

AAEON Technology Inc and Subsidiaries
Consolidated Financial Statements
With Independent Auditor's Review Report Thereon
June 30, 2023 and 2022
(Stock Code: 6579)

Company Address: 5F., No. 135, Ln. 235, Baoqiao Rd., Xindian
Dist., New Taipei City, Taiwan (R.O.C.)

Contact Number: (02)8919-1234

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

AAEON Technology Inc. and Subsidiaries
Consolidated Financial Statements
With Independent Auditor's Review Report Thereon June 30, 2023 and 2022

Content

Subject	Page
I. Cover	1
II. Content	2 ~ 3
III. Independent Auditors' Report	4 ~ 6
IV. Consolidated Balance Sheet	7 ~ 8
V. Consolidated Statements of Comprehensive Income	9 ~ 10
VI. Consolidated Statement of Changes in Equity	11 ~ 12
VII. Consolidated Cash Flow Statement	13 ~ 14
VIII. Notes to Consolidated Financial Statements	15 ~ 77
(I) Company Profile	15
(II) Date and Procedures for the Authorization of Financial Reports	15
(III) New or Revised Standards and Applied Interpretation	15 ~ 16
(IV) Summary of Significant Accounting Policies	16 ~ 23
(V) Significant Accounting Judgments, Estimations, and Major Sources of Assumption Uncertainty	23
(VI) Details of significant accounts	24 ~ 57
(VII) Related Party Transaction	57 ~ 61
(VIII) Pledged Assets	62

Subject	Page
(IX) Material Contingent Liabilities and Unrecognized Contractual Commitments	62
(X) Losses Due to Major Disasters	62
(XI) Material Subsequent Events	62
(XII) Other Matters	62 ~ 75
(XIII) Disclosures	75 ~ 76
(XIV) Segment Information	76 ~ 77

INDEPENDENT AUDITORS' REPORT

(2023) Tsai-Shen-Bao-Tzi No.23001053

To the Board of Directors and Shareholders of
AAEON Technology Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of AAEON Technology Inc. and its subsidiaries (the "Group") as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month periods ended June 30, 2023 and 2022, and for the six-month periods ended June 30, 2023 and 2022, as well as the consolidated statement of changes in equity and cash flows for the six-month periods ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. It is the responsibility of the management to prepare and ensure fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, international financial reporting standards approved by the Financial Supervisory Commission, and IAS 34 - "Interim Financial Reporting". Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, Review of Financial Information Performed by the Independent Auditor of the Entity in 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.

Basis for qualified conclusion

As mentioned in Note 4(3) and Note 6(6), the accompanying consolidated financial statements, included certain nonsignificant consolidated subsidiaries and investments accounted for under equity method, were consolidated using non-auditor reviewed financial statements for the corresponding period, which the sum of assets represented by such subsidiaries totaled \$738,074 thousand and \$625,482 thousand as of June 30, 2023 and 2022, and accounted for 5.00% and 5.65% of consolidated total assets, respectively; they also represented \$152,779 thousand and \$125,612 thousand of total liabilities, which accounted for 4.77% and 4.91% of consolidated total liabilities, respectively, and total comprehensive income (loss) amounting to (\$13,374) thousand, \$1,333 thousand, (\$8,191) thousand, and \$5,974 thousand, constituting (3.50%), 0.44%, (1.07%) and 1.26% of consolidated total comprehensive income (loss) for the three-month periods ended June 30, 2023 and 2022, and for the six-month periods ended June 30, 2023 and 2022, respectively. As for investments accounted for using the equity method, the balance as of June 30, 2023 was \$32,747

thousands, which accounted for 0.22% of the total consolidated assets. The share of profit or loss from associated companies accounted for using the equity method and the share of other comprehensive income amounted to (\$1,323) thousand and (\$2,109) thousand, constituting (0.35%), (0.28%), for the three-month periods ended June 30, 2023 and for the six-month periods ended June 30, 2023, respectively. These amounts and the related information disclosed in the accompanying consolidated financial statements were based on the unreviewed financial statements of consolidated subsidiaries and investments accounted for under equity method.

Qualified conclusion

Based on our reviews and the reports of other independent auditors (please refer to other matter), except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain non-significant consolidated subsidiaries and investments accounted for under equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, 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 of June 30, 2023 and 2022, and of its consolidated financial performance for the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022 and its consolidated cash flows for the six months ended June 30, 2023 and 2022, in accordance with 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 – Reference to the reviews of other independent auditors

We did not review the financial statements of certain investments accounted for under equity method. Those financial statements were reviewed by other independent auditors whose reports thereon have been furnished to us and our conclusion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and information disclosed relative to these investments, is based solely on the reports of other independent auditors. These investments accounted for under equity method amounted to \$4,253,668 thousand and \$3,862,401 thousand as of June 30, 2023 and 2022, which accounted for 28.84% and 34.86% of consolidated total assets on the respective dates; total comprehensive income recognized from the above companies amounted to \$76,636 thousand, \$59,316 thousand, \$177,188 thousand and \$112,607 thousand, constituting 20.04%, 19.44%, 23.23% and 23.77% of consolidated comprehensive income for the three-month periods ended June 30, 2023 and 2022, and for the six-month periods ended June 30, 2023 and 2022, respectively.

PwC Taiwan

Certified Public Accountant

Chang, Shu-Chiung

Lin, Chun-Yao

(Formerly known as) Securities and Futures Commission, The Ministry of Finance
Approval reference: Jin-Guan-Zheng-Shen No. 0990042602


(Formerly known as) Securities and Futures Commission, The Ministry of Finance
Approval reference: (1996)Tai-Tsai-Cheng (VI) No. 68702

August 9, 2023

Notes to Readers


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

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


AAEON Technology Inc. and Subsidiaries
Consolidated Balance Sheets
June 30, 2023, December 31, 2022 and June 30, 2022
 (The consolidated balance sheets as of June 30, 2023 and 2022, were reviewed, not audited)
 (Expressed in thousands of New Taiwan Dollars)

Assets	Notes	June 30, 2023		December 31, 2022		June 30, 2022		
		Amount	%	Amount	%	Amount	%	
Current asset								
1100	Cash and cash equivalents	6. (1)	\$ 3,987,645	27	\$ 2,234,203	20	\$ 2,112,538	19
1110	Financial asset at fair value through profit or loss - current	6. (2)	439,420	3	307,675	3	243,604	2
1136	Financial assets measured at amortized cost-current		68,740	-	-	-	-	-
1150	Net notes receivable	6. (4)	13,502	-	17,615	-	16,607	-
1170	Net accounts receivable	6. (4)	1,055,613	7	1,135,029	10	1,104,630	10
1200	Other receivables	7	76,931	1	25,029	-	228,506	2
1220	Current tax assets		9,558	-	16,518	-	5,328	-
130X	Inventories	6. (5)	1,842,823	13	2,088,345	18	2,214,194	20
1410	Prepayments		114,829	1	92,483	1	97,348	1
1479	Other current assets - other	8	4,879	-	2,034	-	1,459	-
11XX	Total current assets		<u>7,613,940</u>	<u>52</u>	<u>5,918,961</u>	<u>52</u>	<u>6,024,214</u>	<u>54</u>
Non-current assets								
1510	Financial asset at fair value through profit or loss - non-current	6. (2)	59,426	-	55,503	1	54,869	1
1517	Financial asset at fair value through other comprehensive income - non-current	6. (3)	2,381	-	27,536	-	28,481	-
1550	Investments accounted for under equity method	6. (6)	4,286,415	29	4,143,549	36	3,862,401	35
1600	Property, plant and equipment	6. (7), 8	1,538,949	11	805,741	7	797,824	7
1755	Right-of-use assets	6. (8)	194,824	1	121,490	1	134,221	1
1760	Investment property	6. (9)	194,473	1	222,929	2	77,888	1
1780	Intangible assets	6. (10)	734,397	5	13,313	-	15,289	-
1840	Deferred tax assets		98,818	1	74,247	1	65,753	-
1900	Other non-current assets	8	24,122	-	19,717	-	18,661	-
15XX	Total non-current assets		<u>7,133,805</u>	<u>48</u>	<u>5,484,025</u>	<u>48</u>	<u>5,055,387</u>	<u>46</u>
1XXX	Total assets		<u>\$ 14,747,745</u>	<u>100</u>	<u>\$ 11,402,986</u>	<u>100</u>	<u>\$ 11,079,601</u>	<u>100</u>

(Continued)


 AAEON Technology Inc. and Subsidiaries
 Consolidated Balance Sheets
 June 30, 2022, December 31, 2022 and June 30, 2022
 (The consolidated balance sheets as of June 30, 2023 and 2022, were reviewed, not audited)
 (Expressed in thousands of New Taiwan Dollars)

Liabilities and equity	Notes	June 30, 2023		December 31, 2022		June 30, 2022		
		Amount	%	Amount	%	Amount	%	
Current liability								
2120	Financial liabilities at fair value through profit or loss – current	6. (11)	\$ 457	-	\$ -	-	\$ -	-
2130	Contract liability - current	6. (19)	296,301	2	255,211	2	267,915	3
2150	Notes payables		347	-	19	-	-	-
2170	Accounts payables		355,937	3	365,065	3	519,817	5
2180	Accounts payables-related parties	7	50,533	-	70,908	1	165,467	2
2200	Other payables	6. (13), 7	1,620,221	11	593,533	5	958,771	9
2230	Current tax liabilities		142,998	1	253,864	2	155,661	1
2250	Provisions - current		44,581	-	34,423	-	30,702	-
2280	Lease liability - current		50,927	1	38,406	1	42,383	-
2320	Long-term liabilities-current Portion	6. (12), 8	10,379	-	10,376	-	10,536	-
2399	Other current liabilities - other		45,293	-	37,940	1	36,062	-
21XX	Total current liabilities		<u>2,617,974</u>	<u>18</u>	<u>1,659,745</u>	<u>15</u>	<u>2,187,314</u>	<u>20</u>
Non-current liabilities								
2527	Contract liability - non-current	6. (19)	58,105	-	73,425	1	67,262	1
2540	Long-term borrowings	6. (12), 8	139,761	1	144,910	1	149,950	1
2550	Provisions - non-current		15,584	-	11,317	-	10,439	-
2570	Deferred tax liabilities		245,566	2	57,861	-	45,711	-
2580	Lease liability - non-current		105,590	1	84,768	1	93,406	1
2670	Other non-current liabilities - other		17,929	-	8,062	-	2,334	-
25XX	Total non-current liabilities		<u>582,535</u>	<u>4</u>	<u>380,343</u>	<u>3</u>	<u>369,102</u>	<u>3</u>
2XXX	Total Liabilities		<u>3,200,509</u>	<u>22</u>	<u>2,040,088</u>	<u>18</u>	<u>2,556,416</u>	<u>23</u>
Equity								
Equity attributable to owners of parent								
Share capital								
3110	Share capital-common stock	6. (16)	1,600,898	11	1,490,825	13	1,486,555	13
3140	Advance receipts for share capital		890	-	1,430	-	820	-
Capital surplus								
3200	Capital surplus	6. (15) (17)	6,338,702	43	5,461,370	48	5,393,539	48
Retained earnings								
3310	Legal reserve	6. (18)	577,944	4	470,533	4	470,533	4
3320	Special reserve		12,359	-	64,805	1	64,805	1
3350	Unappropriated retained earnings		991,440	7	1,165,819	10	513,266	5
Other Equity								
3400	Other equity		52,658	-	(12,359)	-	(52,401)	-
31XX	Total equity attributable to owners of parent		<u>9,574,891</u>	<u>65</u>	<u>8,642,423</u>	<u>76</u>	<u>7,877,117</u>	<u>71</u>
36XX	Non-controlling interests	4. (3)	<u>1,972,345</u>	<u>13</u>	<u>720,475</u>	<u>6</u>	<u>646,068</u>	<u>6</u>
3XXX	Total equity		<u>11,547,236</u>	<u>78</u>	<u>9,362,898</u>	<u>82</u>	<u>8,523,185</u>	<u>77</u>
Significant contingent liabilities and unrecognized contract commitments								
3X2X	Total liabilities and equity		<u>\$ 14,747,745</u>	<u>100</u>	<u>\$ 11,402,986</u>	<u>100</u>	<u>\$ 11,079,601</u>	<u>100</u>

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

Chairman: Yung-Shun Chuang

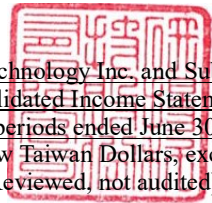


Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang




AAEON Technology Inc. and Subsidiaries
Consolidated Income Statement
For the six-month periods ended June 30, 2023 and 2022
 (Expressed in thousands of New Taiwan Dollars, except earnings per share data)
 (Reviewed, not audited)

Item	Notes	For the three-month periods ended June 30,				For the six-month periods ended June 30,			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating income	6. (19), 7	\$ 2,056,104	100	\$ 2,085,452	100	\$ 3,984,942	100	\$ 4,037,143	100
5000 Operating cost	6. (5)(23)(24), 7.	(1,326,228)	(65)	(1,327,397)	(64)	(2,632,522)	(66)	(2,725,901)	(68)
5900 Operating profit		<u>729,876</u>	<u>35</u>	<u>758,055</u>	<u>36</u>	<u>1,352,420</u>	<u>34</u>	<u>1,311,242</u>	<u>32</u>
Operating expenses	6. (23)(24), 7.								
6100 Selling expense		(178,475)	(8)	(146,330)	(7)	(326,173)	(8)	(282,035)	(7)
6200 General and administrative expenses		(126,909)	(6)	(88,855)	(4)	(219,425)	(5)	(166,958)	(4)
6300 Research and development expenses		(162,639)	(8)	(145,499)	(7)	(309,166)	(8)	(278,492)	(7)
6450 Expected credit impairment (loss) or gain	12. (2)	<u>209</u>	<u>-</u>	<u>1,295</u>	<u>-</u>	<u>1,113</u>	<u>-</u>	<u>4,584</u>	<u>-</u>
6000 Total operating expense		(<u>467,814</u>)	(<u>22</u>)	(<u>379,389</u>)	(<u>18</u>)	(<u>853,651</u>)	(<u>21</u>)	(<u>732,069</u>)	(<u>18</u>)
6900 Operating income		<u>262,062</u>	<u>13</u>	<u>378,666</u>	<u>18</u>	<u>498,769</u>	<u>13</u>	<u>579,173</u>	<u>14</u>
Non-operating income and expenses									
7100 Interest income		19,125	1	1,097	-	20,305	-	1,863	-
7010 Other income	6. (20)	15,336	1	16,693	1	20,514	-	24,183	1
7020 Other gains and losses	6. (21)	113,339	5	(65,193)	(3)	205,500	5	(124,530)	(3)
7050 Financial costs	6. (22)	(1,362)	-	(1,387)	-	(2,703)	-	(2,466)	-
7060 Share of the profit of associates and joint ventures accounted for under equity method	6. (6)	<u>53,098</u>	<u>3</u>	<u>66,811</u>	<u>3</u>	<u>109,648</u>	<u>3</u>	<u>119,359</u>	<u>3</u>
7000 Total non-operating income and expenses		<u>199,536</u>	<u>10</u>	<u>18,021</u>	<u>1</u>	<u>353,264</u>	<u>8</u>	<u>18,409</u>	<u>1</u>
7900 Profit (loss) before income tax		461,598	23	396,687	19	852,033	21	597,582	15
7950 Income tax expenses	6. (25)	(96,198)	(5)	(87,984)	(4)	(149,096)	(3)	(138,955)	(4)
8200 Profit for the period		<u>\$ 365,400</u>	<u>18</u>	<u>\$ 308,703</u>	<u>15</u>	<u>\$ 702,937</u>	<u>18</u>	<u>\$ 458,627</u>	<u>11</u>

(Continued)

AAEON Technology Inc. and Subsidiaries
Consolidated Income Statement
For the six-month periods ended June 30, 2023 and 2022
(Expressed in thousands of New Taiwan Dollars, except earnings per share data)
(Reviewed, not audited)

Item	Notes	For the three-month periods ended June 30,				For the six-month periods ended June 30,				
		2023		2022		2023		2022		
		Amount	%	Amount	%	Amount	%	Amount	%	
Other comprehensive income										
Components of other comprehensive income that will not be reclassified to profit or loss										
8316	Unrealized gains(losses) on financial assets at FVOCI	6. (3)	\$ -	-	(\$ 2,325)	-	\$ -	-	(\$ 3,900)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for under equity method - not to be reclassified to profit or loss in subsequent periods	6. (6)	16,996	1	(7,580)	-	59,946	1	(9,616)	-
8310	Total amount not to be reclassified to profit or loss in subsequent periods		<u>16,996</u>	<u>1</u>	<u>(9,905)</u>	<u>-</u>	<u>59,946</u>	<u>1</u>	<u>(13,516)</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss										
8361	Financial statements translation differences of foreign operations		(6,513)	-	7,777	-	(7,013)	1	32,204	1
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method - to be reclassified to profit or loss	6. (6)	5,219	-	85	-	5,485	-	2,864	-
8399	Income tax relating to the components of other comprehensive income	6. (25)	1,302	-	(1,573)	-	1,402	-	(6,457)	-
8360	Total amount to be reclassified to profit or loss in subsequent periods		<u>8</u>	<u>-</u>	<u>6,289</u>	<u>-</u>	<u>(126)</u>	<u>-</u>	<u>28,611</u>	<u>1</u>
8300	Net Other comprehensive income		<u>\$ 17,004</u>	<u>1</u>	<u>(\$ 3,616)</u>	<u>-</u>	<u>\$ 59,820</u>	<u>1</u>	<u>\$ 15,095</u>	<u>1</u>
8500	Total comprehensive income		<u>\$ 382,404</u>	<u>19</u>	<u>\$ 305,087</u>	<u>15</u>	<u>\$ 762,757</u>	<u>19</u>	<u>\$ 473,722</u>	<u>12</u>
Net income attributable to:										
8610	Shareholders of the parent		\$ 320,279	16	\$ 292,626	14	\$ 629,156	16	\$ 421,966	10
8620	Non-controlling interests		45,121	2	16,077	1	73,781	2	36,661	1
			<u>\$ 365,400</u>	<u>18</u>	<u>\$ 308,703</u>	<u>15</u>	<u>\$ 702,937</u>	<u>18</u>	<u>\$ 458,627</u>	<u>11</u>
Total comprehensive income attributable to:										
8710	Shareholders of the parent		\$ 341,705	17	\$ 288,089	14	\$ 691,805	17	\$ 434,370	11
8720	Non-controlling interests		40,699	2	16,998	1	70,952	2	39,352	1
			<u>\$ 382,404</u>	<u>19</u>	<u>\$ 305,087</u>	<u>15</u>	<u>\$ 762,757</u>	<u>19</u>	<u>\$ 473,722</u>	<u>12</u>
Basic earnings per share										
9750	Total basic earnings per share	6. (26)	<u>\$ 2.77</u>		<u>\$ 2.73</u>		<u>\$ 5.64</u>		<u>\$ 3.94</u>	
Diluted earnings per share										
9850	Total diluted earnings per share	6. (26)	<u>\$ 2.75</u>		<u>\$ 2.71</u>		<u>\$ 5.58</u>		<u>\$ 3.91</u>	

