

**SYSGRATION LTD. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REVIEW REPORT**  
**SEPTEMBER 30, 2023 AND 2022**

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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.

SYSGRATION LTD.  
SEPTEMBER 30, 2023 AND 2022 CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REVIEW REPORT  
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## INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors and Shareholders of Sysgration Ltd.

### ***Introduction***

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

### ***Scope of review***

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

### ***Basis for qualified conclusion***

As explained in Note 6(7), the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$127,822 thousand, constituting 3% of the consolidated total assets as at September 30, 2023, and the total comprehensive income amounted to NT\$26 thousand, constituting 0% of the consolidated total comprehensive income for the nine months 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 and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

Chih, Ping-Chiun

Chiu, Chao-Hsien

For and on behalf of PricewaterhouseCoopers, Taiwan

November 8, 2023

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

**SYSGRATION LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 2,171,070	46	\$ 1,228,963	34	\$ 842,136	26
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		-	-	139	-	330	-
1136	Current financial assets at	6(1)(4) and 8						
	amortised cost		90,000	2	100,501	3	105,101	3
1150	Notes receivable, net	6(5) and 12(2)	22,026	-	2,521	-	2,105	-
1170	Accounts receivable, net	6(5) and 12(2)	855,590	18	918,035	26	878,731	28
1200	Other receivables		7,847	-	12,317	-	13,328	1
1220	Current income tax assets	6(31)	907	-	185	-	97	-
130X	Inventories	6(6)	359,698	8	423,002	12	455,249	14
1470	Other current assets		<u>59,516</u>	<u>1</u>	<u>75,878</u>	<u>2</u>	<u>129,409</u>	<u>4</u>
11XX	<b>Current assets</b>		<u>3,566,654</u>	<u>75</u>	<u>2,761,541</u>	<u>77</u>	<u>2,426,486</u>	<u>76</u>
<b>Non-current assets</b>								
1510	Non-current financial assets at fair	6(2)						
	value through profit or loss		23,389	-	12,460	-	11,837	-
1517	Non-current financial assets at fair	6(3)						
	value through other comprehensive							
	income		257,979	5	148,952	4	124,409	4
1535	Non-current financial assets at	6(1)(4) and 8						
	amortised cost		16,700	-	20,700	1	20,800	1
1550	Investments accounted for using	6(7)						
	equity method		127,822	3	-	-	-	-
1600	Property, plant and equipment	6(8) and 8	484,497	10	453,061	13	454,602	14
1755	Right-of-use assets	6(9)	127,829	3	29,955	1	37,936	1
1760	Investment property - net	6(10)	3,922	-	4,025	-	4,059	-
1780	Intangible assets	6(11)	25,978	1	19,843	1	20,839	1
1840	Deferred income tax assets	6(31)	29,908	1	30,851	1	28,358	1
1900	Other non-current assets		<u>109,976</u>	<u>2</u>	<u>87,973</u>	<u>2</u>	<u>83,325</u>	<u>2</u>
15XX	<b>Non-current assets</b>		<u>1,208,000</u>	<u>25</u>	<u>807,820</u>	<u>23</u>	<u>786,165</u>	<u>24</u>
1XXX	<b>Total assets</b>		<u>\$ 4,774,654</u>	<u>100</u>	<u>\$ 3,569,361</u>	<u>100</u>	<u>\$ 3,212,651</u>	<u>100</u>

(Continued)

**SYSGRATION LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>								
2100	Short-term borrowings	6(12)	\$ -	-	\$ 8,816	-	\$ 8,946	-
2120	Financial liabilities at fair value through profit or loss - current	6(13)	3,400	-	-	-	-	-
2130	Current contract liabilities	6(24)	5,875	-	10,112	-	16,293	1
2150	Notes payable		5,521	-	1,724	-	822	-
2170	Accounts payable		509,433	11	589,317	17	662,997	21
2200	Other payables	6(16)(33)	198,257	4	179,322	5	148,033	5
2250	Current provisions	6(19)	27,491	1	21,246	1	14,935	-
2280	Current lease liabilities		52,725	1	20,834	1	26,435	1
2320	Long-term liabilities, current portion	6(14)(15) and 8	437,406	9	542,374	15	543,323	17
2399	Other current liabilities, others		12,014	-	15,450	-	12,913	-
21XX	<b>Current liabilities</b>		<u>1,252,122</u>	<u>26</u>	<u>1,389,195</u>	<u>39</u>	<u>1,434,697</u>	<u>45</u>
<b>Non-current liabilities</b>								
2530	Bonds payable	6(14)	466,370	10	-	-	-	-
2540	Long-term borrowings	6(15) and 8	206,444	4	227,589	7	229,097	7
2570	Deferred income tax liabilities	6(31)	3,651	-	-	-	356	-
2580	Non-current lease liabilities		75,577	2	9,608	-	12,023	-
2600	Other non-current liabilities		913	-	198	-	198	-
25XX	<b>Non-current liabilities</b>		<u>752,955</u>	<u>16</u>	<u>237,395</u>	<u>7</u>	<u>241,674</u>	<u>7</u>
2XXX	<b>Total liabilities</b>		<u>2,005,077</u>	<u>42</u>	<u>1,626,590</u>	<u>46</u>	<u>1,676,371</u>	<u>52</u>
<b>Equity attributable to owners of the parent</b>								
Share capital								
3110	Ordinary shares	6(20)	1,825,577	38	1,670,605	47	1,563,340	49
3140	Advance receipts for share capital		20,272	1	9,627	-	4,765	-
Capital surplus								
3200	Capital surplus	6(21)	756,067	16	310,036	8	76,070	2
Retained earnings								
3310	Legal reserve	6(22)	4,497	-	-	-	-	-
3320	Special reserve		1,563	-	-	-	-	-
3350	Retained earnings (accumulated deficit)		233,054	5	44,968	1	(26,827)	(1)
Other equity interest								
3400	Other equity interest	6(23)	(71,453)	(2)	(92,465)	(2)	(81,068)	(2)
31XX	<b>Equity attributable to owners of the parent</b>		<u>2,769,577</u>	<u>58</u>	<u>1,942,771</u>	<u>54</u>	<u>1,536,280</u>	<u>48</u>
3XXX	<b>Total equity</b>		<u>2,769,577</u>	<u>58</u>	<u>1,942,771</u>	<u>54</u>	<u>1,536,280</u>	<u>48</u>
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance sheet date								
3X2X	<b>Total liabilities and equity</b>		<u>\$ 4,774,654</u>	<u>100</u>	<u>\$ 3,569,361</u>	<u>100</u>	<u>\$ 3,212,651</u>	<u>100</u>

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



**SYSGRATION LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2023		2022		2023		2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(24)	\$ 776,844	100	\$ 889,779	100	\$ 2,399,102	100	\$ 2,484,106	100
5000	Operating costs	6(6)(17)(18)								
		(29)(30)	( 594,368)	( 77)	( 687,272)	( 77)	( 1,815,718)	( 76)	( 1,913,339)	( 77)
5900	Gross profit from operations		182,476	23	202,507	23	583,384	24	570,767	23
	Operating expenses	6(17)(18)(29)								
		(30)								
6100	Selling expenses		( 28,674)	( 4)	( 24,680)	( 3)	( 94,770)	( 4)	( 68,138)	( 3)
6200	Administrative expenses		( 59,313)	( 7)	( 51,593)	( 6)	( 164,605)	( 7)	( 142,183)	( 6)
6300	Research and development expenses		( 68,547)	( 9)	( 48,013)	( 5)	( 183,521)	( 8)	( 140,378)	( 5)
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	( 7,338)	( 1)	920	-	( 12,022)	-	627	-
6000	Total operating expenses		( 163,872)	( 21)	( 123,366)	( 14)	( 454,918)	( 19)	( 350,072)	( 14)
6900	Operating profit		18,604	2	79,141	9	128,466	5	220,695	9
	Non-operating income and expenses									
7100	Interest income	6(4)(25)	3,840	1	575	-	11,369	1	1,354	-
7010	Other income	6(10)(26)	2,229	-	1,791	-	5,475	-	3,781	-
7020	Other gains and losses	6(2)(27)	32,853	4	28,209	3	51,968	2	46,993	2
7050	Finance costs	6(9)(12)(14)	( 4,340)	-	( 2,246)	-	( 8,905)	-	( 6,119)	-
7055	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	-	-	-	-	4,355	-	-	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(7)	26	-	-	-	26	-	-	-
7000	Total non-operating income and expenses		34,608	5	28,329	3	64,288	3	46,009	2
7900	Profit before income tax		53,212	7	107,470	12	192,754	8	266,704	11
7950	Income tax expense	6(31)	659	-	-	-	659	-	-	-
8200	Profit for the period		\$ 53,871	7	\$ 107,470	12	\$ 193,413	8	\$ 266,704	11

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SYSGRATION LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>									
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	6(3)(23)(31)								
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		\$ 2,006	-	(\$ 1,836)	-	\$ 9,690	-	(\$ 8,129)	( 1)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		( 401)	-	368	-	( 1,791)	-	1,626	-
8310 Total other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax		1,605	-	( 1,468)	-	7,899	-	( 6,503)	( 1)
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	6(23)(31)								
8361 Exchange differences on translation		17,151	2	7,547	1	17,307	1	23,655	1
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss		( 3,429)	-	( 1,509)	-	( 3,461)	-	( 4,731)	-
8360 Total other comprehensive income that will be reclassified to profit or loss, net of tax		13,722	2	6,038	1	13,846	1	18,924	1
8300 <b>Other comprehensive income for the period, net of tax</b>		\$ 15,327	2	\$ 4,570	1	\$ 21,745	1	\$ 12,421	-
8500 <b>Total comprehensive income for the period</b>		\$ 69,198	9	\$ 112,040	13	\$ 215,158	9	\$ 279,125	11
Profit, attributable to:									
8610 Owners of the parent		\$ 53,871	7	\$ 107,470	12	\$ 193,413	8	\$ 266,704	11
8620 Non-controlling interest		-	-	-	-	-	-	-	-
		\$ 53,871	7	\$ 107,470	12	\$ 193,413	8	\$ 266,704	11
Comprehensive income attributable to:									
8710 Owners of the parent		\$ 69,198	9	\$ 112,040	13	\$ 215,158	9	\$ 279,125	11
8720 Non-controlling interest		-	-	-	-	-	-	-	-
		\$ 69,198	9	\$ 112,040	13	\$ 215,158	9	\$ 279,125	11
Basic earnings per share	6(32)								
9750 Basic earnings per share		\$ 0.30		\$ 0.69		\$ 1.08		\$ 1.71	
Diluted earnings per share	6(32)								
9850 Diluted earnings per share		\$ 0.27		\$ 0.64		\$ 0.95		\$ 1.58	

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

**SYSGRATION LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent								Total equity
		Share capital		Capital surplus	Retained earnings			Other equity interest		
		Ordinary shares	Advance receipts for share capital	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<b>2022</b>										
Balance at January 1, 2022		\$ 1,545,534	\$ 9,956	\$ 160,349	\$ -	\$ 35,953	(\$ 454,770)	(\$ 64,048)	(\$ 26,854)	\$ 1,206,120
Income for the period		-	-	-	-	-	266,704	-	-	266,704
Other comprehensive (loss) income for the period	6(23)	-	-	-	-	-	-	18,924	( 6,503 )	12,421
Total comprehensive income (loss)		-	-	-	-	-	266,704	18,924	( 6,503 )	279,125
Share-based compensation cost	6(18)(20)(21)	-	-	10,327	-	-	-	-	-	10,327
Convertible bonds	6(20)(21)(33)	6,800	457	17,840	-	-	-	-	-	25,097
Exercise of employee stock options	6(20)(21)	11,006	( 5,648 )	10,253	-	-	-	-	-	15,611
Disposal of fair value through other comprehensive income	6(3)(23)	-	-	-	-	-	2,587	-	( 2,587 )	-
Capital surplus used to offset accumulated deficit		-	-	( 122,699 )	-	-	122,699	-	-	-
Special reserve used to offset accumulated deficit		-	-	-	-	( 35,953 )	35,953	-	-	-
Balance at September 30, 2022		\$ 1,563,340	\$ 4,765	\$ 76,070	\$ -	\$ -	(\$ 26,827)	(\$ 45,124)	(\$ 35,944)	\$ 1,536,280
<b>2023</b>										
Balance at January 1, 2023		\$ 1,670,605	\$ 9,627	\$ 310,036	\$ -	\$ -	\$ 44,968	(\$ 51,526)	(\$ 40,939)	\$ 1,942,771
Income for the period		-	-	-	-	-	193,413	-	-	193,413
Other comprehensive income for the period	6(23)	-	-	-	-	-	-	13,846	7,899	21,745
Total comprehensive income		-	-	-	-	-	193,413	13,846	7,899	215,158
Share-based compensation cost	6(18)(20)(21)	-	-	10,106	-	-	-	-	-	10,106
Convertible bonds	6(14)(20)(21)(33)	16,544	18,416	84,126	-	-	-	-	-	119,086
Exercise of employee stock options	6(20)(21)	12,428	( 7,771 )	6,714	-	-	-	-	-	11,371
Cash capital increase	6(20)	126,000	-	315,000	-	-	-	-	-	441,000
Disposal of fair value through other comprehensive income	6(3)(23)	-	-	-	-	-	733	-	( 733 )	-
Recognition of share option in issuance of convertible bonds	6(14)	-	-	30,085	-	-	-	-	-	30,085
Appropriations of net income for 2022	6(22)	-	-	-	4,497	-	( 4,497 )	-	-	-
Legal reserve appropriated		-	-	-	-	1,563	( 1,563 )	-	-	-
Special reserve appropriated		-	-	-	-	-	-	-	-	-
Balance at September 30, 2023		\$ 1,825,577	\$ 20,272	\$ 756,067	\$ 4,497	\$ 1,563	\$ 233,054	(\$ 37,680)	(\$ 33,773)	\$ 2,769,577

