Stock Code: 6449

APAQ TECHNOLOGY CO., LTD.
and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Review Report

Quarter 2 of 2024 and 2023

Address: 4F., No.2 & 6, Kedong 3rd Rd., Chunan Township, Miaoli County
Tel: (037)777-588

Table of Contents

Independent Auditors’ Review Report

To the Board of Directors of APAQ TECHNOLOGY CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of APAQ TECHNOLOGY CO., LTD. and its subsidiaries (the “consolidated company”) as of June 30, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity, and cash flows for the three months then ended and January 1 to June 30, 2024 and 2023, and the related notes to the consolidated financial statements as of January 1 to June 30, 2024 and 2023, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard (IAS) 34 “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission (FSC). Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope

Except for matters described in the following paragraph titled “Basis for Qualified Conclusion,” we conducted our reviews in accordance with the Auditing Standards 2410 “Review of Financial Information Performed by the Independent Auditor of the Entity.” A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Since a review is substantially less in scope than an audit, we might not be fully aware of all material matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note VI(VI) of the consolidated financial statements, investments accounted for under the equity method of APAQ TECHNOLOGY CO., LTD. and subsidiaries amounted to NT$61,388 thousand and NT$74,369 thousand as of June 30, 2024 and 2023, respectively. The share of corporate profit or loss recognized under the equity method were (NT$2,334 thousand), (NT$3,177 thousand), (NT$3,967 thousand), and (NT$6,055 thousand) as of April 1 to June 30, 2024 and 2023, and January 1 to June 30, 2024 and 2023, respectively. Those amounts were recognized based on financial statements of the investees for the same period and have not been reviewed by independent auditors.

Qualified Conclusion

Except for possible effects from financial statements of these investees mentioned in the paragraph titled "Basis for Qualified Conclusion" if they were reviewed by independent auditors, we did not discover matters which would lead us to believe that the aforementioned consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of APAQ TECHNOLOGY CO., LTD. and its subsidiaries as of June 30, 2024 and 2023, and their consolidated financial performance for April 1 to June 30 and January 1 to June 30, 2024 and 2023 and cash flows as of January 1 to June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission.

KPMG Taiwan

CPAs:

Securities Competent Authority Approval No.	:	Jin-Guan-Zheng-Shen-Zi No. 1040007866 Jin-Guan-Zheng-Shen-Zi No. 1020002066

August 6, 2024

APAQ TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Balance Sheet

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

Unit: NT$ thousands

Code	Assets	2024.6.30 Amount	%	2023.12.31 Amount	%	2023.6.30 Amount	%
	Current assets:						
1100	Cash and cash equivalents [Note VI(I)]	$ 1,476,896	24	1,124,174	23	1,409,227	27
1110	Financial assets at fair value through profit or loss - current [Note VI(II)]	47,954	1	29,775	1	-	-
1120	Financial assets at fair value through other comprehensive income - current [Note VI(III)]	-	-	-	-	191,462	4
1150	Notes receivable [Note VI(IV)]	70,762	1	49,562	1	41,207	1
1170	Accounts receivable [Note VI(IV)]	1,190,320	19	1,166,299	24	983,941	19
1180	Accounts receivable - related parties [Notes VI(IV) & VII]	55,301	1	60,048	1	46,367	1
1310	Inventories, net [Note VI(V)]	756,084	12	684,754	14	788,888	15
1479	Other current assets [Note VI(X)]	74,653	1	53,485	1	59,564	1
		3,671,970	59	3,168,097	65	3,520,656	68
	Non-current assets:						
1517	Financial assets at fair value through other comprehensive income - non-current [Note VI(III)]	794,170	13	212,957	4	175,272	3
1550	Investments accounted for under the equity method [Note VI(VI)]	61,388	1	76,665	2	74,369	2
1600	Property, plant and equipment [Note VI(VIII)]	1,399,066	23	1,296,039	26	1,284,412	25
1755	Use of Assets (Note VI(IX) and (XIV))	72,694	1	34,754	1	25,486	-
1780	Intangible assets [Note VI(XI)]	76,281	1	25,215	-	24,029	-
1840	Deferred income tax assets	31,370	-	61,284	1	64,264	1
1920	Refundable deposits	32,902	1	29,007	1	28,653	1
1990	Other non-current assets [Note VI(X)]	37,888	1	18,337	-	21,754	-
		2,505,759	41	1,754,258	35	1,698,239	32
	Total assets	**$ 6,177,729**	**100**	**4,922,355**	**100**	**5,218,895**	**100**

Code	Liabilities and Equity	2024.6.30 Amount	%	2023.12.31 Amount	%	2023.6.30 Amount	%
	Current liabilities:						
2100	Short-term loans [Note VI(XII)]	$ 1,130,000	18	837,000	17	1,214,000	23
2170	Accounts payable	411,574	7	353,109	7	406,641	8
2180	Accounts payable - related parties [Note VII]	11,938	-	12,921	-	9,490	-
2201	Payroll and bonus payable	158,816	3	137,035	3	111,889	2
2213	Payables on equipment	37,077	1	27,339	1	39,744	1
2216	Payable on dividends (Note VI(XV))	202,293	3	-	-	202,293	4
2280	Lease liabilities - current [Note VI(XIV)]	17,252	-	14,294	-	8,638	-
2322	Long-term loans due within one year or one operating cycle [Note VI(XIII)]	169,500	3	152,111	3	6,944	-
2399	Other current liabilities	212,088	3	153,414	3	148,359	3
		2,350,538	38	1,687,223	34	2,147,998	41
	Non-current liabilities:						
2540	Long-term loans [Note VI(XIII)]	261,056	4	310,389	6	368,056	7
2580	Lease liabilities - non-current [Note VI(XIV)]	45,179	1	10,368	-	6,687	-
		306,235	5	320,757	6	374,743	7
	Total Liabilities	2,656,773	43	2,007,980	40	2,522,741	48
	Equity [Note VI (XVII)]:						
3100	Share capital	889,535	14	889,535	18	889,535	17
3200	Capital surplus	768,527	12	768,493	16	765,757	15
3300	Retained earnings	1,416,131	23	1,372,023	28	1,093,140	21
3400	Other equity	354,530	7	(75,302)	(1)	(11,904)	-
3500	Treasury shares	(40,374)	(1)	(40,374)	(1)	(40,374)	(1)
	Total equity attributable to owners of parent	3,388,349	55	2,914,375	60	2,696,154	52
36XX	Non-controlling interests [Note VI (XVII)]	132,607	2	-	-	-	-
	Total equity	3,520,956	57	2,914,375	60	2,696,154	52
	Total liabilities and equity	**$ 6,177,729**	**100**	**4,922,355**	**100**	**5,218,895**	**100**

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng **Manager: Shi-Dong Lin** **Accounting Manager: Pei-Ling Li**

APAQ TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

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

Unit: NT$ thousands

Code	Item	From April to June 2024 Amount	%	From April to June 2023 Amount	%	From January to June 2024 Amount	%	From January to June 2023 Amount	%
4110	**Net sales revenue** [Notes VI(XX) & VII]	$ 818,100	100	703,138	100	1,539,466	100	1,295,956	100
5110	Cost of goods sold [Notes VI(V),(VIII), (IX), (XXI) & VII]	591,701	73	514,735	73	1,093,737	71	965,494	75
5950	**Gross profit**	226,399	27	188,403	27	445,729	29	330,462	25
6000	**Operating expenses** [Notes VI (VIII), (IX), (XIV), (XXI) & VII]:								
6100	Selling expenses	35,384	4	31,098	4	67,329	4	56,077	4
6200	Administrative expenses	50,049	6	43,801	6	104,925	7	91,627	7
6300	Research and development expenses	35,834	4	22,890	3	73,675	5	44,165	3
	Total operating expenses	121,267	14	97,789	13	245,929	16	191,869	14
6900	**Operating income**	105,132	13	90,614	14	199,800	13	138,593	11
7000	**Non-operating income and expenses:**								
7020	Other gains and losses [Notes VI(II), (VII) & (XXII)]	2,624	-	3,278	-	40,626	2	16,908	1
7050	Finance costs [Notes VI(XIV) & (XXII)]	(7,522)	(1)	(7,474)	(1)	(13,884)	(1)	(14,843)	(1)
7100	Interest income [Notes VI(XXII)]	11,120	1	5,932	1	15,834	1	9,791	1
7230	Foreign exchange gain (loss) [Note VI(XXIII)]	27,397	3	51,071	7	82,798	5	35,398	3
7370	Share of profit or loss of associates accounted for under the equity method [Note VI(VI)]	(2,334)	-	(3,177)	-	(4,104)	-	(6,055)	-
	Non-operating income and expenses, net	31,285	3	49,630	7	121,270	7	41,199	4
7900	**Income before income tax**	136,417	16	140,244	21	321,070	20	179,792	15
7950	**Less: Income tax expense** [Note VI(XVI)]	36,265	4	30,331	4	82,927	5	40,268	3
	Net income for the period	100,152	12	109,913	17	238,143	15	139,524	12
8300	**Other comprehensive income:**								
8310	**Items that may not be reclassified subsequently to profit or loss**								
8316	Unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income	301,326	37	75,802	11	322,413	21	84,514	7
	Total of items that may not be reclassified subsequently to profit or loss	301,326	37	75,802	11	322,413	21	84,514	7
8360	**Items that may be reclassified subsequently to profit or loss**								
8361	Financial statements translation differences of foreign operations	26,682	3	(70,094)	(10)	134,274	9	(57,914)	(4)
8399	Less: Income tax related to items that may be reclassified [Note VI(XVI)]	(5,337)	-	14,019	(2)	(26,855)	2	11,583	(1)
	Total of items that may be reclassified subsequently to profit or loss	21,345	3	(56,075)	(8)	107,419	7	(46,331)	(3)
8300	**Other comprehensive income, net of tax**	322,671	40	19,727	3	429,832	28	38,183	4
8500	**Total comprehensive income**	**$ 422,823**	**52**	**129,640**	**20**	**667,975**	**43**	**177,707**	**16**
	Net income attributed to:								
8610	Owners of the parent company	$ 106,337	13	109,913	17	246,401	16	139,524	12
8620	Non-controlling interests	(6,185)	(1)	-	-	(8,258)	(1)	-	-
		$ 100,152	**12**	**109,913**	**17**	**238,143**	**15**	**139,524**	**12**
	Total comprehensive income attributed to:								
8710	Owners of the parent company	$ 429,008	53	129,640	20	676,233	44	177,707	16
8720	Non-controlling interests	(6,185)	(1)	-	-	(8,258)	(1)	-	-
		$ 422,823	**52**	**129,640**	**20**	**667,975**	**43**	**177,707**	**16**
	Earnings per share (Unit: NT$) [Note VI(XIX)]								
9750	Basic earnings per share	**$ 1.21**		**1.25**		**2.80**		**1.59**	
9850	Diluted earnings per share	**$ 1.21**		**1.25**		**2.79**		**1.58**	

