

**ALL RING TECH CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2023 AND 2022**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of All Ring Tech Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of All Ring Tech Co., Ltd. and its subsidiaries (the "Group") as at September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods 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" 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

The financial statements and related information disclosed in Note 13 of insignificant consolidated subsidiaries as of and for the nine-month periods ended September 30, 2023 and 2022 were not reviewed by independent auditors. Those statements reflect total assets of NT\$754,505 thousand and NT\$571,632 thousand, constituting 18.97% and 13.39% of the consolidated total assets, and total liabilities of NT\$96,698 thousand and NT\$67,592 thousand, constituting 6.23% and 3.71% of the consolidated total liabilities as at September 30, 2023 and 2022, respectively, and total

comprehensive income of NT\$3,170 thousand, NT\$8,168 thousand, NT\$3,462 thousand and NT\$15,932 thousand, constituting 4.18%, 5.74%, 2.01% and 3.99% of the consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods 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.

Hsu Huei-Yu

Independent Auditors

Lin Tzu-Shu

PricewaterhouseCoopers, Taiwan

Republic of China

November 8, 2023

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

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,109,992	28	\$ 1,394,524	34	\$ 1,169,338	27
1136	Financial assets at amortised cost -	6(3)						
	current		218,055	6	42,916	1	43,376	1
1150	Notes receivable, net	6(4)	13,493	-	45,278	1	66,351	2
1170	Accounts receivable, net	6(4) and 12	422,083	11	599,657	14	770,256	18
1200	Other receivables		7,237	-	1,556	-	9,591	-
130X	Inventories	6(5)(7)	666,770	17	710,538	17	680,620	16
1410	Prepayments		15,153	-	7,248	-	11,910	-
11XX	Total current assets		<u>2,452,783</u>	<u>62</u>	<u>2,801,717</u>	<u>67</u>	<u>2,751,442</u>	<u>64</u>
Non-current assets								
1510	Financial assets at fair value	6(2)(12)						
	through profit or loss - non-current		609	-	180	-	300	-
1517	Financial assets at fair value	6(6)						
	through other comprehensive							
	income - non-current		472,929	12	349,116	8	510,203	12
1535	Financial assets at amortised cost-	6(3) and 8						
	non-current		6,553	-	2,403	-	2,403	-
1600	Property, plant and equipment	6(7) and 8	891,883	22	829,440	20	833,069	20
1755	Right-of-use assets	6(8)	64,372	2	63,302	2	66,459	2
1780	Intangible assets	6(9)	28,469	1	28,162	1	9,003	-
1840	Deferred income tax assets	6(25)	37,068	1	41,713	1	24,560	1
1915	Prepayments for business facilities	6(7)(9)	-	-	-	-	18,497	-
1920	Guarantee deposits paid		4,810	-	14,173	-	13,993	-
1960	Prepayments for investments	6(6)	-	-	20,000	1	20,000	1
1990	Other non-current assets		18,931	-	14,529	-	18,761	-
15XX	Total non-current assets		<u>1,525,624</u>	<u>38</u>	<u>1,363,018</u>	<u>33</u>	<u>1,517,248</u>	<u>36</u>
1XXX	Total assets		<u>\$ 3,978,407</u>	<u>100</u>	<u>\$ 4,164,735</u>	<u>100</u>	<u>\$ 4,268,690</u>	<u>100</u>

(Continued)

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	September 30, 2023		December 31, 2022		September 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2130	Current contract liabilities	6(18)	\$ 52,531	1	\$ 49,499	1	\$ 27,427	1
2150	Notes payable		2,285	-	963	-	1,224	-
2170	Accounts payable	7	309,077	8	357,618	9	410,681	10
2200	Other payables	6(10)	190,507	5	274,633	7	268,474	6
2230	Current income tax liabilities	6(25)	42,318	1	36,458	1	31,582	1
2250	Provisions for liabilities - current	6(11)	6,319	-	16,541	-	19,052	-
2280	Lease liabilities - current		3,467	-	10,101	-	11,028	-
2310	Advance receipts		7,483	-	14,723	-	-	-
21XX	Total current liabilities		<u>613,987</u>	<u>15</u>	<u>760,536</u>	<u>18</u>	<u>769,468</u>	<u>18</u>
Non-current liabilities								
2530	Bonds payable	6(12)	849,727	21	874,714	21	970,398	23
2570	Deferred income tax liabilities	6(25)	25,708	1	42,865	1	25,707	-
2580	Lease liabilities - non-current		32,709	1	24,606	1	26,426	1
2640	Net defined benefit liabilities - non-current	6(13)	26,588	1	26,343	1	28,409	1
2645	Guarantee deposits received		2,635	-	3,793	-	3,698	-
25XX	Total non-current liabilities		<u>937,367</u>	<u>24</u>	<u>972,321</u>	<u>24</u>	<u>1,054,638</u>	<u>25</u>
2XXX	Total liabilities		<u>1,551,354</u>	<u>39</u>	<u>1,732,857</u>	<u>42</u>	<u>1,824,106</u>	<u>43</u>
Equity								
Share capital								
3110	Common stock	6(14)	833,239	21	833,239	20	833,239	19
3200	Capital surplus	6(12)(15)	503,561	12	466,556	10	473,211	11
	Retained earnings	6(6)(17)						
3310	Legal reserve		391,450	10	335,430	8	335,430	8
3320	Special reserve		22,672	1	22,672	1	22,672	1
3350	Unappropriated retained earnings		593,700	15	822,167	20	776,282	18
3400	Other equity interest	6(6)	181,251	5	86,164	2	122,744	3
3500	Treasury stocks	6(14)	(98,820)	(3)	(134,350)	(3)	(118,994)	(3)
3XXX	Total equity		<u>2,427,053</u>	<u>61</u>	<u>2,431,878</u>	<u>58</u>	<u>2,444,584</u>	<u>57</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 3,978,407</u>	<u>100</u>	<u>\$ 4,164,735</u>	<u>100</u>	<u>\$ 4,268,690</u>	<u>100</u>

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	For the three-month periods ended September 30,				For the nine-month periods ended September 30,			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(18)	\$ 331,647	100	\$ 564,004	100	\$ 835,312	100	\$ 1,958,478	100
5000 Operating costs	6(5)(9)(13)								
	(23)(24) and 7	(191,289)	(58)	(288,681)	(51)	(436,682)	(53)	(1,054,846)	(54)
5900 Net operating margin		<u>140,358</u>	<u>42</u>	<u>275,323</u>	<u>49</u>	<u>398,630</u>	<u>47</u>	<u>903,632</u>	<u>46</u>
Operating expenses	6(9)(13)(23)								
	(24), 7 and 12								
6100 Selling expenses		(17,765)	(5)	(19,386)	(4)	(52,644)	(6)	(57,511)	(3)
6200 General and administrative expenses		(24,805)	(7)	(35,504)	(6)	(90,822)	(11)	(110,771)	(6)
6300 Research and development expenses		(88,491)	(27)	(100,703)	(18)	(245,649)	(29)	(293,590)	(15)
6450 Expected credit gains (losses)		(26)	-	(4,395)	(1)	2,511	-	(12,447)	-
6000 Total operating expenses		(131,087)	(39)	(159,988)	(29)	(386,604)	(46)	(474,319)	(24)
6900 Operating profit		<u>9,271</u>	<u>3</u>	<u>115,335</u>	<u>20</u>	<u>12,026</u>	<u>1</u>	<u>429,313</u>	<u>22</u>
Non-operating income and expenses									
7100 Interest income	6(19)	4,082	1	2,069	-	14,671	2	3,814	-
7010 Other income	6(6)(20)	9,487	3	34,734	6	53,395	6	54,043	3
7020 Other gains and losses	6(2)(8)(12)								
	(21) and 12	11,440	4	43,220	8	13,633	2	96,073	5
7050 Finance costs	6(8)(12)(22)	(2,455)	(1)	(3,133)	-	(7,819)	(1)	(7,797)	(1)
7000 Total non-operating income and expenses		<u>22,554</u>	<u>7</u>	<u>76,890</u>	<u>14</u>	<u>73,880</u>	<u>9</u>	<u>146,133</u>	<u>7</u>
7900 Profit before income tax		<u>31,825</u>	<u>10</u>	<u>192,225</u>	<u>34</u>	<u>85,906</u>	<u>10</u>	<u>575,446</u>	<u>29</u>
7950 Income tax expense	6(25)	(3,062)	(1)	(33,067)	(6)	(12,739)	(1)	(98,605)	(5)
8200 Profit for the period		<u>\$ 28,763</u>	<u>9</u>	<u>\$ 159,158</u>	<u>28</u>	<u>\$ 73,167</u>	<u>9</u>	<u>\$ 476,841</u>	<u>24</u>
Other comprehensive income (loss)									
Components of other comprehensive income (loss) that will not be reclassified to profit or loss									
8316 Unrealised gain (loss) on valuation of financial assets at fair value through other comprehensive income	6(6)	\$ 23,809	7	(\$ 25,805)	(5)	\$ 80,866	10	(\$ 100,357)	(5)
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations		<u>23,304</u>	<u>7</u>	<u>8,963</u>	<u>2</u>	<u>18,330</u>	<u>2</u>	<u>22,588</u>	<u>1</u>
8300 Total other comprehensive income (loss) for the period		<u>\$ 47,113</u>	<u>14</u>	<u>(\$ 16,842)</u>	<u>(3)</u>	<u>\$ 99,196</u>	<u>12</u>	<u>(\$ 77,769)</u>	<u>(4)</u>
8500 Total comprehensive income for the period		<u>\$ 75,876</u>	<u>23</u>	<u>\$ 142,316</u>	<u>25</u>	<u>\$ 172,363</u>	<u>21</u>	<u>\$ 399,072</u>	<u>20</u>
Profit attributable to:									
8610 Owners of the parent		<u>\$ 28,763</u>	<u>9</u>	<u>\$ 159,158</u>	<u>28</u>	<u>\$ 73,167</u>	<u>9</u>	<u>\$ 476,841</u>	<u>24</u>
Comprehensive income attributable to:									
8710 Owners of the parent		<u>\$ 75,876</u>	<u>23</u>	<u>\$ 142,316</u>	<u>25</u>	<u>\$ 172,363</u>	<u>21</u>	<u>\$ 399,072</u>	<u>20</u>
Earnings per share (in dollars)	6(26)								
9750 Basic		<u>\$ 0.35</u>		<u>\$ 1.96</u>		<u>\$ 0.90</u>		<u>\$ 5.86</u>	
9850 Diluted		<u>\$ 0.34</u>		<u>\$ 1.79</u>		<u>\$ 0.90</u>		<u>\$ 5.61</u>	

