

**Aethertek Technology Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Aethertek Technology Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Aethertek Technology Co., Ltd. and subsidiaries (collectively referred to as the “Group”) as of September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, the consolidated financial position of the Group as of September 30, 2023 and 2022, and its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Ming-Chung Hsieh and I-Chen Lu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 8, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	September 30, 2023		December 31, 2022		September 30, 2022	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash (Note 6)	\$ 857,756	39	\$ 852,906	41	\$ 744,748	35
Net notes receivable	-	-	453	-	460	-
Trade receivables (Notes 7 and 19)	227,485	11	332,640	16	452,255	21
Other receivables	4,262	-	2,960	-	1,324	-
Current tax assets	22,313	1	11,476	1	15,163	1
Inventories (Note 8)	188,433	9	253,673	12	327,089	15
Prepayments	8,243	-	8,517	1	11,874	1
Other current assets	290	-	957	-	1,068	-
Total current assets	<u>1,308,782</u>	<u>60</u>	<u>1,463,582</u>	<u>71</u>	<u>1,553,981</u>	<u>73</u>
NON-CURRENT ASSETS						
Property, plant and equipment (Notes 10 and 28)	488,647	22	210,556	10	208,989	10
Right-of-use assets (Note 11)	35,460	2	40,027	2	12,201	-
Investment property (Note 12)	-	-	-	-	-	-
Goodwill (Note 13)	106,829	5	106,547	5	106,735	5
Other intangible assets (Note 14)	204,279	9	213,271	10	226,779	10
Deferred tax assets	23,279	1	16,287	1	18,652	1
Prepayments for equipment	1,602	-	406	-	2,790	-
Refundable assets	11,061	1	11,932	1	12,677	1
Total non-current assets	<u>871,157</u>	<u>40</u>	<u>599,026</u>	<u>29</u>	<u>588,823</u>	<u>27</u>
TOTAL	<u>\$ 2,179,939</u>	<u>100</u>	<u>\$ 2,062,608</u>	<u>100</u>	<u>\$ 2,142,804</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities (Note 19)	\$ 6,707	-	\$ 6,255	-	\$ 3,984	-
Trade payables	65,443	3	65,840	3	74,291	4
Dividends payable (Note 16)	189,950	9	274,138	13	322,600	15
Other payables (Note 16)	81,443	4	112,328	6	128,033	6
Current tax liabilities	10,702	-	-	-	-	-
Lease liabilities - current (Note 11)	22,892	1	16,207	1	5,295	-
Long-term liabilities - current portion (Notes 15 and 28)	15,996	1	-	-	-	-
Other current liabilities	462	-	317	-	29,046	1
Total current liabilities	<u>393,595</u>	<u>18</u>	<u>475,085</u>	<u>23</u>	<u>563,249</u>	<u>26</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 15 and 28)	177,339	8	-	-	-	-
Deferred tax liabilities	33,823	2	25,265	1	36,605	2
Lease liabilities - non-current (Note 11)	6,538	-	17,060	1	336	-
Total non-current liabilities	<u>217,700</u>	<u>10</u>	<u>42,325</u>	<u>2</u>	<u>36,941</u>	<u>2</u>
Total liabilities	<u>611,295</u>	<u>28</u>	<u>517,410</u>	<u>25</u>	<u>600,190</u>	<u>28</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)						
Ordinary shares	704,285	32	703,512	34	703,512	33
Capital surplus	165,576	8	162,225	8	162,225	7
Retained earnings						
Legal reserve	59,765	3	44,490	2	44,490	2
Special reserve	-	-	7,875	1	7,875	-
Unappropriated earning	339,914	16	369,570	18	352,544	17
Total retained earnings	399,679	19	421,935	21	404,909	19
Other equity	50,642	2	26,170	1	44,299	2
Equity attributable to owners of the Company	1,320,182	61	1,313,842	64	1,314,945	61
NON-CONTROLLING INTERESTS (Note 18)	<u>248,462</u>	<u>11</u>	<u>231,356</u>	<u>11</u>	<u>227,669</u>	<u>11</u>
Total equity	<u>1,568,644</u>	<u>72</u>	<u>1,545,198</u>	<u>75</u>	<u>1,542,614</u>	<u>72</u>
TOTAL	<u>\$ 2,179,939</u>	<u>100</u>	<u>\$ 2,062,608</u>	<u>100</u>	<u>\$ 2,142,804</u>	<u>100</u>

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

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 19)	\$ 429,229	100	\$ 499,135	100	\$ 953,471	100	\$ 1,162,242	100
OPERATING COSTS (Notes 8 and 20)	<u>(210,076)</u>	<u>(49)</u>	<u>(243,360)</u>	<u>(49)</u>	<u>(454,977)</u>	<u>(48)</u>	<u>(543,749)</u>	<u>(47)</u>
GROSS PROFIT	<u>219,153</u>	<u>51</u>	<u>255,775</u>	<u>51</u>	<u>498,494</u>	<u>52</u>	<u>618,493</u>	<u>53</u>
OPERATING EXPENSES (Note 20)								
Selling and marketing expenses	(56,064)	(13)	(50,768)	(10)	(152,897)	(16)	(144,727)	(12)
General and administrative expenses	(25,575)	(6)	(30,791)	(6)	(72,853)	(8)	(102,254)	(9)
Research and development expenses	(73,931)	(17)	(111,968)	(23)	(237,120)	(25)	(326,013)	(28)
Expected credit (loss) gain (Note 7)	<u>(5,457)</u>	<u>(1)</u>	<u>(1,218)</u>	<u>-</u>	<u>(6,094)</u>	<u>-</u>	<u>15,299</u>	<u>1</u>
Total operating expenses	<u>(161,027)</u>	<u>(37)</u>	<u>(194,745)</u>	<u>(39)</u>	<u>(468,964)</u>	<u>(49)</u>	<u>(557,695)</u>	<u>(48)</u>
PROFIT FROM OPERATIONS	<u>58,126</u>	<u>14</u>	<u>61,030</u>	<u>12</u>	<u>29,530</u>	<u>3</u>	<u>60,798</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Note 20)								
Interest income	2,261	1	270	-	4,003	-	724	-
Other income	11,462	3	4,948	1	16,123	2	16,487	2
Other gains and losses	5,607	1	49,317	10	18,107	2	117,075	10
Finance costs	<u>(2,262)</u>	<u>(1)</u>	<u>(58)</u>	<u>-</u>	<u>(3,847)</u>	<u>-</u>	<u>(296)</u>	<u>-</u>
Total non-operating income and expenses	<u>17,068</u>	<u>4</u>	<u>54,477</u>	<u>11</u>	<u>34,386</u>	<u>4</u>	<u>133,990</u>	<u>12</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	75,194	18	115,507	23	63,916	7	194,788	17
INCOME TAX EXPENSE (Note 21)	<u>(11,051)</u>	<u>(3)</u>	<u>(16,461)</u>	<u>(3)</u>	<u>(1,573)</u>	<u>-</u>	<u>(21,980)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>64,143</u>	<u>15</u>	<u>99,046</u>	<u>20</u>	<u>62,343</u>	<u>7</u>	<u>172,808</u>	<u>15</u>

(Continued)