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng **Manager: Shi-Dong Lin** **Accounting Manager: Pei-Ling Li**

APAQ TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Statements of Changes in Equity
For the six months ended June 30, 2024 and 2023

Unit: NT$ thousands

			Retained earnings				Other equity items						
	Share capital - common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Financial statements translation differences of foreign operations	Gains on equity instruments investment at fair value through other comprehensive income	Total	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of January 1, 2023	$ 889,535	765,757	196,753	98,691	860,465	1,155,909	(66,870)	16,783	(50,087)	(40,374)	2,720,740	-	2,720,740
Net income for the period	-	-	-	-	139,524	139,524	-	-	-	-	139,524	-	139,524
Other comprehensive income for the period	-	-	-	-	-	-	(46,331)	84,514	38,183	-	38,183	-	38,183
Total comprehensive income	-	-	-	-	139,524	139,524	(46,331)	84,514	38,183	-	177,707	-	177,707
Earnings appropriation and distribution:													
Appropriation of legal reserve	-	-	33,843	-	(33,843)	-	-	-	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	(202,293)	(202,293)	-	-	-	-	(202,293)	-	(202,293)
Reversal of special reserve	-	-	-	(48,604)	48,604	-	-	-	-	-	-	-	-
Balance as of June 30, 2023	**$ 889,535**	**765,757**	**230,596**	**50,087**	**812,457**	**1,093,140**	**(113,201)**	**101,297**	**(11,904)**	**(40,374)**	**2,696,154**	**-**	**2,696,154**
Balance as of January 1, 2024	$ 889,535	768,493	230,596	50,087	1,091,340	1,372,023	(102,070)	26,768	(75,302)	(40,374)	2,914,375	-	2,914,375
Net (profit) loss for the period	-	-	-	-	246,401	246,401	-	-	-	-	246,401	(8,258)	238,143
Other comprehensive income for the period	-	-	-	-	-	-	107,419	322,413	429,832	-	429,832	-	429,832
Total comprehensive income	-	-	-	-	246,401	246,401	107,419	322,413	429,832	-	676,233	(8,258)	667,975
Earnings appropriation and distribution:													
Appropriation of legal reserve	-	-	41,841	-	(41,841)	-	-	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	25,216	(25,216)	-	-	-	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	(202,293)	(202,293)	-	-	-	-	(202,293)	-	(202,293)
Exercise of disgorgement	-	34	-	-	-	-	-	-	-	-	34	-	34
Non-controlling interests arising from mergers and acquisitions	-	-	-	-	-	-	-	-	-	-	-	140,865	140,865
Balance as of June 30, 2024	**$ 889,535**	**768,527**	**272,437**	**75,303**	**1,068,391**	**1,416,131**	**5,349**	**349,181**	**354,530**	**(40,374)**	**3,388,349**	**132,607**	**3,520,956**

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng **Manager: Shi-Dong Lin** **Accounting Manager: Pei-Ling Li**

APAQ TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

For the six months ended June 30, 2024 and 2023

Unit: NT$ thousands

	From January to June 2024	From January to June 2023
Cash flows from operating activities:		
Income before income tax for the period	$ 321,070	179,792
Adjustments:		
Income and expense items:		
Depreciation	126,499	120,167
Amortization	2,454	2,477
Loss on valuation of financial assets at fair value through profit	(127)	-
Interest expense	13,884	14,843
Interest income	(15,834)	(9,791)
Dividend income	-	(2,167)
Loss on market value decline and obsolete and slow-moving inventories	22,400	8,727
Share of loss of associates accounted for under the equity method	4,104	6,055
Loss on disposal of property, plant, and equipment	1,670	1
Disposal of Investment profit	(30,759)	-
Other non-cash expense items	203	-
Total income and expense items	124,494	140,312
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	5,232	(113,091)
Inventories	(69,222)	(37,906)
Other operating assets	(16,665)	3,430
Accounts payable (including related parties)	29,377	151,428
Other operating liabilities	32,269	(2,741)
Total adjustments	105,485	141,432
Cash generated from operations	426,555	321,224
Interest received	15,752	9,958
Dividends received	-	2,167
Interest paid	(13,773)	(14,841)
Income tax paid	(32,238)	(35,781)
Net cash generated by operating activities	396,296	282,727
Cash flows from investing activities:		
Proceeds from capital reduction of financial assets measured at fair value through other comprehensive income	1,200	8,811
Acquisition of financial assets at fair value through profit or loss - current	(18,052)	-
Acquisition of financial assets at fair value through other comprehensive income - non-current	(260,000)	-
Acquisition of investments accounted for under the equity method	(9,329)	-
Acquisition of net cash inflow from subsidiary	66,295	-
Acquisition of property, plant and equipment	(79,680)	(44,783)
Disposal of property, plant and equipment	30	23
Increase in refundable deposits	(520)	(6,000)
Acquisition of intangible assets	(185)	-
Decrease (increase) in other non-current assets	(2,518)	2,695
Increase in prepayments for business facilities	(13,443)	(7,131)
Net cash used in investing activities	(316,202)	(46,385)
Cash flows from financing activities:		
Increase in short-term loans	390,000	520,000
Repayment of short-term loans	(97,000)	(560,000)
Repayments of long-term loans	(31,944)	-
Exercise of disgorgement	34	-
Repayment of lease principal	(13,609)	(9,744)
Net cash flows generated from (used in) financing activities	247,481	(49,744)
Effect of exchange rate changes	25,147	(9,739)
Increase in cash and cash equivalents	352,722	176,859
Cash and cash equivalents, beginning of the year	1,124,174	1,232,368
Cash and cash equivalents, end of the year	**$ 1,476,896**	**1,409,227**

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng **Manager: Shi-Dong Lin** **Accounting Manager: Pei-Ling Li**

APAQ TECHNOLOGY CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
Quarter 2 of 2024 and 2023
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

APAQ TECHNOLOGY CO., LTD. (hereinafter referred to as the "Company") was established on December 23, 2005 with the registered address at 4F., No. 2 and 6, Kedong 3rd Rd., Zhunan Township, Miaoli County. The Company's shares have been listed and traded at TWSE since December 9, 2014.

The core business of the Company and its subsidiaries (hereinafter referred to as the "Group") focuses on the research, development, manufacturing and sales of electronic components.

II. Approval Date and Procedures of the Consolidated Financial Statements

The consolidated financial statements were approved and issued on August 6, 2024, by the Board of Directors.

III. Application of New and Amended Standards and Interpretations

(I) Impact of adopting newly issued or amended standards and interpretations endorsed by the Financial Supervisory Commission (referred to as "FSC")

Since January 1, 2024, the Group has adopted below newly amended IFRSs which does not have a material impact on the consolidated financial statements.

- Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"
- Amendment to IAS 1 "Non-current Liabilities with Contractual Terms"
- Amendments to IFRS 7 and IAS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

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

The Group has evaluated that the aforementioned amendments effective on January 1, 2025, do not have a material impact on the consolidated financial statements.

- Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates"

(III) Newly issued and amended standards and interpretations yet to be endorsed by the FSC

The International Accounting Standards Board has issued and amended standards and interpretations that have not yet been approved by FSC. The following are relevant to consolidated companies:

New and Amended Standards	Main Amendment Content	Effective Date Released by the Board of Directors
IAS 18 "Presentation and Disclosure of Financial Statements"	The new standards introduce three types of income and expenses, two subtotals on the income statement, and a single footnote on management performance measurement. These three amendments and enhancements to how information is segmented in financial statements lay the foundation for providing users with better and more consistent information, and will impact all companies.	January 1, 2027
IAS 18 "Presentation and Disclosure of Financial Statements"	• A more structured income statement: According to current standards, companies use different formats to express their financial performance, making it difficult for investors to compare the financial performance of different companies. The new standards adopt a more structured income statement, introducing a new subtotal called "operating profit", and stipulate that all revenues and expenses be classified into three new categories based on the Company's main business activities. • Management Performance Measure (MPM): The new standards introduce the definition of management performance measurement and require companies to explain in a single footnote in the financial statements the usefulness of each measurement indicator, how it is calculated, and how the measurement indicator is adjusted for amounts recognized in accordance with IFRS. • More detailed information: The new standards include instructions on how companies can enhance the grouping of information in financial statements. This includes guidance on whether the information should be included in the primary financial statements or further disaggregated in the notes.	January 1, 2027

The consolidated company is currently evaluating the impact of the above criteria and interpretations on the financial condition and operating results of the consolidated company. The relevant impact will be disclosed upon completion of the evaluation.

The consolidated company has evaluated that the below standards released and amended but not yet endorsed do not have a material impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and Amendments to IFRS 17
- IFRS 19: “Updating the Subsidiaries without Public Accountability: Disclosures”
- Amendment to IFRS 9 and IFRS 7 “Amendments to Classification and Measurement of Financial Instruments”
- Annual Improvement of IFRS

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements have been prepared in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the “Preparation Regulations”)and IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. This consolidated financial statements do not include all the necessary information that should be disclosed in the full annual consolidated financial report prepared in accordance with the IFRS, IAS, Interpretations, and Interpretation Announcements approved and issued by FSC (hereinafter referred to as the “IFRS approved by the FSC”).

Except for the following descriptions, the consolidated financial statements adopt the same accounting policies as the ones used in the consolidated financial statements for the year ended December 31, 2023. Please refer to Note IV of the consolidated financial statements for the year ended December 31, 2023 for details.

(II) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiaries	Business Activities	Percentage of Ownership			Explanation
			2024.6.30	2023.12.31	2023.6.30	
The Company	APAQ Investments Limited (APAQ Samoa)	Investment holding company	100%	100%	100%	
APAQ Samoa	Apaq Technology (Wuxi) Co., Ltd. (Apaq Wuxi)	Production and sales of electronic products	100%	100%	100%	
The Company	APAQ Technology (Hubei) Co., Ltd. (APAQ Hubei)	Production and sales of electronic products	100%	100%	100%	
The Company	AiPAQ Technology Co., Ltd (AiPAQ)	R&D and sales of electronic products	52%	30%	30%	Note

Note: The consolidated company acquired control over the company on February 15, 2024, and from that date onwards, the company has been included in the consolidated financial statements.

