

**CREATIVE SENSOR INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2023 AND 2022**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CREATIVE SENSOR INC.

Introduction

We have reviewed the accompanying consolidated balance sheets of Creative Sensor Inc. and subsidiaries (the “Group”) as at June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. 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.

Conclusion

Based on our reviews and the reports of other auditors (refer to the *Other matter* section), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months then ended, and its consolidated cash flows for the six months then ended in accordance with the

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Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Other matter

We did not review the financial statements of certain investments accounted for using the equity method which were reviewed by other auditors. Therefore, our report expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for using the equity method amounted to NT\$247,512 thousand and NT\$182,744 thousand, constituting 3.24% and 2.84% of the consolidated total assets as at June 30, 2023 and 2022, respectively, and the comprehensive income (loss) recognized from associates and joint ventures accounted for using the equity method amounted to NT\$16,453 thousand, (NT\$132) thousand, NT\$37,100 thousand and (NT\$17,835) thousand, constituting 2.59%, (0.09%), 2.15% and (26.84%) of the consolidated total comprehensive income for the three months and six months then ended, respectively.

Lin, Po-Chuan

Lin, Chun-Yao

LIN, PO-CHUAN

Lin, Chun-Yao

For and on Behalf of PricewaterhouseCoopers, Taiwan

August 9, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CREATIVE SENSOR INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	June 30, 2023		December 31, 2022		June 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,956,258	26	\$ 1,692,222	26	\$ 1,207,977	19
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		-	-	5,392	-	-	-
1136	Financial assets at amortized cost -	6(3)						
	current, net		190,178	3	268,963	4	243,156	4
1170	Accounts receivable, net	6(4)	614,657	8	602,419	10	612,705	9
1180	Accounts receivable - related	6(4) and 7						
	parties, net		-	-	-	-	535	-
1200	Other receivables		25,917	-	6,697	-	109,383	2
1210	Other receivables - related parties,	7						
	net		13	-	-	-	-	-
130X	Inventories, net	6(5)	253,683	3	369,312	6	527,385	8
1479	Other current assets		18,435	-	22,624	-	26,450	-
11XX	Total current assets		<u>3,059,141</u>	<u>40</u>	<u>2,967,629</u>	<u>46</u>	<u>2,727,591</u>	<u>42</u>
Non-current assets								
1517	Non-current financial assets at fair	6(6) and 8						
	value through other comprehensive							
	income		3,368,870	44	2,305,527	36	2,489,853	39
1550	Investments accounted for using	6(7)						
	the equity method		951,275	13	854,702	13	887,204	14
1600	Property, plant and equipment, net	6(8)	163,243	2	190,114	3	211,918	3
1755	Right-of-use assets	6(9)	45,940	1	53,262	1	59,821	1
1780	Intangible assets		7,633	-	6,561	-	4,294	-
1840	Deferred income tax assets		15,574	-	8,052	-	11,489	-
1990	Other non-current assets		29,301	-	28,399	1	32,467	1
15XX	Total non-current assets		<u>4,581,836</u>	<u>60</u>	<u>3,446,617</u>	<u>54</u>	<u>3,697,046</u>	<u>58</u>
1XXX	Total assets		<u>\$ 7,640,977</u>	<u>100</u>	<u>\$ 6,414,246</u>	<u>100</u>	<u>\$ 6,424,637</u>	<u>100</u>

(Continued)

CREATIVE SENSOR INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	June 30, 2023		December 31, 2022		June 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(10) and 8	\$ 1,300,000	17	\$ 1,350,000	21	\$ 1,400,000	22
2120	Financial liabilities at fair value	6(11)						
	through profit or loss - current		40,715	1	746	-	541	-
2170	Accounts payable		562,455	7	745,841	12	738,363	12
2180	Accounts payable - related parties	7	861	-	1,665	-	2,118	-
2200	Other payables	6(12)	204,916	3	283,410	5	400,492	6
2230	Income tax payable		76,137	1	68,189	1	59,809	1
2280	Current lease liabilities		11,062	-	12,243	-	12,156	-
2300	Other current liabilities		5,722	-	9,153	-	14,202	-
21XX	Total current liabilities		<u>2,201,868</u>	<u>29</u>	<u>2,471,247</u>	<u>39</u>	<u>2,627,681</u>	<u>41</u>
Non-current liabilities								
2570	Deferred income tax liabilities		50,196	-	60,381	1	27,683	-
2580	Non-current lease liabilities		-	-	4,854	-	10,983	-
25XX	Total non-current liabilities		<u>50,196</u>	<u>-</u>	<u>65,235</u>	<u>1</u>	<u>38,666</u>	<u>-</u>
2XXX	Total liabilities		<u>2,252,064</u>	<u>29</u>	<u>2,536,482</u>	<u>40</u>	<u>2,666,347</u>	<u>41</u>
Equity attributable to owners of parent								
	Share capital	6(15)						
3110	Common stock		1,490,550	20	1,490,550	23	1,490,550	23
	Capital surplus	6(16)						
3200	Capital surplus		984,241	13	974,247	15	974,247	15
	Retained earnings	6(17)						
3310	Legal reserve		571,311	7	532,516	8	532,516	8
3350	Unappropriated retained earnings		984,881	13	1,069,983	17	790,425	13
	Other equity interest	6(18)						
3400	Other equity interest		1,537,676	20	33,949	-	194,033	3
3500	Treasury shares	6(14)(15)	(179,746)	(2)	(223,481)	(3)	(223,481)	(3)
3XXX	Total equity		<u>5,388,913</u>	<u>71</u>	<u>3,877,764</u>	<u>60</u>	<u>3,758,290</u>	<u>59</u>
3X2X	Total liabilities and equity		<u>\$ 7,640,977</u>	<u>100</u>	<u>\$ 6,414,246</u>	<u>100</u>	<u>\$ 6,424,637</u>	<u>100</u>

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

CREATIVE SENSOR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Items	Notes	Three months ended June 30				Six months ended June 30				
		2023		2022		2023		2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Net revenue	6(19) and 7	\$ 905,563	100	\$ 1,083,144	100	\$ 1,806,424	100	\$ 1,970,792	100
5000	Cost of revenue	6(5)(23) and 7	(726,741)	(80)	(878,456)	(81)	(1,461,225)	(81)	(1,661,395)	(84)
5900	Gross profit		<u>178,822</u>	<u>20</u>	<u>204,688</u>	<u>19</u>	<u>345,199</u>	<u>19</u>	<u>309,397</u>	<u>16</u>
	Operating expenses	6(23)								
6100	Selling expenses		(21,126)	(2)	(18,459)	(2)	(36,633)	(2)	(33,747)	(2)
6200	General and administrative expenses		(44,617)	(5)	(45,717)	(4)	(82,784)	(4)	(79,461)	(4)
6300	Research and development expenses		(30,438)	(4)	(19,388)	(2)	(51,367)	(3)	(35,842)	(2)
6000	Total operating expenses		(96,181)	(11)	(83,564)	(8)	(170,784)	(9)	(149,050)	(8)
6900	Income from operations		<u>82,641</u>	<u>9</u>	<u>121,124</u>	<u>11</u>	<u>174,415</u>	<u>10</u>	<u>160,347</u>	<u>8</u>
	Non-operating income and expenses									
7100	Interest income	6(20)	10,435	1	1,822	-	14,233	1	3,274	-
7010	Other income	6(21) and 7	2,130	-	11,215	1	9,916	-	13,243	1
7020	Other gains and losses	6(22)	(6,387)	(1)	(4,396)	-	(21,349)	(1)	(897)	-
7050	Finance costs	6(9)(10)	(5,822)	-	(4,529)	-	(10,801)	(1)	(9,486)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	6(7)	<u>9,380</u>	<u>1</u>	<u>(5,429)</u>	<u>(1)</u>	<u>(6,374)</u>	<u>-</u>	<u>(15,336)</u>	<u>(1)</u>
7000	Total non-operating income and expenses		<u>9,736</u>	<u>1</u>	<u>(1,317)</u>	<u>-</u>	<u>(14,375)</u>	<u>(1)</u>	<u>(9,202)</u>	<u>-</u>
7900	Profit before income tax		<u>92,377</u>	<u>10</u>	<u>119,807</u>	<u>11</u>	<u>160,040</u>	<u>9</u>	<u>151,145</u>	<u>8</u>
7950	Income tax expense	6(24)	(38,487)	(4)	(53,780)	(5)	(58,546)	(3)	(60,502)	(3)
8200	Net income		<u>\$ 53,890</u>	<u>6</u>	<u>\$ 66,027</u>	<u>6</u>	<u>\$ 101,494</u>	<u>6</u>	<u>\$ 90,643</u>	<u>5</u>
	Other comprehensive income									
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(6)(18)	\$ 585,589	65	(\$ 171,458)	(16)	\$ 1,538,478	85	(\$ 137,677)	(7)
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	6(7)(18)	42,856	5	(22,011)	(2)	126,016	7	(42,739)	(2)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(18)(24)	(4,137)	(1)	-	-	(4,137)	-	-	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		<u>624,308</u>	<u>69</u>	<u>(193,469)</u>	<u>(18)</u>	<u>1,660,357</u>	<u>92</u>	<u>(180,416)</u>	<u>(9)</u>
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Exchange differences on translation	6(18)	(42,862)	(5)	(22,637)	(2)	(36,102)	(2)	24,647	1
8367	Unrealized (loss) income from investments in debt instruments measured at fair value through other comprehensive income	6(6)(18)	(550)	-	(1,949)	-	439	-	(1,949)	-
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method	6(7)(18)	(380)	-	(395)	-	(275)	-	630	-
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		<u>(43,792)</u>	<u>(5)</u>	<u>(24,981)</u>	<u>(2)</u>	<u>(35,938)</u>	<u>(2)</u>	<u>23,328</u>	<u>1</u>
8300	Other comprehensive income (loss) for the period		<u>\$ 580,516</u>	<u>64</u>	<u>(\$ 218,450)</u>	<u>(20)</u>	<u>\$ 1,624,419</u>	<u>90</u>	<u>(\$ 157,088)</u>	<u>(8)</u>
8500	Total comprehensive income (loss) for the period		<u>\$ 634,406</u>	<u>70</u>	<u>(\$ 152,423)</u>	<u>(14)</u>	<u>\$ 1,725,913</u>	<u>96</u>	<u>(\$ 66,445)</u>	<u>(3)</u>
	Earnings per share (in dollars)	6(25)								
9750	Basic earnings per share		<u>\$ 0.48</u>		<u>\$ 0.59</u>		<u>\$ 0.90</u>		<u>\$ 0.81</u>	
9850	Diluted earnings per share		<u>\$ 0.47</u>		<u>\$ 0.59</u>		<u>\$ 0.89</u>		<u>\$ 0.81</u>	