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

SYSGRATION LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 192,754	\$ 266,704
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss on financial assets at fair value through profit or loss	6(2)(13)(27)	( 1,161 )	1,310
Expected credit impairment loss	12(2)	12,022	( 627 )
Depreciation	6(8)(9)(10)(29)	98,145	71,142
Amortisation	6(11)(29)	16,576	11,491
Share of profit of associates accounted for using equity method	6(7)	( 26 )	-
Gain on disposal of property, plant and equipment	6(27)	( 176 )	1,658
Interest expense	6(9)(12)(14)(15)(28)	8,905	6,119
Interest income	6(25)	( 11,369 )	( 1,354 )
Dividend income	6(26)	( 1,648 )	( 640 )
Share-based payments	6(18)(21)(30)	10,106	10,327
Profit from lease modification		( 4 )	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 19,689 )	3,282
Accounts receivable		52,814	( 261,419 )
Other receivables		4,831	503
Inventories		63,304	93,239
Other current assets		16,362	( 32,911 )
Changes in operating liabilities			
Contract liabilities		( 4,237 )	( 4,905 )
Notes payable		3,797	( 164 )
Accounts payable		( 79,884 )	( 110,663 )
Other payables		21,751	6,060
Current provisions		6,245	7,756
Other current liabilities		( 3,436 )	( 8,970 )
Cash inflow generated from operations		385,982	57,938
Interest received		11,008	1,354
Interest paid		( 6,971 )	( 6,190 )
Income tax paid		( 722 )	( 13 )
Dividend received		1,648	640
Net cash flows from operating activities		<u>390,945</u>	<u>53,729</u>

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**SYSGRATION LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine months ended September 30	
		2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of financial assets at fair value through other comprehensive income	12(3)	(\$ 105,981 )	(\$ 50,000 )
Acquisition of financial assets at fair value through profit or loss	12(3)	( 9,000 )	( 12,000 )
Acquisition of investments accounted for using equity method	6(7)	( 127,796 )	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		5,911	13,500
Decrease (increased) in financial assets at amortised cost		14,501	( 600 )
Acquisition of property, plant and equipment	6(33)	( 104,271 )	( 83,994 )
Proceeds from disposal of property, plant and equipment		1,218	352
Acquisition of intangible assets	6(11)	( 22,709 )	( 17,587 )
Increase in refundable deposits		( 6,230 )	( 1,380 )
Increase in prepayments for business facilities		( 15,762 )	( 40,416 )
Increase in other non-current assets		( 11 )	( 2,122 )
Net cash flows used in investing activities		( 370,130 )	( 194,247 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in short-term borrowings	6(34)	( 8,862 )	-
Proceeds from long-term borrowings	6(34)	57,121	174,000
Repayment of long-term borrowings	6(34)	( 66,970 )	( 50,811 )
Proceeds from issuance of bonds	6(14)	497,300	-
Exercise of employee share options	6(20)	11,371	15,611
Payments of lease liabilities	6(9)(34)	( 28,991 )	( 20,974 )
Increase in guarantee deposits received		715	-
Cash capital increase	6(20)	441,000	-
Net cash flows from financing activities		902,684	117,826
Effect of exchange rate changes on cash and cash equivalents		18,608	24,041
Net increase in cash and cash equivalents		942,107	1,349
Cash and cash equivalents at beginning of period		1,228,963	840,787
Cash and cash equivalents at end of period		\$ 2,171,070	\$ 842,136

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

SYSGRATION LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

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

1. HISTORY AND ORGANISATION

(1) SYSGRATION 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 October 14, 1977, and the Company’s shares have been approved by Securities and Futures Commission, Ministry of Finance to be officially traded on Taipei Exchange from December 1995. The Company and its subsidiaries (the ‘Group’) are primarily engaged in the manufacture and sale of automobile electronics products and power management products.

(2) On April 27, 2023, the Company’s shareholders during their meeting approved to split its energy storage business segment to newly established POWER TANK ENERGY LTD. through a spin-off, and the effective date of the spin-off was set on June 30, 2023. Refer to Note 6(35) for details.

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

These consolidated financial statements were reported to 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 that came into effect as endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 that came into effect 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 International Accounting Standards Board
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

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

(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 International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
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 MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.

(2) Basis of preparation

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
  - (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.



B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
SYSGRATION LTD.	SYSGRATION USA INC.	Sale of electronic products	100	100	100	
SYSGRATION LTD.	SYSGRATION (SAMOA) LTD.	Investment holding of overseas companies	100	100	100	
SYSGRATION LTD.	POWER TANK ENERGY LTD.	Manufacturing and sale of energy storage products	100	-	-	Note 1
SYSGRATION LTD.	Sysgration International Incorporation	Investment holding of overseas companies	100	-	-	
POWER TANK ENERGY LTD. / SYSGRATION LTD.	SYSGRATION TECHNOLOGY (SAMOA) LTD.	Investment holding of overseas companies	100	100	100	Note 2
SYSGRATION TECHNOLOGY (SAMOA) LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.	Manufacturing and sale of energy storage products	100	100	100	
SYSGRATION (SAMOA) LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Manufacturing and sale of electronic products	100	100	100	

Note 1: On June 30, 2023, the effective date of the spin-off, the Company split its energy storage business segment to newly established POWER TANK ENERGY LTD. through a spin-off. The aforementioned spin-off transaction pertains to a reorganization.

Note 2: On June 19, 2023, POWER TANK ENERGY LTD. was approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) to accept the equity interest of SYSGRATION (SAMOA) LTD. and SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.

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 interest that are material to the Group: None.

#### (4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

##### A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

##### B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

#### (5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;

- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

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

- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
- (b) The assets' contractual cash flows represent solely payments of principal and interest.

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

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

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

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Leasing arrangements (lessor) – operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(15) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.

- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	2~55	years
Machinery	2~20	years
Maintenance equipment and tools	2~5	years
Office equipment	2~30	years
Transportation equipment	4~5	years
Leasehold improvements	3~5	years or lease period (whichever is shorter)
Others	2~3	years

(17) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.  
Lease payments are comprised of the following:
  - (a) Fixed payments, less any lease incentives receivable;
  - (b) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract

modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(19) Intangible assets

Intangible assets, mainly computer software and patent rights, are amortised on a straight-line basis over their estimated useful lives of 1 ~ 10 years.

(20) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(21) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(22) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable or as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(24) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.



(25) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(26) Provisions

Provisions (including warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(27) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

(28) 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.

(29) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income, in which cases the tax is recognised in other comprehensive income.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. 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.
- F. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(30) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(31) Revenue recognition

Sales of goods

- A. The Group manufactures and sells automobile electronics products and power management products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(32) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(33) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

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 on hand and revolving funds	\$ 861	\$ 879	\$ 991
Checking accounts and demand deposits	897,509	648,084	631,145
Time deposits	<u>1,272,700</u>	<u>580,000</u>	<u>210,000</u>
	<u>\$ 2,171,070</u>	<u>\$ 1,228,963</u>	<u>\$ 842,136</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. As of September 30, 2023, December 31, 2022 and September 30, 2022, cash and cash equivalents amounting to \$106,700, \$121,201 and \$125,901, respectively, were pledged to others as collateral on short-term and long-term borrowings and were classified as financial assets at amortised cost.

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

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Derivatives	\$ -	\$ 139	\$ 330
	<u>\$ -</u>	<u>\$ 139</u>	<u>\$ 330</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Private equity fund	\$ 21,000	\$ 12,000	\$ 12,000
Valuation adjustment	<u>2,389</u>	<u>460</u>	<u>(163)</u>
	<u>\$ 23,389</u>	<u>\$ 12,460</u>	<u>\$ 11,837</u>

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

	<u>Three months ended September 30, 2023</u>	<u>Three months ended September 30, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Debt instruments	\$ 609	(\$ 163)
Derivatives	<u>-</u>	<u>( 654)</u>
	<u>\$ 609</u>	<u>(\$ 817)</u>
	<u>Nine months ended September 30, 2023</u>	<u>Nine months ended September 30, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Debt instruments	\$ 1,929	(\$ 163)
Derivatives	<u>( 139)</u>	<u>( 1,147)</u>
	<u>\$ 1,790</u>	<u>(\$ 1,310)</u>

B. Derivatives are call options of the convertible bonds issued by the Company.

C. The Group had no financial assets at fair value through profit or loss pledged to others as collateral.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(3).

(3) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 12,042	\$ 21,514	\$ 21,514
Emerging stocks	60,786	-	
Unlisted stocks	<u>229,215</u>	<u>180,459</u>	<u>149,673</u>
	302,043	201,973	171,187
Valuation adjustment	<u>( 44,064)</u>	<u>( 53,021)</u>	<u>( 46,778)</u>
	<u>\$ 257,979</u>	<u>\$ 148,952</u>	<u>\$ 124,409</u>

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.

B. For the nine months ended September 30, 2023 and 2022, the Company has disposed stock of the investee company. Realised gain has been transferred to retained earnings from other equity.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Three months ended September 30, 2023</u>	<u>Three months ended September 30, 2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ <u>2,006</u>	(\$ <u>1,836</u> )
Cumulative gains reclassified to retained earnings due to derecognition	\$ <u>-</u>	\$ <u>-</u>
Dividend income recognised in profit or loss Held at end of period	\$ <u>1,648</u>	\$ <u>640</u>
	<u>Nine months ended September 30, 2023</u>	<u>Nine months ended September 30, 2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ <u>9,690</u>	(\$ <u>8,129</u> )
Cumulative gains reclassified to retained earnings due to derecognition	\$ <u>733</u>	\$ <u>2,587</u>
Dividend income recognised in profit or loss Held at end of period	\$ <u>1,648</u>	\$ <u>640</u>

D. 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 were \$257,979, \$148,952 and \$124,409 as at September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

E. The Group had 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(3).

(4) Financial assets at amortised cost

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Pledged time deposits	\$ <u>90,000</u>	\$ <u>100,501</u>	\$ <u>105,101</u>
Non-current items:			
Pledged time deposits	\$ <u>16,700</u>	\$ <u>20,700</u>	\$ <u>20,800</u>

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

	<u>Three months ended</u> <u>September 30, 2023</u>	<u>Three months ended</u> <u>September 30, 2022</u>
Interest income	\$ 3,439	\$ 459
	<u>Nine months ended</u> <u>September 30, 2023</u>	<u>Nine months ended</u> <u>September 30, 2022</u>
Interest income	\$ 8,273	\$ 956

B. 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 were \$106,700, \$121,201 and \$125,901, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable	\$ 22,235	\$ 2,546	\$ 2,126
Less: Allowance for uncollectible accounts	( 209)	( 25)	( 21)
	<u>\$ 22,026</u>	<u>\$ 2,521</u>	<u>\$ 2,105</u>
Accounts receivable	\$ 872,035	\$ 924,849	\$ 882,896
Less: Allowance for uncollectible accounts	( 16,445)	( 6,814)	( 4,165)
	<u>\$ 855,590</u>	<u>\$ 918,035</u>	<u>\$ 878,731</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>September 30, 2023</u>		<u>December 31, 2022</u>	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 664,716	\$ 22,026	\$ 707,880	\$ 2,521
Up to 30 days	84,871	-	79,956	-
31 to 120 days	59,402	-	130,170	-
121 to 180 days	34,321	-	29	-
Over 180 days	12,280	-	-	-
	<u>\$ 855,590</u>	<u>\$ 22,026</u>	<u>\$ 918,035</u>	<u>\$ 2,521</u>

	September 30, 2022	
	Accounts receivable	Notes receivable
Not past due	\$ 667,668	\$ 2,105
Up to 30 days	195,086	-
31 to 120 days	15,830	-
121 to 180 days	-	-
Over 180 days	147	-
	<u>\$ 878,731</u>	<u>\$ 2,105</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2023, December 31, 2022 and September 30, 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$622,072.

C. 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 receivable were \$22,026, \$2,521 and \$2,105, respectively; the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$855,590, \$918,035 and \$878,731, respectively.