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

(III) Merge of corporation

The consolidated company adopts the acquisition method for every business merger. The goodwill is based on the fair value of the consideration transferred on the acquisition date, including any amount attributable to non-controlling interests of the acquired entity, net of the fair value of identifiable assets acquired and liabilities assumed (usually at fair value). If the remaining balance after deduction is negative, the consolidated company will reassess whether all acquired assets and assumed liabilities have been correctly identified before recognizing the bargain purchase gain in the income statement.

Except for transactions related to the issuance of debt or equity instruments, the transaction costs associated with business combinations should be recognized as expenses of the consolidated company immediately when they occur.

In the case of non-controlling interests of the target company, if they are current ownership interests and the holders have the right to proportionately share in the net assets of the company upon liquidation, the consolidated company shall measure such interests on a transaction-by-transaction basis, based on either the fair value as of the acquisition date or the proportionate share of the recognized amount of identifiable net assets of the target company held by the consolidated company's current ownership instruments. Other non-controlling interests are measured at their fair value as of the acquisition date or based on other measurement bases specified by FSC or recognized international financial reporting standards.

In a phased merge of corporation, the consolidated company revalues its previously held equity in the consolidated company at fair value as of the acquisition date. Any resulting gains or losses are recognized in the income statement. The amount of changes in the fair value of the acquiree's equity recognized in other comprehensive income prior to the acquisition date should be treated in the same manner as the disposal of previously held equity interests by the consolidated company. If the equity interests are disposed of and reclassified to income, then the amount should be reclassified to income.

If the original accounting treatment of a business combination is not yet completed before the reporting date of the combination transaction, the consolidated company recognizes the incomplete accounting treatment items at provisional amounts and retrospectively adjusts or recognizes additional assets or liabilities during the measurement period to reflect new information obtained about the facts and circumstances that existed as of the acquisition date during the measurement period. The measurement period shall not exceed one year from the date of acquisition.

(IV) Classification of current and non-current items

Assets that meet one of the following criteria by the consolidated company are classified as current assets; otherwise, they are classified as non-current assets:

1. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
2. Assets held mainly for trading purposes;
3. Assets that are expected to be realized within twelve months from the balance sheet date; or
4. Cash and cash equivalents, excluding restricted cash and cash equivalents (As defined in IAS 7) and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Liabilities that meet one of the following criteria by the consolidated company are classified as current liabilities; otherwise, they are classified as non-current liabilities:

1. Liabilities that are expected to be paid off within the normal operating cycle;
2. Liabilities arising mainly from trading activities;
3. Liabilities that are to be paid off within twelve months from the balance sheet date; or
4. During the reporting period, there is no right to defer the repayment of the debt for at least twelve months after the end of the reporting period.

(V) Employee benefits

The determination of the pension plan retirement benefits during the mid-term period is based on the actuarial determined retirement cost rate as of the end of the reporting period of the previous year, calculated based on the period from the beginning of the year to the end of the current period. Adjustments are made for significant market fluctuations, significant reductions, liquidations, or other significant one-time events occurring after the reporting date.

(VI) Income tax

The consolidated company measured and disclosed the income tax expenses of the interim period pursuant to Paragraph B12, IAS 34 “Interim Financial Reporting.”

The income tax expense is measured by multiplying the pre-tax net profit for the reporting period by the management’s best estimate of the effective tax rate for the full year. The current income tax expense and deferred income tax expense are then allocated based on the proportion of the estimated full-year current income tax expense and deferred income tax expense.

Income tax expenses recognized directly in equity or other comprehensive income were measured using the applicable tax rates at the time of expected realization or settlement of the temporary differences between the carrying amount of related assets and liabilities for financial reporting purposes and their tax bases.

V. Significant Accounting Judgments, Estimates and Key Sources of Uncertainty over Assumptions

When preparing the consolidated financial statements according to Preparation Regulations and IAS 34 “Interim Financial Reporting” endorsed by the FSC, the management has to make judgments, estimates and assumptions, which may influence the adoption of accounting policies, and the reporting amount of assets, liabilities, incomes and expenses. There may be differences between actual results and estimates.

When preparing the consolidated financial statements, significant accounting judgments, estimates and key sources of uncertainty made by the management for the adoption of the consolidated company's accounting policies are consistent with Note V of the consolidated financial statements for the year ended December 31, 2023.

VI. Details of Significant Accounts

Except for the following descriptions, the details of significant accounts in the consolidated financial statements are not materially different from the consolidated financial statements for the year ended December 31, 2023. Please refer to Note VI of the consolidated financial statements for the year ended December 31, 2023 for relevant information.

(I) Cash and cash equivalents

	2024.6.30	2023.12.31	2023.6.30
Cash and demand deposit	$ 1,352,805	963,055	925,443
Time deposit	124,091	161,119	483,784
Cash and cash equivalents	$ 1,476,896	1,124,174	1,409,227

Please refer to Note VI (XXIII) for currency risk and sensitivity analysis disclosure of the financial assets and liabilities.

(II) Financial assets measured at fair value through profit or loss

	2024.6.30	2023.12.31	2023.6.30
Financial assets mandatorily measured at fair value through profit or loss			
U.S. Treasury bonds	$ 47,954	29,775	-

In January 2024 and November 2023, the Group purchased a US Treasury bond with a face value of US$600 thousand and US$1,000 thousand and acquired it at a fair value of US$18,051 thousand and US$29,779 thousand.

The amount of profit or loss recognized from remeasurement at fair value, please refer to Note VI(XXII) for details.

(III) Financial assets measured at fair value through other comprehensive income

1. Current:

	2024.6.30	2023.12.31	2023.6.30
Domestic listed shares	$ -	-	191,462

During the period from July 1 to August 31, 2023, the Group sold shares of Chaintech Technology Corporation, which were classified as available-for-sale financial assets measured at fair value through other comprehensive income. The fair value of the shares at the time of disposal was $250,823 thousand, and the cumulative disposal gain amounted to $90,029 thousand. As a result, the accumulated disposal gain has been transferred from other equity to retained earnings.

2. Non-current:

	2024.6.30	2023.12.31	2023.6.30
Domestic and foreign unlisted common stocks -			
Foxfortune Technology Ventures Limited	$ 25,935	25,147	22,799
Inpaq Korea Co., Ltd.	2,991	4,196	2,301
Element I Venture Capital Co., Ltd.	11,159	11,696	14,272
Kuan Kun Electronic Enterprise Co., Ltd.	119,025	76,424	118,389
AICP Technology Corporation	2,974	2,777	3,206
IPU Semiconductor Co., Ltd.	33,728	23,597	14,305
WK Technology Fund IX II Ltd.	27,060	27,240	-
I-See Vision Technology Inc.	41,880	41,880	-
Syntec Technology Co., Ltd.	479,468	-	-
Feng Huang Lu Innovation Entrepreneurship Investment Co., Ltd.,	49,950	-	-
	$ 794,170	212,957	175,272

Information on major equity investments denominated in foreign currencies as of the reporting date is as follows:

	2024.6.30			2023.12.31			2023.6.30		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
USD	$ 888	32.45	28,816	956	30.705	29,343	797	31.14	24,819

Equity instruments held by the Group are strategic long-term investments and not for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.

The consolidated company acquired 1,400 thousand shares of Syntec Technology Co., Ltd. in May 2024, with a total investment amount of NT$210,000 thousand.

Element I Venture Capital Co., Ltd. reduced its capital and returned NT$1,200 thousand to the Company in June 2024, as resolved by the shareholders' meeting.

Element I Venture Capital Co., Ltd. reduced its capital and returned NT$2,000 thousand to the Company in May 2023, as resolved by the shareholders' meeting.

Foxfortune Technology Ventures Limited reduced its capital by 22% and returned NT$6,811 thousand to the Company in May 2023, as resolved by the Board of Directors.

(IV) Notes and accounts receivable (including related parties)

	2024.6.30	2023.12.31	2023.6.30
Notes receivable	$ 70,762	49,562	41,207
Accounts receivable	1,190,320	1,166,299	983,941
Accounts receivable - related parties	55,301	60,048	46,367
	$ 1,316,383	1,275,909	1,071,515

The Group adopts a simplified method to estimate the expected credit loss for all receivables (including related parties), that is, using the lifetime expected credit loss. For this purpose, these receivables are categorized based on common credit risk characteristics of customers' capability to pay for amount due in accordance with the contracts with forward-looking information incorporated, including general economic and related industry information.

	2024.6.30		
	Carrying amount of accounts receivable (including related parties)	Ratio of loss on lifetime expected credit	Allowance of lifetime expected credit loss
Not past due	$ 1,300,945	0%	-
Past due 1-90 days	15,438	0%	-
Total	$ 1,316,383		-

	2023.12.31		
	Carrying amount of accounts receivable (including related parties)	Ratio of loss on lifetime expected credit	Allowance of lifetime expected credit loss
Not past due	$ 1,265,569	0%	-
Past due 1-90 days	10,340	0%	-
Total	$ 1,275,909		-

	2023.6.30		
	Carrying amount of accounts receivable (including related parties)	Ratio of loss on lifetime expected credit	Allowance of lifetime expected credit loss
Not past due	$ 1,057,176	0%	-
Past due 1-90 days	14,339	0%	-
Total	$ 1,071,515		-

No impairment loss has been provided by the consolidated company for receivables (including related parties) for the six months ended June 30, 2024 and 2023.

(V) Inventories, net

	2024.6.30	2023.12.31	2023.6.30
Raw materials	$ 189,523	157,756	217,932
Work in process and semi-finished products	84,130	79,979	79,733
Finished goods and commodity	482,431	447,019	491,223
	$ 756,084	684,754	788,888

The details of operating costs were as follows:

	From April to June 2024	From April to June 2023	From January to June 2024	From January to June 2023
Cost of goods sold	$ 569,301	506,008	1,071,337	956,767
Loss on market value decline and obsolete and slow-moving inventories	22,400	8,727	22,400	8,727
	$ 591,701	514,735	1,093,737	965,494

As of June 30, 2024 and 2023, the inventories of the Group were not provided as pledged assets.