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

Chairman: Yung-Shun Chuang



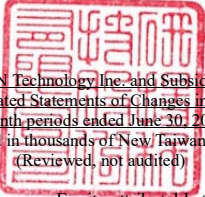
Manager: Chien-Hung Lin

~10~



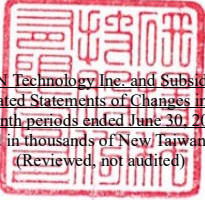
Accounting Supervisor: Jen-Chung Wang




 AAEON Technology Inc. and Subsidiaries
 Consolidated Statements of Changes in Equity
 For the six-month periods ended June 30, 2023 and 2022
 (Expressed in thousands of New Taiwan Dollars)
 (Reviewed, not audited)

	Notes	Equity attributable to owners of the parent					Other Equity						
		Share Capital		Retained Earnings			Other Equity						
		Common share capital	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Non-controlling interests	Total
For the six-month period ended June 30, 2022													
Balance at January 1, 2022		\$ 1,484,985	\$ 1,200	\$ 5,433,926	\$ 425,624	\$ 53,278	\$ 534,550	(\$ 65,407)	\$ 2,733	(\$ 2,131)	\$ 7,868,758	\$ 521,770	\$ 8,390,528
Profit for the period		-	-	-	-	-	421,966	-	-	-	421,966	36,661	458,627
Other comprehensive income		-	-	-	-	-	-	25,666	(13,262)	-	12,404	2,691	15,095
Total comprehensive income		-	-	-	-	-	421,966	25,666	(13,262)	-	434,370	39,352	473,722
Appropriations of 2021 earnings	6. (18)	-	-	-	44,909	-	(44,909)	-	-	-	-	-	-
Legal reserve		-	-	-	44,909	-	(44,909)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	11,527	(11,527)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(386,408)	-	-	-	(386,408)	-	(386,408)
Capital surplus-cash dividend	6. (17) (18)	-	-	(74,309)	-	-	-	-	-	-	(74,309)	-	(74,309)
Differences between share price and book value from acquisition or disposal of subsidiaries	6. (17)	-	-	19,802	-	-	-	-	-	-	19,802	(17,436)	2,366
Recognition of changes in ownership interest in subsidiary	6. (6) (17)	-	-	(2,366)	-	-	-	-	-	-	(2,366)	-	(2,366)
Effect from long-term investment that has not been recognized based on shareholding percentage	6. (6) (17)	-	-	503	-	-	-	-	-	-	(503)	-	(503)
Change in associates and joint ventures accounted for under equity method	6. (6) (17)	-	-	1,144	-	-	-	-	-	-	1,144	-	1,144
Share-based Payment	6. (15) (17)	-	-	9,217	-	-	(406)	-	-	-	8,811	6,308	15,119
Employee stock options exercised	6. (15) (17)	1,570	(380)	6,628	-	-	-	-	-	-	7,818	-	7,818
Changes in non-controlling interests-subsiary increase cash capital		-	-	-	-	-	-	-	-	-	-	164,091	164,091
Changes in non-controlling interests-cash dividends	4. (3)	-	-	-	-	-	-	-	-	-	-	(68,017)	(68,017)
Balance at June 30, 2022		\$ 1,486,555	\$ 820	\$ 5,393,539	\$ 470,533	\$ 64,805	\$ 513,266	(\$ 39,741)	(\$ 10,529)	(\$ 2,131)	\$ 7,877,117	\$ 646,068	\$ 8,523,185

(Continued)


 AAEON Technology Inc. and Subsidiaries
 Consolidated Statements of Changes in Equity
 For the six-month periods ended June 30, 2023 and 2022
 (Expressed in thousands of New Taiwan Dollars)
 (Reviewed, not audited)

	Notes	Equity attributable to owners of the parent											
		Share Capital		Retained Earnings					Other Equity				
		Common share capital	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Non-controlling interests	Total
For the six-month period ended June 30, 2023													
Balance at January 1, 2022		\$ 1,490,825	\$ 1,430	\$ 5,461,370	\$ 470,533	\$ 64,805	\$ 1,165,819	(\$ 21,405)	\$ 11,177	(\$ 2,131)	\$ 8,642,423	\$ 720,475	\$ 9,362,898
Profit for the period		-	-	-	-	-	629,156	-	-	-	629,156	73,781	702,937
Other comprehensive income		-	-	-	-	-	-	4,539	58,110	-	62,649	(2,829)	59,820
Total comprehensive income		-	-	-	-	-	629,156	4,539	58,110	-	691,805	70,952	762,757
Appropriations of 2022 earnings	6. (18)	-	-	-	107,411	-	(107,411)	-	-	-	-	-	-
Legal reserve		-	-	-	107,411	-	(107,411)	-	-	-	-	-	-
Special reserve		-	-	-	-	(52,446)	52,446	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(746,127)	-	-	-	(746,127)	-	(746,127)
Issuance of new shares in exchange for other company's shares	6. (16) (17)	105,233	-	848,183	-	-	-	-	-	-	953,416	-	953,416
Effect from long-term investment that has not been recognized based on shareholding percentage	6. (6) (17)	-	-	(5)	-	-	-	-	-	-	(5)	-	(5)
Change in associates and joint ventures accounted for under equity method	6. (6) (17)	-	-	2,794	-	-	-	-	-	-	2,794	-	2,794
Share-based Payment	6. (15) (17)	-	-	3,527	-	-	(75)	-	-	-	3,452	2,364	5,816
Employee stock options exercised	6. (15) (17)	4,840	(540)	22,833	-	-	-	-	-	-	27,133	270	27,403
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	(2,368)	-	2,368	-	-	-	-
Changes in non-controlling interests-subsi-dary acquisition	6 (27)	-	-	-	-	-	-	-	-	-	-	1,384,704	1,384,704
Changes in non-controlling interests- cash dividends	4. (3)	-	-	-	-	-	-	-	-	-	-	(206,420)	(206,420)
Balance at June 30, 2023		\$ 1,600,898	\$ 890	\$ 6,338,702	\$ 577,944	\$ 12,359	\$ 991,440	(\$ 16,866)	\$ 71,655	(\$ 2,131)	\$ 9,574,891	\$ 1,972,345	\$ 11,547,236

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

Chairman: Yung-Shun Chuang

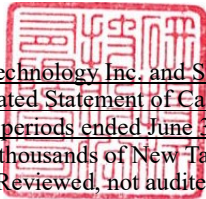


Manager: Chien-Hung Lin




Accounting Supervisor: Jen-Chung Wang




AAEON Technology Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the six-month periods ended June 30, 2023 and 2022
 (Expressed in thousands of New Taiwan Dollars)
 (Reviewed, not audited)

	Notes	For the six-month periods ended June 30,	
		2023	2022
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 852,033	\$ 597,582
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6. (7) (8) (23)	54,059	40,128
Amortization expenses	6. (10) (23)	18,528	8,296
Expected credit impairment losses (gains)	12.(2)	(1,113)	4,584
Costs of share-based payment awards	6. (15)	2,990	15,119
Interest income		(20,305)	(1,863)
Dividends income	6. (20)	(9,831)	(15,474)
Interest expenses	6. (8) (12) (22)	2,703	2,466
Net gains from financial assets and liabilities at fair value through profit or loss	6. (2) (11) (21)	(143,731)	180,767
Losses on disposal of property, plant and equipment	6. (7) (21)	2,354	2,146
Transferred to expenses and losses		3,079	25
Depreciation expense of investment property (other gains and losses)	6 (9) (21)	3,146	3,216
Share of profit of associates accounted for under equity method	6. (6)	(109,648)	(119,359)
Lease modification (gain) loss	6. (8) (21)	(24)	(36)
Changes in operating assets and liabilities			
Net changes in operating assets			
Notes and accounts receivable		161,908	71,625
Other receivables		(1,581)	(11,119)
Inventories		619,148	(696,159)
Prepayments		(2,296)	(7,933)
Net changes in operating liabilities			
Contract liability		(16,088)	61,605
Notes and accounts payable (including related parties)		(146,512)	104,373
Other payables		(32,759)	(1,241)
Other current liabilities		5,438	2,550
Provisions for liabilities		(970)	5,716
Other non-current liabilities		(2,407)	178
Net cash from operating activities		1,238,121	247,192
Interest received		20,305	1,863
Interest paid		(2,710)	(2,499)
Income taxes paid		(249,731)	(62,156)
Net cash flows from operating activities		1,005,985	184,400

(Continued)


AAEON Technology Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the six-month periods ended June 30, 2023 and 2022
 (Expressed in thousands of New Taiwan Dollars)
 (Reviewed, not audited)

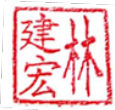
	Notes	For the six-month periods ended June 30,	
		2023	2022
<u>Cash flows from investing activities</u>			
Disposal of financial assets and liabilities at fair value through profit or loss		\$ 8,520	\$ 11,283
(Increase) decrease in other current assets		(391)	172
Acquisition of investments accounted for under equity method		(9,700)	-
Acquisition of property, plant and equipment	6. (28)	(85,992)	(11,708)
Acquisition of intangible asset		(1,584)	(5,368)
Decrease (increase) in other non-current assets		859	(4,286)
Decrease in Financial assets at amortized cost-current		62,000	-
Dividends received		30,887	27,995
Acquisition of subsidiary, net of cash received	6. (27)	754,136	-
Net cash flows from investing activities		<u>758,735</u>	<u>18,088</u>
<u>Cash flows from financing activities</u>			
Decrease in short-term borrowings	6 (29)	-	(105,000)
Reimbursement in long-term borrowings	6 (29)	(5,146)	(5,301)
Repayment of lease principal	6 (29)	(24,748)	(18,611)
Changes in non-controlling interests - increase cash capital		-	164,091
Employee share options exercised	6. (15)	27,403	7,818
Net cash flows from financing activities		(2,491)	42,997
Effects due to changes in exchange rate		(8,787)	25,533
Increase in cash and cash equivalents		1,753,442	271,018
Cash and cash equivalents at the beginning of periods		2,234,203	1,841,520
Cash and cash equivalents at the end of periods		<u>\$ 3,987,645</u>	<u>\$ 2,112,538</u>

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

Chairman: Yung-Shun Chuang




Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang




AAEON Technology Inc. and Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan Dollars, except as of otherwise indicated)

I. Company Profile

AAEON Technology Co., Ltd. ("the Company") was established in the Republic of China. The main businesses of the company and its subsidiaries ("the Group") include the manufacturing, processing and imports and exports of computer peripherals, electronic components, computer test instruments, computer PCB functional testing, and radio telecommunication equipment and its components; the R&D, design, manufacturing, processing and trading of various industrial computers, medical computers, industrial controllers, quantity controllers and components; industrial computer automation design and services, as well as the import/export of related materials. The Company has been listed on Taiwan Stock Exchange since August 2017. Asustek Computer Co., Ltd. holds 37.75% of the Company's shares (including indirect holdings) and is the Group's ultimate parent company.

II. Date and Procedures for the Authorization of Financial Reports

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

III. New or Revised Standards and Applied Interpretation

(I) The impact of adopting standards or interpretations issued, revised or amended by IASB which are endorsed by the Financial Supervisory Commission (hereinafter referred to as FSC)

Standards or interpretations issued, revised or amended by IASB which are endorsed by FSC at 2022 are listed below:

<u>Newly issued revised or amended standards and interpretations</u>	<u>Effective date issued by IASB</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 material impact to the Group.

(II) Effect of new issuances of or amendments to International Financial Reporting Standards as endorsed by the FSC but not yet adopted by the Group

None.

(III) International Financial Reporting Standards issued by IASB but not yet endorsed by the FSC

Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC are listed below.:

<u>Newly issued revised or amended standards and interpretations</u>	<u>Effective date issued by IASB</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 lease back"	January 1, 2024
IFRS 17, "Insurance contracts"	January 1, 2023

Amendments to IFRS 17, “Insurance contracts”	January 1, 2023
Amendments to IFRS 17, “Initial application of IFRS 17 and IFRS 9 -comparative information”	January 1, 2023
Amendments to IAS 1, “Classification of liabilities as current or non -current”	January 1, 2024
Amendments to IAS 1, “Non-current liabilities with covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7, “Supplier finance arrangements”	January 1, 2024
Amendments to IAS 12, “International tax reform - pillar two model rules”	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.

IV. Summary of Significant Accounting Policies

The following is a description of significant accounting policies in regards to statement of compliance, basis of preparation, basis of consolidation and addition. Unless otherwise stated, all other accounting policies shall remain unchanged from Note 4. of the 2021 consolidated financial statements and apply consistently across all reporting periods.

(I) Compliance Statement

1. These consolidated financial statements of the Group have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 - "Interim Financial Reporting" as endorsed by the FSC.
2. This consolidated financial report shall be read in conjunction with the 2022 consolidated financial report.

(II) Basis of preparation

1. Except for the following significant items, these consolidated financial statements have been prepared under the historical cost convention:
 - (1) Financial assets and financial liabilities (including derivatives instruments) at fair value through profit or loss.
 - (2) Financial assets at fair value through other comprehensive income.
 - (3) Defined benefit liabilities recognized at the net amount of pension fund assets less present value of defined benefit obligation.
2. For the preparation of financial statements in conformity with the IFRS, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, it 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 higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of consolidation

1. Preparation principle of consolidated financial statement:

This consolidated financial report has been prepared on the same basis as the 2022 consolidated financial report.

2. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary name	Business	Ownership (%)			Notes
			2023/6/30	2022/12/31	2022/6/30	
AAEON	AAEON ELECTRONICS, INC. (AEI)	Sales of IPC and PC peripherals	100%	100%	100%	
AAEON	AAEON TECHNOLOGY CO., LTD. (ATCL)	Investment of IPC and interface card	100%	100%	100%	Note 1
AAEON	AAEON TECHNOLOGY (EUROPE) B.V.(ANI)	Sales of IPC and PC peripherals	100%	100%	100%	
AAEON	AAEON INVESTMENT, CO., LTD. (AAEONI)	Investment of IPC and PC peripherals	100%	100%	100%	Note 1
AAEON	ONYX HEALTHCARE INC. (ONYX)	Design, manufacture and sales of medical PC	48.84%	48.88%	48.88%	Note 2 and Note 3
AAEON	AAEON TECHNOLOGY SINGAPORE PTE. LTD (ASG)	Sales of IPC and PC peripherals	100%	100%	100%	Note 1
AAEON	JETWAY INFORMATION CO., LTD. (JETWAY)	Manufacturing and selling of industrial motherboard and computer peripherals	35.27%	-	-	Note 4
ATCL	AAEON TECHNOLOGY (SUZHOU) INC. (ACI)	Production and sales of IPC and interface card	100%	100%	100%	Note 1
ANI	AAEON TECHNOLOGY GMBH(AGI)	Sales of IPC and PC peripherals	100%	100%	100%	Note 1
ONYX	ONYX HEALTHCARE EUROPE B.V.(ONI)	Marketing support and maintenance of medical PC and peripherals	100%	100%	100%	Note 1

Investor	Subsidiary name	Business	Ownership (%)			Notes
			2023/6/30	2022/12/31	2022/6/30	
ONYX	ONYX HEALTHCARE USA, INC. (OHU)	Sales of medical PC and peripherals	100%	100%	100%	
ONYX	ONYX HEALTHCARE (SHANGHAI) LTD. (OCI)	Sales of medical PC and peripherals	100%	100%	100%	Note 1
ONYX	IHELPER INC. (IHELPER)	R&D and sales of medical robots	46.00%	46.00%	46.00%	Notes 1 and 3
JETWAY	JETWAY COMPUTER CORP.(USA) (JETWAYUS)	Selling and repairing of computer peripheral equipment	100%	-	-	Note 4
JETWAY	JETWAY COMPUTER B.V. (Netherlands) (JETWAYNL)	Selling and repairing of computer peripheral equipment	100%	-	-	Note 4 and 5
JETWAY	JETWAY (FAR EAST) INFORMATION COMPANY LIMITED (JETWAYFE)	Investing of computer peripheral business	100%	-	-	Note 4 and 5
JETWAY	TOP NOVEL ENTERPRISE CORP. (Republic of Seychelles) (TOPNOVEL)	Investing of computer peripheral business	100%	-	-	Note 4
JET WAY (FAR EAST) INFORMATION COMPANY LIMITED	SCORETIME INVESTMENT LIMITED (SCORETIME)	Investing of computer peripheral business	100%	-	-	Note 4 and 5
TOP NOVEL ENTERPRISE CORP. (Republic of Seychelles)	CANDID INTERNATIONAL CORP. (CANDID)	Investing of computer peripheral business	100%	-	-	Note 4
CANDID INTERNATIONAL CORP.	FUJIAN CANDID INTERNATIONAL CO., LTD. (FUJIAN)	Manufacturing and selling of computer and peripheral equipment	100%	-	-	Note 4

Note 1: Given that the entities did not meet the definitions of material subsidiary, their financial reports as of June 31, 2023 and 2022, were not reviewed by auditors.

Note 2: ONYX has increased cash capital in March, 2022, be invested in different shareholding by the Company.

Note 3: Although the Group does not hold more than 50% shareholding, it is included in the preparation of the consolidated financial report as it has control over the Company's financial, operating and personnel policies.

Note 4: The Company has increased its capital by issuing 10,523 thousand common shares in exchange for 26,308 thousand common shares held by 11 shareholders of JETWAY. Consequently, AAEON acquired a total of 35.27% of the shares of JETWAY including 0.19% equity interest held by the Company before the combination, and became the single largest shareholder of JETWAY. Considering the participation of other shareholders and the voting records of major resolutions during JETWAY's past shareholders' meetings, which indicated that the Group has substantial capability to lead relative activities, JETWAY was included in the Group's consolidated financial statements from that date (the acquisition date). In June, 2023, JETWAY held director elections, and the Company has granted more than half of a company's directors.

Note 5: Given that the entities did not meet the definitions of material subsidiary, their financial reports as of June 30, 2023 were not reviewed by auditors.