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

CREATIVE SENSOR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
		Capital Reserves			Retained Earnings				Other Equity Interest				
Notes	Capital stock - common stock	Additional paid-in capital	Treasury stock transactions	Changes in equity of associates and joint ventures accounted for using equity method	Employee share options	Options Expired.	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity	
Six months ended June 30, 2022													
	Balance at January 1, 2022	\$ 1,490,550	\$ 970,251	\$ 3,996	\$ -	\$ -	\$ -	\$ 497,319	\$ 899,307	\$ 51,234	\$ 317,668	(\$ 259,556)	\$ 3,970,769
	Net income for the period	-	-	-	-	-	-	90,643	-	-	-	-	90,643
6(18)	Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	25,277	(182,365)	-	(157,088)	-
	Total comprehensive income (loss)	-	-	-	-	-	-	90,643	25,277	(182,365)	-	(66,445)	-
6(17)	Appropriations of 2021 earnings:												
	Legal reserve	-	-	-	-	-	35,197	(35,197)	-	-	-	-	-
	Cash dividends	-	-	-	-	-	-	(182,080)	-	-	-	(182,080)	-
6(14)	Treasury shares transferred to employees	-	-	-	-	-	-	-	-	-	36,075	36,075	-
	Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	-	-	62	-	(91)	-	(29)	-
6(6)	Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	17,690	-	(17,690)	-	-	-
	Balance at June 30, 2022	\$ 1,490,550	\$ 970,251	\$ 3,996	\$ -	\$ -	\$ 532,516	\$ 790,425	\$ 76,511	\$ 117,522	(\$ 223,481)	\$ 3,758,290	
Six months ended June 30, 2023													
	Balance at January 1, 2023	\$ 1,490,550	\$ 970,251	\$ 3,996	\$ -	\$ -	\$ 532,516	\$ 1,069,983	\$ 72,660	(\$ 38,711)	(\$ 223,481)	\$ 3,877,764	
	Net income for the period	-	-	-	-	-	-	101,494	-	-	-	101,494	
6(18)	Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	(36,377)	1,660,796	-	1,624,419	
	Total comprehensive income (loss)	-	-	-	-	-	-	101,494	(36,377)	1,660,796	-	1,725,913	
6(17)	Appropriations of 2022 earnings:												
	Legal reserve	-	-	-	-	-	38,795	(38,795)	-	-	-	-	
	Cash dividends	-	-	-	-	-	-	(268,493)	-	-	-	(268,493)	
6(14)	Share-based payment transactions	-	-	-	-	9,347	-	-	-	-	-	9,347	
6(14)	Treasury shares transferred to employees	-	-	9,297	-	(9,347)	50	-	-	-	43,735	43,735	
	Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	647	-	-	297	-	(297)	-	647	
6(6)	Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	120,395	-	(120,395)	-	-	
	Balance at June 30, 2023	\$ 1,490,550	\$ 970,251	\$ 13,293	\$ 647	\$ 50	\$ 571,311	\$ 984,881	\$ 36,283	\$ 1,501,393	(\$ 179,746)	\$ 5,388,913	

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

CREATIVE SENSOR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30,	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 160,040	\$ 151,145
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(23)	31,466	39,807
Amortization	6(23)	7,156	8,757
Expected credit impairment (gains) losses	12(2)	(2)	50
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(11)(22)	53,044	14,208
Foreign currency evaluation of financial assets at fair value through other comprehensive income		(1,002)	-
Interest expense	6(9)(10)	10,801	9,486
Interest income	6(20)	(14,233)	(3,274)
Dividend income	6(6)(21)	(422)	-
Share-based payments	6(14)	9,347	-
Share of loss of associates and joint ventures accounted for using equity method	6(7)	6,374	15,336
Net gain on disposal of property, plant and equipment	6(22)	(117)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(7,683)	(11,695)
Accounts receivable		(12,236)	(167,921)
Other receivables		1,256	-
Other receivables - related parties		(13)	-
Inventories		109,167	8,778
Other current assets		4,189	10,152
Changes in operating liabilities			
Accounts payable		(168,986)	30,614
Accounts payable - related parties		-	(154)
Other payables		(71,865)	(25,513)
Other current liabilities		(3,431)	6,647
Cash inflow generated from operations		112,850	86,423
Interest received		12,286	910
Dividends received		6,825	-
Interest paid		(10,801)	(9,486)
Income tax paid		(64,932)	(22,828)
Income tax refund received		1,313	-
Net cash flows from operating activities		<u>57,541</u>	<u>55,019</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortized cost		-	(22,286)
Proceeds from disposal of financial assets at amortized cost		75,091	-
Acquisition of financial assets at fair value through other comprehensive income		(50,000)	(85,999)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(26)	525,088	127,725
Acquisition of property, plant and equipment	6(26)	(3,445)	(14,975)
Proceeds from disposal of property, plant and equipment	6(26)	114	-
Acquisition of intangible assets		(1,003)	(533)
Increase in refundable deposits		-	(403)
Increase in other non-current assets		(5,795)	(7,489)
Net cash flows from (used in) investing activities		<u>540,050</u>	<u>(3,960)</u>

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CREATIVE SENSOR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30,	
		2023	2022
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(27)	\$ -	\$ 200,000
Repayments of short-term borrowings	6(27)	(50,000)	(534,800)
Repayments of lease principal	6(27)	(6,117)	(5,955)
Payment of cash dividends	6(17)	(268,493)	-
Treasury shares sold to employees		43,735	36,075
Net cash flows used in financing activities		(280,875)	(304,680)
Effect of exchange rate		(52,680)	20,402
Net increase (decrease) in cash and cash equivalents		264,036	(233,219)
Cash and cash equivalents at beginning of period		1,692,222	1,441,196
Cash and cash equivalents at end of period		\$ 1,956,258	\$ 1,207,977

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

CREATIVE SENSOR INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Creative Sensor Inc. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in manufacturing and trading of image sensor and its electronic components. Starting from May 17, 2005, the Company's stock was officially listed on the Taiwan Stock Exchange.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on August 9, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</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 International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment 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'	May 23, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation and basis of consolidation set out below, the rest of the significant accounting policies applied in the preparation of these consolidated financial statements are the same as those disclosed in Note 4 to the consolidated financial statements as of and for the year ended December 31, 2022. The policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. These consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit assets recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements for the year ended December 31, 2022.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		
			June 30, 2023	December 31, 2022	June 30, 2022
Creative Sensor Inc.	Creative Sensor Inc.	Holding company	100	100	100
Creative Sensor Inc.	Creative Sensor (USA) Co.	Collection of marketing information and maintaining relationship with customers	100	100	100
Creative Sensor Inc.	Creative Sensor Co. Ltd.	Holding company	100	100	100
Creative Sensor Co., Ltd.	Wuxi Creative Sensor Technology Co., Ltd.	Research and development of image sensor	100	100	100
Creative Sensor Co., Ltd.	Nanchang Creative Sensor Technology Co., Ltd.	Manufacturing of image sensor	100	100	100

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions on fund remittance from subsidiaries to the parent company: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There was no significant change during this period. Refer to Note 5 to the consolidated financial statements for the year ended December 31, 2022 for related information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash on hand and revolving funds	\$ 72	\$ 135	\$ 204
Checking accounts and demand deposits	1,921,788	1,656,794	1,172,404
Time deposits	<u>34,398</u>	<u>35,293</u>	<u>35,369</u>
Total	<u>\$ 1,956,258</u>	<u>\$ 1,692,222</u>	<u>\$ 1,207,977</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to diversify credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

<u>Items</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Derivative instruments	<u>\$ -</u>	<u>\$ 5,392</u>	<u>\$ -</u>

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	<u>(\$ 1,506)</u>	<u>(\$ 385)</u>
	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	<u>\$ 9,165</u>	<u>\$ 3,241</u>

- B. The Group has no financial assets at fair value through profit or loss pledged to others.
- C. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

Derivative instruments	December 31, 2022	
	Contract amount (notional principal) (In thousands)	Maturity date of the contract
Current items:		
Cross currency swap	USD 2,000	2023.1.17
Cross currency swap	USD 2,000	2023.2.23
Forward exchange contracts	USD 2,000	2023.1.17
Forward exchange contracts	USD 2,000	2023.1.17
Forward exchange contracts	USD 2,000	2023.2.14
Forward exchange contracts	USD 2,000	2023.2.14
Forward exchange contracts	USD 2,000	2023.2.23
Forward exchange contracts	USD 2,000	2023.3.3
Forward exchange contracts	USD 2,000	2023.3.27

(a) Cross currency swap

The Group entered into cross currency swap contracts which were exchange swap transactions between foreign currencies to hedge the volatility risk of the exchange rate. However, these cross currency swap contracts are not accounted for under hedge accounting.