(VI) Investments accounted for under the equity method

Investments of the Group under equity method at financial reporting end date are individually non-significant and are listed below:

	2024.6.30	2023.12.31	2023.6.30
Associate	$ 61,388	76,665	74,369

Share attributable to the Group:

	From April to June 2024	From April to June 2023	From January to June 2024	From January to June 2023
Net loss for the period	$ (2,334)	(3,177)	(4,104)	(6,055)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income	$ (2,334)	(3,177)	(4,104)	(6,055)

(VII) Merge of corporation

On February 15, 2024, the consolidated company increased 22% ownership of AiPAQ Technology Co., Ltd. (AiPAQ) by NT$151,920 thousand in cash, resulting in the consolidated company's ownership percentage increasing from 30% to 52% and gaining control over the company. Therefore, starting from the acquisition date, the financial statements of AiPAQ will be consolidated into the consolidated company. In addition, the previously held non-controlling interests were remeasured at fair value, and the entire difference of NT$30,759 thousand in profit was recognized in the current period. Please refer to Note VI(XXII) for details.

AiPAQ's main business is the manufacturing and sales of electronic components. It is expected to expand consolidated company's market share in the relevant field.

The initial accounting treatment of the acquisition of AiPAQ is only provisional as of the balance sheet date. As of the date of issuance of this consolidated financial statement, the required market valuation and other calculations have not been completed. Therefore, only the best estimate of the value as determined by the management of the consolidated company is recorded. The main categories of consideration for the transfer, as well as the assets acquired and liabilities assumed on the acquisition date, are as follows:

1. The main categories of consideration for the transfer are as follows on the acquisition date fair value:

Long-term Equity Investment - Evaluation Based on Re-measured Numbers	$	54,000
Cash		151,920
Total	**$**	**205,920**

2. Acquisition of identifiable assets and liabilities (provisional)

The fair value (provisional) details of identifiable assets acquired and liabilities assumed on the acquisition date are as follows:

Cash and cash equivalents	$	218,215
Accounts receivable		737
Other current assets		4,421
Property, plant and equipment		74,646
Right-of-use assets		15,068
Other non-current assets		4,756
Accounts payable		(704)
Other current liabilities		(23,669)
Fair value of identifiable net assets	**$**	**293,470**

3. The goodwill (provisional) recognized due to the capital increase obtained by acquiring AiPAQ is as follows:

Transfer consideration	$	205,920
Add: Non-controlling interests (measured based on the proportion of identifiable net assets)		140,865
Less: Fair value of identifiable net assets (provisional)		(293,470)
Reputation (provisional)	**$**	**53,315**

As of the date of issuance of these consolidated financial statements, the fair value assessment and other calculations for the identifiable assets and liabilities acquired on the acquisition date are not yet completed. Therefore, they are recorded based on the management’s best estimate of the provisional fair values.

(VIII) Property, plant and equipment

	Houses and buildings	Machinery and equipment	Other equipment and others	Construction in progress and equipment to be tested	Total
Cost:					
Balance as of January 1, 2024	$ 374,858	2,189,675	218,193	146,742	2,929,468
Acquisition of Merger (Note VI(VII))	-	-	-	74,646	74,646
Additions	-	26,998	18,129	36,500	81,627
Disposals and obsolescence	-	(78,214)	(887)	-	(79,101)
Reclassification	-	83,270	11,162	(95,722)	(1,290)
Effect of exchange rate changes	18,852	105,827	6,753	7,120	138,552
Balance as of June 30, 2024	**$ 393,710**	**2,327,556**	**253,350**	**169,286**	**3,143,902**
Balance as of January 1, 2023	$ 380,034	2,066,646	203,504	174,483	2,824,667
Additions	-	28,882	5,842	25,466	60,190
Disposals and obsolescence	-	(3,373)	(607)	-	(3,980)
Reclassification	-	48,146	1,558	(49,704)	-
Effect of exchange rate changes	(8,609)	(45,787)	(2,996)	(3,510)	(60,902)
Balance as of June 30, 2023	**$ 371,425**	**2,094,514**	**207,301**	**146,735**	**2,819,975**
Depreciation:					
Balance as of January 1, 2024	$ 214,105	1,259,269	160,055	-	1,633,429
Depreciation for the period	11,919	84,302	16,342	-	112,563
Disposals and obsolescence	-	(76,570)	(831)	-	(77,401)
Effect of exchange rate changes	10,806	60,175	5,264	-	76,245
Balance as of June 30, 2024	**$ 236,830**	**1,327,176**	**180,830**	**-**	**1,744,836**
Balance as of January 1, 2023	$ 194,791	1,137,524	129,133	-	1,461,448
Depreciation for the period	11,287	81,214	17,804	-	110,305
Disposals and obsolescence	-	(3,361)	(595)	-	(3,956)
Effect of exchange rate changes	(4,552)	(25,603)	(2,079)	-	(32,234)
Balance as of June 30, 2023	**$ 201,526**	**1,189,774**	**144,263**	**-**	**1,535,563**
Carrying Amount:					
January 1, 2024	**$ 160,753**	**930,406**	**58,138**	**146,742**	**1,296,039**
June 30, 2024	**$ 156,880**	**1,000,380**	**72,520**	**169,286**	**1,399,066**
January 1, 2023	**$ 185,243**	**929,122**	**74,371**	**174,483**	**1,363,219**
June 30, 2023	**$ 169,899**	**904,740**	**63,038**	**146,735**	**1,284,412**

(IX) Right-of-use assets

		Land use rights	Houses and buildings	Transportation equipment	Total
Cost of right-of-use assets:					
Balance as of January 1, 2024	$	11,598	46,006	1,567	59,171
Acquisition of Merger (Note VI(VII))		-	15,323	-	15,323
Additions		-	36,262	-	36,262
Disposals (contract expiration and early termination)		-	(12,039)	-	(12,039)
Effect of exchange rate changes		583	622	-	1,205
Balance as of June 30, 2024	$	12,181	86,174	1,567	99,922
Balance as of January 1, 2023	$	11,798	32,578	1,567	45,943
Additions		-	9,676	-	9,676
Disposals (contract expiration and early termination)		-	(2,320)	-	(2,320)
Effect of exchange rate changes		(267)	(286)	-	(553)
Balance as of June 30, 2023	$	11,531	39,648	1,567	52,746
Depreciation of right-of-use assets:					
Balance as of January 1, 2024	$	1,437	21,674	1,306	24,417
Acquisition of Merger (Note VI(VII))		-	255	-	255
Depreciation for the period		151	13,524	261	13,936
Disposals (contract expiration and early termination)		-	(11,703)	-	(11,703)
Effect of exchange rate changes		73	250	-	323
Balance as of June 30, 2024	$	1,661	24,000	1,567	27,228
Balance as of January 1, 2023	$	1,169	18,004	784	19,957
Depreciation for the period		145	9,456	261	9,862
Disposals (contract expiration and early termination)		-	(2,320)	-	(2,320)
Effect of exchange rate changes		(28)	(211)	-	(239)
Balance as of June 30, 2023	$	1,286	24,929	1,045	27,260
Carrying amount of right-of-use assets:					
January 1, 2024	$	10,161	24,332	261	34,754
June 30, 2024	$	10,520	62,174	-	72,694
January 1, 2023	$	10,629	14,574	783	25,986
June 30, 2023	$	10,245	14,719	522	25,486

Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd. and Subsidiaries (continued)

(X) Other assets - current and non-current

	2024.6.30	2023.12.31	2023.6.30
Prepaid expenses	$ 34,428	24,413	24,923
Prepayments for business facilities	27,090	11,573	15,524
Business tax credit	26,969	17,550	22,613
Long-term deferred expenses	10,798	6,764	6,230
Prepayments for goods and others	13,256	11,522	12,028
	$ 112,541	71,822	81,318

(XI) Intangible assets

The amount of the Group's cost and amortization of intangible asset was as follows:

	Reputation	Computer software	Royalty fees	Total
Cost:				
Balance as of January 1, 2024	$ -	12,170	45,038	57,208
Acquisition of Merger (Note VI(VII))	53,315	-	-	53,315
Additions for the period	-	185	-	185
Effect of exchange rate changes	-	80	-	80
Balance as of June 30, 2024	$ 53,315	12,435	45,038	110,788
Balance as of January 1, 2023	$ -	8,775	45,038	53,813
Effect of exchange rate changes	-	(29)	-	(29)
Balance as of June 30, 2023	$ -	8,746	45,038	53,784
Amortization:				
Balance as of January 1, 2024	$ -	8,849	23,144	31,993
Amortization for the period	-	577	1,877	2,454
Effect of exchange rate changes	-	60	-	60
Balance as of June 30, 2024	$ -	9,486	25,021	34,507
Balance as of January 1, 2023	$ -	7,914	19,391	27,305
Amortization for the period	-	600	1,877	2,477
Effect of exchange rate changes	-	(27)	-	(27)
Balance as of June 30, 2023	$ -	8,487	21,268	29,755
Carrying Amount:				
January 1, 2024	$ -	3,321	21,894	25,215
June 30, 2024	$ 53,315	2,949	20,017	76,281
January 1, 2023	$ -	861	25,647	26,508
June 30, 2023	$ -	259	23,770	24,029

(XII) Short-term loans

	2024.6.30	2023.12.31	2023.6.30
Unsecured bank loans	$ 1,130,000	837,000	1,214,000
Unused limit	$ 1,162,128	1,406,408	1,051,802
Interest rate range	1.85%~1.97%	1.72%~1.88%	1.72%~1.895%

The additional amounts for six months ended June 30, 2024 and 2023 are NT$390,000 thousand and NT$520,000 thousand, respectively, with interest rates ranging from 1.85% to 1.925% and 1.72% to 1.895%, and maturity dates from July 2024 to September 2024 and July 2023 to September 2023, respectively. The repayment amounts are NT$97,000 thousand and NT$560,000 thousand, respectively.

(XIII) Long-term loans

	2024.6.30	2023.12.31	2023.6.30
Unsecured bank loans	$ 430,556	462,500	375,000
Less: Due within one year	(169,500)	(152,111)	(6,944)
	$ 261,056	310,389	368,056
Unused limit	$ 375,000	475,000	895,000
Interest rate range	1.925%~ 2.2%	1.80%~ 2.13%	1.8%~ 2.13378%

(XIV) Lease liabilities

The carrying amount of the Group’s lease liability is as follows:

	2024.6.30	2023.12.31	2023.6.30
Current	$ 17,252	14,294	8,638
Non-current	$ 45,179	10,368	6,687

For maturity analysis, please refer to Note VI(XXIII) Financial instruments.

The amount of lease recognized in profit or loss is as follows:

	From April to June 2024	From April to June 2023	From January to June 2024	From January to June 2023
Interest expense of lease liabilities	$ 254	50	473	90
Expense for leases of low-value assets	$ 19	18	38	37

The amount of lease recognized in the statements of cash flows is as follows:

	From January to June 2024	From January to June 2023
Total cash outflow for lease	$ 14,120	9,871

1. Leasing of houses and buildings

   The consolidated company leased houses and buildings as office premises and factory buildings as of June 30, 2024 with the period of 1 to 5 years. Some leases include the option to extend for the same period when the lease expires.