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital Surplus				Retained Earnings			Other Equity Interest			Total equity
		Share capital - common stock	Additional paid-in capital	Treasury share transactions	Stock options	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) on valuation of financial assets at fair value through other comprehensive income	Treasury stocks	
For the nine-month period ended September 30, 2022												
Balance at January 1, 2022		\$ 833,239	\$ 310,803	\$ -	\$ 108	\$ 281,334	\$ 22,737	\$ 682,546	(\$ 37,132)	\$ 275,114	(\$ 66,449)	\$ 2,302,300
Net income for the nine-month period ended September 30, 2022		-	-	-	-	-	-	476,841	-	-	-	476,841
Other comprehensive income (loss) for the nine-month period ended September 30, 2022		-	-	-	-	-	-	-	22,588	(100,357)	-	(77,769)
Total comprehensive income for the period		-	-	-	-	-	-	476,841	22,588	(100,357)	-	399,072
Distribution of 2021 net income												
Legal reserve		-	-	-	-	54,096	-	(54,096)	-	-	-	-
Cash dividends	6(17)	-	-	-	-	-	-	(366,543)	-	-	-	(366,543)
Reversal of special reserve		-	-	-	-	-	(65)	65	-	-	-	-
Disposal of financial assets at fair value through other comprehensive income	6(6)	-	-	-	-	-	-	37,469	-	(37,469)	-	-
Conversion options of convertible bonds	6(12)	-	-	-	162,300	-	-	-	-	-	-	162,300
Treasury stocks acquired	6(14)	-	-	-	-	-	-	-	-	-	(52,545)	(52,545)
Balance at September 30, 2022		\$ 833,239	\$ 310,803	\$ -	\$ 162,408	\$ 335,430	\$ 22,672	\$ 776,282	(\$ 14,544)	\$ 137,288	(\$ 118,994)	\$ 2,444,584
For the nine-month period ended September 30, 2023												
Balance at January 1, 2023		\$ 833,239	\$ 310,803	\$ 9,798	\$ 145,955	\$ 335,430	\$ 22,672	\$ 822,167	(\$ 23,403)	\$ 109,567	(\$ 134,350)	\$ 2,431,878
Net income for the nine-month period ended September 30, 2023		-	-	-	-	-	-	73,167	-	-	-	73,167
Other comprehensive income for the nine-month period ended September 30, 2023	6(6)	-	-	-	-	-	-	-	18,330	80,866	-	99,196
Total comprehensive income for the period		-	-	-	-	-	-	73,167	18,330	80,866	-	172,363
Distribution of 2022 net income												
Legal reserve		-	-	-	-	56,020	-	(56,020)	-	-	-	-
Cash dividends	6(17)	-	-	-	-	-	-	(249,723)	-	-	-	(249,723)
Disposal of financial assets at fair value through other comprehensive income	6(6)	-	-	-	-	-	-	4,109	-	(4,109)	-	-
Repurchase of convertible bonds	6(12)	-	-	3,428	(5,403)	-	-	-	-	-	-	(1,975)
Treasury shares transferred to employees	6(14)	-	-	-	-	-	-	-	-	-	35,530	35,530
Cost of employee share options payments	6(16)(24)	-	-	38,980	-	-	-	-	-	-	-	38,980
Balance at September 30, 2023		\$ 833,239	\$ 310,803	\$ 52,206	\$ 140,552	\$ 391,450	\$ 22,672	\$ 593,700	(\$ 5,073)	\$ 186,324	(\$ 98,820)	\$ 2,427,053

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the nine-month periods ended September 30,	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 85,906	\$ 575,446
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on financial assets at fair value through profit or loss	6(2)(21)	(429)	2,400
Expected credit (gains) losses	12	(2,511)	12,447
(Reversal of allowance) provision for inventory market price decline	6(5)	(2,100)	15,435
Depreciation	6(7)(8)(21)(23)	32,535	32,280
Loss on disposal of property, plant and equipment	6(21)	96	13
Amortisation	6(9)(23)	6,004	3,883
Gain from lease modification	6(8)(21)	(10)	(11)
Gain from repurchase of convertible bonds	6(12)(21)	(1,272)	-
Cost of employee share options payments	6(16)(24)	38,980	-
Interest income	6(19)	(14,671)	(3,814)
Dividend income	6(6)(20)	(22,442)	(32,177)
Interest expense	6(22)	7,819	7,797
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		31,785	112,446
Accounts receivable		180,063	33,192
Other receivables		(5,681)	(1,593)
Inventories		39,241	22,847
Prepayments		(7,905)	4,379
Changes in operating liabilities			
Current contract liabilities		3,032	164
Notes payable		1,322	178
Accounts payable		(48,541)	(293,401)
Other payables		(84,127)	2,140
Provisions for liabilities - current		(10,222)	(4,049)
Advance receipts		(7,240)	-
Net defined benefit liabilities - non-current		245	652
Cash inflow generated from operations		219,877	490,654
Interest received		14,671	3,814
Dividends received		22,442	32,177
Interest paid		(377)	(542)
Income tax paid		(19,391)	(119,876)
Net cash flows from operating activities		<u>237,222</u>	<u>406,227</u>

(Continued)

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the nine-month periods ended September 30,	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 179,289)	(\$ 14,333)
Acquisition of financial assets at fair value through other comprehensive income		(33,255)	(235,744)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(6)	10,308	115,757
Cash paid for acquisition of property, plant and equipment	6(27)	(79,038)	(295,059)
Proceeds from disposal of property, plant and equipment		7	20
Acquisition of intangible assets	6(9)	(6,303)	(5,051)
Cash paid for prepayments for business facilities	6(27)	-	(51,248)
Decrease (increase) in guarantee deposits paid		9,363	(9,343)
Increase in prepayments for investments		-	(20,000)
(Increase) decrease in other non-current assets		(4,402)	5,004
Net cash flows used in investing activities		(282,609)	(509,997)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of short-term borrowings	6(28)	-	(80,000)
Repayment of lease principal	6(28)	(6,918)	(6,865)
Net amount of issuance of convertible bonds	6(28)	-	1,122,743
Repurchase of convertible bonds	6(12)(28)	(33,131)	-
(Decrease) increase in guarantee deposits received	6(28)	(1,213)	1,286
Cash dividends paid	6(17)	(249,723)	(366,543)
Acquisition of treasury stocks	6(14)	-	(52,545)
Treasury stocks transferred	6(14)	35,530	-
Net cash flows (used in) from financing activities		(255,455)	618,076
Effect of foreign exchange rate changes on cash and cash equivalents		16,310	17,752
Net (decrease) increase in cash and cash equivalents		(284,532)	532,058
Cash and cash equivalents at beginning of period	6(1)	1,394,524	637,280
Cash and cash equivalents at end of period	6(1)	\$ 1,109,992	\$ 1,169,338

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) All Ring Tech Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on May 24, 1996. Its primary business includes the design, manufacture, and assembly of automation machines, the research, development, and design of computer software, and the manufacture of optical instruments.

(2) The common shares of the Company have been listed on the Taipei Exchange since September 2002.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on November 8, 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
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
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.

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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

(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:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
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 21, 'Lack of exchangeability'	January 1, 2025

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation, basis of consolidation and the additional descriptions described below, the other principal accounting policies are in agreement with Note 4 of the consolidated financial statements for the year ended December 31, 2022. 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 IAS 34, 'Interim Financial Reporting' that came into effect as endorsed by the FSC.
- B. These consolidated financial statements should be read together with the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of these consolidated financial statements is consistent with those for the preparation of consolidated financial statements for the year ended December 31, 2022.

B. The consolidated subsidiaries and changes of the current period are as follows:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
All Ring Tech Co., Ltd.	PAI FU INTERNATIONAL LIMITED	Mechanical engineering automation, and research, development and design of software	100.00	100.00	100.00	—
	Uni-Ring Tech Co., Ltd.	Other machine manufacture industry, electrical appliances, audio visual electronics and international trading industry	100.00	100.00	100.00	—
	All Ring Tech USA LLC	Other machine manufacture industry	100.00	—	—	Note 1
	IMAGINE GROUP LIMITED	Investment business	71.60	71.60	71.60	Note 2

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
PAI FU INTERNATIONAL LIMITED	Kunshan All Ring Tech Co., Ltd.	Research, development, and manufacture of specialized electronic equipment used for cutting capacitance and inductance; sales of self-manufactured products and provision of corresponding technology testing services	100.00	100.00	100.00	—
	IMAGINE GROUP LIMITED	Investment business	28.40	28.40	28.40	Note 2
IMAGINE GROUP LIMITED	All Ring Tech (Kunshan) Co., Ltd.	Research, development, and manufacture of specialized electronic equipment, testing of instruments and accessories; sales of self-manufactured products and provision of corresponding technology testing services	100.00	100.00	100.00	—

Note 1: It is an entity newly incorporated in May 2023.

Note 2: The Company and its subsidiaries own, directly or indirectly, more than 50% of the shares of these companies.

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

D. Adjustments 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) Employee benefits

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

(5) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(6) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

There have been no significant changes during the period. Refer to Note 5 of the consolidated financial statements for the year ended December 31, 2022.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash:			
Cash on hand	\$ 6,684	\$ 4,764	\$ 4,948
Checking accounts and demand deposits	<u>721,201</u>	<u>849,262</u>	<u>751,859</u>
	<u>727,885</u>	<u>854,026</u>	<u>756,807</u>
Cash equivalents:			
Time deposits	<u>382,107</u>	<u>540,498</u>	<u>412,531</u>
	<u>\$ 1,109,992</u>	<u>\$ 1,394,524</u>	<u>\$ 1,169,338</u>

A. 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.

B. Refer to Note 8, 'Pledged Assets' for information on the Group's cash and cash equivalents that were pledged as collateral (shown as 'Financial assets at amortised cost - non-current') as at September 30, 2023, December 31, 2022 and September 30, 2022.