(b) Forward foreign exchange contracts

The Group entered into forward foreign exchange contracts to sell USD to hedge the volatility risk of the exchange rate. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(3) Financial assets at amortized cost

Items	June 30, 2023	December 31, 2022	June 30, 2022
Current items:			
Time deposits with maturity over three months	\$ 190,166	\$ 268,951	\$ 243,144
Special-purpose demand deposits	12	12	12
Total	<u>\$ 190,178</u>	<u>\$ 268,963</u>	<u>\$ 243,156</u>

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Three months ended June 30,	
	2023	2022
Interest income	\$ 1,122	\$ 1,179

	Six months ended June 30,	
	2023	2022
Interest income	\$ 2,297	\$ 2,268

B. As at June 30, 2023, December 31, 2022 and June 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group were \$190,178, \$268,963 and \$243,156, respectively.

C. The Group has no financial assets at amortized cost pledged to others.

D. Information on financial assets at amortized cost relating to credit risk is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

E. The special-purpose demand deposits refer to the Group's certain self-owned capital deposited into the trust account which is restricted only for the purpose of equity investments.

(4) Accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	\$ 614,841	\$ 602,605	\$ 612,889
Accounts receivable due from related parties	-	-	535
Less: Loss allowance	(184)	(186)	(184)
	<u>\$ 614,657</u>	<u>\$ 602,419</u>	<u>\$ 613,240</u>

A. The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Not past due	\$ 613,506	\$ 592,273	\$ 581,036
Up to 30 days	1,317	9,945	3,491
31 to 90 days	18	387	28,897
	<u>\$ 614,841</u>	<u>\$ 602,605</u>	<u>\$ 613,424</u>

The above ageing analysis was based on past due date.

B. As of June 30, 2023, December 31, 2022 and June 30, 2022, accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$445,369.

C. The Group does not hold any collateral as security.

D. As at June 30, 2023, December 31, 2022 and June 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$614,657, \$602,419 and \$613,240, respectively.

E. Information on accounts receivable relating to credit risk is provided in Note 12(2).

(5) Inventories

	June 30, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 114,006	(\$ 1,015)	\$ 112,991
Work in progress	16,034	(244)	15,790
Finished goods	136,759	(11,857)	124,902
Total	<u>\$ 266,799</u>	<u>(\$ 13,116)</u>	<u>\$ 253,683</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 203,438	(\$ 1,244)	\$ 202,194
Work in progress	33,401	(250)	33,151
Finished goods	151,411	(17,444)	133,967
Total	<u>\$ 388,250</u>	<u>(\$ 18,938)</u>	<u>\$ 369,312</u>
	June 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 289,220	(\$ 1,700)	\$ 287,520
Work in progress	26,698	(251)	26,447
Finished goods	240,958	(27,540)	213,418
Total	<u>\$ 556,876</u>	<u>(\$ 29,491)</u>	<u>\$ 527,385</u>

A. The cost of inventories recognized as expense for the period:

	Three months ended June 30,	
	2023	2022
Cost of goods sold	\$ 721,599	\$ 894,268
Inventory valuation loss (gain on reversal of market value decline of inventories) (Note)	5,775 (15,208)
Others	(633)	(604)
Total	<u>\$ 726,741</u>	<u>\$ 878,456</u>

	Six months ended June 30,	
	2023	2022
Cost of goods sold	\$ 1,468,418	\$ 1,661,499
(Gain on reversal of market value decline of inventories) inventory valuation loss (Note)	(5,822)	893
Others	(1,371)	(997)
Total	<u>\$ 1,461,225</u>	<u>\$ 1,661,395</u>

Note: The gain from price recovery was caused by the reversal of allowance for inventory which were subsequently scrapped or sold.

B. The Group has no inventories pledged to others.

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

Items	June 30, 2023	December 31, 2022	June 30, 2022
Non-current items:			
Debt instruments			
Government bonds	\$ 91,890	\$ 90,519	\$ 87,060
Valuation adjustment	(3,583)	(4,022)	(1,949)
Subtotal	<u>88,307</u>	<u>86,497</u>	<u>85,111</u>
Equity instruments			
Listed stocks	1,762,277	2,164,690	2,185,005
Unlisted stocks	<u>53,590</u>	<u>3,590</u>	<u>3,590</u>
	1,815,867	2,168,280	2,188,595
Valuation adjustment	<u>1,464,696</u>	<u>50,750</u>	<u>216,147</u>
Subtotal	<u>3,280,563</u>	<u>2,219,030</u>	<u>2,404,742</u>
Total	<u>\$ 3,368,870</u>	<u>\$ 2,305,527</u>	<u>\$ 2,489,853</u>

A. The Group has elected to classify abovementioned government bonds and shares that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$3,368,870, \$2,305,527 and \$2,489,853 as at June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

- B. In line with the Group's financial management plan, the Group sold \$180,675, \$214,875, \$526,945 and \$214,875 of equity instrument investments at fair value during the three months and six months ended June 30, 2023 and 2022, and the gain on disposal were \$66,110, \$17,690, \$124,532 and \$17,690, respectively.
- C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ <u>585,589</u>	(\$ <u>171,458</u>)
Cumulative gains reclassified to retained earnings due to derecognition	\$ <u>70,247</u>	\$ <u>17,690</u>
Dividend income recognized in profit or loss Held at end of period	\$ <u>422</u>	\$ <u>-</u>
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ <u>550</u>)	(\$ <u>1,949</u>)
Interest income recognized in profit or loss	\$ <u>530</u>	\$ <u>105</u>
	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ <u>1,538,478</u>	(\$ <u>137,677</u>)
Cumulative gains reclassified to retained earnings due to derecognition	\$ <u>124,532</u>	\$ <u>17,690</u>
Dividend income recognized in profit or loss Held at end of period	\$ <u>422</u>	\$ <u>-</u>
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ <u>439</u>	(\$ <u>1,949</u>)
Interest income recognized in profit or loss	\$ <u>1,056</u>	\$ <u>105</u>

- D. As of June 30, 2023, December 31, 2022 and June 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$88,307, \$86,497 and \$85,111, respectively.
- E. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.
- F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(7) Investments accounted for using equity method

	June 30, 2023		December 31, 2022		June 30, 2022	
	Shareholding		Shareholding		Shareholding	
	Book value	ratio	Book value	ratio	Book value	ratio
Associate:						
Tien Da Investment Co., Ltd. (Tien Da)	247,512	29.85%	216,815	29.85%	182,744	29.85%
Teco Image Systems Co., Ltd. (Teco Image)	<u>703,763</u>	29.69%	<u>637,887</u>	29.69%	<u>704,460</u>	29.69%
	<u>\$ 951,275</u>		<u>\$ 854,702</u>		<u>\$ 887,204</u>	
	Three months ended June 30,					
	2023			2022		
	Share of profit of associates accounted for using equity method, net			Share of loss of associates accounted for using equity method, net		Other comprehensive income (loss) after tax
Associate:						
Tien Da Investment Co., Ltd. (Tien Da)	\$ 6,297		\$ 10,156	(\$ 250)		\$ 118
Teco Image Systems Co., Ltd. (Teco Image)	<u>3,083</u>		<u>32,320</u>	<u>(5,179)</u>		<u>(22,524)</u>
	<u>\$ 9,380</u>		<u>\$ 42,476</u>	<u>(\$ 5,429)</u>		<u>(\$ 22,406)</u>

	Six months ended June 30,			
	2023		2022	
	Share of profit (loss) of associates accounted for using equity method, net	Other comprehensive income after tax	Share of loss of associates accounted for using equity method, net	Other comprehensive loss after tax
Associate:				
Tien Da Investment Co., Ltd. (Tien Da)	\$ 6,133	\$ 30,967	(\$ 514)	(\$ 17,321)
Teco Image Systems Co., Ltd. (Teco Image)	(12,507)	94,774	(14,822)	(24,788)
	<u>(\$ 6,374)</u>	<u>\$ 125,741</u>	<u>(\$ 15,336)</u>	<u>(\$ 42,109)</u>

A. The basic information of the associate that is material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		June 30, 2023	December 31, 2022		
Teco Image Systems Co., Ltd.	Taiwan	29.69%	29.69%	Strategic investment	Equity method

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		June 30, 2022			
Teco Image Systems Co., Ltd.	Taiwan	29.69%		Strategic investment	Equity method

B. The summarized financial information of the associate that is material to the Group is as follows:

Balance sheet

	Teco Image Systems Co., Ltd.		
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current assets	\$ 789,666	\$ 1,049,308	\$ 927,909
Non-current assets	2,576,280	1,969,234	2,024,927
Current liabilities	(628,280)	(835,424)	(886,584)
Non-current liabilities	(105,301)	(106,127)	(28,325)
Total net assets	<u>\$ 2,632,365</u>	<u>\$ 2,076,991</u>	<u>\$ 2,037,927</u>
Share in associate's net assets	\$ 671,786	\$ 605,910	\$ 602,483
Goodwill	<u>31,977</u>	<u>31,977</u>	<u>101,977</u>
Carrying amount of the associate	<u>\$ 703,763</u>	<u>\$ 637,887</u>	<u>\$ 704,460</u>

Statement of comprehensive income

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue	<u>\$ 364,141</u>	<u>\$ 467,645</u>
Profit (loss) for the period from continuing operations	\$ 20,775	(\$ 2,850)
Other comprehensive income (loss), net of tax	<u>220,755</u>	<u>(116,842)</u>
Total comprehensive income (loss)	<u>\$ 241,530</u>	<u>(\$ 119,692)</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>
	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue	<u>\$ 612,535</u>	<u>\$ 811,599</u>
Loss for the period from continuing operations	(19,114)	(28,453)
Other comprehensive income (loss), net of tax	<u>631,913</u>	<u>(111,337)</u>
Total comprehensive income (loss)	<u>\$ 612,799</u>	<u>(\$ 139,790)</u>
Dividends received from associates	<u>\$ 17,038</u>	<u>\$ -</u>

- C. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of June 30, 2023, December 31, 2022 and June 30, 2022, the carrying amount of the Group's individually immaterial associates, Tien Da, amounted to \$247,512, \$216,815 and \$182,744, respectively.