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

(6) Inventories

	September 30, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 272,708	(\$ 24,999)	\$ 247,709
Work in progress	67,281	-	67,281
Finished goods	51,632	( 6,924)	44,708
	<u>\$ 391,621</u>	<u>(\$ 31,923)</u>	<u>\$ 359,698</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 237,084	(\$ 21,964)	\$ 215,120
Work in progress	114,183	-	114,183
Finished goods	106,070	( 12,371)	93,699
	<u>\$ 457,337</u>	<u>(\$ 34,335)</u>	<u>\$ 423,002</u>



	September 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 324,601	(\$ 22,752)	\$ 301,849
Work in progress	81,493	-	81,493
Finished goods	76,623	( 4,716)	71,907
	<u>\$ 482,717</u>	<u>(\$ 27,468)</u>	<u>\$ 455,249</u>

The cost of inventories recognised as expense for the period:

	Three months ended September 30, 2023	Three months ended September 30, 2022
Cost of goods sold	\$ 591,775	\$ 676,989
Loss on decline in market value	2,593	10,283
	<u>\$ 594,368</u>	<u>\$ 687,272</u>
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cost of goods sold	\$ 1,818,145	\$ 1,902,272
(Gain on reversal) loss on decline in market value	( 2,427)	11,067
	<u>\$ 1,815,718</u>	<u>\$ 1,913,339</u>

A. The Group had no inventories pledged to others as collateral.

B. The Group reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of the continuous clearance of inventory.

(7) Investments accounted for using equity method

	2023	2022
At January 1	\$ -	\$ -
Addition of investments accounted for using equity method	127,796	-
Share of profit or loss of investments accounted for using equity method	26	-
At September 30	<u>\$ 127,822</u>	<u>\$ -</u>
	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Associates:		
Leadray Energy CO., LTD	<u>\$ 127,822</u>	<u>\$ -</u>

A. Associates

(a) The basic information of the associates that are material to the Group is as follows:

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>		<u>Nature of relationship</u>	<u>Methods of measurement</u>
		<u>September 30, 2023</u>	<u>December 31, 2022</u>		
Leadray Energy CO., LTD	R.O.C.	35%	-	Strategic Investment	Equity method
			<u>September 30, 2022</u>		
			-		

(b) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of September 30, 2023, the carrying amount of the Group's individually immaterial associates amounted to \$127,822.

	<u>Nine months ended September 30, 2023</u>
Profit or loss for the period from continuing operations	<u>\$ 26</u>
Total comprehensive income	<u>\$ 26</u>

(c) The Group is the single largest shareholder of Leadray Energy CO., LTD. Given that other shareholders hold more shares than the Group and considering the past records of the number of voting rights held by other shareholders on the major proposals in the shareholders' meeting, both of which indicate that the Group has no substantial ability to direct the operating and financial decisions, the Group has no control, but only has significant influence, over the investee.

(8) Property, plant and equipment

	2023								
	Land	Buildings and structures	Machinery	Maintenance equipment and tools	Office equipment	Transportation equipment	Leasehold improvements	Others	Total
At January 1									
Cost	\$ 18,807	\$ 306,326	\$ 355,523	\$ 16,639	\$ 151,184	\$ 18,134	\$ 23,769	\$ 23,081	\$ 913,463
Accumulated depreciation and impairment	-	( 133,870)	( 188,672)	( 12,311)	( 81,622)	( 7,431)	( 20,577)	( 15,919)	( 460,402)
	<u>\$ 18,807</u>	<u>\$ 172,456</u>	<u>\$ 166,851</u>	<u>\$ 4,328</u>	<u>\$ 69,562</u>	<u>\$ 10,703</u>	<u>\$ 3,192</u>	<u>\$ 7,162</u>	<u>\$ 453,061</u>
Opening net book amount as at January 1	\$ 18,807	\$ 172,456	\$ 166,851	\$ 4,328	\$ 69,562	\$ 10,703	\$ 3,192	\$ 7,162	\$ 453,061
Additions	-	10,478	73,199	3,342	5,626	2,602	732	5,468	101,447
Disposals	-	-	( 230)	-	( 812)	-	-	-	( 1,042)
Depreciation charge	-	( 7,118)	( 35,618)	( 2,232)	( 16,731)	( 2,473)	( 1,384)	( 3,505)	( 69,061)
Net exchange differences	-	-	58	( 2)	34	3	( 1)	-	92
Closing net book amount as at September 30	<u>\$ 18,807</u>	<u>\$ 175,816</u>	<u>\$ 204,260</u>	<u>\$ 5,436</u>	<u>\$ 57,679</u>	<u>\$ 10,835</u>	<u>\$ 2,539</u>	<u>\$ 9,125</u>	<u>\$ 484,497</u>
At September 30									
Cost	\$ 18,807	\$ 316,804	\$ 417,238	\$ 20,001	\$ 148,738	\$ 20,752	\$ 24,275	\$ 28,490	\$ 995,105
Accumulated depreciation and impairment	-	( 140,988)	( 212,978)	( 14,565)	( 91,059)	( 9,917)	( 21,736)	( 19,365)	( 510,608)
	<u>\$ 18,807</u>	<u>\$ 175,816</u>	<u>\$ 204,260</u>	<u>\$ 5,436</u>	<u>\$ 57,679</u>	<u>\$ 10,835</u>	<u>\$ 2,539</u>	<u>\$ 9,125</u>	<u>\$ 484,497</u>

	2022								
	Land	Buildings and structures	Machinery	Maintenance equipment and tools	Office equipment	Transportation equipment	Leasehold improvements	Others	Total
At January 1									
Cost	\$ 18,807	\$ 307,249	\$ 327,779	\$ 25,421	\$ 100,641	\$ 11,944	\$ 20,944	\$ 18,249	\$ 831,034
Accumulated depreciation and impairment	-	( 129,295)	( 157,950)	( 20,010)	( 69,379)	( 4,758)	( 18,838)	( 12,771)	( 413,001)
	<u>\$ 18,807</u>	<u>\$ 177,954</u>	<u>\$ 169,829</u>	<u>\$ 5,411</u>	<u>\$ 31,262</u>	<u>\$ 7,186</u>	<u>\$ 2,106</u>	<u>\$ 5,478</u>	<u>\$ 418,033</u>
Opening net book amount as at January 1	\$ 18,807	\$ 177,954	\$ 169,829	\$ 5,411	\$ 31,262	\$ 7,186	\$ 2,106	\$ 5,478	\$ 418,033
Additions	-	758	28,719	2,736	41,594	6,160	2,862	2,752	85,581
Disposals	-	-	( 1,080)	( 736)	( 193)	-	-	-	( 2,009)
Depreciation charge	-	( 4,843)	( 26,252)	( 2,368)	( 11,464)	( 1,838)	( 1,232)	( 2,516)	( 50,513)
Net exchange differences	-	-	2,613	99	693	57	48	-	3,510
Closing net book amount as at September 30	<u>\$ 18,807</u>	<u>\$ 173,869</u>	<u>\$ 173,829</u>	<u>\$ 5,142</u>	<u>\$ 61,892</u>	<u>\$ 11,565</u>	<u>\$ 3,784</u>	<u>\$ 5,714</u>	<u>\$ 454,602</u>
At September 30									
Cost	\$ 18,807	\$ 308,007	\$ 358,065	\$ 16,871	\$ 142,297	\$ 18,280	\$ 24,114	\$ 20,929	\$ 907,370
Accumulated depreciation and impairment	-	( 134,138)	( 184,236)	( 11,729)	( 80,405)	( 6,715)	( 20,330)	( 15,215)	( 452,768)
	<u>\$ 18,807</u>	<u>\$ 173,869</u>	<u>\$ 173,829</u>	<u>\$ 5,142</u>	<u>\$ 61,892</u>	<u>\$ 11,565</u>	<u>\$ 3,784</u>	<u>\$ 5,714</u>	<u>\$ 454,602</u>

- A. The significant components of buildings and structures include main plants and structure improvements, which are depreciated over 55 and 2~45 years, respectively.
- B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.
- C. The Group's property, plant and equipment were for self-use.

(9) Leasing arrangements – lessee

- A. The Group leases various assets including buildings and transportation equipment. Rental contracts are typically made for periods of 2 to 5 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 and sublet without agreement.
- B. Short-term leases with a lease term of 12 months or less comprise offices. On September 30, 2023, December 31, 2022 and September 30, 2022, payments of lease commitments for short-term leases amounted to \$1,610, \$5,007 and \$4,315, respectively.
- C. 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>
Buildings	\$ 124,222	\$ 24,827	\$ 32,149
Transportation equipment	3,607	5,128	5,787
	<u>\$ 127,829</u>	<u>\$ 29,955</u>	<u>\$ 37,936</u>

	<u>Three months ended</u>	<u>Three months ended</u>
	<u>September 30, 2023</u>	<u>September 30, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 13,997	\$ 7,094
Transportation equipment	526	658
	<u>\$ 14,523</u>	<u>\$ 7,752</u>

	<u>Nine months ended</u>	<u>Nine months ended</u>
	<u>September 30, 2023</u>	<u>September 30, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 27,202	\$ 18,598
Transportation equipment	1,779	1,928
	<u>\$ 28,981</u>	<u>\$ 20,526</u>

- D. For the three months and nine months ended September 30, 2023 and 2022, the additions to right-of-use assets were \$126,623, \$5,804, \$127,355 and \$7,871, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Three months ended</u>	<u>Three months ended</u>
	<u>September 30, 2023</u>	<u>September 30, 2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 425	\$ 153
Expense on short-term lease contracts	1,125	1,011
	<u>\$ 1,550</u>	<u>\$ 1,164</u>

	<u>Nine months ended September 30, 2023</u>	<u>Nine months ended September 30, 2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 588	\$ 487
Expense on short-term lease contracts	<u>1,610</u>	<u>4,315</u>
	<u>\$ 2,198</u>	<u>\$ 4,802</u>

F. For the three months and nine months ended September 30, 2023 and 2022, the Group's total cash outflow for leases were \$14,237, \$7,908, \$28,991 and \$20,974, respectively.

(10) Investment property

	<u>2023</u>		<u>2022</u>
	<u>Buildings</u>		<u>Buildings</u>
At January 1		At January 1	
Cost	\$ 7,000	Cost	\$ 7,000
Accumulated depreciation	( <u>2,975</u> )	Accumulated depreciation	( <u>2,838</u> )
	<u>\$ 4,025</u>		<u>\$ 4,162</u>
Opening net book amount as at January 1	\$ 4,025	Opening net book amount as at January 1	\$ 4,162
Depreciation charge	( <u>103</u> )	Depreciation charge	( <u>103</u> )
Closing net book amount as at September 30	<u>\$ 3,922</u>	Closing net book amount as at September 30	<u>\$ 4,059</u>
At September 30		At September 30	
Cost	\$ 7,000	Cost	\$ 7,000
Accumulated depreciation and impairment	( <u>3,078</u> )	Accumulated depreciation and impairment	( <u>2,941</u> )
	<u>\$ 3,922</u>		<u>\$ 4,059</u>

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

	<u>Three months ended September 30, 2023</u>	<u>Three months ended September 30, 2022</u>
Rental income from investment property	<u>\$ 62</u>	<u>\$ 72</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 34</u>	<u>\$ 35</u>

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Rental income from investment property	\$ 189	\$ 216
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 103	\$ 103

B. The fair value of the investment property held by the Group as at September 30, 2023, December 31, 2022 and September 30, 2022 were all \$7,000, which was based on the trading prices of similar prices in the neighboring areas.

C. The Group had no investment property pledged to others as collateral.

(11) Intangible assets

	2023		
	Patent right	Software	Total
At January 1			
Cost	\$ 17,901	\$ 66,188	\$ 84,089
Accumulated amortisation and impairment	( 17,712)	( 46,534)	( 64,246)
	<u>\$ 189</u>	<u>\$ 19,654</u>	<u>\$ 19,843</u>
Opening net book amount as at January 1	\$ 189	\$ 19,654	\$ 19,843
Additions — acquired separately	-	22,709	22,709
Amortisation charge	( 36)	( 16,540)	( 16,576)
Net exchange differences	-	2	2
Closing net book amount as at September 30	<u>\$ 153</u>	<u>\$ 25,825</u>	<u>\$ 25,978</u>
At September 30			
Cost	\$ 17,902	\$ 88,912	\$ 106,814
Accumulated amortisation and impairment	( 17,749)	( 63,087)	( 80,836)
	<u>\$ 153</u>	<u>\$ 25,825</u>	<u>\$ 25,978</u>

	2022		
	Patent right	Software	Total
At January 1			
Cost	\$ 17,894	\$ 44,188	\$ 62,082
Accumulated amortisation and impairment	( 17,659)	( 29,773)	( 47,432)
	<u>\$ 235</u>	<u>\$ 14,415</u>	<u>\$ 14,650</u>
Opening net book amount as at January 1	\$ 235	\$ 14,415	\$ 14,650
Additions — acquired separately	-	17,587	17,587
Amortisation charge	( 37)	( 11,454)	( 11,491)
Net exchange differences	<u>6</u>	<u>87</u>	<u>93</u>
Closing net book amount as at September 30	<u>\$ 204</u>	<u>\$ 20,635</u>	<u>\$ 20,839</u>
At September 30			
Cost	\$ 17,908	\$ 62,049	\$ 79,957
Accumulated amortisation and impairment	( 17,704)	( 41,414)	( 59,118)
	<u>\$ 204</u>	<u>\$ 20,635</u>	<u>\$ 20,839</u>

Details of amortisation on intangible assets are as follows:

	Three months ended September 30, 2023	Three months ended September 30, 2022
Operating costs	\$ 1,398	\$ 364
Selling expenses	269	518
Administrative expenses	2,153	1,591
Research and development expenses	2,124	2,313
	<u>\$ 5,944</u>	<u>\$ 4,786</u>
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Operating costs	\$ 2,406	\$ 1,161
Selling expenses	1,150	1,209
Administrative expenses	5,511	3,885
Research and development expenses	7,509	5,236
	<u>\$ 16,576</u>	<u>\$ 11,491</u>

(12) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank unsecured borrowings	<u>\$ 8,816</u>	3.65%	None
Type of borrowings	September 30, 2022	Interest rate range	Collateral
Bank unsecured borrowings	<u>\$ 8,946</u>	3.65%	None

A. Aforementioned borrowings were from short-term financing contracts which the Company entered into with financial institutions. Each contract has different restrictions on the Company's capital maintenance and the purpose of capital in the borrowing period.