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

4. Adjustments for subsidiaries with different end of financial reporting period: None.

5. Significant restrictions: None.

6. Subsidiaries that have non-controlling interests that are material to the Group:

The Group's total non-controlling interests as of June 30, 2023, December 31, 2022 and June 30, 2022, amounted to \$1,972,345, \$720,475 and \$646,068, respectively. The Group's subsidiaries with significant non-controlling interests are as follows:

Subsidiary Name	Main business location	Non-controlling interests 2023/6/30		Non-controlling interests 2022/12/31	
		Amount	Ownership interest	Amount	Ownership interest
ONYX	Taiwan	\$ 695,242	51.16%	\$ 711,430	51.12%
JETWAY	Taiwan	\$ 1,268,119	64.73%		

Subsidiary Name	Main business location	Non-controlling interests 2022/6/30	
		Amount	Ownership interest
ONYX	Taiwan	\$ 637,836	51.12%

Summarized financial information of subsidiaries:

Balance sheet

	ONYX		
	2023/6/30	2022/12/31	2022/6/30
Current asset	\$ 940,888	\$ 939,028	\$ 990,330
Non-current assets	1,084,007	1,027,880	969,777
Current liability	(425,098)	(318,887)	(457,509)
Non-current liabilities	(230,817)	(247,132)	(246,711)
Total Net Assets	\$ 1,368,980	\$ 1,400,889	\$ 1,255,887

	JETWAY
	2023/6/30
Current asset	\$ 1,345,056
Non-current assets	1,477,196
Current liability	(454,474)
Non-current liabilities	(204,832)
Total Net Assets	\$ 2,162,946

Statement of comprehensive income

	ONYX	
	For the three-month periods ended June 30,	
	2023	2022
Income	\$ 357,464	\$ 357,464
Profit before tax	\$ 80,223	\$ 38,720
Income tax expense	(12,699)	(7,095)
Net income	67,524	31,625
Other comprehensive income (net amount after tax)	2,772	1,776
Total comprehensive income	\$ 70,296	\$ 33,401
Total comprehensive income attributable to non-controlling interests	\$ 35,972	\$ 17,252
Dividends of non-controlling interests	\$ 85,087	\$ 68,017

	ONYX	
	For the six-month periods ended June 30,	
	2023	2022
Income	\$ 685,816	\$ 776,672
Profit before tax	\$ 140,397	\$ 89,772
Income tax expense	(16,781)	(16,589)
Net income	123,616	73,183
Other comprehensive income (net amount after tax)	5,889	5,316
Total comprehensive income	\$ 129,505	\$ 78,499
Total comprehensive income attributable to non-controlling interests	\$ 66,265	\$ 39,991
Dividends of non-controlling interests	\$ 85,087	\$ 68,017

	<u>JETWAY</u>
	<u>From Aprl.28 to June</u>
	<u>30, 2023</u>
Income	\$ 221,490
Profit before tax	23,619
Income tax expense	(7,257)
Net income	16,362
Other comprehensive income (net amount after tax)	(9,025)
Total comprehensive income	<u>\$ 7,337</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 4,749</u>
Dividends of non-controlling interests	<u>\$ 121,333</u>

Cash flow statement

	<u>ONYX</u>	
	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Net cash inflow (outflow) from operating activities	\$ 75,272	\$ 105,547
Net cash flows used in investing activities	(71,784)	(8,797)
Net cash inflow (outflow) from financing activities	(5,931)	148,439
Effects of exchange rate changes on cash and cash equivalents	1,300	4,926
Increase (decrease) in current cash and cash equivalents	(1,143)	250,115
Cash and cash equivalents at the beginning of periods	328,886	182,893
Cash and cash equivalents at the end of periods	<u>\$ 327,743</u>	<u>\$ 433,008</u>

	<u>JETWAY</u>
	<u>From Aprl.28 to</u>
	<u>June 30, 2023</u>
Net cash inflow (outflow) from operating activities	\$ 34,604
Net cash flows used in investing activities	62,973
Net cash outflow from financing activities	(1,395)
Effects of exchange rate changes on cash and cash equivalents	(15,165)
Increase (decrease) in current cash and cash equivalents	81,017
Cash and cash equivalents at the beginning of periods	758,967
Cash and cash equivalents at the end of periods	<u>\$ 839,984</u>

(IV) Financial assets measured at amortized costs

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(V) Intangible assets

1. Intangible assets mainly consist of computer software costs are amortized on a straight-line basis over their estimated useful lives of 1 to 10 years.
2. Customer relationship, patent and expertise arise in a business combination, recognized at fair value on the date of acquisition, the basis of fair value accounting is based on the appraisal report with straight-line method basis over their useful lives over 6 to 7 years.
3. Goodwill arise in a business combination accounted for by applying the acquisition method.

(VI) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and reported in the net amount in the balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(VII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized in expenses in that period when the employees render service.

2. Pensions

(1) Defined contribution plans

For defined contribution plans, the contributions are recognized in pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(2) Defined benefits plans

A. The liability recognized in the balance sheets in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the financial reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of government bonds or interest rates of return of high-quality investments that have terms to maturity approximating to the terms of the related pension liability.

B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as other equity.

C. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

3. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized in expenses and as liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts

and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(VIII) Government grants

Government grants are recognized at fair value when it is reasonably assured that the Group will comply with the conditions attached to the grants and that the grants will be received. If the nature of the government grant is to compensate the Group for property, plant, and equipment-related grants, it is recognized as a non-current liability and recognized as current income on a straight-line basis over the estimated useful life of the related assets.

(IX) Income tax

If tax rate changes within a financial period, the Group will recognize impact in the same period in one lump sum. For changes unrelated to income tax and profit or loss, impacts are recognized in other comprehensive income or under equity item. Changes concerning income tax or profit or loss items are recognized through profit or loss.

(X) Business combinations

1. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
2. If the total of the fair values of the consideration of acquisition and any non-controlling interests in the acquiree as well as the acquisition-date fair value of any previous equity interest in the acquiree is higher than the fair value of the Group's share of the identifiable net assets acquired and liabilities assumed, the difference is recorded as goodwill, if the total of the fair values of the consideration of acquisition and any non-controlling interests in the acquiree as well as the acquisition-date fair value of any previous equity interest in the acquiree is higher than the fair value of the Group's share of the identifiable net assets acquired and liabilities assumed, the difference is recorded as profit.

V. Significant Accounting Judgments, Estimations, and Major Sources of Assumption Uncertainty

No material changes had taken place in the current period; please refer to Note 5. of the 2022 consolidated financial report.

VI. Details of significant accounts

(I) Cash and cash equivalents

	<u>2023/6/30</u>	<u>2022/12/31</u>	<u>2022/6/30</u>
Cash on hand and petty cash	\$ 6,121	\$ 1,003	\$ 1,598
Check deposit and demand deposit	2,007,465	1,828,790	2,007,037
Time deposit	1,974,059	404,410	103,903
Total	<u>\$ 3,987,645</u>	<u>\$ 2,234,203</u>	<u>\$ 2,112,538</u>

1. Due to good credit quality of the Group's principal financial institutions and the Group's relationships with multiple financial institutions, the exposure to a diversified set of risks would lower the probability of a default.
2. Please refer to Note 8 for the Group's collateral provision in the form of cash and cash equivalent guarantees.

(II) Net loss (gains) from financial assets and liabilities

<u>Item</u>	<u>2023/6/30</u>	<u>2022/12/31</u>	<u>2022/6/30</u>
Current:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed and OTC stocks	\$ 91,428	\$ 98,777	\$ 145,517
Emerging stocks	3,000	3,000	3,000
Unlisted and non-OTC stocks	73,744	73,744	73,744
Beneficiary certificates	25,000	25,000	25,000
Convertible bond	104,900	104,900	-
	<u>298,072</u>	<u>305,421</u>	<u>247,261</u>
Valuation adjustment	141,348	2,254	(3,657)
Subtotal	<u>\$ 439,420</u>	<u>\$ 307,675</u>	<u>\$ 243,604</u>
Non-current:			
Financial assets mandatorily measured at fair value through profit or loss			
Unlisted and non-OTC stocks	\$ 59,070	\$ 59,070	\$ 59,070
Hybrid instrument	10,832	10,832	10,832
	<u>69,902</u>	<u>69,902</u>	<u>69,902</u>
Valuation adjustment	(10,476)	(14,399)	(15,033)
Subtotal	<u>\$ 59,426</u>	<u>\$ 55,503</u>	<u>\$ 54,869</u>

1. The hybrid instrument is a contract that contains both a host contract and embedded options of the unlisted company V-net AAEON Corporation Ltd. (hereinafter referred to as V-net). The options provide original shareholders the right to resell/repurchase stocks of the

Company and V-net at the original transaction price. Please refer to Note 12 (3) 8 for the fair value as of June 30, 2023, December 31, 2022 and June 30, 2022.

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

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 53,090	(\$ 90,033)
Beneficiary certificates	80	23
Convertible bond	2,100	-
Hybrid instrument	(510)	(683)
Total	<u>\$ 54,760</u>	<u>(\$ 90,693)</u>

	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 133,451	(\$ 179,897)
Beneficiary certificates	155	38
Convertible bond	11,300	-
Hybrid instrument	(718)	(908)
Total	<u>\$ 144,188</u>	<u>(\$ 180,767)</u>

3. The Group has no financial assets at fair value through profit or loss pledged to others.

(III) Financial asset at fair value through other comprehensive income

<u>Item</u>	<u>2023/6/30</u>	<u>2022/12/31</u>	<u>2022/6/30</u>
Non-current:			
Equity instrument			
Unlisted and non-OTC stocks	\$ 39,334	\$ 69,334	\$ 69,334
Valuation adjustment	(36,953)	(41,798)	(40,853)
Total	<u>\$ 2,381</u>	<u>\$ 27,536</u>	<u>\$ 28,481</u>

1. The Group has elected to classify investment on MELTEN CONNECTED HEALTHCARE INC. and PROTECTLIFE INTERNATIONAL BIOMEDICAL INC, which are considered to be strategic investments as financial assets measured at fair value through other comprehensive income. PROTECTLIFE INTERNATIONAL BIOMEDICAL INC has been reclassified to Investments accounted for under equity method in February 2023, book value amounted to \$25,155. The fair value of the investments amounted to \$2,381, \$27,536 and \$28,481 on June 30, 2023, December 31, 2022, and June 30, 2022 separately.
2. Amounts recognized in profit of loss in relation to financial assets at fair value through other

comprehensive income are listed below:

	For the three-month periods ended June 30,	
	2023	2022
Financial asset at fair value through other comprehensive income		
Recognized in other comprehensive income (loss)	\$ -	(\$ 2,325)
Transfer to retained earnings from derecognition of financial assets	\$ -	\$ -

	For the six-month periods ended June 30,	
	2023	2022
Financial asset at fair value through other comprehensive income		
Recognized in other comprehensive income (loss)	\$ -	(\$ 3,900)
Transfer to retained earnings from derecognition of financial assets	(\$ 4,845)	\$ -

3. The Group has no financial assets measured at fair value through other comprehensive income pledged to others.

(IV) Notes and accounts receivables

	2023/6/30	2022/12/31	2022/6/30
Notes receivable	\$ 13,502	\$ 17,615	\$ 16,607
Accounts receivable	\$ 1,076,327	\$ 1,156,626	\$ 1,127,925
Less: Loss allowance	(20,714)	(21,597)	(23,295)
	\$ 1,055,613	\$ 1,135,029	\$ 1,104,630

1. The ageing analysis of notes and accounts receivable is as follows:

Notes receivable	2023/6/30	2022/12/31	2022/6/30
Not past due	\$ 13,502	\$ 17,615	\$ 16,607

Accounts receivable	2023/6/30	2022/12/31	2022/6/30
Not past due	\$ 844,470	\$ 886,337	\$ 925,232
Within 30 days	175,907	202,075	155,284
31-60 days	30,924	38,215	27,804
61-90 days	7,193	13,849	3,020
91-180 days	3,015	2,973	983
Over 181 days	14,818	13,177	15,602
	\$ 1,076,327	\$ 1,156,626	\$ 1,127,925

The aging analysis above is based on the number of days past due.

- The Group does not hold any financial assets as security for accounts and notes receivables.
- Balances of accounts and notes receivable as of June 30, 2023, December 31, 2022 and June 30, 2022 had arisen entirely from customers' contracts. Balance receivable on customers' contracts and allowance for losses as of January 1, 2022 were \$1,216,157 and \$18,403, respectively.
- Regardless of any collateral held or other credit enhancements, the maximum exposure to the credit risk of notes receivables as of June 30, 2023, December 31, 2022 and June 30, 2021 were \$13,502, \$17,615 and \$16,607, respectively, and the maximum exposure to the credit risk of accounts receivable as of June 30, 2023, December 31, 2022 and June 30, 2022 were \$1,055,613, \$1,135,029 and \$1,104,630, respectively.
- Please refer to Note 12 (2) for credit risk information of notes and accounts receivable.

(V) Inventories

	2023/6/30		
	Cost	Valuation allowance	Carrying amount
Raw material	\$ 1,036,148	(\$ 117,546)	\$ 918,602
Work in progress	504,956	(31,006)	473,950
Finished good	398,047	(41,403)	356,644
Merchandise Inventories	109,902	(16,352)	93,550
Inventories in transit	77	-	77
Total	\$ 2,049,130	(\$ 206,307)	\$ 1,842,823

	2022/12/31		
	Cost	Valuation allowance	Carrying amount
Raw material	\$ 1,104,134	(\$ 92,359)	\$ 1,011,775
Work in progress	705,935	(23,097)	682,838
Finished good	397,401	(29,049)	368,352
Merchandise Inventories	27,351	(1,971)	25,380
Total	\$ 2,234,821	(\$ 146,476)	\$ 2,088,345

2022/6/30			
	Cost	Valuation allowance	Carrying amount
Raw material	\$ 1,438,493	(\$ 78,265)	\$ 1,360,228
Work in progress	553,174	(25,483)	527,691
Finished good	325,178	(33,239)	291,939
Merchandise Inventories	37,303	(2,967)	34,336
Total	<u>\$ 2,354,148</u>	<u>(\$ 139,954)</u>	<u>\$ 2,214,194</u>

The Group's cost of inventories recognized as expenses of the current period:

	For the three-month periods ended June 30,	
	2023	2022
Cost of Inventories sold	\$ 1,319,076	\$ 1,305,985
Inventories obsolescence and devaluation loss	7,642	19,863
Losses on disposal of inventories	12	911
Others	(502)	638
	<u>\$ 1,326,228</u>	<u>\$ 1,327,397</u>

	For the six-month periods ended June 30,	
	2023	2022
Cost of Inventories sold	\$ 2,635,771	\$ 2,693,403
Inventories obsolescence and devaluation loss (reversal gain)	(3,440)	30,826
Losses on disposal of inventories	75	1,053
Others	116	(619)
	<u>\$ 2,632,522</u>	<u>\$ 2,725,901</u>

The Group recognized reversal gain since sold of inventories with devaluation loss for the six-month periods ended June 30, 2023.

(VI) Investments accounted for under equity method

	2023	2022
At January 1	\$ 4,143,549	\$ 3,922,180
Increase in Investments accounted for under equity method	34,855	-
Share of investment income accounted for using the equity method	109,648	119,359
Distribution of investment income accounted for using the equity method	(69,857)	(173,027)
Changes in capital surplus	2,789	641
Changes in other equity	65,431	(6,752)
At June 30	<u>\$ 4,286,415</u>	<u>\$ 3,862,401</u>

Investee	2023/6/30		2022/12/31	
	Ownership (%)	Book value	Ownership (%)	Book value
LITEMAX ELECTRONICS INC. IBASE	11.95	\$ 103,683	11.97	\$ 116,696
TECHNOLOGY INC.	28.53	3,553,769	28.61	3,420,216
WINMATE INC. PROTECTLIFE	13.33	596,015	13.99	606,637
INTERNATIONAL BIOMEDICAL INC.	11.54	32,747	-	-
		<u>\$ 4,286,415</u>		<u>\$ 4,143,549</u>

Investee	2022/6/30	
	Ownership (%)	Book value
LITEMAX ELECTRONICS INC. IBASE	11.97	\$ 103,683
TECHNOLOGY INC.	31.68	3,213,254
WINMATE INC.	13.83	545,464
		<u>\$ 3,862,401</u>

1. On June 11, 2018, the Company signed a share exchange agreement with IBASE TECHNOLOGY INC. and increased its capital by issuing 41,698 thousand new shares for the exchange for the exchange of 52,922 thousand common shares from IBASE TECHNOLOGY INC. The record date of the share exchange was September 29, 2018. The share exchange entitles the Group holds 30% equity interest and significant influence in IBASE; for this reason, IBASE has been accounted using the equity method since then. According to the share exchange agreement, the two parties agree to notify the other party of the transaction terms and conditions in writing, providing the preferential right of subscription for the following changes in shareholdings:

- (1) Either party wishes to reduce shares of the other party which are acquired based on the share exchange agreement.
- (2) Either party wishes to increase its shareholding in the other party within three years after the contract is signed.

2. Summarized aggregated financial information of the Group's share in these associates is as follows:

Balance sheet

	IBASE TECHNOLOGY INC.		
	2023/6/30	2022/12/31	2022/6/30
Current asset	\$ 6,590,901	\$ 5,616,501	\$ 5,375,117
Non-current assets	6,961,142	6,795,424	5,135,652
Current liability	(2,510,053)	(2,078,957)	(3,405,098)
Non-current liabilities	(3,425,745)	(2,924,708)	(1,439,314)
Net assets fair value of trade marks, other intangible and tangible assets adjustment	1,476,687	1,887,254	2,152,157
Adjusted Net Assets	<u>\$ 9,092,932</u>	<u>\$ 9,295,514</u>	<u>\$ 7,818,514</u>
Share of net assets of the affiliate	\$ 2,279,811	\$ 2,441,798	\$ 2,234,836
Goodwill	978,418	978,418	978,418
Declaration of dividends	295,540	-	-
Book value of associates	<u>\$ 3,553,769</u>	<u>\$ 3,420,216</u>	<u>\$ 3,213,254</u>

Statement of comprehensive income

	IBASE TECHNOLOGY INC.	
	For the three-month periods ended June 30,	
	2023	2022
Income	\$ 1,538,648	\$ 1,469,185
Net income of continuing operations	199,396	248,549
Other comprehensive income (net amount after tax)	75,820	(30,046)
Total comprehensive income	275,216	218,503
Fair value adjustment	(38,134)	(38,133)
Adjusted total comprehensive income	<u>\$ 237,082</u>	<u>\$ 180,370</u>
Dividends received from associates	\$ -	\$ 115,370

	IBASE TECHNOLOGY INC.	
	For the six-month periods ended June 30,	
	2023	2022
Income	\$ 3,155,764	\$ 2,953,120
Net income of continuing operations	433,110	419,862
Other comprehensive income (net amount after tax)	215,998	(27,851)
Total comprehensive income	649,108	392,011
Fair value adjustment	(76,040)	(76,267)
Adjusted total comprehensive income	<u>\$ 573,068</u>	<u>\$ 315,744</u>
Dividends received from associates	\$ -	\$ 115,370

3. The Group's share of their operating results of associates that are individually not significant to the Group:

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Net income of continuing operations	\$ 21,595	\$ 20,027
Other comprehensive income (net amount after tax)	788	2,290
Total comprehensive income	<u>\$ 22,383</u>	<u>\$ 22,317</u>

	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Net income of continuing operations	\$ 40,033	\$ 37,960
Other comprehensive income (net amount after tax)	4,287	4,177
Total comprehensive income	<u>\$ 44,320</u>	<u>\$ 42,137</u>

4. The fair value of the Group's associates which have quoted market price is as follows:

	<u>2023/6/30</u>	<u>2022/12/31</u>	<u>2022/6/30</u>
LITEMAX ELECTRONICS INC.	\$ 227,433	\$ 189,067	\$ 173,521
IBASE TECHNOLOGY INC.	4,720,630	4,090,859	3,381,707
WINMATE INC.	1,152,450	850,252	760,104
	<u>\$ 6,100,513</u>	<u>\$ 5,130,178</u>	<u>\$ 4,315,332</u>

5. Although the Group holds less than 20% of the voting power of Litemax Electronics Inc., it has significant influence to Litemax and has adopted the equity method for evaluation as its shareholding percentage is the highest, and has also been serving as a director of Litemax.
6. Although the Group holds less than 20% of the voting power of Winmate Inc., it has adopted the equity method for evaluation as its subsidiary Onyx has served as a director of Winmate Inc.
7. The Group originally holds 6.3% equity stake of PROTECTLIFE INTERNATIONAL BIOMEDICAL INC. After participating in its cash capital increase on February 9, 2023, the Group's ownership percentage increased to 11.54%. Although it holds less than 20%, when considering the group's shares together with those held by another related party, FU LI INVESTMENT INC. (a subsidiary with its chairman serving as a director of ONYX), the ownership percentage reached 20%. Additionally, the chairman of the subsidiary, who holds a significant influence, serves as a director of PROTECTLIFE INTERNATIONAL BIOMEDICAL INC. Therefore, starting from February 9, 2023, the equity method is applied for the evaluation of the investment.
8. The Group holds 28.53% of the voting power of IBASE TECHNOLOGY INC., as the single largest shareholder. Considering the participation of other shareholders in the previous shareholders' meeting and the voting rights of major proposals, the Group has no actual ability to direct relevant activities. Therefore, the Group has no control over the company and only has a significant influence.