	Three months ended June 30,	
	2023	2022
Profit (loss) for the period from continuing operations	\$ 6,297	(\$ 250)
Other comprehensive income, net of tax	10,156	118
Total comprehensive income (loss)	<u>\$ 16,453</u>	<u>(\$ 132)</u>
	Six months ended June 30,	
	2023	2022
Profit (loss) for the period from continuing operations	\$ 6,133	(\$ 514)
Other comprehensive income (loss), net of tax	30,967	(17,321)
Total comprehensive income (loss)	<u>\$ 37,100</u>	<u>(\$ 17,835)</u>

- D. The Group's material associate, Teco Image, has quoted market prices. As of June 30, 2023, December 31, 2022 and June 30, 2022, the fair value was \$678,182, \$559,584 and \$497,779, respectively.
- E. The Group is the single largest shareholder of Teco Image with a 29.69% equity interest. Taking into consideration the extent of other shareholders' participation in previous shareholders' meeting of Teco Image and the voting right record of significant proposals, which indicates that the Group has no current ability to direct the relevant activities of Teco Image, the Group has no control, but only has significant influence, over the investee.
- F. The Group has no investments accounted for using equity method pledged to others.

(8) Property, plant and equipment

2023

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
<u>At January 1</u>							
Cost	\$ 620,503	\$ 962,030	\$ 49,135	\$ 31,062	\$ 18,005	\$ 7,943	\$ 1,688,678
Accumulated depreciation and impairment	(513,076)	(904,496)	(42,379)	(24,514)	(14,099)	-	(1,498,564)
	<u>\$ 107,427</u>	<u>\$ 57,534</u>	<u>\$ 6,756</u>	<u>\$ 6,548</u>	<u>\$ 3,906</u>	<u>\$ 7,943</u>	<u>\$ 190,114</u>
Opening net book value as at January 1	\$ 107,427	\$ 57,534	\$ 6,756	\$ 6,548	\$ 3,906	\$ 7,943	\$ 190,114
Additions	-	-	-	-	338	1,765	2,103
Transfers	-	1,592	-	-	-	(1,592)	-
Depreciation	(8,264)	(14,052)	(1,119)	(969)	(572)	-	(24,976)
Net exchange differences	(2,500)	(1,026)	(37)	(141)	(89)	(205)	(3,998)
Closing net book value as at June 30	<u>\$ 96,663</u>	<u>\$ 44,048</u>	<u>\$ 5,600</u>	<u>\$ 5,438</u>	<u>\$ 3,583</u>	<u>\$ 7,911</u>	<u>\$ 163,243</u>
<u>At June 30</u>							
Cost	\$ 604,789	\$ 940,322	\$ 47,752	\$ 28,960	\$ 17,589	\$ 7,911	\$ 1,647,323
Accumulated depreciation and impairment	(508,126)	(896,274)	(42,152)	(23,522)	(14,006)	-	(1,484,080)
	<u>\$ 96,663</u>	<u>\$ 44,048</u>	<u>\$ 5,600</u>	<u>\$ 5,438</u>	<u>\$ 3,583</u>	<u>\$ 7,911</u>	<u>\$ 163,243</u>

2022

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
<u>At January 1</u>							
Cost	\$ 610,996	\$ 967,435	\$ 48,181	\$ 31,665	\$ 14,371	\$ 2,498	\$ 1,675,146
Accumulated depreciation and impairment	(488,963)	(879,214)	(42,320)	(23,311)	(13,351)	-	(1,447,159)
	<u>\$ 122,033</u>	<u>\$ 88,221</u>	<u>\$ 5,861</u>	<u>\$ 8,354</u>	<u>\$ 1,020</u>	<u>\$ 2,498</u>	<u>\$ 227,987</u>
Opening net book value as at January 1	\$ 122,033	\$ 88,221	\$ 5,861	\$ 8,354	\$ 1,020	\$ 2,498	\$ 227,987
Additions	-	10,514	655	-	345	1,649	13,163
Transfers	-	951	-	-	118	(1,069)	-
Depreciation	(8,336)	(22,619)	(1,120)	(978)	(275)	-	(33,328)
Net exchange differences	2,226	1,623	35	155	18	39	4,096
Closing net book value as at June 30	<u>\$ 115,923</u>	<u>\$ 78,690</u>	<u>\$ 5,431</u>	<u>\$ 7,531</u>	<u>\$ 1,226</u>	<u>\$ 3,117</u>	<u>\$ 211,918</u>
<u>At June 30</u>							
Cost	\$ 621,803	\$ 993,830	\$ 46,810	\$ 31,079	\$ 15,017	\$ 3,117	\$ 1,711,656
Accumulated depreciation and impairment	(505,880)	(915,140)	(41,379)	(23,548)	(13,791)	-	(1,499,738)
	<u>\$ 115,923</u>	<u>\$ 78,690</u>	<u>\$ 5,431</u>	<u>\$ 7,531</u>	<u>\$ 1,226</u>	<u>\$ 3,117</u>	<u>\$ 211,918</u>

- A. The aforementioned property, plant and equipment were all for its own use.
- B. The Group has no property, plant and equipment pledged as a collateral or no interest was capitalized as part of property, plant and equipment.

(9) Leasing arrangements - lessee

- A. The Group leases various assets including land use right, buildings and business vehicles. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise certain buildings and transportation equipment.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Land use right	Buildings	Transportation equipment	Total
At January 1, 2023	\$ 36,814	\$ 15,623	\$ 825	\$ 53,262
Additions	-	90	-	90
Depreciation	(535)	(5,543)	(412)	(6,490)
Net exchange differences	(918)	(4)	-	(922)
At June 30, 2023	<u>\$ 35,361</u>	<u>\$ 10,166</u>	<u>\$ 413</u>	<u>\$ 45,940</u>

	Land use right	Buildings	Transportation equipment	Total
At January 1, 2022	\$ 37,304	\$ 23,508	\$ 1,649	\$ 62,461
Additions	-	3,162	-	3,162
Depreciation	(540)	(5,527)	(412)	(6,479)
Net exchange differences	664	13	-	677
At June 30, 2022	<u>\$ 37,428</u>	<u>\$ 21,156</u>	<u>\$ 1,237</u>	<u>\$ 59,821</u>

- D. The information on income and expense relating to lease contracts is as follows:

	Three months ended June 30,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 72	\$ 142
Expense on short-term lease contracts	18	18

	Six months ended June 30,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 160	\$ 318
Expense on short-term lease contracts	36	36

E. For the six months ended June 30, 2023 and 2022, the Group's total cash outflow for leases was \$6,313 and \$6,309, respectively.

F. On June 29, 2007, the Group signed a land use right contract with Gaoxin branch of the Bureau of Land and Resources Bureau in Nanchang City, Jiangxi Province, People's Republic of China with a term of 50 years. All rentals had been paid on the contract date. The aforementioned amounts were recognized in right-of-use assets — land use right.

(10) Short-term borrowings

<u>Type of borrowings</u>	<u>June 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 550,000	1.7% ~ 1.82%	None
Secured borrowings	<u>750,000</u>	1.69% ~ 1.723%	Stock
	<u>\$ 1,300,000</u>		

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 600,000	1.68% ~ 1.75%	None
Secured borrowings	<u>750,000</u>	1.30% ~ 1.75%	Stock
	<u>\$ 1,350,000</u>		

<u>Type of borrowings</u>	<u>June 30, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 650,000	1.17% ~ 1.28%	None
Secured borrowings	<u>750,000</u>	0.90% ~ 1.30%	Stock
	<u>\$ 1,400,000</u>		

For the three months and six months ended June 30, 2023 and 2022, the Group's interest expense recognized in profit or loss amounted to \$5,750, \$4,387, \$10,641 and \$9,168 respectively.

(11) Financial liabilities at fair value through profit or loss

Items	June 30, 2023	December 31, 2022	June 30, 2022
Current items:			
Financial liabilities mandatorily measured at fair value through profit or loss			
Derivative instruments	\$ 40,715	\$ 746	\$ 541

A. Amounts recognized in profit or loss in relation to financial liabilities at fair value through profit or loss are listed below:

	Three months ended June 30,	
	2023	2022
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	(\$ 52,718)	(\$ 16,940)

	Six months ended June 30,	
	2023	2022
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	(\$ 62,209)	(\$ 17,449)

B. The Group entered into contracts relating to derivative financial liabilities which were not accounted for under hedge accounting. The information is listed below:

	June 30, 2023		December 31, 2022	
Derivative instruments	Contract amount (notional principal) (In thousands)	Maturity date of the contract	Contract amount (notional principal) (In thousands)	Maturity date of the contract
Current items:				
Cross currency swap	USD 2,000	2023.7.13	USD 2,000	2023.2.14
Cross currency swap	USD 2,000	2023.7.13	USD 2,000	2023.2.14
Cross currency swap	USD 2,000	2023.7.13	USD 2,000	2023.2.23
Cross currency swap	USD 2,000	2023.8.14	USD 2,000	2023.3.3
Cross currency swap	USD 2,000	2023.8.14	-	-

(a) Cross currency swap

The Group entered into cross currency swap contracts which were exchange swap transactions between foreign currencies to hedge the volatility risk of the exchange rate. However, these cross currency swap contracts are not accounted for under hedge accounting.