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Unlisted stocks	\$ 21,184	\$ 21,184	\$ 21,184
Valuation adjustment	(21,184)	(21,184)	(21,184)
	<u>–</u>	<u>–</u>	<u>–</u>
Financial assets designated as at fair value through profit or loss			
Call options of bonds	2,700	2,700	2,700
Valuation adjustment	(2,091)	(2,520)	(2,400)
	<u>609</u>	<u>180</u>	<u>300</u>
	<u>\$ 609</u>	<u>\$ 180</u>	<u>\$ 300</u>

- A. The Group recognised net gain (loss) on financial assets at fair value through profit or loss amounting to \$433 and (\$100), \$429 and (\$2,400) (listed as "Other gains and losses") for the three-month and nine-month periods ended September 30, 2023 and 2022, respectively.
- B. The Group has no financial assets at fair value through profit or loss pledged to others as collateral as at September 30, 2023, December 31, 2022 and September 30, 2022.
- C. Information relating to financial assets designated as at fair value through profit or loss – call options of bonds is provided in Note 6(12).
- D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Time deposits maturing over three months	<u>\$ 218,055</u>	<u>\$ 42,916</u>	<u>\$ 43,376</u>
Non-current items:			
Pledged time deposits	<u>\$ 6,553</u>	<u>\$ 2,403</u>	<u>\$ 2,403</u>

- A. As at September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the book value.
- B. Refer to Note 8, 'Pledged Assets' for information on the Group's financial assets at amortised cost that were pledged as collateral as at September 30, 2023, December 31, 2022 and September 30, 2022.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the Group's investment in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable	\$ 13,493	\$ 45,278	\$ 66,351
Accounts receivable	\$ 454,780	\$ 634,843	\$ 803,860
Less: Allowance for uncollectible accounts	(32,697)	(35,186)	(33,604)
	<u>\$ 422,083</u>	<u>\$ 599,657</u>	<u>\$ 770,256</u>

A. The ageing analysis of accounts and notes receivable that were past due is as follows:

	<u>September 30, 2023</u>		<u>December 31, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Less than 30 days	\$ 83,384	\$ 1,374	\$ 63,578	\$ 5,025
31~90 days	51,441	4,743	136,483	6,690
91~180 days	88,760	5,735	153,537	30,532
181~360 days	69,767	1,641	174,498	3,031
Over 360 days	161,428	-	106,747	-
	<u>\$ 454,780</u>	<u>\$ 13,493</u>	<u>\$ 634,843</u>	<u>\$ 45,278</u>

	<u>September 30, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
Less than 30 days	\$ 152,747	\$ 3,725
31~90 days	203,467	53,288
91~180 days	149,455	8,521
181~360 days	193,612	817
Over 360 days	104,579	-
	<u>\$ 803,860</u>	<u>\$ 66,351</u>

The above ageing analysis was based on invoice date.

B. As at September 30, 2023, December 31, 2022 and September 30, 2022, accounts and notes receivable were all from contracts with customers. As at January 1, 2022, the balance of receivables from contracts with customers amounted to \$1,015,849.

C. The Group has no notes and accounts receivable pledged to others as collateral as at September 30, 2023, December 31, 2022 and September 30, 2022.

D. As at September 30, 2023, December 31, 2022 and September 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 and accounts receivable was the book value.

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

(5) Inventories

	September 30, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 250,319	(\$ 11,540)	\$ 238,779
Work in process	254,472	(49,393)	205,079
Finished goods	257,688	(34,776)	222,912
	<u>\$ 762,479</u>	<u>(\$ 95,709)</u>	<u>\$ 666,770</u>

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 270,456	(\$ 6,333)	\$ 264,123
Work in process	392,483	(52,613)	339,870
Finished goods	144,818	(38,273)	106,545
	<u>\$ 807,757</u>	<u>(\$ 97,219)</u>	<u>\$ 710,538</u>

	September 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 299,828	(\$ 7,195)	\$ 292,633
Work in process	376,638	(51,625)	325,013
Finished goods	101,916	(38,942)	62,974
	<u>\$ 778,382</u>	<u>(\$ 97,762)</u>	<u>\$ 680,620</u>

The cost of inventories recognised as expense for the period:

	For the three-month periods ended September 30,	
	2023	2022
Cost of goods sold	\$ 186,578	\$ 276,367
Provision for inventory market price decline	4,711	12,314
	<u>\$ 191,289</u>	<u>\$ 288,681</u>

	For the nine-month periods ended September 30,	
	2023	2022
Cost of goods sold	\$ 438,782	\$ 1,039,411
(Reversal of allowance) provision for inventory market price decline	(2,100)	15,435
	<u>\$ 436,682</u>	<u>\$ 1,054,846</u>

(Note) For the nine-month period ended September 30, 2023, the Group sold part of inventories for which a valuation loss was previously recognised, resulting in a gain on the reversal of net realizable value.

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

Items	September 30, 2023	December 31, 2022	September 30, 2022
Non-current item:			
Equity instruments			
Listed stocks	\$ 234,166	\$ 207,109	\$ 340,475
Emerging stocks	3,439	3,440	3,440
Unlisted stocks	49,000	29,000	29,000
	286,605	239,549	372,915
Valuation adjustment	186,324	109,567	137,288
	\$ 472,929	\$ 349,116	\$ 510,203

- 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 was the book value as at September 30, 2023, December 31, 2022 and September 30, 2022.
- B. The Group sold \$6,303 and \$14,540, \$10,308 and \$115,757 of equity instruments investments at fair value which resulted in cumulative gain of \$4,126 and \$846, \$4,109 and \$37,469 on disposal during the three-month and nine-month periods ended September 30, 2023 and 2022, respectively and was reclassified to retained earnings.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to financial assets at fair value through other comprehensive income are listed below:

	For the three-month periods ended September 30,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 23,809	(\$ 25,805)
Cumulative gains reclassified to retained earnings due to derecognition	\$ 4,126	\$ 846
Dividend income recognised in profit or loss	\$ 3,450	\$ 27,901
	For the nine-month periods ended September 30,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 80,866	(\$ 100,357)
Cumulative gains reclassified to retained earnings due to derecognition	\$ 4,109	\$ 37,469
Dividend income recognised in profit or loss	\$ 22,442	\$ 32,177

- D. As at September 30, 2023, December 31, 2022 and September 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was the book value.
- E. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.
- F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).
- G. In September 2022, the Group participated in the cash capital increase of Ginger Aviation Co., Ltd. and the establishment of Phoenix IV Innovation Investment Co., Ltd. as of December 31, 2022, for an investment of \$20,000. Since the capital increase and establishment procedures have not yet been completed, the amounts invested were recognised as 'prepayments for investments'. The establishment procedures have been completed as of September 30, 2023.

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Assets leased to others	Other facilities	Construction in progress and equipment under acceptance	Total
<u>January 1, 2023</u>									
Cost	\$ 383,512	\$ 575,022	\$ 28,713	\$ 13,657	\$ 23,709	\$ 10,805	\$ 58,497	\$ -	\$ 1,093,915
Accumulated depreciation	-	(174,574)	(15,967)	(12,318)	(16,842)	(7,878)	(36,896)	-	(264,475)
	<u>\$ 383,512</u>	<u>\$ 400,448</u>	<u>\$ 12,746</u>	<u>\$ 1,339</u>	<u>\$ 6,867</u>	<u>\$ 2,927</u>	<u>\$ 21,601</u>	<u>\$ -</u>	<u>\$ 829,440</u>
For the nine-month period ended									
<u>September 30, 2023</u>									
At January 1	\$ 383,512	\$ 400,448	\$ 12,746	\$ 1,339	\$ 6,867	\$ 2,927	\$ 21,601	\$ -	\$ 829,440
Additions	-	73,018	-	3,463	1,949	-	488	120	79,038
Transferred from inventories	-	-	4,956	-	-	1,081	-	-	6,037
Depreciation	-	(14,662)	(2,191)	(423)	(1,810)	(2,208)	(3,673)	-	(24,967)
Disposals—Cost	-	-	-	-	(780)	-	(305)	-	(1,085)
— Accumulated depreciation	-	-	-	-	702	-	280	-	982
Net currency exchange differences	-	2,160	220	7	32	-	19	-	2,438
At September 30	<u>\$ 383,512</u>	<u>\$ 460,964</u>	<u>\$ 15,731</u>	<u>\$ 4,386</u>	<u>\$ 6,960</u>	<u>\$ 1,800</u>	<u>\$ 18,410</u>	<u>\$ 120</u>	<u>\$ 891,883</u>
<u>September 30, 2023</u>									
Cost	\$ 383,512	\$ 651,635	\$ 34,182	\$ 17,237	\$ 25,018	\$ 11,886	\$ 58,745	\$ 120	\$ 1,182,335
Accumulated depreciation	-	(190,671)	(18,451)	(12,851)	(18,058)	(10,086)	(40,335)	-	(290,452)
	<u>\$ 383,512</u>	<u>\$ 460,964</u>	<u>\$ 15,731</u>	<u>\$ 4,386</u>	<u>\$ 6,960</u>	<u>\$ 1,800</u>	<u>\$ 18,410</u>	<u>\$ 120</u>	<u>\$ 891,883</u>