9. The Group holds 11.95% of the voting power of LITEMAX ELECTRONICS INC., as the single largest shareholder. Considering that the remaining 88.05% of LITEMAX's equity is concentrated in investors from other parties, the number of votes for the minority voting rights holders to act together has surpassed that of the Group, Therefore, the Group has no control over the company and only has significant influence on LITEMAX.

(VII) Property, Plant and Equipment

	2023					
	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment under installation	Total
January 1						
Cost	\$ 490,453	\$ 319,367	\$ 98,346	\$ 197,458	\$ 8,370	\$ 1,113,994
Accumulated depreciation and impairment	-	(111,140)	(47,422)	(149,691)	-	(308,253)
	<u>\$ 490,453</u>	<u>\$ 208,227</u>	<u>\$ 50,924</u>	<u>\$ 47,767</u>	<u>\$ 8,370</u>	<u>\$ 805,741</u>
January 1	\$ 490,453	\$ 208,227	\$ 50,924	\$ 47,767	\$ 8,370	\$ 805,741
Additions	37,523	12,446	7,860	19,639	12,514	89,982
Disposal	-	(2)	(95)	(2,257)	-	(2,354)
Reclassification (Note)	-	29,146	4,920	4,708	(12,788)	25,986
Depreciation expense	-	(8,421)	(6,594)	(13,501)	-	(28,516)
Effects due to changes in consolidated entities	186,298	444,658	8,592	13,288	-	652,836
Net exchange differences	1,082	(5,501)	(307)	-	-	(4,726)
June 30	<u>\$ 715,356</u>	<u>\$ 680,553</u>	<u>\$ 65,300</u>	<u>\$ 69,644</u>	<u>\$ 8,096</u>	<u>\$ 1,538,949</u>
June 30						
Cost	\$ 715,356	\$ 975,321	\$ 233,571	\$ 262,733	\$ 8,096	\$ 2,195,077
Accumulated depreciation and impairment	-	(294,768)	(168,271)	(193,089)	-	(656,128)
	<u>\$ 715,356</u>	<u>\$ 680,553</u>	<u>\$ 65,300</u>	<u>\$ 69,644</u>	<u>\$ 8,096</u>	<u>\$ 1,538,949</u>

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment under installation	Total
January 1						
Cost	\$ 511,982	\$ 310,595	\$ 69,224	\$ 200,338	\$ 1,307	\$ 1,093,446
Accumulated depreciation and impairment	-	(101,534)	(45,528)	(146,063)	-	(293,125)
	<u>\$ 511,982</u>	<u>\$ 209,061</u>	<u>\$ 23,696</u>	<u>\$ 54,275</u>	<u>\$ 1,307</u>	<u>\$ 800,321</u>
January 1	\$ 511,982	\$ 209,061	\$ 23,696	\$ 54,275	\$ 1,307	\$ 800,321
Additions	-	-	150	5,849	3,903	9,902
Disposal	-	-	-	(2,146)	-	(2,146)
Reclassification	-	(271)	-	649	(674)	(296)
Depreciation expense	-	(4,234)	(3,869)	(12,859)	-	(20,962)
Net exchange differences	5,131	5,697	25	152	-	11,005
June 30	<u>\$ 517,113</u>	<u>\$ 210,253</u>	<u>\$ 20,002</u>	<u>\$ 45,920</u>	<u>\$ 4,536</u>	<u>\$ 797,824</u>
June 30						
Cost	\$ 517,113	\$ 316,261	\$ 66,703	\$ 194,175	\$ 4,536	\$ 1,098,788
Accumulated depreciation and impairment	-	(106,008)	(46,701)	(148,255)	-	(300,964)
	<u>\$ 517,113</u>	<u>\$ 210,253</u>	<u>\$ 20,002</u>	<u>\$ 45,920</u>	<u>\$ 4,536</u>	<u>\$ 797,824</u>

1. The above property, plant and equipment are assets for self-use requirement.
2. There were no capitalization of borrowing costs related to the above-mentioned properties, plants and equipment.
3. Please refer to Note 8 for the property, plant and equipment as collaterals for loans.

(VIII) Leasing arrangements - lessee

1. The Group leases various assets including land use right, buildings, transportation equipment and other equipment. The rental contracts of land use right is 43 years, remaining are typically made for periods of 1 to 20 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.
2. The lease term of part of the Group's houses and transportation equipment is no more than 12 months, with leases of office equipment which are low-value assets.
3. The carrying amount of right-of-use assets and the amount of depreciation expense recognized are as follows:

	2023/6/30	2022/12/31	2022/6/30
	Carrying amount	Carrying amount	Carrying amount
Building	\$ 143,834	\$ 113,403	\$ 125,547
Transportation equipment	7,844	6,415	6,788
Land use right	41,688	-	-
Other equipment	1,458	1,672	1,886
	<u>\$ 194,824</u>	<u>\$ 121,490</u>	<u>\$ 134,221</u>

	For the three-month periods ended June 30,	
	2023	2022
	Depreciation expense	Depreciation expense
Building	\$ 12,093	\$ 9,231
Transportation equipment	1,427	1,598
Land use right	186	-
Other equipment	107	107
	<u>\$ 13,813</u>	<u>\$ 10,936</u>
	For the six-month periods ended June 30,	
	2023	2022
	Depreciation expense	Depreciation expense
Building	\$ 22,310	\$ 15,854
Transportation equipment	2,833	3,098
Land use right	186	-
Other equipment	214	214
	<u>\$ 25,543</u>	<u>\$ 19,166</u>

4. For the six-month periods ended June 30, 2023 and 2022 to the acquisitions of right-of use assets were \$33,428 and \$73,989, respectively.
5. The information on income and expense accounts relating to lease contracts is as follows:

	For the three-month periods ended June 30,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expenses on lease liabilities	\$ 662	\$ 835
Expenses on short-term lease contracts	4,842	4,796
Expenses on leases of low-value assets	21	2
Gain on lease modification	-	-
	For the six-month periods ended June 30,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expenses on lease liabilities	\$ 1,344	\$ 1,205
Expenses on short-term lease contracts	9,526	10,555
Expenses on leases of low-value assets	81	13
Gain on lease modification	24	36

6. For the six-month periods ended June 30, 2023 and 2022, the Group's total cash outflow for leases was \$35,699 and \$30,384, respectively.

(IX) Investment property

	2023		
	Land	Buildings	Total
January 1			
Cost	\$ 128,073	\$ 192,206	\$ 320,279
Accumulated depreciation and impairment	-	(97,350)	(97,350)
	<u>\$ 128,073</u>	<u>\$ 94,856</u>	<u>\$ 222,929</u>
January 1	\$ 128,073	\$ 94,856	\$ 222,929
Reclassification (Note 1)	-	(24,145)	(24,145)
Depreciation expense	-	(3,146)	(3,146)
Net exchange differents	-	(1,165)	(1,165)
June 30	<u>\$ 128,073</u>	<u>\$ 66,400</u>	<u>\$ 194,473</u>
—			
June 30			
Cost	\$ 128,073	\$ 145,253	\$ 273,326
Accumulated depreciation and impairment	-	(78,853)	(78,853)
	<u>\$ 128,073</u>	<u>\$ 66,400</u>	<u>\$ 194,473</u>
	2022		
	Land	Buildings	Total
January 1			
Cost	\$ -	\$ 169,788	\$ 169,788
Accumulated depreciation and impairment	-	(90,030)	(90,030)
	<u>\$ -</u>	<u>\$ 79,758</u>	<u>\$ 79,758</u>
January 1	\$ -	\$ 79,758	\$ 79,758
Reclassification (Note 2)	-	271	271
Depreciation expense	-	(3,216)	(3,216)
Net exchange differences	-	1,075	1,075
June 30	<u>\$ -</u>	<u>\$ 77,888</u>	<u>\$ 77,888</u>
June 30			
Cost	\$ -	\$ 172,389	\$ 174,139
Accumulated depreciation and impairment	-	(94,501)	(94,501)
	<u>\$ -</u>	<u>\$ 77,888</u>	<u>\$ 77,888</u>

Note 1: Mainly reclassified from investment property to property, plant and equipment.

Note 2: Mainly reclassified from property, plant and equipment to investment property.

1. Rent income and related direct operating cost & expense of the investment property:

	For the three-month periods ended June 30,	
	2023	2022
Rent income	\$ 2,473	\$ 3,046
Related direct operating cost & expense	\$ 1,349	\$ 1,614

	For the six-month periods ended June 30,	
	2023	2022
Rent income	\$ 6,308	\$ 6,059
Related direct operating cost & expense	\$ 3,146	\$ 3,216

2. The fair value of investment property for the year ended June 30, 2023, December 31, 2022 and June 30, 2022 was \$354,395, \$484,540 and \$172,994 which base on the evaluation results of nearby transaction prices.

(X) Intangible assets

	Patent and Expertise	Computer Software	Goodwill	Customer Relationship	Total
January 1, 2023					
Cost	\$ 385	\$ 66,511	\$ -	\$ -	\$ 66,896
Accumulated amortization and impairment	(59)	(53,524)	-	-	(53,583)
	<u>\$ 326</u>	<u>\$ 12,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,313</u>
January 1	\$ 326	\$ 12,987	\$ -	\$ -	\$ 13,313
Additions- from acquisitions	-	1,584	-	-	1,584
Additions- due to changes in consolidated entities	70,146	721	203,721	463,225	737,813
Amortization	(1,949)	(5,322)	-	(11,029)	(18,300)
Net exchange differences	5	(18)	-	-	(13)
June 30, 2023	<u>\$ 68,528</u>	<u>\$ 9,952</u>	<u>\$ 203,721</u>	<u>\$ 452,196</u>	<u>\$ 734,397</u>
June 30, 2023					
Cost	\$ 70,531	\$ 68,816	\$ 203,721	\$ 463,225	\$ 806,293
Accumulated amortization and impairment	(2,003)	(58,864)	-	(11,029)	(71,896)
	<u>\$ 68,528</u>	<u>\$ 9,952</u>	<u>\$ 203,721</u>	<u>\$ 452,196</u>	<u>\$ 734,397</u>

	Patent and Expertise	Computer Software	Goodwill	Customer Relationship	Total
January 1, 2022 Cost	\$ 329	\$ 55,645	\$ -	\$ -	\$ 55,974
Accumulated amortization and impairment	(91)	(38,157)	-	-	(38,248)
	<u>\$ 238</u>	<u>\$ 17,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,726</u>
January 1, 2022 Additions- from acquisitions	\$ 238 56	\$ 17,488 5,312	\$ - -	\$ - -	\$ 17,726 5,368
Amortization	-	(7,826)	-	-	(7,826)
Net exchange differences	21	-	-	-	21
June 30, 2022	<u>\$ 315</u>	<u>\$ 14,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,289</u>
June 30, 2022 Cost	\$ 385	\$ 60,957	\$ -	\$ -	\$ 61,342
Accumulated amortization and impairment	(70)	(45,983)	-	-	(46,053)
	<u>\$ 315</u>	<u>\$ 14,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,289</u>

1. Please refer to the Note 6 (27) for business combinations.
2. As of June 30, 2023, the goodwill generated by JETWAY due to the acquisition of the Group is tentatively recognized at \$203,721, and the impairment test of goodwill is to allocate goodwill to the cash generating units related to JETWAY, and the use value is used as the basis for the recoverable amount, and the use value is estimated based on the cash flow of the five-year financial budget approved by management.

Management determines the budget gross margin based on previous performance and its expectations of market development. The weighted average growth rate used is consistent with the industry report's forecast. The discount rate used is an after-tax rate and reflects the specific risks of the relevant operating sector. The after-tax discount rate used in the main assessment of June 30, 2023 was 16.43%.
3. There's no impairment loss of goodwill recognized in 2023 from the assessment mentioned above.
4. The details of Amortization as below:

	For the three-month periods ended June 30,	
	2023	2022
Operating cost	\$ 62	\$ 486
Selling expense	138	188
General and administrative expenses	13,773	1,370
Research and development expenses	1,560	2,232
	<u>\$ 15,533</u>	<u>\$ 4,276</u>

	For the six-month periods ended June 30,	
	2023	2022
Operating cost	\$ 81	\$ 972
Selling expense	272	407
General and administrative expenses	14,582	2,258
Research and development expenses	3,365	4,189
	<u>\$ 18,300</u>	<u>\$ 7,826</u>

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

Item	2023/6/30	2022/12/31	2022/6/30
	Carrying amount	Carrying amount	Carrying amount
Current item:			
Financial liabilities held for trading			
Derivative	\$ 457	\$ -	\$ -

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

	For the three-month periods ended June 30,	
	2023	2022
Net profit or loss		
Financial liabilities held for trading		
Derivative	(\$ 457)	\$ -

	For the six-month periods ended June 30,	
	2023	2022
Net profit or loss		
Financial liabilities held for trading		
Derivative	(\$ 457)	\$ -

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

Derivative financial liabilities	2023/6/30	
	Contract amount	Maturity period
Current item:		
Forward exchange contracts		
-Buy NTD Sell USD	USD 510,000	2023.6.12~2023.7.14
-Buy NTD Sell USD	USD 510,000	2023.6.19~2023.7.7

(XII) Long-term borrowings

Type of borrowing	Period and Repayment method	Interest rate range	Collateral	2023/6/30
Borrowings from banks				
Guaranteed borrowings	2021.5.28-2036.5.28 Monthly amortization of principal and interest	1.85%	Land, Buildings	\$ 150,140
Less: Current portions of long-term loans				(10,379)
				<u>\$ 139,761</u>

Type of borrowing	Period and Repayment method	Interest rate range	Collateral	2022/12/31
Borrowings from banks				
Guaranteed borrowings	2021.5.28-2036.5.28 Monthly amortization of principal and interest	1.73%	Land, Buildings	\$ 155,286
Less: Current portions of long-term loans				(10,376)
				<u>\$ 144,910</u>

Type of borrowing	Period and Repayment method	Interest rate range	Collateral	2022/3/31
Borrowings from banks				
Guaranteed borrowings	2021.5.28-2036.5.28 Monthly amortization of principal and interest	1.375%	Land, Buildings	\$ 160,486
Less: Current portions of long-term loans				(10,536)
				<u>\$ 149,950</u>

1. The interest recognized in profit or loss for the six-month period ended of June 30, 2023 and 2022, the three months ended June 30, 2023 and 2022 were \$700, \$512, \$1,359 and \$897, respectively.
2. Please refer to Note 8 for the guarantee status of long-term borrowings.

(XIII) Other Payables

	2023/6/30	2022/12/31	2022/6/30
Accrued payroll, employee's compensation and bonuses	\$ 449,937	\$ 375,968	\$ 285,509
Accrued technical service fee (Note)	39,938	37,859	38,711
Accrued dividends (Note)	952,547	-	528,734
Accrued commission fee	78,012	65,546	17,581
Others	99,787	114,160	88,236
	<u>\$ 1,620,221</u>	<u>\$ 593,533</u>	<u>\$ 958,771</u>

Note: Please refer to Note 7 (3) 6.

(XIV) Pension

1. (1) JETWAY have a defined benefit pension plan in accordance with the Labor Standards

Law, 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 Law. 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 and its domestic subsidiaries contribute monthly an amount equal to 5% 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. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

- (2) The pension costs under the defined benefit pension plans of the Group was \$57 from April 28, 2023 to the end of June 30, 2023.
 - (3) Expected contribution to the defined benefit pension plans of the Group from April 28, 2023 to the end of December 31, 2023 is \$18.
2. (1) Since July 1, 2005, the Company and its domestic subsidiaries have established certain retirement payout methods applicable for domestic employees in accordance with the "Labor Pension Act". The Company and its domestic subsidiaries choose to apply the labor pension system stipulated in the "Labor Pension Act", and allocate pensions on a monthly basis to the individual labor pension account managed by the Bureau of Labor Insurance at 6% of monthly wage. Based on the principal and accrued dividends from an employee's individual labor pension account, labor pension shall be paid by monthly pension payments or by lump-sum payment upon retirement.
- (2) In accordance with the pension insurance system formulated by the People's Republic of China, ACI, OCI and FUJIAN CANDID has allocated provisions for pension insurance based on a specified ratio of the overall wage of local employees. Each employee's retirement pension is managed by the government, and ACI, OCI and FUJIAN CANDID have no further obligations except to be responsible for monthly allocation.
 - (3) AEI and OHU currently have a personal pension scheme under the Company's support. The Company and the employees are jointly liable for the employee's pension fund, of which the company allocates 3% of total wage, and the pension is capped by the amount paid by employees.
 - (4) ASG, ANI, AGI, ONI and JETWAY (USA) shall allocate pensions in accordance with local laws and regulations.
 - (5) Pension costs recognized by the group in accordance with the above retirement policy for were \$11,950, \$9,931, \$23,274, and \$19,499 for the three months periods ended June 30, 2023 and 2022, and for the six months periods ended June 30, 2023 and 2022, respectively.

(XV) Share-based Payment

1. The Company

- (1) The Company had the following share-based payment agreement active for the six months periods ended June 30, 2023 and 2022:

Arrangement type	Grant date	Quantity granted (thousand)	Contract period	Vesting conditions
Plan of employee stock options	2019.11.26	3,000	5 years	Service of 2~4 years

All of the above arrangements are for equity-settled share-based payments.