(b) Forward foreign exchange contracts

The Group entered into forward foreign exchange contracts to sell USD to hedge the volatility risk of the exchange rate. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(12) Other payables

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accrued employees' compensation and directors' remuneration	\$ 16,625	\$ 58,295	\$ 41,645
Royalties payable	52,191	52,191	52,191
Bonus payable	53,832	82,557	38,016
Wages and salaries payable	29,026	25,098	34,516
Service fees payable	5,733	7,422	4,837
Freight payable	2,558	3,263	3,928
Payables on equipment	3,598	4,940	2,609
Dividend payable	-	-	182,080
Others	41,353	49,644	40,670
	<u>\$ 204,916</u>	<u>\$ 283,410</u>	<u>\$ 400,492</u>

(13) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. In May 2022 and July 2023, the Department of Labor, Taipei City Government approved that the Company cease contributing to the retirement fund temporarily for 2023 and 2024, respectively.

- (b) For the aforementioned pension plan, no pension cost was recognized for the three months and six months ended June 30, 2023 and 2022.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$0.
- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s mainland China subsidiaries, Nanchang Creative Sensor Technology Co., Ltd. and Wuxi Creative Sensor Technology Co., Ltd., have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) The pension costs under the defined contribution pension plans of the Group for the three months and six months ended June 30, 2023 and 2022 were \$5,603, \$4,734, \$11,458 and \$9,641, respectively.

(14) Share-based payment

- A. For the six months ended June 30, 2023 and 2022, the Group’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Treasury shares transferred to employees	2022/5/11	1,500,000	NA	Vested immediately
Treasury shares transferred to employees	2023/4/12	1,670,000	NA	Vested immediately

The above share-based payment arrangements are settled by equity.

B. Details of the share-based payment arrangements are as follows:

	<u>Six months ended June 30, 2023</u>	
	No. of options	Weighted-average exercise price (in dollars)
Options granted	1,670,000	\$ 26.33
Options exercised	(1,661,000)	26.33
Options expired	(9,000)	26.33
Options outstanding at June 30	<u>-</u>	

	<u>Six months ended June 30, 2022</u>	
	No. of options	Weighted-average exercise price (in dollars)
Options granted	1,500,000	\$ 28.86
Options exercised	(1,250,000)	28.86
Options expired	(250,000)	28.86
Options outstanding at June 30	<u>-</u>	

C. The weighted-average stock price of stock options at exercise dates for the six months ended June 30, 2023 and 2022 was \$30.2 and \$22.95, respectively.

D. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Treasury shares transferred to employees	2022/5/11	\$ 21.30	\$ 28.86	15.77% (Note 1)	0.08 years	0.59%	\$ -
Treasury shares transferred to employees	2023/4/12	\$ 31.90	\$ 26.33	27.26% (Note 2)	0.08 years	1.09%	\$ 5.5974

Note1: Expected price volatility rate was estimated by using the daily historical stock price fluctuation data for the last three months before the given date.

Note2: Expected price volatility rate was estimated by using the daily historical stock price fluctuation data for the last one month before the given date.

E. Expenses incurred on share-based payment transactions are shown below:

	Six months ended June 30,	
	2023	2022
Equity-settled	\$ 9,347	\$ -

(15) Capital stock

- A. As of June 30, 2023, the Company's authorized capital was \$2,500,000, consisting of 250 million shares of ordinary stock (including 15 million shares reserved for employee stock options), and the paid-in capital was \$1,490,550, consisting of 149,055,000 shares of ordinary stock issued (including 22 million shares of private placement stock) with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. For the six months ended June 30, 2023 and 2022, movements in the number of the ordinary shares outstanding are as follows:

	2023	2022
At January 1	141,312,000	140,062,000
Employee stock options exercised	1,661,000	1,250,000
At June 30	142,973,000	141,312,000

C. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	June 30, 2023	
		Number of shares	Carrying amount
The Company	To be transferred to employees	6,082,000	\$ 179,746

		December 31, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be transferred to employees	7,743,000	\$ 223,481

		June 30, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be transferred to employees	7,743,000	\$ 223,481

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.
- (e) The Board of Directors of the Company resolved to reissue 1,670,000 and 1,500,000 treasury shares to employees on April 12, 2023 and May 11, 2022, respectively. The actual treasury shares reissued amounted to 1,661,000 shares and 1,250,000 shares. Refer to Note 6(14).

D. The number of Company's shares held by the Company's associate - Teco Image Systems Co., Ltd. was 28,906,260 shares as of June 30, 2023.

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:

- (a) Pay all taxes.
- (b) Cover accumulated deficit.
- (c) Set aside 10% for legal reserve until the legal reserve equals the total capital stock balance.
- (d) Set aside or reverse special reserve in accordance with related regulations.
- (e) The appropriation of the amount of distributable earnings after deducting items from (a) to (d), along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and resolved by the shareholders.

The Company operates in a steady growth environment. Since the Company has plans for plant expansion and reinvestment, the current distributable earnings shall be appropriated as shareholders' bonus that account for 80% of the amount. Dividends to shareholders in the form of cash shall generally account for 50% but shall account for at least 5% of total dividends distributed.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. Details of 2022 and 2021 earnings appropriations resolved by the stockholders on May 31, 2023 and June 10, 2022, respectively, are as follows:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 38,795		\$ 35,197	
Cash dividends	268,493	\$ 1.9	182,080	\$ 1.3
Total	<u>\$ 307,288</u>		<u>\$ 217,277</u>	

Abovementioned distribution of 2022 earnings is consistent with the proposal of the Board of Directors of the Company on March 13, 2023.

Information about earnings appropriation as resolved at the Board of Directors' and stockholders' meetings will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(18) Other equity items

	2023		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 38,711)	\$ 72,660	\$ 33,949
Valuation adjustment:			
— Group	1,538,917	-	1,538,917
— Associates	126,016	-	126,016
Revaluation transferred to retained earnings:			
— Group	(120,395)	-	(120,395)
— Associates	(297)	-	(297)
Revaluation transferred to retained earnings-tax:			
— Group	(4,137)	-	(4,137)
Currency translation differences:			
— Group	-	(36,102)	(36,102)
— Associates	-	(275)	(275)
At June 30	<u>\$ 1,501,393</u>	<u>\$ 36,283</u>	<u>\$ 1,537,676</u>

	2022		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	\$ 317,668	\$ 51,234	\$ 368,902
Valuation adjustment:			
— Group	(139,626)	-	(139,626)
— Associates	(42,739)	-	(42,739)
Revaluation transferred to retained earnings:			
— Group	(17,690)	-	(17,690)
— Associates	(91)	-	(91)
Currency translation differences:			
— Group	-	24,647	24,647
— Associates	-	630	630
At June 30	<u>\$ 117,522</u>	<u>\$ 76,511</u>	<u>\$ 194,033</u>

(19) Operating revenue

	Three months ended June 30,	
	2023	2022
Revenue from contracts with customers	<u>\$ 905,563</u>	<u>\$ 1,083,144</u>

	Six months ended June 30,	
	2023	2022
Revenue from contracts with customers	<u>\$ 1,806,424</u>	<u>\$ 1,970,792</u>

The Group derives revenue from the following major geographical regions:

	Three months ended				
	June 30, 2023	China	Thailand	Philippines	Others
Revenue from external customer contracts	<u>\$ 487,620</u>	<u>\$ 55,120</u>	<u>\$ 139,196</u>	<u>\$ 223,627</u>	<u>\$ 905,563</u>
	Three months ended				
	June 30, 2022	China	Thailand	Philippines	Others
Revenue from external customer contracts	<u>\$ 566,038</u>	<u>\$ 136,444</u>	<u>\$ 109,822</u>	<u>\$ 270,840</u>	<u>\$ 1,083,144</u>

Six months ended June 30, 2023	China	Thailand	Philippines	Others	Total
Revenue from external customer contracts	\$ 984,364	\$ 183,105	\$ 204,178	\$ 434,777	\$ 1,806,424

Six months ended June 30, 2022	China	Thailand	Philippines	Others	Total
Revenue from external customer contracts	\$ 1,056,227	\$ 186,834	\$ 213,243	\$ 514,488	\$ 1,970,792

The Group derives revenue from the transfer of goods and services at a point in time.