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations (Note 18)	\$ 42,764	10	\$ 41,600	8	\$ 37,397	4	\$ 76,692	6
Income tax related to items that may be reclassified subsequently to profit or loss (Notes 18 and 21)	(6,385)	(2)	(7,850)	(1)	(6,504)	(1)	(14,153)	(1)
Other comprehensive income (loss) for the period, net of income tax	36,379	8	33,750	7	30,893	3	62,539	5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 100,522</u>	<u>23</u>	<u>\$ 132,796</u>	<u>27</u>	<u>\$ 93,236</u>	<u>10</u>	<u>\$ 235,347</u>	<u>20</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 56,135	13	\$ 70,940	14	\$ 50,206	5	\$ 135,723	12
Non-controlling interests	8,008	2	28,106	6	12,137	2	37,085	3
	<u>\$ 64,143</u>	<u>15</u>	<u>\$ 99,046</u>	<u>20</u>	<u>\$ 62,343</u>	<u>7</u>	<u>\$ 172,808</u>	<u>15</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 81,676	19	\$ 102,343	21	\$ 76,223	8	\$ 192,336	16
Non-controlling interests	18,846	4	30,453	6	17,013	2	43,011	4
	<u>\$ 100,522</u>	<u>23</u>	<u>\$ 132,796</u>	<u>27</u>	<u>\$ 93,236</u>	<u>10</u>	<u>\$ 235,347</u>	<u>20</u>
EARNINGS PER SHARE (Note 22)								
From continuing operations								
Basic	<u>\$ 0.80</u>		<u>\$ 1.01</u>		<u>\$ 0.71</u>		<u>\$ 1.93</u>	
Diluted	<u>\$ 0.80</u>		<u>\$ 1.01</u>		<u>\$ 0.71</u>		<u>\$ 1.93</u>	

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

(Concluded)

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent										
							Others		Total	Non-controlling Interests	Total Equity
							Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unearned Share-based Employee Compensation			
	Capital Stock - Common Stock		Capital Surplus	Retained Earnings							
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2022	70,284	\$ 702,840	\$ 157,852	\$ -	\$ -	\$ 444,895	\$ (7,875)	\$ -	\$ 1,297,712	\$ 184,658	\$ 1,482,370
Appropriation of 2021 earnings											
Legal reserve	-	-	-	44,490	-	(44,490)	-	-	-	-	-
Special reserve	-	-	-	-	7,875	(7,875)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(175,709)	-	-	(175,709)	-	(175,709)
Share-based payment arrangements (Note 23)	67	672	4,373	-	-	-	-	(4,439)	606	-	606
Net profit for the nine months ended September 30, 2022	-	-	-	-	-	135,723	-	-	135,723	37,085	172,808
Other comprehensive income for the nine months ended September 30, 2022, net of income tax (Note 18)	-	-	-	-	-	-	56,613	-	56,613	5,926	62,539
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	135,723	56,613	-	192,336	43,011	235,347
BALANCE, SEPTEMBER 30, 2022	70,351	\$ 703,512	\$ 162,225	\$ 44,490	\$ 7,875	\$ 352,544	\$ 48,738	\$ (4,439)	\$ 1,314,945	\$ 227,669	\$ 1,542,614
BALANCE, JANUARY 1, 2023	70,351	\$ 703,512	\$ 162,225	\$ 44,490	\$ 7,875	\$ 369,570	\$ 29,700	\$ (3,530)	\$ 1,313,842	\$ 231,356	\$ 1,545,198
Appropriation of 2022 earnings											
Legal reserve	-	-	-	15,275	-	(15,275)	-	-	-	-	-
Special reserve	-	-	-	-	(7,875)	7,875	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(72,462)	-	-	(72,462)	-	(72,462)
Net profit for the nine months ended September 30, 2023	-	-	-	-	-	50,206	-	-	50,206	12,137	62,343
Other comprehensive loss for the nine months ended September 30, 2023, net of income tax (Note 18)	-	-	-	-	-	-	26,017	-	26,017	4,876	30,893
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	50,206	26,017	-	76,223	17,013	93,236
Share-based payment arrangement (Note 23)	77	773	3,351	-	-	-	-	(1,545)	2,579	-	2,579
Increase in non-controlling interests (Note 18)	-	-	-	-	-	-	-	-	-	93	93
BALANCE, SEPTEMBER 30, 2023	70,428	\$ 704,285	\$ 165,576	\$ 59,765	\$ -	\$ 339,914	\$ 55,717	\$ (5,075)	\$ 1,320,182	\$ 248,462	\$ 1,568,644

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

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 63,916	\$ 194,788
Adjustments for:		
Depreciation expense	42,979	58,568
Amortization expense	22,535	22,573
Expected credit loss (gain) recognized on trade receivables	6,094	(15,299)
Net gain on financial instruments at fair value through profit or loss	-	(716)
Finance costs	3,847	296
Interest income	(4,003)	(724)
Compensation cost of share-based payment	2,579	606
Loss (gain) on disposal of property, plant and equipment	205	(21,164)
Write-down of inventories	32,126	29,566
Net changes in operating assets and liabilities		
Notes receivable	453	(460)
Trade receivables	98,532	50,467
Other receivables	(1,302)	1,438
Inventories	30,752	(69,976)
Prepayments	274	5,809
Other current assets	667	(895)
Contract liabilities	452	1,697
Trade payables	(397)	4,497
Other payables	(118,204)	(223,651)
Other current liabilities	145	29,019
Cash generated from operations	181,650	66,439
Interest received	4,003	724
Interest paid	(4,397)	(296)
Income tax paid	(6,189)	(69,101)
Net cash generated from (used in) operating activities	175,067	(2,234)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(300,461)	(13,803)
Proceeds from disposed of property, plant and equipment	-	26,086
Proceeds from sale of financial assets at fair value through profit or loss	-	45,199
Increase in refundable deposits	-	(2,204)
Decrease in refundable deposits	871	-
Payments for intangible assets	(3,933)	(5,377)
Increase in prepayments for equipment	(1,196)	(1,505)
Net cash (used in) generated from investing activities	(304,719)	48,396

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AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	\$ 200,000	\$ -
Repayments of long-term borrowings	(6,665)	-
Repayment of the principal portion of lease liabilities	(16,810)	(16,655)
Dividends paid to owners of the Company	(72,462)	(175,709)
Change in noncontrolling interests	<u>93</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>104,156</u>	<u>(192,364)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>30,346</u>	<u>43,708</u>
NET DECREASE IN CASH	4,850	(102,494)
CASH, BEGINNING OF THE PERIOD	<u>852,906</u>	<u>847,242</u>
CASH, END OF THE PERIOD	<u>\$ 857,756</u>	<u>\$ 744,748</u>

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

(Concluded)

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Aethertek Technology Co., Ltd. (the “Company”) was incorporated in Taipei City in September 1992. On April 14, 2021, it received approval from Ministry of Economic Affairs and had changed its name from “Service & Quality Group Co., Ltd.” to “Aethertek Technology Co., Ltd.” The Company involves in equipment manufacturing, product design, software service, etc.

The Company’s shares have been listed on the Taipei Exchange (TPEX) since March 2004.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on November 8, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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 (Note 3)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis

- c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 9, Table 7 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2022.

Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

On derecognition of the investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period in which the property is derecognized.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group will consider the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Please refer to the material accounting judgments and key sources of estimation uncertainty of the consolidated financial statements for the year ended December 31, 2022.

6. CASH

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 284	\$ 216	\$ 141
Checking accounts and demand deposits	657,398	852,690	744,607
Cash equivalent (investments with original maturities of 3 months or less)			
Time deposits	<u>200,074</u>	<u>-</u>	<u>-</u>
	<u>\$ 857,756</u>	<u>\$ 852,906</u>	<u>\$ 744,748</u>

As of September 30, 2023, the annual interest rate for time deposits is 4.85%-4.95%.