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Assets leased to others	Other facilities	Total
<u>January 1, 2022</u>								
Cost	\$ 89,805	\$ 550,094	\$ 25,586	\$ 15,065	\$ 22,448	\$ 7,974	\$ 47,043	\$ 758,015
Accumulated depreciation	—	(155,172)	(13,633)	(12,716)	(16,214)	(3,689)	(32,609)	(234,033)
	<u>\$ 89,805</u>	<u>\$ 394,922</u>	<u>\$ 11,953</u>	<u>\$ 2,349</u>	<u>\$ 6,234</u>	<u>\$ 4,285</u>	<u>\$ 14,434</u>	<u>\$ 523,982</u>
For the nine-month period ended								
<u>September 30, 2022</u>								
At January 1	\$ 89,805	\$ 394,922	\$ 11,953	\$ 2,349	\$ 6,234	\$ 4,285	\$ 14,434	\$ 523,982
Additions	262,707	22,343	1,195	—	2,752	—	5,740	294,737
Transferred from inventories	—	—	1,725	—	—	2,244	—	3,969
Transferred from prepayments for business facilities	31,000	400	—	—	—	—	—	31,400
Depreciation	—	(13,972)	(1,815)	(640)	(1,689)	(3,207)	(3,385)	(24,708)
Disposals—Cost	—	—	(256)	—	(1,686)	—	(268)	(2,210)
— Accumulated depreciation	—	—	231	—	1,686	—	260	2,177
Net currency exchange differences	—	3,295	303	29	52	1	42	3,722
At September 30	<u>\$ 383,512</u>	<u>\$ 406,988</u>	<u>\$ 13,336</u>	<u>\$ 1,738</u>	<u>\$ 7,349</u>	<u>\$ 3,323</u>	<u>\$ 16,823</u>	<u>\$ 833,069</u>
<u>September 30, 2022</u>								
Cost	\$ 383,512	\$ 577,796	\$ 28,878	\$ 15,272	\$ 23,701	\$ 10,218	\$ 52,605	\$ 1,091,982
Accumulated depreciation	—	(170,808)	(15,542)	(13,534)	(16,352)	(6,895)	(35,782)	(258,913)
	<u>\$ 383,512</u>	<u>\$ 406,988</u>	<u>\$ 13,336</u>	<u>\$ 1,738</u>	<u>\$ 7,349</u>	<u>\$ 3,323</u>	<u>\$ 16,823</u>	<u>\$ 833,069</u>

- A. The carrying amounts of some buildings and structures and assets leased to others of the Group for the use of business lease as of September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Buildings and structures	\$ 73,853	\$ 72,363	\$ 74,590
Assets leased to others	\$ 1,800	\$ 2,927	\$ 3,323

- B. The Group has not capitalised any interest for the nine-month periods ended September 30, 2023 and 2022.
- C. Refer to Note 8, ‘Pledged assets’ for information on the Group’s property, plant and equipment that were pledged as collateral as of September 30, 2023, December 31, 2022 and September 30, 2022.

(8) Leasing arrangements — lessee

- A. The Group leased parcels of land located in the Luzhu Science Park from the Southern Taiwan Science Park Bureau and signed a contract with the government of the People’s Republic of China to lease a designated parcel of land in Kunshan City of Jiangsu Province. Rental contracts are typically made for periods of 2 to 45 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 amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 64,372	\$ 63,302	\$ 66,459

For the three-month periods ended September 30,

	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,636	\$ 2,966

For the nine-month periods ended September 30,

	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 7,568	\$ 7,572

- C. For the three-month and nine-month periods ended September 30, 2023 and 2022, the Group’s additions to right-of-use assets were \$10,288 and \$ —, \$10,288 and \$19,753, respectively; remeasurements of right-of-use assets were \$ — and \$ —, \$ — and \$1,906, respectively.
- D. When the Group decides on the lease term, it takes into account all the facts and circumstances that would have economic incentives for the exercise or non-exercise of the right to renew the lease. When a major event occurs in the assessment of the exercise or non-exercise of the right to renew

the lease, the lease period will be re-estimated. Based on the assessment of the exercise or non-exercise of the right to renew the lease, the Group's right-of-use assets and lease liabilities as of September 30, 2023 and 2022 were reduced by \$1,891 and \$1,901, \$10,679 and \$10,690, respectively, and the gain from lease modifications recognised amounted to \$10 and \$11 for the nine-month periods then ended, respectively (listed as "Other gains and losses").

E. The information on income and expense accounts relating to lease contracts is as follows:

	<u>For the three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 85	\$ 91
Expense on short-term lease contracts	1, 271	1, 632
Expense on leases of low-value assets	69	66
Gain from lease modifications	10	-
	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 233	\$ 304
Expense on short-term lease contracts	4, 295	4, 406
Expense on leases of low-value assets	198	189
Gain from lease modifications	10	11

F. For the nine-month periods ended September 30, 2023 and 2022, the Group's total cash outflow for leases was \$11,644 and \$11,764, respectively.

(9) Intangible assets

	For the nine-month periods ended September 30,	
	2023	2022
	Software	Software
<u>January 1</u>		
Cost	\$ 43,587	\$ 14,817
Accumulated amortisation	(15,425)	(9,783)
	<u>\$ 28,162</u>	<u>\$ 5,034</u>
At January 1	\$ 28,162	\$ 5,034
Additions	6,303	5,051
Transferred from prepayments for business facilities	–	2,775
Amortisation	(6,004)	(3,883)
Net currency exchange differences	8	26
At September 30	<u>\$ 28,469</u>	<u>\$ 9,003</u>
<u>September 30</u>		
Cost	\$ 49,709	\$ 21,216
Accumulated amortisation	(21,240)	(12,213)
	<u>\$ 28,469</u>	<u>\$ 9,003</u>

A. No interest was capitalised as part of intangible assets for the nine-month periods ended September 30, 2023 and 2022.

B. Details of amortization on intangible assets are as follows:

	For the three-month periods ended September 30,	
	2023	2022
	Operating costs	\$ 423
Selling expenses	40	81
General and administrative expenses	347	190
Research and development expenses	1,307	776
	<u>\$ 2,117</u>	<u>\$ 1,313</u>

	For the nine-month periods ended September 30,	
	2023	2022
	Operating costs	\$ 1,241
Selling expenses	398	224
General and administrative expenses	790	546
Research and development expenses	3,575	2,363
	<u>\$ 6,004</u>	<u>\$ 3,883</u>

(10) Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accrued salaries and bonuses	\$ 135,616	\$ 174,400	\$ 144,960
Compensation payable to employees, directors and supervisors	7,317	34,093	59,011
Provision for employee benefits	13,497	13,269	12,990
Others	34,077	52,871	51,513
	<u>\$ 190,507</u>	<u>\$ 274,633</u>	<u>\$ 268,474</u>

(11) Provisions for liabilities

	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Balance at beginning of period	\$ 16,541	\$ 23,101
Additional provisions	2,180	4,460
Used during the period	(12,402)	(8,509)
Balance at end of period	<u>\$ 6,319</u>	<u>\$ 19,052</u>

The Group's warranty provision is primarily related to the sales of semiconductor equipment, passive component equipment, and light-emitting diode equipment. The amount of the provision is estimated according to historical warranty data. The Group expects the costs related to the provision to be realised in the next two years.

(12) Bonds payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Bonds payable	\$ 865,300	\$ 898,600	\$ 1,000,000
Less: Discount on bonds payable	(15,573)	(23,886)	(29,602)
	<u>\$ 849,727</u>	<u>\$ 874,714</u>	<u>\$ 970,398</u>

A. In February 2022, the Company issued the fourth domestic unsecured convertible bonds, which was listed on the Taipei Exchange on February 22, 2022. The terms of the domestic unsecured convertible bonds issuance are as follows:

- (a) The Company was approved by the competent authority to raise and issue the fourth domestic unsecured convertible bonds with a total amount of \$1,000,000 (related issuance cost was \$5,091), with a coupon rate of 0% and a maturity period of 3 years from February 22, 2022 to February 22, 2025. The convertible bonds will be redeemed in cash at the face value of the bonds upon maturity.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue (May 23, 2022) to the maturity date (February 22, 2025), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

- (c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and the conversion price at the time of issuance is set at \$127 (in dollars) per share. The conversion price of the bonds is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted. Since August 1, 2023, the conversion price has been adjusted to \$116.4 (in dollars).
- (d) The Company may repurchase all the bonds outstanding in cash at the bonds face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue (May 23, 2022) to 40 days before the maturity date (January 13, 2025), or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue (May 23, 2022) to 40 days before the maturity date (January 13, 2025). For the nine-month period ended September 30, 2023, the Company repurchased convertible corporate bonds with a face value of \$33,300 from the Taipei Exchange. In accordance with the requirements of IAS 32, the repurchase price (including transaction costs) of \$33,131 was allocated to the liability and equity components. The difference between the amount apportioned to the liability component and its carrying amount of \$1,272 (listed as "Other gains and losses") was recognized in profit or loss for the period, and the difference between the amount apportioned to the equity component and its carrying amount of \$3,428 was recognized in 'capital surplus - treasury share transaction' and \$5,403 was reversed to 'capital surplus — stock options'. There was no such transaction for the nine-month period ended September 30, 2022.
- (e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$162,300 were separated from the liability component and were recognised in 'capital surplus — stock options' in accordance with IAS 32. As at September 30, 2023, the balance of the aforementioned 'capital surplus — stock options' after repurchasing corporate bonds was \$140,444. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets at fair value through profit or loss' in the net amount of \$2,700 in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.
- C. Refer to Note 6(22), 'Finance costs' for information on the Group's interest expense recognised in profit or loss for the nine-month periods ended September 30, 2023 and 2022.

(13) Pensions

- A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company 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 for the deficit by next March. Related information on the defined benefit pension plan disclosed above is as follows:
- (a) The pension cost under the aforementioned defined benefit pension plan of the Company for the three-month and nine-month periods ended September 30, 2023 and 2022 were \$355 and \$255, \$1,065 and \$767, respectively.
 - (b) The Company's expected contributions under the defined benefit pension plan for the next year is \$1,200.
- B. Effective July 1, 2005, the Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute 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. The pension costs under the defined contribution pension plan of the Company and its domestic subsidiaries for the three-month and nine-month periods ended September 30, 2023 and 2022 were \$3,208 and \$3,129, \$8,578 and \$8,811, respectively.
- C. In accordance with the pension and insurance laws of the People's Republic of China, Kunshan All Ring Tech Co., Ltd. and All Ring Tech (Kunshan) Co., Ltd. contribute 19% of each employee's salary every month to a pension account managed by the government. Aside from the monthly contributions, the companies have no further obligations. The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2023 and 2022 were \$598 and \$571, \$1,689 and \$1,699, respectively.