(20) Interest income

	Three months ended June 30,	
	2023	2022
Interest income from bank deposits	\$ 8,783	\$ 538
Interest income from financial assets measured at amortized cost	1,122	1,179
Interest income from financial assets at fair value through other comprehensive income	530	105
	<u>\$ 10,435</u>	<u>\$ 1,822</u>

	Six months ended June 30,	
	2023	2022
Interest income from bank deposits	\$ 10,880	\$ 901
Interest income from financial assets measured at amortized cost	2,297	2,268
Interest income from financial assets at fair value through other comprehensive income	1,056	105
	<u>\$ 14,233</u>	<u>\$ 3,274</u>

(21) Other income

	Three months ended June 30,	
	2023	2022
Government grants	\$ 85	\$ 9,678
Rental revenue	822	688
Dividend income	422	-
Other income	801	849
	<u>\$ 2,130</u>	<u>\$ 11,215</u>

	Six months ended June 30,	
	2023	2022
Government grants	\$ 1,855	\$ 9,678
Rental revenue	1,498	1,362
Dividend income	422	-
Other income	6,141	2,203
	<u>\$ 9,916</u>	<u>\$ 13,243</u>

(22) Other gains and losses

	Three months ended June 30,	
	2023	2022
Foreign exchange gains	\$ 53,180	\$ 28,223
Gains on disposal of property, plant and equipment	51	-
Losses on financial assets (liabilities) at fair value through profit or loss	(54,224)	(17,325)
Other gains and losses	(5,394)	(15,294)
	<u>(\$ 6,387)</u>	<u>(\$ 4,396)</u>

	Six months ended June 30,	
	2023	2022
Foreign exchange gains	\$ 37,261	\$ 28,893
Gains on disposal of property, plant and equipment	117	-
Losses on financial assets (liabilities) at fair value through profit or loss	(53,044)	(14,208)
Other gains and losses	(5,683)	(15,582)
	<u>(\$ 21,349)</u>	<u>(\$ 897)</u>

(23) Employee benefit expense, depreciation and amortization

For the three months and six months ended June 30, 2023 and 2022, employee benefit expense, depreciation and amortization categorized by function were summarized as follows:

	Three months ended June 30, 2023		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 69,796	\$ 45,035	\$ 114,831
Labor and health insurance fees	5,672	2,727	8,399
Pension costs	4,018	1,585	5,603
Other personnel expenses	4,861	1,423	6,284
Depreciation	9,831	4,771	14,602
Amortization	2,744	681	3,425
	Three months ended June 30, 2022		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 90,589	\$ 44,572	\$ 135,161
Labor and health insurance fees	8,228	2,449	10,677
Pension costs	3,626	1,108	4,734
Other personnel expenses	5,607	1,601	7,208
Depreciation	14,642	5,205	19,847
Amortization	3,650	516	4,166
	Six months ended June 30, 2023		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 142,021	\$ 82,087	\$ 224,108
Labor and health insurance fees	11,551	5,480	17,031
Pension costs	8,483	2,975	11,458
Other personnel expenses	9,463	2,836	12,299
Depreciation	21,883	9,583	31,466
Amortization	5,779	1,377	7,156

	Six months ended June 30, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 165,416	\$ 76,458	\$ 241,874
Labor and health insurance fees	15,761	4,881	20,642
Pension costs	7,446	2,195	9,641
Other personnel expenses	10,657	2,966	13,623
Depreciation	29,450	10,357	39,807
Amortization	7,736	1,021	8,757

- A. According to the Articles of Incorporation of the Company, the profit before deduction of employees' compensation and directors' remuneration and after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall account for 5%~15% for employees' compensation and shall not be higher than 5% for directors' remuneration.
- B. For the three months and six months ended June 30, 2023 and 2022, employees' compensation were accrued at \$5,997, \$9,021, \$12,469 and \$12,421, respectively; directors' remuneration were accrued at \$1,999, \$3,007, \$4,156 and \$4,140, respectively. The aforementioned amounts were recognized in salary expenses, and estimated based on the current profit.

The employees' compensation and directors' remuneration for 2022 resolved by the Board of Directors were in agreement with the amounts recorded in the 2022 financial statements of \$43,721 and \$14,574, respectively. Employees' compensation would be distributed in the form of cash.

Information about employees' compensation and directors' remuneration of the Company as approved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended June 30,	
	2023	2022
Current tax:		
Current tax on profit for the period	\$ 52,504	\$ 33,106
Tax imposed on undistributed surplus earnings	2,620	6,734
Prior year income tax underestimation	3,794	2,725
Total current tax	<u>58,918</u>	<u>42,565</u>
Deferred tax:		
Origination and reversal of temporary differences	(16,136)	11,232
Income tax charge relating to components of other comprehensive income	(4,137)	-
Effect of exchange rate	(158)	(17)
Total deferred tax	<u>(20,431)</u>	<u>11,215</u>
Income tax expense	<u>\$ 38,487</u>	<u>\$ 53,780</u>
	Six months ended June 30,	
	2023	2022
Current tax:		
Current tax on profit for the period	\$ 73,661	\$ 46,616
Tax imposed on undistributed surplus earnings	2,620	6,734
Prior year income tax under estimation	4,236	2,363
Total current tax	<u>80,517</u>	<u>55,713</u>
Deferred tax:		
Origination and reversal of temporary differences	(17,706)	4,446
Income tax charge relating to components of other comprehensive income	(4,137)	-
Effect of exchange rate	(128)	343
Total deferred tax	<u>(21,971)</u>	<u>4,789</u>
Income tax expense	<u>\$ 58,546</u>	<u>\$ 60,502</u>

B. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(25) Earnings per share

	<u>Three months ended June 30, 2023</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings per</u>
	<u>after tax</u>	<u>number of ordinary</u>	<u>share (in dollars)</u>
		<u>shares outstanding</u>	
		<u>(shares in thousands)</u>	
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 53,890</u>	<u>113,063</u>	<u>\$ 0.48</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 53,890	113,063	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>397</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 53,890</u>	<u>113,460</u>	<u>\$ 0.47</u>
	<u>Three months ended June 30, 2022</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings per</u>
	<u>after tax</u>	<u>number of ordinary</u>	<u>share (in dollars)</u>
		<u>shares outstanding</u>	
		<u>(shares in thousands)</u>	
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 66,027</u>	<u>111,444</u>	<u>\$ 0.59</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 66,027	111,444	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>561</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 66,027</u>	<u>112,005</u>	<u>\$ 0.59</u>

Six months ended June 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 101,494	112,736	\$ 0.90
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 101,494	112,736	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	-	983	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 101,494	113,719	\$ 0.89
Six months ended June 30, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 90,643	111,301	\$ 0.81
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 90,643	111,301	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	-	903	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 90,643	112,204	\$ 0.81

The Company applies the equity method for the mutual shareholding of shares with Teco Image Systems Co., Ltd. and applies the treasury stock method for investments on Teco Image Systems Co., Ltd.. In calculating earnings per share, the Company recognizes Teco Image Systems Co., Ltd.'s shareholding as treasury shares which is a deduction from equity.

(26) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Six months ended June 30,	
	2023	2022
Purchase of property, plant and equipment	\$ 2,103	\$ 13,163
Add: Opening balance of payable on equipment	4,940	4,421
Less: Ending balance of payable on equipment	(3,598)	(2,609)
Cash paid during the period	<u>\$ 3,445</u>	<u>\$ 14,975</u>

B. Investing activities with partial cash collections:

	Six months ended June 30,	
	2023	2022
Disposal of property, plant and equipment	\$ 117	\$ -
Less: Ending balance of receivable on equipment	(3)	-
Cash received during the period	<u>\$ 114</u>	<u>\$ -</u>

	Six months ended June 30,	
	2023	2022
Disposal of financial assets at fair value through other comprehensive income	\$ 526,945	\$ 214,875
Less: Ending balance of receivable on shares	(1,857)	(87,150)
Cash received during the period	<u>\$ 525,088</u>	<u>\$ 127,725</u>

C. Financing activities with no cash flow effects:

	Six months ended June 30,	
	2023	2022
Dividend payable	<u>\$ -</u>	<u>\$ 182,080</u>

(27) Changes in liabilities from financing activities

	2023		
	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 1,350,000	\$ 17,097	\$ 1,367,097
Changes in cash flow from financing activities	(50,000)	(6,117)	(56,117)
Increase in lease liabilities	-	90	90
Interest amortized in lease liabilities	-	160	160
Interest paid in lease liabilities	-	(160)	(160)
Impact of changes in foreign exchange rate	-	(8)	(8)
At June 30	<u>\$ 1,300,000</u>	<u>\$ 11,062</u>	<u>\$ 1,311,062</u>
	2022		
	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 1,734,800	\$ 25,920	\$ 1,760,720
Changes in cash flow from financing activities	(334,800)	(5,955)	(340,755)
Increase in lease liabilities	-	3,162	3,162
Interest amortized in lease liabilities	-	318	318
Interest paid in lease liabilities	-	(318)	(318)
Impact of changes in foreign exchange rate	-	12	12
At June 30	<u>\$ 1,400,000</u>	<u>\$ 23,139</u>	<u>\$ 1,423,139</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Koryo Electronics Co., Ltd.	The Group's key management
Teco Image Systems Co., Ltd.	Associate
Teco Image Systems (DongGuan) Co., Ltd.	Associate
Tien Da Investment Co., Ltd.	Associate

(2) Significant related party transactions and balances

A. Operating revenue

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Sales of goods:		
– The Group's key management	<u>\$ -</u>	<u>\$ 445</u>
	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Sales of goods:		
– The Group's key management	<u>\$ -</u>	<u>\$ 1,771</u>

Due to the different products sold, there is no relevant sales price for comparison, and the sales price of aforementioned related parties is determined based on the terms and conditions as negotiated with related parties. The credit term is 30 days after monthly billing upon shipment of goods, which is not significantly different from the terms to non-related parties.

B. Purchases

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Purchases of goods:		
– The Group's key management		
– Koryo Electronics	<u>\$ 859</u>	<u>\$ 2,021</u>
	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Sales of goods:		
– The Group's key management	<u>\$ 859</u>	<u>\$ 2,594</u>

Except that there is no similar type of transaction for reference, purchases from aforementioned related parties are based on the price lists in force and terms negotiated with related parties that would be available to third parties. The term is 60 days after monthly billing upon purchases.

C. Receivables from related parties

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts receivable:			
– The Group’s key management			
– Koryo Electronics	\$ -	\$ -	\$ 535

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Other accounts receivable:			
– Associates			
– Teco Image Systems Co., Ltd.	\$ 13	\$ -	\$ -

D. Payables to related parties

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts payable:			
– The Group’s key management			
– Koryo Electronics	\$ 861	\$ 1,665	\$ 2,118

The payables bear no interest.