7. TRADE RECEIVABLES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 254,754	\$ 353,681	\$ 473,928
Less: Allowance for impairment loss	<u>(27,269)</u>	<u>(21,041)</u>	<u>(21,673)</u>
	<u>\$ 227,485</u>	<u>\$ 332,640</u>	<u>\$ 452,255</u>

The Group's average credit period of sales of goods is 30 to 90 days. No interest is charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer and the customer's current financial position. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

September 30, 2023

	Not Past Due	Less than 60 Days	61 to 180 Days	181 to 360 Days	Over 361 Days	Total
The expected credit loss rate	0%-2%	0%-8%	8%-16%	26%-100%	100%	
Gross carrying amount	\$ 146,692	\$ 59,284	\$ 18,373	\$ 17,850	\$ 12,555	\$ 254,754
Loss allowance (Lifetime ECL)	<u>(742)</u>	<u>(2,646)</u>	<u>(2,820)</u>	<u>(8,506)</u>	<u>(12,555)</u>	<u>(27,269)</u>
Amortized cost	<u>\$ 145,950</u>	<u>\$ 56,638</u>	<u>\$ 15,553</u>	<u>\$ 9,344</u>	<u>\$ -</u>	<u>\$ 227,485</u>

December 31, 2022

	Not Past Due	Less than 60 Days	61 to 180 Days	181 to 360 Days	Over 361 Days	Total
The expected credit loss rate	0%-2%	1%-10%	3%-12%	8%-43%	100%	
Gross carrying amount	\$ 188,345	\$ 47,574	\$ 89,487	\$ 27,868	\$ 407	\$ 353,681
Loss allowance (Lifetime ECL)	<u>(1,445)</u>	<u>(3,356)</u>	<u>(9,475)</u>	<u>(6,358)</u>	<u>(407)</u>	<u>(21,041)</u>
Amortized cost	<u>\$ 186,900</u>	<u>\$ 44,218</u>	<u>\$ 80,012</u>	<u>\$ 21,510</u>	<u>\$ -</u>	<u>\$ 332,640</u>

September 30, 2022

	Not Past Due	Less than 60 Days	61 to 180 Days	181 to 360 Days	Over 361 Days	Total
The expected credit loss rate	0%-2%	1%-10%	4%-12%	8%-45%	100%	
Gross carrying amount	\$ 245,672	\$ 139,291	\$ 67,872	\$ 20,639	\$ 454	\$ 473,928
Loss allowance (Lifetime ECL)	<u>(2,224)</u>	<u>(9,576)</u>	<u>(6,289)</u>	<u>(3,130)</u>	<u>(454)</u>	<u>(21,673)</u>
Amortized cost	<u>\$ 243,448</u>	<u>\$ 129,715</u>	<u>\$ 61,583</u>	<u>\$ 17,509</u>	<u>\$ -</u>	<u>\$ 452,255</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Nine Months Ended September 30	
	2023	2022
Beginning of the period	\$ 21,041	\$ 35,564
Add: Net remeasurement of loss allowance	6,094	-
Less: Net remeasurement of loss allowance	-	(15,299)
Less: Amounts written off	(395)	-
Foreign exchange gains and losses	<u>529</u>	<u>1,408</u>
End of the period	<u>\$ 27,269</u>	<u>\$ 21,673</u>

8. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 113,359	\$ 138,264	\$ 153,135
Semi-finished products	13,755	16,913	20,421
Work in progress	4,545	5,141	3,925
Finished goods	<u>56,774</u>	<u>93,355</u>	<u>149,608</u>
	<u>\$ 188,433</u>	<u>\$ 253,673</u>	<u>\$ 327,089</u>

The nature of the cost of goods sold is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Cost of inventories sold	\$ 206,765	\$ 237,440	\$ 422,851	\$ 514,183
Write-downs of inventories	<u>3,311</u>	<u>5,920</u>	<u>32,126</u>	<u>29,566</u>
	<u>\$ 210,076</u>	<u>\$ 243,360</u>	<u>\$ 454,977</u>	<u>\$ 543,749</u>

9. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2023	December 31, 2022	September 30, 2022	
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Sales of precision testing equipment	100%	100%	100%	(1)
Aethertek Technology Co., Ltd.	Trantest Enterprise (India) Private Limited	Sales of precision testing equipment	99%	-	-	(3)
Trantest Enterprise Ltd.	Trantest Precision (China) Ltd	Manufacture and sales of precision testing equipment	51%	51%	51%	

Note 1: The Company established Aethertek Holding Ltd. in Hong Kong on March 15, 2021. The Group invested US\$5,965 thousand in April 2022.

Note 2: In order to meet the needs of the overall operation and development, the board of directors resolved on the adjustment of the Group's structure on March 29, 2022, selling Trantest Enterprise Limited, which was originally held by Aethertek Technology Co., Ltd. to Trantest Enterprise Ltd. The transaction amount was US\$12,267 thousand. In addition, the liquidation was approved by the board of directors in 2022, and the liquidation procedures were completed on June 22, 2022. After the extinction of Trantest Enterprise Limited, Trantest Enterprise Limited shall assume all the rights and obligations of Trantest Enterprise Limited.

Note 3: The Group established Trantest Enterprise (India) Private Limited in India on June 1, 2023, with a share proportion of 99%. The Company invested US\$291 thousand in 2023.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interest		
		September 30, 2023	December 31, 2022	September 30, 2022
Trantest Precision (China) Ltd.	Shenzhen China	49%	49%	49%

See Tables 7 and 8 for the information on the place of incorporation and principal place of business.

Summarized financial information in respect of each of the Group's subsidiary that have material non-controlling interest is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Trantest Precision (China) Ltd.

	September 30	
	2023	2022
Current assets	\$ 627,092	\$ 792,377
Non-current assets	221,404	203,940
Current liabilities	(318,822)	(478,336)
Non-current liabilities	<u>(4,948)</u>	<u>-</u>
Equity	<u>\$ 524,726</u>	<u>\$ 517,981</u>
Equity attributable to:		
Owners of the Company	\$ 267,611	\$ 264,170
Non-controlling interests	<u>257,116</u>	<u>253,811</u>
	<u>\$ 524,727</u>	<u>\$ 517,981</u>
	For the Nine Months Ended September 30	
	2023	2022
Revenue	<u>\$ 651,469</u>	<u>\$ 1,038,676</u>
Gain for the period	<u>\$ 437</u>	<u>\$ 120,111</u>
Net loss attributable to:		
Owners of the Company	\$ 223	\$ 61,257
Non-controlling interests	<u>214</u>	<u>58,854</u>
	<u>\$ 437</u>	<u>\$ 120,111</u>

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Leasehold Improvements	Office Equipment	Transportation Equipment	Total
Cost							
Balance at January 1, 2023	\$ -	\$ 111,086	\$ 238,365	\$ 24,125	\$ 47,575	\$ 576	\$ 421,727
Additions	225,756	31,766	41,102	540	1,367	-	300,531
Disposals	-	-	(243)	-	(1,192)	-	(1,435)
Effects of foreign currency exchange differences	-	2,148	4,536	-	590	11	7,285
Balance at September 30, 2023	<u>\$ 225,756</u>	<u>\$ 145,000</u>	<u>\$ 283,760</u>	<u>\$ 24,665</u>	<u>\$ 48,340</u>	<u>\$ 587</u>	<u>\$ 728,108</u>
Accumulated depreciation							
Balance at January 1, 2023	\$ -	\$ 28,981	\$ 149,916	\$ 3,631	\$ 28,080	\$ 563	\$ 211,171
Depreciation expense	-	4,771	13,591	3,060	3,901	-	25,323
Disposals	-	-	(199)	-	(1,031)	-	(1,230)
Effects of foreign currency exchange differences	-	644	3,041	-	501	11	4,197
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 34,396</u>	<u>\$ 166,349</u>	<u>\$ 6,691</u>	<u>\$ 31,451</u>	<u>\$ 574</u>	<u>\$ 239,461</u>
Carrying amount at September 30, 2023	<u>\$ 225,756</u>	<u>\$ 110,604</u>	<u>\$ 117,411</u>	<u>\$ 17,974</u>	<u>\$ 16,889</u>	<u>\$ 13</u>	<u>\$ 488,647</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ -</u>	<u>\$ 82,105</u>	<u>\$ 88,449</u>	<u>\$ 20,494</u>	<u>\$ 19,495</u>	<u>\$ 13</u>	<u>\$ 210,556</u>
Cost							
Balance at January 1, 2022	\$ -	\$ 35,757	\$ 323,806	\$ 2,448	\$ 37,852	\$ 6,707	\$ 406,570
Additions	-	-	9,733	-	6,534	-	16,267
Reclassified	-	-	-	20,286	-	-	20,286
Transferred from investment properties	-	75,253	-	-	-	-	75,253
Disposals	-	-	(54,783)	-	(1,777)	(6,264)	(62,824)
Effects of foreign currency exchange differences	-	1,652	8,828	-	939	141	11,560
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 112,662</u>	<u>\$ 287,584</u>	<u>\$ 22,734</u>	<u>\$ 43,548</u>	<u>\$ 584</u>	<u>\$ 467,112</u>
Accumulated depreciation							
Balance at January 1, 2022	\$ -	\$ 7,493	\$ 213,320	\$ 65	\$ 24,104	\$ 4,362	\$ 249,344
Depreciation expense	-	2,397	31,364	2,560	3,922	1,704	41,947
Transferred from investment properties	-	17,602	-	-	-	-	17,602
Disposals	-	-	(51,286)	-	(1,010)	(5,606)	(57,902)
Effects of foreign currency exchange differences	-	381	5,962	-	695	94	7,132
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 27,873</u>	<u>\$ 199,360</u>	<u>\$ 2,625</u>	<u>\$ 27,711</u>	<u>\$ 554</u>	<u>\$ 258,123</u>
Carrying amount at September 30, 2022	<u>\$ -</u>	<u>\$ 84,789</u>	<u>\$ 88,224</u>	<u>\$ 20,109</u>	<u>\$ 15,837</u>	<u>\$ 30</u>	<u>\$ 208,989</u>