(14) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	For the nine-month periods ended September 30,	
	2023	2022
At January 1	80,556	81,454
Treasury stock reacquired	- (661)
Treasury shares transferred	1,000	-
At September 30	<u>81,556</u>	<u>80,793</u>

B. Treasury shares

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

Reason for reacquisition	For the nine-month period ended September 30, 2023			
	Opening Balance	Additions	Decrease	Ending Balance
To be reissued to employees	<u>2,768</u>	<u>-</u> (<u>1,000</u>)	<u>1,768</u>

Reason for reacquisition	For the nine-month period ended September 30, 2022		
	Opening Balance	Additions	Ending Balance
To be reissued to employees	<u>1,870</u>	<u>661</u>	<u>2,531</u>

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.
- (e) For the nine-month period ended September 30, 2022, treasury shares in the amount of \$52,545 (661 thousand shares) was acquired by the Company. As of September 30, 2023, December 31, 2022 and September 30, 2022, the balance of the Company's treasury shares were \$98,820, \$134,350 and 118,994, respectively.
- (f) For the nine-month period ended September 30, 2023, treasury shares in the amount of \$35,530 were transferred to employees and the proceeds collected from the treasury shares amounted to \$35,530. There was no such transaction for the nine-month period ended September 30, 2022.

C. As of September 30, 2023, the Company’s authorised capital was \$1,500,000 (including \$80,000 reserved for employee stock options), and the paid-in capital was \$833,239 with a par value of \$10 per share. The 83,324 thousand shares were issued over several installments. All proceeds from shares issued have been collected.

(15) Capital surplus

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

B. Information relating to capital surplus – stock options is provided in Note 6(12).

(16) Share-based payment

A. As of September 30, 2023, the Company’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Treasury shares transferred to employees	2023.6.2	1,000	2023.6.2	Vested immediately

B. The incremental fair value measured by using the Black-Scholes option-pricing model is as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Share price (in dollars)</u>	<u>Exercise price (in dollars)</u>	<u>Expected price volatility</u>	<u>Expected option life</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit (in dollars)</u>
Treasury stock transferred to employees	2023.6.2	74.50	35.53	43.02%	0.033 Year	0.8993%	38.98

C. Expenses incurred on equity-settled share-based payment transactions that were recognised as compensation costs for the three-month and nine-month periods ended September 30, 2023 amounted to \$— and \$38,980, respectively. There was no such transaction for the three-month and nine-month periods ended September 30, 2022.

(17) Retained earnings

A. Pursuant to the R.O.C. Company Act, the Company shall set aside 10% of its after-tax profits as legal reserve until the balance is equal to the paid-in capital. 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 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.

- B. Under the Company's Articles of Incorporation, considering the Company is operating in a volatile environment and in the stable growth stage of its life cycle, the Board of Directors shall determine earnings appropriation based on the Company's future capital expenditures and demand for capital, as well as the necessity of using retained earnings to meet capital needs, and set the amount of dividends to be distributed to stockholders and the portion of dividends to be paid in cash. The Company's current year's earnings shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Then, either a portion of the remaining amount is set aside as special reserve or an amount is reversed from the special reserve account and added to the remaining amount in accordance with applicable laws and regulations. The final remaining amount of current year earnings is added to the unappropriated earnings from the prior year and the total is the accumulated distributable earnings. At least 30% of the accumulated distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 10% of total dividends distributed. The Board of Directors shall propose the earnings appropriation according to future operational and investment needs which shall be submitted to the stockholders during their meeting for approval.
- C. Special reserve
- (a) 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.
- (b) The amounts previously set aside by the Company as special reserve in the amount of \$22,672 on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- D. The Company recognised dividends distributed to owners amounting to \$249,723 (\$3.1 (in dollars) per share) and \$366,543 (\$4.5 (in dollars) per share) for the year ended December 31, 2023 and 2022, respectively.

(18) Operating revenue

	<u>For the three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers	<u>\$ 331,647</u>	<u>\$ 564,004</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers	<u>\$ 835,312</u>	<u>\$ 1,958,478</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time. Revenue is primarily

from sales of automation machinery and equipment. Related disclosures on operating revenue are provided in Note 14.

B. Contract liabilities

(a) The Group has recognised revenue-related contract liabilities amounting to \$52,531, \$49,499 and \$27,427 as of September 30, 2023, December 31, 2022 and September 30, 2022 respectively.

(b) As of January 1, 2023 and 2022, the Group's contract liabilities were \$49,499 and \$27,263, respectively. Revenue recognised that were included in the contract liability balance for the nine-month periods ended September 30, 2023 and 2022 were \$45,867 and \$16,381, respectively.

(19) Interest income

	<u>For the three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	<u>\$ 4,082</u>	<u>\$ 2,069</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	<u>\$ 14,671</u>	<u>\$ 3,814</u>

(20) Other income

	<u>For the three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Dividend income	\$ 3,450	\$ 27,901
Rent income	2,775	6,062
Other income	<u>3,262</u>	<u>771</u>
	<u>\$ 9,487</u>	<u>\$ 34,734</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Dividend income	\$ 22,442	\$ 32,177
Rent income	16,202	14,563
Government grants income	10,342	-
Other income	<u>4,409</u>	<u>7,303</u>
	<u>\$ 53,395</u>	<u>\$ 54,043</u>

(21) Other gains and losses

	For the three-month periods ended September 30,	
	2023	2022
Net foreign exchange gains	\$ 13,874	\$ 45,691
Depreciation of assets leased to others	(1,223)	(1,141)
Net gains (losses) on financial assets at fair value through profit or loss	433	(100)
Loss on disposal of property, plant and equipment	(96)	(13)
Gain from lease modifications	10	-
Miscellaneous disbursements	(1,558)	(1,217)
	<u>\$ 11,440</u>	<u>\$ 43,220</u>
	For the nine-month periods ended September 30,	
	2023	2022
Net foreign exchange gains	\$ 19,558	\$ 105,027
Depreciation of assets leased to others	(3,638)	(3,418)
Gain from repurchase of convertible bonds	1,272	-
Net gains (losses) on financial assets at fair value through profit or loss	429	(2,400)
Loss on disposal of property, plant and equipment	(96)	(13)
Gain from lease modifications	10	11
Miscellaneous disbursements	(3,902)	(3,134)
	<u>\$ 13,633</u>	<u>\$ 96,073</u>

(22) Finance costs

	For the three-month periods ended September 30,	
	2023	2022
Interest expense:		
Convertible bonds	\$ 2,363	\$ 3,032
Bank borrowings	7	10
Interest expense on lease liabilities	85	91
	<u>\$ 2,455</u>	<u>\$ 3,133</u>
	For the nine-month periods ended September 30,	
	2023	2022
Interest expense:		
Convertible bonds	\$ 7,441	\$ 7,255
Bank borrowings	145	238
Interest expense on lease liabilities	233	304
	<u>\$ 7,819</u>	<u>\$ 7,797</u>

(23) Expenses by nature

	For the three-month period ended September 30, 2023		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expenses	\$ 19,306	\$ 92,365	\$ 111,671
Depreciation	4,100	4,898	8,998
Amortisation	423	1,694	2,117
	<u>\$ 23,829</u>	<u>\$ 98,957</u>	<u>\$ 122,786</u>

	For the three-month period ended September 30, 2022		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expenses	\$ 16,643	\$ 111,363	\$ 128,006
Depreciation	3,297	6,927	10,224
Amortisation	266	1,047	1,313
	<u>\$ 20,206</u>	<u>\$ 119,337</u>	<u>\$ 139,543</u>

	For the nine-month period ended September 30, 2023		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expenses	\$ 55,974	\$ 288,668	\$ 344,642
Depreciation	12,659	16,238	28,897
Amortisation	1,241	4,763	6,004
	<u>\$ 69,874</u>	<u>\$ 309,669</u>	<u>\$ 379,543</u>

	For the nine-month period ended September 30, 2022		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expenses	\$ 46,549	\$ 335,780	\$ 382,329
Depreciation	9,031	19,831	28,862
Amortisation	750	3,133	3,883
	<u>\$ 56,330</u>	<u>\$ 358,744</u>	<u>\$ 415,074</u>

(24) Employee benefit expense

	For the three-month period ended September 30, 2023		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 16,490	\$ 80,191	\$ 96,681
Labour and health insurance expenses	1,105	5,262	6,367
Pension costs	758	3,403	4,161
Other personnel expenses	953	3,509	4,462
	<u>\$ 19,306</u>	<u>\$ 92,365</u>	<u>\$ 111,671</u>

	For the three-month period ended September 30, 2022		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 14,416	\$ 99,325	\$ 113,741
Labour and health insurance expenses	831	5,141	5,972
Pension costs	753	3,202	3,955
Other personnel expenses	643	3,695	4,338
	<u>\$ 16,643</u>	<u>\$ 111,363</u>	<u>\$ 128,006</u>

	For the nine-month period ended September 30, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 44,845	\$ 219,791	\$ 264,636
Employee compensation costs	2,923	36,057	38,980
Labour and health insurance expenses	3,410	15,156	18,566
Pension costs	2,257	9,075	11,332
Other personnel expenses	2,539	8,589	11,128
	<u>\$ 55,974</u>	<u>\$ 288,668</u>	<u>\$ 344,642</u>

	For the nine-month period ended September 30, 2022		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 40,191	\$ 300,221	\$ 340,412
Labour and health insurance expenses	2,468	15,375	17,843
Pension costs	1,942	9,335	11,277
Other personnel expenses	1,948	10,849	12,797
	<u>\$ 46,549</u>	<u>\$ 335,780</u>	<u>\$ 382,329</u>

- 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' and supervisors' remuneration. The ratio shall not be lower than 3% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.
- B. For the three-month and nine-month periods ended September 30, 2023 and 2022, employees' compensation was accrued at \$2,320 and \$14,386, \$6,191 and \$41,082, respectively; while directors' remuneration was accrued at \$422 and \$2,615, \$1,126 and \$7,169, respectively. The aforementioned amounts were recognised in salary expenses and estimated and accrued based on the distributable net profit of current year calculated by the percentage prescribed under the Company's Articles of Incorporation. Employees' compensation and directors' remuneration for 2022 amounting to \$34,093, as resolved by the Board of Directors was in agreement with the amount recognised in the 2022 financial statements. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>For the three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profits for the period	\$ 4,398	\$ 25,714
Deferred tax:		
Origination and reversal of temporary differences	(1,336)	7,353
Income tax expense	<u>\$ 3,062</u>	<u>\$ 33,067</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profits for the period	\$ 12,528	\$ 89,951
Tax on undistributed earnings	12,723	-
Prior year income tax overestimation	-	(13,720)
Total current tax	<u>25,251</u>	<u>76,231</u>
Deferred tax:		
Origination and reversal of temporary differences	(12,512)	22,374
Income tax expense	<u>\$ 12,739</u>	<u>\$ 98,605</u>

B. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. As of November 8, 2023, no administrative relief has occurred.