B. Interest expense recognised in profit or loss amounted to \$0, \$42, \$87 and \$133 for the three months and nine months ended September 30, 2023 and 2022, respectively.

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

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Financial liabilities designated as at fair value through profit or loss			
Derivative instruments	\$ 3,400	\$ -	\$ -

A. Amounts recognised in profit or loss in relation to financial liabilities at fair value through profit or loss are as follows:

	<u>Three months ended September 30, 2023</u>	<u>Three months ended September 30, 2022</u>
Financial assets designated as at fair value through profit or loss		
Derivative instruments	(\$ 629)	\$ -
	<u>Nine months ended September 30, 2023</u>	<u>Nine months ended September 30, 2022</u>
Financial assets designated as at fair value through profit or loss		
Derivative instruments	(\$ 629)	\$ -

B. Derivatives are call options of the convertible bonds issued by the Company.

(14) Bonds payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Bonds payable	\$ 842,700	\$ 462,100	\$ 466,800
Less: Discount on bonds payable	( 33,630)	( 3,136)	( 4,224)
	809,070	458,964	462,576
Less: Current portion or exercise of put options	( 342,700)	( 458,964)	( 462,576)
	<u>\$ 466,370</u>	<u>\$ -</u>	<u>\$ -</u>

A. The issuance of domestic convertible bonds by the Company:

(a) The terms of the fourth domestic secured convertible bonds issued by the Company are as follows:

- i. The Company issued \$500,000, 0% of coupon rate, fourth domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (October 20, 2020 ~ October 20, 2023) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on October 20, 2020.
- ii. 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 3 month (January 21, 2021) of the bonds issue to the maturity date (October 20, 2023), 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.
- iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds and 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; however, the conversion price of the convertible bonds was NT\$34.1 (in dollars) per share.
- iv. The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 0.5006% of the face value as interests upon two years from the issue date.
- v. 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 common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue (January 21, 2021) to 40 days before the maturity date (September 11, 2023), 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 (January 21, 2021) to 40 days before the maturity date (September 11, 2023).
- vi. 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) As of September 30, 2023, the convertible bonds totaling NTD\$157,300 (face value) had been converted into 4,580,582 common shares, of which 1,841,616 common shares were resolved by the Board of Directors on November 8, 2023 for the effective date on November 8, 2023, and the registration of changes of the remaining common shares had been completed.
- (c) The terms of the fifth domestic secured convertible bonds issued by the Company are as follows:
- i. The Company issued \$500,000, 0% of coupon rate, fourth domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (August 8, 2023 ~ August 8, 2026) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on August 8, 2023.
  - ii. 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 3 month (November 9, 2023) of the bonds issue to the maturity date(August 8, 2026), 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.
  - iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds and 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; however, the conversion price of the convertible bonds was NT\$39.7 (in dollars) per share.
  - iv. The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 0.5006% of the face value as interests upon two years from the issue date.
  - v. 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 common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue (November 9, 2023) to 40 days before the maturity date (June 29, 2026), 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 (November 9, 2023) to 40 days before the maturity date (June 29, 2026).
  - vi. 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 non-equity conversion options, call options, put options and conversion price resetting options embedded in bonds payable were separated from their host contracts which was classified as ‘capital surplus—share options’ amount to \$30,085 and were recognised in ‘financial assets or liabilities at fair value through profit or loss’ in net amount 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. The effective interest rates of the bonds payable after such separation was 2.4894%.

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2023
Unsecured borrowings	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.75%	None.	\$ 26,000
Unsecured Borrowing	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.66%	None.	13,220
Secured borrowings	Borrowing period is from April 15, 2021 to April 15, 2026; interest is repayable monthly.	1.5%	Note	34,565
Unsecured borrowings	Borrowing period is from May 17, 2021 to May 17, 2026; interest is repayable monthly.	1.945%	None.	18,133
Secured borrowings	Borrowing period is from December 29, 2021 to April 15, 2026; interest is repayable monthly.	1.5%	Note	10,910
Unsecured borrowings	Borrowing period is from March 30, 2022 to March 30, 2027; interest is repayable monthly.	1.695%	None.	32,200
Secured borrowings	Borrowing period is from April 15, 2022 to April 15, 2027; interest is repayable monthly.	1.65%	Note	34,400
Secured borrowings	Borrowing period is from May 16, 2022 to May 16, 2027; interest is repayable monthly.	1.43%	Note	58,667
Secured borrowings	Borrowing period is from October 17, 2022 to October 15, 2027; interest is repayable monthly.	1.5%	Note	18,711

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2023
Secured borrowings	Borrowing period is from March 10, 2023 to October 15, 2027; interest is repayable monthly.	1.5%	Note	22,682
Secured borrowings	Borrowing period is from September 12, 2023 to October 15, 2027; interest is repayable monthly.	1.5%	Note	31,662
				<u>301,150</u>
Less: Current portion				(94,706)
				<u>\$ 206,444</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Unsecured borrowings	Borrowing period is from May 20, 2020 to May 20, 2023; interest is repayable monthly.	1.77%	None.	\$ 2,777
Unsecured borrowings	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.5%	None.	35,000
Unsecured Borrowing	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.41%	None.	17,797
Secured borrowings	Borrowing period is from April 15, 2021 to April 15, 2026; interest is repayable monthly.	1.875%	Note	44,600
Unsecured borrowings	Borrowing period is from May 17, 2021 to May 17, 2026; interest is repayable monthly.	1.82%	None.	23,233
Secured borrowings	Borrowing period is from December 29, 2021 to April 15, 2026; interest is repayable monthly.	1.875%	Note	14,077
Unsecured borrowings	Borrowing period is from March 30, 2022 to March 30, 2027; interest is repayable monthly.	1.445%	None.	39,100
Secured borrowings	Borrowing period is from April 15, 2022 to April 15, 2027; interest is repayable monthly.	1.525%	Note	41,600
Secured borrowings	Borrowing period is from May 16, 2022 to May 16, 2027; interest is repayable monthly.	1.805%	Note	70,667
Secured borrowings	Borrowing period is from October 17, 2022 to October 15, 2027; interest is repayable monthly.	1.375%	Note	22,148
				<u>310,999</u>
Less: Current portion				(83,410)
				<u>\$ 227,589</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2022
Unsecured borrowings	Borrowing period is from May 20, 2020 to May 20, 2023; interest is repayable monthly.	1.52%	None	\$ 4,444
Unsecured borrowings	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.375%	None	38,000
Unsecured Borrowing	Borrowing period is from December 1, 2020 to November 15, 2025; interest is repayable monthly.	1.285%	None	19,322
Secured borrowings	Borrowing period is from April 15, 2021 to April 15, 2026; interest is repayable monthly.	1.125%	Note	47,945
Unsecured borrowings	Borrowing period is from May 17, 2021 to May 17, 2026; interest is repayable monthly.	1.57%	None	24,933
Secured borrowings	Borrowing period is from December 29, 2021 to April 15, 2026; interest is repayable monthly.	1.125%	Note	15,133
Unsecured borrowings	Borrowing period is from March 30, 2022 to March 30, 2027; interest is repayable monthly.	1.32%	None	41,400
Secured borrowings	Borrowing period is from April 15, 2022 to April 15, 2027; interest is repayable monthly.	1.275%	Note	44,000
Secured borrowings	Borrowing period is from May 16, 2022 to May 16, 2027; interest is repayable monthly.	1.055%	Note	74,667
				<u>309,844</u>
Less: Current portion				( <u>80,747</u> )
				<u>\$ 229,097</u>

Note: Information about the assets that were pledged to long-term borrowings as collaterals is provided in Note 8.

- A. For the three months and nine months ended September 30, 2023 and 2022, interest expense recognised in profit or loss amounted to \$1,128, \$1,003, \$3,481 and \$2,262, respectively.
- B. Aforementioned borrowings from financial institutions are guaranteed by related parties as joint guarantor, please refer to Note 7 for details.

(16) Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Wages and salaries payable	\$ 126,910	\$ 120,707	\$ 96,827
Payables for machinery and equipment	2,317	5,141	7,755
Others	69,030	53,474	43,451
	<u>\$ 198,257</u>	<u>\$ 179,322</u>	<u>\$ 148,033</u>

(17) Pensions

- A. 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.
- B. The second-tier subsidiary, SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD. and the second-tier subsidiary, SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD. have defined contribution pension plans under local regulations.
- C. The pension costs under defined contribution pension plans of the Group for the three months and nine months ended September 30, 2023 and 2022 were \$5,640, \$6,324, \$17,262 and \$15,356, respectively.

(18) Share-based payment

- A. On November 12, 2019 and December 27, 2016, the Board of Directors of the Company resolved to issue employees’ options of 5,000 units (every unit can purchase 1,000 shares of the Company’s common share, the total number of common shares which can be purchased was 5,000,000 shares with the exercise price of \$33.80 (in dollars)) and 4,500 units (every unit can purchase 1,000 shares of the Company’s common share, the total number of common shares which can be purchased was 4,500,000 shares with the exercise price of \$10.00 (in dollars)), except for the 4,731 units were issued out of 5,000 units on August 20, 2020, others were issued 5,000 units on October 15, 2018. The exercise price under the aforementioned stock-based employee compensation plan is at least the closing price of the Company’s common stock at the grant date. There will be adjustment to the exercise price in accordance with specific formula if there is any change in the Company’s ordinary shares or distribution of cash dividend after the issuance of stock options. The life of the option is 5 years. After 2 years from the date of grant, employees may exercise the options in accordance with certain schedules as prescribed in the option plan.

- B. To attract and retain talents, encourage employees and strengthen coherence of the Company, the Board of Directors at their meeting on October 18, 2022 resolved to issue employees' stock options of 10,000 units. The issuance had been approved by the competent authority and could be issued over several installments within two years. The first issuance of 7,000 units was on July 7, 2023 (every unit can purchase 1,000 shares of the Company's common share, the total number of common shares which can be purchased was 7,000,000 shares with exercise price of \$38.55 (in dollars)).
- C. For the nine months ended September 30, 2023 and 2022, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2018.10.15	4,500	5 years	2 ~ 4 years' service
Employee stock options	2020.08.20	4,731	5 years	2 ~ 4 years' service
Employee stock options	2023.07.07	7,000	5 years	2 ~ 4 years' service

- D. Details of the share-based payment arrangements are as follows:

- (a) . Employees' options which were issued in 2023

	Nine months ended September 30, 2023	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	7,000	\$ 38.55
Options granted	-	-
Options exercised	-	-
Options forfeited (Note)	( 670)	-
Options outstanding at the end of the period	<u>6,330</u>	\$ 38.55
Options exercisable at the end of the period	<u>-</u>	

Note: Due to employees' retirement or termination.

- (b). Employees' options which were issued in 2020



	Nine months ended September 30, 2023		Nine months ended September 30, 2022	
	No. of options (in thousands)	Weighted- average exercise price (in dollars)	No. of options (in thousands)	Weighted- average exercise price (in dollars)
Options outstanding at January 1	2,424	\$ 33.80	3,493	\$ 33.80
Options granted	-	-	-	-
Options exercised	( 282)	33.80	( 431)	33.80
Options forfeited (Note)	( 58)	-	( 437)	-
Options outstanding at the end of the period	<u>2,084</u>	\$ 33.80	<u>2,625</u>	\$ 33.80
Options exercisable at the end of the period	<u>1,203</u>		<u>792</u>	

Note: Due to employees' retirement or termination.

(c). Employees' options which were issued in 2018

	Nine months ended September 30, 2023		Nine months ended September 30, 2022	
	No. of options (in thousands)	Weighted- average exercise price (in dollars)	No. of options (in thousands)	Weighted- average exercise price (in dollars)
Options outstanding at January 1	336	\$ 10.00	1,182	\$ 10.00
Options granted	-	-	-	-
Options exercised	( 184)	10.00	( 105)	10.00
Options forfeited (Note)	( 38)	-	( 111)	-
Options outstanding at the end of the period	<u>114</u>	\$ 10.00	<u>966</u>	\$ 10.00
Options exercisable at the end of the period	<u>114</u>		<u>191</u>	

Note: Due to employees' retirement or termination.

E. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		<u>September 30, 2023</u>		<u>December 31, 2022</u>	
<u>Issue date approved</u>	<u>Expiry date</u>	<u>No. of shares (in thousands)</u>	<u>Exercise price (in dollars)</u>	<u>No. of shares (in thousands)</u>	<u>Exercise price (in dollars)</u>
2018.10.15	2023.10.14	114	\$ 10.00	2,424	\$ 10.00
2020.08.20	2025.08.19	2,084	33.80	336	33.80
2023.07.07	2028.07.06	6,330	38.55	-	-

  

		<u>September 30, 2022</u>	
<u>Issue date approved</u>	<u>Expiry date</u>	<u>No. of shares (in thousands)</u>	<u>Exercise price (in dollars)</u>
2018.10.15	2023.10.14	966	\$ 10.00
2020.08.20	2025.08.19	2,625	33.80

F. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Exercise price</u>	<u>Expected price volatility</u>	<u>Expected option life</u>	<u>Expected dividends</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
Employee stock options	2018.10.15	\$10.00	43.64% ~44.73%	3.5~4.5 years	0%	0.69% ~0.73%	\$ 1.90 ~2.19
Employee stock options	2020.08.20	33.80	49.75% ~53.32%	3.5~4.5 years	0%	0.28% ~0.31%	13.02 ~13.74
Employee stock options	2023.07.07	38.55	46.02%	3.5~4.5 years	0%	1.07% ~1.10%	13.33 ~15.04

G. Expenses incurred on share-based payment transactions are shown below:

	<u>Three months ended September 30, 2023</u>	<u>Three months ended September 30, 2022</u>
Equity-settled	\$ 6,527	\$ 3,442
	<u>Nine months ended September 30, 2023</u>	<u>Nine months ended September 30, 2022</u>
Equity-settled	\$ 10,106	\$ 10,327

(19) Provisions

	<u>2023</u>	<u>2022</u>
	<u>Warranty</u>	<u>Warranty</u>
At January 1	\$ 21,246	\$ 7,179
Additional provisions	16,972	14,155
Used during the period	( 10,727)	( 6,399)
At September 30	\$ 27,491	\$ 14,935

The Group gives warranties on automobile electronics products sold. Provision for warranty is estimated based on historical warranty data of the product. It is expected that provision will be used

within the next year.

(20) Share capital

- A. As of September 30, 2023, the Company's authorised capital was \$3,000,000, consisting of 300,000 thousand shares of ordinary stock (including 20,000 thousand shares reserved for employee stock options), and the paid-in capital was \$1,825,577 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	<u>2023 (Note)</u>	<u>2022 (Note)</u>
At January 1	168,023	155,549
Employee stock options exercised	3,496	535
Conversion of convertible bonds	466	726
Cash capital increase-private placement	<u>12,600</u>	<u>-</u>
At September 30	<u><u>184,585</u></u>	<u><u>156,810</u></u>

Note: Expressed in thousands of shares.

- B. To increase the Company's working capital, the shareholders at their meeting on April 29, 2022 resolved to conduct private placements of common shares with a par value at \$10 (in dollars) per share, and the total number of shares issued shall not exceed 25,000 thousand shares which would be issued over several installments within one year from the date of the shareholders' meeting resolution. On October 18, 2022, the Board of Directors resolved the first effective date of capital increase through private placement was set on November 1, 2022 and total number of private ordinary shares amounted to 10,250 thousand with an issuance price of NT\$32 (in dollars) per share. The total amount of private placement was NTD 328,000 thousand and the registration of changes had been completed. On March 9, 2023, the Board of Directors resolved the second effective date of capital increase through private placement was set on March 23, 2023 and total number of private ordinary shares amounted to 12,600 thousand with an issuance price of NT\$35 (in dollars) per share. The total amount of private placement was NTD 441,000 thousand and the registration of changes had been completed. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.
- C. On May 11, 2021, the Company's board of directors resolved to issue 470 thousand shares with a par value of NT\$10. The subscription base date was determined by the board of directors to be May 11, 2021, the registration of changes had been completed.
- D. On January 18, 2022, the Company's board of directors resolved to issue 775.6 thousand shares with a par value of NT\$10. The subscription base date was determined by the board of directors to be January 18, 2022, the registration of changes had been completed.
- E. On May 10, 2022, the Company's board of directors resolved to issue 39 thousand shares with a

- par value of NT\$10. The subscription base date was determined by the board of directors to be May 10, 2022, the registration of changes had been completed.
- F. On August 9, 2022, the Company's board of directors resolved to issue 66 thousand shares with a par value of NT\$10. The subscription base date was determined by the board of directors to be August 9, 2022, the registration of changes had been completed.
- G. On October 18, 2022, the Company's board of directors resolved to issue 430.8 thousand shares with a par value of NT\$33.8. The subscription base date was determined by the board of directors to be October 18, 2022, the registration of changes had been completed.
- H. On January 9, 2023, the Company's board of directors resolved to issue 826.7 thousand shares of which 631.1 thousand shares with a par value of NT\$10 and 195.6 thousand shares with a par value of NT\$33.8. The subscription base date was determined by the board of directors to be January 9, 2023, the registration of changes had been completed.
- I. On May 9, 2023, the Company's board of directors resolved to issue 95.3 thousand shares of which 7.5 thousand shares with a par value of NT\$10 and 87.8 thousand shares with a par value of NT\$33.8. The subscription base date was determined by the board of directors to be May 9, 2023, the registration of changes had been completed.
- J. On August 8, 2023, the Company's board of directors resolved to issue 184.8 thousand shares of which 90 thousand shares with a par value of NT\$10 and 94.8 thousand shares with a par value of NT\$33.8. The subscription base date was determined by the board of directors to be August 8, 2023.
- K. On November 8, 2023, the Company's board of directors resolved to issue 185.6 thousand shares of which 86.1 thousand shares with a par value of NT\$10 and 99.5 thousand shares with a par value of NT\$33.8. The subscription base date was determined by the board of directors to be November 8, 2023.

(21) 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 Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to offset accumulated deficit unless the legal reserve is insufficient.
- B. Movements in the number of the Company's ordinary shares outstanding are as follows: (Share in thousands)

	2023			
	Share premium	Employee stock options	Share options	Total
At January 1	\$ 257,567	\$ 41,977	\$ 10,492	\$ 310,036
Employee stock options exercised	5,613	1,101	-	6,714
Exercise of conversion right of convertible bonds	86,784	-	( 2,658)	84,126
Share-based compensation cost	-	10,106	-	10,106
Cash capital increase-private placement	315,000	-	-	315,000
Recognition of share option in issuance of convertible bonds	-	-	30,085	30,085
At September 30	<u>\$ 664,964</u>	<u>\$ 53,184</u>	<u>\$ 37,919</u>	<u>\$ 756,067</u>

	2022					
	Share premium	Employee stock options	Share options	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Total
At January 1	\$ 74,352	\$ 56,488	\$ 17,162	\$ 2,654	\$ 9,693	\$ 160,349
Employee stock options exercised	225	10,028	-	-	-	10,253
Exercise of conversion right of convertible bonds	18,406	-	( 566)	-	-	17,840
Capital surplus used to offset loss	( 74,352)	( 30,000)	( 6,000)	( 2,654)	( 9,693)	( 122,699)
Share-based compensation cost	-	10,327	-	-	-	10,327
At September 30	<u>\$ 18,631</u>	<u>\$ 46,843</u>	<u>\$ 10,596</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,070</u>

(22) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and appropriate or reverse for special reserve as required by the operating needs of the Company or regulations when necessary. The remainder, if any, to be retained or to be appropriated shall be proposed by the Board of Directors and to be resolved by the stockholders at the stockholders' meeting.
- B. For the long-term business development of the Company, the needs of capital in the future and long-term business plan, the distributable earnings can be distributed no higher than 90% as shareholders' bonus every year. However, the distributable earnings may not to be distributed if the accumulated distributable earnings lower than 5% of paid-in capital. The cash dividend cannot be lower than 10% of total dividends. However, when the cash dividend per share is lower

than \$0.5, it can be distributed in stock dividend at full amount.

- C. The Company's shareholders' meeting resolved the profit and loss appropriation for the year of 2022 on April 27, 2023. After offsetting losses from previous years, setting aside a legal reserve of 10% of the remaining profits of \$4,497 and a special reserve of \$1,563. The shareholders' meeting resolved the deficit compensation for the year of 2021 on April 29, 2022. Details of the resolution of deficit compensation are provided in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.
- D. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- E. 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.

(23) Other equity items

	2023		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 40,939)	(\$ 51,526)	(\$ 92,465)
Revaluation – gain	7,899	-	7,899
Disposal of financial assets at fair value through other comprehensive income	( 733)	-	( 733)
Currency translation differences	-	13,846	13,846
At September 30	<u>(\$ 33,773)</u>	<u>(\$ 37,680)</u>	<u>(\$ 71,453)</u>
	2022		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	(\$ 26,854)	(\$ 64,048)	(\$ 90,902)
Revaluation – loss	( 6,503)	-	( 6,503)
Disposal of financial assets at fair value through other comprehensive income	( 2,587)	-	( 2,587)
Currency translation differences	-	18,924	18,924
At September 30	<u>(\$ 35,944)</u>	<u>(\$ 45,124)</u>	<u>(\$ 81,068)</u>

(24) Operating revenue

	<u>Three months ended September 30, 2023</u>	<u>Three months ended September 30, 2022</u>
Revenue from contracts with customers	\$ 776,844	\$ 889,779
	<u>Nine months ended September 30, 2023</u>	<u>Nine months ended September 30, 2022</u>
Revenue from contracts with customers	\$ 2,399,102	\$ 2,484,106

A. Disaggregation of revenue from contracts with customers.

The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

Three months ended September 30, 2023	Automobile Electronics Products	Power management products	All other segments	Total
Total segment revenue	\$ 1,057,778	\$ 45,948	\$ 281	\$ 1,104,007
Inter-segment revenue	( 324,179)	( 2,703)	( 281)	( 327,163)
Revenue from external customer contracts	<u>\$ 733,599</u>	<u>\$ 43,245</u>	<u>\$ -</u>	<u>\$ 776,844</u>
Three months ended September 30, 2022	Automobile Electronics Products	Power management products	All other segments	Total
Total segment revenue	\$ 1,039,927	\$ 318,248	\$ 197	\$ 1,358,372
Inter-segment revenue	( 321,760)	( 146,636)	( 197)	( 468,593)
Revenue from external customer contracts	<u>\$ 718,167</u>	<u>\$ 171,612</u>	<u>\$ -</u>	<u>\$ 889,779</u>
Nine months ended September 30, 2023	Automobile Electronics Products	Power management products	All other segments	Total
Total segment revenue	\$ 3,147,882	\$ 225,439	\$ 855	\$ 3,374,176
Inter-segment revenue	( 916,455)	( 57,764)	( 855)	( 975,074)
Revenue from external customer contracts	<u>\$ 2,231,427</u>	<u>\$ 167,675</u>	<u>\$ -</u>	<u>\$ 2,399,102</u>
Nine months ended September 30, 2022	Automobile Electronics Products	Power management products	All other segments	Total
Total segment revenue	\$ 2,545,727	\$ 1,020,386	\$ 683	\$ 3,566,796
Inter-segment revenue	( 727,900)	( 354,107)	( 683)	( 1,082,690)
Revenue from external customer contracts	<u>\$ 1,817,827</u>	<u>\$ 666,279</u>	<u>\$ -</u>	<u>\$ 2,484,106</u>

B. Contract assets and liabilities

The Group has not recognised the revenue-related contract assets as of September 30, 2023,

December 31, 2022 and September 30, 2022 and January 1, 2022, and the Group has recognised the following contract liabilities:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	<u>January 1, 2022</u>
Contract liabilities –				
Advance sales receipts	\$ 5,875	\$ 10,112	\$ 16,293	\$ 21,198

(a) Significant changes in contract assets and liabilities: None.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period

	<u>Three months ended September 30, 2023</u>	<u>Three months ended September 30, 2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 540	\$ -
	<u>Nine months ended September 30, 2023</u>	<u>Nine months ended September 30, 2022</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 8,490	\$ 19,791

(25) Interest income

	<u>Three months ended September 30, 2023</u>	<u>Three months ended September 30, 2022</u>
Interest income from bank deposits	\$ 401	\$ 116
Interest income from financial assets measured at amortised cost	3,439	459
	<u>\$ 3,840</u>	<u>\$ 575</u>
	<u>Nine months ended September 30, 2023</u>	<u>Nine months ended September 30, 2022</u>
Interest income from bank deposits	\$ 3,096	\$ 398
Interest income from financial assets measured at amortised cost	8,273	956
	<u>\$ 11,369</u>	<u>\$ 1,354</u>



(26) Other income

	<u>Three months ended</u> <u>September 30, 2023</u>	<u>Three months ended</u> <u>September 30, 2022</u>
Rent income	\$ 353	\$ 345
Government grant revenues	153	149
Dividend income	1,648	640
Other income, others	<u>75</u>	<u>657</u>
	<u>\$ 2,229</u>	<u>\$ 1,791</u>
	<u>Nine months ended</u> <u>September 30, 2023</u>	<u>Nine months ended</u> <u>September 30, 2022</u>
Rent income	\$ 1,010	\$ 1,067
Government grant revenues	1,922	408
Dividend income	1,648	640
Other income, others	<u>895</u>	<u>1,666</u>
	<u>\$ 5,475</u>	<u>\$ 3,781</u>

