

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

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR 23000118

To the Board of Directors and Shareholders of Transcend Information, Inc.

Introduction

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

Scope of review

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

Basis for qualified conclusion

As explained in Note 4(3), the financial statements of insignificant consolidated subsidiaries were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$2,073,194 thousand and NT\$572,423 thousand, constituting 9% and 2% of the consolidated total assets as at June 30, 2023 and 2022, respectively, total liabilities amounted to NT\$144,264 thousand and NT\$44,023 thousand, constituting 3% and 1% of the consolidated total liabilities as at June 30, 2023 and 2022, respectively, and the total comprehensive (loss) income amounted to (NT\$77,932) thousand, (NT\$40,485) thousand,

(NT\$57,794) thousand and NT\$61,417 thousand, constituting (18%), (4%), (8%) and 3% of the consolidated total comprehensive (loss) income for the three months and six months then ended, respectively.

Qualified conclusion

Based on our reviews, except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of consolidated subsidiaries been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months then ended and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Chen, Ching Chang

For and on Behalf of PricewaterhouseCoopers, Taiwan

August 3, 2023

Lin, Yi-Fan

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

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

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

Assets	Notes	June 30, 2023		December 31, 2022		June 30, 2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets							
Cash and cash equivalents	6(1)	\$ 4,236,983	19	\$ 3,187,312	15	\$ 5,817,100	24
Financial assets at amortised cost - current	6(3)	8,568,219	38	8,611,357	40	5,424,511	23
Notes receivable, net	6(4)	10	-	867	-	-	-
Accounts receivable, net	6(4)	1,294,471	6	1,217,936	6	1,575,490	7
Accounts receivable due from related parties, net	7	11	-	-	-	84	-
Other receivables		90,063	1	77,626	-	98,241	1
Inventories	6(5)	2,531,335	11	3,143,064	14	5,575,444	23
Non-current assets held for sale, net	6(6)	-	-	-	-	4,492	-
Other current assets		20,119	-	16,710	-	22,181	-
Total current assets		<u>16,741,211</u>	<u>75</u>	<u>16,254,872</u>	<u>75</u>	<u>18,517,543</u>	<u>78</u>
Non-current assets							
Financial assets at fair value through profit or loss - non-current	6(2)	60,290	-	51,463	-	54,079	-
Financial assets at fair value through other comprehensive income - non-current	6(7)	609,966	3	524,939	3	570,771	2
Financial assets at amortised cost - non-current	6(3)	305,555	1	-	-	-	-
Investments accounted for using equity method	6(8)	126,297	1	136,710	1	161,779	1
Property, plant and equipment, net	6(9) and 8	1,533,499	7	1,580,372	7	1,587,928	7
Right-of-use assets	6(10) and 7	195,661	1	196,190	1	220,170	1
Investment property, net	6(12)	2,586,359	12	2,593,931	12	2,599,633	11
Deferred income tax assets	6(24)	111,287	-	137,774	1	69,328	-
Other non-current assets	6(13)	59,049	-	52,191	-	67,932	-
Total non-current assets		<u>5,587,963</u>	<u>25</u>	<u>5,273,570</u>	<u>25</u>	<u>5,331,620</u>	<u>22</u>
Total assets		<u>\$ 22,329,174</u>	<u>100</u>	<u>\$ 21,528,442</u>	<u>100</u>	<u>\$ 23,849,163</u>	<u>100</u>

(Continued)

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

Liabilities and equity	Notes	June 30, 2023		December 31, 2022		June 30, 2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities							
Notes payable		\$ -	-	\$ -	-	\$ 71	-
Accounts payable		1,074,976	5	472,677	2	767,562	4
Accounts payable - related parties	7	31,909	-	27,442	-	42,279	-
Other payables	7	2,671,073	12	271,948	2	2,804,532	12
Current income tax liabilities		123,713	1	581,546	3	511,902	2
Lease liabilities - current	7	54,134	-	47,806	-	49,040	-
Other current liabilities		16,028	-	25,348	-	51,319	-
Total current liabilities		<u>3,971,833</u>	<u>18</u>	<u>1,426,767</u>	<u>7</u>	<u>4,226,705</u>	<u>18</u>
Non-current liabilities							
Deferred income tax liabilities	6(24)	337,565	2	376,447	2	366,411	1
Lease liabilities - non-current	7	107,852	-	132,962	-	133,549	1
Other non-current liabilities		39,478	-	41,730	-	45,376	-
Total non-current liabilities		<u>484,895</u>	<u>2</u>	<u>551,139</u>	<u>2</u>	<u>545,336</u>	<u>2</u>
Total liabilities		<u>4,456,728</u>	<u>20</u>	<u>1,977,906</u>	<u>9</u>	<u>4,772,041</u>	<u>20</u>
Equity attributable to shareholders of parent							
Share capital	6(15)						
Common stock		4,290,617	19	4,290,617	20	4,290,617	18
Capital surplus	6(16)						
Capital surplus		3,044,532	13	3,387,781	16	3,387,665	14
Retained earnings	6(17)						
Legal reserve		5,303,693	24	5,057,967	24	5,057,967	21
Special reserve		357,817	2	190,514	1	190,514	1
Unappropriated retained earnings		5,142,350	23	6,981,474	32	6,446,640	27
Other equity interest	6(18)						
Other equity interest		(266,563)	(1)	(357,817)	(2)	(296,281)	(1)
Total equity		<u>17,872,446</u>	<u>80</u>	<u>19,550,536</u>	<u>91</u>	<u>19,077,122</u>	<u>80</u>
Significant contingent liabilities and unrecognized contract commitments	9						
Total liabilities and equity		<u>\$ 22,329,174</u>	<u>100</u>	<u>\$ 21,528,442</u>	<u>100</u>	<u>\$ 23,849,163</u>	<u>100</u>

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Three months ended June 30				Six months ended June 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Operating revenue	6(19) and 7	\$ 2,469,577	100	\$ 3,006,488	100	\$ 5,078,378	100	\$ 6,456,124	100
Operating costs	6(5)(23) and 7	(1,884,967)	(76)	(2,132,213)	(71)	(3,940,961)	(78)	(4,721,346)	(73)
Gross profit		<u>584,610</u>	<u>24</u>	<u>874,275</u>	<u>29</u>	<u>1,137,417</u>	<u>22</u>	<u>1,734,778</u>	<u>27</u>
Operating expenses	6(23)								
Sales and marketing expenses		(205,389)	(9)	(212,345)	(7)	(413,918)	(8)	(428,981)	(7)
Administrative expenses		(52,108)	(2)	(63,284)	(2)	(106,187)	(2)	(139,010)	(2)
Research and development expenses		(29,641)	(1)	(29,527)	(1)	(66,463)	(1)	(73,907)	(1)
Expected credit impairment (loss) gain	6(4)	(110)	-	25	-	(110)	-	304	-
Total operating expenses		<u>(287,248)</u>	<u>(12)</u>	<u>(305,131)</u>	<u>(10)</u>	<u>(586,678)</u>	<u>(11)</u>	<u>(641,594)</u>	<u>(10)</u>
Operating profit		<u>297,362</u>	<u>12</u>	<u>569,144</u>	<u>19</u>	<u>550,739</u>	<u>11</u>	<u>1,093,184</u>	<u>17</u>
Non-operating income and expenses									
Interest income	6(3)(20)	107,561	4	12,450	1	198,004	4	21,713	-
Other income	6(7)(12)(21)	19,751	1	11,641	-	35,212	-	22,194	-
Other gains and losses	6(2)(22)	137,884	5	1,083,296	36	76,431	1	1,512,622	24
Finance costs	6(10)	(857)	-	(364)	-	(1,639)	-	(546)	-
Share of (loss) profit of associates and joint ventures accounted for using the equity method	6(8)	(4,356)	-	4,900	-	(11,937)	-	13,485	-
Total non-operating income and expenses		<u>259,983</u>	<u>10</u>	<u>1,111,923</u>	<u>37</u>	<u>296,071</u>	<u>5</u>	<u>1,569,468</u>	<u>24</u>
Profit before income tax		<u>557,345</u>	<u>22</u>	<u>1,681,067</u>	<u>56</u>	<u>846,810</u>	<u>16</u>	<u>2,662,652</u>	<u>41</u>
Income tax expense	6(24)	(157,833)	(6)	(535,816)	(18)	(214,933)	(4)	(737,957)	(11)
Profit for the period		<u>\$ 399,512</u>	<u>16</u>	<u>\$ 1,145,251</u>	<u>38</u>	<u>\$ 631,877</u>	<u>12</u>	<u>\$ 1,924,695</u>	<u>30</u>
Other comprehensive income (loss)									
Components of other comprehensive income (loss) that will not be reclassified to profit or loss									
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	6(7)(18)	\$ 34,167	1	(\$ 110,413)	(4)	\$ 85,027	2	(\$ 123,665)	(2)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	6(8)	-	-	-	-	1,524	-	(219)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss									
Financial statements translation differences of foreign operations	6(18)	(2,360)	-	(40,051)	(1)	7,784	-	19,807	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(18)(24)	472	-	8,011	-	(1,557)	-	(3,961)	-
Other comprehensive income (loss) for the period		<u>\$ 32,279</u>	<u>1</u>	<u>(\$ 142,453)</u>	<u>(5)</u>	<u>\$ 92,778</u>	<u>2</u>	<u>(\$ 108,038)</u>	<u>(2)</u>
Total comprehensive income		<u>\$ 431,791</u>	<u>17</u>	<u>\$ 1,002,798</u>	<u>33</u>	<u>\$ 724,655</u>	<u>14</u>	<u>\$ 1,816,657</u>	<u>28</u>
Net profit attributable to:									
Shareholders of parent		<u>\$ 399,512</u>	<u>16</u>	<u>\$ 1,145,251</u>	<u>38</u>	<u>\$ 631,877</u>	<u>12</u>	<u>\$ 1,924,695</u>	<u>30</u>
Comprehensive income attributable to:									
Shareholders of parent		<u>\$ 431,791</u>	<u>17</u>	<u>\$ 1,002,798</u>	<u>33</u>	<u>\$ 724,655</u>	<u>14</u>	<u>\$ 1,816,657</u>	<u>28</u>
Earnings per share (in dollars)	6(25)								
Basic earnings per share		<u>\$ 0.93</u>		<u>\$ 2.67</u>		<u>\$ 1.47</u>		<u>\$ 4.49</u>	
Diluted earnings per share		<u>\$ 0.93</u>		<u>\$ 2.67</u>		<u>\$ 1.47</u>		<u>\$ 4.48</u>	