   Some of the aforementioned leases include the option to extend. These leases are managed by each region, so the individual terms and conditions agreed are different within the Group. These options are only enforceable by the Group, not the lessor. Where it is not possible to reasonably determine that the optional lease extension will be exercised, the payment related to the period covered by the option is not included in the lease liability.

2. Other leases

   The lease period for leasing office premises of the Group is two years. These leases are for low-value assets, and the Group chooses to apply the exemption recognition requirement instead of recognizing the right-of-use assets and lease liabilities.

(XV) Employee benefits

For pension expenses of the consolidated company for the three months ended June 30, 2024 and 2023 and the six months ended June 30, 2024 and 2023, please refer to Note XII for details.

(XVI) Income tax

1. Income tax expense

   For details of income tax expenses of the consolidated company for the three months ended June 30, 2024 and 2023 and the six months ended June 30, 2024 and 2023 are as follows:

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

	From April to June 2024	From April to June 2023	From January to June 2024	From January to June 2023
Current income tax expenses				
Current income tax expenses	$ 53,617	54,191	101,853	64,128
Current income tax from adjustment of prior period	(21,985)	(10,979)	(21,985)	(10,979)
Deferred income tax expense	4,633	(12,881)	3,059	(12,881)
	$ 36,265	30,331	82,927	40,268

2. The amount of income tax expense recognized in other comprehensive income was as follows:

	From April to June 2024	From April to June 2023	From January to June 2024	From January to June 2023
Exchange differences on translation of foreign operations	$ 5,337	(14,019)	26,855	(11,583)

3. The ROC income tax authorities have examined the Company's income tax returns through 2021.

(XVII) Capital and other equity

Except for the following descriptions, there was no significant change in the capital and other equity of the consolidated company from January 1 to June 30, 2024 and 2023. Please refer to Note VI(XVI) of the consolidated financial statements for the year ended December 31, 2023 for details.

1. Capital surplus

	2024.6.30	2023.12.31	2023.6.30
Share premium	$ 320,766	320,766	320,766
Compensation cost of shares retained for employee subscription at cash capital increase	7,852	7,852	7,852
Subscription right to convertible corporate bonds	117	117	117
Treasury share transactions	3,642	3,642	3,642
Premium from conversion of corporate bonds to common shares	433,380	433,380	433,380
Changes in percentage of shareholding in long-term equity investments	2,736	2,736	-
Profit from exercise of disgorgement	34	-	-
	$ 768,527	768,493	765,757

In accordance with the Company Act, realized capital surplus can only be distributed as stocks or cash dividends in accordance with shareholders’ original shareholding percentages after offsetting losses. The above-mentioned realized capital surplus includes amount in excess of the face amount during shares issuance and acceptance of bestowal. In accordance with the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers,” the total of capital surplus appropriated for capital every year shall not exceed 10% of the paid-in capital.

The capital surplus generated by the exercise of the Company’s right of recovery may only be used to offset losses.

2. Retained earnings

The appropriation of earnings of the two most recent years were resolved in the Board of Directors’ meeting held on May 29, 2024, and approved in the shareholders’ meeting held on June 12, 2023, respectively. Information on dividends appropriated to owners is as follows:

	2023		2022	
	Dividends per share	**Amount**	**Dividends per share**	**Amount**
Dividends distributed to owners of common shares:				
Cash (NT$)	$ 2.3	202,293	2.3	202,293

The above appropriation of earnings is consistent with the resolutions approved by the Board of Directors. Information will be available at the Market Observation Post System (MOPS).

3. Non-controlling interests

	From April to June 2024	**From January to June 2024**
Beginning balance	$ -	-
Net loss for the period	(6,185)	(8,258)
Mergers and Acquisitions	-	140,865
Ending Balance	$ (6,185)	132,607

(XVIII) Share-based payment

The Company's Restricted Employee Stock Plan

The company's shareholders' meeting resolved on June 21, 2022, to issue 3,000 thousand restricted employee stocks to eligible full-time employees of the Company, subject to specific conditions. The issuance has been filed with the Securities and Futures Bureau of the Financial Supervisory Commission for approval and is pending approval from the board of directors regarding the issuance date.

Employees receiving the restricted employee stocks must deliver all units to a designated institutional trustee appointed by the Company for safekeeping until the vesting conditions are met. During this period, employees are prohibited from selling, pledging, transferring, gifting, assigning, or otherwise disposing of the stocks in any way. Other than the restriction on disposal and the requirement to deliver the units to the trust for safekeeping until the vesting conditions are met, the rights associated with the restricted stock units are the same as those of the common shares issued by the Company. In addition, in the event that employees fail to meet the vesting conditions as per the issuance regulations, the Company reserves the right to reclaim and cancel all shares of restricted stock units allocated to the employees at no cost.

(XIX) Earnings per Share (EPS)

	From April to June 2024	From April to June 2023	From January to June 2024	From January to June 2023
Basic EPS:				
Net income attributable to the Company	$ 106,337	109,913	246,401	139,524
Weighted average number of common stocks outstanding (in thousands of shares)	87,954	87,954	87,954	87,954
Basic EPS (NT$)	$ 1.21	1.25	2.80	1.59
Diluted EPS:				
Net income attributable to the Company	$ 106,337	109,913	246,401	139,524
Weighted average number of common stocks outstanding (in thousands of shares)	87,954	87,954	87,954	87,954
Effect of potential diluted ordinary shares:				
Employee compensation to be distributed in stocks	177	212	313	499
Weighted average number of common shares outstanding for the calculation of diluted EPS (in thousands of shares)	88,131	88,166	88,267	88,453
Diluted EPS (NT$)	$ 1.21	1.25	2.79	1.58

(XX) Revenue of customer contract

	From April to June 2024	From April to June 2023	From January to June 2024	From January to June 2023
Major regional markets				
China	$ 750,602	672,610	1,408,328	1,237,716
Taiwan	35,717	14,431	68,105	29,461
Other countries	31,781	16,097	63,033	28,779
	$ 818,100	**703,138**	**1,539,466**	**1,295,956**
Major products				
Coiled conductive polymer solid state capacitors	$ 553,970	520,378	1,074,052	963,133
Chip-type conductive polymer solid state capacitors	264,130	182,760	465,414	332,823
	$ 818,100	**703,138**	**1,539,466**	**1,295,956**

Please refer to Note VI(IV) for the disclosure of notes and accounts receivable and impairment.

(XXI) Employee compensations and remuneration for Directors

The Company’s Articles of Incorporation provide that if there is profit in the year, at least 8 percent of profit shall be allocated for employee compensation, and no more than 3 percent shall be allocated for remunerations of the Directors. However, if the Company has accumulated losses, it shall reserve a portion of the profit to offset the losses in advance. Parties eligible to receive the said compensation in the form of stock or cash shall include employees in affiliated companies who met certain conditions.

The Company accrued NT$11,753 thousand, NT$11,150 thousand, NT$28,698 thousand, and NT$14,073 thousand as employee compensation and NT$3,457 thousand, NT$3,279 thousand, NT$8,441 thousand, and NT$4,139 thousand as remuneration for Directors for the three months ended June 30 and six months ended June 30, 2024 and 2023, respectively. These amounts were calculated using the Company’s income before income tax before deducting for employee compensation and remuneration for Directors multiplied by the percentages which are stated under the Company’s Article of Incorporation. The amounts were recognized as operating costs or operating expenses for the periods. Difference between amount distributed and accrued will be regarded as changes in accounting estimates and reflected in profit or loss in the following year. If employee compensation is resolved to be distributed in shares, the number of shares is determined by dividing the amount of compensation by the closing price of common shares on the day preceding the Board of Directors' meeting.

The amounts allocated for remuneration to employees were NT$35,769 thousand and NT$36,375 thousand and the remuneration to Directors were NT$10,520 thousand and NT$10,699 thousand for the years ended December 31, 2023 and 2022 respectively, which bear no difference from the Board's resolutions. Relevant information can be found at the MOPS.

(XXII) Non-operating income and expenses

1. Other gains and losses, net

	From April to June 2024	From April to June 2023	From January to June 2024	From January to June 2023
Disposal of Investment profit [Note VI(VII)]	$ -	-	30,759	-
Dividend income	-	2,167	-	2,167
Subsidy income	759	(75)	7,138	13,385
Profit on valuation of financial assets	911	-	127	-
Loss on disposal of property, plant, and equipment	(1,670)	(11)	(1,670)	(1)
Others	2,624	1,197	4,272	1,357
	$ 2,624	3,278	40,626	16,908

2. Finance costs

	From April to June 2024	From April to June 2023	From January to June 2024	From January to June 2023
Interest expenses of loans from banks	$ 7,268	7,424	13,411	14,753
Interest expense of lease liabilities	254	50	473	90
	$ 7,522	7,474	13,884	14,843

3. Interest income

	From April to June 2024	From April to June 2023	From January to June 2024	From January to June 2023
Interests on bank deposits	$ 11,118	5,930	15,825	9,787
Other interest income	2	2	9	4
	$ 11,120	**5,932**	**15,834**	**9,791**

(XXIII) Financial instruments

Except for the following descriptions, there has been no significant changes in the fair value of the consolidated company's financial instruments and the exposure to credit risk, liquidity risk and market risk arising from the financial instruments. Please refer to Note VI(XXII) of consolidated financial statements for the year ended December 31, 2023 for relevant information.

1. Credit risk

(1) Credit risk concentration

The Group's customers are concentrated in industries such as consumer electronics, computer peripherals and wireless communication and so on. To reduce the credit risk of the accounts receivable, the Group continuously assesses the customers' financial position and regularly evaluates the possibility of the collection of accounts receivable, as well as making allowances for loss. As of June 30, 2024, December 31, 2023 and June 30, 2023, 41%, 43%, and 43%, respectively, of the consolidated company's accounts receivables were due from five customers, respectively, resulting in significant credit risk concentration.

(2) Credit risk of accounts receivable and debt securities

Please refer to Note VI(IV) for credit risk exposure of accounts receivable.

Other financial assets at amortized cost included other receivables and time deposits. No impairment loss was recognized.

The above-mentioned financial assets have low credit risk, so the allowance loss of that period is measured based on twelve-month expected credit loss (please refer to Note IV(VII) of the consolidated financial statements for the year ended December 31, 2023 for details on how the consolidated company determines the level of credit risk).