(27) Other gains and losses

	<u>Three months ended</u> <u>September 30, 2023</u>	<u>Three months ended</u> <u>September 30, 2022</u>
Gains (losses) on disposals of property, plant and equipment	\$ 163	(\$ 1,660)
Foreign exchange gains	32,710	30,714
Losses on financial assets (liabilities) at fair value through profit or loss	( 20)	( 817)
Gains arising from lease modifications	2	-
Other losses	<u>( 2)</u>	<u>( 28)</u>
	<u>\$ 32,853</u>	<u>\$ 28,209</u>
	<u>Nine months ended</u> <u>September 30, 2023</u>	<u>Nine months ended</u> <u>September 30, 2022</u>
Gains (losses) on disposals of property, plant and equipment	\$ 176	(\$ 1,658)
Foreign exchange gains	50,750	50,077
Gains (losses) on financial assets (liabilities) at fair value	1,161	( 1,310)
Gains arising from lease modifications	4	-
Other losses	<u>( 123)</u>	<u>( 116)</u>
	<u>\$ 51,968</u>	<u>\$ 46,993</u>

(28) Finance costs

	<u>Three months ended September 30, 2023</u>	<u>Three months ended September 30, 2022</u>
Interest expense	\$ 1,128	\$ 1,045
Interest expense on lease liabilities	425	153
Interest expense on convertible bonds	2,787	1,048
	<u>\$ 4,340</u>	<u>\$ 2,246</u>
	<u>Nine months ended September 30, 2023</u>	<u>Nine months ended September 30, 2022</u>
Interest expense	\$ 3,568	\$ 2,395
Interest expense on lease liabilities	588	487
Interest expense on convertible bonds	4,749	3,237
	<u>\$ 8,905</u>	<u>\$ 6,119</u>

(29) Expenses by nature

	<u>Three months ended September 30, 2023</u>	<u>Three months ended September 30, 2022</u>
Employee benefit expense	\$ 126,061	\$ 124,997
Depreciation charges on property, plant and equipment	24,708	18,385
Depreciation charges on right-of-use assets	14,523	7,752
Depreciation charges on investment property	34	35
Amortisation charges on intangible assets	5,944	4,786
	<u>\$ 171,270</u>	<u>\$ 155,955</u>
	<u>Nine months ended September 30, 2023</u>	<u>Nine months ended September 30, 2022</u>
Employee benefit expense	\$ 390,292	\$ 371,035
Depreciation charges on property, plant and equipment	69,061	50,513
Depreciation charges on right-of-use assets	28,981	20,526
Depreciation charges on investment property	103	103
Amortisation charges on intangible assets	16,576	11,491
	<u>\$ 505,013</u>	<u>\$ 453,668</u>

(30) Employee benefit expense

	<u>Three months ended</u> <u>September 30, 2023</u>	<u>Three months ended</u> <u>September 30, 2022</u>
Wages and salaries	\$ 104,038	\$ 102,833
Employee stock options	6,527	3,442
Labour and health insurance fees	8,072	9,446
Pension costs	5,640	6,324
Other personnel expenses	<u>1,784</u>	<u>2,952</u>
	<u>\$ 126,061</u>	<u>\$ 124,997</u>
	<u>Nine months ended</u> <u>September 30, 2023</u>	<u>Nine months ended</u> <u>September 30, 2022</u>
Wages and salaries	\$ 321,133	\$ 307,122
Employee stock options	10,106	10,327
Labour and health insurance fees	25,990	24,230
Pension costs	17,262	15,356
Other personnel expenses	<u>15,801</u>	<u>14,000</u>
	<u>\$ 390,292</u>	<u>\$ 371,035</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 be between 10%~15% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.
- B. For the three months and nine months ended September 30, 2023 and 2022, employees' compensation was accrued at \$8,000, \$0, \$25,000 and \$0, respectively; while directors' remuneration was accrued at \$1,700, \$0, \$6,500 and \$0, respectively.
- C. The employees' compensation and directors' remuneration were estimated and accrued based on 11.12% and 2.89% of distributable profit of current year for the nine months ended September 30, 2023.
- D. Employees' compensation and directors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(31) Income tax

A. Income tax expense

- (a) Components of income tax expense:

	<u>Three months ended September 30, 2023</u>	<u>Three months ended September 30, 2022</u>
Current tax:		
Total current tax	\$ -	-
Deferred tax:		
Origination and reversal of temporary differences	( 659)	-
Total deferred tax	( 659)	-
Income tax benefit	<u>(\$ 659)</u>	<u>\$ -</u>
	<u>Nine months ended September 30, 2023</u>	<u>Nine months ended September 30, 2022</u>
Current tax:		
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	( 659)	-
Impact of change in foreign exchange rate	-	-
Total deferred tax	( 659)	-
Income tax benefit	<u>(\$ 659)</u>	<u>\$ -</u>

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

	<u>Three months ended September 30, 2023</u>	<u>Three months ended September 30, 2022</u>
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 401	(\$ 368)
Currency translation differences	3,429	1,509
	<u>\$ 3,830</u>	<u>\$ 1,141</u>
	<u>Nine months ended September 30, 2023</u>	<u>Nine months ended September 30, 2022</u>
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 1,791	(\$ 1,626)
Currency translation differences	3,461	4,731
	<u>\$ 5,252</u>	<u>\$ 3,105</u>

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

(32) Earnings per share

<u>Three months ended September 30, 2023</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Earnings attributable to ordinary shareholders of the parent	\$ 53,871	179,354	\$ 0.30
<u>Diluted earnings per share</u>			
Earnings attributable to ordinary shareholders of the parent	53,871	179,354	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	688	24,486	
Employee stock options	-	80	
Employees' compensation	-	746	
Earnings attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 54,559	204,666	\$ 0.27
<u>Three months ended September 30, 2022</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Earnings attributable to ordinary shareholders of the parent	\$ 107,470	156,213	\$ 0.69
<u>Diluted earnings per share</u>			
Earnings attributable to ordinary shareholders of the parent	107,470	156,213	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	838	13,337	
Employee stock options	-	678	
Earnings attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 108,308	170,228	\$ 0.64

Nine months ended September 30, 2023			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Earnings attributable to ordinary shareholders of the parent	\$ 193,413	179,354	\$ 1.08
<u>Diluted earnings per share</u>			
Earnings attributable to ordinary shareholders of the parent	193,413	179,354	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	2,257	26,146	
Employee stock options	-	80	
Employees' compensation	-	746	
Earnings attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 195,670	206,326	\$ 0.95
Nine months ended September 30, 2022			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Earnings attributable to ordinary shareholders of the parent	\$ 266,704	156,213	\$ 1.71
<u>Diluted earnings per share</u>			
Earnings attributable to ordinary shareholders of the parent	266,704	156,213	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	2,589	13,337	
Employee stock options	-	678	
Earnings attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 269,293	170,228	\$ 1.58

(33) Supplemental cash flow information

A. Investing activities with partial cash payments

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Purchase of property, plant and equipment	\$ 101,447	\$ 85,581
Add: Opening balance of payable on equipment	5,141	6,168
Less: Ending balance of payable on equipment	( 2,317)	( 7,755)
Cash paid during the period	<u>\$ 104,271</u>	<u>\$ 83,994</u>

B. Financing activities with no cash flow effects

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Convertible bonds being converted to capital stocks	<u>\$ 119,086</u>	<u>\$ 25,097</u>

(34) Changes in liabilities from financing activities

	2023				
	Short- term borrowings	Long-term borrowings	Lease liabilities	Bonds payable	Liabilities from financing activities-gross
At January 1	\$ 8,816	\$ 310,999	\$ 30,442	\$ 458,964	\$ 809,221
Changes in cash flow from financing activities	( 8,862)	( 9,849)	( 28,991)	497,300	449,598
Changes in other non-cash items	-	-	126,876	( 147,194)	( 20,318)
Impact of changes in foreign exchange rate	46	-	( 25)	-	21
At September 30	<u>\$ -</u>	<u>\$ 301,150</u>	<u>\$ 128,302</u>	<u>\$ 809,070</u>	<u>\$ 1,238,522</u>

	2022				
	Short- term borrowings	Long-term borrowings	Lease liabilities	Bonds payable	Liabilities from financing activities-gross
At January 1	\$ 8,688	\$ 186,655	\$ 50,451	\$ 484,437	\$ 730,231
Changes in cash flow from financing activities	-	123,189	( 20,974)	-	102,215
Changes in other non-cash items	-	-	7,871	( 21,861)	( 13,990)
Interest expense on lease liabilities	-	-	487	-	487
Impact of changes in foreign exchange rate	258	-	623	-	881
At September 30	<u>\$ 8,946</u>	<u>\$ 309,844</u>	<u>\$ 38,458</u>	<u>\$ 462,576</u>	<u>\$ 819,824</u>

(35) Reorganization

On April 27, 2023, the Company's shareholders during their meeting approved to split its energy storage business segment to newly established POWER TANK ENERGY LTD. through a spin-off, and the effective date of the spin-off was set on June 30, 2023. The assets and liabilities for POWER TANK ENERGY LTD. are as follows:

	Amount
Cash and cash equivalents	\$ 10,000
Other receivables due from related parties	178,164
Inventories	4,328
Current assets	128
Investments accounted for using equity method	218,624
Property, plant and equipment	3,067
Other non-current assets	1,704
Liabilities	( 2,131)
Net Assets	<u>\$ 413,884</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company has no parent company nor ultimate controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Lee, Yi-Ren	The Company's Chairman



(3) Key management compensation

	<u>Three months ended</u> <u>September 30, 2023</u>	<u>Three months ended</u> <u>September 30, 2022</u>
Short-term employee benefits	\$ 7,570	\$ 6,019
Post-employment benefits	135	162
Share-based payments	( 112)	36
	<u>\$ 7,593</u>	<u>\$ 6,217</u>
	<u>Nine months ended</u> <u>September 30, 2023</u>	<u>Nine months ended</u> <u>September 30, 2022</u>
Short-term employee benefits	\$ 28,818	\$ 22,523
Post-employment benefits	459	513
Share-based payments	116	107
	<u>\$ 29,393</u>	<u>\$ 23,143</u>

(4) Endorsements and guarantees provided by related parties

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Company borrowed from financial institutions. Lee, Yi-Ren is the guarantor, and the aforementioned financing facilities which were provided by related parties were \$2,136,840, \$2,136,840 and \$1,480,000, respectively.

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>			<u>Purpose</u>
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	
Time deposit (classified as financial assets at amortised cost)	\$ 106,700	\$ 121,201	\$ 125,901	Short-term, long-term borrowings and issuance of convertible bonds
Land	18,807	18,807	18,807	
Buildings and structures	154,755	158,548	159,814	
Machinery	5,892	7,655	8,244	
	<u>\$ 286,154</u>	<u>\$ 306,211</u>	<u>\$ 312,766</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

On August 6, 2018, the Company received a notification of civil court from the Taiwan Taipei District Court as Tsuzuki Denki Co., Ltd. (Tsuzuki Denki) filed a civil litigation with the Taiwan Taipei District Court. Tsuzuki Denki claimed that the quality problem of tablet computers which were purchased from the Company caused damage to Tsuzuki Denki Co., Ltd. It claimed for a return of the full price of inventories and compensation amounting to US\$5,306 thousand and JPY\$1,225 thousand, respectively. The Company has appointed lawyers to handle the case to protect the rights of the Company and its shareholders. The Company's appointed lawyer's comments are as follows: 'The counterparty complained that there were flaws in the inventory and deferred payment, but refused to return the inventory which should have been repaired by the Company, therefore, the counterparty's claim is not reasonable. In addition, it is reasonable that the Company took counter-action to claim the payment for

inventory and rework expenses in the total amount of US\$996 thousand, because the Company had completed the work and delivered the said inventories.’ As of September 30, 2023, the case is still under trial with the Taiwan Taipei District Court. The Company has accounts receivable from Tsuzuki Denki Co., Ltd. in the amount of \$19,370 which was provisioned for impairment at full amount.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. Please refer to Notes 6(14), and 6(20) for the related information.

B. In line with the operation and production management needs of its US subsidiary, the Board of Directors of the Company on July 21, 2023 adopted a resolution to purchase land and buildings and the contract was officially signed on November 1, 2023 with a transaction price of US\$16 million.

12. OTHERS

(1) Capital management

The Group’s objectives when managing capital are to maintain an optimal capital structure to reduce the cost of capital in order to provide returns for shareholders. In order to maintain or adjust the capital structure, the Group may issue new shares, issue convertible bonds or sell assets to reduce debt.