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

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

	Equity attributable to shareholders of the parent										
	Notes	Capital Reserves			Retained Earnings			Other Equity Interest			Total equity
		Common stock	Additional paid-in capital	Donated assets received	Net assets from merger	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>Six months ended June 30, 2022</u>											
Balance at January 1, 2022		\$ 4,290,617	\$ 3,691,432	\$ 4,354	\$ 35,128	\$ 4,803,503	\$ 117,244	\$ 7,083,072	(\$ 197,932)	\$ 7,417	\$ 19,834,835
Net income for the period		-	-	-	-	-	-	1,924,695	-	-	1,924,695
Other comprehensive income (loss) for the period	6(7)(18)	-	-	-	-	-	-	(219)	15,846	(123,665)	(108,038)
Total comprehensive income (loss)		-	-	-	-	-	-	1,924,476	15,846	(123,665)	1,816,657
Appropriations and distribution of 2021 earnings											
Legal reserve	6(17)	-	-	-	-	254,464	-	(254,464)	-	-	-
Cash dividends		-	-	-	-	-	-	(2,231,121)	-	-	(2,231,121)
Special reserve		-	-	-	-	-	73,270	(73,270)	-	-	-
Cash payment from capital surplus		-	(343,249)	-	-	-	-	-	-	-	(343,249)
Net loss on disposal of financial assets at fair value through other comprehensive income	6(7)	-	-	-	-	-	-	(2,053)	-	2,053	-
Balance at June 30, 2022		\$ 4,290,617	\$ 3,348,183	\$ 4,354	\$ 35,128	\$ 5,057,967	\$ 190,514	\$ 6,446,640	(\$ 182,086)	(\$ 114,195)	\$ 19,077,122
<u>Six months ended June 30, 2023</u>											
Balance at January 1, 2023		\$ 4,290,617	\$ 3,348,183	\$ 4,470	\$ 35,128	\$ 5,057,967	\$ 190,514	\$ 6,981,474	(\$ 197,218)	(\$ 160,599)	\$ 19,550,536
Net income for the period		-	-	-	-	-	-	631,877	-	-	631,877
Other comprehensive income for the period	6(7)(18)	-	-	-	-	-	-	1,524	6,227	85,027	92,778
Total comprehensive income		-	-	-	-	-	-	633,401	6,227	85,027	724,655
Appropriations and distribution of 2022 earnings											
Legal reserve	6(17)	-	-	-	-	245,726	-	(245,726)	-	-	-
Cash dividends		-	-	-	-	-	-	(2,059,496)	-	-	(2,059,496)
Special reserve		-	-	-	-	-	167,303	(167,303)	-	-	-
Cash payment from capital surplus		-	(343,249)	-	-	-	-	-	-	-	(343,249)
Balance at June 30, 2023		\$ 4,290,617	\$ 3,004,934	\$ 4,470	\$ 35,128	\$ 5,303,693	\$ 357,817	\$ 5,142,350	(\$ 190,991)	(\$ 75,572)	\$ 17,872,446

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

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

	Notes	Six months ended June 30	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 846,810	\$ 2,662,652
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(22)	(8,827)	5,649
Share of profit or loss of associates and joint ventures accounted for using the equity method	6(8)	11,937	(13,485)
Expected credit impairment loss (gain)	6(4)	110	(304)
Gain on disposal of non-current assets held for sale	6(22)	-	(1,329,173)
Loss on disposal of property, plant and equipment	6(22)	2	438
Depreciation	6(23)	81,912	105,683
Interest income	6(20)	(198,004)	(21,713)
Interest expense	6(10)	1,639	546
Dividend income	6(7)(21)	(6,741)	(2,310)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	1,517,311
Notes receivable		857	2,499
Accounts receivable		(76,664)	47,310
Accounts receivable - related parties		(11)	(84)
Other receivables		(8,682)	62,475
Inventories		611,729	199,381
Other current assets		(3,409)	(8,736)
Changes in operating liabilities			
Notes payable		-	71
Accounts payable		602,299	(597,273)
Accounts payable - related parties		4,467	(9,962)
Other payables		(3,620)	(56,006)
Other current liabilities		(9,320)	(37,287)
Other non-current liabilities		(2,252)	(1,820)
Cash inflow generated from operations		1,844,232	2,525,862
Dividends received		6,741	2,310
Interest received		194,249	20,762
Income tax paid		(686,718)	(607,248)
Net cash flows from operating activities		<u>1,358,504</u>	<u>1,941,686</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through profit or loss - non-current		-	41,155
Proceeds from disposal of financial assets at amortised cost		5,261,230	2,450,000
Acquisition of financial assets at amortised cost		(5,518,582)	(2,303,391)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(7)	-	6,179
Acquisition of financial assets at fair value through other comprehensive income		-	(71,040)
Proceeds from disposal of non-current assets held for sale		-	1,801,712
Proceeds from disposal of property, plant and equipment		-	162
Acquisition of property, plant and equipment	6(26)	(6,756)	(6,216)
Acquisition of investment property	6(12)	-	(2,973)
Increase in other non-current assets		(9,770)	(16,319)
Net cash flows (used in) from investing activities		<u>273,878</u>	<u>1,899,269</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(44,346)	(46,694)
Net cash flows used in financing activities		<u>44,346</u>	<u>46,694</u>
Effect of exchange rate changes		9,391	4,733
Net increase in cash and cash equivalents		1,049,671	3,798,994
Cash and cash equivalents at beginning of period		3,187,312	2,018,106
Cash and cash equivalents at end of period		<u>\$ 4,236,983</u>	<u>\$ 5,817,100</u>

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

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

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

1. HISTORY AND ORGANIZATION

Transcend Information, Inc. (the “Company”) was incorporated under the provisions of the Company Law of the Republic of China (R.O.C.) in August 1989. The main activities of the Company and its subsidiaries (collectively referred herein as the “Group”) are manufacturing, processing and sales of computer software and hardware, peripheral equipment and other computer components. The Securities and Futures Commission of the Republic of China had approved the Company’s shares to be listed on the Taiwan Stock Exchange and the shares started trading on May 3, 2001.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on August 3, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

None.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of preparation and basis of consolidation as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

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

- B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
Transcend Information, Inc.	Saffire Investment Ltd. (Saffire)	Investment holdings	100	100	100	
	Transcend Japan Inc. (Transcend Japan)	Import and wholesale of computer memory modules	100	100	100	
	Transcend Information Inc. (Transcend USA)	Import and wholesale of computer memory modules	100	100	100	Note 1
	Transcend Korea Inc. (Transcend Korea)	Import and wholesale of computer memory modules	100	100	100	"

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
Saffire Investment Ltd.	Memhiro Pte. Ltd. (Memhiro)	Investment holdings	100	100	100	
Memhiro Pte. Ltd.	Transcend Information Europe B.V. (Transcend Europe)	Import and wholesale of computer memory modules	100	100	100	Note 1
	Transcend Information Trading GmbH (Transcend Germany)	Import and wholesale of computer memory modules	100	100	100	"
	Transcend Information (Shanghai), Ltd. (Transcend Shanghai)	Manufacture and sales of blank medium such as memory expansion cards and external storage devices, and other disk drives and lease of self-owned buildings	100	100	100	Note 2
	Transtech Trading (Shanghai) Co., Ltd. (Transtech Shanghai)	Wholesale, agent, import and export, retail and related services of expansion memory modules, external storage devices and related storage equipment and components	100	100	100	Note 1
	Transcend Information (Hong Kong), Ltd. (Transcend Hong Kong)	Import and wholesale of computer memory modules	100	100	100	"

Note 1: The financial statements of insignificant subsidiary as of and for the six months ended June 30, 2023 and 2022 were not reviewed by independent auditors.