(2) Details of the aforementioned share-based payment arrangement:

	For the three-months periods ended June 30, 2023	
	No. of units (shares in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of period	1,877	\$ 63.1
Options exercised	(430)	63.1
Options outstanding at the end of period	1,447	63.1
Options exercisable at the end of period	806	

	For the three-months periods ended June 30, 2023	
	No. of units (shares in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of period	2,556	\$ 65.7
Options exercised	(119)	65.7
Options outstanding at the end of period	2,437	65.7
Options exercisable at the end of period	1,099	

(3) The maturity date and exercise price of outstanding share options at the end of the reporting period are as follows:

Arrangement type	Authorized issue date	Maturity date	2023/6/30	
			No. of units (shares in thousands)	Exercise price (in dollars)
Plan of employee stock options	2019.11.26	2024.11.25	1,447	\$ 63.1

Arrangement type	Authorized issue date	Maturity date	2022/12/31	
			Number of shares (in thousands)	Exercise price (in dollars)
Plan of employee stock options	2019.11.26	2024.11.25	1,877	\$ 63.1

Arrangement type	Authorized issue date	Maturity date	2022/6/30	
			Number of shares (in thousands)	Exercise price (in dollars)
Plan of employee stock options	2019.11.26	2024.11.25	2,437	\$ 65.7

- (4) The fair value of employee stock options is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Arrangement type	Grant date	Quantity granted (thousand)	Stock price	Exercise price	Expected price Volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Plan of employee stock options	2019.11.26	3,000	\$ 72.3	\$ 72.3	26.88%	3.875 years	0.58%	\$ 15.7445

- (5) Expenses of share-based payment transaction:

	For the three-months periods ended June 30,	
	2023	2022
Equity settlement	\$ 598	\$ 1,277

	For the six-months periods ended June 30,	
	2023	2022
Equity settlement	\$ 1,195	\$ 2,552

2. Subsidiary- ONYX HEALTHCARE INC. (ONYX)

- (1) ONYX had the following share-based payment agreement active for the six-month period ended June 30, 2023.

Arrangement type	Grant date	Quantity granted (thousand)	Contract period	Vesting conditions
Plan of employee stock options	2020.08.06	1,000	5 years	Service of 2~4 years
Increase cash capital reserved for employees	2022.01.25	418	Not applicable	Immediately

All of the above arrangements are for equity-settled share-based payments.

- (2) Details of the aforementioned share-based payment arrangement:

	For the six-month periods ended June 30, 2023	
	No. of units (shares in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of period	872	\$ 114.7
Adjustment of employee stock options	20	-
Options granted	(27)	114.7
Options outstanding at the end of period	865	
Options exercisable at the end of period	433	

	For the six-month periods ended June 30, 2022	
	No. of units (shares in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of period	1,000	\$ 121.5
Options outstanding at the end of period	1,000	119.7
Options exercisable at the end of period	-	

(3) The maturity date and exercise price of outstanding share options at the end of the reporting period are as follows:

Arrangement type	Authorized issue date	Maturity date	2023/6/30	
			No. of units (shares in thousands)	Exercise price (in dollars)
Plan of employee stock options	2020.08.06	2025.08.06	865	\$ 114.7

Arrangement type	Authorized issue date	Maturity date	2022/12/31	
			No. of units (shares in thousands)	Exercise price (in dollars)
Plan of employee stock options	2020.08.06	2025.08.06	872	\$ 114.7

Arrangement type	Authorized issue date	Maturity date	2022/12/31	
			No. of units (shares in thousands)	Exercise price (in dollars)
Plan of employee stock options	2020.08.06	2025.08.06	1,000	\$ 119.7

(4) The fair value of employee stock options is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Arrangement type	Grant date	Quantity granted (thousand)	Stock price	Exercise price	Expected price Volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Plan of employee stock options	2020.08.06	1,000	\$ 139.5	\$ 139.5	32.26%	3.88 years	0.29%	\$ 35.39
Increase cash capital reserved for employees	2022.01.25	418	\$ 107.5	\$ 88.0	18.32%	0.16 years	0.34%	\$19.5567

(5) Expenses of share-based payment transaction:

	For the three-months periods ended June 30,	
	2023	2022
Equity settlement	\$ 897	\$ 2,196

	For the six-months periods ended June 30,	
	2023	2022
Increase cash capital reserved for employees	\$ -	\$ 8,174
Equity settlement	1,795	4,393
	\$ 1,795	\$ 12,567

(XVI) Share capital

1. As of June 30, 2023, the Company's authorized capital was \$2,000,000 (including 5,000 thousand shares reserved for issuing employee stock options), with paid-in capital of \$1,601,788, divided into 160,178 thousand shares, each at par value of NT\$10 per share. Proceeds have been fully collected for the issued shares. The Company had 148,498 thousand common shares outstanding for the six months periods ended June 30, 2023 and 2022.

	2023	2022
1/1	149,225	148,498
Employee stock options exercised	430	119
Issuance of new shares in exchange for other company's shares	10,523	-
6/30	160,178	148,737

2. On April 30, 2019, the Company passed the issuance of employee stock options (ESOs) by resolution of the board of directors, which was amended on November 12, 2019 by resolution of the board of directors. A total of 3,000 ESOs were issued, and each ESO granted the right to buy 1,000 shares. A total of 3,000 thousand new common shares were issued for exercising the ESOs, of which the exercise price per share are set in accordance with relevant regulations.
3. As of June 30, 2023, the Company's associates - IBASE owned 41,698 thousand of the Company's shares.
4. The Company has increased its capital by issuing 10,523 thousand common shares in exchange for 26,308 thousand common shares held by 11 shareholders of JETWAY in April, 2023. The project mentioned above has reported to TWSE and took effect, which completed registration in May, 2023.

(XVII) Capital surplus

Pursuant to the R.O.C. Company Law, 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 Act 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.

	2023						
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Recognition of changes in ownership interest in subsidiary	Affiliate company net equity changes	Employee Share option	Others	Total
January 1	\$ 4,804,131	\$ 233,002	\$ 229,677	\$ 164,713	\$ 27,438	\$ 2,409	\$ 5,461,370
Employee stock options exercised	29,603	-	-	-	(6,770)	-	22,833
Effect from long-term investment that has not been recognized based on shareholding percentage	-	-	-	(5)	-	(5)	(5)
Change in associates and joint ventures accounted for under equity method	-	-	-	2,794	-	-	2,794
Issuance of new shares in exchange for other company's shares	848,183	-	-	-	-	-	848,183
Share-based Payment	-	-	2,258	-	1,269	-	3,527
June 30	\$ 5,681,917	\$ 233,002	\$ 231,935	\$ 167,502	\$ 21,937	\$ 2,409	\$ 6,338,702

	2022						
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Recognition of changes in ownership interest in subsidiary	Affiliate company net equity changes	Employee Share option	Others	Total
January 1	\$ 4,837,089	\$ 213,200	\$ 223,636	\$ 127,296	\$ 30,524	\$ 2,181	\$ 5,433,926
Cash dividends	(74,309)	-	-	-	-	-	(74,309)
Differences between share price and book value from acquisition or disposal of subsidiaries	-	19,802	-	-	-	-	19,802
Changes in ownership interests in subsidiaries	-	-	(2,366)	-	-	-	(2,366)
Employee stock options exercised	8,502	-	-	(1,874)	-	-	6,628
Effect from long-term investment that has not been recognized based on shareholding percentage	-	-	-	(503)	-	-	(503)
Change in associates and joint ventures accounted for under equity method	-	-	-	1,144	-	-	1,144
Share-based Payment	-	-	6,259	-	2,958	-	9,217
June 30	\$ 4,771,282	\$ 233,002	\$ 227,529	\$ 127,937	\$ 31,608	\$ 2,181	\$ 5,393,539

(XVIII) Retained earnings

1. Under the Company's Article of Incorporation, the profit in a fiscal year, shall first be utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings at the beginning of the period shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.
2. In the future, the Company may have the surplus profit distributable as dividends in part or in whole considering the financial, business and operational factors. The ratio of share dividend shall exceed 5% of distributable earnings. Surplus distribution can be in the form of cash or stock dividends. For the measurement of future capital requirements and capital structure, cash dividend shall not be less than 10% of the total amount of dividends in the future, and the actual distribution amount shall be adopted by resolution of the shareholders' meeting.
3. Unless losses have been covered or where legal reserve is distributed by the issuance of new shares or by cash in proportion to the shareholders' existing shareholding, the Company shall not make distributions out of legal reserve, of which only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.
4. (1) For surplus distribution, the Company shall appropriate special reserve to the debit balance of other equity on the end of the reporting period. When the debit balance of other equity is reversed, the reversal amount can be included in distributable surplus.
(2) The amounts previously set aside by the Company as special reserve on initial application of IFRSs, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
5. The Company's appropriations of 2022 and 2021 earnings had been approved by the resolutions of the board of directors of the Company on May. 31,2023 and May 27, 2022 respectively. Details are summarized below:

	2022		2021	
	Amount	Dividend per share (in NT dollars)	Amount	Dividend per share (in NT dollars)
Provision (reversal) of Special reserve	(\$ 52,446)		\$ 11,527	
Legal reserve	107,411		44,909	
Cash dividends	746,127	\$ 5.00	386,408	\$ 2.60
	<u>\$ 801,092</u>		<u>\$ 442,844</u>	

Cash dividends distributed to common shareholders from the capital surplus would be \$74,309 (\$0.5 per share) which approved by the resolutions of the board of directors of the Company on May 27, 2022.

The result of appropriations of 2022 and 2021 which were the same as the proposal submitted by the Board of Directors.

(XIX) Operating income

	For the three-month periods ended June 30,	
	2023	2022
Revenue from Contracts with Customers	\$ 2,056,104	\$ 2,085,452
	For the six-month periods ended June 30,	
	2023	2022
Revenue from Contracts with Customers	\$ 3,984,942	\$ 4,037,143

1. Disaggregation of revenue from contracts with customers

The Group's revenue come from the provision of goods and services that are transferred over time and at a point in time. The revenues are segmented into the following major product lines:

For the three-month periods ended June 30, 2023	IPC	Medical PC	Total
Revenue from Contracts with Customers	\$ 1,699,537	\$ 356,567	\$ 2,056,104
Timing of revenue recognition			
At a point time	1,699,097	348,760	2,047,857
Over time	440	7,807	8,247
Total	\$ 1,699,537	\$ 356,567	\$ 2,056,104

For the six-month periods ended June 30, 2023	IPC	Medical PC	Total
Revenue from Contracts with Customers	\$ 3,300,937	\$ 684,005	\$ 3,984,942
Timing of revenue recognition			
At a point time	3,299,995	670,951	3,970,946
Over time	942	13,054	13,996
Total	\$ 3,300,937	\$ 684,005	\$ 3,984,942

For the three-month periods ended June 30, 2022	IPC	Medical PC	Total
Revenue from Contracts with Customers	\$ 1,735,520	\$ 349,932	\$ 2,085,452
Timing of revenue recognition			
At a point time	\$ 1,734,842	340,538	2,075,380
Over time	678	9,394	10,072
Total	\$ 1,735,520	\$ 349,932	\$ 2,085,452

For the six-month periods ended June 30,2022	IPC	Medical PC	Total
Revenue from Contracts with Customers	\$ 3,274,255	\$ 762,888	\$ 4,037,143
Timing of revenue recognition			
At a point time	\$ 3,272,687	742,754	4,015,441
Over time	1,568	20,134	21,702
Total	\$ 3,274,255	\$ 762,888	\$ 4,037,143

2. Contract liability

(1) Recognized contract liabilities relative to revenue from contracts with customers are as follows:

	2023/6/30	2022/12/31	2022/6/30	2022/1/1
Contract Liability - Current:				
Advances from customers	\$ 286,042	\$ 244,311	\$ 255,883	\$ 212,285
Warranty contract	10,259	10,900	12,032	13,946
Contract Liability - Non-current:				
Advances from customers	42,954	54,939	48,509	26,024
Warranty contract	15,151	18,486	18,753	21,317
Total	\$ 354,406	\$ 328,636	\$ 335,177	\$ 273,572

(2) Recognized income of contract liabilities at January 1

	For the three-month periods ended June 30,	
	2023	2022
Beginning balance of contract liabilities		
Recognized income		
Advances from customers	\$ 42,447	\$ 41,340
Warranty contract	2,656	3,514
Total	\$ 44,854	\$ 44,854

	For the six-month periods ended June 30,	
	2022	2022
Beginning balance of contract liabilities		
Recognized income		
Advances from customers	\$ 132,053	\$ 82,866
Warranty contract	5,525	7,454
Total	\$ 137,578	\$ 90,320

(XX) Other income

	For the three-month periods ended June 30,	
	2023	2022
Rental income	\$ 5,505	\$ 4,586
Dividend income	9,831	12,107
	<u>\$ 15,336</u>	<u>\$ 16,693</u>
	For the six-month periods ended June 30,	
	2023	2022
Rental income	\$ 10,683	\$ 8,709
Dividends income	9,831	15,474
	<u>\$ 20,514</u>	<u>\$ 24,183</u>

(XXI) Other gains and losses

	For the three-month periods ended June 30,	
	2023	2022
Net loss from financial assets and liabilities at fair value through profit or loss	\$ 54,303	(\$ 90,693)
Gain on foreign currency exchange	55,860	20,137
Losses on disposal of property, plant and equipment	(640)	3
Depreciation on investment property, buildings.	(1,349)	(1,614)
Government subsidy	330	88
Other income	4,835	6,886
	<u>S\$ 113,339</u>	<u>(\$ 65,193)</u>

	For the six-month periods ended June 30,	
	2023	2022
Net loss from financial assets and liabilities at fair value through profit or loss	\$ 143,731	(\$ 180,767)
Gain on foreign currency exchange	41,580	48,997
Losses on disposal of property, plant and equipment	(2,354)	(2,146)
Depreciation on investment property, buildings.	(3,146)	(3,216)
Gain (loss) on lease modification	24	36
Government subsidy	531	139
Other income	25,134	12,427
	<u>\$ 205,500</u>	<u>(\$ 124,530)</u>

(XXII) Financial costs

	For the three-month periods ended June 30,	
	2023	2022
Interest expenses	\$ 700	\$ 552
Leased liabilities interest expenses	662	835
	<u>\$ 1,362</u>	<u>\$ 1,387</u>

	For the six-month periods ended June 30,	
	2023	2022
Interest expenses	\$ 1,359	\$ 1,261
Leased liabilities interest expenses	1,344	1,205
	<u>\$ 2,703</u>	<u>\$ 2,466</u>

(XXIII) Extra information regarding the nature of cost and expenses

	For the three-month periods ended June 30,					
	2023			2022		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits expenses	\$ 89,538	\$ 313,671	\$ 403,209	\$ 75,731	\$ 265,986	\$ 341,717
Depreciation expense	12,318	18,333	30,651	8,681	12,238	20,919
Amortization expenses	68	15,579	15,647	500	4,047	4,547

	For the six-month periods ended June 30,					
	2023			2022		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits expenses	\$ 168,484	\$ 579,940	\$ 748,424	\$ 145,484	\$ 504,105	\$ 649,589
Depreciation expense	22,473	31,586	54,059	18,069	22,059	40,128
Amortization expenses	93	18,435	18,528	1,001	7,295	8,296

(XXIV) Employee benefit expenses

	For the three-month periods ended June 30,	
	2023	2022
Salaries and wages	\$ 362,222	\$ 306,161
Labor and health insurance fees	24,737	21,689
Pension costs	12,007	9,931
Other personnel expenses	4,243	3,936
	<u>\$ 403,209</u>	<u>\$ 341,717</u>

	For the six-month periods ended June 30,	
	2023	2022
Salaries and wages	\$ 667,575	\$ 577,250
Labor and health insurance fees	48,571	45,383
Pension costs	23,331	19,499
Other personnel expenses	8,947	7,457
	<u>\$ 748,424</u>	<u>\$ 649,589</u>

1. According to the Articles of Incorporation of the Company, the Company accrued employees' compensation at rates of no less than 5% and remuneration of directors and supervisors at rates of no higher than 1%, of the remaining profit after deducting accumulated losses.
2. For the three months periods ended June 30, 2023 and 2022, and for the six months periods ended June 30, 2023 and 2022, based on the percentage stipulated in the Articles of Incorporation, employee compensation were estimated at \$28,106, \$29,289, \$53,655 and \$36,694, respectively, while the remuneration of directors were estimated at \$1,579, \$2,501, \$3,202 and \$3,309, respectively, which are recognized as salaries and wages.

Amounts for the period January 1 to June 30, 2023, were estimated based on profitability at the time and the percentages stipulated in Articles of Incorporation.

Employees' compensation and directors' remuneration for 2022 as resolved at the meeting of Board of Directors were in agreement with those amounts recognized in the 2022 financial statements., which were \$118,958 and \$8,712, respectively. Employees' compensation is intended to be paid in cash, but no actual payment has been made.

Information on remuneration of employees and directors approved by the board of directors is disclosed on the MOPS.