(26) Earnings per share

	<u>For the three-month period ended September 30, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares 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>\$ 28,763</u>	<u>81,556</u>	<u>\$ 0.35</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 28,763	81,556	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	56	
Bonds payable	<u>1,890</u>	<u>7,357</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 30,653</u>	<u>88,969</u>	<u>\$ 0.34</u>
	<u>For the three-month period ended September 30, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares 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>\$ 159,158</u>	<u>81,243</u>	<u>\$ 1.96</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 159,158	81,243	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	657	
Bonds payable	<u>2,426</u>	<u>8,248</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 161,584</u>	<u>90,148</u>	<u>\$ 1.79</u>

<u>For the nine-month period ended September 30, 2023</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 73,167	80,904	\$ 0.90
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 73,167	80,904	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	127	
Bonds payable	5,953	7,264	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 79,120	88,295	\$ 0.90
<u>For the nine-month period ended September 30, 2022</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 476,841	81,383	\$ 5.86
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 476,841	81,383	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	723	
Bonds payable	5,804	3,875	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 482,645	85,981	\$ 5.61

(27) Supplemental cash flow information

A. Investing activities with partial cash payments

	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
(a) Acquisition of property, plant and equipment	\$ 79,038	\$ 294,737
Add: Opening balance of payable on equipment (shown as 'other payables')	-	383
Less: Ending balance of payable on equipment (shown as 'other payables')	-	(61)
Cash paid for acquisition of property, plant and equipment	<u>\$ 79,038</u>	<u>\$ 295,059</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
(b) Increase in prepayments for business facilities	\$ -	\$ 41,791
Add: Opening balance of notes payable	-	7,600
Opening balance of payable on equipment (shown as 'other payables')	-	1,857
Less: Ending balance of notes payable	-	-
Ending balance of payable on equipment (shown as 'other payables')	-	-
Cash paid for prepayments for business facilities	<u>\$ -</u>	<u>\$ 51,248</u>

B. Investing activities with no cash flow effects

	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
(a) Prepayments for investments transferred to financial assets at fair value through other comprehensive income	<u>\$ 20,000</u>	<u>\$ -</u>
(b) Inventories transferred to property, plant and equipment	<u>\$ 6,037</u>	<u>\$ 3,969</u>
(c) Prepayments for business facilities transferred to property, plant and equipment	<u>\$ -</u>	<u>\$ 31,400</u>
(d) Prepayments for business facilities transferred to intangible assets	<u>\$ -</u>	<u>\$ 2,775</u>

(28) Changes in liabilities from financing activities

	For the nine-month period ended September 30, 2023			
	Lease liabilities	Bonds payable	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2023	\$ 34,707	\$ 874,714	\$ 3,793	\$ 913,214
Changes in cash flow from financing activities	(6,918)	(33,131)	(1,213)	(41,262)
Changes in other non-cash items	8,387	8,144	55	16,586
At September 30, 2023	<u>\$ 36,176</u>	<u>\$ 849,727</u>	<u>\$ 2,635</u>	<u>\$ 888,538</u>

	For the nine-month period ended September 30, 2022				
	Short-term borrowings	Lease liabilities	Bonds payable	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2022	\$ 80,000	\$ 33,350	\$ -	\$ 2,412	\$ 115,762
Changes in cash flow from financing activities	(80,000)	(6,865)	1,122,743	1,286	1,037,164
Changes in other non-cash items	-	10,969	(152,345)	-	(141,376)
At September 30, 2022	<u>\$ -</u>	<u>\$ 37,454</u>	<u>\$ 970,398</u>	<u>\$ 3,698</u>	<u>\$ 1,011,550</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Ding Ji Electrical Engineering Co., Ltd.	Other related party (Note)

(Note)The company became a related party due to the election of its responsible person as a representative of corporate director of the Company on July 20, 2021. The information disclosed pertains to transactions from the day of election.

(2) Significant transactions and balances with related parties

A. Purchases of goods

	For the three-month periods ended September 30,	
	2023	2022
Other related parties	<u>\$ 3,581</u>	<u>\$ 9,117</u>

	For the nine-month periods ended September 30,	
	2023	2022
Other related parties	<u>\$ 7,359</u>	<u>\$ 37,963</u>

Payment term of purchases from other related parties is 120 days after receipt. Payment terms of

purchases from other suppliers are 60 to 180 days. Except for the payment terms mentioned above, other terms of purchases are the same with third parties.

B. Payables to related parties

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts payable:			
Other related parties	\$ <u>5,329</u>	\$ <u>11,622</u>	\$ <u>11,609</u>

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

(3) Key management compensation

	<u>For the three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 5,260	\$ 5,919
Post-employment benefits	<u>245</u>	<u>193</u>
	<u>\$ 5,505</u>	<u>\$ 6,112</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 61,513	\$ 33,885
Post-employment benefits	<u>801</u>	<u>695</u>
	<u>\$ 62,314</u>	<u>\$ 34,580</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	<u>Purpose</u>
Pledged time deposits (Note 1)	\$ 6,553	\$ 2,403	\$ 2,403	Guarantee for land leases
Land (Note 2)	293,504	338,108	-	Guarantee for short-term borrowings
Buildings and structures (Note 2)	<u>254,970</u>	<u>279,881</u>	<u>307,082</u>	Guarantee for short-term borrowings
	<u>\$ 555,027</u>	<u>\$ 620,392</u>	<u>\$ 309,485</u>	

Note 1: Shown as 'financial assets at amortised cost - non-current'.

Note 2: Shown as 'property, plant and equipment, net'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group's guarantees and endorsements were as follows:

<u>Endorser</u>	<u>Endorsee</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	<u>Purpose</u>
All Ring Tech Co., Ltd.	Uni-Ring Tech Co., Ltd.	<u>\$ 60,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	Pledged for borrowing facilities

As of September 30, 2023, December 31, 2022 and September 30, 2022, the actual amount of the

endorsement used by the subsidiary, Uni-Ring Tech Co., Ltd., was \$—.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Company plans to establish a wholly-invested subsidiary in Malaysia as resolved by the Board of Directors on November 8, 2023. The capital of the subsidiary is expected to be US\$10 million which will be invested in installments depending on the circumstances.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

Details of financial instruments by category of the Group are described in Note 6.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities and net investments in foreign operations.

- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through liabilities denominated in the relevant foreign currencies.
- iv. The Group's businesses involve some non-functional currency operations (The functional currency of the Company and several subsidiaries is the NTD; the functional currency of several subsidiaries is the USD and RMB). Information on assets and liabilities subject to significant foreign exchange risk is as follows:

September 30, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 8,814	32.27	\$ 284,428
USD:RMB	318	7.18	10,262
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	26	32.27	839
December 31, 2022			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 20,802	30.73	\$ 639,245
USD:RMB	417	6.98	12,814
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	175	30.73	5,378

September 30, 2022

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 21,220	31.75	\$ 673,735
USD:RMB	453	7.10	14,383
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	537	31.75	17,050

- v. The sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated/depreciated by 1%, the Group's net income for the nine-month periods ended September 30, 2023 and 2022 would have decreased/increased by \$2,356 and \$5,376, respectively.
- vi. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2023 and 2022, amounted to \$13,874 and \$45,691, \$19,558 and \$105,027, respectively.

II. Price risk

- i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as financial assets at fair value through profit or loss and financial assets at fair value through 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 has set various stop loss points, to ensure not to be exposed to significant risk. Accordingly, no material market risk was expected.
- ii. The Group's investments in equity securities comprise domestic stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the nine-month periods ended September 30, 2023 and 2022 would have increased/decreased by \$4,729 and \$5,028, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

III. Cash flow and fair value interest rate risk

As of September 30, 2023, December 31, 2022, and September 30, 2022, with regard to sensitivity analysis of interest rate risk, if the borrowing interest rate had increased/decreased by 1% with all other variables held constant, there is no significant effect on after-tax profit for the nine-month periods ended September 30, 2023 and 2022.

(b) Credit risk

- I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- 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 analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- III. The Group adopts the historical experience of collection and the level of customers' risk to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the payments were past invoice date over 180 days, there has been a significant increase in credit risk on that instrument since initial recognition.
- IV. According to the historical experience of collection by the Group and the level of customers' risk, the default occurs when the payments are past invoice date over 270 days.
- V. The Group considers the characteristics of credit risk on trade, and applies the modified approach using loss rate methodology to estimate expected credit loss under the loss rate basis. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable.