E. Other income

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Associates	\$ 18	\$ -

	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Associates	\$ 42	\$ -

F. Key management compensation

	2023	2022
Short-term employee benefits	\$ 7,796	\$ 9,706
Share-based payments	2,127	-
	<u>\$ 9,923</u>	<u>\$ 9,706</u>
	<u>Six months ended June 30,</u>	
	2023	2022
Short-term employee benefits	\$ 27,639	\$ 20,589
Share-based payments	2,127	-
	<u>\$ 29,766</u>	<u>\$ 20,589</u>

8. PLEGGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value			Purpose
	June 30, 2023	December 31, 2022	June 30, 2022	
Non-current financial assets at fair value through other comprehensive income	<u>\$ 2,398,500</u>	<u>\$ 1,239,750</u>	<u>\$ 1,343,250</u>	Short-term borrowings

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There is no significant change in this period. Refer to Note 12 to the consolidated financial statements as of and for the year ended December 31, 2022 for the related information.

(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ 5,392	\$ -
Financial assets at fair value through other comprehensive income			
Designation of equity instruments	3,280,563	2,219,030	2,404,742
Qualifying debt instrument	88,307	86,497	85,111
Financial assets at amortized cost			
Cash and cash equivalents	1,956,258	1,692,222	1,207,977
Accounts receivable (including related parties)	614,657	602,419	613,240
Other receivables (including related parties)	25,930	6,697	109,383
Guarantee deposits paid	2,085	2,085	2,085
Financial assets at amortized cost	190,178	268,963	243,156
	<u>\$ 6,157,978</u>	<u>\$ 4,883,305</u>	<u>\$ 4,665,694</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities mandatorily measured at fair value through profit or loss	\$ 40,715	\$ 746	\$ 541
Financial liabilities at amortized cost			
Short-term borrowings	1,300,000	1,350,000	1,400,000
Accounts payable (including related parties)	563,316	747,506	740,481
Other payables	204,916	283,410	400,492
	<u>\$ 2,108,947</u>	<u>\$ 2,381,662</u>	<u>\$ 2,541,514</u>
Lease liability (including current and non-current portion)	<u>\$ 11,062</u>	<u>\$ 17,097</u>	<u>\$ 23,139</u>

B. Financial risk management policies

There is no significant change in this period. Refer to Note 12 to the consolidated financial statements as of and for the year ended December 31, 2022 for the related information.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use cross currency swap and forward foreign exchange contracts, transacted with Group treasury.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts and cross currency swap. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and 6(11).
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations are as follows:

June 30, 2023						
Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Sensitivity analysis		
				Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 54,433	31.07	\$ 1,691,233	1%	\$ 16,912	\$ -
RMB : NTD	300	4.30	1,290	1%	13	-
USD : RMB	42,256	7.23	1,312,894	1%	13,129	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 26,687	31.07	\$ 829,165	1%	\$ 8,292	\$ -
USD : RMB	21,629	7.23	672,013	1%	6,720	-

December 31, 2022						
Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis			
			Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 53,451	30.73	\$ 1,642,549	1%	\$ 16,425	\$ -
RMB : NTD	300	4.41	1,323	1%	13	-
USD : RMB	45,612	6.96	1,401,657	1%	14,017	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 33,284	30.73	\$ 1,022,817	1%	\$ 10,228	\$ -
USD : RMB	20,727	6.96	636,941	1%	6,369	-
June 30, 2022						
Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis			
			Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 37,120	29.67	\$ 1,101,350	1%	\$ 11,014	\$ -
RMB : NTD	300	4.42	1,326	1%	13	-
USD : RMB	37,658	6.71	1,117,313	1%	11,173	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 33,994	29.67	\$ 1,008,602	1%	\$ 10,086	\$ -
USD : RMB	24,888	6.71	738,427	1%	7,384	-

- v. The total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group were \$53,180, \$28,223, \$37,261 and \$28,893 for the three months and six months ended June 30, 2023 and 2022, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

- ii. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the six months ended June 30, 2023 and 2022 would have increased/decreased both by \$0, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$336,887 and \$248,985, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost and at fair value through other comprehensive income.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group had no written-off financial assets that are still under recourse procedures.
- viii. The Group's accounts receivable arose from customers with excellent credit, and the expected loss rate was 0.03%. On June 30, 2023, December 31, 2022 and June 30, 2022, the total book value of accounts receivable and loss allowance were \$614,841, \$602,605, \$613,424 and \$184, \$186, \$184, respectively.
- ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2023</u>	<u>2022</u>
	Accounts receivable (including related parties)	Accounts receivable (including related parties)
At January 1	\$ 186	\$ 134
(Reversal) provision for impairment	(2)	50
At June 30	<u>\$ 184</u>	<u>\$ 184</u>

For the six months ended June 30, 2023 and 2022, the impairment losses and gains arising from customers' contracts were (\$2) and \$50, respectively.

- x. For investments in debt instruments at amortized cost, and at fair value through other comprehensive income, the credit rating levels are presented below:

	June 30, 2023			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortized cost	\$ 190,178	\$ -	\$ -	\$ 190,178
Financial assets at fair value through other comprehensive income	\$ 88,307	\$ -	\$ -	\$ 88,307
	December 31, 2022			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortized cost	\$ 268,963	\$ -	\$ -	\$ 268,963
Financial assets at fair value through other comprehensive income	\$ 86,497	\$ -	\$ -	\$ 86,497
	June 30, 2022			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortized cost	\$ 243,156	\$ -	\$ -	\$ 243,156
Financial assets at fair value through other comprehensive income	\$ 85,111	\$ -	\$ -	\$ 85,111

The financial assets at amortized cost held by the Group are all time deposits with maturity over three months and special-purpose demand deposit. The credit risk rating has no significant abnormal situation.

The financial assets at fair value through other comprehensive income held by the Group are all government bonds. The Group assesses the 12 month expected credit loss and lifetime expected credit loss based on the probability of default and default loss provided by external credit rating agencies. The credit risk rating has no significant abnormal situation.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyzes the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

The amounts disclosed in the table are the contractual "undiscounted" cash flows.

Non-derivative financial liabilities

<u>June 30, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>
Short-term borrowings	\$ 1,302,166	\$ -	\$ -
Accounts payable (including related parties)	563,316	-	-
Other payables	204,916	-	-
Lease liability	11,169	-	-

Derivative financial liabilities

<u>June 30, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>
Cross currency swap	\$ 10,503	\$ -	\$ -
Forward foreign exchange contracts	30,212	-	-

Non-derivative financial liabilities

<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>
Short-term borrowings	\$ 1,351,999	\$ -	\$ -
Accounts payable (including related parties)	747,506	-	-
Other payables	283,410	-	-
Lease liability	12,488	4,874	-

Derivative financial liabilities

<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>
Cross currency swap	\$ 638	\$ -	\$ -
Forward foreign exchange contracts	108	-	-

Non-derivative financial liabilities

<u>June 30, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>
Short-term borrowings	\$ 1,401,793	\$ -	\$ -
Accounts payable (including related parties)	740,481	-	-
Other payables	400,492	-	-
Lease liability	12,545	11,090	-

Derivative financial liabilities

<u>June 30, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>
Forward foreign exchange contracts	\$ 541	\$ -	\$ -

- iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates and government bonds with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Groups investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), financial assets at amortized cost-current, guarantee deposits paid, short-term borrowings, accounts payable (including related parties), other payables and lease liability are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information of the nature of the assets and liabilities are as follows:

<u>June 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$3,230,563	\$ -	\$ 50,000	\$3,280,563
Debt instruments	<u>88,307</u>	<u>-</u>	<u>-</u>	<u>88,307</u>
Total	<u>\$3,318,870</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$3,368,870</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 40,715</u>	<u>\$ -</u>	<u>\$ 40,715</u>

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Derivative instruments	\$ -	\$ 5,392	\$ -	\$ 5,392
Financial assets at fair value through other comprehensive income				
Equity securities	2,219,030	-	-	2,219,030
Debt instruments	86,497	-	-	86,497
Total	<u>\$2,305,527</u>	<u>\$ 5,392</u>	<u>\$ -</u>	<u>\$2,310,919</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 746</u>	<u>\$ -</u>	<u>\$ 746</u>
<u>June 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$2,404,742	\$ -	\$ -	\$2,404,742
Debt instruments	85,111	-	-	85,111
Total	<u>\$2,489,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,489,853</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 541</u>	<u>\$ -</u>	<u>\$ 541</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Government bonds
Market quoted price	Closing price	Closing price

- ii Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

D. For the six months ended June 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the six months ended June 30, 2023 and 2022:

	2023	2022
	Equity instrument	Equity instrument
At January 1	\$ -	\$ -
Acquired in the period	50,000	-
At June 30	\$ 50,000	\$ -

F. For the six months ended June 30, 2023 and 2022, there was no transfer into or out from Level 3.

G. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the

exercisable price.

- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at June 30, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Venture capital shares	\$ 50,000	Net asset value	Not applicable	Not applicable	Not applicable

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

According to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, the significant transactions for the six months ended June 30, 2023 are as follows:

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company’s paid-in capital: Refer to table 2.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 3.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: Refer to Notes 6(2), 6(11) and 12(3).
- J. Significant inter-company transactions during the reporting periods: Refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China: Refer to table 5.