(XXV) Income tax

1. Income tax expense

(1) Components of income tax expense:

	For the three-month periods ended June 30,	
	2023	2022
Current tax:		
Current tax on profits for the period	\$ 56,677	\$ 100,374
Surtax on undistributed Retained Earnings	19,193	915
Adjustments in respect of prior period	(4,245)	-
Total current income tax	<u>71,625</u>	<u>101,289</u>
Deferred tax		
Origination and reversal of temporary differences	24,573	(13,305)
Income tax expense	<u>\$ 96,198</u>	<u>\$ 87,984</u>

	For the six-month periods ended June 30,	
	2023	2022
Current income tax:		
Income tax from current income	\$ 106,931	\$ 145,451
Surtax on undistributed Retained Earnings	19,193	915
Adjustments in respect of prior period	(4,245)	866
Total current income tax	<u>121,879</u>	<u>147,232</u>
Deferred tax		
Origination and reversal of temporary differences	27,217	(8,277)
Income tax expense	<u>\$ 149,096</u>	<u>\$ 138,955</u>

(2) Income tax relative to other comprehensive income:

	For the three-month periods ended June 30,	
	2023	2022
Differences in translation of foreign operations	(\$ 1,302)	\$ 1,573
	For the six-month periods ended June 30,	
	2023	2022
Differences in translation of foreign operations	(\$ 1,402)	\$ 6,457

2. Income tax returns of the Company and domestic subsidiaries have been assessed and approved by the Tax Authority as follows:

		Certification	
AAEONI, ONYX, IHELPER INC.		2021	
The Company, JETWAY		2020	
(XXVI) <u>Earnings per share</u>			
<u>For the three-month periods ended June 30,2023</u>			
	<u>Amount</u>	<u>Weighted average</u>	<u>Losses per</u>
	<u>after-tax</u>	<u>outstanding shares</u>	<u>share</u>
		<u>(in thousand)</u>	<u>(in dollars)</u>
<u>Basic (diluted) earnings per share</u>			
Profit attributable to ordinary			
shareholders of parent company	\$ 320,279	115,296	\$ 2.77
<u>Diluted earnings per share</u>			
Dilutive effect of potential			
ordinary shares			
Employee stock options		543	
Employees' bonuses		445	
Profit attributable to ordinary			
shareholders of parent company plus			
assumed conversion of all dilutive			
potential ordinary shares	\$ 320,279	116,284	\$ 2.75
<u>For the three-month periods ended June 30,2022</u>			
	<u>Amount</u>	<u>Weighted average</u>	<u>Losses per</u>
	<u>after-tax</u>	<u>outstanding shares</u>	<u>share</u>
		<u>(in thousand)</u>	<u>(in dollars)</u>
<u>Basic (diluted) earnings per share</u>			
Profit attributable to ordinary			
shareholders of parent company	\$ 292,626	106,985	\$ 2.73
<u>Diluted earnings per share</u>			
Dilutive effect of potential			
ordinary shares			
Employee stock options		390	
Employees' bonuses		467	
Profit attributable to ordinary			
shareholders of parent company plus			
assumed conversion of all dilutive			
potential ordinary shares	\$ 292,626	107,842	\$ 2.71

	<u>For the six-month periods ended June 30, 2023</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Losses per</u>
	<u>after-tax</u>	<u>outstanding shares</u>	<u>share</u>
		<u>(in thousand)</u>	<u>(in dollars)</u>
<u>Basic (diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of parent company	\$ 629,156	111,507	\$ 5.64
<u>Diluted earnings per share</u>			
Dilutive effect of potential ordinary shares			
Employee stock options		476	
Employees' bonuses		855	
Profit attributable to ordinary shareholders of parent company plus assumed conversion of all dilutive potential ordinary shares	\$ 629,156	112,838	\$ 5.58

	<u>For the six-month periods ended June 30, 2022</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Losses per</u>
	<u>after-tax</u>	<u>outstanding shares</u>	<u>share</u>
		<u>(in thousand)</u>	<u>(in dollars)</u>
<u>Basic (diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of parent company	\$ 421,966	106,966	\$ 3.94
<u>Diluted earnings per share</u>			
Dilutive effect of potential common shares			
Employee stock options		268	
Employees' bonuses		695	
Profit attributable to ordinary shareholders of parent company plus assumed conversion of all dilutive potential ordinary shares	\$ 421,966	107,929	\$ 3.91

The Company applies the equity method for the exchange of shares with IBASE, and applies the treasury stock method for investments on Ibase. In calculating earnings per share, the Company recognizes IBASE's shareholding as treasury shares which is a deduction from equity.

(XXVII) Business combinations

- On April 28, 2023, the Company increased its capital by issuing 10,523,000 common shares in exchange for 26,308,000 common shares held by 11 shareholders of JETWAY. Consequently, AAEON acquired a total of 35.27% of the shares of JETWAY including 0.19% equity interest held by the Company before the combination, and became the single largest shareholder of the company. Considering the participation of other shareholders and the voting records of major resolutions during JETWAY's past shareholders' meetings, which indicated that the Group has substantial capability to lead relative activities and control over the company, JETWAY was included in the

Group's consolidated financial statements from the acquisition date. The Group expects to expand the operating scale of both parties and improve the overall operating performance through the integration of corporate resources.

2. On the acquisition date, the consideration paid for JETWAY, the fair value of identified assets and liabilities, non-controlling interests in the identified net assets of the acquiree.

Acquisition consideration	2023/4/28
Equity instrument	\$ 953,416
Fair value of equity interest held by the Company before the acquisition date	4,949
Non-controlling interests in the identified net assets of the acquiree	1,384,704
	2,343,069
 The fair value of identified assets and liabilities	
Cash	758,967
Financial assets measured at amortized cost-current	130,740
Accounts receivable	76,993
Other receivables	1,490
Current tax assets	51
Inventories	373,626
Prepayments	20,050
Other current assets	2,454
Property, plant and equipment	652,836
Right-of-use assets	67,528
Intangible assets	534,092
Deferred tax assets	31,345
Other non-current assets	10,417
Contract liability - current	(41,858)
Accounts payables and Notes payables	(117,337)
Other payables	(102,917)
Current tax liabilities	(34,942)
Provisions - current	(15,395)
Lease liability	(25,883)
Other current liabilities - other	(1,915)
Deferred tax liabilities	(168,720)
Other non-current liabilities	(12,274)
Total value of indentified net assets	2,139,348
Goodwill	\$ 203,721

3. The fair value totaling \$953,416 of 10,523,000 shares of the Company's ordinary shares issued as part of the consideration paid for JETWAY was based on the published share price on April 28, 2023.
4. The fair value of abovementioned assets and liabilities was the provisional amount and will be finalized until the completion of valuation.
5. The Group had 0.19% equity interest in JETWAY before the combination, and recognized a gain on disposal of investments of \$118 as a result of remeasuring at fair value.
6. From the April 28, 2023 to the end of September, 2023, JETWAY had contributed the revenue and profit before income tax were \$221,490 and \$23,619 separately. If the acquisition date from the beginning of the year, the consolidated revenue and profit before income tax of the Group would be \$4,370,981 and \$888,952.

(XXVIII) Supplemental cash flow information

1. Investing activities with partial cash payments:

	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Acquisition of property, plant and equipment	\$ 89,982	\$ 9,902
Add : Opening balance of payable on equipment	4,322	2,760
Less : Ending balance of payable on equipment	(8,312)	(954)
Cash paid during the period	<u>\$ 85,992</u>	<u>\$ 11,708</u>

2. Non-cash flow from investing activities:

	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Declared cash dividends not yet paid from Investments accounted for under equity method	<u>\$ 48,801</u>	<u>\$ 160,506</u>

3. Non-cash flow from financing activities:

	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Cash dividends	<u>\$ 952,547</u>	<u>\$ 528,734</u>

(XIX) Changes in liabilities arising from financing activities

	2023			
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liability	Total
January 1	\$ -	\$ 155,286	\$ 123,174	\$ 278,460
Changes in cash flow from financing	-	(5,146)	(24,748)	(28,894)
Effect on changes in exchange rate	-	-	858	858
Effects due to changes in consolidated entities	-	-	25,883	25,883
Changes in others without cash flow	-	-	31,350	31,350
Cash paid during the period	\$ -	\$ 150,140	\$ 156,517	\$ 306,657

	2022			
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liability	Total
January 1	\$ 105,000	\$ 165,787	\$ 82,942	\$ 353,729
Changes in cash flow from financing	(105,000)	(5,301)	(18,611)	(128,912)
Effect on changes in exchange rate	-	-	(132)	(132)
Changes in others without cash flow	-	-	71,590	71,590
Cash paid during the period	\$ -	\$ 160,486	\$ 135,789	\$ 296,275

VII. Related party transaction

(I) Parent and ultimate controlling party

The Company is controlled by ASUSTEK COMPUTER INC. (incorporated in R.O.C.), the ultimate parent of the Company with 37.75% ownership (including indirect shareholdings) of the Company.

(II) Names of related parties and relationship

<u>Name of related party</u>	<u>Relation</u>
ASUSTEK COMPUTER INC.	Ultimate parent company
IBASE TECHNOLOGY INC.	Associate - Investee accounted for under the equity method
IBASE GAMING INC.	Associate - Subsidiary of IBASE TECHNOLOGY INC.
IBASE (SHANGHAI) TECHNOLOGY INC.	Associate - Subsidiary of IBASE TECHNOLOGY INC.
LITEMAX ELECTRONICS INC.	Associate - Investee accounted for under the equity method
WINMATE INC.	Associate - Investee accounted for under the equity method by the Company's subsidiary
PROTECTLIFE INTERNATIONAL BIOMEDICAL INC.	Associate - Investee accounted for under the equity method by the Company's subsidiary (Note)
ATECH OEM INC.	Other related party - the Company's Chairman as a director
MACHVISION,INC.	Other related party - the Company's Chairman as a director
FU LI INVESTMENT INC.	Other related party - the Company's Chairman as Fuli's Chairman
FU-YANG INVESTMENT INC.	Other related party - the Company's Chairman is spouse of FU-YANG INVESTMENT INC.'s Chairman
EVERFOCUS ELECTRONICS CORP.	Other related party - the Company's Chairman as EVERFOCUS ELECTRONICS CORP's Chairman
AAEON EDUCATION FOUNDATION	Other related party - the Company's Chairman as a director
WT MICROELECTRONICS CO.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
TECHMOSA INTERNATIONAL INC.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
MORRIHAN INTERNATIONAL CORP.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
NUVISION TECHNOLOGY, INC.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
MAXTEK TECHNOLOGY CO., LTD.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
SPARK TECHNOLOGIES INC.	Other related party - the Company's Chairman is spouse of SPARK TECHNOLOGIES INC.'s Chairman
LYDS THCH.	Other related party - the Company's Chairman is spouse of LYDS TECHNOLOGIES INC.'s Chairman
MEDALLIANCE INC.	Other related party - the Company's Chairman is first degree relative of MEDALLIANCE INC.'s Chairman
JUI HAI INVESTMENT Co., Ltd.	Other related party - the Company's Chairman is spouse of JUI HAI INVESTMENT Co., Ltd.'s Chairman
HUA-CHENG VENTURE CAPITAL CORP.	Fellow subsidiary — same as ultimate parent entity
HUA-MIN INVESTMENT CO.,LTD.	Fellow subsidiary — same as ultimate parent entity

ASUS COMPUTER INTERNATIONAL Fellow subsidiary — same as ultimate parent entity
 ASKEY COMPUTER CORP. Fellow subsidiary — same as ultimate parent entity
 ASUS GLOBAL PTE. LTD Fellow subsidiary — same as ultimate parent entity

Note: PROTECTLIFE INTERNATIONAL BIOMEDICAL INC. is the affiliate company of the Group from February 2023.

(III) Significant transactions and balances with related parties

1. Operating income

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Sales of goods		
Ultimate parent entity	\$ 7,461	\$ 529
Associates	642	402
Fellow subsidiary	-	7
Other related party	1,763	2,147
	<u>\$ 9,866</u>	<u>\$ 3,085</u>

	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Sales of goods		
Ultimate parent entity	\$ 11,051	\$ 806
Associates	3,366	686
Fellow subsidiary	-	7
Other related party	3,265	4,175
	<u>\$ 17,682</u>	<u>\$ 5,674</u>

The Group's sales price to each of the aforementioned related parties is set based on the economic environment and market competition of each sales region. The collection periods of the Group to related parties are month-end 60 days or open account 30 days, the collection terms were approximately the same as those with third parties.

2. Purchases

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Goods purchased		
Ultimate parent entity	\$ 124,468	\$ 349,704
Associates	10,292	5,601
Fellow subsidiary	2,676	38
Other related party	36,345	44,893
	<u>\$ 173,781</u>	<u>\$ 400,236</u>

	For the six-month periods ended June 30,	
	2023	2022
Goods purchased		
Ultimate parent entity	\$ 336,271	\$ 710,311
Associates	20,809	11,726
Fellow subsidiary	2,676	151
Other related party	80,443	93,387
Total	\$ 440,199	\$ 815,575

The payment term of related parties to the Group are in accordance with its general terms and conditions (market prices), month-end 30 days or month-end 30-60 days.

3. Operating expenses

	For the three-month periods ended June 30,	
	2023	2022
Ultimate parent entity	\$ 19,653	\$ 23,209
Associates	345	-
Other related party	1,038	55
	\$ 21,036	\$ 23,264

	For the six-month periods ended June 30,	
	2023	2022
Ultimate parent entity	\$ 41,290	\$ 47,175
Associates	444	343
Other related party	3,080	1,324
	\$ 44,814	\$ 48,842

(1) The above operating expenses mainly comprised technical service fees, and were presented as operating expenses - R&D expense.

(2) The above operating expenses include the amount donated by the Company to other related parties. The donation amount for the six-month periods ended June 30, 2023 and the three-month periods ended June 30, 2023 and 2022 were \$1,000, \$0, \$3,000 and \$1,000, respectively, aimed at promoting technology education and humanistic development, fulfilling corporate social responsibility, and enhancing the corporate image in public welfare.

4. Other accounts receivable

	2023/6/30	2022/12/31	2022/6/30
Other accounts receivable			
Affiliate company			
-LITEMAX ELECTRONICS INC.	\$ 318	\$ 389	\$ 616
-IBASE	-	-	115,370
-WINMATE INC.	48,801	-	45,136
Other related party			
MACHVISION, INC.	9,591	-	11,989
Others	100	-	60
	\$ 58,810	\$ 389	\$ 173,171

As the six-month periods ended June 30, 2023 and 2022, mainly comprised dividends receivable.

5. Payables from related parties

	<u>2023/6/30</u>	<u>2022/12/31</u>	<u>2022/6/30</u>
Accounts Payable			
Ultimate parent entity	\$ 34,304	\$ 53,140	\$ 137,045
Associates	4,029	286	2,822
Other related party	12,200	17,482	25,600
	<u>\$ 50,533</u>	<u>\$ 70,908</u>	<u>\$ 165,467</u>

6. Other payables

	<u>2023/6/30</u>	<u>2022/12/31</u>	<u>2022/6/30</u>
Ultimate parent entity	\$ 252,341	\$ 37,859	\$ 181,131
Associates			
-IBASE	194,365	-	129,265
-Other	5	4	-
Fellow subsidiary	79,728	-	53,274
Other related party	21,197	1,325	21
	<u>\$ 547,636</u>	<u>\$ 39,188</u>	<u>\$ 363,691</u>

Mainly comprises dividends payable technical service fees payable; refer to Note 7. (3)3 for details.

(IV) Key management remuneration

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Wages and other short-term employee benefits	\$ 11,615	\$ 11,222
Post-employment benefits	406	361
Share-based payment	568	1,278
	<u>\$ 12,589</u>	<u>\$ 12,861</u>
	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Wages and other short-term employee benefits	\$ 42,861	\$ 35,060
Post-employment benefits	744	731
Share-based payment	1,068	4,716
	<u>\$ 44,673</u>	<u>\$ 40,507</u>

VIII. Pledged Assets

The Company's pledged assets are summarized below:

<u>Pledged assets</u>	<u>Book value</u>			<u>Guarantee purpose</u>
	<u>2023/6/30</u>	<u>2022/12/31</u>	<u>2022/6/30</u>	
Property, Plant and Equipment	\$ 697,424	\$ 482,633	\$ 480,162	Loans and credit limits
Restricted time deposit (including other current assets)	934	921	892	Foreign exchange forward transactions,
Guarantee deposits (including Other current and non-current assets)	14,659	12,337	13,384	Office, warehouse deposit and project guarantee deposit.
	<u>\$ 713,017</u>	<u>\$ 495,891</u>	<u>\$ 494,438</u>	

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingencies

None.

(II) Commitments

As of June 30, 2023, the Group has issued a promissory note of \$ 450,000 required for the application a comprehensive credit line and transactions of derivatives.

X. Losses Due to Major Disasters

None.

XI. Material Subsequent Events

None.

XII. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instrument

1. Type of financial instrument

	<u>2023/6/30</u>	<u>2022/12/31</u>	<u>2022/6/30</u>
<u>Financial asset</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 498,846	\$ 363,178	\$ 298,473
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	2,381	27,536	28,481
Financial assets at amortized cost/ loans and receivables			
Cash and cash equivalents	3,987,645	2,234,203	2,112,538
Financial assets measured at amortized cost-current	68,740	-	-
Notes receivable	13,502	17,615	16,607
Accounts receivable	1,055,613	1,135,029	1,104,630
Other receivables	76,931	26,067	228,506
Restricted time deposit (including other current assets)	934	921	892
Refundable deposits (including other current and non-current assets)	14,659	12,337	13,384
	<u>\$ 5,719,251</u>	<u>\$ 3,816,886</u>	<u>\$ 3,803,511</u>
<u>Financial liability</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 457	\$ -	\$ -
Notes payable	347	19	-
Accounts payable (including related parties)	406,470	435,973	685,284
Other payables	1,620,221	593,533	958,771
Long-term borrowings (including current portion)	150,140	155,286	160,486
	<u>\$ 2,177,635</u>	<u>\$ 1,184,811</u>	<u>\$ 1,804,541</u>
Lease liabilities (including current and non-current)	\$ 156,517	\$ 123,174	\$ 135,789

2. Risk management policy

The Group adopts a comprehensive risk management system for the management to clearly identify, measure and control all risks to achieve effective control and measurement.

The Group's Control and management strategies are as follows:

(1) Interest rate risk:

The Group continuously keep track on the trend of interest rates and set up stop-loss points to control interest rate risks.

(2) Exchange rate risk:

The Group uses derivative financial instruments such as forward foreign exchange transactions to hedge for foreign currency assets or liabilities or highly probable transactions to reduce the risks in cash flows and fair value from fluctuation in foreign exchange rates. In addition, the changes foreign exchange rate is closely monitored, with a stop loss point to mitigate exchange rate risks.

(3) Credit risk:

The Group has a stringent credit evaluation policy and only trades with counterparties of good credit quality, with regular application of credit protection measures to mitigate credit risk.