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Total liabilities	\$ 2,005,077	\$ 1,626,590	\$ 1,676,371
Total equity	<u>2,769,577</u>	<u>1,942,771</u>	<u>1,536,280</u>
Total capital	<u>\$ 4,774,654</u>	<u>\$ 3,569,361</u>	<u>\$ 3,212,651</u>
Gearing ratio	<u>42%</u>	<u>46%</u>	<u>52%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial assets</u>			
Financial assets mandatorily measured at fair value through profit or loss	\$ 23,389	\$ 12,599	\$ 12,167
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	257,979	148,952	124,409
Financial assets at amortised cost			
Cash and cash equivalents	2,171,070	1,228,963	842,136
Financial assets at amortised cost	106,700	121,201	125,901
Notes receivable	22,026	2,521	2,105
Accounts receivable	855,590	918,035	878,731
Other receivables	7,847	12,317	13,328
Refundable deposits	15,709	9,479	9,508
	<u>\$ 3,460,310</u>	<u>\$ 2,454,067</u>	<u>\$ 2,008,285</u>
<u>Financial liabilities</u>			
Financial liabilities designated as at fair value through profit or loss	\$ 3,400	\$ -	\$ -
Short-term borrowings	-	8,816	8,946
Notes payable	5,521	1,724	822
Accounts payable	509,433	589,317	662,997
Other accounts payable	198,257	179,322	148,033
Bonds payable			
(including current portion)	809,070	458,964	462,576
Long-term borrowings			
(including current portion)	301,150	310,999	309,844
Guarantee deposits received	913	198	198
	<u>\$ 1,827,744</u>	<u>\$ 1,549,340</u>	<u>\$ 1,593,416</u>
Lease liabilities	<u>\$ 128,302</u>	<u>\$ 30,442</u>	<u>\$ 38,458</u>

## B. Financial risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts is used to hedge certain exchange rate risk. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### 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 used 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.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- iv. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD and other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2023

(Foreign currency: functional currency)	Foreign currency			Sensitivity analysis	
	amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 40,173	32.27	\$ 1,296,373	1%	\$ 12,964
HKD:NTD	2,654	4.12	10,943	1%	109
USD:RMB	1,222	7.31	39,424	1%	394
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	\$ 5,519	32.27	\$ 178,087	1%	\$ 1,781
USD:RMB	6,849	7.31	221,005	1%	2,210
HKD:RMB	2,901	0.93	11,961	1%	120
December 31, 2022					
(Foreign currency: functional currency)	Foreign currency			Sensitivity analysis	
	amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 34,859	30.71	\$ 1,070,518	1%	\$ 10,705
HKD:NTD	786	3.94	3,094	1%	31
USD:RMB	1,218	6.97	37,401	1%	374
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	\$ 6,339	30.71	\$ 194,676	1%	\$ 1,947
USD:RMB	7,375	6.97	226,486	1%	2,265
HKD:RMB	3,649	0.89	14,370	1%	144
September 30, 2022					
(Foreign currency: functional currency)	Foreign currency			Sensitivity analysis	
	amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$ 28,538	31.75	\$ 906,079	1%	\$ 9,061
HKD:NTD	2,078	4.04	8,404	1%	84
USD:RMB	643	7.10	20,417	1%	204
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	\$ 5,925	31.75	\$ 188,120	1%	\$ 1,881
USD:RMB	7,486	7.10	237,696	1%	2,377
HKD:RMB	3,612	0.90	14,609	1%	146
HKD:NTD	1,355	4.04	5,480	1%	55

- vi. The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2023 and 2022, amounted to \$32,710, \$30,714, \$50,750 and \$50,077, respectively.

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax (loss) profit for the nine months ended September 30, 2023 and 2022 would have increased/decreased by \$187 and \$97, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$2,580 and \$1,244, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. For the nine months ended September 30, 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and RMB Dollars.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, (loss) profit, net of tax for the nine months ended September 30, 2023 and 2022 would have increased/decreased by \$1,807 and \$1,913, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

#### (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, and the contract cash flows of debt instruments stated at fair value through other comprehensive income.

- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions with no recent major defaults are accepted. 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 Company assumes that if the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition; if past due over 360 days, a default has been occurred.
- iv. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate expected credit loss.
- v. The following indicators are used to determine whether the credit impairment of debt instruments have occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group used the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On September 30, 2023, December 31, 2022 and September 30, 2022, the provision matrix and loss rate methodology is as follows:

<u>At September 30, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0.3%	\$ 688,897	(\$ 2,155)
Up to 30 days	1.0%	85,705	( 834)
31 to 120 days	1%~5%	60,947	( 1,545)
121 to 180 days	10%	38,039	( 3,718)
Over 180 days	40%~100%	20,682	( 8,402)
		<u>\$ 894,270</u>	<u>(\$ 16,654)</u>

<u>At December 31, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0.3%	\$ 712,573	(\$ 2,172)
Up to 30 days	1%	80,770	( 814)
31 to 120 days	1%~5%	134,020	( 3,850)
121 to 180 days	10%	32	( 3)
Over 180 days	40%~100%	-	-
		<u>\$ 927,395</u>	<u>(\$ 6,839)</u>
<u>At September 30, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0.3%	\$ 671,733	(\$ 1,960)
Up to 30 days	1%	196,996	( 1,910)
31 to 120 days	1%~5%	16,003	( 173)
121 to 180 days	10%	-	-
Over 180 days	40%~100%	290	( 143)
		<u>\$ 885,022</u>	<u>(\$ 4,186)</u>

vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, contract assets and lease payments receivable are as follows:

	<u>2023</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 6,814	\$ 25
Provision for impairment loss	11,838	184
Write-offs	( 2,246)	-
Effect of foreign exchange	39	-
At September 30	<u>\$ 16,445</u>	<u>\$ 209</u>
	<u>2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 24,512	\$ 31
Rreversal of impairment loss	( 617)	( 10)
Write-offs	( 20,119)	-
Effect of foreign exchange	389	-
At September 30	<u>\$ 4,165</u>	<u>\$ 21</u>

The Group recognised an expected credit gain for the nine months ended September 30, 2023 due to the recovery of \$4,355 of accounts receivable previously written off and recognised as bad debts.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.



- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, capital-guaranteed income-based wealth management products, forward foreign exchange contracts, and convertible bonds (classified as current financial assets at fair value through profit or loss), choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. As at September 30, 2023, December 31, 2022 and September 30, 2022, the Group held money market position of \$2,170,209, \$1,228,084 and \$841,145, respectively, and capital-guaranteed income-based wealth management products and derivatives from convertible bonds (classified as current financial assets at fair value through profit or loss) of \$0, \$139 and \$330, respectively, and private equity fund (classified as non-current financial assets at fair value through profit or loss) of \$23,389, \$12,460 and \$11,837, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. As at September 30, 2023, December 31, 2022 and September 30, 2022, the Group has the undrawn borrowing of \$1,307,989, \$1,344,607 and \$202,794 respectively.
- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

September 30, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Notes payable	\$ 5,521	\$ -	\$ -	\$ -
Accounts payable	509,433	-	-	-
Other payables	198,257	-	-	-
Lease liabilities	52,725	50,415	25,162	-
Bonds payable	342,700	-	466,370	-
Long-term borrowings	94,706	96,229	110,215	-

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 8,816	\$ -	\$ -	\$ -
Notes payable	1,724	-	-	-
Accounts payable	589,317	-	-	-
Other payables	179,322	-	-	-
Lease liabilities	20,834	8,438	1,170	-
Bonds payable	458,964	-	-	-
Long-term borrowings	83,410	81,972	145,617	-
September 30, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 8,946	\$ -	\$ -	\$ -
Notes payable	822	-	-	-
Accounts payable	662,997	-	-	-
Other payables	148,033	-	-	-
Lease liabilities	26,435	8,705	3,318	-
Bonds payable	462,576	-	-	-
Long-term borrowings	80,747	77,257	151,840	-

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in convertible bonds and forward foreign exchange contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and financial assets mandatorily measured at fair value through profit or loss are included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. The carrying amounts of the Group's financial instruments, including cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, and other payables (including related parties) which not measured at fair value are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level

on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2023, December 31, 2022 and September 30, 2022 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

<u>September 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss-non-current				
Private equity fund	\$ -	\$ -	\$ 23,389	\$ 23,389
Financial assets at fair value through other comprehensive income-non-current				
Equity instruments	<u>35,698</u>	<u>80,269</u>	<u>142,012</u>	<u>257,979</u>
	<u>\$ 35,698</u>	<u>\$ 80,269</u>	<u>\$ 165,401</u>	<u>\$ 281,368</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss-current				
Derivative instruments	\$ -	\$ 139	\$ -	\$ 139
Private equity fund	-	-	12,460	12,460
Financial assets at fair value through other comprehensive income-non-current				
Equity instruments	<u>32,809</u>	<u>-</u>	<u>116,143</u>	<u>148,952</u>
	<u>\$ 32,809</u>	<u>\$ 139</u>	<u>\$ 128,603</u>	<u>\$ 161,551</u>
<u>September 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss-current				
Derivative instruments	\$ -	\$ 330	\$ -	\$ 330
Money Market Fund	-	-	11,837	11,837
Financial assets at fair value through other comprehensive income-non-current				
Equity instruments	<u>29,041</u>	<u>-</u>	<u>95,368</u>	<u>124,409</u>
	<u>\$ 29,041</u>	<u>\$ 330</u>	<u>\$ 107,205</u>	<u>\$ 136,576</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

- ii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions.
- iii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

E. For the nine months 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 months ended September 30, 2023 and 2022:

	2023	
	Equity instrument	Debt instrument
At January 1	\$ 116,143	\$ 12,460
Gains recognised in profit or loss	-	1,929
Losses recognised in other comprehensive income	( 57)	-
Acquired in the period	105,982	9,000
Transfers into level 3	213	-
Transfers out from level 3	( 80,269)	-
At September 30	\$ 142,012	\$ 23,389
	2022	
	Equity instrument	Debt instrument
At January 1	\$ 60,593	\$ -
Gains recognised in profit or loss	-	( 163)
Gains recognised in other comprehensive income	862	-
Acquired in the period	50,000	12,000
Sold in the period	( 16,087)	-
At September 30	\$ 95,368	\$ 11,837

G. The valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of external financial instruments entrusted by finance segment.

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

	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 shares	\$ 142,012	Market comparable companies	No open market saleability discount	25%	The higher the discount for lack of marketability, the lower the fair value
Private equity fund	23,389	Net asset value method	Net asset value	Not applicable	The higher the net asset value, the higher the fair value
	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 shares	\$ 116,143	Market comparable companies	No open market saleability discount	25%	The higher the discount for lack of marketability, the lower the fair value
Private equity fund	12,460	Net asset value method	Net asset value	Not applicable	The higher the net asset value, the higher the fair value
	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 shares	\$ 95,368	Market comparable companies	No open market saleability discount	25%	The higher the discount for lack of marketability, the lower the fair value
Private equity fund	11,837	Net asset value method	Net asset value	Not applicable	The higher the net asset value, the higher the fair value

I. External financial instruments entrusted by finance segment 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 of profit or loss or of other comprehensive income from financial assets and liabilities 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 instrument	No open market saleability discount		±1%	\$ -	\$ -	\$ 1,420	(\$ 1,420)
Debt instrument	Net asset value method		±1%	\$ 234	(\$ 234)	\$ -	\$ -
				December 31, 2022			
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	No open market saleability discount		±1%	\$ -	\$ -	\$ 1,161	(\$ 1,161)
Debt instrument	Net asset value method		±1%	\$ 125	(\$ 125)	\$ -	\$ -
				September 30, 2022			
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instrument	No open market saleability discount		±1%	\$ 118	(\$ 118)	\$ 1,244	(\$ 1,244)

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please 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: Please refer to table 4.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 6(13).

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. SEGMENT INFORMATION

(1) General information

The Group is engaged in the manufacturing and sale of automobile electronic products and power management products from a product type perspective. On the manufacturing and sale of products, the Group divided them into two main segments which include automobile electronics business and power management business.

As the nature, production and sales mode of the 2 segments differ from each other, also the Group's management performs the financial management and assesses operating performances separately, these 2 main segments are summarised as the reportable segments in the operating segment information.