As of September 30, 2023, December 31, 2022 and September 30, 2022, details of expected credit loss using the loss rate methodology are as follows:

	<u>Expected loss rate</u>	<u>Book value</u>	<u>Allowance for uncollectible accounts</u>
<u>September 30, 2023</u>			
Taiwan			
Less than 90 days	0.03%	\$ 95,078	\$ -
91~180 days	0.03%~0.06%	78,516	-
181~360 days	0.05%~1%	60,374	604
Over 360 days	0.63%~100%	154,279	31,062
		<u>388,247</u>	<u>31,666</u>
Mainland China			
Less than 90 days	—	39,747	-
91~180 days	—	10,244	-
181~360 days	1%	9,393	94
Over 360 days	2%~100%	7,149	937
		<u>66,533</u>	<u>1,031</u>
		<u>\$ 454,780</u>	<u>\$ 32,697</u>
	<u>Expected loss rate</u>	<u>Book value</u>	<u>Allowance for uncollectible accounts</u>
<u>December 31, 2022</u>			
Taiwan			
Less than 90 days	0.03%	\$ 169,998	\$ -
91~180 days	0.03%~0.06%	136,106	-
181~360 days	0.05%~1%	155,448	1,578
Over 360 days	0.63%~100%	98,018	32,431
		<u>559,570</u>	<u>34,009</u>
Mainland China			
Less than 90 days	—	30,063	-
91~180 days	—	17,431	-
181~360 days	1%	19,050	197
Over 360 days	2%~100%	8,729	980
		<u>75,273</u>	<u>1,177</u>
		<u>\$ 634,843</u>	<u>\$ 35,186</u>

<u>September 30, 2022</u>	<u>Expected loss rate</u>	<u>Book value</u>	<u>Allowance for uncollectible accounts</u>
Taiwan			
Less than 90 days	0.03%	\$ 326,353	\$ -
91~180 days	0.03%~0.06%	126,727	-
181~360 days	0.05%~1%	167,116	1,694
Over 360 days	0.63%~100%	96,419	30,662
		<u>716,615</u>	<u>32,356</u>
Mainland China			
Less than 90 days	—	29,862	-
91~180 days	—	22,728	-
181~360 days	1%	26,496	265
Over 360 days	2%~100%	8,159	983
		<u>87,245</u>	<u>1,248</u>
		<u>\$ 803,860</u>	<u>\$ 33,604</u>

VI. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 35,186	\$ 21,127
(Reversal of) provision for impairment	(2,511)	12,447
Net exchange differences	22	30
At September 30	<u>\$ 32,697</u>	<u>\$ 33,604</u>

(c) Liquidity risk

- I. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times to ensure the sufficient financial flexibility of the Group.
- II. Group treasury invests surplus cash in interest bearing current accounts, time deposits and beneficiary certificates, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts, and readily generate cash flows to manage liquidity risk.
- III. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the following table are undiscounted contractual cash flows.

<u>September 30, 2023</u>	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Notes payable	\$ 2,285	\$ -	\$ -	\$ -
Accounts payable	309,077	-	-	-
Other payables	190,507	-	-	-
Bonds payable	-	865,300	-	-
Lease liabilities	3,823	3,026	9,077	23,323
Guarantee deposits received	721	341	-	1,573
<u>December 31, 2022</u>	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Notes payable	\$ 963	\$ -	\$ -	\$ -
Accounts payable	357,618	-	-	-
Other payables	274,633	-	-	-
Bonds payable	-	-	898,600	-
Lease liabilities	10,372	2,420	7,259	16,534
Guarantee deposits received	1,213	904	136	1,540
<u>September 30, 2022</u>	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Notes payable	\$ 1,224	\$ -	\$ -	\$ -
Accounts payable	410,681	-	-	-
Other payables	268,474	-	-	-
Lease liabilities	11,325	3,693	7,259	17,139
Guarantee deposits received	1,213	492	427	1,566

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

(3) Fair value information

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

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

value of the Group's investment in emerging stocks and listed stocks are 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.

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

B. Financial instruments not measured at fair value

Except for bonds payable, which are measured at the present value of the cash flow expected to be paid at the market interest rate on the balance sheet date, the carrying amounts of the Group's financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortised cost - current and non-current, notes receivable, accounts receivable, other receivables, guarantee deposits paid, notes payable, accounts payable, other payables and guarantee deposits received are approximate to their fair values.

C. The related information on 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:

<u>September 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Call options of bonds	\$ -	\$ 609	\$ -	\$ 609
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 425,890	\$ -	\$ 47,039	\$ 472,929
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Call options of bonds	\$ -	\$ 180	\$ -	\$ 180
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 322,985	\$ -	\$ 26,131	\$ 349,116

September 30, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Call options of bonds	\$ -	\$ 300	\$ -	\$ 300
Financial assets at fair value through other comprehensive income				
Equity securities	\$ 478,102	\$ -	\$ 32,101	\$ 510,203

- D. The methods and assumptions the Group used to measure fair value are as follows:
- (a) The following financial assets use quoted market prices as inputs for fair value measurement (level 1): for emerging stocks, the average trading price at the balance sheet date is used; for listed stocks, the closing price at the balance sheet date is used.
- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The call options of bonds were evaluated based on the binomial-tree model for convertible bond pricing.
- E. For the nine-month periods ended September 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the nine-month periods ended September 30, 2023 and 2022:

	<u>Equity instruments</u>
At January 1, 2023	\$ 26,131
Transferred from prepayments for investments	20,000
Profit recognised in other comprehensive income	908
At September 30, 2023	<u>\$ 47,039</u>
	<u>Equity instruments</u>
Beginning and ending balance, 2022	<u>\$ 32,101</u>

- G. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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

	Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 12,752	Discounted cash flow	Weighted average cost of capital	9.21%	The higher the weighted average cost of capital, the lower the fair value.
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
Venture capital stocks	33,898	Net asset value	Not applicable	—	Not applicable
Unlisted stocks	389	Net asset value	Not applicable	—	Not applicable
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 5,429	Discounted cash flow	Weighted average cost of capital	9.30%	The higher the weighted average cost of capital, the lower the fair value.
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
Venture capital stocks	20,702	Net asset value	Not applicable	—	Not applicable

	Fair value at September 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 6,027	Discounted cash flow	Weighted average cost of capital	10.02%	The higher the weighted average cost of capital, the lower the fair value.
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
Venture capital stocks	26,074	Net asset value	Not applicable	—	Not applicable

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

		September 30, 2023				
		Recognised in profit or loss			Recognised in other comprehensive income	
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets						
Equity instruments	Weighted average cost of capital	± 10%	\$ -	\$ -	\$ 2,405	(\$ 1,839)
	Discount for lack of marketability	± 10%	-	-	2,947	(2,200)
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,352</u>	<u>(\$ 4,039)</u>

		December 31, 2022			
		<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
		Favourable	Unfavourable	Favourable	Unfavourable
<u>Input</u>	<u>Change</u>	<u>change</u>	<u>change</u>	<u>change</u>	<u>change</u>
Financial assets					
Equity instruments	Weighted average cost of capital	± 10%	\$ -	\$ -	\$ 3,238 (\$ 2,410)
	Discount for lack of marketability	± 10%	-	-	4,019 (2,950)
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,257</u> (<u>\$ 5,360</u>)
September 30, 2022					
		<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
		Favourable	Unfavourable	Favourable	Unfavourable
<u>Input</u>	<u>Change</u>	<u>change</u>	<u>change</u>	<u>change</u>	<u>change</u>
Financial assets					
Equity instruments	Weighted average cost of capital	± 10%	\$ -	\$ -	\$ 1,554 (\$ 1,163)
	Discount for lack of marketability	± 10%	-	-	1,854 (1,346)
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,408</u> (<u>\$ 2,509</u>)

13. SUPPLEMENTARY DISCLOSURES

(According to the current regulatory requirements, the Group is only required to disclose the information for the nine-month period ended September 30, 2023.)

(1) Significant transactions information

- A. Loans to others: Refer to Table 1.
- B. Provision of endorsements and guarantees to others: Refer to Table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to Table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting period: None.

J. Significant inter-company transactions during the reporting period: Refer to Table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to Table 5.

(3) Information on investments in Mainland China

A. Basic information: Refer to Table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to Table 7.

(4) Major shareholders information

Major shareholders information: Refer to Table 8.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Group's chief operating decision-maker that are used to make strategic decisions. The Group's chief operating decision-maker manages each entity in the organisation according to its role. There is no material change in the basis for information of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Segment profit or loss, assets and liabilities

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

	For the nine-month period ended September 30, 2023				
	All Ring Tech Co., Ltd.	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Others	Total
Total segment revenue	\$ 784,313	\$ -	\$ 138,865	\$ 15,995	\$ 939,173
Inter-segment revenue	56,721	-	43,499	3,641	103,861
Revenue from external customers	727,592	-	95,366	12,354	835,312
Interest income	13,245	525	-	901	14,671
Depreciation and amortisation	26,660	109	8,836	2,934	38,539
Interest expense	7,819	-	-	-	7,819
Segment income (loss) before tax	85,906	(57)	5,151	(3,116)	87,884
Segment assets	3,891,624	43,510	425,939	255,522	4,616,595
Segment liabilities	1,464,572	1,310	112,036	25,320	1,603,238

	For the nine-month period ended September 30, 2022				
	All Ring Tech Co., Ltd.	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Others	Total
Total segment revenue	\$ 1,888,052	\$ -	\$ 118,195	\$ 37,786	\$ 2,044,033
Inter-segment revenue	25,031	-	55,748	4,776	85,555
Revenue from external customers	1,863,021	-	62,447	33,010	1,958,478
Interest income	3,155	533	100	26	3,814
Depreciation and amortisation	23,995	109	8,677	3,382	36,163
Interest expense	7,797	-	-	-	7,797
Segment income (loss) before tax	575,446	(5)	6,764	7,252	589,457
Segment assets	4,227,487	43,632	360,376	92,670	4,724,165
Segment liabilities	1,782,902	1,321	56,619	25,481	1,866,323

(3) Reconciliation about segment profit or loss, assets and liabilities

- A. 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 consolidated statement of comprehensive income. A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations is provided as follows:

	For the nine-month periods ended September 30,	
	2023	2022
Reportable segments income before tax	\$ 91,000	\$ 582,205
Other segments (loss) income before tax	(3,116)	7,252
Less: Inter-segment loss	(1,978)	(14,011)
Profit from continuing operations before tax	<u>\$ 85,906</u>	<u>\$ 575,446</u>

- B. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that of the financial statements. A reconciliation of assets of reportable segment and total assets is as follows:

	September 30, 2023	September 30, 2022
Assets of reportable segments	\$ 4,361,073	\$ 4,631,495
Assets of other operating segments	255,522	92,670
Less: Inter-segment transaction	(638,188)	(455,475)
Total assets	<u>\$ 3,978,407</u>	<u>\$ 4,268,690</u>

- C. The amounts provided to the chief operating decision-maker with respect to total liabilities are measured in a manner consistent with that of the financial statements. A reconciliation of liabilities of reportable segment and total liabilities is as follows:

	September 30, 2023	September 30, 2022
Liabilities of reportable segments	\$ 1,577,918	\$ 1,840,842
Liabilities of other operating segments	25,320	25,481
Less: Inter-segment transaction	(51,884)	(42,217)
Total liabilities	<u>\$ 1,551,354</u>	<u>\$ 1,824,106</u>

All Ring Tech Co., Ltd. and Subsidiaries
Loans to others
For the nine-month period ended September 30, 2023

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance	Ending balance	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 1)	Note
													Item	Value			
1	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Other receivables	Y	\$ 35,160	\$ 35,160	\$ -	2%	Short-term financing	\$ -	Repayment of borrowings and operations	\$ -	-	\$ -	\$ 84,402	\$ 84,402	-

(Note 1) Calculation of limit on loans granted to a single party and ceiling on total loans granted: The total loan amount cannot exceed 40% of the company's net worth. There are three possible circumstances:

1. Loan is made to company with which the Company has a business relationship. The total loan amount cannot exceed 20% of the company's net worth.
The individual loan amount cannot exceed the total amount of business transactions between the two parties in the past year.
2. Loan is made to companies who need short-term financing. The total loan amount cannot exceed 20% of the company's net worth. The individual loan amount cannot exceed 10% of the net worth of the company.
3. The aforementioned limit does not apply if the loan is made to a company of which the parent company owns, directly or indirectly, 100% of the voting equity.
Both the total and individual loan amounts do not exceed 200% of the net worth of the creditor based on the most recent financial statements.