3. The nature and level of material financial risks

(1) Market risk

Exchange rate risk

- A. The Group's international operations have been subject to exchange rate risks arise from transactions denominated in a currency other than the functional currencies of the Company and its subsidiaries, which includes main currencies such as USD, SGD, EUR and RMB. Related exchange rate risks arise from future business transactions and recognized assets and liabilities.
- B. The management has set up the policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the company's treasury. Exchange rate risk is measured through highly probable forecast transactions that involves expenditures denominated in USD and RMB. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting recognition of costs of purchasing inventories.
- C. Since the Group's businesses involves certain non-functional currencies (NTD is the functional currency of the Company and other certain subsidiaries' functional currency is USD, SGD, and CNY), it may be affected by exchange rate fluctuations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

				2023/6/30		
				Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)						
<u>Financial asset</u>						
<u>Monetary items</u>						
USD:NTD	\$	86,352		31.14	\$	2,689,001
EUR:NTD		285		33.81		9,636
USD:CNY		8		4.28		249
USD:SGD		45		22.96		1,401
<u>Financial liability</u>						
<u>Monetary items</u>						
USD:NTD	\$	8,508		31.14	\$	264,939
USD:CNY		944		4.28		29,396
USD:SGD		37		22.96		1,152

				2022/12/31		
				Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)						
<u>Financial asset</u>						
<u>Monetary items</u>						
USD:NTD	\$	71,406		30.71	\$	2,192,878
EUR:NTD		502		32.72		16,425
USD:CNY		280		6.97		8,599
USD:SGD		292		1.34		8,967
<u>Financial liability</u>						
<u>Monetary items</u>						
USD:NTD	\$	11,005		30.71	\$	337,964
USD:CNY		2,440		6.97		74,932
USD:SGD		673		1.34		20,668

		2022/6/30		
		Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD:NTD	\$	51,325	29.72	\$ 1,525,379
EUR:NTD		482	31.05	14,966
USD:CNY		313	6.69	9,302
USD:SGD		162	1.39	4,815
<u>Financial liability</u>				
<u>Monetary items</u>				
USD:NTD	\$	16,187	29.72	\$ 481,078
USD:CNY		1,530	6.69	45,472
USD:SGD		346	1.39	10,283

- D. The overall realized and unrealized foreign exchange gains and losses of the Group's monetary items that may be significantly affected by exchange rate fluctuations for the three months periods ended June 30, 2023 and 2022, and the six months periods ended June 30, 2023 and 2022, amounted to \$55,860, \$20,137, \$41,580 and \$48,997, respectively.
- E. The Group's foreign currency risk analysis due to significant foreign exchange rate fluctuations is as follows:

		For the six-month periods ended June 30,2023		
		Sensitivity analysis		
		Extent of change	Effect on income	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	26,890	\$ -
EUR:NTD	1%		96	-
USD:CNY	1%		2	-
USD:SGD	1%		14	-
<u>Financial liability</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	2,649	\$ -
USD:CNY	1%		294	-
USD:SGD	1%		12	-

	For the six-month periods ended June 30, 2022		
	Sensitivity analysis		
	Extent of change	Effect on income	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 15,254	\$ -
EUR:NTD	1%	150	-
USD:CNY	1%	93	-
USD:SGD	1%	48	-
<u>Financial liability</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 4,811	-
USD:CNY	1%	455	-
USD:SGD	1%	103	-

Price risk

- A. The Group's equity instruments, 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 instruments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- B. The Group mainly invests in equity instruments and open-end funds issued by domestic companies. The value of equity instruments is susceptible to market price risk arising from uncertainties about future performance of equity markets. Assuming a hypothetical increase or decrease of 1% in the price of the aforementioned financial assets at fair value through profit or loss while the other conditions remain unchanged could increase or decrease net income for the six-month periods ended June 30, 2023 and 2022 by \$3,439 and \$2,634, respectively. A change of 1% in the price of the aforementioned financial assets at fair value through other comprehensive income could increase or decrease the Group's other comprehensive income for the six-month periods ended June 30, 2023 and 2022, amounted to \$24 and \$285.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risk arises mainly from long-term and short-term borrowings issued at variable rates, which exposes the Group to cash flow interest rate risk is partially offset by cash and cash equivalents held at variable rates. During the six months periods ended June 30, 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in NTD.
- B. Assuming all other factors remain unchanged, if the NTD borrowing rate rises or falls by 0.25%, net income for the six months period ended June 30, 2023 and 2022 will decrease or increase by \$150 and \$160 respectively, mainly due to changes in interest expenses that arise from floating rate borrowings.

(2) Credit risk

- A. The Group's credit risk refers to the risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge its obligation under the contract, which is mainly due to the inability of counterparties to meet the terms of their contracts for collecting the cash flows of the receivables.
- B. The Group establishes credit risk policies based on its own risk management perspective. In accordance with internal credit policies, credit risks are required to be managed and analyzed before each of the Group's operating entity set up the terms and conditions for payment and delivery for each new customer. The internal risk control system evaluates the customers' credit quality based on their financial conditions, past experience and other factors. Individual risk exposure limits are set by the board of directors based on internal or external risk ratings, and credit lines are monitored on a regular basis.
- C. The Group adopts IFRS 9 to provide a presumption that default has occurred when contractual payments are more than 90 days past due.
- D. The Group adopts IFRS 9 to provide the following presumption as basis for judging whether the credit risk on a financial instrument has increased significantly since the initial recognition:
It is deemed that credit risk after the original recognition of financial assets has increased significantly when contractual payments are more than 30 days past due.
- E. The customers' accounts receivable are segmented based on customer type. A simplified loss rate approach is used for ECL measurement based on the provision matrix.
- F. The Group has written off the recoverable amount of financial assets that could not reasonably be estimated after recourse, but will continue to pursue recourse to preserve its rights. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group had no recourse on claims that had been written off.
- G. (1) Expected loss rate for customers of the outstanding credit group is estimated at 0.2%. Total accounts receivable and loss provisions for this group of customers were reported at: \$370,428 and \$458 as of June 30, 2023, \$429,553 and \$440 as of December 31, 2022, and \$506,617 and \$315 as of June 30, 2022, respectively.
- (2) The Group considers the world economic outlook and future prospects when adjusting the loss rate that is set up based on historical and current loss period information, in order to estimate the loss of notes receivables and allowance for doubtful accounts of customers with general credit quality. The provision matrix as of June 30, 2023, December 31, 2022 and June 30, 2022 is as follows:

	Not yet due	Past due within 30 days	Past due 30 days	Past due 60 days	Past due 90 days	Past due 120 days	Total
<u>2023/6/30</u>							
Expected loss rate	0%~1.30%	0%~7.71%	0.03%~14.48%	0.03%~44.38%	0.03%~100%	100%	
Total book value	\$ 585,088	\$ 92,823	\$ 13,062	\$ 7,193	\$ 2,553	\$ 15,280	\$ 715,999
Loss allowance	\$ 1,259	\$ 969	\$ 723	\$ 792	\$ 1,233	\$ 15,280	\$ 20,256
	Not yet due	Past due within 30 days	Past due 30 days	Past due 60 days	Past due 90 days	Past due 120 days	Total
<u>2022/12/31</u>							
Expected loss rate	0%~1.30%	0%~7.71%	0.07%~14.48%	3.33%~44.38%	4.94%~50.00%	100%	
Total book value	\$ 578,651	\$ 97,508	\$ 36,204	\$ 13,849	\$ 2,769	\$ 13,197	\$ 742,178
Loss allowance	\$ 1,250	\$ 1,961	\$ 1,992	\$ 1,889	\$ 868	\$ 13,197	\$ 21,157
	Not yet due	Past due within 30 days	Past due 30 days	Past due 60 days	Past due 90 days	Past due 120 days	Total
<u>2022/6/30</u>							
Expected loss rate	0%~1.62%	0%~5.75%	0%~21.18%	0%~43.44%	1.54%~52.04%	100%	
Total book value	\$ 500,740	\$ 90,607	\$ 26,149	\$ 2,945	\$ 822	\$ 15,763	\$ 637,026
Loss allowance	\$ 2,668	\$ 2,628	\$ 920	\$ 629	\$ 372	\$ 15,763	\$ 22,980

- (3) The total book values of the accounts receivable-related parties as of June 30, 2023, December 31, 2022 and June 30, 2022 were \$3,402, \$2,510 and \$889, respectively. The expected credit loss is not significant thanks to low credit risk, which lead to a loss allowance of \$0.
- H. The Group's simplified approach of notes receivable and changes in allowance for doubtful accounts are as follows:

	Notes and accounts receivable (including related parties)	
	2023	2022
January 1	\$ 21,597	\$ 18,403
Write off (reversal) of impairment loss	(1,113)	4,584
Net exchange differences	(273)	308
Effects due to changes in consolidated entities	503	-
June 30	<u>\$ 20,714</u>	<u>\$ 23,295</u>

From the loss recognized for the six months periods ended June 30, 2023 and 2022, the impairment reversal losses for accounts receivable arising from customer contracts were (\$1,113) and \$4,584, respectively.

(3) Liquidity risk

- A. Cash flow is forecasted by each of the Group's operating entity and summarized by the finance department. The Group's finance department monitors liquidity forecasting to ensure that it has sufficient funds to meet the operational requirements.
- B. The Group had available borrowing limits of \$1,499,494, \$680,094 and \$677,940 as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.
- C. 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, whereas derivative financial liabilities are analyzed based on the remaining period at the balance sheet date to the expected maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

Non-derivative financial liabilities:

2023/6/30	Within 1 year	1-2 years	2-3 years	Over 3 years
Notes payable	\$ 347	\$ -	\$ -	\$ -
Accounts payable (including related parties)	406,470	-	-	-
Other payables	1,620,221	-	-	-
Long-term borrowings (including current portion and accrued interest)	13,076	13,076	13,076	129,701
Lease liabilities	53,654	35,072	25,621	53,100

Derivative financial liabilities

Forward foreign exchange contract	\$ 457	\$ -	\$ -	\$ -
-----------------------------------	--------	------	------	------

Non-derivative financial liabilities:

2022/12/31	Within 1 year	1-2 years	2-3 years	Over 3 years
Notes payable	\$ 19	\$ -	\$ -	\$ -
Accounts payable (including related parties)	435,973	-	-	-
Other payables	593,533	-	-	-
Long-term borrowings (including current portion and accrued interest)	12,973	12,973	12,973	135,140
Lease liabilities	41,044	24,321	15,318	52,972

Non-derivative financial liabilities:

2022/6/30	Within 1 year	1-2 years	2-3 years	Over 3 years
Accounts payable (including related parties)	\$ 685,284	\$ -	\$ -	\$ -
Other payables	958,771	-	-	-
Long-term borrowings (including current portion and accrued interest)	12,677	12,677	12,677	138,406
Lease liabilities	49,106	35,695	16,679	57,669

D. The Group's cash flows are not expected to occur significantly earlier than the maturity date, or to be significantly different from the actual amount.

(3) Information on fair value

1. The various levels of fair value measurement of financial and non-financial instruments

are 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 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 OTC stocks and the fair value of derivative financial instruments invested by the Group is included in Level 2.
- Level 3: Inputs for the asset or liability that are not based on observable market data. This includes equity instruments of non-active markets invested by the Group.

2. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, restricted deposit (classified in the balance sheet as other current asset), refundable deposits, (classified in the balance sheet as other current and non-current asset), short-term borrowings, notes payable, accounts payable (including related parties), long-term borrowings (including current portion), other payables and lease liabilities are reasonable approximate to the fair values.

3. The related information on 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 is as follows:

(1) The related information of the nature of the assets and liabilities is as follows:

2023/6/30	<u>1st Level</u>	<u>2nd Level</u>	<u>3rd Level</u>	<u>Total</u>
Asset				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 286,355	\$ 5,469	\$ 52,046	\$ 343,870
Beneficiary certificates	26,807	-	-	26,807
Convertible bond	119,700	-	-	119,700
Hybrid instruments	-	-	8,469	8,469
Financial asset at fair value through other comprehensive income				
Equity securities	-	-	2,381	2,381
Total	<u>\$ 432,862</u>	<u>\$ 5,469</u>	<u>\$ 62,896</u>	<u>\$ 501,227</u>
Liability				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 457	\$ -	\$ 457

2022/12/31	<u>1st Level</u>	<u>2nd Level</u>	<u>3rd Level</u>	<u>Total</u>
Asset				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 167,325	\$ 4,209	\$ 47,405	\$ 218,939
Beneficiary certificates	26,652	-	-	26,652
Convertible bond	108,400	-	-	108,400
Hybrid instrument	-	-	9,187	9,187
Financial asset at fair value through other comprehensive income				
Equity securities	-	-	27,536	27,536
Total	<u>\$ 302,377</u>	<u>\$ 4,209</u>	<u>\$ 84,128</u>	<u>\$ 390,714</u>

2022/6/30	<u>1st Level</u>	<u>2nd Level</u>	<u>3rd Level</u>	<u>Total</u>
Asset				
<u>Recurring fair value measurements</u>				
Net loss (gains) from financial assets and liabilities				
Equity securities	\$ 211,857	\$ 4,110	\$ 47,414	\$ 263,381
Beneficiary securities	26,548	-	-	26,548
Hybrid instrument	-	-	8,544	8,544
Financial asset at fair value through other comprehensive income				
Equity securities	-	-	28,481	28,481
Total	<u>\$ 238,405</u>	<u>\$ 4,110</u>	<u>\$ 84,439</u>	<u>\$ 326,954</u>

- (2) The Group's approaches and assumptions for fair value measurement are as follows:
- A. The Group adopts quoted prices as inputs used to measure fair value (1st level), which are classified as follows based on the characteristics of the financial instruments:

	<u>Listed and OTC stocks</u>	<u>Open-end funds</u>
Market quoted price	Closing prices	Net asset value

- B. 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.
- C. The Group adopts valuation techniques widely used by market participants for evaluating non-standardized and less complex financial instruments. The parameters used in the valuation models of such financial instruments are usually market observable information.
- D. The evaluation of derivatives is based on the valuation model generally accepted by market users, such as the discount method. Forward exchange contracts are usually evaluated based on the current forward exchange rates.
- E. The output of the evaluation model is an estimated value, and the valuation technique may not reflect all the relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value of the valuation model will be adjusted based on additional parameters, such as the model risk or liquidity risk. According to the Group's management policies of fair value

valuation model and related control procedures, its management believes that valuation adjustments are appropriate and necessary for the fair values of financial and non-financial instruments to be presented fairly in the consolidated balance sheet. The price information and parameters used in the evaluation process are carefully evaluated, with appropriate adjustments according to current market conditions.

4. For the six-month periods ended June 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.
5. Movements on Level 3 for the six-month periods ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
	<u>Equity instruments</u>	<u>Equity instruments</u>
January 1	\$ 84,128	\$ 98,687
Transfer out 3rd Level	(25,155)	-
Recognized in profit (loss) (Note)	3,923	(10,348)
Recognition in other comprehensive profit (loss) (Note 2)	-	(3,900)
June 30	<u>\$ 62,896</u>	<u>\$ 84,439</u>
Changes in unrealized gains or losses on assets and liabilities owned at the end of the period	<u>\$ 3,923</u>	<u>(\$ 10,348)</u>

Note 1: Recorded as othe gains (losses).

Note 2: Recorded as unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income.

6. As February 9 of the year 2023, PROTECTLIFE INTERNATIONAL BIOMEDICAL INC. was reclassified as an investment accounted for using the equity method. For further details, please refer to Note 6(6). There had been no inward or outward transfer of level 3 input for the six months periods ended June 30, 2022.
7. The financial segment is in charge of valuation procedures for fair value measurements being categorized 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 source of information is independent, reliable and in line with other resources and any other necessary adjustments to the fair value.

The financial segment cooperatively set up valuation policies, valuation processes and rules for measuring fair value of financial instruments that ensure compliance with the related requirements in IFRS.

8. 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:

	2023/6/30 Fair value	Valuation technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
<u>Equity instruments:</u>					
Unlisted and non-OTC stocks	\$ 31,597	Net asset value approach	Not applicable	Not applicable	The higher the net assets value, the higher the fair value
Unlisted and non-OTC stocks	1,089	Comparable Listed and OTC companies analysis	Price to book ratio multiple, discount for lack of marketability	Not applicable	The higher the multiple, the higher the fair value; The higher the discount for lack of marketability, the lower the fair value. Note 2
Unlisted and non-OTC stocks	21,741	Discounted Cash Flow Approach	Note 1	Not applicable	Note 2
<u>Hybrid instrument:</u>					
Unlisted and non-OTC stocks	55,267	Discounted Cash Flow method	Note 1	Not applicable	Note 2
Embedded option	(46,798)	Options pricing model	Price volatility	Not applicable	The higher the net assets value, the higher the fair value
	2022/12/31 Fair value	Valuation technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
<u>Equity instruments:</u>					
Unlisted and non-OTC stocks	\$ 26,956	Net asset value approach	N/A	N/A	The higher the value of net assets, the higher the fair value of the stocks
Unlisted and non-OTC stocks	1,089	Comparable Listed and OTC companies analysis	Price to book ratio multiple, discount for lack of marketability	N/A	The higher the multiple, the higher the fair value; The higher the discount for lack of marketability, the lower the fair value. Note 2
Unlisted and non-OTC stocks	46,986	Discounted Cash Flow Approach	Note 1	N/A	Note 2
<u>Hybrid instrument:</u>					
Shares of unlisted companies	65,729	Discounted Cash Flow Approach	Note 1	N/A	Note 2
Embedded option	(56,542)	Options pricing model	Stock price volatility	Not applicable	The higher the stock price volatility, the higher the fair value

	2022/6/30 Fair value	Valuation technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
<u>Equity instruments:</u>					
Unlisted and non-OTC stocks	\$ 28,054	Net asset value approach	Not applicable	Not applicable	The higher the net assets value, the higher the fair value
Unlisted and non-OTC stocks	47,841	Discounted Cash Flow method	Note 1	Not applicable	Note 2
<u>Hybrid instrument:</u>					
Unlisted and non-OTC stocks	44,355	Discounted Cash Flow method	Note 1	Not applicable	Note 2
Embedded option	(35,811)	Options pricing model	Price volatility	Not applicable	The higher the net assets value, the higher the fair value

Note 1: Long term sales growth, weighted average cost of capital, long term net profit before tax, discount for lack of marketability, and discount for minority interest.

Note 2: The higher discount for lack of marketability is, the lower fair value is; the higher weighted average cost of capital and discounts for lack of control are, the lower the fair value is; the higher long-term revenue growth rate and long-term operating profit before income tax are, the higher the fair value is.

9. After careful assessment, the Group has selected valuation models and evaluation parameters, but the application of the various valuation models or evaluation parameters may lead to different evaluation results.

XIII. Disclosures

(1) Information on significant transactions

- A. Financing provided: None.
- B. Endorsements and guarantees provided: None.
- C. Marketable securities held at the end of period (excluding investments in subsidiaries, associates and joint ventures): Please refer to schedule 1.
- D. Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: Please refer to schedule 2
- E. Acquisition of real estate properties at costs of at least \$300 million or 20% of the paid-in capital: None.
- F. Disposal of real estate properties at prices of at least \$300 million or 20% of the paid-in capital: None.
- G. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: Please refer to schedule 3
- H. Receivables from related parties amounting to at least \$100 million or 20% of the

paid-in capital: Please refer to schedule 4

I. Trading in derivative instruments undertaken during the reporting period: Please refer to Note 6 (11).

J. Intercompany relationships and significant intercompany transactions: Please refer to Schedule 5.

(2) Information on investees

Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in mainland China): Please refer to Schedule 6.

(3) Information on investments in China

A. Information on investment in mainland China: Please refer to Schedule 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in China: Please refer to Schedule 5.

(4) Information of major shareholders

Name and information of shareholders with more than 5% shareholding interest: Please refer to Schedule 8.

XIV. Segment information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information in this period.

(2) Measurement of segment information

The Group uses the revenue and operating profit as the measurement for operating segment profit and the basis of performance assessment. The accounting policies of the operating segments and the accounting policies described in Note 4 of the consolidated financial statements are the same.

(3) Segment information

Segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the six-month periods ended June 30,2023			
	IPC	Medical PC	Elimination	Total
Revenue from external customers	\$ 3,300,937	\$ 684,005	\$ -	\$ 3,984,942
Revenue from internal segments	50,749	1,811	(52,560)	-
Segment revenue	\$ 3,351,686	\$ 685,816	(\$ 52,560)	\$ 3,984,942
Segment profit or loss	\$ 711,636	\$ 140,397	\$ -	\$ 852,033
Segment profit or loss includes:				
Depreciation and amortization	\$ 63,749	\$ 11,984	\$ -	\$ 75,733

	For the six-month periods ended June 30,2022			
	IPC	Medical PC	Elimination	Total
Revenue from external customers	\$ 3,274,255	\$ 762,888	\$ -	\$ 4,037,143
Revenue from internal segments	109,779	13,784	(123,563)	-
Segment revenue	\$ 3,384,034	\$ 776,672	(\$ 123,563)	\$ 4,037,143
Segment profit or loss	\$ 507,810	\$ 89,772	\$ -	\$ 597,582
Segment profit or loss includes:				
Depreciation and amortization	\$ 39,027	\$ 12,613	\$ -	\$ 51,640

Note 1: The intra-segment revenues have been eliminated to \$0.

Note 2: Because the Group's segment assets are not provided to the chief operating decision-marker, such items are not required to be disclosed.

(4) Reconciliation for segment income

Adjustment is not required as the Group's reportable segment profit or loss are equivalent to the income (loss) from continuing operations.

AAEON Technology Inc. and Subsidiaries

MARKETABLE SECURITIES HELD

(EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

JUNE 30, 2023

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Schedule 1

Holding company	Marketable securities type and name				2023/6/30				
	Type	Name (Note 1)	Relationship with the Company	Financial Statement Account	Shares	Carrying value (Note2)	Percentage of Ownership (%)	Fair value	Remarks
AAEON Technology Inc.	Fund	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	2,091,070	\$ 26,807	-	\$ 26,807	None
"	Stock	MACHVISION,INC.	Other related party - the Company's Chairman as a director	"	1,180,198	273,806	2.03	273,806	"
"	"	LILEE SYSTEMS Ltd.	None	"	468,750	-	-	-	"
"	"	Allied Biotech Co.	Other related party - the Company's Chairman as a director	"	300,000	5,469	0.31	5,469	"
"	"	TELEION WIRELESS, INC.	None	"	149,700	-	-	-	"
"	"	InSynerger Technology Co., Ltd.	"	Financial assets at fair value through profit or loss - non-current	1,710,000	19,360	15.05	19,360	"
"	"	V-Net AAEON Corporation Ltd.	"	"	29	8,469	14.50	8,469	Note 3
AAEON INVESTMENT, CO., LTD.	Convertible Bond	IBASE TECHNOLOGY INC.	Associate - Investee accounted for under the equity method	Financial assets at fair value through profit or loss - current	-	119,700	-	119,700	"
"	Stock	Sunengine Co., Ltd.	Other related party - the Company's Chairman as a director	"	156,903	1,089	2.34	1,089	"
ONYX HEALTHCARE INC.	"	MACHVISION,INC.	"	Financial assets at fair value through profit or loss - current	18,716	4,342	0.03	4,342	"
"	"	TOP UNION ELECTRONICS CORP.	None	"	223,918	8,207	0.16	8,207	"
"	"	INNO FUND III	"	Financial assets at fair value through profit or loss - non-current	3,000,000	31,597	13.04	31,597	"
"	"	MELTEN CONNECTED HEALTHCARE INC.	"	Financial asset at fair value through other comprehensive income - non-current	4,193,548	2,381	6.61	2,381	"

Note1: The "securities" above refer to stocks, bonds, beneficiary certificates and derivatives included in IFRS 9 "Financial Instruments"

Note2: For those measured at fair value, please enter the carrying value after the valuation adjustment of fair value and deduction of accumulated impairment in the carrying value column. As for those assets not measured at fair value, please enter the carrying value of initial acquisition cost or amortized cost after deducting accumulated impairment in the carrying value column.

Note3: Hybrid contract with embedded options.

AAEON Technology Inc. and Subsidiaries

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2023

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Schedule 2

Company Name	Marketable Securities (Note 1)	Financial Statement Account	Counter Party (Note 2)	Nature of Relationship (Note 2)	Beginning Balance		Acquisition			Disposal				Ending Balance			
					Shares	Amount	Shares	Amount	(Note 4)	Shares	Amount	Carring Value (Note 4)	Gain/Losses on Disposal	Shares	Amount		
AAEON Technology Inc.	JETWAY INFORMATION CO., LTD	Investments accounted for under equity method	Centralized trading marke	None	-	\$ -	141,594	\$ 4,949	1,2	-	\$ -	\$ -	-	\$ -	-	141,594	\$ 4,949
		“	Stockholders of JETWAY	“	-	-	26,308,406	953,416	1	-	-	5,772	3	-	26,308,406	956,005	
										-	-	(3,183)	4	-			

Note1: The “securities” above refer to stocks, bonds, beneficiary certificates and derivatives.

Note2: For those measured investments accounted for under equity method, please enter the coloumn of counter party and nature of relationship.

Note3: Accumulated amount of marketable securities acquired and disposed should be calculated in market price separately for the judgement if the amount reach NT\$300 million or 20% of the paid in capital.

Note4: 1. Acquired or capital increase/ disposed or capital reduction/liquidation in this period.

2. Revaluation

3. Recognized in investment gains or losses under equity investment.

4. Recognized effect of exchange rate changes and recognized financial statements translation differences of foreign operations under equity investment.

5. Recognized changes in equity under equity investment.

6. Recognized in adjustment of retirement under equity investment.

7. Recognized in adjustment of retaind earnings for changes in equity of investee company since the investee company purchased treasury shares.

Note5: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares have no par value or the par value per share is not NT\$10, the relevant transaction amount requirement of 20% of the paid-in capital shall be calculated based on 10% of the equity attributable to the owners of the parent company on the balance sheet.

AAEON Technology Inc. and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX -MONTH PERIOD ENDED JUNE 30, 2023

Schedule 3

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationship	Purchase (sales)	Transaction		Payment terms	Reasons for difference between the related party transaction terms and the arms length terms of transaction (Note)	Accounts and notes receivable (payable)		Note
				Amount	Percentage to total purchase (sales) (%)			Ending Balance	Percentage to total accounts and notes receivable or payable (%)	
AAEON Technology Inc.	ASUSTEK COMPUTER INC	Parent	Purchases	\$ 336,271	27.37	month-end 30 days	\$ -	-	(\$ 34,304)	(14.82)
"	AAEON TECHNOLOGY (EUROPE) B.V.	Subsidiary	(Sales)	(885,903)	(34.52)	60 days after invoice date	-	-	332,251	47.76
"	AAEON ELECTRONICS, INC.	"	"	(592,025)	(23.07)	"	-	-	158,302	22.76
"	AAEON TECHNOLOGY (SUZHOU) INC.	"	"	(119,780)	(4.67)	month-end 60 days	-	-	27,809	4.00
ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	"	"	(145,240)	(24.93)	month-end 90 days	-	-	84,975	36.50
FUJIAN CANDID INTERNATIONAL CO., LTD	JETWAY INFORMATION CO., LTD.	Parent	"	(160,196)	(26.37)	month-end 30-90 days	-	-	61,388	3.36

Note: The reasons for difference between the related party transaction terms and the arms length terms of transaction shall be described in the price and loan term section.

AAEON Technology Inc. and Subsidiaries

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

JUNE 30, 2023

Schedule 4

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationship	Ending balance (Note 1)	Turnover (%)	Overdue		Amounts Received in Subsequent Period	Loss allowance
					Amount	Action taken		
AAEON Technology Inc.	AAEON TECHNOLOGY (EUROPE) B.V.	Subsidiary	\$ 332,251	5.26	\$ -	-	\$ 165,348	\$ -
"	AAEON ELECTRONICS, INC.	"	158,302	6.74	-	-	82,419	-

Note: Please fill in separately based on accounts receivable, notes and other receivables of related parties.

AAEON Technology Inc. and Subsidiaries
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
(ONLY TRANSACTIONS AMOUNTING TO AT LEAST NT\$100 MILLION ARE DISCLOSED)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

Schedule 5

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Serial No. (Note 1)	Company Name	Related Party	Nature of relationships (Note 2)	Intercompany transaction			As a percentage of consolidated revenues or total assets (%) (Note 3)
				Financial Statement Account	Amount	Terms	
0	AAEON Technology Inc.	AAEON TECHNOLOGY (EUROPE) B.V.	1	Net sales	\$ 885,903	60 days after invoice date	22.23
"	"	AAEON ELECTRONICS, INC.	1	Net sales	592,025	"	14.86
"	"	AAEON TECHNOLOGY (SUZHOU) INC.	1	Net sales	119,780	month-end 60 days	3.01
"	"	AAEON TECHNOLOGY (EUROPE) B.V.	1	Accounts receivable	332,251	60 days after invoice date	2.25
"	"	AAEON ELECTRONICS, INC.	1	Accounts receivable	158,302	"	1.07
1	ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	3	Net sales	145,240	month-end 90 days	3.64
2	FUJIAN CANDID INTERNATIONAL CO., LTD	JETWAY INFORMATION CO., LTD.	3	Net sales	160,196	month-end 30-90 days	4.02

Note 1: Intercompany transactions should be indicated in the numbered columns individually. The number is filled in as follows:

- (1) Parent company is numbered 0.
- (2) Subsidiaries are numbered sequentially according to company name from Arabic numeral 1.

Note 2: There are three types of relationships with counterparties (Disclosure is not required for the same intercompany transactions. For example: If the parent has already disclosed the intercompany transaction, the subsidiary is not required to disclose the same transaction.

For intercompany transactions between subsidiaries, if one of the subsidiary has already disclosed the transaction, the other subsidiary is not required to disclose the same transaction)

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

Note 3: The calculation of transaction amount as a percentage of consolidated net revenue or total assets: in the case of financial statement accounts, ending balance is divided by consolidated total assets; in the case of income statement accounts, cumulative amount in the period is divided by consolidated net revenue.

Note 4: There is no need to disclose transactions of no more than \$100 million, and transactions shall be disclosed as assets and income.

AAEON Technology Inc. and Subsidiaries
 NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
 FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

(Amounts in thousands of New Taiwan dollars, Unless Specified
 Otherwise)

Schedule 6

Name of investor	Name of investee	Location	Main businesses and products	Original Investment		Balance as of June 30,2023			Investee profit or loss for the period (Note 2)	Profits or losses on investment recognized for the period (Note 2)	Remarks
				2023/6/30	2022/12/31	Shares	Percentage (%)	Carrying Amount			
AAEON Technology Inc.	AAEON ELECTRONICS, INC.	USA	Sales of IPC and PC peripherals	\$ 152,586	\$ 150,479	490,000	100.00	\$ 322,132	\$ 30,182	\$ 30,183	
"	AAEON TECHNOLOGY CO.,LTD	British Virgin Islands	Investment of IPC and interface card	274,253	270,466	8,807,097	100.00	205,766	(17,079)	(17,062)	
"	AAEON TECHNOLOGY (EUROPE) B.V.	Netherlands	Sales of IPC and PC peripherals	3,381	3,272	-	100.00	96,079	29,658	29,658	
"	AAEON TECHNOLOGY SINGAPORE PTE.LTD.	Singapore	Sales of IPC and PC peripherals	13,393	13,346	465,840	100.00	68,346	3,967	3,967	
"	AAEON INVESTMENT, CO., LTD.	Taiwan	Investment of IPC and PC peripherals	150,000	150,000	15,000,000	100.00	140,241	11,337	11,337	
"	ONYX HEALTHCARE INC.	"	Design, manufacture and sales of medical PC	172,308	172,368	16,257,179	48.84	734,603	123,678	60,450	
"	LITEMAX ELECTRONICS INC.	"	Sales of PC peripherals	70,218	70,218	5,015,050	11.95	103,884	63,503	8,160	
"	IBASE TECHNOLOGY INC.	"	Manufacturing and sales of industrial motherboards	3,498,501	3,498,501	52,921,856	28.53	3,553,769	469,798	69,615	
"	JETWAY INFORMATION CO., LTD.	"	Manufacturing and selling of industrial motherboard and computer peripherals	958,365	-	26,450,000	35.27	960,954	50,576	5,772	

AAEON Technology Inc. and Subsidiaries
 NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
 FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2023

Schedule 6

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Name of investor	Name of investee	Location	Main businesses and products	Original Investment		Balance as of June 30, 2023			Investee profit or loss for the period (Note 2)	Profits or losses on investment recognized for the period (Note 2)	Remarks
				2023/6/30	2022/12/31	Shares	Percentage (%)	Carrying Amount			
AAEON TECHNOLOGY (EUROPE) B.V.	AAEON TECHNOLOGY GMBH	Germany	Sales of IPC and PC peripherals	\$ 1,014	\$ 982	-	100.00	\$ 22,175	\$ 617	-	Note1
ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	USA	Sales of medical PC and peripherals	62,280	61,420	200,000	100.00	95,707	19,171	-	"
"	ONYX HEALTHCARE EUROPE B.V.	Netherlands	Marketing support and maintenance of medical PC and peripherals	3,381	3,272	100,000	100.00	14,728	(1,267)	-	"
"	IHELPER INC.	Taiwan	R&D and sales of medical robots	16,560	16,560	1,656,000	46.00	7,653	(114)	-	"
"	WINMATE INC.	"	Bid quotations, distributions and sales of LCD application equipment and modules	568,585	568,585	10,244,000	13.33	596,015	259,763	-	"
"	ProtectLife International Biomedical INC.	"	Manufacturing and Wholesale of Medical Devices and Consumables	39,701	-	1,720,059	11.54	32,747	(22,151)	-	"
JETWAY INFORMATION CO., LTD.	JETWAY COMPUTER CORP.(USA)	USA	Selling and repairing of computer peripheral equipment	118,332	116,698	380	100.00	168,351	13,782	-	"
"	JETWAY COMPUTER B.V. (Netherlands)	Netherlands	Selling and repairing of computer peripheral equipment	692	681	40	100.00	28,391	1,975	-	"

AAEON Technology Inc. and Subsidiaries
 NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEs OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
 FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2023

Schedule 6

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Name of investor	Name of investee	Location	Main businesses and products	Original Investment		Balance as of June 30, 2023			Investee profit or loss for the period (Note 2)	Profits or losses on investment recognized for the period (Note 2)	Remarks
				2023/6/30	2022/12/31	Shares	Percentage (%)	Carrying Amount			
JETWAY INFORMATION CO., LTD.	JETWAY (FAR EAST) INFORMATION COMPANY LIMITED	British Virgin Islands	Investing of computer peripheral business	\$ 96,056	\$ 94,729	3,084,634	100.00	\$ 116,486	\$ 762	-	Note 1
"	TOP NOVEL ENTERPRISE CORP.	Seychelles	Investing of computer peripheral business	551,194	543,582	17,700,500	100.00	427,619	(14,439)	-	"
JETWAY (FAR EAST) INFORMATION COMPANY LIMITED	SCORETIME INVESTMENT LIMITED	British Virgin Islands	Investing of computer peripheral business	94,499	93,194	3,034,634	100.00	115,567	757	-	"
TOP NOVEL ENTERPRISE CORP.	TIME PIONEER INTERNATIONAL LIMITED	Seychelles	Investing of computer peripheral business	-	19,962	-	-	-	-	-	"
"	CANDID INTERNATIONAL CORP.	"	Investing of computer peripheral business	530,937	523,606	17,050,000	100.00	423,983	(16,717)	-	"

Note 1: According to relevant regulations, there is no need to fill in investment profit and loss disclosed in this period.

Note 2: The profit or loss of the amount involving foreign currencies are converted to NTD at the average exchange rate between January 1 and March 31, 2023, while others are converted to NTD under the exchange rate at end period of the financial report.

AAEON Technology Inc. and Subsidiaries
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

Schedule 7

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Methods of investment (Note 1)	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2023	Investee profit or loss for the period	The Company's direct or indirect holding percentage	Share of Profits / Losses (Note 2. (2)C)	Carrying Amount as of June 30, 2023	Accumulated Inward Remittance of Earnings as of June 30, 2023	Remarks
					Outflow	Inflow							
AAEON TECHNOLOGY (SUZHOU) INC.	Production and sales of IPC and interface card	\$ 270,615	2	\$ 270,615	\$ -	\$ -	\$ 270,615	(\$ 17,122)	100%	(\$ 17,122)	\$ 214,486	\$ -	Note2(2)C
ONYX HEALTHCARE (SHANGHAI) LTD	Sales of medical PC and peripherals	68,508	1	68,508	-	-	68,508	(1,066)	100%	(1,066)	4,634	-	Note2(2)C
FUJIAN CANDID INTERNATIONAL CO., LTD.	Manufacturing and selling of computer and peripheral equipment	529,380	2	529,380	-	-	529,380	(16,749)	100%	(16,749)	422,395	-	Note2(2)B
<u>Company Name</u>	<u>Ending Balance of Accumulated Investment in Mainland China</u>	<u>Investment Amounts Authorized by Investment Commission, MOEA</u>	<u>Upper Limit on Investment Authorized by Investment Commission, MOEA</u>										
AAEON Technology Inc.	\$ 270,615	\$ 270,615	\$ 6,928,342										
Onyx Technology Inc.	68,508	68,508	821,388										
JETWAY INFORMATION CO., LTD.	529,380	529,380	796,588										

Note 1: The methods of investment are listed below, please mark the category on schedule:

- (1) Investment in China companies directly.
- (2) Investment in China companies through AAEON TECHNOLOGY CO.,LTD and CANDID INTERNATIONAL CORP.in a third region.
- (3) Other methods of investing in China.

Note 2: The column of investment profit or loss for the period:

- (1) It should be noted if the entity was in preparation stage without profit or loss on investment.
- (2) It should be noted that the basis of recognizing the profit or loss on investment includes the following:

A. Based on financial statements reviewed by an international accounting firm that is in collaboration with an accounting firm in the Republic of China./ B. Based on financial statements reviewed by auditor of the parent company in Taiwan./ C. Another basis

Note 3: The profit or loss of the amount involving foreign currencies are converted to NTD at the average exchange rate between January 1 and June 30, 2023, while others are converted to NTD under the exchange rate at the end period of the financial report.

AAEON Technology Inc. and Subsidiaries
INFORMATION OF MAJOR SHAREHOLDERS

JUNE 30, 2023

Schedule 8

Name of major shareholder	Shares	
	Total Shares Owned	Ownership (%)
ASUSTEK COMPUTER INC.	43,756,000	27.310
IBASE TECHNOLOGY INC.	41,698,468	26.030
Yung-Shun Chuang	19,664,000	12.280
HUA-CHENG VENTURE CAPITAL CORP.	8,359,000	5.220
HUA-MIN INVESTMENT CO., LTD.	8,359,000	5.220

Note 1: In this chart, major shareholders are defined as shareholders with more than 5% collective holding interest in common and preferred shares that have been delivered via book entry (including treasury stocks), as shown in the records of TDCC on the final business day of each quarter. Share capital, as shown in the financial statements, may differ from the number of shares that have been delivered via book entry due to differences in the preparation basis.

Note 2: For shareholders who have placed shareholding under trust, the above information shall be provided based on trust accounts created by the trustee. In which case, these shareholders may be required under the Securities and Exchange Act to make regulatory reporting on insiders with more than 10% ownership interest, which include shares held in own name and shares placed under trust that the shareholder has control over. Refer to Market Observation Post System for information on the reporting of insider shareholding.