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	20 to 50 years
Equipment	2.5 to 10 years
Leasehold improvements	5 years
Office equipment	2 to 10 years
Transportation equipment	4 to 5 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 28.

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Buildings	\$ 6,874	\$ 7,122	\$ 4,872
Lands	<u>28,586</u>	<u>32,905</u>	<u>7,329</u>
	<u>\$ 35,460</u>	<u>\$ 40,027</u>	<u>\$ 12,201</u>
	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u> <u>2022</u>
<u>Additions</u>			<u>\$ 12,570</u> <u>\$ 1,247</u>
<u>Depreciation expense</u>			
Lands	\$ 126	\$ 125	\$ 378 \$ 207
Buildings	<u>5,715</u>	<u>4,763</u>	<u>17,278</u> <u>14,291</u>
	<u>\$ 5,841</u>	<u>\$ 4,888</u>	<u>\$ 17,656</u> <u>\$ 14,498</u>

In addition to the additions and depreciation expenses above, the Group have no major subleases and impairments of the right-of-use assets for the nine months ended September 30, 2022 and 2023.

The changes of right-of-use assets are as follows:

b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Current	<u>\$ 22,892</u>	<u>\$ 16,207</u>	<u>\$ 5,295</u>
Non-current	<u>\$ 6,538</u>	<u>\$ 17,060</u>	<u>\$ 336</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Buildings	1.36%-3.85%	2.60%-3.85%	2.60%-3.85%

c. Material lease-in activities and terms

The Group leases certain land and buildings for the use of office, plant and dormitories, with lease terms of 2 to 3 years. The Group also buys land use right for the offices with use term of 50 years in mainland China specifies that payments will be paid at the time of contract and can be renewed upon the expiration of the period. The Group does not have purchase options to acquire the land and buildings at the end of the contract.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	\$ 2,602	\$ 9,168	\$ 8,936	\$ 27,321
Expenses relating to low-value asset leases	\$ 14	\$ 20	\$ 44	\$ 49
Total cash outflow for leases			\$ (26,650)	\$ (44,321)

The Group's leases of certain building and office equipment qualify as short-term and low-value leases. The Group has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

12. INVESTMENT PROPERTIES

	For the Nine Months Ended September 30, 2022
<u>Cost</u>	
Beginning of the period	\$ 80,136
Transfers to property, plant and equipment	(81,765)
Effects of foreign currency exchange differences	<u>1,629</u>
End of the period	<u>\$ -</u>
<u>Accumulated depreciation</u>	
Beginning of the period	\$ 16,663
Depreciation expense	2,123
Transfers to property, plant and equipment	(19,125)
Effects of foreign currency exchange differences	<u>339</u>
End of the period	<u>\$ -</u>
Carrying amount, net, September 30, 2022	<u>\$ -</u>

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Right-of-use assets and building	20 to 50 years
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13. GOODWILL

	For the Nine Months Ended September 30	
	2023	2022
<u>Cost</u>		
Beginning of the period	\$ 106,547	\$ 105,999
Effects of foreign currency exchange differences	<u>282</u>	<u>736</u>
End of the period	<u>\$ 106,829</u>	<u>\$ 106,735</u>

14. OTHER INTANGIBLE ASSETS

	Customer Relationships	Computer Software	Amount
<u>Cost</u>			
Balance, January 1, 2023	\$ 250,839	\$ 42,816	\$ 293,655
Additions	-	3,933	3,933
Effects of foreign currency exchange differences	<u>12,724</u>	<u>597</u>	<u>13,339</u>
Balance, September 30, 2023	<u>\$ 263,581</u>	<u>\$ 47,346</u>	<u>\$ 310,927</u>
<u>Accumulated amortization</u>			
Balance, January 1, 2023	\$ 45,138	\$ 35,246	\$ 80,384
Amortization expenses	19,482	3,053	22,535
Effects of foreign currency exchange differences	<u>3,139</u>	<u>590</u>	<u>3,729</u>
Balance, September 30, 2023	<u>\$ 67,759</u>	<u>\$ 38,889</u>	<u>\$ 106,648</u>
Carrying amount at September 30, 2023	<u>\$ 195,822</u>	<u>\$ 8,457</u>	<u>\$ 204,279</u>
Carrying amount December 31, 2022 and January 1, 2023	<u>\$ 205,701</u>	<u>\$ 7,570</u>	<u>\$ 213,271</u>
<u>Cost</u>			
Balance, January 1, 2022	\$ 226,091	\$ 32,087	\$ 258,178
Additions	-	5,377	5,377
Effects of foreign currency exchange differences	<u>33,243</u>	<u>852</u>	<u>34,095</u>
Balance, September 30, 2022	<u>\$ 259,334</u>	<u>\$ 38,316</u>	<u>\$ 297,650</u>
<u>Accumulated amortization</u>			
Balance, January 1, 2022	\$ 17,437	\$ 25,927	\$ 43,364
Amortization expenses	18,446	4,127	22,573
Effects of foreign currency exchange differences	<u>4,117</u>	<u>817</u>	<u>4,934</u>
Balance, September 30, 2022	<u>\$ 40,000</u>	<u>\$ 30,871</u>	<u>\$ 70,871</u>
Carrying amount at September 30, 2022	<u>\$ 219,334</u>	<u>\$ 7,445</u>	<u>\$ 226,779</u>

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Customer relationships	10 years
Computer software	1 to 5 years

15. BORROWINGS

Long-term Borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings (Note 28)</u>			
Bank loans	\$ 151,001	\$ -	\$ -
<u>Unsecured borrowings</u>			
Bank loans	<u>42,334</u>	<u>-</u>	<u>-</u>
	193,335	-	-
Less: Current portion	<u>(15,996)</u>	<u>-</u>	<u>-</u>
Long-term borrowings	<u>\$ 177,339</u>	<u>\$ -</u>	<u>\$ -</u>

During the nine months ended September 30, 2023, the Group acquired new bank borrowing facilities in the amounts of \$200,000 thousand, with a interest rate of 1.9124% to 2.0924% and will be repayable in the next 25 years, respectively. Subject to the terms set forth in the loan agreement, the Group's debt service coverage ratios must be 100% annually or semi-annually. The purpose of these bank borrowing facilities was for the acquisition of land, plant and equipment.