(4) Major shareholders information

Major shareholders information: Refer to table 8.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Chief Operating Decision-Maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Six months ended June 30, 2023		
	Single operating segment	Reconciliation and elimination	Total
Reportable segments income			
Revenue from external customers	\$ 1,806,424	\$ -	\$ 1,806,424
Total	\$ 1,806,424	\$ -	\$ 1,806,424
Reportable segments profit	\$ 160,040	\$ -	\$ 160,040
Segments profit, including:			
Interest income	\$ 14,233	\$ -	\$ 14,233
Depreciation and amortization	\$ 38,622	\$ -	\$ 38,622
Share of profit of associates and joint ventures accounted for using equity method	(\$ 6,374)	\$ -	(\$ 6,374)
Income tax expense	\$ 58,546	\$ -	\$ 58,546

	Six months ended June 30, 2022		
	Single operating segment	Reconciliation and elimination	Total
Reportable segments income			
Revenue from external customers	\$ 1,970,792	\$ -	\$ 1,970,792
Total	\$ 1,970,792	\$ -	\$ 1,970,792
Reportable segments profit	\$ 151,145	\$ -	\$ 151,145
Segments profit, including:			
Interest income	\$ 3,274	\$ -	\$ 3,274
Depreciation and amortization	\$ 48,564	\$ -	\$ 48,564
Share of profit of associates and joint venturers accounted for using equity method	(\$ 15,336)	\$ -	(\$ 15,336)
Income tax expense	\$ 60,502	\$ -	\$ 60,502

(3) Reconciliation for segment income

The Group has only one reportable operating segment. The profit and assets of the reportable segment are consistent with that in the consolidated financial statements. Related information is as follows:

	Six months ended June 30,	
	2023	2022
Reportable segments income	\$ 160,040	\$ 151,145
Income before tax from continuing operations	\$ 160,040	\$ 151,145

Creative Sensor Inc. and Subsidiaries

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

Six months ended June 30, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities categories (Note 1)	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2023				Footnote
					Number of shares (in thousands)	Book value (Note 2)	Ownership (%)	Fair value	
The Company	Stock	TECO ELECTRIC & MACHINERY CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	54,632	\$ 2,911,885	2.55%	\$ 2,911,885	Note 3
"	"	Koryo Electronics Co., Ltd.	The Company's key management	"	9,882	306,342	19.07%	306,342	
"	"	MUTUALPAK	-	"	108	-	0.65%	-	
"	"	Taiwan Pelican Express Co., Ltd.	-	"	281	12,336	0.29%	12,336	
"	"	DARJIUN VENTURE CORPORATION	The Company is this Company's corporate director	"	5,000	50,000	13.33%	50,000	
"	Bond	U.S. Treasury bond U.S. dollar semiannual sovereign bond	-	"	30	88,307	-	88,307	
						<u>\$ 3,368,870</u>		<u>\$ 3,368,870</u>	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3: Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

Creative Sensor Inc. and Subsidiaries
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Six months ended June 30, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2023		Addition		Disposal			Balance as at June 30, 2023		Footnote		
					Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Selling price	Book value	Gain on disposal	Number of shares (in thousand shares)		Amount	
The Company	Stock	TECO ELECTRIC & MACHINERY CO., LTD.	Non-current financial assets at fair value through other comprehensive income	-	-	69,489	\$ 1,914,422	-	\$ -	14,857	\$ 526,945	\$ 402,413	\$ 124,532	54,632	\$ 2,911,885	Note 3

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Balance as at June 30, 2023 included fair value valuation amounting to \$1,432,136.

Creative Sensor Inc. and Subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Six months ended June 30, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions (Note 1)			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
The Company	Nanchang Creative Sensor Technology Co., Ltd.	The Company's third-tier subsidiary	Purchases	\$ 1,486,409	100%	\$ -	75~90 days after monthly billing	Note	(\$ 776,959)	99.97%	-

Note 1: The payment term is 45~90 days after monthly billing for third parties and is 75 days after semi-monthly billing for foreign parties.

Creative Sensor Inc. and Subsidiaries
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 Six months ended June 30, 2023

Table 4

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Nanchang Creative Sensor Technology Co., Ltd.	The Company	Parent company	\$ 776,959	3.41	\$ -	-	\$ 274,512	\$ -

Table 4

Creative Sensor Inc. and Subsidiaries
 Significant inter-company transactions during the reporting period
 Six months ended June 30, 2023

Table 5

Expressed in thousands of NTD
 (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)	Note
				General ledger account	Amount	Transaction terms		
0	The Company	Nanchang Creative Sensor Technology Co., Ltd.	1	Accounts payable	\$ 776,959	75~90 days after monthly billing	10.17%	-
"	"	"	"	Purchases	1,486,409	"	82.28%	-
1	Nanchang Creative Sensor Technology Co., Ltd.	The Company	2	Accounts payable	29,510	60 days after monthly billing	0.39%	Note 4

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Represents unpaid payment for purchasing materials as a result of OEM transaction with Nanchang Creative Sensor Technology Co., Ltd.

Note 5: Individual transactions not reaching \$10,000 and their corresponding transactions will not be disclosed.

Creative Sensor Inc. and Subsidiaries
Information on investees
Six months ended June 30, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2023					Investment income (loss) recognized by the Company for the six months ended June 30, 2023 (Note 1)	Footnote
				Balance as at June 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the six months ended June 30, 2023			
The Company	Creative Sensor Inc.	British Virgin Islands	Holding company	\$ 576,136	\$ 583,416	15,414,994	100	\$ 1,595,917	\$ 65,856	\$ 65,856	Subsidiary	
The Company	Creative Sensor (USA) Co.	U.S.A.	Collection of marketing information and maintaining customer relationship	3,169	3,169	100,000	100	4,667	113	113	Subsidiary	
The Company	Teco Image Systems Co., Ltd.	Taiwan	Design, manufacturing and trading of multi-function printer, fax machine and scanner	737,506	737,506	33,408,000	29.69	703,763 (19,114) (12,507)	Investee accounted for using equity method	
The Company	Tien Da Investment Co., Ltd.	Taiwan	Investing company	223,040	223,040	21,340,000	29.85	247,512	20,547	6,133	Investee accounted for using equity method	
Creative Sensor Inc.	Creative Sensor Co., Ltd.	Hong Kong	Holding company	578,857	586,837	15,501,368	100	1,492,518	65,023	-	Subsidiary	

Note 1: The Company has not directly recognized the income (loss) on investment in Creative Sensor Co., Ltd.

Creative Sensor Inc. and Subsidiaries
Information on investments in Mainland China
Six months ended June 30, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

A. Information on reinvestment in Mainland Area

Investee in Mainland China	Main business activities	Paid-in capital (Note 2)	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six months ended June 30, 2023			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023 (Note 3)	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023 (Note 3)	Net income of investee for the six months ended June 30, 2023	Ownership held by the Company (direct or indirect)	Investment income recognized by the Company for the six months ended June 30, 2023 (Note 4)	Book value of investments in Mainland China as of June 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2023	Footnote
				as of January 1, 2023 (Note 3)	Remitted to Mainland China	Remitted back to Taiwan										
Wuxi Creative Sensor Technology Co., Ltd.	Image Sensor	\$ 35,523	Note 1	\$ 28,429	\$ -	\$ -	\$ 28,429	\$ -	\$ 28,429	\$ 397	100	\$ 397	\$ 164,448	\$ 637,020	Note 5	
Nanchang Creative Sensor Technology Co., Ltd.	Image Sensor	934,002	Note 1	450,515	-	-	450,515	-	450,515	75,971	100	75,971	1,091,496	437,459	Note 6	

Note 1: Through investing in an existing company in the third area (Creative Sensor Inc.), which then invested in the investee in Mainland China.

Note 2: The paid-in capital of two investee companies in the original currency amounted to RMB\$8,261 thousand and RMB\$217,215 thousand, respectively.

Note 3: Wuxi Creative Sensor Technology Co., Ltd.'s accumulated amount of remittance from Taiwan to Mainland China as of January 1 and June 30, 2023 in the original currency was both US\$915 thousand. Nanchang Creative Sensor accumulated amount of remittance from Taiwan to Mainland China as of January 1 and June 30, 2023 in the original currency was both US\$14,500 thousand.

Note 4: Investment income recognized for the six months ended June 30, 2023 was evaluated and disclosed based on the financial statements reviewed by R.O.C. parent company's CPA.

Note 5: The investment facility of US\$15,005 thousand was approved by the Investment Commission, as of June 30, 2023, the Investment Commission also approved the investment income of US\$21,440 thousand which has been remitted back to Taiwan and proceeds from capital reduction of US\$14,000 thousand which have been remitted back, and all of them could be used to deduct from the accumulated investment amounts in Mainland China.

Note 6: The investment facility of US\$14,500 thousand and US\$15,300 thousand of Wuxi Creative Sensor Technology Co., Ltd.'s reinvestment in Nanchang Creative Sensor Technology Co., Ltd. through capitalisation of earnings which was approved by the Investment Commission, as of June 30, 2023, the Investment Commission also approved that the investment income of US\$15,121 thousand which has been remitted back to Taiwan, and all of them could be used to deduct from the accumulated investment amounts in Mainland China.

B. Ceiling on reinvestments in Mainland Area

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company	\$ 478,944	\$ 481,740	\$ 3,233,348

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023 in original currency amounted to US\$15,415 thousand.

Note 2: Investment amount in the original currency approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) amounted to US\$15,505 thousand.

Furthermore, as of June 30, 2023, the Investment Commission approved that the investment income from reinvestment business in Mainland China remitted back to Taiwan was US\$36,561 thousand which could be deducted from the accumulated investment amounts in Mainland China.

Creative Sensor Inc. and Subsidiaries

Major shareholders information

June 30, 2023

Table 8

Major shareholders name	Ownership	Ownership (%)
Teco Image Systems Co., Ltd.	28,906,260	19.39%
UNIVERSAL CEMENT CORPORATION	13,158,000	8.82%
Tien Da Investment Co., Ltd.	12,318,000	8.26%
Yurui Co., Ltd.	9,018,029	6.05%
Huan Ni Investment Co., Ltd.	9,000,000	6.03%
Teco International Investment Co., Ltd.	7,913,310	5.30%

- (a) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.
- (b) If the aforementioned data contains shares which were kept in trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, at the same time, the shareholders have power to decide how to allocate the assets held in trust. For the information on reported share equity of insider, please refer to Market Observation Post System.