2. Liquidity risk

The following table shows the contractual maturity analysis of financial liabilities(including the impact of interest payable):

	Carrying amount	Contract Cash Flow	Less than 6 months	6-12 months	More than 12 months
June 30, 2024					
Non-derivative financial liabilities					
Short-term loans	$ 1,130,000	1,133,100	1,133,100	-	-
Accounts payable (including related parties)	423,512	423,512	423,512	-	-
Payroll and bonus payable	158,816	158,816	158,816	-	-
Payables on equipment	37,077	37,077	37,077	-	-
Dividend payable	202,293	202,293	202,293	-	-
Expenses payable (recorded as other current liabilities)	109,110	109,110	109,110	-	-
Lease liabilities (including current and non-current)	62,431	64,446	10,629	7,401	46,416
Long-term loans (including within one year)	430,556	441,078	123,821	52,229	265,028
	$ 2,553,795	2,569,432	2,198,358	59,630	311,444
December 31, 2023					
Non-derivative financial liabilities					
Short-term loans	$ 837,000	839,882	839,882	-	-
Accounts payable (including related parties)	366,030	366,030	366,030	-	-
Payroll and bonus payable	137,035	137,035	137,035	-	-
Payables on equipment	27,339	27,339	27,339	-	-
Expenses payable (recorded as other current liabilities)	97,822	97,822	97,822	-	-
Lease liabilities (including current and non-current)	24,662	25,173	9,369	5,262	10,542
Long-term loans (including within one year)	462,500	477,570	36,255	123,806	317,509
	$ 1,952,388	1,970,851	1,513,732	129,068	328,051

	Carrying amount	Contract Cash Flow	Less than 6 months	6-12 months	More than 12 months
June 30, 2023					
Non-derivative financial liabilities					
Short-term loans	$ 1,214,000	1,218,071	1,218,071	-	-
Accounts payable (including related parties)	416,131	416,131	416,131	-	-
Payroll and bonus payable	111,889	111,889	111,889	-	-
Payables on equipment	39,744	39,744	39,744	-	-
Dividend payable	202,293	202,293	202,293	-	-
Expenses payable (recorded as other current liabilities)	84,453	84,453	84,453	-	-
Lease liabilities (including current and non-current)	15,325	15,621	6,703	2,118	6,800
Long-term loans (including within one year)	375,000	395,236	3,531	10,475	381,230
	$ 2,458,835	2,483,438	2,082,815	12,593	388,030

3. Exchange rate risk

(1) Exchange rate risk exposure

The Group's financial assets and liabilities exposed to material exchange rate risk were as follows:

	2024.6.30			2023.12.31			2023.6.30		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets									
Monetary items									
USD	$ 53,747	32.45	1,744,090	53,400	30.705	1,639,655	53,452	31.14	1,664,495
RMB	47,961	4.5532	218,376	61,167	4.3352	265,171	79,796	4.3096	343,889
Financial liabilities									
Monetary items									
USD	2,092	32.45	67,885	1,742	30.705	53,488	1,338	31.14	41,665

(2) Sensitivity analysis

The Group's exposure to foreign currency risk mainly arises from exchange gains and losses of cash, receivables, short-term loans, accounts payable, and other payables that are denominated in US dollars and RMB. Changes in net income for the six months ended June 30, 2024 and 2023 due to depreciation or appreciation of NT dollars against US dollars and RMB as of June 30, 2024, December 31, 2023 and June 30, 2023 with all other variables held constant were as follows:

	Range of the fluctuations	From January to June 2024	From January to June 2023
TWD exchange rate	1% depreciation against USD	$ 13,410	12,983
	1% appreciation against USD	$ (13,410)	(12,983)
	1% depreciation against RMB	$ 1,747	2,751
	1% appreciation against RMB	$ (1,747)	(2,751)

(3) Foreign exchange gains (losses) on monetary items

As the consolidated company has a large variety of functional currencies, the exchange gains and losses of monetary items were disclosed on an aggregated basis. The foreign exchange gains and losses (including realized and unrealized) for the three months ended June 30, 2024 and 2023 and the six months ended June 30, 2024 and 2023 were NT$27,397 thousand, NT$51,071 thousand, NT$82,798 thousand, and NT$35,398 thousand, respectively.

4. Interest rate analysis

The interest rate risk exposure of financial assets and financial liabilities of the Group is described in the liquidity risk management of the Notes.

The following sensitivity analysis is determined by the interest rate risk exposure of non-derivative instruments on the reporting date. For liabilities with floating interest rates, the analysis is based on the assumption that the outstanding liabilities on the reporting date have been outstanding all year round. Changes in other comprehensive income for the six months ended June 30, 2024 and 2023 due to changes in interest rate with all other variables held constant were as follows:

	Range of the fluctuations	From January to June 2024	From January to June 2023
Annual borrowing rate	Increase by 1%	$ (6,242)	(6,356)
	Decrease by 1%	$ 6,242	6,356

5. Other price risk

If the price of equity securities and bonds changes on the reporting date (adopt the same basis of analysis for both periods, with the assumption that other variable factors remain unchanged), the impact on comprehensive income items were as follows:

	From January to June 2024		From January to June 2023	
Price as of the reporting date	**Other comprehensive income before tax**	**Income before income tax for the period**	**Other comprehensive income before tax**	**Income before income tax for the period**
Increase of 1%	$ 7,942	480	3,667	-
Decrease of 1%	(7,942)	(480)	(3,667)	-

6. Fair value of financial instruments

(1) Type and fair value of financial instruments

The Group's financial assets at fair value through profit and loss or through other comprehensive income are measured at fair value on a recurring basis. The carrying amount and fair value of financial assets and liabilities (including information of fair value hierarchy; however, the fair value of financial instruments not at fair value and whose carrying amounts are reasonable approximations of their fair value and lease liabilities is not required to be disclosed) were as follows:

	2024.6.30				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss - current					
Government bonds	$ 47,954	47,954	-	-	47,954
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted shares	$ 794,170	-	-	794,170	794,170
Financial assets at amortized cost					
Cash and cash equivalents	$ 1,476,896	-	-	-	-
Notes and accounts receivable (including related parties)	1,316,383	-	-	-	-
Refundable deposits	32,902	-	-	-	-

	2024.6.30				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
	$ 2,826,181	-	-	-	-
Financial liabilities at amortized cost					
Short-term loans	$ 1,130,000	-	-	-	-
Accounts payable (including related parties)	423,512	-	-	-	-
Payroll and bonus payable	158,816	-	-	-	-
Payables on equipment	37,077	-	-	-	-
Dividend payable	202,293	-	-	-	-
Expenses payable (recorded as other current liabilities)	109,110	-	-	-	-
Lease liabilities (including current and non-current)	62,431	-	-	-	-
Long-term loans (including within one year)	430,556	-	-	-	-
	$ 2,553,795	-	-	-	-

	2023.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - current					
Government bonds	$ 29,775	29,775	-	-	29,775
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted shares	$ 212,957	-	-	212,957	212,957
Financial assets at amortized cost					
Cash and cash equivalents	$ 1,124,174	-	-	-	-
Notes and accounts receivable (including related parties)	1,275,909	-	-	-	-
Refundable deposits	29,007	-	-	-	-
	$ 2,429,090	-	-	-	-

Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd. and Subsidiaries (continued)

	2023.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Short-term loans	$ 837,000	-	-	-	-
Accounts payable (including related parties)	366,030	-	-	-	-
Payroll and bonus payable	137,035	-	-	-	-
Payables on equipment	27,339	-	-	-	-
Expenses payable (recorded as other current liabilities)	97,822	-	-	-	-
Lease liabilities (including current and non-current)	24,662	-	-	-	-
Long-term loans (including within one year)	462,500	-	-	-	-
	$ 1,952,388	-	-	-	-

	2023.6.30				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income - current					
Domestic listed shares	$ 191,462	191,462	-	-	191,462
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted shares	$ 175,272	-	-	175,272	175,272
Financial assets at amortized cost					
Cash and cash equivalents	$ 1,409,227	-	-	-	-
Notes and accounts receivable (including related parties)	1,071,515	-	-	-	-
Refundable deposits	28,653	-	-	-	-
	$ 2,509,395	-	-	-	-

	2023.6.30				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Short-term loans	$ 1,214,000	-	-	-	-
Accounts payable (including related parties)	416,131	-	-	-	-
Payroll and bonus payable	111,889	-	-	-	-
Payables on equipment	39,744	-	-	-	-
Dividend payable	202,293	-	-	-	-
Expenses payable (recorded as other current liabilities)	84,453	-	-	-	-
Lease liabilities (including current and non-current)	15,325	-	-	-	-
Long-term loans (including within one year)	375,000	-	-	-	-
	$ 2,458,835	-	-	-	-

(2) Valuation techniques for financial instruments that are measured at fair value

If there is an active market for a financial instrument, the fair value of the instrument is based on the quoted market price in the active market. The market prices announced by major exchanges and the central government bond counter trading centers, which are judged to be popular, are the basis for the fair value of listed (over-the-counter) equity instruments and debt instruments with active market quotations.

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

The fair value of financial instruments held by the Group that are traded in an active market are presented by category and attribute as follows:

The fair values of listed redeemable bonds, listed stocks, bills of exchange and corporate bonds, which are financial assets and financial liabilities with standard terms and conditions and traded in active markets, are determined based on the quoted market prices, respectively.

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by reference to quoted prices from counter-parties. The fair values obtained through valuation techniques may be calculated based on the current fair values of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method or other valuation techniques, including the models based on market information available at the date of the consolidated balance sheet (e.g., over-the-counter (OTC) reference yield curves, Reuters average quoted commercial paper rates).

The fair value of financial instruments held by the Group that do not have an active market is estimated using the Comparable Listed Company Act and the net asset value method, with the main assumptions of the Comparable Listed Company Act being the net share price multiplier and the cost-benefit ratio multiplier of comparable listed companies. The net asset value method is used to assess the total value of the individual assets and liabilities covered by the valuation technique to reflect the overall value of the Company. This estimate adjusts for the effect of the lack of marketability of the equity securities at a discount.

(3) Transfers between Level 1 and Level 2 fair value hierarchy: None.

(4) Details of changes in Level 3 fair value hierarchy:

		Financial assets measured at fair value through other comprehensive income - inactive market
Balance as of January 1, 2024	$	212,957
Addition		260,000
Reduction of capital and return of share capital contributions		(1,200)
Recognized in other comprehensive income		322,413
Balance as of June 30, 2024	**$**	**794,170**
Balance as of January 1, 2023	$	145,021
Reduction of capital and return of share capital contributions		(8,811)
Recognized in other comprehensive income		39,062
Balance as of June 30, 2023	**$**	**175,272**

The above mentioned total gain or loss is recorded and reported under "unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income."