16. OTHER PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Payables for salaries or bonuses	\$ 57,378	\$ 83,138	\$ 104,370
Payables for compensation of employees	586	1,832	6,645
Payables for dividends (Notes 1 and 2)	189,950	274,138	322,600
Payable for professional fees	2,468	2,037	2,113
Payable for purchases of equipment	245	175	3,889
Others	<u>20,766</u>	<u>25,146</u>	<u>11,016</u>
	<u>\$ 271,393</u>	<u>\$ 386,466</u>	<u>\$ 450,633</u>

Note 1: Payables for dividends were the Group's appropriation of earnings from Trantest Enterprise Ltd. and Trantest Precision (China) Ltd. resolved in the shareholders' meeting before the acquisition date by the original shareholders.

Note 2: The Group acquired the equity of Trantest Precision (China) Ltd in April 2021, and Trantest Precision (China) Ltd levied the corporate income tax of 2019 and 2020 in June 2023. According to the equity sales contract, the original shareholders have the obligation to compensate, so offset NT\$43,675 thousand dividends payable which distributed to original shareholders.

17. RETIREMENT BENEFIT PLANS

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The subsidiary of the Group in China is a member of state-managed retirement benefit plans operated by the government of the People's Republic of China. Based on a certain percentage of the total salary of all local employees, the subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group is to make the specified contributions.

18. EQUITY

a. Ordinary shares

	September 30, 2023	December 31, 2022	September 30, 2022
Shares authorized (in thousands of shares)	<u>100,000</u>	<u>100,000</u>	<u>80,000</u>
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 800,000</u>
Shares issued and fully paid (in thousands of shares)	<u>70,428</u>	<u>70,351</u>	<u>70,351</u>
Shares issued and fully paid	<u>\$ 704,285</u>	<u>\$ 703,512</u>	<u>\$ 703,512</u>

The issued ordinary shares have a par value of NT\$10 per share, and each share has one voting right and the right to receive dividends.

b. Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
May be used to offset a deficit, distributed as cash dividends, <u>or transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 157,852	\$ 157,852	\$ 157,852
<u>May not be used for any purpose (2)</u>			
Employee restricted shares	<u>7,724</u>	<u>4,373</u>	<u>4,373</u>
	<u>\$ 165,576</u>	<u>\$ 162,225</u>	<u>\$ 162,225</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) It may not be used for any purpose that capital surplus generated from employee restricted shares.

c. Retained earnings and dividend policy

The content of the earnings distribution policy in accordance with the articles of incorporation of the Company is as follows:

- 1) The Company's profit in a fiscal year shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital), setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 20-g.
- 2) The Company's dividend policy shall be determined pursuant to the factors, such as the investment environment, capital requirement, domestic and overseas competition environment, current and future business development plan, as well as shareholders' interests.

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation of earnings for 2021 and 2022, which had been proposed by the shareholders' meetings on June 22, 2022 and May 31, 2023, were as follows:

	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ 15,275	\$ 44,490
Special reserve	\$ (7,875)	\$ 7,875
Cash dividends	\$ 72,462	\$ 175,709
Dividends per share (NT\$)	\$ 1.03	\$ 2.5

d. Other equity items

- 1) Exchange differences on the translation of the financial statements of foreign operations

	For the Nine Months Ended September 30	
	2023	2022
Beginning of the period	\$ 29,700	\$ (7,875)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	32,521	70,766
Income tax that may be reclassified subsequently to profit or loss	(6,504)	(14,153)
End of the period	\$ 55,717	\$ 48,738

2) Unearned share-based employee compensation

The Company resolved at the shareholders' meeting to issue 800 thousand shares of new employee restricted stocks at no consideration on May 31, 2023 and June 22, 2022. In 2023 and 2022, the board of directors had resolved to issue 77 and 67 thousand shares of new employee restricted stock, respectively. Please refer to Note 23 for relevant information.

	For the Nine Months Ended September 30	
	2023	2022
Beginning of the period	\$ (3,530)	\$ -
Share-based payment expenses recognized	(4,124)	(5,045)
Recognition of share-based payment expenses	<u>2,579</u>	<u>606</u>
End of the period	<u>\$ (5,075)</u>	<u>\$ (4,439)</u>

e. Non-controlling interests

	For the Nine Months Ended September 30	
	2023	2022
Beginning of the period	\$ 231,356	\$ 184,658
Share in loss for the year	12,137	37,085
Other comprehensive income (loss) during the year		
Exchange differences on the translation of the financial statements of foreign entities	4,876	5,926
Non-controlling interests from acquisition of TT (INDIA) Company	<u>93</u>	<u>-</u>
End of the period	<u>\$ 248,462</u>	<u>\$ 227,669</u>

19. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Revenue from the rendering of services	\$ 12,012	\$ 12,257	\$ 28,305	\$ 37,459
Revenue from the sale of goods	<u>417,217</u>	<u>486,878</u>	<u>925,166</u>	<u>1,124,783</u>
	<u>\$ 429,229</u>	<u>\$ 499,135</u>	<u>\$ 953,471</u>	<u>\$ 1,162,242</u>
	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
<u>Contract balances</u>				
Trade receivables (Note 7)	<u>\$ 227,485</u>	<u>\$ 332,640</u>	<u>\$ 452,255</u>	<u>\$ 488,831</u>
Contract liabilities				
Sale of goods	<u>\$ 6,707</u>	<u>\$ 6,255</u>	<u>\$ 3,984</u>	<u>\$ 2,287</u>

20. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest income				
Bank deposits	\$ 2,257	\$ 266	\$ 3,991	\$ 713
Others	<u>4</u>	<u>4</u>	<u>12</u>	<u>11</u>
	<u>\$ 2,261</u>	<u>\$ 270</u>	<u>\$ 4,003</u>	<u>\$ 724</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Government grants	\$ 10,238	\$ 1,524	\$ 11,465	\$ 6,550
Others	<u>1,224</u>	<u>3,424</u>	<u>4,658</u>	<u>9,937</u>
	<u>\$ 11,462</u>	<u>\$ 4,948</u>	<u>\$ 16,123</u>	<u>\$ 16,487</u>

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Net foreign exchange gains	\$ 5,297	\$ 44,697	\$ 18,432	\$ 95,406
Net gain on financial instruments at fair value through profit or loss	-	154	-	716
Gain (loss) on disposal of property, plant and equipment	(76)	4,470	(205)	21,164
Others	<u>386</u>	<u>(4)</u>	<u>(120)</u>	<u>(211)</u>
	<u>\$ 5,607</u>	<u>\$ 49,317</u>	<u>\$ 18,107</u>	<u>\$ 117,075</u>

