	\$ 1,513,766	\$ 1,513,766	46,740	100.00	\$ 6,179,589 (Note 3)	RMB 48,302	\$ 213,153 (Note 3)	Subsidiary
	GOLDSKY ENTERPRISES LIMITED	Samoa	International trade	33,892	33,892	15	100.00	766,452 (Note 3)	US\$ (165)	(5,056) (Note 3)	Subsidiary
	Chia Development Co., Ltd.	Taoyuan, Taiwan	New business development and investment	263,564	263,564	19,784	100.00	308,066 (Note 3)	31,212	31,212 (Note 3)	Subsidiary
	Zen Material Technology Inc.	Kaohsiung, Taiwan	Electronic components production	92,950	92,950	1,334	46.01	-	(307)	-	Associate
CHIA CORPORATION	TARCOOLA TRADING LIMITED	British Virgin Islands	Investment holdings	US\$ 30,589	US\$ 30,589	37,100	100.00	RMB 844,013 (Note 3)	RMB 29,034	Not applicable	Subsidiary
	HUGE LINE INTERNATIONAL LIMITED	Samoa	Investment holdings	US\$ 11,400	US\$ 11,400	11,601	100.00	RMB 379,470 (Note 3)	RMB 14,366	Not applicable	Subsidiary
	CHIAPEX HOLDING LIMITED	Samoa	Investment holdings	US\$ 4,911	US\$ 4,911	4,851	100.00	RMB 10,338 (Note 3)	RMB 239	Not applicable	Subsidiary
Chia Development Co., Ltd.	Energy Magic Co., Ltd.	Taoyuan, Taiwan	Electronic components production	15,496	15,496	1,500	50.00	4,541 (Note 3)	(1,473)	Not applicable	Subsidiary
	EIDEAL Company Limited	Taoyuan, Taiwan	Electronic components production	12,000	4,000	1,200	80.00	8,161 (Note 3)	(2,707)	Not applicable	Subsidiary
	Top Taiwan IX Venture Capital Co., Ltd.	Taipei, Taiwan	Investment business	52,500	70,000	5,250	12.50	115,664	211,898	Not applicable	Associate

Note 1: Profit or loss on investment was accounted by the reviewed financial statements, except for the financial statements of GOLDSKY ENTERPRISES LIMITED, Zen Material Technology Inc., CHIAPEX HOLDING LIMITED, Energy Magic Co., Ltd., Top Taiwan IX Venture Capital Co., Ltd. and EIDEAL Company Limited.

Note 2: Information on investments in mainland China is referred to Table 6.

Note 3: All intercompany transactions have been eliminated upon consolidation, except for the financial statements of Zen Material Technology Inc. and Top Taiwan IX Venture Capital Co., Ltd.

CHIA CHANG CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (RMB in Thousands)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (US\$ in Thousands)	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of June 30, 2023 (US\$ in Thousands)	Net Income (Loss) of the Investee (RMB in Thousands)	Ownership of Direct or Indirect Investment	Share of Profits (Losses) (RMB in Thousands) (Note 1)	Carrying Amount as of June 30, 2023 (RMB in Thousands)	Accumulated Inward Remittance of Earnings as of June 30, 2023 (RMB in Thousands)
					Outward	Inward						
Chia Chang Technology (Suzhou) Co., Ltd.	Production and sale of IT and optronics metal stamped components	\$ 2,126,835 (RMB 493,511)	Indirect investment in TARCOOLA TRADING LIMITED through CHIA CORPORATION, with the former investing operating funds	\$ 938,528 (US\$ 30,139)	\$ -	\$ -	\$ 938,528 (US\$ 30,139)	\$ 128,137 (RMB 29,037)	100.00%	\$ 128,137 (RMB 29,037) (Note 3)	\$ 3,635,380 (RMB 843,554) (Note 3)	\$ 776,560 (RMB 180,193)
Ningbo Chia Chang Electronics Hardware Co., Ltd.	Production and sale of IT and optronics metal stamped components	296,440 (RMB 68,786)	Indirect investment in HUGE LINE INTERNATIONAL LIMITED through CHIA CORPORATION, with the former investing operating funds	199,296 (US\$ 6,400)	-	-	199,296 (US\$ 6,400)	62,240 (RMB 14,104)	100.00%	62,240 (RMB 14,104) (Note 3)	738,790 (RMB 171,429) (Note 3)	1,706,847 (RMB 396,057)
Nanjing Chia-Chan Precious Electronics Co., Ltd.	Production and sale of IT and optronics metal stamped components	305,874 (RMB 70,975)	Indirect investment in HUGE LINE INTERNATIONAL LIMITED through CHIA CORPORATION, with the former investing operating funds	-	-	-	-	1,099 (RMB 249)	100.00%	(1,099) (RMB 249) (Note 3)	420,643 (RMB 97,606) (Note 3)	170,415 (RMB 39,543)
Chia Chang Technology (Chong Qing) Co., Ltd.	Production and sale of IT and optronics metal stamped components	129,288 (RMB 30,000)	Through Chia Chang Technology (Suzhou) Co., Ltd. invest operating funds	-	-	-	-	3,402 (RMB 771)	100.00%	3,402 (RMB 771) (Note 3)	71,919 (RMB 16,688) (Note 3)	-
Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd.	Production and sale of IT and optronics metal stamped components	151,681 (RMB 35,196)	Indirect investment in CHIAPEX HOLDING LIMITED through CHIA CORPORATION, with the former investing operating funds	152,929 (US\$ 4,911)	-	-	152,929 (US\$ 4,911)	(10,640) (RMB -2,411)	49.00%	-	-	308,283 (RMB 71,534)

Accumulated Investment in Mainland China as of June 30, 2023 (US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on Investment Stipulated by the Investment Commission, MOEA
\$ 1,290,753 (US\$ 41,450)	\$ 4,116,241 (US\$ 132,185)	\$4,918,140 (Note 2)

Note 1: Except Nanjing Chia-Chan Precious Electronics Co., Ltd., Chia Chang Technology (Chong Qing) Co., Ltd. and Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd., the share of profit or loss and other comprehensive income of the investments were based on the associates' financial statements that have been reviewed for the same period.

Note 2: The investment limit is 60% of the Corporation's net equity.

Note 3: All intercompany transactions have been eliminated upon consolidation, except for the financial statements of Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd.

TABLE 7**CHIA CHANG CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****JUNE 30, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yung Hsiang Investment Co., Ltd.	13,438,441	9.43
Hsin Ho Investment Co., Ltd.	11,904,492	8.36

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.