(5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group classified the financial assets measured at fair value through other comprehensive income and loss – non-current as recurring level 3 fair values in the fair value hierarchy due to the use of significant unobservable inputs. The significant unobservable inputs are independent, therefore, there is no correlation between them. Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable input	Relationship between significant unobservable inputs and fair value measurement
Financial asset at fair value through other comprehensive income - non-current (investments in equity instrument without active market)	Net asset value method	• Net asset value • Marketability discount (9% for June 30, 2024, December 31, 2023 and June 30, 2023)	• The higher the value of net asset, the higher the fair value • The higher the marketability discount, the lower the fair value
Financial asset at fair value through other comprehensive income - non-current (investments in equity instrument without active market)	Market approach	• Price-book ratio (PBR) multiples (1.16~4.89, 1.06~4.81, and 1.26~5.59 as of June 30 2024, December 31, 2023 and June 30, 2023) • Price-earnings ratio (PER) multiples (18.51~27.98, 18.91~21.33, and 22.75~48.03 as of June 30, 2024, December 31, 2023 and June 30, 2023) • Marketability discount (9%~25%, 15.09%~23.22%, and 14.48%~28.15% for June 30, 2024, December 31, 2023 and June 30, 2023)	• The higher the price-book ratio, the higher the fair value • The higher the price-to-earning ratio, the higher the fair value • The higher the marketability discount, the lower the fair value

(6) Fair value measurement for Level 3, and sensitivity analysis of fair value on reasonably possible alternative assumptions

The Group's fair value measurement on the financial instruments is considered reasonable; however, when different valuation model or valuation parameters are used, it may lead to different valuation result. If valuation parameters change, financial instruments classified as Level 3 will have effects on the profit/loss or other comprehensive income, stated as follows:

	Inputs	Increase or decrease change	Fair value change reflected in other comprehensive income: Favorable change	Fair value change reflected in other comprehensive income: Unfavorable change
June 30, 2024				
Financial assets measured at fair value through other comprehensive income				
Investments in equity instrument without active market	Marketability discount	±1%	9,033	(9,033)
	Net asset value method	±1%	1,205	(1,205)
	Price-book ratio (PBR) multiples	±1%	7,570	(7,570)
	Price-earnings ratio (PER) multiples	±1%	83	(83)
December 31, 2023				
Financial assets measured at fair value through other comprehensive income				
Investments in equity instrument without active market	Marketability discount	±1%	2,589	(2,589)
	Net asset value method	±1%	705	(705)
	Price-book ratio (PBR) multiples	±1%	12,854	(12,854)
	Price-earnings ratio (PER) multiples	±1%	55	(55)
June 30, 2023				
Financial assets measured at fair value through other comprehensive income				
Investments in equity instrument without active market	Marketability discount	±1%	2,142	(2,142)
	Net asset value method	±1%	407	(407)
	Price-book ratio (PBR) multiples	±1%	4,557	(4,557)
	Price-earnings ratio (PER) multiples	±1%	32	(32)

The Group's favorable and unfavorable changes refer to fluctuation of fair value, and the fair value is calculated according to unobservable inputs of different level via the valuation technique. The fair value of the financial instrument is affected by more than one inputs, the table above only reflects the effect caused by the change of one single input, and the correlation and difference among inputs are not considered.

(XXIV) Financial risk management

There were no significant changes in the objectives and policies of the consolidated company's financial risk management comparing to those disclosed in Note VI(XXIII) of the consolidated financial statements for the year ended December 31, 2023.

(XXV) Capital management

The consolidated company's capital management objectives, policies and procedures were consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2023. In addition, there were no significant changes in the aggregate quantitative information of capital management items comparing to the information disclosed in the consolidated financial statements for the year ended December 31, 2023. For relevant information, please refer to Note VI(XXIV) of the consolidated financial statements for the year ended December 31, 2023.

(XXVI) Non-cash financing activities

The consolidated company's non-cash investing and financing activities for the six months ended June 30, 2024 and 2023 were as follows:

1. For right-of-use assets obtained via leases, please refer to Note VI(IX).
2. Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	2024.1.1	**Cash flow**	**Change in Exchange fluctuations**	**Merger and Acquisition**	**Other changes**	**2024.6.30**
Short-term loans	$ 837,000	293,000	-	-	-	1,130,000
Lease liabilities	24,662	(13,609)	373	15,079	35,926	62,431
Long-term loans (including within one year)	462,500	(31,944)	-	-	-	430,556
	$ 1,324,162	247,447	373	15,079	35,926	1,622,987

	2023.1.1	Cash flow	Non-cash changes: Change in Exchange fluctuations	Non-cash changes: Other changes	2023.6.30
Short-term loans	$ 1,254,000	(40,000)	-	-	1,214,000
Lease liabilities	15,467	(9,744)	(74)	9,676	15,325
Long-term loans (including within one year)	375,000	-	-	-	375,000
	$ 1,644,467	(49,744)	(74)	9,676	1,604,325

VII. Related Party Transactions

(I) Related parties' name and relationships

Name of related party	Relationship with the Group
Shenzhen Gather Electronics Science Co., Ltd.	Associates of the Group accounted for under the equity method
Hubei Gather Electronics Science Co., Ltd.	Subsidiaries controlled by Shenzhen Gather Electronics Science Co., Ltd.
JDX Technology co., Ltd.	Associates of the Group accounted for under the equity method
AiPAQ Technology Co., Ltd (Note)	Subsidiary of the consolidated company

Note: The original text is a note about a related company that was evaluated using the equity method. Since February 15, 2024, it has become a subsidiary of the consolidated company.

(II) Significant transactions with related parties

1. Operating revenue

	From April to June 2024	From April to June 2023	From January to June 2024	From January to June 2023
Hubei Gather Electronics Science Co., Ltd.	$ 19,621	18,092	40,180	31,686
JDX Technology co., Ltd.	354	80	503	80
	$ 19,975	18,172	40,683	31,766

The sales price to related parties and non-related parties is determined by the specifications of the products being sold, and some products are given discounts of varying degrees depending on the quantity sold. Therefore, the pricing strategy is not significantly different. The credit conditions of the related parties are from 90 days to 150 days based on the monthly statement. The credit conditions of general customers are determined by the individual client's past transaction experience and the results of debt evaluation. The range is between 60 to 150 days.

2. Purchases

	From April to June 2024	From April to June 2023	From January to June 2024	From January to June 2023
Hubei Gather Electronics Science Co., Ltd.	$ 6,644	7,060	14,117	9,951
AiPAQ Technology Co., Ltd	-	-	698	-
	$ 6,644	7,060	14,815	9,951

The purchase price from related parties is based on the general market price. The payment terms are 30 to 90 days from end of month for general suppliers, and 60 to 90 days from end of month for related parties.

3. Receivables from related parties

Financial Statement Account	Category of related parties	2024.6.30	2023.12.31	2023.6.30
Accounts receivable	Hubei Gather Electronics Science Co., Ltd.	$ 54,914	59,749	46,282
	JDX Technology co., Ltd.	387	299	85
		$ 55,301	60,048	46,367

4. Payables to related parties

Financial Statement Account	Category of related parties	2024.6.30	2023.12.31	2023.6.30
Accounts payable	Hubei Gather Electronics Science Co., Ltd.	$ 11,938	10,689	9,490
	AiPAQ Technology Co., Ltd	-	2,232	-
		$ 11,938	12,921	9,490

(III) Transactions with key management personnel

Remuneration of major managerial personnel includes:

	From April to June 2024	From April to June 2023	From January to June 2024	From January to June 2023
Short-term employee benefits	$ 12,567	12,684	28,957	19,049
Benefits after retirement	108	108	216	216
	$ 12,675	12,792	29,173	19,265

VIII. Pledged Assets: None.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

X. Significant Disaster Loss: None.

XI. Significant Subsequent Events: None.

XII. Others

The following is the summary statement of employee benefits and depreciation expenses by function:

Function / Type	From April to June 2024			From April to June 2023		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefit expenses						
Salary expense	93,095	61,154	154,249	72,261	52,470	124,731
Labor and health insurance expense	410	2,586	2,996	284	2,132	2,416
Pension expense	341	1,450	1,791	230	1,202	1,432
Other employee benefits expenses	1,130	2,084	3,214	1,308	1,892	3,200
Depreciation	52,732	12,873	65,605	50,540	8,783	59,323
Amortization	31	1,199	1,230	214	1,010	1,224

Function / Type	From January to June 2024			From January to June 2023		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefit expenses						
Salary expense	174,212	130,818	305,030	133,443	93,753	227,196
Labor and health insurance expense	798	5,096	5,894	571	4,218	4,789
Pension expense	666	2,891	3,557	461	2,390	2,851
Other employee benefits expenses	3,046	4,844	7,890	2,800	3,897	6,697
Depreciation	103,172	23,327	126,499	102,440	17,727	120,167
Amortization	60	2,394	2,454	434	2,043	2,477

XIII. Supplementary Disclosures

(I) Significant transactions information

Relevant information about significant transactions to be disclosed by the Group in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers is as follows:

1. Financing provided to others:

No.	Lending Company	Borrower	Subject	Whether A Related Party	Maximum Balance in Current Period	Ending Balance	Amount actually drawn	Interest rate range	Nature of loan	Business transaction amount	Reason for Short-term Financing	Loss allowance	Collateral		Limit on Financing to A Single Party	Total Limit on Financing
													Name	Value		
0	The Company	Apaq Wuxi	Other receivables - related parties	Yes	195,270	194,700	-	-	Business Transaction	1,931,416	Business needs of subsidiary	-		-	338,835	1,355,340
0	The Company	Apaq Hubei	Other receivables - related parties	Yes	195,270	194,700	-		Short-term Financing	-	Business needs of subsidiary	-		-	338,835	1,355,340

Note 1: For firms or companies having business relationship with the Company, the financing amount to an individual party is limited to the transaction amount between both parties.

Note 2: The Company limits the amount of funds loaned to a single enterprise to ten percent of the amount attributed to the equity of the parent company in the consolidated financial statements audited by the company’s accountants in the most recent period. The total amount of funds loaned by the company to external parties is limited to forty percent of the amount attributed to the equity of the parent company in the consolidated financial statements audited by the company’s accountants in the most recent period.

Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd. and Subsidiaries (continued)

2. Endorsement or guarantee provided to others

No.	Name of Endorsement/ Guarantee Provider	Object of Endorsements/ Guarantees		Limit on Endorsements/ Guarantees Provided for A Single Party	Maximum Balance of Endorsements/ Guarantees in Current Period	Ending Balance of Endorsement and Guarantee	Amount actually drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company to A Subsidiary	Guarantee Provided by A Subsidiary to Parent Company	Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	The Company	Apaq Wuxi	Subsidiary	3,388,349	227,815	227,150	-	-	6.70%	3,388,349	Y	N	Y
0	The Company	Apaq Hubei	Subsidiary	3,388,349	227,815	227,150	-	-	6.70%	3,388,349	Y	N	Y

Note 1: The amount of the endorsements/guarantees to a single enterprise shall be limited to the amount of equity attributable to the owners of the parent company in the balance sheet of the Company's consolidated financial statements as audited (reviewed) by CPAs in the most recent period.

Note 2: The total amount of endorsements/guarantees to external parties shall be limited to the amount of equity attributable to the owners of the parent company in the balance sheet of the Company's consolidated financial statements as audited (reviewed) by CPAs in the most recent period.

3. Holding of marketable securities at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	End of the Period				Remarks
				Shares	Carrying amount	Shareholding %	Fair value	
The Company	U.S. Treasury bonds	None	Financial assets at fair value through profit or loss - current	16,000	47,954	- %	47,954	
The Company	Foxfortune Technology Ventures Limited	None	Financial assets at fair value through other comprehensive income - non-current	780	25,935	5.80%	25,935	
The Company	Inpaq Korea	None	Financial assets at fair value through other comprehensive income - non-current	18	2,991	10.73%	2,991	
The Company	Element I Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,480	11,159	3.64%	11,159	
The Company	Kuan Kun Electronic Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	3,770	119,025	5.39%	119,025	
The Company	AICP Technology Corporation	None	Financial assets at fair value through other comprehensive income - non-current	240	2,974	3.20%	2,974	
The Company	IPU Semiconductor Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	800	33,728	8.00%	33,728	
The Company	WK Technology Fund IX II Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	3,000	27,060	2.67%	27,060	
The Company	I-See Vision Technology Inc.	None	Financial assets at fair value through other comprehensive income - non-current	5,000	41,880	11.18%	41,880	
The Company	Syntec Technology	None	Financial assets at fair value through other comprehensive income - non-current	1,400	479,468	2.14%	479,468	
The Company	Feng Huang Lu Innovation	None	Financial assets at fair value through other comprehensive income - non-current	5,000	49,950	2.54%	49,950	

4. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital:

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter party	Relationship	Beginning of Period		Purchase		Sale				End of the Period	
					Shares	Amount	Shares	Amount	Shares	Selling Price	Carrying Cost	Gains (Losses) on Disposal	Shares	Amount
The Company	SYNTEC Technology Co., Ltd. - common share	Financial assets at fair value through other comprehensive income - non-current	None	None	-	-	1,400	210,000	-	-	-	-	1,400	210,000

5. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None.
6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital:

Company of purchase (sales)	Name of the counterparty	Relationship	Transaction Details				Situation and reason of why transaction conditions are different from general transactions		Notes/Accounts Receivable or Payable		Remarks
			Purchases (sales)	Amount	Ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio to Total Notes/ Accounts Receivable or Payable	
The Company	Apaq Wuxi	Subsidiary	Purchases	943,599	99 %	60 days from the end of the month	-	Note 1	(489,489)	88%	Note 2
Apaq Wuxi	Apaq Hubei	Same parent company	Purchases	249,419	34 %	120 days from the end of the month	-	Note 1	(103,515)	19%	Note 2

Note 1: The payment period of general suppliers ranges from net 30 days to 90 days on the monthly statement, and the payment period for Apaq Wuxi and Apaq Hubei is net 60 days and net 120 days, respectively.

Note 2: Related transactions and closing balances have been eliminated from the consolidated financial statements.

8. The receivables from related party to reach NT$ 100 million or 20% of actually received capital amount:

Company Name	Name of the counterparty	Relationship	Balance of Receivables from Related Parties	Turnover rate	Overdue Receivables from Related Parties		Amounts Received in Subsequent Periods (Note)	Loss allowance
					Amount	Action taken		
Apaq Wuxi	The Company	Parent-subsidiary company	489,489	-	-	-	191,452	-
Apaq Hubei	Apaq Wuxi	Same parent company	103,515	-	-		-	-

Note: It refers to the recovery status as of July 19, 2024.

9. Trading in derivative instruments: None.

10. Parent-subsidiary company business relation and significant transactions:

				Conditions of Transactions			
No.	Name of Trader	Name of Counterparty	Relation with the Transacting Party	Account	Amount	Terms of Transaction	Ratio to Consolidated Revenue or Total Assets
0	The Company	Apaq Wuxi	Parent company to a subsidiary	Purchases	943,599	60 days from the end of the month	61%
0	The Company	Apaq Wuxi	Parent company to a subsidiary	Sales	52,055	60 days from the end of the month	3%
0	The Company	Apaq Wuxi	Parent company to a subsidiary	Accounts payable	489,489	60 days from the end of the month	8%
1	Apaq Wuxi	Apaq Hubei	Subsidiary to Subsidiary	Purchases	249,419	120 days from the end of the month	16%
1	Apaq Wuxi	Apaq Hubei	Subsidiary to Subsidiary	Accounts payable	103,515	120 days from the end of the month	2%

(II) Information on reinvestment:

The information on investees is as follows (excluding investees in Mainland China):

				Original Investment Amount		Shares held at the end of the period					
Name of Investor	Name of Investees	Primary Business	Primary business activities	End of the period	End of Last Year	Shares	%	Carrying amount	Current income (loss) of the investee	Investment Profit or Loss Recognized in the Current Period	Remarks
The Company	APAQ Samoa	Samoa	Holding	1,405,325	1,396,220	45,392	100%	2,460,924	79,461	68,139	Subsidiary, Note 1 and Note 2
The Company	AiPAQ Technology	Taiwan	Production and sales of electronic components	181,920	30,000	18,192	52%	196,973	(17,663)	(9,084)	Subsidiary, Note 2
The Company	JDX Technology Co., Ltd.	Taiwan	Production and sales of electronic components	7,000	7,000	700	23.33%	2,534	(3,802)	(887)	Associate

Note 1: Share of profit/loss includes adjustments for upstream transactions between affiliates.

Note 2: Related transactions and closing balances have been eliminated from the consolidated financial statements.

(III) Information on investments in Mainland China:

1. Information on reinvestments in Mainland China:

Name of Investee	Primary business activities	Paid-in Capital	Method of Investment	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Remittance or Recovery of Investment the Current Period		Ending Balance of Accumulated Outflow of Investment from Taiwan	Current income (loss) of the investee	The Company's Percentage of Direct or Indirect Ownership	Investment Gains (Losses) Recognized in the Current Period	Carrying Amount of Investment at the End of Period	Ending Balance of Accumulated Inward Remittance of Earnings	Remarks
					Outward Remittance	Recovery							
Apaq Wuxi	Production and sales of electronic components	1,260,799 (USD41,700 thousand)	Note 2	1,293,113 (USD41,700 thousand)	-	-	1,293,113 (USD41,700 thousand)	85,050	100%	85,050 Note 3	2,433,418 Note 3	-	Note 5
Shenzhen Gather Electronics Science Co., Ltd.	Production and sales of electronic components	72,852 (RMB16,000 thousand)	Note 2	44,898 (RMB9,800 thousand)	9,099 (RMB2,100 thousand)	-	53,997 (RMB11,900 thousand)	(7,311)	35%	(3,080) Note 4	58,854 Note 4	-	
Apaq Hubei	Production and sales of electronic components	270,338 (USD8,800 thousand)	Note 1	247,184 (USD8,500 thousand)	9,571 (USD300 thousand)	-	256,755 (USD8,800 thousand)	17,018	100%	14,388 Note 3	409,006 Note 3	-	Note 5

2. Limits of reinvestments in mainland China:

Accumulated investment remitted from Taiwan to Mainland China at the end of the period (Note 6)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 6)	Upper limit on investment authorized by MOEAIC
NT$1,603,865 (USD50,500 thousand and RMB11,900 thousand)	NT$1,633,234 (USD53,700 thousand and RMB11,900 thousand)	(Note 7)

Note 1: Direct investment in Mainland China.

Note 2: Investment in Mainland China indirectly through a third area.

Note 3: It was recognized based on financial statements of the same period reviewed by the CPAs.

Note 4: It was recognized based on financial statements of the same period not reviewed by the CPAs.

Note 5: Related transactions and closing balances have been eliminated from the consolidated financial statements.

Note 6: The paid-in capital is converted into NT dollars at the exchange rate on the balance sheet date. The amount of investment remitted in the current period is converted into NT dollars at previous exchange rates. The investment amount approved by Investment Commission, MOEA of USD 53,700 thousand and RMB 11,900 thousand is converted into NT dollars at previous exchange rates. In addition, as of June 30, 2024, the approved investment amount was US$3,200 thousand, of which US$2,000 thousand had not been automatically lapsed for three years, and the remaining US$1,200 thousand had not been remitted.

Note 7: The Company has obtained the certificate letter of enterprise headquarters operation scope issued by the Industrial Development Bureau, MOEA. The upper limits for investments in Mainland China set by the Investment Commission, MOEA no longer apply.

3. Substantial transactions:

   Please refer to the “Information on Significant Transactions” for direct or indirect material transactions between the consolidated company and investees in China (which have been eliminated during the preparation of consolidated financial statements) for the six months ended June 30, 2024.

(IV) Information on major shareholders:

Unit: Shares

Shareholding Name of Major Shareholder	No. of Shares Held	Shareholding %
TAI-TECH Advanced Electronics Co., Ltd.	25,000,000	28.10%
Hua Cheng Venture Capital Co., Ltd.	10,668,012	11.99%

Note: The major shareholders in this table are shareholders holding more than 5% of the common and preference stocks that have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company’s financial report and the number of shares actually delivered by the Company without physical registration may differ due to calculation basis.

XIV. Segment Information

The consolidated company focuses on producing ultra-small, high temperature-resistant, long life, low impedance electrolytic capacitors and cooperates with customers to develop and manufacture high voltage capacitors, chip capacitors, organic semiconductor solid capacitors and high energy storage capacitors. It is a single operating segment. The information of the operating segment is consistent with the consolidated financial statements. Please refer to the consolidated statements of comprehensive income for revenue (revenue from external customers) and income/loss of the segment and the consolidated balance sheet for segment information.