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest on lease liabilities	\$ 243	\$ 58	\$ 860	\$ 296
Interest on bank loans	957	-	1,924	-
Others	<u>1,062</u>	<u>-</u>	<u>1,063</u>	<u>-</u>
	<u>\$ 2,262</u>	<u>\$ 58</u>	<u>\$ 3,847</u>	<u>\$ 296</u>

e. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
An analysis of depreciation by function				
Operating cost	\$ 5,081	\$ 4,849	\$ 16,008	\$ 32,633
Operating expenses	<u>9,294</u>	<u>8,951</u>	<u>26,971</u>	<u>25,935</u>
	<u>\$ 14,375</u>	<u>\$ 13,800</u>	<u>\$ 42,979</u>	<u>\$ 58,568</u>
An analysis of amortization by function				
Operating cost	\$ -	\$ -	\$ -	\$ 79
Operating expenses	<u>7,519</u>	<u>7,755</u>	<u>22,535</u>	<u>22,494</u>
	<u>\$ 7,519</u>	<u>\$ 7,755</u>	<u>\$ 22,535</u>	<u>\$ 22,573</u>

f. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term benefits				
Salary	\$ 95,044	\$ 121,896	\$ 294,690	\$ 371,835
Labor and health insurance	6,689	6,700	20,211	22,477
Post-employment benefits				
Defined contribution plans	1,380	1,252	3,951	3,620
Other employee benefits	<u>1,499</u>	<u>2,550</u>	<u>4,396</u>	<u>6,405</u>
Total employee benefits expense	<u>\$ 104,612</u>	<u>\$ 132,398</u>	<u>\$ 323,248</u>	<u>\$ 404,337</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 20,651	\$ 27,977	\$ 63,755	\$ 85,412
Operating expenses	<u>83,961</u>	<u>104,421</u>	<u>259,493</u>	<u>318,925</u>
	<u>\$ 104,612</u>	<u>\$ 132,398</u>	<u>\$ 323,248</u>	<u>\$ 404,337</u>

g. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The estimated compensation of employees and the remuneration of directors for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022 is as follows:

Accrual rate

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Compensation of employees	1%	1%	1%	1%
Remuneration of directors	0%	0%	0%	0%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Compensation of employees	\$ 586	\$ 894	\$ 586	\$ 1,633
Remuneration of directors	\$ -	\$ -	\$ -	\$ -

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The compensation of employees and the remuneration of directors and supervisors for 2022 and 2021 had been approved by the Company's board of directors on March 14, 2023 and March 29, 2022, as illustrated below:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Compensation of employees	1%	1%
Remuneration of directors	0%	0%

Amount

	For the Year Ended December 31	
	2022	2021
Compensation of employees	\$ 1,832	\$ 5,012
Remuneration of directors	-	-

There was no difference between the actual appropriated amounts of employees' compensation and remuneration of directors and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current year	\$ 3,399	\$ -	\$ 9,671	\$ -
Income tax on unappropriated earnings	-	-	3,644	10,841
Adjustments for prior year	<u>-</u>	<u>-</u>	<u>(7,238)</u>	<u>(5,408)</u>
	3,399	-	6,077	5,433
Deferred tax				
In respect of the current year	<u>7,652</u>	<u>16,461</u>	<u>(4,504)</u>	<u>16,547</u>
Income tax expense recognized in profit or loss	<u>\$ 11,051</u>	<u>\$ 16,461</u>	<u>\$ 1,573</u>	<u>\$ 21,980</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
<u>Deferred tax</u>				
In respect of the current year				
Exchange differences on the translation of foreign operations	<u>\$ 6,385</u>	<u>\$ 7,850</u>	<u>\$ 6,504</u>	<u>\$ 14,153</u>

c. Income tax assessment

The income tax returns through 2020 have been assessed by the tax authorities. The companies in other jurisdictions have been examined according to their local laws.

22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Basic earnings per share	<u>\$ 0.80</u>	<u>\$ 1.01</u>	<u>\$ 0.71</u>	<u>\$ 1.93</u>
Diluted earnings per share	<u>\$ 0.80</u>	<u>\$ 1.01</u>	<u>\$ 0.71</u>	<u>\$ 1.93</u>

The weighted average number of shares outstanding used for the earnings per share computation was as follows:

Net Profit for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Profit for the year attributable to owners of the Company	\$ <u>56,135</u>	\$ <u>70,940</u>	\$ <u>50,206</u>	\$ <u>135,723</u>
Earnings used in the computation of basic and diluted earnings per share	\$ <u>56,135</u>	\$ <u>70,940</u>	\$ <u>50,206</u>	\$ <u>135,723</u>

Ordinary Shares

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Weighted-average number of ordinary shares used in computation of basic earnings per share	70,406	70,306	70,371	70,291
Effect of potential dilutive common stock:				
Compensation of employees	<u>12</u>	<u>27</u>	<u>21</u>	<u>41</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>70,418</u>	<u>70,333</u>	<u>70,392</u>	<u>70,332</u>

23. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Restricted Stocks

On May 31, 2023 and June 22, 2022, the Company resolved at the shareholders' meeting to issue 800 thousand shares of employee restricted stocks at \$10 per share at no consideration. In 2023 and 2022, the board of directors had resolved to issue 77 thousand shares and 67 thousand shares of employee restricted stocks. The grant date and the issuance date were August 11, 2023, June 1, 2023 and August 11, 2022. The fair value of the employee restricted stocks at grant date is respectively \$53.5 per share, \$52.5 per share and \$75 per share, respectively.

Employee restricted stocks that have been granted but have not yet met the vesting conditions are as follows:

- Employees may not sell, pledge, transfer, give as a gift, create a guarantee or otherwise dispose of the new employee restricted stocks until they have met the vesting conditions after being granted the new stocks.

- b. Except for the restrictions in the preceding paragraph, before the vesting conditions are fulfilled, any other shareholder rights including but not limited to the entitlement to any distribution regarding dividends, bonuses and capital reserve, and the subscription right of the new shares issued for any capital increase, are the same as those of holders of ordinary shares of the Company.
- c. The shares should be held in a stock trustee designated by the Company. The restricted stocks should be held in a trust after being issued and non-refundable before eligible for the vesting conditions.
- d. During the vesting period, if the company carry out a capital reduction, RSAs will be cancelled proportionally. If the capital reduction is done by cash return, the returned cash should be kept under trustee designated by the Company, and be paid to the employees when vesting condition is fulfilled; if the employee does not meet the vesting condition, all shares the employees subscribed shall be bought back by the Company based on the original subscription price and canceled accordingly.
- e. Attendance, proposals, speeches, voting rights and other matters related to shareholders' rights and interests at shareholders' meetings are entrusted to trust custodians.

Participant shall become vested in the new employee restricted stocks at certain percentage, only if Participant achieves the specific performance-based goal specified by the Company and remains continuously employed by the Company from the grant date through applicable vesting schedule presented as follows.

- 1) Participants who have served the Company or an entity controlled or affiliated by the Company for less than 10 years are described as follows while re-calculation for those who have previously resigned or on furlough:
 - a) One-year anniversary of the grant, grantees are eligible for 60% of the vested shares with annual KPI between 90 and 100. Grantees are eligible for 48% of the vested shares with annual KPI between 80 and 89. Grantees are eligible for 36% of the vested shares with annual KPI between 60 and 79. Grantees are eligible for 0% of the vested shares with annual KPI between 0 and 59.
 - b) Over one year less than three years since the date of grant, grantees are eligible for 20% of the vested shares with annual KPI between 90 and 100. Grantees are eligible for 16% of the vested shares with annual KPI between 80 and 89. Grantees are eligible for 12% of the vested shares with annual KPI between 60 and 79. Grantees are eligible for 0% of the vested shares with annual KPI between 0 and 59.
- 2) Participants who have served the Company or an entity controlled or affiliated by the Company over 10 years are described as follows while re-calculation for those who have previously resigned or on furlough:

One-year anniversary of the grant, grantees are eligible for 100% of the vested shares with annual KPI between 90 and 100. Grantees are eligible for 80% of the vested shares with annual KPI between 80 and 89. Grantees are eligible for 60% of the vested shares with annual KPI between 60 and 79. Grantees are eligible for 0% of the vested shares with annual KPI between 0 and 59.

The new shares issued with restricted employee rights, the relevant information were as follows:

	Unit: In Thousands Per Stock	
	For the Nine Months Ended	
	September 30	
	2023	2022
Balance at January 1	67	-
Issuance of the current year	<u>67</u>	<u>67</u>
Balance at September 30	<u>134</u>	<u>67</u>
Employee compensation cost recognized was \$1,875 thousand, \$606 thousand, \$2,579 thousand and \$606 thousand.		