(2) Information about segment profit or loss, assets and liabilities

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

	Automobile electronic products	Power management products	Other products	Eliminated by consolidation	Total
<u>Three months ended September 30, 2023</u>					
Revenue from external customers	\$ 733,599	\$ 43,245	\$ -	\$ -	\$ 776,844
Inter-segment revenue	324,179	2,703	281	( 327,163)	-
Total segment revenue	<u>\$ 1,057,778</u>	<u>\$ 45,948</u>	<u>\$ 281</u>	<u>(\$ 327,163)</u>	<u>\$ 776,844</u>
Segment income (loss)	<u>\$ 100,061</u>	<u>(\$ 17,845)</u>	<u>\$ 281</u>	<u>\$ 2,943</u>	\$ 85,440
Company general income					6,219
Company general expense					( 34,107)
Interest expense					( 4,340)
Profit from continuing operations before tax					<u>\$ 53,212</u>
<u>Nine months ended September 30, 2023</u>					
Revenue from external customers	\$ 2,231,427	\$ 167,675	\$ -	\$ -	\$ 2,399,102
Inter-segment revenue	916,455	57,764	855	( 975,074)	-
Total segment revenue	<u>\$ 3,147,882</u>	<u>\$ 225,439</u>	<u>\$ 855</u>	<u>(\$ 975,074)</u>	<u>\$ 2,399,102</u>
Segment income (loss)	<u>\$ 341,961</u>	<u>(\$ 45,304)</u>	<u>\$ 855</u>	<u>\$ 7,580</u>	\$ 305,092
Company general income					22,546
Company general expense					( 125,979)
Interest expense					( 8,905)
Profit from continuing operations before tax					<u>\$ 192,754</u>
<u>Three months ended September 30, 2022</u>					
Revenue from external customers	\$ 718,167	\$ 171,612	\$ -	\$ -	\$ 889,779
Inter-segment revenue	321,760	146,636	197	( 468,593)	-
Total segment revenue	<u>\$ 1,039,927</u>	<u>\$ 318,248</u>	<u>\$ 197</u>	<u>(\$ 468,593)</u>	<u>\$ 889,779</u>
Segment income (loss)	<u>\$ 140,046</u>	<u>(\$ 7,481)</u>	<u>\$ 197</u>	<u>(\$ 29,928)</u>	\$ 102,834
Company general income					2,991
Company general expense					3,891
Interest expense					( 2,246)
Profit from continuing operations before tax					<u>\$ 107,470</u>



<u>Nine months ended September 30, 2022</u>	Automobile electronic products	Power management products	Other products	Eliminated by consolidation	Total
Revenue from external customers	\$ 1,817,827	\$ 666,279	\$ -	\$ -	\$ 2,484,106
Inter-segment revenue	<u>727,900</u>	<u>354,107</u>	<u>683</u>	<u>( 1,082,690)</u>	<u>-</u>
Total segment revenue	<u>\$ 2,545,727</u>	<u>\$ 1,020,386</u>	<u>\$ 683</u>	<u>(\$ 1,082,690)</u>	<u>\$ 2,484,106</u>
Segment income (loss)	<u>\$ 345,517</u>	<u>\$ 16,371</u>	<u>\$ 683</u>	<u>(\$ 320)</u>	\$ 362,251
Company general income					5,762
Company general expense					( 95,190)
Interest expense					( 6,119)
Profit from continuing operations before tax					<u>\$ 266,704</u>

(3) Reconciliation for segment income (loss)

- 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 statement of comprehensive income.
- B. Details of the adjusted consolidated total profit (loss) and reconciliation for profit before tax of reportable segment for the current period are provided in Note 14(2).

SYSGRATION LTD. AND SUBSIDIARIES

Loans to others

Nine months ended September 30, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2023	Balance at September 30, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for uncollectible accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 2)	Footnote
					\$	\$	\$			\$		\$	Item	Value	\$	\$	
0	SYSGRATION LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Other receivables	Y	\$ 68,993	\$ 66,100	\$ 66,100	-	Having business relationship	\$ 1,112,574	-	\$ -	None	\$ -	\$ 1,112,574	\$ 1,107,831	

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

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: In accordance with the Company's amended "Procedures for Provision of Loans" as approved by the shareholders on April 30, 2020, the ceiling on total loans granted and to individuals of the Company's were as follows:

(1) The ceiling on total loans granted to others is 40% of the Company's net assets.

(2) Loans granted to a single party for business transactions: Limit on loans granted to a single party for business transactions is the total value of business transactions in 1 year or 12 months. The value of business transactions refers to the higher of purchase or sales.

SYSGRATION LTD. AND SUBSIDIARIES  
Provision of endorsements and guarantees to others  
Nine months ended September 30, 2023

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2023 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	SYSGRATION LTD.	SYSGRATION LTD.	1	\$ 830,873	\$ 3,000	\$ 3,000	\$ 836	\$ -	0.11%	\$ 1,246,309	N	N	N	
0	SYSGRATION LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.	2	830,873	88,900	-	-	-	-	1,246,309	Y	N	Y	

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

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

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

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/ guaranteed subsidiary.

(3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract

(6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) The performance guarantees for the sale of pre-sales contracts under the Consumer Protection Law are jointly guaranteed.

Note 3: In accordance with the Company's amended "Procedures for Provision of Loans" as approved by the shareholders on June 14, 2019, the limit on endorsements/guarantees provided for subsidiaries whose 50% of the shares are directly and indirectly held is 30% of the Company's net assets and the ceiling on total amount of endorsements/guarantees provided is 45% of the Company's net assets based on the Company's latest financial statements.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

SYSGRATION 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

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2023				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership	Fair value	
SYSGRATION LTD.	SINTRONIC TECHNOLOGY INC.	None	Financial assets at fair value through other comprehensive income - non-current	53,399	\$ 156	0%	\$ 156	
SYSGRATION LTD.	ARCHERS INC.	None	Financial assets at fair value through other comprehensive income - non-current	1,000,000	-	3%	-	
SYSGRATION LTD.	COREMATE TECHNICAL CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	265,200	-	3%	-	
SYSGRATION LTD.	NEXTRONICS ENGINEERING CORP.	None	Financial assets at fair value through other comprehensive income - non-current	447,100	34,203	1%	34,203	
SYSGRATION LTD.	ORO TECHNOLOGY CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	256,000	-	9%	-	
SYSGRATION LTD.	GOMORE INC.	None	Financial assets at fair value through other comprehensive income - non-current	25,216,865	774	5%	774	
SYSGRATION LTD.	EXCELLENCE OPTOELECTRONICS INC.	None	Financial assets at fair value through other comprehensive income - non-current	50,000	1,495	0%	1,495	
SYSGRATION LTD.	IMEIER GREEN TECHNOLOGY CO., LTD	None	Financial assets at fair value through other comprehensive income - non-current	2,000,000	15,100	9%	15,100	
SYSGRATION LTD.	ION ELECTRONIC MATERIALS CO., LTD	None	Financial assets at fair value through other comprehensive income - non-current	1,126,894	80,269	3%	80,269	
SYSGRATION LTD.	ADAT TECHNOLOGY CO., LTD	None	Financial assets at fair value through other comprehensive income - non-current	800,000	20,000	4%	20,000	
SYSGRATION LTD.	BIOMEDICA CORPORATION	None	Financial assets at fair value through other comprehensive income - non-current	156,225	10,057	3%	10,057	
SYSGRATION LTD.	REALWEAR INC.	None	Financial assets at fair value through other comprehensive income - non-current	442,477	95,925	1%	95,925	
SYSGRATION LTD.	FUYOU PRIVATE EQUITY	None	Financial assets at fair value through profit or loss - non-current	2,100,000	23,389	3%	23,389	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

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

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

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

SYSGRATION LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NTS\$100 million or 20% of paid-in capital or more

Nine months ended September 30, 2023

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
SYSGRATION LTD.	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Subsidiary	Purchases	\$ 914,721	59%	120 days	Note	Note	(\$ 286,896)	57%	

Note: Based on the mutual agreement since no similar transaction can be compared with.

SYSGRATION LTD. AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

September 30, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	SYSGRATION LTD.	Subsidiary	\$ 286,896	2.83	\$ -	-	\$ -	\$ -

SYSGRATION LTD. AND SUBSIDIARIES  
Significant inter-company transactions during the reporting periods  
Nine months ended September 30, 2023

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount	
1	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	SYSGRATION LTD.	2	Accounts receivable	\$ 286,896	Note 6 6%
1	SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	SYSGRATION LTD.	2	Sales of goods	914,721	Note 6 38%

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

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

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

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

Note 3: Transaction amount that did not reach NT\$100 million or 20% of paid-in capital or more will not be disclosed. Additionally, the counter related parties' of the transaction will also not be disclosed.

Note 4: Ratios of asset/liability are divided by consolidated total assets, and ratios of profit/loss accounts are divided by consolidated sales revenue.

Note 5: The loans granted and endorsement and guarantees between the Company and subsidiaries, please refer to table 1 and 2.

Note 6: There are no comparable transaction to non-related parties. The conditions of transactions are agreed upon by both parties.

SYSGRATION LTD. AND SUBSIDIARIES

Information on investees

Nine months ended September 30, 2023

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Note 1, 2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Net profit (loss) of the investee for the nine months ended September 30, 2023 (Note 2(2))	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023 (Note 2(3))	Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership	Book value			
SYSGRATION LTD.	POWER TANK ENERGY LTD.	TAIWAN	Manufacturing and sale of energy storage products	\$ 413,884	\$ -	41,388,434	100%	\$ 394,024	(\$ 26,336)	(\$ 26,336)	Note 3
POWER TANK ENERGY LTD.	SYSGRATION TECHNOLOGY (SAMOA)	SAMOA	Investment holding of overseas companies	218,659	671,762	21,800,000	100%	208,924	( 19,823)	( 19,823)	Note 4
SYSGRATION LTD.	SYSGRATION (SAMOA) LTD.	SAMOA	Investment holding of overseas companies	505,131	505,131	15,938,000	100%	244,160	14,965	14,965	
SYSGRATION LTD.	SYSGRATION USA INC.	U.S.A.	Sale of electronic products	10,062	10,062	300,000	100%	4,533	42	42	
SYSGRATION LTD.	Sysgration International Incorporation	U.S.A.	Investment holding of overseas companies	61,512	-	2,000,000	100%	64,540	-	-	
SYSGRATION LTD.	LEADRAY ENERGY CO., LTD.	TAIWAN	Manufacturing and sale of lighting equipments	127,796	-	11,617,791	35%	127,822	75	26	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at September 30, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2)The 'Net profit (loss) of the investee for the nine months ended September 30, 2023' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognised by the Company for the nine months ended September 30, 2023' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for using equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3 : On June 30, 2023, the Company split its energy storage business segment to newly established POWER TANK ENERGY LTD. through a spin-off.

Note 4 : SYSGRATION TECHNOLOGY (SAMOA) LTD was owned by the Company at the end of last year and was transferred to POWER TANK ENERGY LTD. on June 19, 2023, with the permission of the Department of Investment Review, MOEA



SYSGRATION LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2023

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 5)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023 (Note 5)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2023 (Note5)		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023 (Note 5)	Net income of investee as of September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023 (Note 2(2)B)	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	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.	Manufacturing and sale of energy storage products	\$ 226,593	2	\$ 226,593	-	-	\$ 226,593	(\$ 40,183)	100%	(\$ 40,183)	\$ 200,186	-	Note 6
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	Manufacturing and sale of electronic products	119,399	2	119,399	-	-	119,399	17,861	100%	17,861	182,175	-	Note 7

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023 (Note 3, and Note 5)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 5)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)	Footnote
SYSGRATION LTD.	\$ 119,399	\$ 119,399	\$ 1,661,746	
POWER TANK ENERGY LTD.	226,593	226,593	236,414	

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1)Directly invest in a company in Mainland China.
- (2)Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3)Others

Note 2: In the 'Investment income (loss) recognised by the Company for the nine months ended September 30, 2023' column:

- (1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A. The financial statements that are reviewed and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. The financial statements that are reviewed and attested by R.O.C. parent company's CPA.
  - C. Others.

Note 3: The Company reinvested in 'SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.' through 'SYSGRATION TECHNOLOGY (SAMOA) LTD.' which was invested by the Company under the approval of Jing-Shen-II-Zi No.10100477000, No.10200372350, No.10300319430, No.1040023080, No.10500055360 and No.10500105990. Because the Company split its energy storage business segment to newly established company through a spin-off, the Company reinvested in 'SYSGRATION TECHNOLOGY (SAMOA) LTD.' and 'SYSGRATION ELECTRONICS TECHNOLOGY (ZHENJIANG) CO., LTD.' through 'POWER TANK ENERGY LTD.' which was approved by Jing-Shen-II-Zi No.11200074130 and No.11200124140.

Additionally, the Company reinvested in 'SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.' through 'SYSGRATION (SAMOA) LTD.' which was invested by the Company under the approval of Jing-Shen-II-Zi No.10400006240, No.10400023090, No.10400163350, No.10400251280 and No.10500072680.

Note 4: The ceiling is NT\$80 million and 60% of the net assets or consolidated net assets, whichever is higher.

Note 5: It was translated to NTD at the exchange rate on September 30, 2023.

Note 6: Through SYSGRATION TECHNOLOGY (SAMOA) LTD..

Note 7: Through SYSGRATION (SAMOA) LTD..

SYSGRATION LTD. AND SUBSIDIARIES

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

Nine months ended September 30, 2023

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Other accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Others
	Amount	%	Amount	%	Balance at September 30, 2023	%	Balance at September 30, 2023	%	Balance at September 30, 2023	Purpose	Maximum balance during the nine months ended September 30, 2023	Balance at September 30, 2023	Interest rate	Interest for the nine months ended September 30, 2023	
SYSGRATION ELECTRONICS TECHNOLOGY (HUIZHOU) CO., LTD.	(\$ 914,721)	59%	\$ -	-	(\$ 286,896)	57%	\$ 66,100	90%	Note	Note	\$ 68,993	\$ 66,100	-	\$ -	

Note: Please refer to table 2.

SYSGRATION LTD. AND SUBSIDIARIES

Major shareholders information

September 30, 2023

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership
LEE, YI-REN	12,880,210	7.00%