Note 2: The financial statements as of and for the six months ended June 30, 2023 were not reviewed by independent auditors.

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

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

E. Significant restrictions: None.

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

(4) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash on hand and petty cash	\$ 394	\$ 173	\$ 212
Checking accounts and demand deposits	1,981,104	2,519,575	1,804,415
Time deposits	2,255,485	667,564	4,012,473
	<u>\$ 4,236,983</u>	<u>\$ 3,187,312</u>	<u>\$ 5,817,100</u>

A. The aforementioned time deposits pertain to high liquidity investments with maturity within three months.

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

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

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

Items	June 30, 2023	December 31, 2022	June 30, 2022
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 61,481	\$ 61,481	\$ 61,481
Valuation adjustments	(1,191)	(10,018)	(7,402)
	\$ 60,290	\$ 51,463	\$ 54,079

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

	Three months ended June 30,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 3,503	(\$ 9,720)
Financial products	-	7,021
	\$ 3,503	(\$ 2,699)

	Six months ended June 30,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 8,827	(\$ 14,646)
Financial products	-	8,997
	\$ 8,827	(\$ 5,649)

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

(3) Financial assets at amortised cost

Items	June 30, 2023	December 31, 2022	June 30, 2022
Current items:			
Time deposits with original maturity of more than three months	\$ 8,568,219	\$ 8,611,357	\$ 5,424,511
Non-current items:			
Corporate bonds	\$ 305,555	-	-

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

	Three months ended June 30,	
	2023	2022
Interest income	\$ 94,463	\$ 9,885

	Six months ended June 30,	
	2023	2022
Interest income	\$ 179,353	\$ 16,463

B. The Group has no financial assets at amortised cost pledged to others as collateral.

C. The Group transacts time deposits with reputable domestic and foreign banks. The issuers of ordinary corporate bonds which the Group invested are well-known domestic and foreign enterprises. The Group's counterparties have good credit quality, so the Group expects that the probability of counterparty default is remote. The impairment loss is assessed using a 12-month expected credit loss approach.

(4) Notes and accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 10	\$ 867	\$ -
Accounts receivable	\$ 1,295,110	\$ 1,218,446	\$ 1,575,974
Less: Loss allowance	(639)	(510)	(484)
	<u>\$ 1,294,471</u>	<u>\$ 1,217,936</u>	<u>\$ 1,575,490</u>

A. As of June 30, 2023, December 31, 2022 and June 30, 2022, the estimated sales discounts and allowances were \$104,650, \$92,122 and \$61,528, respectively. Since the sales discounts and allowances met the requirements for offset of financial liabilities and financial assets, the net amounts were shown under accounts receivable.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Not past due	\$ 1,172,917	\$ 962,635	\$ 1,401,461
Up to 30 days	105,498	238,088	138,700
31 to 90 days	8,935	8,809	29,239
91 to 180 days	2,920	5,776	3,761
Over 180 days	4,850	4,005	2,813
	<u>\$ 1,295,120</u>	<u>\$ 1,219,313</u>	<u>\$ 1,575,974</u>

The above ageing analysis was based on past due date.

C. The Group has credit insurance that covers accounts receivable from major customers. Should bad

debts occur, the Group will receive 90% of the losses resulting from non-payment.

- D. As of June 30, 2023, December 31, 2022 and June 30, 2022, notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of notes receivable and accounts receivable from contracts with customers amounted to \$1,625,783.
- E. As at June 30, 2023, December 31, 2022 and June 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$10, \$867 and \$0, respectively; the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$1,294,471, \$1,217,936 and \$1,575,490, respectively.
- F. The Group classifies customers' accounts receivable in accordance with the credit rating of the customer. The Group applies the simplified approach to estimate expected credit loss under the provision matrix basis.
- G. The Group wrote-off the financial assets, which cannot reasonably be expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On June 30, 2023, December 31, 2022 and June 30, 2022, the Group has no written-off financial assets that are still under recourse procedures.
- H. The Group used forecastability, historical and timely information to assess the loss rate of accounts receivable. As of June 30, 2023, December 31, 2022 and June 30, 2022, the provision matrix is as follows:

	<u>Not past due</u>	<u>1-180 days past due</u>	<u>Over 180 days past due</u>	<u>Total</u>
<u>June 30, 2023</u>				
Expected loss rate	0.002%~0.37%	0.013%~31%	25%~100%	
Total book value	\$ 1,172,907	\$ 117,353	\$ 4,850	\$ 1,295,110
	<u>Not past due</u>	<u>1-180 days past due</u>	<u>Over 180 days past due</u>	<u>Total</u>
<u>December 31, 2022</u>				
Expected loss rate	0.003%~0.523%	0.017%~38%	25%~100%	
Total book value	\$ 961,768	\$ 252,673	\$ 4,005	\$ 1,218,446
	<u>Not past due</u>	<u>1-180 days past due</u>	<u>Over 180 days past due</u>	<u>Total</u>
<u>June 30, 2022</u>				
Expected loss rate	0.003%~0.526%	0.017%~37%	25%~100%	
Total book value	\$ 1,401,461	\$ 171,700	\$ 2,813	\$ 1,575,974

I. The balance of allowance for loss and movements are as follows:

	2023	2022
At January 1	\$ 510	\$ 800
Provision for impairment	110	-
Reversal of impairment	-	(304)
Effect of exchange rate changes	19	(12)
At June 30	<u>\$ 639</u>	<u>\$ 484</u>

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

(5) Inventories

June 30, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,935,013	(\$ 314,083)	\$ 1,620,930
Work in progress	567,850	(3,942)	563,908
Finished goods	358,724	(12,227)	346,497
	<u>\$ 2,861,587</u>	<u>(\$ 330,252)</u>	<u>\$ 2,531,335</u>
December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,743,592	(\$ 446,816)	\$ 2,296,776
Work in progress	285,227	(6,256)	278,971
Finished goods	601,619	(34,302)	567,317
	<u>\$ 3,630,438</u>	<u>(\$ 487,374)</u>	<u>\$ 3,143,064</u>
June 30, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 4,522,141	(\$ 151,544)	\$ 4,370,597
Work in progress	542,793	(1,093)	541,700
Finished goods	669,299	(6,152)	663,147
	<u>\$ 5,734,233</u>	<u>(\$ 158,789)</u>	<u>\$ 5,575,444</u>

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

	Three months ended June 30,	
	2023	2022
Cost of goods sold	\$ 1,969,168	\$ 2,090,634
(Gain on reversal of) loss on decline in market value of inventory	(84,201)	41,579
	<u>\$ 1,884,967</u>	<u>\$ 2,132,213</u>

	Six months ended June 30,	
	2023	2022
Cost of goods sold	\$ 4,098,083	\$ 4,615,077
(Gain on reversal of) loss on decline in market value of inventory	(157,122)	106,269
	<u>\$ 3,940,961</u>	<u>\$ 4,721,346</u>

The gain on reversal of decline in market value of inventory for the three months and six months ended June 30, 2023 arose from the clearance of inventories which were previously provided with allowance and the recovery in the net realizable value of certain inventories.

B. No inventories were pledged to others.

(6) Non-current assets held for sale

	June 30, 2023	December 31, 2022	June 30, 2022
Machinery held for sale	\$ -	\$ -	\$ 2,198
Vehicles held for sale	-	-	18
Office equipment held for sale	-	-	237
Other equipment held for sale	-	-	2,039
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,492</u>

A. On November 26, 2021, the Board of Directors of the Group's overseas second-tier subsidiary, Transcend Shanghai, resolved to sell its buildings in response to the land expropriation. The related assets transferred to non-current assets held for sale amounting to \$159,976 were all disposed in 2022.

B. On February 18, 2022, the Board of Directors of the Group's overseas second-tier subsidiary, Transcend Shanghai, resolved to sell land use rights, buildings and ancillary structures located in Fengxian District, Shanghai. The related assets transferred to non-current assets held for sale amounting to \$371,429 were all disposed in 2022.

C. The carrying amount of non-current assets held for sale was lower than the fair value less costs to sell based on the assessment. Thus, no impairment has occurred.

(7) Financial assets at fair value through other comprehensive income - non-current

<u>Items</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 684,413	\$ 684,413	\$ 683,841
Others	<u>1,125</u>	<u>1,125</u>	<u>1,125</u>
	685,538	685,538	684,966
Valuation adjustments	(<u>75,572</u>)	(<u>160,599</u>)	(<u>114,195</u>)
	<u>\$ 609,966</u>	<u>\$ 524,939</u>	<u>\$ 570,771</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$609,966, \$524,939 and \$570,771 as at June 30, 2023, December 31, 2022 and June 30, 2022, respectively.
- B. For the three months and six months ended June 30, 2022, the Group disposed equity investments whose fair value was \$6,179, and the cumulative loss on disposal was transferred to retained earnings in the amount of (\$2,053) and (\$2,053), respectively. For the three months and six months ended June 30, 2023, there were no related transactions.
- C. Amounts recognized in profit or loss in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income (loss)	<u>\$ 34,167</u>	<u>(\$ 110,413)</u>
Cumulative loss reclassified to retained earnings due to derecognition	<u>\$ -</u>	<u>(\$ 2,053)</u>
Dividend income recognized in profit or loss held at end of period	<u>\$ 5,586</u>	<u>\$ 1,155</u>
	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income (loss)	<u>\$ 85,027</u>	<u>(\$ 123,665)</u>
Cumulative loss reclassified to retained earnings due to derecognition	<u>\$ -</u>	<u>(\$ 2,053)</u>
Dividend income recognized in profit or loss held at end of period	<u>\$ 6,741</u>	<u>\$ 2,310</u>

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(8) Investments accounted for using equity method

<u>Investee Company</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Taiwan IC Packaging Corporation	\$ <u>126,297</u>	\$ <u>136,710</u>	\$ <u>161,779</u>

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

<u>Associate name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>			<u>Nature of relationship</u>	<u>Method of measurement</u>
		<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>		
Taiwan IC Packaging Corporation	Taiwan	12.50%	12.50%	12.50%	Note	Equity method

Note: Taiwan IC Packaging Corporation is engaged in IC packaging and testing and is the upstream supplier in the IT and semiconductor industries. In order to reach synergy of vertical integration, Taiwan IC Packaging Corporation processes the raw materials provided by the Group into relevant semi-finished goods.

B. The Group held a 12.5% equity interest in Taiwan IC Packaging Corporation, and is the company's largest single shareholder. However, the Group does not hold the majority of the voting power during the shareholders' meeting of Taiwan IC Packaging Corporation and the Group does not serve as corporate director of Taiwan IC Packaging Corporation, which indicate that the Group has no control ability to direct the relevant activities of Taiwan IC Packaging Corporation. In addition, the Company's chairman is the same with Taiwan IC Packaging Corporation; hence, the Group has significant influence over Taiwan IC Packaging Corporation.

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

Balance sheet

	<u>Taiwan IC Packaging Corporation</u>		
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current assets	\$ 1,100,269	\$ 1,218,268	\$ 1,485,138
Non-current assets	1,163,612	1,151,953	1,174,468
Current liabilities	(236,090)	(167,786)	(463,185)
Non-current liabilities	(74,200)	(75,327)	(72,650)
Total net assets	<u>\$ 1,953,591</u>	<u>\$ 2,127,108</u>	<u>\$ 2,123,771</u>
Share in associate's net assets	\$ 244,199	\$ 265,889	\$ 265,472
Net equity differences	<u>(117,902)</u>	<u>(129,179)</u>	<u>(103,693)</u>
	<u>\$ 126,297</u>	<u>\$ 136,710</u>	<u>\$ 161,779</u>

Statement of comprehensive income

	<u>Taiwan IC Packaging Corporation</u>	
	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue	\$ 215,526	\$ 361,945
(Loss) profit for the period from continuing operations	(\$ 34,853)	\$ 39,249
Total comprehensive (loss) income	(\$ 34,853)	\$ 39,249
Dividends received from associates	\$ -	\$ -

	<u>Taiwan IC Packaging Corporation</u>	
	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue	\$ 381,442	\$ 747,180
(Loss) profit for the period from continuing operations	(\$ 95,509)	\$ 109,583
Total comprehensive (loss) income	(\$ 95,509)	\$ 109,583
Dividends received from associates	\$ -	\$ -

D. Share of profit of associates accounted for using the equity method is as follows:

	<u>Three months ended June 30,</u>	
<u>Investee Company</u>	<u>2023</u>	<u>2022</u>
Taiwan IC Packaging Corporation	(\$ 4,356)	\$ 4,900

	<u>Six months ended June 30,</u>	
<u>Investee Company</u>	<u>2023</u>	<u>2022</u>
Taiwan IC Packaging Corporation	(\$ 10,413)	\$ 13,266

E. The Group's investment in Taiwan IC Packaging Corporation has quoted market price. The fair value of Taiwan IC Packaging Corporation was \$301,510, \$242,305 and \$250,129 as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

(9) Property, plant and equipment

	2023						
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1</u>							
Cost	\$ 711,572	\$ 1,204,122	\$ 345,956	\$ 28,079	\$ 30,619	\$ 20,663	\$ 2,341,011
Accumulated depreciation	-	(450,034)	(250,796)	(21,649)	(22,396)	(15,764)	(760,639)
	<u>\$ 711,572</u>	<u>\$ 754,088</u>	<u>\$ 95,160</u>	<u>\$ 6,430</u>	<u>\$ 8,223</u>	<u>\$ 4,899</u>	<u>\$ 1,580,372</u>
At January 1	\$ 711,572	\$ 754,088	\$ 95,160	\$ 6,430	\$ 8,223	\$ 4,899	\$ 1,580,372
Additions (including transfers)	-	1,672	5,005	-	1,758	1,233	9,668
Disposals	-	-	-	-	(2)	-	(2)
Depreciation charge	-	(15,664)	(25,735)	(2,048)	(2,221)	(2,451)	(48,119)
Net exchange differences	(6,075)	(2,351)	1	(1)	6	-	(8,420)
At June 30	<u>\$ 705,497</u>	<u>\$ 737,745</u>	<u>\$ 74,431</u>	<u>\$ 4,381</u>	<u>\$ 7,764</u>	<u>\$ 3,681</u>	<u>\$ 1,533,499</u>
<u>At June 30</u>							
Cost	\$ 705,497	\$ 1,189,690	\$ 279,296	\$ 28,082	\$ 31,735	\$ 19,795	\$ 2,254,095
Accumulated depreciation	-	(451,945)	(204,865)	(23,701)	(23,971)	(16,114)	(720,596)
	<u>\$ 705,497</u>	<u>\$ 737,745</u>	<u>\$ 74,431</u>	<u>\$ 4,381</u>	<u>\$ 7,764</u>	<u>\$ 3,681</u>	<u>\$ 1,533,499</u>

	2022						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Others	Total
<u>At January 1</u>							
Cost	\$ 712,136	\$ 2,227,274	\$ 383,459	\$ 27,859	\$ 32,077	\$ 48,096	\$ 3,430,901
Accumulated depreciation	-	(1,146,125)	(268,788)	(16,915)	(21,226)	(35,834)	(1,488,888)
	<u>\$ 712,136</u>	<u>\$ 1,081,149</u>	<u>\$ 114,671</u>	<u>\$ 10,944</u>	<u>\$ 10,851</u>	<u>\$ 12,262</u>	<u>\$ 1,942,013</u>
<u>At January 1</u>							
At January 1	\$ 712,136	\$ 1,081,149	\$ 114,671	\$ 10,944	\$ 10,851	\$ 12,262	\$ 1,942,013
Additions (including transfers)	-	1,929	10,624	-	595	800	13,948
Disposals	-	-	(121)	-	-	(479)	(600)
Transfers to non-current assets held for sale	-	(288,128)	(2,198)	(18)	(237)	(2,039)	(292,620)
Depreciation charge	-	(35,164)	(29,739)	(2,257)	(2,000)	(3,050)	(72,210)
Net exchange differences	(6,595)	3,786	96	19	35	56	(2,603)
At June 30	<u>\$ 705,541</u>	<u>\$ 763,572</u>	<u>\$ 93,333</u>	<u>\$ 8,688</u>	<u>\$ 9,244</u>	<u>\$ 7,550</u>	<u>\$ 1,587,928</u>
<u>At June 30</u>							
Cost	\$ 705,541	\$ 1,313,397	\$ 331,780	\$ 27,887	\$ 29,828	\$ 23,246	\$ 2,431,679
Accumulated depreciation	-	(549,825)	(238,447)	(19,199)	(20,584)	(15,696)	(843,751)
	<u>\$ 705,541</u>	<u>\$ 763,572</u>	<u>\$ 93,333</u>	<u>\$ 8,688</u>	<u>\$ 9,244</u>	<u>\$ 7,550</u>	<u>\$ 1,587,928</u>

A. The relevant assets of the Group recognized as property, plant and equipment are all for self-use.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(10) Leasing arrangements - lessee

A. The Group leases various assets including land, buildings, and business vehicles. Rental contracts are typically made for periods of 1 to 11 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 147,084	\$ 165,858	\$ 184,633
Buildings	46,083	28,506	35,021
Transportation equipment (business vehicles)	2,494	1,826	516
	<u>\$ 195,661</u>	<u>\$ 196,190</u>	<u>\$ 220,170</u>

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 9,387	\$ 9,236
Buildings	4,865	3,987
Transportation equipment (business vehicles)	216	179
	<u>\$ 14,468</u>	<u>\$ 13,402</u>

	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 18,774	\$ 18,915
Buildings	8,086	7,842
Transportation equipment (business vehicles)	382	359
	<u>\$ 27,242</u>	<u>\$ 27,116</u>

C. For the three months and six months ended June 30, 2023 and 2022, the additions to right-of-use assets were \$879, \$188,845, \$27,386 and \$194,436, respectively. Details are provided in Note 7(2)F.

D. Information on profit or loss in relation to lease contracts is as follows:

	Three months ended June 30,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 857	\$ 364
Expense on short-term lease contracts	1,537	2,202
Expense on leases of low-value assets	303	327
	Six months ended June 30,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,639	\$ 546
Expense on short-term lease contracts	3,504	3,919
Expense on leases of low-value assets	606	637

E. For the six months ended June 30, 2023 and 2022, the Group's total cash outflow for leases were \$48,456 and \$51,250, respectively.

(11) Leasing arrangements - lessor

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. For the three months and six months ended June 30, 2023 and 2022, the Group recognized rent income in the amounts of \$14,165, \$10,486, \$28,471 and \$19,884, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease receivables under the operating leases is as follows:

	June 30, 2023		December 31, 2022		June 30, 2022			
2023	\$	28,456	2023	\$	58,970	2022	\$	29,515
2024		36,876	2024		37,943	2023		44,947
2025		20,774	2025		22,309	2024		33,803
2026		13,144	2026		12,664	2025		18,965
2027		815	2027		815	2026		12,664
2028		-	2028		-	2027		815
	\$	<u>100,065</u>		\$	<u>132,701</u>		\$	<u>140,709</u>

(12) Investment property

	2023		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 2,268,726	\$ 466,845	\$ 2,735,571
Accumulated depreciation	-	(141,640)	(141,640)
	<u>\$ 2,268,726</u>	<u>\$ 325,205</u>	<u>\$ 2,593,931</u>
At January 1	\$ 2,268,726	\$ 325,205	\$ 2,593,931
Depreciation charge	-	(6,551)	(6,551)
Net exchange differences	-	(1,021)	(1,021)
At June 30	<u>\$ 2,268,726</u>	<u>\$ 317,633</u>	<u>\$ 2,586,359</u>
<u>At June 30</u>			
Cost	\$ 2,268,726	\$ 464,138	\$ 2,732,864
Accumulated depreciation	-	(146,505)	(146,505)
	<u>\$ 2,268,726</u>	<u>\$ 317,633</u>	<u>\$ 2,586,359</u>
	2022		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 2,268,726	\$ 461,381	\$ 2,730,107
Accumulated depreciation	-	(128,019)	(128,019)
	<u>\$ 2,268,726</u>	<u>\$ 333,362</u>	<u>\$ 2,602,088</u>
At January 1	\$ 2,268,726	\$ 333,362	\$ 2,602,088
Additions	-	2,973	2,973
Depreciation charge	-	(6,357)	(6,357)
Net exchange differences	-	929	929
At June 30	<u>\$ 2,268,726</u>	<u>\$ 330,907</u>	<u>\$ 2,599,633</u>
<u>At June 30</u>			
Cost	\$ 2,268,726	\$ 466,456	\$ 2,735,182
Accumulated depreciation	-	(135,549)	(135,549)
	<u>\$ 2,268,726</u>	<u>\$ 330,907</u>	<u>\$ 2,599,633</u>

A. Rental income from the investment property and direct operating expenses arising from investment property are shown below:

	Three months ended June 30,	
	2023	2022
Rental income from investment property	\$ 14,165	\$ 10,486
Direct operating expenses arising from investment property that generated rental income	\$ 3,092	\$ 3,038
Direct operating expenses arising from investment property that did not generate rental income	\$ 175	\$ 175

	Six months ended June 30,	
	2023	2022
Rental income from investment property	\$ 28,471	\$ 19,884
Direct operating expenses arising from investment property that generated rental income	\$ 6,201	\$ 6,007
Direct operating expenses arising from investment property that did not generate rental income	\$ 350	\$ 350

B. The fair value of the investment property held by the Group was \$5,012,393, \$5,047,960 and \$5,756,729 as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively. The aforementioned fair values were assessed based on the transaction prices of similar properties in the same area and are categorized within Level 3 in the fair value hierarchy.

C. No investment property was pledged to others.

(13) Other non-current assets

	June 30, 2023	December 31, 2022	June 30, 2022
Guarantee deposits paid	\$ 33,202	\$ 34,888	\$ 31,153
Prepayment for business facilities	9,256	2,912	21,630
Others	16,591	14,391	15,149
	<u>\$ 59,049</u>	<u>\$ 52,191</u>	<u>\$ 67,932</u>

(14) Pensions

A. Defined benefit plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be

subject to the pension mechanism under the Act. Under the defined benefit plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

- (b) For the aforementioned pension plan, the Group recognized pension costs of \$146, \$161, \$293 and \$322 for the three months and six months ended June 30, 2023 and 2022, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2023 amount to \$1,476.

B. Defined contribution plans

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) Transcend Shanghai, Transtech Shanghai and Transcend Hong Kong have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages, ranging from 12.5% to 20%. Other than the monthly contributions, the Group has no further obligations.
- (c) Transcend Japan, Transcend Korea, Transcend USA, Transcend Europe and Transcend Germany have defined contribution plans. Monthly contributions are based on a certain percentage of employees' monthly salaries and wages and are recognized as pension costs accordingly. Other than the monthly contributions, the Group has no further obligations.
- (d) The pension costs under the defined contribution pension plans of the Group for the three months and six months ended June 30, 2023 and 2022 were \$10,116, \$10,320, \$20,071 and \$20,427, respectively.

(15) Share capital

As of June 30, 2023, the Company's authorized capital was \$5,000,000, consisting of 500 million shares of ordinary stock (including 25 million shares reserved for employee stock options), and the paid-in capital was \$4,290,617 with par value of \$10 per share. All proceeds from shares issued have been collected. The Company's ordinary shares outstanding at the beginning and at the end of the period were 429,062 thousand shares for the six months ended June 30, 2023 and 2022.

(16) Capital surplus

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

(17) Retained earnings

- A. In accordance with the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and to offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The Company shall also set aside special reserve in accordance with the regulations. On the premise that there is no effect on the Company's normal operations and no violation of regulations, the Company shall reserve certain amount for maintaining stability of dividends. The remainder, if any, is the distributable earnings to be appropriated as resolved by stockholders at the stockholders' meeting. The Board of Directors is authorized by the shareholders to resolve the appropriation of cash dividends and cash payment from capital surplus by a resolution adopted by a majority vote at its meeting attended by two-thirds of the total number of directors, which will then be reported to the shareholders.
- B. The Company distributes dividends taking into consideration the Company's economic environment, growth phases, future demands for funds, long-term financial planning and the cash flow needs of shareholders. Cash dividends shall account for at least 5% of the total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriations of earnings and cash payment from capital surplus for the years ended December 31, 2022 and 2021 have been resolved by the shareholders during their meeting on June 16, 2023 and June 17, 2022, respectively. Details are summarized below:

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 245,726		\$ 254,464	
Special reserve	167,303		73,270	
Cash dividends	<u>2,059,496</u>	\$ 4.80	<u>2,231,121</u>	\$ 5.20
	<u>\$ 2,472,525</u>		<u>\$ 2,558,855</u>	
	Amount	Cash payment per share (in dollars)	Amount	Cash payment per share (in dollars)
Cash payment from capital surplus	<u>\$ 343,249</u>	\$ 0.80	<u>\$ 343,249</u>	\$ 0.80

Actual distribution of retained earnings for 2021 was in agreement with the amounts resolved by the Board of Directors. The appropriation for cash dividends from 2022 earnings and cash payment from capital surplus had been resolved by the Board of Directors during its meeting on March 2, 2023 and reported to the shareholders on June 16, 2023. The Group has recognized related liabilities which were shown as other payables.

(18) Other equity items

	2023		
	Unrealized gain or loss on valuation	Exchange differences on translation of foreign financial statements	Total
At January 1	(\$ 160,599)	(\$ 197,218)	(\$ 357,817)
Revaluation adjustment	85,027	-	85,027
Currency translation differences	-	7,784	7,784
Effect from income tax	-	(1,557)	(1,557)
At June 30	<u>(\$ 75,572)</u>	<u>(\$ 190,991)</u>	<u>(\$ 266,563)</u>

	2022		
	Unrealized gain or loss on valuation	Exchange differences on translation of foreign financial statements	Total
At January 1	\$ 7,417	(\$ 197,932)	(\$ 190,515)
Revaluation adjustment	(123,665)	-	(123,665)
Revaluation transferred to retained earnings- gross	2,053	-	2,053
Currency translation differences	-	19,807	19,807
Effect from income tax	-	(3,961)	(3,961)
At June 30	<u>(\$ 114,195)</u>	<u>(\$ 182,086)</u>	<u>(\$ 296,281)</u>

(19) Operating revenue

	Three months ended June 30,	
	2023	2022
Sales revenue	<u>\$ 2,469,577</u>	<u>\$ 3,006,488</u>

	Six months ended June 30,	
	2023	2022
Sales revenue	<u>\$ 5,078,378</u>	<u>\$ 6,456,124</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following geographical regions:

Three months ended June 30, 2023	Electronic products					Total
	Taiwan	Asia	America	Europe	Others	
Revenue from external customer contracts	<u>\$ 535,062</u>	<u>\$ 824,263</u>	<u>\$ 380,701</u>	<u>\$ 578,242</u>	<u>\$ 151,309</u>	<u>\$ 2,469,577</u>

Six months ended June 30, 2023	Electronic products					Total
	Taiwan	Asia	America	Europe	Others	
Revenue from external customer contracts	<u>\$ 1,180,177</u>	<u>\$ 1,628,493</u>	<u>\$ 747,160</u>	<u>\$ 1,211,872</u>	<u>\$ 310,676</u>	<u>\$ 5,078,378</u>

Three months ended June 30, 2022	Electronic products					Total
	Taiwan	Asia	America	Europe	Others	
Revenue from external customer contracts	\$ 741,293	\$ 901,999	\$ 508,332	\$ 665,261	\$ 189,603	\$ 3,006,488

Six months ended June 30, 2022	Electronic products					Total
	Taiwan	Asia	America	Europe	Others	
Revenue from external customer contracts	\$ 1,520,834	\$ 2,017,211	\$ 1,090,718	\$ 1,442,642	\$ 384,719	\$ 6,456,124

B. Contract assets and liabilities

The Group has no revenue-related contract assets and liabilities.

(20) Interest income

	Three months ended June 30,	
	2023	2022
Interest income from bank deposits	\$ 13,061	\$ 2,526
Interest income from financial assets measured at amortised cost	94,463	9,885
Other interest income	37	39
	<u>\$ 107,561</u>	<u>\$ 12,450</u>

	Six months ended June 30,	
	2023	2022
Interest income from bank deposits	\$ 17,360	\$ 2,715
Interest income from financial assets measured at amortised cost	179,353	16,463
Other interest income	1,291	2,535
	<u>\$ 198,004</u>	<u>\$ 21,713</u>

(21) Other income

	Three months ended June 30,	
	2023	2022
Rental income	\$ 14,165	\$ 10,486
Dividend income	5,586	1,155
	<u>\$ 19,751</u>	<u>\$ 11,641</u>

	Six months ended June 30,	
	2023	2022
Rental income	\$ 28,471	\$ 19,884
Dividend income	6,741	2,310
	<u>\$ 35,212</u>	<u>\$ 22,194</u>

(22) Other gains and losses

	Three months ended June 30,	
	2023	2022
Net currency exchange gain	\$ 135,102	\$ 100,522
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	3,503 (2,699)
Gain on disposal of non-current assets held for sale	-	984,653
Loss on disposals of property, plant and equipment	(2) (2)
Others	(719)	822
	<u>\$ 137,884</u>	<u>\$ 1,083,296</u>

	Six months ended June 30,	
	2023	2022
Net currency exchange gain	\$ 63,626	\$ 186,090
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	8,827 (5,649)
Gain on disposal of non-current assets held for sale	-	1,329,173
Loss on disposals of property, plant and equipment	(2) (438)
Others	3,980	3,446
	<u>\$ 76,431</u>	<u>\$ 1,512,622</u>

(23) Expenses by nature

	Three months ended June 30,	
	2023	2022
Wages and salaries	\$ 253,235	\$ 272,644
Labor and health insurance fees	30,023	29,783
Pension costs	10,262	10,481
Other personnel expenses	13,493	13,328
Depreciation charges (including investment property and right-of-use assets)	40,890	47,104

	Six months ended June 30,	
	2023	2022
Wages and salaries	\$ 556,019	\$ 611,569
Labor and health insurance fees	61,390	61,029
Pension costs	20,364	20,749
Other personnel expenses	27,443	27,906
Depreciation charges (including investment property and right-of-use assets)	81,912	105,683

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 0.2% for directors' remuneration.
- B. For the three months and six months ended June 30, 2023 and 2022, employees' compensation was accrued at \$5,130, \$14,648, \$8,226 and \$24,797, respectively; while no directors' remuneration was accrued. The aforementioned amounts were recognized in salary expenses.
- C. The employees' compensation was estimated and accrued based on not less than 1% of distributable profit of current period for the six months ended June 30, 2023. As of June 30, 2023, no directors' remuneration was accrued.
- D. The difference between employees' compensation and directors' remuneration as resolved by the Board of Directors and the amounts recognized in the 2022 financial statements by \$742 and (\$2,300), respectively, have been adjusted in profit or loss for 2023. As of June 30, 2023, the employees' compensation for 2022 has been paid but the directors' remuneration has not yet been paid.
- E. Information about employees' compensation and directors' remuneration of the Company as approved at the meeting of Board of Directors at and resolved by the stockholders at their meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended June 30,	
	2023	2022
Current income tax:		
Current tax on profits for the period	\$ 157,898	\$ 401,035
Prior year income tax underestimation (overestimation)	603	(10,790)
Total current income tax	158,501	390,245
Deferred income tax:		
Origination and reversal of temporary differences	(668)	145,571
Total deferred income tax	(668)	145,571
Income tax expense	\$ 157,833	\$ 535,816

	Six months ended June 30,	
	2023	2022
Current income tax:		
Current tax on profits for the period	\$ 229,460	\$ 535,515
Prior year income tax overestimation	(575)	(9,251)
Total current income tax	<u>228,885</u>	<u>526,264</u>
Deferred income tax:		
Origination and reversal of temporary differences	(13,952)	211,693
Total deferred income tax	<u>(13,952)</u>	<u>211,693</u>
Income tax expense	<u>\$ 214,933</u>	<u>\$ 737,957</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	Three months ended June 30,	
	2023	2022
Financial statements translation differences of foreign operations	(\$ <u>472</u>)	(\$ <u>8,011</u>)

	Six months ended June 30,	
	2023	2022
Financial statements translation differences of foreign operations	<u>\$ 1,557</u>	<u>\$ 3,961</u>

B. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(25) Earnings per share

	<u>Three months ended June 30, 2023</u>		
	<u>Profit after tax</u>	<u>Weighted-average common shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 399,512</u>	<u>429,062</u>	<u>\$ 0.93</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 399,512	429,062	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>105</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 399,512</u>	<u>429,167</u>	<u>\$ 0.93</u>

	<u>Six months ended June 30, 2023</u>		
	<u>Profit after tax</u>	<u>Weighted-average common shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 631,877</u>	<u>429,062</u>	<u>\$ 1.47</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 631,877	429,062	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>250</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 631,877</u>	<u>429,312</u>	<u>\$ 1.47</u>

Three months ended June 30, 2022

	<u>Profit after tax</u>	<u>Weighted-average common shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,145,251	429,062	\$ 2.67
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,145,251	429,062	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	359	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,145,251	429,421	\$ 2.67

Six months ended June 30, 2022

	<u>Profit after tax</u>	<u>Weighted-average common shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,924,695	429,062	\$ 4.49
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,924,695	429,062	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	507	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,924,695	429,569	\$ 4.48

(26) Supplemental cash flow information

A. Investing activities with partial cash payments

	Six months ended June 30,	
	2023	2022
Purchase of property, plant and equipment	\$ 9,668	\$ 13,948
Less: Transfers from prepayment for business facilities	(2,912)	(7,732)
Cash paid during the period	<u>\$ 6,756</u>	<u>\$ 6,216</u>

B. Financing activities with no cash flow effects:

	Six months ended June 30,	
	2023	2022
Cash dividends	\$ 2,059,496	\$ 2,231,121
Cash payment from capital surplus	343,249	343,249
Less: Shown as other payables	(2,402,745)	(2,574,370)
Financing activities cash flows	<u>\$ -</u>	<u>\$ -</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Taiwan IC Packaging Corporation	Associate accounted for using equity method
Won Chin Investment Inc. (Won Chin)	Other related party
Cheng Chuan Technology Development Inc. (Cheng Chuan)	Other related party

(2) Significant transactions and balances with related parties

A. Operating revenue

	Three months ended June 30,	
	2023	2022
Sales of goods		
Associates accounted for using the equity method	<u>\$ 303</u>	<u>\$ 250</u>

	Six months ended June 30,	
	2023	2022
Sales of goods		
Associates accounted for using the equity method	<u>\$ 506</u>	<u>\$ 746</u>

The sales prices charged to related parties are approximate to those charged to third parties. The credit term to Taiwan IC Packaging Corporation is 30 days after receipt of goods. The credit term to third parties is 30 to 60 days after monthly billings.

B. Purchases

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Purchases of goods		
Associates accounted for using the equity method	\$ <u>42,837</u>	\$ <u>62,890</u>
	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Purchases of goods		
Associates accounted for using the equity method	\$ <u>78,600</u>	\$ <u>135,243</u>

The purchase prices charged by related parties are approximate to those charged by third parties. The payment term from Taiwan IC Packaging Corporation is 30 days after monthly billings. The payment term from third parties is 30 to 45 days after monthly billings.

C. Receivables from related parties

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts receivable:			
Associates accounted for using equity method	\$ <u>11</u>	\$ <u>-</u>	\$ <u>84</u>

The receivables from related parties arise mainly from sales transactions. The credit term to Taiwan IC Packaging Corporation is 30 days after receipt of goods. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Payables to related parties

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts payable:			
Associates accounted for using equity method	\$ <u>31,909</u>	\$ <u>27,442</u>	\$ <u>42,279</u>

The payables to related parties arise mainly from purchase transactions and are due 30 days after the date of purchase. The payables bear no interest.

E. Other payables

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Other payables:			
Associates accounted			
for using equity			
method	\$ <u> -</u>	\$ <u> 4</u>	\$ <u> -</u>

Other payables to related parties arise mainly from miscellaneous purchases. The payables bear no interest.

F. Leasing arrangements - lessee

The Company renewed a land lease contract with its related party, Won Chin and Cheng Chuan, with a lease term of 5 years from June 12, 2022 to June 11, 2027. The annual rental payment is \$38,484 (excluding tax), which was determined based on the appraisal results of Yungcheng Real Estate Appraisers Firm and CCIS Real Estate Joint Appraisers Firm and renewed at \$1,350 in dollar per square feet/month (tax included) after having a three-party negotiation. Rent is paid on the contract date and becomes payable on the same date each following year until the end of the lease. As of June 30, 2023, December 31, 2022 and June 30, 2022, the balance of related right-of-use assets amounted to \$147,084, \$165,858 and \$184,633 while lease liabilities amounted to \$112,252, \$149,825 and \$148,763, respectively.

(3) Key management compensation

	<u>Three months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other employee benefits	\$ <u> 4,870</u>	\$ <u> 22,363</u>

	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other employee benefits	\$ <u> 11,208</u>	\$ <u> 46,389</u>

8. PLEDGED ASSETS

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

<u>Pledged assets</u>	<u>Book value</u>			<u>Pledge purpose</u>
	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>	
Property, plant and equipment	\$ <u> 111,813</u>	\$ <u> 121,700</u>	\$ <u> 115,050</u>	Collateral for general credit limit granted by financial institutions

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of June 30, 2023, except for the provision of endorsements and guarantees mentioned in Note 13(1) B, there are no other significant commitments.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's own funds are currently sufficient, daily operations can create stable cash inflows, and there are no significant capital expenditure plans in the short term. Except for obtaining loans to reduce the exchange rate exposure, the Group has sufficient funds to cover its own needs. Debt financing is not necessary.

(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets</u>			
Financial assets mandatorily measured at fair value through profit or loss	\$ 60,290	\$ 51,463	\$ 54,079
Financial assets at fair value through other comprehensive income	609,966	524,939	570,771

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 4,236,983	\$ 3,187,312	\$ 5,817,100
Financial assets at amortised cost	8,873,774	8,611,357	5,424,511
Notes receivable	10	867	-
Accounts receivable (including related parties)	1,294,482	1,217,936	1,575,574
Other receivables	90,063	77,626	98,241
Refundable deposits	33,202	34,888	31,153
	<u>\$ 15,198,770</u>	<u>\$ 13,706,388</u>	<u>\$ 13,571,429</u>
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Notes payable	\$ -	\$ -	\$ 71
Accounts payable (including related parties)	1,106,885	500,119	809,841
Other payables	2,671,073	271,948	2,804,532
	<u>\$ 3,777,958</u>	<u>\$ 772,067</u>	<u>\$ 3,614,444</u>
Lease liabilities	<u>\$ 161,986</u>	<u>\$ 180,768</u>	<u>\$ 182,589</u>

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

There was no significant change except for the following information. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2022 for the related information.

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; the subsidiaries' functional currencies: JPY, KRW, USD, EUR, GBP and RMB, etc.). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

June 30, 2023				
	Foreign currency	Foreign amount (In thousands)	Exchange rate	Book value
Financial assets	USD : NTD	\$ 220,254	31.14	\$ 6,858,710
	RMB : NTD	57,550	4.282	246,429
	EUR : NTD	13,444	33.81	454,542
	JPY : NTD	1,751,089	0.2150	376,484
	GBP : NTD	657	39.38	25,873
	KRW : NTD	2,196,338	0.0238	52,273
	USD : EUR	9,636	0.9210	300,065
	GBP : EUR	2,683	1.16	105,657
Financial liabilities	USD : NTD	\$ 30,069	31.14	\$ 936,349
	RMB : NTD	97,981	4.282	419,555
December 31, 2022				
	Foreign currency	Foreign amount (In thousands)	Exchange rate	Book value
Financial assets	USD : NTD	\$ 254,448	30.71	\$ 7,814,098
	RMB : NTD	23,994	4.408	105,766
	EUR : NTD	5,372	32.72	175,772
	JPY : NTD	474,455	0.2324	110,263
	KRW : NTD	1,728,885	0.0246	42,531
	USD : EUR	5,905	0.9385	181,343
	GBP : EUR	1,950	1.13	72,326
	Financial liabilities	USD : NTD	\$ 13,052	30.71
RMB : NTD		97,981	4.408	431,900

June 30, 2022

	Foreign currency	Foreign currency amount (In thousands)	Exchange rate	Book value
Financial assets	USD : NTD	\$ 129,362	29.72	\$ 3,844,639
	EUR : NTD	1,531	31.05	47,538
	USD : EUR	4,667	0.9571	138,703
	GBP : EUR	2,916	1.1617	105,180
Financial liabilities	USD : NTD	\$ 21,522	29.72	\$ 639,634

- iii. The information on total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2023 and 2022 is provided in Note 6(22).
- iv. Sensitivity analysis relating to foreign exchange rate risks is primarily for financial reporting period-end date of foreign currency monetary item. If the New Taiwan dollar exchange rate to the U.S. dollar increases or decreases by 1%, the Group's net income will decrease or increase by \$59,224 and \$32,050 for the six months ended June 30, 2023 and 2022, respectively.

Price risk

- i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the balance sheet as financial assets at fair value through profit or loss and other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.
- ii. The Group's investments in listed and unlisted equity securities and financial instruments by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the six months ended June 30, 2023 and 2022 would have increased/decreased by \$6,100 and \$5,708, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's principal interest-bearing assets are cash and cash equivalents and financial assets at amortised cost. Cash and cash equivalents are due within twelve months. Financial assets at amortised cost are maintained at fixed rates. Therefore, it is assessed that there is no significant cash flow interest rate risk.

- ii. The Group has not used any financial instruments to hedge its interest rate risk.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the receivables based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. To control internal risk, the Group assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group determines that the default occurs when the contract payments are past due over 180 days.
- iv. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. For details of credit risk in relation to accounts receivable and notes receivable, refer to Note 6(4).

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in non-hedging derivatives is included in Level 2.

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

B. Fair value information of investment property at cost is provided in Note 6(12).

C. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, accounts payable (including related parties) and other payables are approximate to their fair values.

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

June 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 60,290	\$ -	\$ -	\$ 60,290
Financial assets at fair value through other comprehensive income				
Equity securities	<u>608,841</u>	<u>-</u>	<u>1,125</u>	<u>609,966</u>
	<u>\$ 669,131</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ 670,256</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 51,463	\$ -	\$ -	\$ 51,463
Financial assets at fair value through other comprehensive income				
Equity securities	<u>523,814</u>	<u>-</u>	<u>1,125</u>	<u>524,939</u>
	<u>\$ 575,277</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ 576,402</u>
June 30, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 54,079	\$ -	\$ -	\$ 54,079
Financial assets at fair value through other comprehensive income				
Equity securities	<u>569,646</u>	<u>-</u>	<u>1,125</u>	<u>570,771</u>
	<u>\$ 623,725</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ 624,850</u>

- E. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily listed stocks classified as financial assets at fair value through other comprehensive income and beneficiary certificates classified as financial assets at fair value through profit or loss.
- F. For the six months ended June 30, 2023 and 2022, there were no transfers between Level 1 and Level 2.
- G. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- H. The financial products purchased for the six months ended June 30, 2022 were categorised as Level 3.
- I. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and frequently review the fair value.
- J. The qualitative information of significant unobservable inputs to valuation model used in Level 3 fair value measurement is as follows: financial products are income investments, and the judgements of their valuation technique and significant unobservable inputs are based on the cash flow of individual contract.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 5.

(4) Major shareholders information

Major shareholders information: Refer to table 8.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Chairman of the Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

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

	Three months ended June 30,	
	2023	2022
Segment revenue	\$ 2,469,577	\$ 3,006,488
Segment income	\$ 399,512	\$ 1,145,251

	Six months ended June 30,	
	2023	2022
Segment revenue	\$ 5,078,378	\$ 6,456,124
Segment income	\$ 631,877	\$ 1,924,695

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

Transcend Information, Inc. and Subsidiaries
Provision of endorsements and guarantees to others
Six months ended June 30, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of June 30, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at June 30, 2023 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 7)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 8)	Provision of endorsements/ guarantees by parent company to subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Transcend Information, Inc.	Transcend Japan Inc.	2	\$ 3,574,489	\$ 461,800 (JPY2,000,000) (In thousands)	\$ 430,000 (JPY2,000,000) (In thousands)	\$ -	-	2	\$ 7,148,978	Y	-	-	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (a) The Company is '0'.
- (b) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (a) Having business relationship
- (b) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (c) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (d) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (e) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (f) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (g) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Not exceeding 20% of the Company's net asset value. (\$17,872,446*20%=\$3,574,489)

Note 4: The maximum outstanding endorsement/guarantee amount during and as of June 30, 2023 is JPY\$2,000,000 (In thousands).

Note 5: The amount was approved by the Board of Directors.

Note 6: The actual amount of endorsement drawn down is \$0.

Note 7: Not exceeding 40% of the Company's net asset value. (\$17,872,446*40%=\$7,148,978)

Note 8: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary.

Transcend Information, Inc. and Subsidiaries

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

June 30, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of June 30, 2023				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Transcend Information, Inc.	Stocks							
	TrendForce Corporation	-	Financial assets at fair value through other comprehensive income - non-current	60,816	\$ 1,125	1	\$ 1,125	-
	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	"	1,758,000	105,304	-	105,304	-
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	420,000	241,920	-	241,920	-
	MediaTek Inc.	-	"	40,000	27,520	-	27,520	-
	Fubon Financial Holding Co., Ltd.	-	"	1,120,366	68,119	-	68,119	-
	Cathay Financial Holding Co. Ltd.	-	"	216,323	9,334	-	9,334	-
	Yuanta Financial Holding Co., Ltd.	-	"	119,480	2,760	-	2,760	-
	CTBC Financial Holding Co., Ltd	-	"	100,000	2,485	-	2,485	-
	Formosa Plastics Corporation	-	"	262,000	22,454	-	22,454	-
	ASUSTek Computer Inc.	-	"	410,000	128,945	-	128,945	-
					<u>\$ 609,966</u>			
	Beneficiary certificates							
	Yuanta Taiwan Top 50 ETF	-	Financial assets at fair value through profit or loss - non-current	467,000	<u>\$ 60,290</u>	-	\$ 60,290	-
	Corporate bonds							
	TSMC Arizona Corporation U.S. dollar-denominated corporate bonds	-	Financial assets at amortised cost - non-current	1,850,000	\$ 57,034	-	\$ 57,034	-
	International Business Machines Corporation U.S. dollar- denominated corporate bonds	-	"	2,250,000	69,417	-	69,417	-
	Meta Platforms, Inc. U.S. dollar-denominated corporate bonds	-	"	1,650,000	48,366	-	48,366	-
	PAYPAL HOLDINGS, INC. U.S. dollar-denominated corporate bonds	-	"	1,100,000	33,622	-	33,622	-
	Intel Corporation U.S. dollar-denominated corporate bonds	-	"	2,000,000	61,140	-	61,140	-
	Mercedes-Benz Finance North America LLC U.S. dollar- denominated corporate bonds	-	"	250,000	7,871	-	7,871	-
	Toyota Motor Credit Corporation U.S. dollar- denominated corporate bonds	-	"	900,000	28,105	-	28,105	-
					<u>\$ 305,555</u>			

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

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

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions (Note)			Notes/accounts receivable (payable)		Footnote
			Sales (purchases)	Amount	Percentage of total sales (purchases)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Transcend Information, Inc.	Transtech Trading (Shanghai) Co., Ltd.	Subsidiary of Memhiro	Sales	\$ 305,603	6	120 days after monthly billings	No significant difference	30 to 60 days after monthly billings to third parties	\$ 91,307	6	-
"	Transcend Japan Inc.	The Company's subsidiary	"	232,318	5	"	"	"	136,688	9	-
"	Transcend Information Europe B.V.	Subsidiary of Memhiro	"	247,368	5	"	"	"	334,857	22	-
"	Transcend Information Inc.	The Company's subsidiary	"	350,923	7	"	"	"	42,001	3	-
"	Transcend Korea Inc.	The Company's subsidiary	"	160,281	3	"	"	"	52,273	3	-
"	Transcend Information Trading GmbH	Subsidiary of Memhiro	"	177,784	4	"	"	"	54,943	4	-

Note: The Company's sales to subsidiaries were equivalent to subsidiaries' purchases from the Company; accordingly, the Company did not disclose the information on subsidiaries' purchases from the Company.

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

Table 4

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Transcend Information, Inc.	Transcend Japan Inc.	The Company's subsidiary	\$ 136,688	3.84	\$ -	-	\$ 32,680	-
"	Transcend Information Europe B.V.	Subsidiary of Memhiro	334,857	2.42	-	-	-	-
Transcend Information (Shanghai), Ltd.	Transcend Information, Inc.	Ultimate parent company	402,372	-	402,372	-	-	-

Transcend Information, Inc. and Subsidiaries
Significant inter-company transactions during the period
Six months ended June 30, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Transcend Information, Inc.	Transtech Trading (Shanghai) Co., Ltd.	1	Sales	\$ 305,603	There is no significant difference in unit price from those to third parties.	6
"	"	Transcend Japan Inc.	"	"	232,318	"	5
"	"	Transcend Information Europe B.V.	"	"	247,368	"	5
"	"	Transcend Information Inc.	"	"	350,923	"	7
"	"	Transcend Information Trading GmbH	"	"	177,784	"	4
"	"	Transcend Korea Inc.	"	"	160,281	"	3
"	"	Transcend Information Europe B.V.	"	Accounts receivable	334,857	120 days after monthly billings	1
"	"	Transcend Information (Shanghai), Ltd.	"	Accounts payable	(402,372)	120 days after monthly billings (2)
1	Transcend Information Europe B.V.	Transcend Information Trading GmbH	3	Sales	64,603	There is no significant difference in unit price from those to third parties.	1

(Individual transactions not exceeding 1% of the consolidated total revenue and total assets are not disclosed.)

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

- (a) Parent company is "0".
- (b) Subsidiaries were numbered from 1.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (a) Parent company to subsidiary.
- (b) Subsidiary to parent company.
- (c) Subsidiary to subsidiaries.

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

Transcend Information, Inc. and Subsidiaries
Information on investees (excluding information on investments in Mainland China)
Six months ended June 30, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2023			Net (loss) profit of the investee for the six months ended June 30, 2023	Investment (loss) income recognized by the Company for the six months ended June 30, 2023 (Note 1)	Footnote
				Balance as at June 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Transcend Information, Inc.	Saffire Investment Ltd.	B.V.I.	Investment holdings	\$ 216,829	\$ 216,829	6,600,000	100	\$ 1,583,659	(\$ 57,671)	(\$ 57,671)	Note 2
	Transcend Japan Inc.	Japan	Import and wholesale of computer memory modules and peripheral products	89,103	89,103	6,400	100	103,655	12,454	12,454	Note 2
	Transcend Information Inc.	United States of America	Import and wholesale of computer memory modules and peripheral products	38,592	38,592	625,000	100	172,926	23,901	23,901	Note 2
	Transcend Korea Inc.	Korea	Import and wholesale of computer memory modules and peripheral products	6,132	6,132	40,000	100	1,620	(6,115)	(6,115)	Note 2
	Taiwan IC Packaging Corporation	Taiwan	Packaging of Semi-conductors	354,666	354,666	21,928,036	12.50	126,297	(95,509)	(11,937)	Note 5
Saffire Investment Ltd.	Memhiro Pte Ltd.	Singapore	Investment holdings	173,702	173,702	8,277,609	100	1,543,481	(58,731)	(58,731)	Note 3
Memhiro Pte Ltd.	Transcend Information Europe B.V.	Netherlands	Import and wholesale of computer memory modules and peripheral products	1,693	1,693	100	100	244,716	1,932	1,932	Note 4
	Transcend Information Trading GmbH	Germany	Import and wholesale of computer memory modules and peripheral products	2,288	2,288	-	100	118,425	(8,207)	(8,207)	Note 4
	Transcend Information (H.K.) Ltd.	Hong Kong	Import and wholesale of computer memory modules and peripheral products	7,636	7,636	2,000,000	100	34,081	(1,910)	(1,910)	Note 4

Note 1: The Company does not directly recognize the investment (loss) income, except for the subsidiaries and associates directly held.

Note 2: Subsidiary of the Company.

Note 3: Subsidiary of Saffire.

Note 4: Subsidiary of Memhiro.

Note 5: Associate of the Company.

Transcend Information, Inc. and Subsidiaries
Major shareholders information
June 30, 2023

Table 8

Name of major shareholders	Shares	
	Number of shares held	Shareholding ratio
Won Chin Investment Inc.	74,783,600	17.42
Wan An Technology Inc.	34,142,854	7.95
Cheng Chuan Technology Development Inc.	32,971,701	7.68
Wan Min Investment Inc.	29,726,397	6.92
Wan Chuan Investment Inc.	29,505,896	6.87