24. CASH FLOW INFORMATION

a. Non-cash transactions

For the nine months ended September 30, 2023 and 2022, the Group acquired property, plant and equipment with a fair value of \$300,531 thousand and \$16,267 thousand, respectively, and paid \$300,461 thousand and \$13,803 thousand in cash, respectively. Other payables for facility increased by \$70 thousand and decreased by \$2,464 thousand, respectively.

b. Changes in liabilities arising from financing activities

For the nine months ended September 30, 2023

	Balance as of January 1, 2023	Cash Flows	New Leases	Non-cash Changes	Balance as of September 30, 2023
				Effects of Foreign Currency Exchange Differences	
Lease liabilities	<u>\$ 33,276</u>	<u>\$ (16,810)</u>	<u>\$ 12,570</u>	<u>\$ 403</u>	<u>\$ 29,430</u>
Long term borrowing	<u>\$ -</u>	<u>\$ 193,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,335</u>

For the nine months ended September 30, 2022

	Balance as of January 1, 2022	Cash Flows	New Leases	Non-cash Changes	Balance as of September 30, 2022
				Effects of Foreign Currency Exchange Differences	
Lease liabilities	<u>\$ 20,522</u>	<u>\$ (16,655)</u>	<u>\$ 1,247</u>	<u>\$ 517</u>	<u>\$ 5,631</u>

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's key management reviews the Group's capital structure on a quarterly basis, which includes consideration of the costs and risks of various operations. Based on the recommendations of the key management, the Group finances its working capital by borrowing from banks and raising additional capital in cash.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Group believes the carrying amount of the Group's financial instruments not measured at fair value are close to the fair value

b. Categories of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)			
Mandatorily at FVTPL			
Financial assets at amortized cost			
(Note 1)	\$ 1,100,564	\$ 1,200,891	\$ 1,211,464
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	472,207	367,336	413,909

Note 1: The balances included financial assets at amortized cost, which comprise cash, notes receivables, trade receivables, other receivables and refundable deposits.

Note 2: The balances included financial liabilities at amortized cost, which comprise trade payables, part of other payables (excluding salary, and bonus), current portion of long-term borrowings and long-term borrowings.

c. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, equity and debt investments, trade receivables, other receivables, trade payables, other payables, borrowings and lease liabilities. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group is a multinational operation, so it is subject to foreign currency risks arising from a variety of different currencies. Foreign currency risks arise from future commercial transactions and recognized assets and liabilities.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the period are set out in Note 32.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency strengthened by 1% against the relevant currency. For a 1% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	U.S. Dollar	
	For the Nine Months Ended	
	September 30	
	2023	2022
Pre-tax profit	\$ 4,653	\$ 5,276

The result was mainly attributable to the exposure on the foreign currency bank deposits, outstanding other receivables and payables that were not hedged at the end of the period.

b) Interest rate risk

The Group's exposure to fair value interest rate risk is on the Group's borrowings at fixed interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to cash flow interest rate at the end of the reporting period were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Cash flows interest rate risk			
Financial assets	\$ 200,074	\$ -	\$ -
Financial liabilities	29,430	33,267	5,631
Cash flows interest rate risk			
Financial assets	657,398	852,690	744,607
Financial liabilities	193,335	-	-

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2023 and 2022 would have decreased/increased by \$870 thousand and \$1,396 thousand, respectively, which was mainly a result of variable-interest-rate bank deposits and other financial assets.

The Group's sensitivity to interest rates increased during the current year mainly due to the increase in variable-interest-rate bank deposits.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

It is the Group's policy that transactions only be dealt with creditworthy counterparties. Credit information of transaction parties are gathered by independent rating agencies by conducting credit search and analysis. Credits are then given to parties, according to its nature of transaction, financial status and conditions of collateral, with terms to be renewed after careful reexamination to ensure credit risk of counterparties are within scope of the Group. The clients of the Group are widely spread and the Group analyzes its numerous clients' financial status continuously.

The Group's concentration of credit risk was related to the five largest customers within the Group. As of September 30, 2023, December 31, 2022 and September 30, 2022, the percentage of total trade receivables from the top five customers was 59%, 63% and 72%.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity and interest rate risk table of non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

September 30, 2023

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 278,872	\$ -	\$ -
Lease liabilities	23,433	6,560	-
Variable interest rate	<u>16,636</u>	<u>40,762</u>	<u>173,648</u>
	<u>\$ 318,941</u>	<u>\$ 47,322</u>	<u>\$ 173,648</u>

December 31, 2022

	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 367,336	\$ -	\$ -
Lease liabilities	<u>16,207</u>	<u>17,060</u>	<u>-</u>
	<u>\$ 383,543</u>	<u>\$ 17,060</u>	<u>\$ -</u>

September 30, 2022

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 413,909	\$ -	\$ -
Lease liabilities	<u>5,295</u>	<u>336</u>	<u>-</u>
	<u>\$ 419,204</u>	<u>\$ 336</u>	<u>\$ -</u>

b) Financing facilities

**September 30,
2023**

Unsecured bank overdraft facilities, reviewed annually and payable on demand:

Amount used	\$ 45,000
Amount unused	<u>210,000</u>
	<u>\$ 255,000</u>

Secured bank overdraft facilities:

Amount used	\$ 155,000
Amount unused	<u>-</u>
	<u>\$ 155,000</u>

27. TRANSACTIONS WITH RELATED PARTIES

The Company's parent is Ericson Capital Co., Ltd., which held 52.89% of the ordinary shares of the Company at September 30, 2023.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

Remuneration of Key Management Personnel

Related Party Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 4,478	\$ 4,882	\$ 13,319	\$ 13,651
Post-employment benefits	<u>156</u>	<u>163</u>	<u>474</u>	<u>507</u>
	<u>\$ 4,634</u>	<u>\$ 5,045</u>	<u>\$ 13,793</u>	<u>\$ 14,158</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY: NONE

The following assets were provided as collateral for bank borrowings:

	September 30, 2023	December 30, 2022	September 30, 2022
Land	\$ 225,756	\$ -	\$ -
Buildings	<u>31,343</u>	<u>-</u>	<u>-</u>
	<u>\$ 257,099</u>	<u>\$ -</u>	<u>\$ -</u>

29. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS: NONE

30. OTHER ITEMS

Due to the impact of COVID-19 pandemic, the Group assesses that its overall business and financial aspects have not been significantly affected and there are no doubts about going concern, asset impairment and financial risks.

31. EXPLANATION OF SEASONALITY OR PERIODICITY OF INTERIM OPERATIONS

The Group is mainly engaged in the production of precision testing equipment and has the characteristics of low and high seasons of operation in response to the period when major customers launch new products. The Group conducts mass production and deliveries 3 to 4 months before customers launch new products. According to historical experience, the Group's sales peak is between June and September each year. Therefore, the Group's inventory from May to August is relatively higher than other months. Usually, the operating income in the first quarter of each year is the lowest, compared to the other three quarters. The peak season of shipment begins at the end of the second quarter, continuing until the end of the third quarter. Therefore, the third quarter is the peak of single-quarter operating income.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

(In Thousands of Foreign Currency and New Taiwan Dollars)

September 30, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 15,385	32.27 (USD:NTD)	\$ 496,467
<u>Financial liabilities</u>			
Monetary items			
USD	966	32.27 (USD:NTD)	31,171

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 21,788	30.71 (USD:NTD)	\$ 669,118
<u>Financial liabilities</u>			
Monetary items			
USD	489	30.71 (USD:NTD)	15,029

September 30, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 17,258	31.75 (USD:NTD)	\$ 547,928
<u>Financial liabilities</u>			
Monetary items			
USD	639	31.75 (USD:NTD)	20,292

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: Table 2
- 3) Marketable securities held (excluding investment in subsidiaries and associates): None
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 3
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5
- 9) Trading in derivative instruments: None
- 10) Intercompany relationships and significant intercompany transactions: Table 6

b. Information on investees: Table 7

c. Information on investments in mainland China

- 1) The name of the mainland investee company, main business items, paid-in capital, investment methods, capital remittances and exits, shareholding ratio, investment gains and losses, investment book amount at the end of the period, repatriated investment gains and losses, and investment limits in mainland China: Table 8.