(Note 2) Foreign currency amounts in the table are converted into NTD according to the exchange rates on the financial reporting date (RMB:NTD = 1:4.395).

All Ring Tech Co., Ltd. and Subsidiaries
Provision of endorsements and guarantees to others
For the nine-month period ended September 30, 2023

Table 2

Expressed in thousands of NTD

Number	Endorser/ guarantor	Company name	Party being endorsed/guaranteed	Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum outstanding endorsement/ guarantee amount	Outstanding endorsement/ guarantee amount	Actual amount drawn down	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 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by parent company	Provision of endorsements /guarantees to the party in Mainland China	Note

(Note 1) Companies where the Company owns more than 50% of voting shares (direct or indirect).

(Note 2) The total endorsements and guarantees of external parties by the Company cannot exceed 40% of the net worth as measured in the current period. The endorsement and guarantee of an individual business cannot exceed 20% of the net worth as measured in the current period. The total endorsements and guarantees of external parties by the Group cannot exceed 50% of the net worth as measured in the current period. The endorsement and guarantee of an individual business cannot exceed 20% of the net worth as measured in the current period. If the endorsement and guarantee are made for the purpose of conducting business, then the amount of endorsement and guarantee cannot exceed the total amount of business transactions between the guaranteed party and the Company for the period.

All Ring Tech Co., Ltd. and Subsidiaries

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

September 30, 2023

Table 3

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2023					
				Number of shares	Book value	Ownership (%)	Fair value	Note	
All Ring Tech Co., Ltd.	Stocks:								
	Egiga Source Technology Co., Ltd.	—	Financial assets at fair value through profit or loss - non-current	1,298	\$ -	14.86%	\$ -	—	
	Tai-Tech Advanced Electronics Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non-current	2,894	316,941	2.84%	316,941	—	
	Favite Inc.	—	Financial asset measured at fair value through other comprehensive income - non-current	3,300	60,720	4.17%	60,720	—	
	Phoenix Innovation Investment Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non-current	1,000	11,102	3.13%	11,102	—	
	Phoenix II Innovation Investment Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non-current	1,000	10,844	2.34%	10,844	—	
	Hallmark Technology Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non-current	450	12,752	19.57%	12,752	—	
	Tecstar Technology Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non-current	165	1,004	0.72%	1,004	—	
	Max Echo Technology Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non-current	500	11,025	1.31%	11,025	—	
	Phoenix IV Innovation Investment Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non-current	1,000	11,952	4.26%	11,952	—	
	Ginger Aviation Inc.	—	Financial asset measured at fair value through other comprehensive income - non-current	1,000	389	7.00%	389	—	
Apaq Technology Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non-current	500	36,200	0.56%	36,200	—		

All Ring Tech Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting period
For the nine-month period ended September 30, 2023

Table 4

Expressed in thousands of NTD

Number	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	All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	1	Sales of goods	\$ 56,721	Receipt within 120 days	7%
				Purchases of goods	26,586	Payment within 90 days	3%
				Accounts receivable	41,880	—	1%
				Accounts payable	3,476	—	—
				Endorsements and guarantees	60,000	—	2%
		Uni-Ring Tech Co., Ltd.	1				

(Note 1) Business and other transactions between the parent company and its subsidiaries or between subsidiaries are not separately disclosed since the circumstances and amounts of each transaction is the same on each side. In addition, the disclosure threshold for significant transactions is set at 1 million dollars.

(Note 2) Relationship between transaction company and counterparty is classified into the following three categories;

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

(Note 3) The ratio of a transaction amount to total revenue or total assets is calculated as follows: balance sheet items are calculated by dividing the ending balance by total consolidated assets; profit or loss items are calculated by dividing the accumulated ending balance by total consolidated revenue.

(Note 4) Foreign currency amounts in the table are converted into NTD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:NTD = 1 : 32.27; RMB:USD = 1 : 0.1393); profit or loss items are converted using the average exchange rate for the nine-month period ended September 30, 2023 (USD:NTD = 1 : 30.93; RMB:USD = 1 : 0.1427).

All Ring Tech Co., Ltd. and Subsidiaries

Information on investees

For the nine-month period ended September 30, 2023

Table 5

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine-month period ended September 30, 2023	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2023	Note
				Balance as at September 30, 2023	Balance as at December 31, 2022 (Note 1)	Number of shares	Ownership (%)	Book value			
All Ring Tech Co., Ltd.	PAI FU INTERNATIONAL LIMITED	British Virgin Islands	Mechanical engineering automation, and research, development and design of software	\$ 65,263	\$ 65,263	1,930,000	100.00	\$ 144,108	\$ 1,485	\$ 1,485	Subsidiary
	Uni-Ring Tech Co., Ltd.	Taiwan	Other machine manufacture industry, electrical appliances, audio visual electronics and international trading industry	230,000	230,000	5,396,727	100.00	64,781	(1,028)	(833)	Subsidiary
	IMAGINE GROUP LIMITED	Mauritius	Investment business	182,840	182,840	5,220,000	71.60	246,957	5,137	807	Subsidiary
	ALL Ring Tech USA LLC	United States of America	Other machine manufacture industry	161,350	-	1	100.00	159,126	(2,132)	(2,132)	Subsidiary
PAI FU INTERNATIONAL LIMITED	IMAGINE GROUP LIMITED	Mauritius	Investment business	66,799	66,799	2,070,000	28.40	97,401	5,137	-	Subsidiary (Note 2)

(Note 1) This was the balance on December 31, 2022.

(Note 2) The investment income (loss) does not need to be disclosed per the rules.

(Note 3) Foreign currency amounts in the table are converted into NTD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:NTD = 1 : 32.27); profit or loss items are converted using the average exchange rate for the nine-month period ended September 30, 2023 (USD:NTD = 1 : 30.93).

All Ring Tech Co., Ltd. and Subsidiaries
Information on investments in Mainland China
For the nine-month period ended September 30, 2023

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine- month period ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee for the nine-month period ended September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2023 (Note 4)	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Kunshan All Ring Tech Co., Ltd.	Research, development, and manufacture of specialized electronic equipment used for cutting capacitance and inductance; sales of self- manufactured products and provision of corresponding technology testing services	\$ 48,405	(Note 1)	\$ 48,405	\$ -	\$ -	\$ 48,405	(\$ 57)	100.00	(\$ 57)	\$ 42,201	\$ -	-
All Ring Tech (Kunshan) Co., Ltd.	Research, development, design, and manufacture of specialized electronic equipment, testing instruments and accessories; sales of self-manufactured products and provision of corresponding technology testing services	232,344	(Note 2) (Note 3)	195,257	-	-	195,257	5,151	100.00	5,151	313,903	-	-
<u>Company name</u>	<u>Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023</u>	<u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>	<u>Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 5)</u>										
All Ring Tech Co., Ltd.	\$ 243,662	\$ 603,577	\$ 1,456,232										

(Note 1) Indirect investment in PRC through the existing company (PAI FU INTERNATIONAL LIMITED) located in the third area.

(Note 2) Indirect investment in PRC through the existing company (IMAGINE GROUP LIMITED) located in the third area.

(Note 3) \$64,540 (USD \$2,000 thousand) was indirectly invested in PRC through the existing company (PAI FU INTERNATIONAL LIMITED) located in a third area.

(Note 4) The Company recognised income (loss) based on unreviewed financial statements of the investee.

(Note 5) The limit is the net worth or 60% of the consolidated net worth, whichever is greater.

(Note 6) Foreign currency amounts in the table are converted into TWD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:TWD = 1 : 32.27; RMB:USD = 1 : 0.1393; profit or loss items are converted using the average exchange rate for the nine-month period ended September 30, 2023 (USD:TWD = 1 : 30.93; RMB:USD = 1 : 0.1427)).

All Ring Tech Co., Ltd. and Subsidiaries

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area

For the nine-month period ended September 30, 2023

Table 7

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing			Interest during the nine-month period ended September 30, 2023	Others
	Amount	%	Amount	%	Balance at September 30, 2023	%	Balance at September 30, 2023	Purpose	Maximum balance during the nine-month period ended September 30, 2023	Balance at September 30, 2023	Interest rate		
All Ring Tech (Kunshan) Co., Ltd.	\$ 56,721	7%	\$ -	-	\$ 41,880	1%	\$ -	-	\$ -	\$ -	-	\$ -	-
	(26,586)	3%	-	-	(3,476)	-	-	-	-	-	-	-	-

All Ring Tech Co., Ltd. and Subsidiaries

Major shareholders information

September 30, 2023

Table 8

Expressed in shares

Name of major shareholders	Number of shares held			Ownership	Note
	Common share	Preferred share			
Fengqiao Investment Co., Ltd.	7,664,625	—		9.19%	—

(Note) The major shareholders information was derived from the Taiwan Depository & Clearing Corporation in accordance with the common shares (including treasury shares) and preferred shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter. The share capital which was recorded in the financial statements might be different from the number of shares held in dematerialised form because of a different calculation basis.