2) The following significant transactions, prices, payment terms, and unrealized gains and losses occurred directly or indirectly with the investee company in mainland China via the third region: Table 9.

- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- d. Information of major shareholders

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 10.

34. SEGMENTS INFORMATION

For the purpose of resources allocation and performance assessment, the Group's chief operating decision maker reviews operating results and financial information on a product-by-product basis with a focus on the operating results of each product. As the products share similar economic characteristics, and sell the same types of products in a uniform management approach, the Group's products are aggregated into a single reportable segment. The Group's chief operating decision maker reviews segment information measured on the same basis as the consolidated financial statements. Information about reportable segment sales and profit or loss is referenced from the consolidated statements of comprehensive income for the nine months ended September 30, 2023 and 2022 and information on assets is referenced from the consolidated balance sheets as of September 30, 2023, December 31, 2022 and September 30, 2022.

Information about major customers:

Single customer contributing 10% or more to the Group's revenue is as follows:

Customer Name	For the Nine Months Ended September 30			
	2023		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Customer 1	\$ 672,678	71%	\$ 698,910	60

TABLE 1

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Trantest Precision (China) Ltd.	Shenzhen Detai Precision Equipment Co., Ltd.	Other receivable	No	\$ 8,866	\$ -	\$ -	3.5	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 52,473	\$ 209,890	

Note 1: Numbering sequence is as follows:

 a. The issuer is numbered 0.

 b. Investees are numbered sequentially starting from 1.

Note 2: It is necessary to fill the amount of financing limit for each borrower and the amount of aggregate financing limit by the Company’s guidance of financing provided to others, and the calculation method shall be indicated in the “Note”.

 a. For short-term financing needs, the total amount for lending to others shall be not exceed the net value of the most recent financial statements of Trantest Precision (China) Ltd. reviewed by CPA NT\$524,726 x 40% = NT\$209,890, and the total amount for lending a company shall be not exceed the net value of Trantest Precision (China) Ltd. reviewed by CPA NT\$524,726 x 10% = NT\$52,473.

TABLE 2

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note)	Maximum Balance for the Period (Foreign Currencies in Thousands)	Ending Balance (Foreign Currencies in Thousands)	Amount Actually Drawn (US\$ in Thousands)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Aethertek Technology Co., Ltd.	Trantest Enterprise Limited	Subsidiary	\$ 264,036	\$ 258,160	\$ 225,890	\$ -	\$ -	17%	\$ 528,073	Y	N	N	

Note: The Company’s maximum total endorsement amount is 40% of the net equity in the financial statements. The Company’s maximum endorsement amount for each endorsed entity is 20% of the net equity in latest financial statements of the Company or the net value of the endorsee company, whichever is lower.

TABLE 3

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Aethertek Technology Co., Ltd.	Land and buildings	2022.12.26	\$ 258,440	In accordance with the contract terms	Arise International Limited.	None	-	-	-	\$ -	Price comparison and negotiation and by reference to the price quoted by the professional appraisal agency	For the use of office	None

Note 1: The property acquired is subject to valuation in accordance with regulations, the valuation results shall be indicated in the “Pricing Reference”.

Note 2: The event date was the date approved by the Board of Directors of the Company.

TABLE 4

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Subsidiary	Service income	\$ 194,310	20	150 days from the end of the month	\$ -	-	\$ 67,767	27	-
Trantest Precision (China) Ltd.	Trantest Enterprise Ltd.	Subsidiary	Sales	363,675	38	30 days from the end of the month	-	-	138,253	54	-

Note: The above transactions have been eliminated during the preparation of the consolidated financial statements.

TABLE 5

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Trantest Precision (China) Ltd.	Trantest Enterprise Ltd.	Subsidiary	\$ 138,253	4.71	\$ -	-	\$ -	\$ -

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars)

Number (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	1	Service income	\$ 194,310	Depends on contract	20
		Trantest Precision (China) Ltd.	1	Purchases	65,575	Depends on contract	7
		Trantest Enterprise Ltd.	1	Trade receivables	67,767	Depends on contract	3
1	Trantest Precision (China) Ltd.	Trantest Enterprise Ltd.	3	Service income	19,239	Its trading price depends on its function within the Group	2
		Trantest Enterprise Ltd.	3	Sales	363,675	"	38
		Trantest Enterprise Ltd.	3	Trade receivables	138,253	"	6

Note 1: Intercompany relationships and significant intercompany transactions information are represented within the number column as follows:

- a. Number 0 represents the parent company.
- b. Number 1 represents subsidiaries.

Note 2: The flow of transactions between the counterparties of the transactions are represented as follows:

- a. “1” represents transactions from parent company to subsidiary.
- b. “2” represents transactions from subsidiary to parent company.
- c. “3” represents transactions between subsidiaries.

Note 3: The amounts of asset accounts and liability accounts are calculated as a percentage of the consolidated total assets. The amounts of income accounts are calculated as a percentage of the consolidated total sales.

TABLE 7

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2023			Net Income of the Investee	Share of Profit	Note
				September 30, 2023	December 31, 2022	Stocks (Thousands)	%	Carrying Amount			
Aethertek Technology Co., Ltd.	Trantest Enterprise., Ltd.	Hong Kong	Sales of precision testing equipment	\$ 682,513 (US\$ 24,000)	\$ 682,513 (US\$ 24,000)	24,000	100	\$ 928,526	\$ (1,127)	\$ 11,285	-
	Trantest Enterprise (India) Private Limited	India	Sales of precision testing equipment	9,280 (INR 23,760)	- (INR -)	2,376	99	8,910	(305)	(302)	-

TABLE 8

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, U.S. Dollars and RMB)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 2023
					Outflow	Inflow						
Trantest Precision (China) Ltd.	Manufacture and sales of precision testing equipment.	\$ 238,747 (RMB 55,000)	(2)	\$ 228,419 (US\$ 8,025)	\$ -	\$ -	\$ 228,419 (US\$ 8,025)	\$ 437	51	\$ 223 (Note 2, b, 3)	\$ 258,512	\$ -

Name	Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
Aethertek Technology Co., Ltd.	\$289,108 (US\$9,944)	\$289,581 (US\$9,960)	\$941,186

Note 1: Methods of investment have following type:

- a. Direct investment in mainland China.
- b. Indirect investment through a company registered in a third region.
- c. Others.

Note 2: The amount recognized in investment income in the current year:

- a. Should be indicated if currently under preparation and not generating investment income.
- b. The basis of recognition of investment profit (loss) should be indicated and is classified as follows:
 - 1) Amounts was recognized based on the financial statements audited by international audit firms with business relationship with audit firms in the ROC.
 - 2) Amount was recognized based on the parent company’s audited financial statements.
 - 3) Others.

Note 3: The relevants figures in this table should be presented in New Taiwan dollars.

TABLE 9

AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars)**

Purchase and Sale Company	Investee Company	Transaction Type	Purchase/Sale		Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Trantest Enterprise., Ltd.	Trantest Precision (China) Ltd.	Purchases	\$ 363,675	38	30 days after sales for parts	Its trading price depends on its function within the Group	\$ 138,253	54	\$ 3,691	-
Aethertek Technology Co., Ltd.	Trantest Precision (China) Ltd.	Purchases	65,575	7	"	"	8,642	3	5,407	-

TABLE 10**AETHERTEK TECHNOLOGY CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Eriksson Capital Co., Ltd.	37,251,000	52.89
Indicate Investment Ltd.	10,671,847	15.15
La Ge Na Capital Co., Ltd.	10,543,000	14.96

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter.