

**Gemtek Technologies Co., Ltd.
and Subsidiary Companies**

**Consolidated Financial Statements
and Audit Report**

For the Three Months Ended September 30,
2023 and 2022

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§Table of Content§

COVER.....	1
TABLE OF CONTENT	2
INDEPENDENT AUDITORS' REPORT	4
CONSOLIDATED BALANCE SHEET.....	7
CONSOLIDATED COMPREHENSIVE INCOME STATEMENT.....	9
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	14
CONSOLIDATED CASH FLOW STATEMENT.....	16
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	
I. COMPANY HISTORY.....	20.....NOTE 1
II. DATE AND PROCEDURES FOR ADOPTION OF FINANCIAL REPORTS.....	20.....NOTE 2
III. APPLICATION OF NEWLY ISSUED AND REVISED STANDARDS AND INTERPRETATIONS.....	20.....NOTE 3
IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...22...NOTE 4	
V. MAJOR SOURCES OF UNCERTAINTY IN SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS.....	25...NOTE 5
VI. DESCRIPTION OF IMPORTANT ACCOUNTING ITEMS....25...NOTE 6	
VII. RELATED PARTY TRANSACTION.....	25...NOTE 29
VIII. PLEDGED ASSETS.....	27...NOTE 30
IX. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS.....	27...NOTE 31
X. MAJOR DISASTER LOSSES	
XI. SIGNIFICANT POST-PERIOD EVENTS	
XII. INFORMATION ON SIGNIFICANT FOREIGN CURRENCY ASSETS AND LIABILITY.....	74...NOTE 32
XIII. NOTES ON DISCLOSURES	
1. INFORMATION RELATED TO MAJOR TRANSACTION MATTERS.....	76...NOTE 32
2. INFORMATION RELATED TO REINVESTMENT BUSINESS.....	77...NOTE 33
3. MAINLAND INVESTMENT INFORMATION.....	77...NOTE 33

4. MAJOR SHAREHOLDER INFORMATION.....78.....NOTE 33
XIV. DEPARTMENT INFORMATION.....78.....NOTE 34

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Gemtek Technologies Co., Ltd.

Introduction

We have audited the accompanying consolidated financial statements of Gemtek Technologies Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of September 30, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for January 1 to September 30 2023 and 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements that are reasonably expressed in accordance with International Accounting Standards (IAS) No. 34 "Interim Financial Reporting" that has been approved and issued by the Financial Supervisory Commission. The results of the review are used to draw conclusions on the consolidated financial statements.

Scope of Review

Except for the base of qualified opinion, we performed the review work in accordance with the review standard No. 2410 "Review of Financial Statements". The procedures performed in reviewing the consolidated financial statements include inquiries (of those responsible for financial and accounting matters), analytical procedures and other review procedures. The scope of the inquiry work is obviously smaller than that of the audit work, so we may not be able to detect all the major matters that can be identified through the inquiry work, regarding to this, we are not able to express the audit opinion.

Base of Quilified opinion

As stated in Notes to consolidated financial statement No.13, the financial statements of the non-important subsidiaries included in the above-mentioned financial statements for the same period have not been reviewed by us, and their total assets on September 30, 2023 and 2022 were NT\$796,983 thousand and 874,720 thousand, accounting for 3.39% and 3.11% of total consolidated assets; total liabilities were NT\$108,886 thousand and 121,724 thousand,

accounting for 1.09% and 0.90% of total consolidated liabilities; from July 1st to September 30th in 2023 and 2022, and from January 1st to September 30th in 2023 and 2022, the total comprehensive profit and loss were NT\$ (12,072) thousand, NT\$ 19,696 thousand NT\$ (48,294) thousand and NT\$220,940 thousand, respectively, accounting for (2.44)%, 2.49%, (10.45)% and 8.63% of the total consolidated comprehensive profit and loss. As stated in Notes to consolidated financial statement No.14, the balance of investments using the equity method on June 30, 2023 and 2022 were NT\$35,715 thousand and NT\$24,066 thousand respectively, compared with those from July 1 to September 30, 2023 and 2022, the share of investment net profit (loss) of recognized using the equity method from January 1 to September 30,2023 and 2022 is NT\$ (3,507) thousand, NT (3,242) thousand, NT\$ (10,055) thousand and NT\$ (8,361) thousand, respectively. The relevant information regarding the investees referred to in Note 33 of the consolidated financial statements is recognized and disclosed based on the financial statements of the investee companies for the same periods that have not been audited by the auditors.

Qualified opinion

According to the audit results, except for the possible adjustment of the financial statements of the non-important subsidiaries and some affiliated companies and investee companies mentioned in the paragraph of Base of qualified opinion, the consolidated financial statements may be adjusted. It has not been found that the above-mentioned consolidated financial statements have not been compiled in accordance with the Financial Reporting Standards for Securities Issuers and the International Accounting Standards (IAS) No. 34 "Interim Financial Reporting" approved and issued by the Financial Supervisory Commission in all major aspects, which makes it impossible to express the text properly The consolidated financial status of Gemtek Technology Co., Ltd. and its subsidiaries on September 30, 2023 and 2022, and the consolidated financial performance and consolidated cash flow from January 1 to September 30, 2023 and 2022.

Deloitte & Touche Taiwan
Certified Public Accountant
Alice H. Fang

Deloitte & Touche Taiwan
Certified Public Accountant
Jing-ting Yang

Financial Supervision Commission
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Date: November 8, 2023

GEMTEK TECHNOLOGY CO., LTD.
Parent Company and Subsidiaries Balance Sheets
September 30, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

code	ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (note 4 and 6)	\$ 2,066,116	9	\$ 1,009,501	4	\$ 1,304,098	5
1110	Financial assets at fair value through profit or loss - current (note 4 and 7)	197,760	1	17,940	-	70,125	-
1136	Financial assets at amortized cost - current (note 4, 9 and 30)	298,138	1	3,307	-	13,166	-
1170	Accounts receivable, net (note 4、10 and 23)	7,326,712	31	9,305,116	38	9,314,712	33
1180	Accounts receivable from related parties (note 4、23 and 29)	87,374	-	63,000	-	321,116	1
1200	Other receivables (note 4、29)	54,702	-	33,949	-	43,522	-
1220	Current tax assets (note 4 and 25)	6,607	-	1,281	-	209	-
130X	Inventories (note 4 and 11)	4,686,478	20	4,601,290	19	5,983,331	21
1460	Non-current assets for sale (note 4 and 12)	17,001	-	-	-	-	-
1470	Other current assets (note 4 and 17)	94,420	1	243,671	1	509,393	2
11XX	Total current assets	<u>14,835,308</u>	<u>63</u>	<u>15,279,055</u>	<u>62</u>	<u>17,559,672</u>	<u>62</u>
	NON-CURRENT ASSETS						
1517	Financial assets at fair value through other comprehensive income - non-current (note 4 and 8)	2,941,808	13	3,258,819	13	4,668,583	17
1535	Financial assets at amortized cost - non-current (note 4、9 and 30)	20,000	-	20,000	-	20,000	-
1550	Investments accounted for using the equity method (note 4、13 and 14)	1,213,235	5	1,286,049	5	1,264,188	5
1600	Property, plant and equipment (note 4 and 15)	3,632,825	15	4,042,505	16	3,696,417	13
1755	Right-of-use assets (note 4 and 16)	367,084	2	384,883	2	133,161	-
1805	Goodwill (note 4)	265,224	1	265,224	1	265,224	1
1821	Other intangible assets	52,190	-	65,745	-	70,263	-
1840	Deferred tax assets (note 4 and 25)	48,043	-	61,716	-	41,571	-
1990	Other non-current assets (note 4 and 17)	138,799	1	166,543	1	441,587	2
15XX	Total non-current assets	<u>8,679,208</u>	<u>37</u>	<u>9,551,484</u>	<u>38</u>	<u>10,600,994</u>	<u>38</u>
1XXX	Total assets	<u>\$ 23,514,516</u>	<u>100</u>	<u>\$ 24,830,539</u>	<u>100</u>	<u>\$ 28,160,666</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term borrowings (note 18)	\$ 322,700	1	\$ 2,526,205	10	\$ 3,858,500	14
2120	Financial liabilities at fair value through profit or loss - current (note 4 and 7)	1,160	-	-	-	-	-
2130	Contract liabilities - current (note 4 and 23)	426,028	2	325,857	1	342,285	1
2170	Accounts payable	6,343,723	27	7,103,761	29	8,241,096	29
2219	Other payables (note 20 and 29)	971,015	4	971,249	4	728,201	3
2230	Current tax liabilities (note 4 and 25)	146,137	1	137,470	1	69,284	-
2280	Current lease liabilities (note 4 and 16)	19,111	-	91,168	-	11,663	-
2399	Other current liabilities (note 20)	62,251	-	56,977	-	65,123	-
21XX	Total current liabilities	<u>8,292,125</u>	<u>35</u>	<u>11,212,687</u>	<u>45</u>	<u>13,316,152</u>	<u>47</u>
	NON-CURRENT LIABILITIES						
2530	Corporate bonds payable (note 19)	1,372,639	6	-	-	-	-
2570	Deferred tax liabilities (note 4 and 25)	292,454	1	224,596	1	261,262	1
2580	Non-current lease liabilities (note 4 and 16)	8,471	-	12,689	-	16,998	-
2670	Other non-current liabilities (note 20)	1,362	-	1,705	-	1,714	-
25XX	Total non-current liabilities	<u>1,674,926</u>	<u>7</u>	<u>238,990</u>	<u>1</u>	<u>279,974</u>	<u>1</u>
2XXX	Total liabilities	<u>9,967,051</u>	<u>42</u>	<u>11,451,677</u>	<u>46</u>	<u>13,596,126</u>	<u>48</u>
	EQUITY (note 4、22 and 27)						
	Share capital						
3110	Ordinary shares	3,984,283	17	3,946,465	16	3,946,465	14
3140	Capital received in advance	16,928	-	-	-	-	-
3200	Capital surplus	5,229,556	22	4,983,065	20	4,968,796	18
	Retained earnings						
3310	Legal reserve	1,003,186	5	943,768	4	943,768	3
3320	Special reserve	195,638	1	195,638	1	195,638	1
3350	Unappropriated earnings	1,707,510	7	1,728,176	7	1,398,251	5
3300	Total retained earnings	<u>2,906,334</u>	<u>13</u>	<u>2,867,582</u>	<u>12</u>	<u>2,537,657</u>	<u>9</u>
3490	Other equity	1,022,401	4	1,275,930	5	2,781,566	10
31XX	Total equity attributable to owners of parent	<u>13,159,502</u>	<u>56</u>	<u>13,073,042</u>	<u>53</u>	<u>14,234,484</u>	<u>51</u>
36XX	Non-controlling interests (note 22)	387,963	2	305,820	1	330,056	1
3XXX	Total equity	<u>13,547,465</u>	<u>58</u>	<u>13,378,862</u>	<u>54</u>	<u>14,564,540</u>	<u>52</u>

Total liabilities and equity	<u>\$ 23,514,516</u>	<u>100</u>	<u>\$ 24,830,539</u>	<u>100</u>	<u>\$ 28,160,666</u>	<u>100</u>
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The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the auditors report of Deloitte & Touche Taiwan on November 8, 2023)

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGY CO., LTD.
Parent Company and Subsidiaries Statements of Comprehensive Income
For July 1 to September 30, 2023 & 2022

(Expressed in thousands of New Taiwan Dollars, Except Earnings Per Share)

代 碼		July 1 to September of 2023		July 1 to September 30 of 2022		January 1 to September 30 of 2023		January 1 to September 30 of 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (note 4, 23 and 29)	\$ 6,156,474	100	\$ 7,703,717	100	\$ 20,233,075	100	\$ 19,369,253	100
5000	Operating costs (note 11, 21, 24 and 29)	(5,514,104)	(90)	(7,045,481)	(91)	(18,080,957)	(89)	(17,619,981)	(91)
5900	Gross Profit	<u>642,370</u>	<u>10</u>	<u>658,236</u>	<u>9</u>	<u>2,152,118</u>	<u>11</u>	<u>1,749,272</u>	<u>9</u>
	Operating expenses (note 10, 21, 24 and 29)								
6100	Selling expenses	(132,639)	(2)	(138,493)	(2)	(383,634)	(2)	(381,950)	(2)
6200	General and administrative expenses	(167,356)	(3)	(174,579)	(2)	(515,365)	(3)	(501,565)	(3)
6300	Research and development expenses	(288,241)	(4)	(230,630)	(3)	(790,717)	(4)	(652,719)	(3)
6450	Expected credit losses reversed on receivables	<u>-</u>	<u>-</u>	<u>(212)</u>	<u>-</u>	<u>(53,018)</u>	<u>-</u>	<u>(122)</u>	<u>-</u>
6000	Total operating expenses	<u>(588,236)</u>	<u>(9)</u>	<u>(543,914)</u>	<u>(7)</u>	<u>(1,742,734)</u>	<u>(9)</u>	<u>(1,536,356)</u>	<u>(8)</u>
6900	Profit from operations	<u>54,134</u>	<u>1</u>	<u>114,322</u>	<u>2</u>	<u>409,384</u>	<u>2</u>	<u>212,916</u>	<u>1</u>
	Non-operating income and expenses								
7100	Interest income (note 24)	15,457	-	5,316	-	40,191	-	14,738	-
7010	Other income (note 24 and 29)	26,006	-	20,541	-	48,752	-	53,814	-
7020	Other gains and losses (note 24)	335,924	5	138,136	2	428,898	2	203,485	1
7050	Finance costs (note 24)	(25,115)	-	(24,617)	-	(93,977)	-	(37,061)	-
7060	Share of profit of subsidiaries and associates (note 4 and 14)	<u>29,112</u>	<u>1</u>	<u>42,265</u>	<u>-</u>	<u>54,040</u>	<u>-</u>	<u>134,451</u>	<u>1</u>
7000	Total non-operating income and expenses	<u>381,384</u>	<u>6</u>	<u>181,641</u>	<u>2</u>	<u>477,904</u>	<u>2</u>	<u>369,427</u>	<u>2</u>
7900	Profits before income tax	435,518	7	295,963	4	887,288	4	582,343	3
7950	Income tax (note 4 and 25)	<u>(88,547)</u>	<u>(1)</u>	<u>(64,680)</u>	<u>(1)</u>	<u>(190,142)</u>	<u>(1)</u>	<u>(134,974)</u>	<u>(1)</u>
8200	Net profit for the period	<u>346,971</u>	<u>6</u>	<u>231,283</u>	<u>3</u>	<u>697,146</u>	<u>3</u>	<u>447,369</u>	<u>2</u>
	Net profit for the period								
8310	Items that will not be reclassified subsequently to profit or loss								
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(102,364)	(2)	387,545	5	(430,655)	(2)	1,750,825	9
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of the financial statements of foreign operations	250,804	4	172,663	2	196,041	1	360,605	2
8370	Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	<u>(234)</u>	<u>-</u>	<u>312</u>	<u>-</u>	<u>(198)</u>	<u>-</u>	<u>792</u>	<u>-</u>
8300	Other comprehensive income/(loss)	<u>148,206</u>	<u>2</u>	<u>560,520</u>	<u>7</u>	<u>(234,812)</u>	<u>(1)</u>	<u>2,112,222</u>	<u>11</u>
8500	Total	<u>\$ 495,177</u>	<u>8</u>	<u>\$ 791,803</u>	<u>10</u>	<u>\$ 462,334</u>	<u>2</u>	<u>\$ 2,559,591</u>	<u>13</u>

Comprehensive income profit, attributable to:

8610	Profit, attributable to owners of parent	\$ 354,963	6	\$ 223,286	3	\$ 727,054	3	\$ 343,370	2
8620	Profit, attributable to non-controlling interests	(<u>7,992</u>)	<u>-</u>	<u>7,997</u>	<u>-</u>	(<u>29,908</u>)	<u>-</u>	<u>103,999</u>	<u>-</u>
8600		<u>\$ 346,971</u>	<u>6</u>	<u>\$ 231,283</u>	<u>3</u>	<u>\$ 697,146</u>	<u>3</u>	<u>\$ 447,369</u>	<u>2</u>
	Profit, attributable to:								
8710	Comprehensive income, attributable to owners of parent	\$ 503,169	8	\$ 783,806	10	\$ 492,242	2	\$ 2,455,592	13
8720	Comprehensive income, attributable to non-controlling interests	(<u>7,992</u>)	<u>-</u>	<u>7,997</u>	<u>-</u>	(<u>29,908</u>)	<u>-</u>	<u>103,999</u>	<u>-</u>
8700		<u>\$ 495,177</u>	<u>8</u>	<u>\$ 791,803</u>	<u>10</u>	<u>\$ 462,334</u>	<u>2</u>	<u>\$ 2,559,591</u>	<u>13</u>
	Earnings per share (note 26)								
9750	Basic earnings per share	<u>\$ 0.90</u>		<u>\$ 0.57</u>		<u>\$ 1.85</u>		<u>\$ 0.88</u>	
9850	Diluted earnings per share	<u>\$ 0.80</u>		<u>\$ 0.54</u>		<u>\$ 1.62</u>		<u>\$ 0.83</u>	

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

(Please refer to the auditors report of Deloitte & Touche Taiwan on November 8, 2023)

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGY CO., LTD
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For January 1 to September 30, 2023

(Expressed in thousands of New Taiwan Dollars)

Code		Share Capital (note22)		Capital Surplus	Retained Earnings (note22)			Other (note22 and 27)		Unearned Employee Compensation	Total	Treasury Stock	Non-controlling Interests (Note 22)	Total Equity	
		Shares (in thousand)	Amount	Advance Receipts for Share Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Difference on Translation of the financial statement of Foreign	Unrealized Valuation Gain/Loss on Financial Assets at Fair Value Through Other Comprehensive Income						
A1	Balance At January 1, 2022	366,119	\$ 3,661,188	\$ 44,798	\$ 4,441,626	\$ 878,269	\$ 1,305,902	\$ 696,971	(\$ 581,856)	\$ 1,268,926	(\$ 25,997)	\$ 661,073	\$ -	\$ 225,994	\$ 11,915,821
B1	Remaining Allocation and Distribution At 2021														
B1	Provision of statutory surplus reserve	-	-	-	-	65,499	-	(65,499)	-	-	-	-	-	-	-
B3	Special surplus reserve	-	-	-	-	-	(1,110,264)	1,110,264	-	-	-	-	-	-	-
B5	Cash dividends to shareholders of Gemtek	-	-	-	-	-	-	(607,738)	-	-	-	-	-	-	(607,738)
	Subtotal	-	-	-	-	65,499	(1,110,264)	437,027	-	-	-	-	-	-	(607,738)
C7	Changes in capital reserves of affiliated companies recognized using the equity method	-	-	-	131,860	-	-	(216)	4	216	-	220	-	-	131,864
D1	Net Profit for January 1 to September 30, 2022	-	-	-	-	-	-	343,370	-	-	-	-	-	103,999	447,369
D3	Other comprehensive loss for January 1 to September 30, 2022	-	-	-	-	-	-	-	361,397	1,750,825	-	2,112,222	-	-	2,112,222
D5	Total comprehensive income/(loss) for January 1 to September 30, 2022	-	-	-	-	-	-	343,370	361,397	1,750,825	-	2,112,222	-	103,999	2,559,591
M3	Disposal of investments using the equity method	-	-	-	-	-	-	(34)	1	34	-	35	-	-	1
I1	corporate bond converted to ordinary shares	39,040	390,402	(44,798)	510,856	-	-	-	-	-	-	-	-	-	856,460
N1	Cancellation of new shares with restricted employee rights	(171)	(1,705)	-	4,367	-	-	-	-	-	(2,662)	(2,662)	-	-	-
L1	Buy treasury stocks	-	-	-	-	-	-	-	-	-	-	-	(307,112)	-	(307,112)
L3	Cancellation of treasury shares	(10,342)	(103,420)	-	(119,913)	-	-	(83,779)	-	-	-	-	307,112	-	-
O1	Changes of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	63	63
Q1	Disposal of equity instruments measured at fair value through other comprehensive profit or loss	-	-	-	-	-	-	4,912	-	(4,912)	-	(4,912)	-	-	-
T1	Share-based payment expenses	-	-	-	-	-	-	-	-	-	15,590	15,590	-	-	15,590
Z1	BALANCE AT September 30, 2022	394,646	\$ 3,946,465	\$ -	\$ 4,968,796	\$ 943,768	\$ 195,638	\$ 1,398,251	(\$ 220,454)	\$ 3,015,089	(\$ 13,069)	\$ 2,781,566	\$ -	\$ 330,056	\$ 14,564,540
A1	BALANCE AT January 1, 2023	394,646	\$ 3,946,465	\$ -	\$ 4,983,065	\$ 943,768	\$ 195,638	\$ 1,728,176	(\$ 347,887)	\$ 1,632,512	(\$ 8,695)	\$ 1,275,930	\$ -	\$ 305,820	\$ 13,378,862
B1	Remaining Allocation and Distribution At 2022														
B1	Provision of statutory surplus reserve	-	-	-	-	59,418	-	(59,418)	-	-	-	-	-	-	-
B5	Cash dividends to shareholders of Gemtek	-	-	-	-	-	-	(591,712)	-	-	-	-	-	-	(591,712)
	Subtotal	-	-	-	-	59,418	-	(651,130)	-	-	-	-	-	-	(591,712)
M7	Changes in ownership interests in subsidiaries	-	-	-	961	-	-	-	-	-	-	-	-	-	961
D1	Net Profit for January 1 to September 30, 2023	-	-	-	-	-	-	727,054	-	-	-	-	-	(29,908)	697,146
D3	Other comprehensive loss for January 1 to September 30, 2023	-	-	-	-	-	-	-	195,843	(430,655)	-	(234,812)	-	-	(234,812)
D5	Total comprehensive income/(loss) for January 1 to September 30, 2023	-	-	-	-	-	-	727,054	195,843	(430,655)	-	(234,812)	-	(29,908)	462,334
C5	The Company's issuance of convertible corporate bonds and recognition of equity portion	-	-	-	133,101	-	-	-	-	-	-	-	-	-	133,101

O1	Changes of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	112,051	112,051
G1	Issuance of new shares with restrictions on employee rights	4,300	43,000	-	90,967	-	-	-	-	-	(133,967)	(133,967)	-	-	-
N1	Cancellation of new shares with restricted employee rights	(518)	(5,182)	-	(8,550)	-	-	-	-	-	13,732	13,732	-	-	-
Q1	Disposal of equity instruments measured at fair value through other comprehensive profit or loss	-	-	-	-	-	(96,590)	-	96,590	-	-	96,590	-	-	-
T1	Share-based payment expenses	-	-	-	-	-	-	-	-	4,928	4,928	-	-	-	4,928
II	Corporate bond converted to ordinary shares	-	-	16,928	30,012	-	-	-	-	-	-	-	-	-	46,940
Z1	BALANCE AT September 30, 2023	398,428	\$ 3,984,283	\$ 16,928	\$ 5,229,556	\$ 1,003,186	\$ 195,638	\$ 1,707,510	(\$ 152,044)	\$ 1,298,447	(\$ 124,002)	\$ 1,022,401	\$ -	\$ 387,963	\$ 13,547,465

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the auditors report of Deloitte & Touche Taiwan on November 8, 2023)

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGY CO., LTD
Parent Company and Subsidiaries Statements of Cash Flows
For January 1 TO September 30,2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Code		JANUARY 1 TO SEPTEMBER 30,2023	JANUARY 1 TO SEPTEMBER 30,2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Income before income tax	\$ 887,288	\$ 582,343
A20010	Adjustments for:		
A20100	Depreciation expense	365,802	318,272
A20200	Amortization expense	137,677	99,300
A20300	Expected credit losses recognized/(reversed) on receivables expense	53,018	122
A20400	Net (gain)/loss on fair value changes of financial [assets/liabilities] at fair value through profit or loss	(7,223)	30,241
A20900	Finance costs	93,977	37,061
A21200	Interest income	(40,191)	(14,738)
A21300	Dividend income	(1,728)	(4,353)
A21900	Share-based compensation cost	4,985	17,009
A22300	Share of investment gains and losses recognized using the equity method	(54,040)	(134,451)
A22500	Loss from disposal and scrapping of real estate, plant and equipment	37,792	5,651
A23000	Disposal of interests in non-current assets pending for sale	(253,936)	-
A23200	Dealing with the interests of subsidiaries	-	(3,140)
A23700	Inventory depreciation and sluggish losses	84,095	14,038
A24100	Net loss on foreign currency exchange	(181,058)	(599,032)
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at fair value through profit or loss	(176,407)	61,943
A31150	Accounts receivable	2,194,755	(2,693,013)
A31160	Accounts receivable from related parties	(22,706)	(104,852)
A31180	Other receivables	(22,679)	69,706
A31200	Inventories	2,648	(1,905,735)
A31240	Other current assets	150,245	(266,663)

A31990	Prepaid pension	(1,648)	(1,560)
A32125	Contract liabilities	90,124	33,910
A32150	Accounts payable	(933,251)	4,137,460
A32160	Accounts payable to related parties	933	(9,212)
A32180	Other payables	(14,639)	8,034
A32190	Other payables - related parties	4,761	(1,630)
A32230	Other current liabilities	<u>2,520</u>	(<u>15,442</u>)
A33000	Cash generated from operations	2,401,114	(338,731)
A33100	Interest charged	42,117	15,216
A33200	Dividends received	1,728	4,353
A33300	Interest paid	(89,200)	(46,680)
A33500	Income tax paid	(<u>105,270</u>)	(<u>42,722</u>)
AAAA	Net cash used in operating activities	<u>2,250,489</u>	(<u>408,564</u>)

(Continued)

(Brought Forward)

Code		JANUARY 1 TO SEPTEMBER 30,2023	JANUARY 1 TO SEPTEMBER 30,2022
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Acquisition of financial assets measured at fair value through other comprehensive profit or loss	(\$ 56,200)	\$ -
B00020	Disposal of financial assets measured at fair value through other comprehensive profit or loss	-	17,994
B01900	Disposal of long-term equity investments using the equity method	-	9,571
B00040	Purchase of financial assets at amortized cost	(297,120)	(3,156)
B00050	Proceeds from disposal of financial assets at amortized cost	-	134,800
B02600	Price of disposal of non-current assets to be sold	701,910	-
B02700	Acquisition of property, plant and equipment	(523,641)	(370,157)
B02800	Proceeds from disposal of property, plant and equipment	183,510	18,232
B03800	Margin deposit reduced	1,987	-
B06700	Increase in other non-current assets	(123,477)	(304,473)
B07600	Receive dividends from affiliated companies	<u>130,004</u>	<u>109,142</u>
BBBB	Net cash used in investing activities	<u>16,973</u>	<u>(388,047)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Short-term borrowings (decrease) increase	(2,203,505)	1,749,980
C01200	Issuance of convertible corporate bonds	1,551,957	-
C01300	Redemption of Bonds	-	(3,300)
C04020	Repayment of the principal portion of lease liabilities	(13,155)	(8,276)
C04400	Other non-current liabilities (decrease) increased	(343)	248
C04500	Pay cash dividends	(591,712)	(607,738)
C04900	Treasury stock buyback cost	-	(307,112)
C05800	Changes in non-controlling interests	<u>111,898</u>	<u>63</u>
CCCC	Net cash generated from financing activities	<u>(1,144,860)</u>	<u>823,865</u>

DDDD	Effect of exchange rate changes on cash and cash equivalents	(<u>65,987</u>)	<u>1,036</u>
EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	1,056,615	28,290
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,009,501</u>	<u>1,275,808</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,066,116</u>	<u>\$ 1,304,098</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the auditors report of Deloitte & Touche Taiwan on November 8, 2023)

Chairman: Hong-wen Chen General Manager: Rong-chang Li Accounting Supervisor: Zhi-hong Lin

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR

January 1, to September 30, 2023

(Expressed In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. COMPANY HISTORY

Gemtek Technologies Co., Ltd. (the “Company”) was incorporated on June 29, 1988. It researches, develops, manufactures, purchases, sells, exports, and imports electronic components, semi-finished products, finished products, computer software, hardware and peripheral equipment. The Company’s shares was listed on the Taipei Exchange (OTC) in January of 2002, and have been listed on the Taiwan Stock Exchange (TWSE) since June 30, 2003.

The consolidated financial statements of the Company and its subsidiaries (collectively, referred to as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

II. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issuance on September 08, 2023.

III. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- (1) For the first time, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC) and Interpretations (SIC) (hereinafter referred to as "IFRSs")
- (2) The application of the revised IFRSs approved and issued by the Financial Supervisory Commission will not cause major changes in the accounting policies of the company and entities controlled by the company (hereinafter referred to as "merged companies").

IFRSs that have been issued by the IASB but have not yet been approved and made effective by the Financial Supervisory Commission

New, Amended and Revised Standards and Interpretations	Effective Date per IASB (Note1)
Amendment to IFRS 16 "Lease Liabilities in Sale and Leaseback"	January 01, 2024 (Note 2)
Amendments to IAS 1 "Classification of liabilities as current or non-current"	January 01, 2024
Amendments to IAS 1 "Non-current liabilities with contractual terms"	January 01, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 01, 2024 (Note 3)

Note 1: Unless otherwise specified, the above-mentioned newly issued/amended/revised standards or interpretations are effective for the annual reporting period starting after the respective dates

Note 2: The seller and lessee shall apply the amendments of IFRS 16 retrospectively to the sale and leaseback transactions signed after the first application of IFRS 16.

Note 3: When this amendment is applied for the first time, some disclosure requirements are exempted.

As of the date of issuance of this consolidated financial report, the combined company continues to evaluate the impact of amendments to other standards and interpretations on the financial position and financial performance. The relevant impact will be disclosed when the evaluation is completed.

IFRSs that have been issued by the IASB but have not yet been approved and made effective by the Financial Supervisory Commission

Newly released/amended/revised standards and explanations	Effective date of IASB announcement (Note 1)
Amendments to IFRS 10 and IAS 28 "Asset sales or contributions between investors and their affiliates or joint ventures"	Undecided
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023

Newly released/amended/revised standards and explanations	<u>Effective date of IASB announcement (Note 1)</u>
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendment to IAS 21 "Lack of Convertibility"	January 1, 2025 (Note 2)

Note 1: Unless otherwise stated, the above newly released/amended/revised standards or interpretations are effective for the annual reporting period starting after each respective date.

Note 2: Applicable to annual reporting periods starting after January 1, 2025. When the amendment is first applied, the impact will be recognized in retained earnings on the first application date. When the merged company uses non-functional currency as the currency of expression, the impact amount will be adjusted to the exchange difference of foreign operating institutions under equity on the first application date.

As of the date of issuance of this consolidated financial report, the combined company continues to evaluate other The impact of amendments to standards and interpretations on financial status and financial performance, the relevant impact needs to be evaluated reveal when complete.

IV.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Compliance statement

This consolidated financial report is prepared in accordance with the Financial Reporting Standards for Securities Issuers and the IAS 34 "Interim Financial Report" approved and issued by the Financial Supervisory Commission. This consolidated financial

report does not contain all the disclosure information required by IFRSs in the entire annual financial report.

(2) Basis for compilation

Except for financial instruments measured at fair value, this consolidated financial report is prepared on a historical cost basis. The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

(3) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the

noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

See Note 13, Attachment 6, and Attachment 7 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

(4) Other significant accounting policies

In addition to the following descriptions, please refer to the Summary of Significant Accounting Policies in the 2022 Annually Consolidated Financial Report.

1. Defined benefits post-employment benefits

The pension cost during the interim period is calculated based on the actuarially determined pension cost rate at the end of the previous year, from the beginning of the year to the end of the current period, and takes into account the significant market fluctuations of the current period, as well as major plan amendments, liquidations or other major changes. One-time items are adjusted.

2. Income tax expense

Income tax expense is the sum of current income tax and deferred income tax. Income tax for the interim period is assessed on an annual basis and is calculated on interim pre-tax benefits at the tax rate applicable to the expected total earnings for the year.

V. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the major sources of uncertainty in major accounting judgments, estimates and assumptions used in this consolidated financial report, please refer to the same as the 2022 consolidated financial report.

VI. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 3,246	\$ 2,219	\$ 3,453
Checking accounts and demand deposits	1,570,188	836,815	1,062,330

Cash equivalents			
Time deposits with original maturities of less than 3 months	<u>492,682</u>	<u>170,467</u>	<u>238,315</u>
	<u>\$ 2,066,116</u>	<u>\$ 1,009,501</u>	<u>\$ 1,304,098</u>

VII. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets - current</u>			
Mandatorily classified as at FVTPL			
Non-derivative financial assets			
– Domestic listed shares	\$ -	\$ -	\$ 50,925
– Financial products	197,760	-	-
Hybrid Financial Assets			
– Convertible corporate bonds	-	17,940	19,200
	<u>\$ 197,760</u>	<u>\$ 17,940</u>	<u>\$ 70,125</u>

(Continued)

(Brought Forward)

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial liabilities - current</u>			
Designated at fair value through profit or loss measure			
Corporate debt payable			
-Conversion option	\$ <u>1,160</u>	\$ <u>-</u>	\$ <u>-</u>

VIII. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE
INCOME - OTHERS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Non-current</u>			
Domestic Investments			
Listed shares	\$ 2,776,228	\$ 3,095,245	\$ 4,459,894
Unlisted shares	<u>102,695</u>	<u>51,150</u>	<u>59,000</u>
Total	<u>2,878,923</u>	<u>3,146,395</u>	<u>4,518,894</u>
Overseas Investment			
Listed shares	6,909	10,560	6,932
Unlisted shares	<u>55,976</u>	<u>101,864</u>	<u>142,757</u>
Total	<u>62,885</u>	<u>112,424</u>	<u>149,689</u>
	<u>\$ 2,941,808</u>	<u>\$ 3,258,819</u>	<u>\$ 4,668,583</u>

The company invests in the above-mentioned stocks for medium and long-term strategic purposes and expects to make profits through long-term investment. The management of the company believes that if the short-term fair value fluctuations of these investments are included in profit or loss, it would not be consistent with the long-term investment plan, so the company decide to designate these investments as measured at fair value through other comprehensive income.

IX. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

September 30, 2023	December 31, 2022	September 30, 2022
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Current

Domestic Investment

Time deposits with
original maturities of
more than 3 months

<u>\$ 298,138</u>	<u>\$ 3,307</u>	<u>\$ 13,166</u>
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Non-current

Domestic Investment

Time deposits with
original maturities
of more than 3
months

<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>
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For information on the pledge of financial assets measured at amortized cost, please refer to Note 30.

X. ACCOUNTS RECEIVABLE

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Accounts Receivable</u>			
At Amortized Cost			
Less: Allowance for impairment loss	\$ 7,365,293	\$ 9,313,057	\$ 9,315,537
<u>Accounts Receivable</u>	(<u>38,581</u>)	(<u>7,941</u>)	(<u>825</u>)
	<u>\$ 7,326,712</u>	<u>\$ 9,305,116</u>	<u>\$ 9,314,712</u>

The average credit period on sales of goods is 90 days with no accrued interest. The allowance for doubtful receivables was assessed by referring to the collectability of receivables based on an individual trade term analysis, aging analysis, the historical payment behavior and current financial condition of customers.

The Group measures the loss allowance for accounts receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

In the event there is evidence indicating that the customer is under severe financial difficulty and the Group cannot reasonably estimate the recoverable amounts, the Group writes off relevant accounts receivable. However, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, the recoverable amounts are recognized in profit or loss.

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

September 30, 2023

	Not overdue	Less than 180 days	Between 181 and 365 days	Over 366 days	Total
Expected Credit Loss Rate	-	-	-	100%	
Gross carrying amount	\$ 7,104,526	\$ 222,186	\$ -	\$ 38,581	\$ 7,365,293
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,581)</u>	<u>(38,581)</u>
Amortized cost	<u>\$ 7,104,526</u>	<u>\$ 222,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,326,712</u>

December 31, 2022

	Not overdue	Less than 180 days	Between 181 and 365 days	Over 366 days
Expected Credit Loss Rate	-	7.69%	100%	
Gross carrying amount	\$ 9,218,712	\$ 93,832	\$ 513	\$ 9,313,057
Loss allowance (Lifetime ECL)	<u>(215)</u>	<u>(7,213)</u>	<u>(513)</u>	<u>(7,941)</u>
Amortized cost	<u>\$ 9,218,497</u>	<u>\$ 86,619</u>	<u>\$ -</u>	<u>\$ 9,305,116</u>

September 30, 2022

	Not overdue	Less than 180 days	Between 181 and 365 days	Over 366 days
Expected Credit Loss Rate	-	0.01%	37.93%	
Gross carrying amount	\$ 9,242,317	\$ 72,242	\$ 978	\$ 9,315,537
Loss allowance (Lifetime ECL)	<u>(446)</u>	<u>(8)</u>	<u>(371)</u>	<u>(825)</u>
Amortized cost	<u>\$ 9,241,871</u>	<u>\$ 72,234</u>	<u>\$ 607</u>	<u>\$ 9,314,712</u>

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

	January 1 to September 30, 2023	January 1 to September 30, 2022
Balance, beginning of year	\$ 7,941	\$ 703
Add: Acquire Subsidiary	53,018	122
Less: Net remeasurement of loss allowance	41	-
Balance, end of year	<u>(22,419)</u>	<u>-</u>

Balance, beginning of year	<u>\$ 38,581</u>	<u>\$ 825</u>
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XI. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Finished goods	\$ 361,818	\$ 697,243	\$ 614,572
Work in process	616,979	509,549	1,107,405
Raw materials and supplies	3,110,459	3,271,188	3,891,302
Inventory in transit	<u>597,222</u>	<u>123,310</u>	<u>370,052</u>
	<u>\$ 4,686,478</u>	<u>\$ 4,601,290</u>	<u>\$ 5,983,331</u>

The cost of goods sold related to inventory from July 1 to September 30 in 2023 and 2022 and from January 1 to September 30 in 2022 was NT\$5,514,104 thousand, NT\$7,045,481 thousand, NT\$18,080,957 thousand and NT\$17,619,981 thousand. The cost of goods sold includes inventory depreciation and sluggish losses (recovery benefits) are NT\$58,487 thousand, NT\$ 23,070 thousand, NT\$84,095 thousand and NT\$ 14,038 thousand respectively. Inventory depreciation and sluggish recovery benefits are mainly due to the disposal of inventories with depreciation losses.

XII. Non-current assets to be sold

	June 30, 2023	December 31, 2022	June 30, 2022
Property, plant and equipment			
Right-of-use assets—land	<u>\$ 17,001</u>	<u>\$ -</u>	<u>\$ -</u>

On May 29, 2023, the board of directors of the merged company passed the disposal of the real estate, plant and equipment and right-of-use assets of AMBER Electronic Technology (Changshu) Co., Ltd. - land, and signed a contract with Changshu Zhirong New Energy Industry Development Co., Ltd. in June 2023. An asset sales contract was established and the disposal procedures are expected to be completed within 12 months. The consolidated company has reclassified the real estate, plant and equipment and right-of-use

assets to be disposed - land as non-current assets to be sold and expressed separately in the consolidated balance sheet.

The sale price is expected to exceed the carrying amount of the relevant net assets, so no impairment loss should be recognized when classifying these units as non-current assets for sale.

XIII. SUBSIDIARIES

(I) Subsidiaries included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership		
			September 30,2023	December 31,2022	September 30,2022
Gemtek Technologies Co., Ltd.	Brightech International Co., Ltd.	Investment	100%	100%	100%
Gemtek Technologies Co., Ltd.	G-Technology Investment Co., Ltd.	Investment	100%	100%	100%
Gemtek Technologies Co., Ltd.	G-Technology Investment Co., Ltd.	Investment	-	100%	100%
Gemtek Technologies Co., Ltd.	Gemtek Vietnam Co., Ltd.	Telecommunications	100%	100%	100%
Gemtek Technologies Co., Ltd.	BROWAN Communications Incorporation	Telecommunications	50.44%	33.68%	33.68%
Gemtek Technologies Co., Ltd.	5V Technologies, Ltd.	Telecommunications	97.92%	-	-
Gemtek Technologies Co., Ltd.	Lionic Networks Inc.	Telecommunications	90.91%	-	-
Gemtek Investment Co.,Ltd	5V Technologies, Ltd.	Telecommunications	-	97.92%	97.92%
Gemtek Investment Co.,Ltd	BROWAN Communications Incorporation	Telecommunications	-	16.81%	16.81%
Brightech International Co., Ltd.	Gemtek Electronics Suzhou Co. Ltd.	Telecommunications	80.46%	80.46%	80.46%
G-Technology Investment Co., Ltd.	Gemtek Electronics Kunshan Co., Ltd	Telecommunications	100%	100%	100%
G-Technology Investment Co., Ltd.	AMPAK International Holdings Ltd.	Investment	100%	100%	100%
G-Technology Investment Co., Ltd.	Primax Communication (B.V.I.) Inc.	Investment	100%	100%	100%
G-Technology Investment Co., Ltd.	Gemtek CZ., s.r.o.	Telecommunications	100%	100%	100%
AMPAK International Holdings Ltd.	Gemtek CZ., s.r.o.	Telecommunications	100%	100%	100%
Primax Communication (B.V.I.) Inc.	Gemtek Electronics Suzhou Co. Ltd.	Telecommunications	19.54%	19.54%	19.54%

The company's board of directors approved the proposed investment in Lionic Networks Inc. in March 2023. The merged company invested NT\$30,720 thousand in cash in Lionic Networks Inc., with a shareholding ratio of 90.91%.

In April 2023, the company did not subscribe for the cash capital increase equity of BROWAN Company according to the shareholding ratio, and increased the investment by NT\$150,202 thousand. The company's shareholding ratio increased from 33.68% to 35.73%; Proportionally subscribed for the cash capital increase equity of BROWAN Company, resulting in the shareholding ratio being reduced from 16.81% to 14.71%.

In order to simplify the group's investment structure and resource integration, the board of directors of the merged company passed a resolution in May 2023 to handle a simple merger of the company and Gemtek Investment Co., Ltd. The base date of the merger is September 1, 2023. After the merger, the company will continue to exist. company, Gemtek Investment Co., Ltd. is an extinguished company.

The merged company handled a cash capital increase of Gemtek Vietnam Co., Ltd. on September 28, 2023, totaling NT\$319,300 thousand (US\$10,000 thousand). The company subscribed 100% of the capital, and the shareholding ratio was 100%.

Except for the above-mentioned subsidiaries included in the consolidated financial statements of September 30, 2023 and 2022, except BROWAN Company, which has not been reviewed by accountants, the other subsidiaries have been reviewed by accountants.

(II) Subsidiaries not included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership		
			September 30, 2023	December 31, 2022	September 30, 2022
Gemtek Technologies Co., Ltd.	Wi Tek Investment Co., Ltd.	Investment	100%	100%	100%
G-Technology Investment Co., Ltd.	PT. South Ocean	Investment	95%	95%	95%
Wi Tek Investment Co., Ltd.	Browan Communications (Xi'An) Inc.	Telecommunications	100%	100%	100%

On September 30, 2023 and on December 31, 2022 and September 30, 2022, the combined company held 100% of Wi Tek Investment Co., Ltd., and its total assets were NT\$39 thousand, NT\$3,349 thousand and NT\$4,973 thousand respectively, accounting for 0%, 0.01% and 0.02% of the consolidated assets, and operating income of NT\$0 thousand, accounting for 0% of the consolidated total operating income, so the company was not incorporated into the consolidated financial statements

On September 30, 2023 and on December 31, 2022 and September 30, 2022, the merged company held 95% of the shares of PT. Its total assets are NT\$2,961 thousand, NT\$2,818 thousand and NT\$2,913 thousand respectively, accounting for 0.01% of the consolidated assets. The operating income is NT\$0, accounting for 0% of the total consolidated operating income, so the company has not been incorporated. Consolidated Financial Statements.

On September 30, 2023 and December 31, 2022 and September 30, 2022, the merged company held 100% of the shares of Pro Communication (Xi'an) Co., Ltd. through Wi Tek Investment Co., Ltd., and its total assets were respectively NT\$9,322 thousand, NT\$9,724 thousand and NT\$10,187 thousand, all accounting for 0.04% of the consolidated assets respectively. The operating income from January 1 to September 30 in 2023 and 2022 was NT\$1,598 thousand and NT\$1,636 thousand respectively, both accounting for 0.01% of the consolidated total operating income respectively, so the company was not incorporated into the consolidated financial statements.

XIV. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2023	December 31,2022	September 30, 2022
Investment in subsidiaries	\$ 3,000	\$ 6,167	\$ 7,886
Investment in associates	<u>1,210,235</u>	<u>1,279,882</u>	<u>1,256,302</u>
	<u>\$ 1,213,235</u>	<u>\$ 1,286,049</u>	<u>\$ 1,264,188</u>

(I) Investment in subsidiaries

	September 30, 2023	December 31,2022	September 30, 2022
Unlisted Company			
Wi Tek Investment Co., Ltd.	\$ 39	\$ 3,349	\$ 4,973
PT. South Ocean	<u>2,961</u>	<u>2,818</u>	<u>2,913</u>
	<u>\$ 3,000</u>	<u>\$ 6,167</u>	<u>\$ 7,886</u>

Proportion of ownership and voting rights:

	September 30, 2023	December 31,2022	September 30, 2022
WiTek Investment Co., Ltd.	100%	100%	100%
PT. South Ocean	95%	95%	95%

The profit and loss and other comprehensive profit and loss shares of subsidiaries that adopted the equity method from July 1 to September 30 in 2023 and 2022 and from January 1 to September 30 in 2023 and 2022 are based on the data of each subsidiary during the same period. Recognition of financial reports reviewed by accountants.

The above-mentioned subsidiaries are not included in the consolidated financial report, please refer to Note 13.

(II) Investments in associates

	September 30, 2023	December 31,2022	September 30, 2022
Material associate			

AMPAK Technology Inc.	\$ 1,177,520	\$ 1,242,015	\$ 1,240,122
Associate that is not individually material			
Free PP Worldwide Co., Ltd.	24,602	26,409	13,229
BANDRICH, INC.	2,093	3,030	2,951
ANTEK NETWORKS INC	6,020	8,428	-
	<u>\$ 1,210,235</u>	<u>\$ 1,279,882</u>	<u>\$ 1,256,302</u>

1. Material associate :

Company Name	Proportion of ownership and voting rights		
	September 30, 2023	December 31, 2022	September 30, 2022
AMPAK Technology Inc.	30.20%	30.20%	30.20%

For the business nature, principal place of business, and country information of company registration of the above-mentioned affiliated enterprises, please refer to Appendix VI.

In May 2022, the merged company did not subscribe to the cash capital increase of AMPAK Technology Inc., according to the shareholding ratio, resulting in the shareholding ratio falling to 30.35%. The increase in the net equity value of the investment was NT\$131,860 thousand and was recorded as capital reserve. In addition, in June 2022, it sold part of its equity in AMPAK Technology Inc., reducing its shareholding ratio to 30.20%.

The following summary financial information is prepared based on the IFRSs financial reports of associated enterprises and reflects adjustments made when adopting the equity method.

AMPAK Technology Inc.

	September 30,2023	December 31,2022	September 30,2022
Current assets	\$ 1,957,185	\$ 2,237,822	\$ 2,856,693
Non-current assets	815,894	850,394	624,000
Current liabilities	(626,033)	(809,828)	(1,448,184)
Non-current liabilities	(345,186)	(255,608)	(16,889)
Equity	<u>\$ 1,801,860</u>	<u>\$ 2,022,780</u>	<u>\$ 2,015,620</u>
Proportion of the Group's ownership	30.20%	30.20%	30.20%
Equity attributable to the Group	\$ 546,385	\$ 610,880	\$ 608,987
Goodwill	<u>631,135</u>	<u>631,135</u>	<u>631,135</u>
Carrying amount	<u>\$ 1,177,520</u>	<u>\$ 1,242,015</u>	<u>\$ 1,240,122</u>

	January 1 to September 30, 2023	January 1 to September 30, 2022
Operating revenue	<u>\$ 1,624,870</u>	<u>\$ 2,994,144</u>
Net profit for the year	\$ 241,812	\$ 478,123
Other comprehensive income	<u>5,891</u>	(<u>4,755</u>)
Total comprehensive income for the year	<u>\$ 247,703</u>	<u>\$ 473,368</u>

2. Aggregate information of associates that are not individually material

	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
The Group's share of:		
Total comprehensive income	(\$ <u>6,746</u>)	(\$ <u>5,038</u>)

From July 1 to September 30 in 2023 and 2022, and from January 1 to September 30 in 2023 and 2022, the profit and loss and other comprehensive profit and loss shares of affiliated companies using the equity method, except AMPAK Technology Co., Ltd. Except for the recognition based on financial reports reviewed by accountants for the same period, the rest are recognized based on financial reports not reviewed by accountants for the same period.

XV. PROPERTY, PLANT AND EQUIPMENT

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Miscellaneous Equipment</u>	<u>Construction in progress and equipment's pending acceptance</u>	<u>Total</u>
<u>Cost</u>						
Balance on January 01, 2022	\$ 368,719	\$ 3,193,097	\$ 2,106,907	\$ 1,441,369	\$ 88,037	\$ 7,198,129
Additions	-	19,425	89,891	104,001	156,840	370,157
Disposals	-	(611)	(38,967)	(77,933)	-	(117,511)
Prepayments for business facilities	-	-	16,507	10,016	-	26,523
Reclassification	-	8,241	177,176	7,442	(192,859)	-
Effect of foreign currency exchange differences	-	85,594	126,868	36,098	9,536	258,096
Balance on September 30, 2022	<u>\$ 368,719</u>	<u>\$ 3,305,746</u>	<u>\$ 2,478,382</u>	<u>\$ 1,520,993</u>	<u>\$ 61,554</u>	<u>\$ 7,735,394</u>
<u>Accumulated depreciation and impairment</u>						
Balance on January 01, 2022	\$ -	\$ 1,490,577	\$ 1,196,779	\$ 1,039,235	\$ -	\$ 3,726,591
Disposals	-	(611)	(26,555)	(66,462)	-	(93,628)
Depreciation expenses	-	80,853	131,469	92,682	-	305,004
Effect of foreign currency exchange differences	-	29,232	49,693	22,085	-	101,010
Balance on September 30, 2022	<u>\$ -</u>	<u>\$ 1,600,051</u>	<u>\$ 1,351,386</u>	<u>\$ 1,087,540</u>	<u>\$ -</u>	<u>\$ 4,038,977</u>
Net value on September 30, 2022	<u>\$ 368,719</u>	<u>\$ 1,705,695</u>	<u>\$ 1,126,996</u>	<u>\$ 433,453</u>	<u>\$ 61,554</u>	<u>\$ 3,696,417</u>
<u>Cost</u>						

Balance on January 01, 2023	\$ 368,719	\$ 3,291,019	\$ 2,609,946	\$ 1,515,431	\$ 351,810	\$ 8,136,925
Additions	-	270	184,304	194,470	144,597	523,641
Disposals	-	-	(533,077)	(326,088)	-	(859,165)
Reclassification	-	-	3,531	809	-	4,340
Effect of foreign currency exchange differences	-	126,818	170,303	8,417	(305,538)	-
Balance on September 30, 2023	-	(861,220)	-	(52,971)	-	(914,191)
Additions	-	13,486	100,015	15,088	2,507	131,096
	<u>\$ 368,719</u>	<u>\$ 2,570,373</u>	<u>\$ 2,535,022</u>	<u>\$ 1,355,156</u>	<u>\$ 193,376</u>	<u>\$ 7,022,646</u>
<u>Accumulated depreciation and impairment</u>						
Balance on January 01, 2023	\$ -	\$ 1,613,994	\$ 1,411,880	\$ 1,068,546	\$ -	\$ 4,094,420
Disposals	-	-	(382,723)	(255,140)	-	(637,863)
Depreciation expenses	-	78,402	159,342	112,508	-	350,252
Effect of foreign currency exchange differences	-	(447,253)	-	(28,584)	-	(475,837)
Disposals	-	1,407	47,580	9,862	-	58,849
Balance on September 30, 2023	<u>\$ -</u>	<u>\$ 1,246,550</u>	<u>\$ 1,236,079</u>	<u>\$ 907,192</u>	<u>\$ -</u>	<u>\$ 3,389,821</u>
Net value on December 31, 2022 and January 1, 2023	<u>\$ 368,719</u>	<u>\$ 1,677,025</u>	<u>\$ 1,198,066</u>	<u>\$ 446,885</u>	<u>\$ 351,810</u>	<u>\$ 4,042,505</u>
Net value on September 30, 2023	<u>\$ 368,719</u>	<u>\$ 1,323,823</u>	<u>\$ 1,298,943</u>	<u>\$ 447,964</u>	<u>\$ 193,376</u>	<u>\$ 3,632,825</u>

There was no sign of impairment from January 1 to September 30 in 2023 and 2022, so the combined company did not conduct an impairment assessment.

The property, plant and equipment of the merged company are depreciated on a straight-line basis over the following useful lives:

Building	
Main buildings	50 years
Others	3~50 years
Machinery and equipment	2~10 years
Miscellaneous equipment	2~10 years

XVI. LEASE ARRANGEMENTS

(I) Right-of-use Assets

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amounts			
Land	\$ 340,686	\$ 358,581	\$ 104,804
Building	23,310	21,060	22,354
Transportation equipment	3,088	5,242	6,003
	<u>\$ 367,084</u>	<u>\$ 384,883</u>	<u>\$ 133,161</u>

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Additions to right-of-use assets			\$ 13,088	\$ 2,875
Depreciation charge for right-of-use assets				
Land	\$ 542	\$ 739	\$ 1,948	\$ 2,171
Buildings	3,879	2,466	11,445	8,875
Transportation equipment	<u>655</u>	<u>766</u>	<u>2,157</u>	<u>2,222</u>
	<u>\$ 5,076</u>	<u>\$ 3,971</u>	<u>\$ 15,550</u>	<u>\$ 13,268</u>

Except for the depreciation expenses recognized above, there were no major sublease or impairment of the right-of-use assets of the combined company from January 1 to September 30 in 2023 and 2022.

(II) Lease Liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amounts			
Current	<u>\$ 19,111</u>	<u>\$ 91,168</u>	<u>\$ 11,663</u>
Non-current	<u>\$ 8,471</u>	<u>\$ 12,689</u>	<u>\$ 16,998</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Buildings	0.67%~4.34%	0.67%~4.34%	0.67%~4.34%
Transportation equipment	0.67%~4.41%	0.67%~4.41%	0.67%~4.41%

(III) Other lease information

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Total cash outflow for leases	(<u>\$ 4,578</u>)	(<u>\$ 981</u>)	(<u>\$ 13,612</u>)	(<u>\$ 8,717</u>)

XVII. OTHER ASSETS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Prepaid expenses	\$ 17,520	\$ 55,036	\$ 126,775
Prepayments	28,832	55,584	228,353

Temporary Payments	10,095	57,726	62,375
Offset Against Business Tax Payable	<u>37,973</u>	<u>75,325</u>	<u>91,890</u>
	<u>\$ 94,420</u>	<u>\$ 243,671</u>	<u>\$ 509,393</u>
<u>Non-current</u>			
Deferred expenses	\$ 76,566	\$ 101,597	\$ 166,990
Refundable deposits	6,262	8,249	8,804
Overdue receivables	219,160	196,741	196,741
Allowance for overdue receivables	(219,160)	(196,741)	(196,741)
Defined Benefit Asset	21,273	19,625	10,772
Prepayments for business facilities	34,698	36,762	255,021
Others	-	310	-
	<u>\$ 138,799</u>	<u>\$ 166,543</u>	<u>\$ 441,587</u>

XVIII. BORROWINGS

Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 322,700</u>	<u>\$ 2,526,205</u>	<u>\$ 3,858,500</u>
Rate of interest per annum (%)	5.78%	1.52%~5.95%	1.20%~4.61%

XIX. BONDS PAYABLE

	September 30, 2023	December 31, 2022	September 30, 2022
6th Domestic unsecured convertible bonds	\$ 1,372,639	\$ -	\$ -
Due within 1 year	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,372,639</u>	<u>\$ -</u>	<u>\$ -</u>

On June 2, 2023, the company issued 15,000 units of the sixth domestic three-year zero coupon rate unsecured conversion corporate bonds, with a total principal amount of NT\$1,500,000, issued at 103.82% of the face value, each face value It is NT\$100 thousand.

The conversion price per share is NT\$29.3, and the conversion period is from June 2, 2023 to June 2, 2026.

Two years after the issuance of the convertible corporate bonds, bond holders may request the company to redeem the converted corporate bonds they hold in cash at 101.0025% of the face value of the bonds on the base date of sale. From the day after 3 months after the issuance of the convertible corporate bonds to 40 days before the expiration of the issuance period, if the closing price of the company's common stock exceeds the then-current conversion price by 30% (inclusive) for 30 consecutive business days, the company may The face amount of the bond, and all of its bonds are collected in cash. From the day after the three months after the issuance of the convertible corporate bonds to 40 days before the expiration of the issuance, if the outstanding balance of the convertible corporate bonds is less than 10% of the original issuance amount, the company may call back all the bonds in cash according to the face value of the bonds. Except for conversion into ordinary shares of the Company and early withdrawal by the Company in accordance with the redemption terms, the shares will be repaid in cash upon maturity. This convertible corporate bond includes liabilities and equity components. The equity component is expressed as capital reserve-equity options under equity. The effective interest rate originally recognized for the liability component was 2.02%.

Proceeds from issuance (Less: NT\$5,408 thousand transaction cost)	\$ 1,551,957
Equity component (Less: NT\$464 thousand trading cost allocated to the equity component)	(133,101)
Financial liabilities at fair value through profit or loss – current (Less: NT\$30 thousand transaction cost)	(<u>8,669</u>)
Liability component at issue date (Less: NT\$4,914 thousand transaction cost allocated to the liability component)	1,410,187
Interest charged at Effective interest rate 2.02%	9,392
Conversion of corporate bonds payable into ordinary shares	(<u>46,940</u>)
Liability component on September 30, 2023	<u>\$ 1,372,639</u>

On March 15, 2019, the company issued 12,000 units of the fifth domestic three-year unsecured conversion corporate bonds with a zero coupon rate, with a total principal amount of NT\$1,200,000, issued at 100.2% of the face value, and the face value of each bond was NT\$100 thousand.

The conversion price per share is NT\$24.8, and the conversion period is from June 16, 2019 to March 15, 2022. Two years after the issuance of the converted corporate bonds, the bondholders may request the company to redeem the converted corporate bonds it holds in cash at 100.5% of the face value of the bonds on the sale base date. From the day following the issuance of the convertible corporate bonds 3 months to 40 days before the expiration of the issuance period, if the closing price of the company's ordinary shares exceeds the current conversion price by 30% (inclusive) for 30 consecutive business days, the company may The face amount of the bond, and all of its bonds are collected in cash. From the day after the three months after the issuance of the convertible corporate bonds to 40 days before the expiration of the issuance, if the outstanding balance of the convertible corporate bonds is less than 10% of the original issuance amount, the company may call back all the bonds in cash according to the face value of the bonds. Except for conversion into ordinary shares of the Company and early withdrawal by the Company in accordance with the redemption terms, the shares will be repaid in cash upon maturity.

This convertible corporate bond includes liabilities and equity components, and the equity component is expressed as capital reserve - stock option under the equity item. The effective interest rate originally recognized for the liability component was 1.46%.

Proceeds from issuance (Less: NT\$5,084 thousand transaction cost)	\$ 1,197,316
Equity component (Less: NT\$193 thousand trading cost)	(45,527)

allocated to the equity component)	
Financial liabilities at fair value through profit or loss – current (Less: NT\$13 thousand transaction cost)	(3,107)
Liability component at issue date (Less: NT\$4,878 thousand transaction cost allocated to the liability component)	1,148,682
Interest charged at Effective interest rate 1.46%	45,815
Financial asset at fair value through profit or loss	(68)
Conversion of bonds payable into ordinary shares	(336,587)
Liability component on December 31, 2021	857,842
Interest charged at Effective interest rate 1.46%	1,918
Conversion of bonds payable into ordinary shares	(856,460)
Redemption of bond	(3,300)
Liability component on September 30, 2022	\$ -

XX. OTHER LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Other payables-current</u>			
Other payables	\$ 397,555	\$ 422,520	\$ 297,191
Payables for salaries or bonuses	568,200	548,230	429,353
Other payables to related parties (Note 29)	<u>5,260</u>	<u>499</u>	<u>1,657</u>
	<u>\$ 971,015</u>	<u>\$ 971,249</u>	<u>\$ 728,201</u>

(Continued)

(Brought Forward)

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Other liabilities — current</u>			
Advance payment for real estate	\$ 3,767	\$ -	\$ -
Temporary credits	45,372	43,630	53,667
Others	<u>13,112</u>	<u>13,347</u>	<u>11,456</u>
	<u>\$ 62,251</u>	<u>\$ 56,977</u>	<u>\$ 65,123</u>
 <u>Other liabilities — non-current</u>			
Deposits received	<u>\$ 1,362</u>	<u>\$ 1,705</u>	<u>\$ 1,714</u>

XXI. RETIREMENT BENEFIT PLANS

From July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022, the pension expenses related to the defined benefit plan recognized are based on December 31, 2022 and 2021. The calculation of the pension cost rate determined by the daily actuarial calculation is NT\$61,000, NT\$118,000, NT\$184,000 and NT\$354,000 respectively.

XXII. EQUITY

(I) Share capital

Common stock

	September 30, 2023	December 31, 2022	September 30, 2022
Authorized shares (in thousands)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Issued and paid shares (in thousands)	<u>398,428</u>	<u>394,646</u>	<u>394,646</u>
Issued capital	\$ 3,984,283	\$ 3,946,465	\$ 3,946,465
Authorized shares (in thousands)	<u>16,928</u>	\$ -	\$ -
	<u>\$ 4,001,211</u>	<u>\$ 3,946,465</u>	<u>\$ 3,946,465</u>

A holder of issued ordinary shares with par value of NT\$10 is entitled to the proportional rights to vote and to dividends.

The company's shareholders meeting on May 29, 2012³ approved the issuance of new shares with a total amount of NT\$43,000 to restrict employee rights. A total of 4,300 shares were issued at an issue price of NT\$10 per share. It has been approved by the Financial Supervision and Administration Commission in Letter No. 1120347892 issued by the Financial Supervisory Commission on July 11, 2023, and has been approved by the Board of Directors to set August 15, 2023 as the base date for capital increase.

During the years 2022 and 2023, due to the fact that some of the new shares with restricted employee rights did not meet the vested conditions, the company passed resolutions of the board of directors on August 4, 2022, December 16, 2022, March 13, and August 3, 2023 respectively. Recovered 171,000, 116,000, 56,000 and 346,000 new shares with restricted employee rights and reduced capital respectively. The base dates for capital reduction were August 4, 2022, January 2, 2023, and March, 2023 respectively. 13th and August 10, 2023.

The number of ordinary shares converted by exercising the conversion rights of the company's fifth domestic unsecured convertible corporate bonds held is 39,040,000 shares, and March 18, 2022 is used as the base date for capital increase.

The number of ordinary shares converted by the company's sixth domestic unsecured convertible corporate bonds held by the exercise of conversion rights is 1,693,000 shares, and November 10, 2023 is the base date for capital increase.

(II) Capital Surplus

	September 30, 2023	December 31, 2022	September 30, 2022
Shares premium from issuance	\$ 970,862	\$ 970,862	\$ 970,862
Conversion premium	3,770,057	3,606,944	3,606,944
Recognition of changes in	37,075	36,197	36,197

ownership interests in subsidiaries			
Recognition of changes in investment in subsidiaries and associates by using the equity method	157,830	157,747	143,478
Employee restricted stock	142,568	60,151	60,151
Expired share option	150,691	150,691	150,691
Others	<u>473</u>	<u>473</u>	<u>473</u>
	<u>\$ 5,229,556</u>	<u>\$ 4,983,065</u>	<u>\$ 4,968,796</u>

The surplus from the issuance of shares exceeding the par value of the capital reserve (including the issuance of ordinary shares exceeding the par value and the conversion premium of corporate bonds, etc.) and the portion received as gifts can be used to make up for losses, and can also be used to make up for losses when the company has no losses. Distribute cash or appropriate share capital, but when appropriating share capital, it is limited to a certain percentage of paid-in share capital every year.

Capital reserves generated from investments using the equity method, employee stock options and convertible corporate bond stock options may not be used for any purpose.

(III) Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For information on the accrual basis of the employees' compensation and remuneration of directors and the actual appropriations, refer to Note 24-8 employee benefits and remuneration of directors.

Appropriation of earnings to legal reserve shall be made until the reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under FSC Authorization Letters Jinguanzheng Fazi No. 1010012865 and No. 1010047490, and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve. On January 01, 2003, a total of NT\$195,638 thousand earnings was appropriated to special reserve.

The company held regular shareholders' meetings on May 29, 2023 and June 9, 2022, and passed the resolutions to approve the profit distribution proposals for 2022 and 2021 respectively as follows:

	For the year ended 2022	For the year ended 2021
Legal reserve	<u>\$ 59,418</u>	<u>\$ 65,499</u>
Special reserve	<u>\$ -</u>	<u>(\$ 1,110,264)</u>
Cash dividend	<u>\$ 591,712</u>	<u>\$ 607,738</u>
Cash dividend per share (dollar)	<u>\$ 1.5</u>	<u>\$ 1.5</u>

(IV) Special reserve

	June 30, 2023	December 31, 2022	June 30, 2022
Beginning balance	<u>\$ 195,638</u>	<u>\$ 1,305,902</u>	<u>\$ 1,305,902</u>
Appropriated special reserve			
Other deducted equity items	<u>-</u>	<u>(1,110,264)</u>	<u>(1,110,264)</u>
Ending balance	<u>\$ 195,638</u>	<u>\$ 195,638</u>	<u>\$ 195,638</u>

The special surplus reserve set aside due to the exchange differences on the translation of the financial statements of foreign operating institutions (including subsidiaries) when IFRSs is adopted for the first time will be reversed based on the

disposal ratio of the merged company. When the merged company loses significant influence, it will be fully reversed. When distributing earnings, a special surplus reserve should be made additionally for the difference between the net decrease in other shareholders' equity recorded in the account at the end of the reporting period and the special surplus reserve set forth in the first adoption of IFRSs. If the balance of deductions from other shareholders' equity is subsequently reversed, the reversed portion of the earnings may be distributed.

(V) Other equity items

1. Exchange differences on translating the financial statements of foreign operations

	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Beginning balance	(\$ 347,887)	(\$ 581,856)
Produced in the current period		
Conversion differences for foreign operating institutions	196,041	360,605
Shares of subsidiaries and affiliates using the equity method	(198)	792
Changes in subsidiaries and affiliated enterprises recognized using the equity method	-	4
Disposal of investments using the equity method	<u>-</u>	<u>1</u>
Ending balance	<u>(\$ 152,044)</u>	<u>(\$ 220,454)</u>

2. Unrealized gain (loss) on financial assets at FVTOCI (fair value through other comprehensive income)

	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Opening Balance	\$ 1,632,512	\$ 1,268,926
Produced in the current period		
Unrealized gains and losses		
Equity instruments	(430,655)	1,750,825
Changes in subsidiaries and affiliated enterprises recognized using the equity method	-	216

Disposal of investments using the equity method	-	34
Accumulated gains and losses from disposal of equity instruments are transferred to retained earnings	<u>96,590</u>	<u>(4,912)</u>
Ending balance	<u>\$ 1,298,447</u>	<u>\$ 3,015,089</u>

3. Unearned compensation

The company's shareholders' meetings resolved to issue new shares with restricted employee rights on May 29, 2023 and June 9, 2020 respectively. Please refer to Note 27 for relevant explanations.

	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Beginning balance	(\$ 8,695)	(\$ 25,997)
Issued in this period	(133,967)	-
Cancelled in this period	13,732	(2,662)
Recognized share-based payment expenses	<u>4,928</u>	<u>15,590</u>
Ending balance	<u>(\$ 124,002)</u>	<u>(\$ 13,069)</u>
(VI) Non-controlling interests		
	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Beginning balance	\$ 305,820	\$ 225,994
Exchange differences in the translation of financial statements of foreign operating institutions	153	-
Cash dividends from subsidiaries	(40,061)	-
Obtained increased non-controlling interest in Browan	148,857	-
Acquired increased non-controlling interest in Lionic Networks Inc.	3,072	-
Net profit (loss) for the current period	(29,908)	103,999
Restricted Stock Unit of Subsidiary restricts employees'	<u>30</u>	<u>63</u>

rights to non-controlling interests		
Ending balance	<u>\$ 387,963</u>	<u>\$ 330,056</u>

(VII) Treasury Stocks

<u>Reason for withdrawal</u>	<u>Buy back for cancellation (thousand shares)</u>	<u>Total (thousand shares)</u>
Number of shares on January 1, 2022	-	-
Increased in this issue	<u>10,342</u>	<u>10,342</u>
Number of shares on June 30, 2022	<u>10,342</u>	<u>10,342</u>

In order to protect the company's credit and shareholders' rights and interests, the company passed the resolution of the board of directors on April 20, 2022, to repurchase treasury shares in the centralized trading market. The number and amount of treasury shares repurchased were 10,342 thousand shares and 307,112 thousand dollars respectively, and On August 4, 2022, the board of directors decided to cancel the capital reduction and complete the relevant change registration.

The treasury stocks held by the company cannot be pledged in accordance with the provisions of the Securities and Exchange Act, nor can they enjoy the rights to dividend distribution and voting rights.

XXIII. Revenue

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Revenue from contracts				
Revenue from product sales	<u>\$ 6,156,474</u>	<u>\$ 7,703,717</u>	<u>\$20,233,075</u>	<u>\$19,369,253</u>

(I) Contract balance

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Accounts receivable (Note 10)	\$ 7,326,712	\$ 9,305,116	\$ 9,314,712	\$ 6,157,358
Accounts receivable - related party (Note 29)	<u>87,374</u>	<u>63,000</u>	<u>321,116</u>	<u>201,980</u>
	<u>\$ 7,414,086</u>	<u>\$ 9,368,116</u>	<u>\$ 9,635,828</u>	<u>\$ 6,359,338</u>
Contract liabilities - current				
Merchandise sales	<u>\$ 426,028</u>	<u>\$ 325,857</u>	<u>\$ 342,285</u>	<u>\$ 307,167</u>

(II) Details on revenue from contracts

Please see note 34.

XXIV. PROFIT BEFORE INCOME TAX

(I) Interest income

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Bank deposit	<u>\$ 15,457</u>	<u>\$ 5,316</u>	<u>\$ 40,191</u>	<u>\$ 14,738</u>

(II) Other income

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Rental income	\$ 2,209	\$ 2,336	\$ 7,142	\$ 6,945
Dividend income	1,728	4,353	1,728	4,353
Other income	<u>22,069</u>	<u>13,852</u>	<u>39,882</u>	<u>42,516</u>
	<u>\$ 26,006</u>	<u>\$ 20,541</u>	<u>\$ 48,752</u>	<u>\$ 53,814</u>

(III) Other gains and losses

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Gain (loss) on financial assets and liabilities	\$ 3,159	(\$ 11,577)	\$ 7,223	(\$ 30,241)

measured at FVTPL				
Foreign currency exchange loss	136,355	153,987	292,774	241,951
Disposal of interests of affiliated enterprises	-	-	-	3,140
Disposal of interests in non-current assets pending for sale	253,936	-	253,936	-
Net profit (loss) from disposal and scrapping of property, plant and equipment	(23,276)	(4,004)	(37,792)	(5,651)
Others	(34,250)	(270)	(87,243)	(5,714)
	<u>\$ 335,924</u>	<u>\$ 138,136</u>	<u>\$ 428,898</u>	<u>\$ 203,485</u>

(IV) Finance costs

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Interest on convertible bond	\$ 7,206	\$ -	\$ 9,392	\$ 1,918
Interest on bank loans	17,782	24,470	84,128	34,702
Interest on lease liabilities	<u>127</u>	<u>147</u>	<u>457</u>	<u>441</u>
	<u>\$ 25,115</u>	<u>\$ 24,617</u>	<u>\$ 93,977</u>	<u>\$ 37,061</u>

(V) Impairment losses recognized (reversed)

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Accounts Receivable	<u>\$ -</u>	<u>\$ 212</u>	<u>\$ 53,018</u>	<u>\$ 122</u>
Inventory(includes operating cost)	<u>\$ 58,487</u>	<u>\$ 23,070</u>	<u>\$ 84,095</u>	<u>\$ 14,038</u>

(VI) Depreciation and amortization

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Property, plant and equipment	\$ 115,198	\$ 107,179	\$ 350,252	\$ 305,004
Right-of-use assets	5,076	3,971	15,550	13,268
Deferred expenses	<u>46,944</u>	<u>35,657</u>	<u>137,677</u>	<u>99,300</u>
	<u>\$ 167,218</u>	<u>\$ 146,807</u>	<u>\$ 503,479</u>	<u>\$ 417,572</u>
Depreciation Expenses by Function				
Operating costs	\$ 103,065	\$ 79,148	\$ 250,806	\$ 224,972
Operating expenses	<u>17,209</u>	<u>32,002</u>	<u>114,996</u>	<u>93,300</u>
	<u>\$ 120,274</u>	<u>\$ 111,150</u>	<u>\$ 365,802</u>	<u>\$ 318,272</u>
Amortization expenses by function				
Operating costs	\$ 19,368	\$ 12,617	\$ 53,986	\$ 33,638
Operating expenses	<u>27,576</u>	<u>23,040</u>	<u>83,691</u>	<u>65,662</u>
	<u>\$ 46,944</u>	<u>\$ 35,657</u>	<u>\$ 137,677</u>	<u>\$ 99,300</u>

(VII) Employee Benefits Expenses

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Post-employment benefits				
Defined contribution plans	\$ 17,582	\$ 22,541	\$ 57,073	\$ 66,971
Defined benefit plans (Note 21)	<u>61</u>	<u>118</u>	<u>184</u>	<u>354</u>
	<u>17,643</u>	<u>22,659</u>	<u>57,257</u>	<u>67,325</u>
Share-based payments				
Equity-settled	<u>1,529</u>	<u>6,180</u>	<u>4,985</u>	<u>17,009</u>
Other employee benefit	<u>718,551</u>	<u>746,294</u>	<u>2,104,838</u>	<u>2,086,762</u>
Total employee benefits expenses	<u>\$ 737,723</u>	<u>\$ 775,133</u>	<u>\$ 2,167,080</u>	<u>\$ 2,171,096</u>

(Continued)

(Brought Forward)

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Employee benefits expense by function				
Operating costs	\$ 357,162	\$ 404,267	\$ 1,091,485	\$ 1,186,518
Operating expenses	<u>380,561</u>	<u>370,866</u>	<u>1,075,595</u>	<u>984,578</u>
	<u>\$ 737,723</u>	<u>\$ 775,133</u>	<u>\$ 2,167,080</u>	<u>\$ 2,171,096</u>

(VIII) Employee compensation and Remuneration of Board of Directors

In compliance with the Articles of incorporation, the Company shall, after deducting the employee bonuses and remuneration benefits of directors from the current year's pre-tax benefits, allocate at least 13.5% for employee profit sharing bonuses and no more than 1.8% for the remuneration benefits of directors. The board of directors have resolved the accrual of employee compensation and remuneration of board of directors for January 1 to September 30 of 2023 and 2022, respectively, as follows:

Accrual Rate

	January 1 to September 30, 2023	January 1 to September 30, 2022
Employee compensation	13.5%	13.5%
Remuneration of Directors	1.8%	1.8%

Amount

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Employee compensation	\$ <u>61,137</u>	\$ <u>43,610</u>	\$ <u>132,513</u>	\$ <u>70,115</u>
Remuneration of Directors	\$ <u>8,151</u>	\$ <u>5,815</u>	\$ <u>17,668</u>	\$ <u>9,349</u>

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate and will be reflected in the following year.

On March 13, 2023 and March 17, 2022, the employee remuneration and director's remuneration in 2022 and 2021 were respectively resolved by the board of directors as below:

	For the year ended 2022	For the year ended 2021
	<u>Cash</u>	<u>Cash</u>
Employee compensation	\$ 123,629	\$ 112,689
Remuneration of Directors	16,484	15,025

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2022 and 2021 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

XXV. INCOME TAXES

(1) Income tax recognized in profit or loss

The main components of income tax expenses are as follows:

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Current income tax				
Produced in this				
period	\$ 55,635	\$ 16,374	\$ 108,727	\$ 48,120
Undistributed				
Earnings Levy	-	-	-	51,777
Adjustments from				
previous years	<u>-</u>	<u>-</u>	<u>-</u>	(<u>13,569</u>)
	55,635	16,374	108,727	86,328
Deferred income tax				
Produced in this				
period	<u>32,912</u>	<u>48,306</u>	<u>81,415</u>	<u>48,646</u>
Income tax recognized				
in profit or loss				
cost	<u>\$ 88,547</u>	<u>\$ 64,680</u>	<u>\$ 190,142</u>	<u>\$ 134,974</u>

(2) Income tax assessment situation

The tax return filing of the Company, 5V TECHNOLOGIES, TAIWAN LTD., Browan Communications Inc. and Gemtek Investment Co. Ltd. as of 2021 and previous years have been assessed by the tax authorities.

XXVI. EARNINGS PER SHARE

	Unit: NTD per share			
	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Basic earnings per share				
From continuing business units	\$ <u>0.90</u>	\$ <u>0.57</u>	\$ <u>1.85</u>	\$ <u>0.88</u>
Diluted earnings per share				
From continuing business units	\$ <u>0.80</u>	\$ <u>0.54</u>	\$ <u>1.62</u>	\$ <u>0.83</u>

The earnings and weighted average number of common shares used to calculate earnings per share are as follows:

Net profit for this period

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Net profit attributable to the owners of the company	\$ 354,963	\$ 223,286	\$ 727,054	\$ 343,370
Impact of potentially dilutive common shares:				
Convertible corporate bonds after tax				
Interest	<u>5,765</u>	<u>-</u>	<u>7,514</u>	<u>1,534</u>
Used to calculate diluted earnings per share of continuing operating units.	<u>\$ 360,728</u>	<u>\$ 223,286</u>	<u>\$ 734,568</u>	<u>\$ 344,904</u>

Number of shares

	Unit: Thousand shares			
	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Weighted average number of ordinary shares in computation of basic earnings per share	393,444	392,450	393,313	391,134
Effect of potentially dilutive ordinary shares:				
Convertible bonds	51,176	20,642	51,176	20,642
Employee restricted stock	4,300	1,534	4,300	1,534
Employee compensation	<u>1,677</u>	<u>2,626</u>	<u>4,732</u>	<u>3,646</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>450,597</u>	<u>417,252</u>	<u>453,521</u>	<u>416,956</u>

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonuses would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

XXVII. SHARE-BASED PAYMENT ARRANGEMENTS

Restricted Stock Awards

On June 09, 2020, the annual shareholders' meeting of the Company approved the issuance of Restricted Stock Awards with a total amount of NT\$40,000 thousand, that is 4,000 thousand shares to be issued at issue price of NT\$10 per share. Followed by the approval letter Jinguanzheng Fazi No. 1090349323 issued by the Financial Supervisory Commission, Executive Yuan on July 14, 2020, the board of directors therefore determined August 7, 2020 as the capital increase base date.

On May 29, 2023, the company's regular shareholders' meeting approved the issuance of new shares with a total amount of NT\$43,000 to restrict employee rights. A total of 4,300 shares were issued at an issue price of NT\$10 per share.

It has been approved and taken into effect by the Financial Supervision and Administration Commission's letter No. 1120347892 dated July 11, 2023, and the board of directors has resolved to use August 15, 2023 as the base date for capital increase.

If an employee still serves the Company after the subscription of Restricted Stock Awards, provided that the employee has not violated the Company's labor contract, work rules, or company regulations, and under the circumstance that the overall business operations and employee performances have reached the reasonable targets set out by the Company for the preceding year, the following ratio of shares for each vesting anniversary are:

- (I) 1st anniversary : 30% of subscription ;
- (II) 2nd anniversary : 30% of subscription ;
- (III) 3rd anniversary : 40% of subscription .

Vesting restrictions if conditions have not been fulfilled:

(I) Measures to be taken when employees fail to meet the vesting conditions:

1. Before vesting conditions are met, Restricted Stock Awards received by the employee are not to be sold, mortgaged, transferred, gifted, pledged, or otherwise sanctioned except in the event of inheritance.
2. The attendance, proposal, speech, and voting rights of the shareholders meeting shall be implemented in accordance with the trust custody agreement. Any cash dividends, stock dividends, and capital reserve cash (stocks) allocated to the New Employee Restricted Stock Awards shall be placed under the custody of the trust. For those Restricted Stocks whom their owners have not yet fulfilled the vesting conditions, the cash dividends, stock dividends, and capital reserves (stocks) generated shall be forfeited and being reclaimed or cancelled by the Company in accordance with relevant laws and regulations.

(II) Based upon the above trust custody agreement, employees who have received Restricted Stock Awards are eligible to retain certain rights, including but not limited to: the right to receive dividends, bonuses, and capital reserves, the right to subscribe shares for cash increase, and voting rights, which are equivalent to the rights of common shares issued by the Company.

(III) Restricted Stock Awards that are issued in accordance with this arrangement shall be handled via trust and custody before vesting conditions are fulfilled.

XXXVIII. FINANCIAL INSTRUMENTS

(I) Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value hierarchy

September 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u>				
<u>measured at fair value</u>				
<u>through profit or loss</u>				
-Financial products	\$ <u> -</u>	\$ <u> -</u>	\$ <u>197,760</u>	\$ <u>197,760</u>
<u>Financial liabilities</u>				
<u>measured at fair value</u>				
<u>through profit or loss</u>				
-Conversion option	\$ <u> -</u>	\$ <u> -</u>	\$ <u>1,160</u>	\$ <u>1,160</u>
<u>Financial assets</u>				
<u>measured at fair value</u>				
<u>through other</u>				
<u>comprehensive profit</u>				
<u>or loss</u>				
Equity Instrument				
Investment				
– Domestic and overseas				
listed stock	\$ 2,783,137	\$ -	\$ -	\$ 2,783,137
– Domestic and overseas				
unlisted stock	=	-	<u>158,671</u>	<u>158,671</u>
Total	<u>\$ 2,783,137</u>	<u>\$ -</u>	<u>\$ 158,671</u>	<u>\$ 2,941,808</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial liabilities</u>				
<u>measured at fair value</u>				
<u>through profit or loss</u>				
-Conversion option	\$ <u> -</u>	\$ <u> -</u>	\$ <u>17,940</u>	\$ <u>17,940</u>
<u>Financial assets</u>				

	<u>measured at fair value through other comprehensive profit or loss</u>			
Equity Instrument Investment				
– Domestic and overseas listed stock	\$ 3,105,805	\$ -	\$ -	\$ 3,105,805
– Domestic and overseas unlisted stock	-	-	153,014	153,014
Total	<u>\$ 3,105,805</u>	<u>\$ -</u>	<u>\$ 153,014</u>	<u>\$ 3,258,819</u>

September 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u>				
<u>measured at fair value through profit or loss</u>				
-Domestic listed stocks	\$ 50,925	\$ -	\$ -	\$ 50,925
-Convertible corporate bonds	-	-	19,200	19,200
Total	<u>\$ 50,925</u>	<u>\$ -</u>	<u>\$ 19,200</u>	<u>\$ 70,125</u>

Financial assets measured at fair value through other comprehensive profit or loss

Equity Instrument Investment				
– Domestic and overseas listed stock	\$ 4,466,826	\$ -	\$ -	\$ 4,466,826
– Domestic and overseas unlisted stock	-	-	201,757	201,757
Total	<u>\$ 4,466,826</u>	<u>\$ -</u>	<u>\$ 201,757</u>	<u>\$ 4,668,583</u>

There were no transfers between Levels 1 and 2 in January 1 to September 30 of 2023 and 2022.

1. Evaluation techniques and input values for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - Conversion Option	It is evaluated using the binary tree convertible corporate bond evaluation model, based on the conversion price volatility, risk-free interest rate, risk discount rate and remaining life period.

2. Evaluation techniques and input values for Level 3 fair value measurement

The fair value of unlisted (over-the-counter) company stocks without an active market is assessed using the market method and income method. The fair value of financial products is assessed using the income approach.

The market method refers to the transaction price and related information of comparable targets in the market to estimate the fair value of the investment target; the income method uses the method of discounted cash flow to calculate the present value of the expected income from holding the investment target. .

Mixed financial assets - There is no market price for convertible corporate bonds for reference. The company evaluates the fair value using the binary tree convertible bond evaluation model, based on the conversion price volatility, risk-free interest rate, risk discount rate and number of division periods. Evaluated.

(II) Categories of financial instrument

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Fair value through profit or loss	\$ 197,760	\$ 17,940	\$ 70,125
Fair value through other comprehensive income	2,941,808	3,258,819	4,668,583
Fair value after amortized cost (Note 1)	9,859,304	10,443,122	11,025,418
<u>Financial liabilities</u>			
Measured at fair value through profit or loss	1,160	-	-
Fair value after amortized cost (Note 2)	9,011,439	10,602,920	12,829,511

Note 1: Financial assets measured at fair value after amortized cost include cash and cash equivalents, notes receivables-related parties, accounts receivable,

accounts receivables-related parties, other receivables, and refundable deposits etc.

Note 2: Financial liabilities measured at fair value after amortized cost include short-term loans, accounts payables, accounts payables -related parties, other payables, refundable deposits, and bonds payable etc.

(III) Financial risk management objective and policies

The Group's major financial instruments include equity instrument investment, accounts receivable, accounts payable, bonds payable, loans and lease liabilities. The Group's Financial Department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group's Finance Department seeks to mitigate the effect of these risks by using derivative financial instruments to hedge risk exposures under the policies approved by the board of directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group's management monitors and reviews the financial activities in accordance with procedures required by relevant regulations and internal controls.

If the Finance Department should engage in derivative transactions, the results are reported to the Board of Directors on a regular basis.

1. Market Risk

The main financial risks that the combined company's operating activities expose the combined company to are foreign currency exchange rate changes (see (1) below), interest rate changes (see (2) below) and other price risks (see (3) below).

There are no changes to the merged company's exposure to financial instrument market risks and its management and measurement of such exposures.

(1) Foreign Currency Risk

The Group engages in foreign currency-denominated sales and purchase transactions, therefore exposing the Group to foreign currency fluctuation risks.

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency (including those eliminated on consolidation) at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollars (the functional currency) against the relevant foreign currencies. If the loss of the financial asset measured at fair value through profit and loss reaches the 3% cap as laid out in the contract, the situation must be reported to the management, and a reassessment of the exchange rate fluctuation should be made. The sensitivity analysis included only outstanding foreign currency denominated monetary items plus forward exchange contracts designated as a cash flow hedge, and their translations are adjusted at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollars strengthen 1% against the relevant currency; a negative number below indicates a decrease in pre-tax profit associated with New Taiwan dollars weakens 1% against the relevant currency.

	Impact of USD	
	January 1 to September 30, 2023	January 1 to September 30, 2022
Profit or Loss	\$ 29,056	\$ 13,457

The impact of foreign currencies on profit and loss listed in the above table mainly comes from the US dollar-denominated non-derivative financial assets and liabilities of the combined company that are still outstanding on the balance sheet date and have not been used for cash flow hedging.

The combined company's sensitivity to exchange rates increased in the two periods from January 1 to September 30 in 2022 and 2023, mainly because the increase in sales denominated in US dollars led to an increase in the balance of accounts receivable denominated in US dollars. °

(2) Interest rate risk

The Group is exposed to interest rate risk arising from borrowing at both fixed and floating interest rates.

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Fair value interest</u>			
<u>rate risk</u>			
– Financial assets	\$ 810,820	\$ 193,774	\$ 271,592
– Financial liabilities	1,695,339	2,238,880	3,801,500
<u>Cash flow interest</u>			
<u>rate risk</u>			
– Financial assets	1,570,077	836,815	1,062,219
– Financial liabilities	-	287,325	57,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for January 1 to September 30 2023 and 2022 would increase by NT\$11,776 thousand and NT\$7,539 thousand, respectively. The main reason for the above derived from the net position of bank deposits and borrowings that are exposed to fluctuating interest rate risks and redeemable bonds attributable to the Group that are measured at fair value.

There was no significant changes in the sensitivity analysis of the current year's interest rates when compared to the previous year.

(3) Other market price risk

Equity price risk exposure arises from the Group's investments in domestic and foreign listed stocks, unlisted stocks, and convertible bonds. The Group assigns relevant personnel to monitor price fluctuations and evaluate the timing to increase hedge positions.

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to equity price risks at the end of the reporting period.

If equity prices of financial assets at FVTPL had been 1% higher/lower, profit or loss for January 1 to September 30 2023 and 2022 would increase/decrease by \$1,978 thousand and \$509 thousand, respectively. If equity prices of financial assets at FVTOCI had been higher/lower, other comprehensive income (loss) for January 1 to September 30 2023 and 2022

would increase/decrease by \$29,418 thousand and \$46,686 thousand, respectively.

There was no significant changes in the sensitivity analysis of the current year's equity prices when compared to the previous year.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

3. Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a substantial source of liquidity. The detailed information of the Group's unused financing facilities as of September 30, 2023 and December 31, 2022 and September 30, 2022 is further stated in (3) financing facilities below.

(1) Liquidity and interest risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows offinancial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other

non-derivative financial liabilities were based on the agreed upon repayment dates.

For interest cash flows paid at floating interest rates, the undiscounted amount of interest can be inferred by the yield curve on the balance sheet date.

September 30, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months -1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 4,856,867	\$ 2,087,537	\$ 370,334	\$ -
Lease liabilities	1,637	3,273	14,921	8,556
Fixed interest instrument	<u>323,978</u>	<u>-</u>	<u>-</u>	<u>1,372,639</u>
	<u>\$ 5,182,482</u>	<u>\$ 2,090,810</u>	<u>\$ 385,255</u>	<u>\$ 1,381,195</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months -1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 5,894,826	\$ 1,767,993	\$ 412,191	\$ -
Lease liabilities	1,143	2,287	88,523	13,182
Fixed interest instrument	2,043,381	199,637	-	-
Floating rate instrument	<u>230,753</u>	<u>57,017</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,170,103</u>	<u>\$ 2,026,934</u>	<u>\$ 500,714</u>	<u>\$ 13,182</u>

September 30, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months -1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
<u>Non-derivative financial liabilities</u>	\$ 5,487,585	\$ 2,761,405	\$ 720,307	\$ -
Lease liabilities	1,188	2,377	10,578	17,148
Floating rate instrument	63	57,018	-	-
Fixed interest instrument	<u>3,608,152</u>	<u>199,563</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,096,988</u>	<u>\$ 3,020,363</u>	<u>\$ 730,885</u>	<u>\$ 17,148</u>

The aforementioned non-derivative financial liabilities were calculated by floating interest rates, therefore the results may differ from the interest rate accounted for the balance sheet date.

(2) Financing amount

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank borrowing limit			

- Amount used	\$ 322,700	\$ 2,526,205	\$ 3,858,500
- Unspent amount	<u>10,088,875</u>	<u>6,932,951</u>	<u>5,739,182</u>
	<u>\$10,411,575</u>	<u>\$ 9,459,156</u>	<u>\$ 9,597,682</u>

XXIX. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(I) Related Party Name and Category

<u>Name of related party</u>	<u>Relationship with the Group</u>
AMPAK Technology Inc.	Associates
SparkLAN Communications, Inc.	Associates
ANTEK NETWORKS INC	Associates
BandRich Inc.	Associates

(II) Sales Revenue

Type/Name of related party	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Associate				
Others	<u>\$ 35,005</u>	<u>\$ 87,865</u>	<u>\$ 99,242</u>	<u>\$ 254,199</u>

Sales prices and payment terms for related parties were not significantly different from those for sales to non-related parties.

(III) Purchase and Processing Fee

Type/Name of related party	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Associate				
Others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,147</u>

The sales prices and trade term with related parties are not comparable to those with third-party customers for certain transactions due to different product specifications; other than that, the determination of sales prices and payment terms for related parties were not significantly different from those for sales to non-related parties.

(IV) Receivables from related parties

Account	Type/Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivables – related parties	Associates			
	AMPAK Technology Inc.	82,759	51,344	290,791
	SparkLAN Communications, Inc.	4,615	11,656	22,396
	Others	<u>-</u>	<u>-</u>	<u>7,929</u>
		<u>\$ 87,374</u>	<u>\$ 63,000</u>	<u>\$ 321,116</u>

There is no collection guarantee for outstanding amounts receivable from related parties. No provision for losses was made

for amounts receivable from related parties from January 1 to September 30 in 2023 and 2022.

(V) Other receivables from related parties

Type/Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
Associate corporation			
Others	<u>\$ 584</u>	<u>\$ 633</u>	<u>\$ 579</u>

The combined company's other receivables from related enterprises include dividends receivable and advances on behalf of the company.

(VI) Other payables to related parties

Type/Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
Association corporation			
Others	<u>\$ 5,260</u>	<u>\$ 499</u>	<u>\$ 1,657</u>

(VII) Other trades with related parties

Type/Name of related party	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
<u>Rent income</u>				
Associates				
AMPAK Technology Inc.	\$ 867	\$ 850	\$ 2,585	\$ 2,930
Others	<u>66</u>	<u>806</u>	<u>221</u>	<u>2,229</u>
	<u>\$ 933</u>	<u>\$ 1,656</u>	<u>\$ 2,806</u>	<u>\$ 5,159</u>
<u>Other income</u>				
Associate	<u>\$ 150</u>	<u>\$ 151</u>	<u>\$ 452</u>	<u>\$ 905</u>

Rental income of the Group collected from associates were based on the market price.

(VIII) Compensation of key management personnel

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Short-term employee benefits	\$ 21,890	\$ 16,088	\$ 59,058	\$ 46,235
Post-employment benefits	<u>328</u>	<u>397</u>	<u>996</u>	<u>3,518</u>
	<u>\$ 22,218</u>	<u>\$ 16,485</u>	<u>\$ 60,054</u>	<u>\$ 49,753</u>

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

XXIX ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged or mortgaged as collateral for tariffs on imported raw materials:

	September 30, 2023	December 31, 2022	September 30, 2022
Pledged bank deposits (included in financial assets measured at amortized cost)	<u>\$ 20,000</u>	<u>\$ 23,307</u>	<u>\$ 23,354</u>

XXXI. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of the balance sheet date were as follows:

As of September 30, 2023 and December 31, 2022, and September 30, 2022, the limit of guarantee for tariff covenants were NT\$20,000 thousand, NT\$23,307 thousand and NT\$23,354 thousand, respectively.

As of September 30, 2023, the combined company's significant unrecognized contractual commitments for the purchase of real estate, plant and equipment amounted to NT\$55,714 thousand.

XXXII. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant assets and liabilities denominated in foreign currencies of the group were as follows:

September 30, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
Foreign currency asset			
<u>Monetary items</u>			
USD	\$ 270,516	32.27 (USD:NTD)	\$ 8,729,541
USD	106,986	7.1798 (USD:RMB)	<u>3,452,432</u>
			<u>\$ 12,181,973</u>
<u>Non-monetary items</u>			
Investments accounted for using equity method			
USD	835	32.27 (USD:NTD)	\$ 27,602
Financial asset measured at fair value through other comprehensive income			
USD	1,949	32.27 (USD:NTD)	<u>62,885</u>
			<u>\$ 90,487</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	197,965	32.27 (USD:NTD)	\$ 6,388,341
USD	89,494	7.1798 (USD:RMB)	<u>2,887,987</u>
			<u>\$ 9,276,328</u>

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
Foreign currency asset			
<u>Monetary items</u>			
USD	\$ 426,403	30.71 (USD:NTD)	\$ 13,094,851
USD	247,006	6.9646 (USD:RMB)	<u>7,585,569</u>

			<u>\$ 20,680,420</u>
<u>Non-monetary items</u>			
Investments accounted for using equity method			
USD	1,061	30.71 (USD:NTD)	\$ 32,575
Financial asset measured at fair value through other comprehensive income			
USD	584	30.71 (USD:NTD)	17,940
Financial asset measured at fair value through other comprehensive income			
USD	\$ 3,661	30.71 (USD:NTD)	<u>\$ 112,424</u>
			<u>\$ 162,939</u>
<u>Foreign currency liabilities</u>			
Monetary items			
USD	231,839	30.71 (USD:NTD)	\$ 7,119,776
USD	130,355	6.9646 (USD:RMB)	<u>4,003,189</u>
			<u>\$ 11,122,965</u>

September 30, 2022

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Foreign currency asset</u>			
<u>Monetary items</u>			
USD	\$ 28,112	31.75 (USD:NTD)	\$ 8,925,309
USD	89,703	7.0998 (USD:RMB)	<u>2,848,062</u>
			<u>\$ 11,773,371</u>
<u>Non-monetary items</u>			
Investments accounted for using equity method			

USD	665	31.75 (USD:NTD)	\$ 21,115
Financial assets measured at fair value through profit or loss			
USD	605	31.75 (USD:NTD)	19,200
Financial asset measured at fair value through other comprehensive income			
USD	\$ 4,715	31.75 (USD:NTD)	<u>149,689</u>
			<u>\$ 190,004</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	228,502	31.75 (USD:NTD)	\$ 7,254,937
USD	99,930	7.0998 (USD:RMB)	<u>3,172,775</u>
			<u>\$ 10,427,712</u>

For the total realized and unrealized foreign currency exchange gains and losses of the combined company from July 1 to September 30 in 2022 and 2023 and from January 1 to September 30 in 2023 and 2022, please refer to the consolidated comprehensive income statement for details. Foreign currency transactions and the functional currencies of the Company's subsidiaries are diverse, so it is not possible to disclose exchange gains and losses separately for each significant foreign currency.

XXXII. SEPARATELY DISCLOSED ITEMS

(I) Information on Significant Transactions

1. Financing provided to others. (Table 1)
2. Endorsements/guarantees provided. (None)
3. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 2)
4. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the share capital. (None)

5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
9. Trading in derivative instruments. (Note 7 and 28)
10. Other: Intercompany relationships and significant intercompany transactions. (Table 8)

(II) Information on Investees(Note 6)

(III) Information on investments in mainland China:

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Tables 4, 5, and 8)
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - (3) The amount of property transactions and the amount of the resultant gains or losses.
 - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
 - (5) The highest balance during the year, the end of year balance, the interest rate range, and total current year interest with respect to financing of funds.

- (6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- (IV) Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (None)

XXXIII. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segment is the wireless telecommunication products department.

(I) Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment:

	<u>Segment Revenue</u>		<u>Segment Profit</u>	
	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Wireless telecommunication products department	<u>\$ 20,233,075</u>	<u>\$ 19,369,253</u>	\$ 924,749	\$ 714,481
Central administration cost			(515,365)	(501,565)
Interest income			40,191	14,738
Other income			48,752	53,814
Other gains and losses			428,898	203,485
Finance cost			(93,977)	(37,061)
Share of profit of subsidiaries and associates			<u>54,040</u>	<u>134,451</u>
Profit before income tax			<u>\$ 887,288</u>	<u>\$ 582,343</u>

Segment revenues reported above represents revenue generated from external customers. There were no inter-segment sales during January 1 to September 30 of 2023 and 2022.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs, interest income, other income,

other gains or losses, finance cost, share of profit of associates accounted for using the equity method, and income tax expense. This was the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(II) Segment total assets and liabilities

The Group had not reported segment assets and liabilities information to the chief operating decision maker. Thus, no disclosure is made.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED September 30, 2023

TABLE 1

Unit: In Thousands of New Taiwan Dollars, Unless Stated
Otherwise

No.	Financing Company Name	Borrower	Financial Statement Account	Related Parties	Parties Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limit (Note 1)
													Item	Value		
1	Gemtek Electronics (Suzhou) Co. Ltd.	Gemtek Electronics Kunshan Co., Ltd.	Short-term financing	Yes	\$ 72,848	\$ 72,848	\$ 72,848	1.65%	2	\$ -	Operating capital	\$ -	-	-	\$ 81,913	\$ 81,913
2	AMBER Electronic Technology (Changshu) Co., Ltd.	Gemtek Electronics Kunshan Co., Ltd.	Short-term financing	Yes	441,500	441,500	441,500	1.65%	2	-	Operating capital	-	-	-	1,261,904	1,261,904
3	AMBER Electronic Technology (Changshu) Co., Ltd.	Gemtek Technologies Co., Ltd.	Other receivables	Yes	565,241	565,241	565,241	-	1	-	Operating capital	-	-	-	858,462	858,462

Note 1: According to the "Operational Procedures for Fund Loans to Others" of AMBER Electronic Technology (Changshu) Co., Ltd. and Gemtek Electronics (Suzhou) Co. Ltd., foreign companies whose parent companies directly and indirectly hold 100% of the voting shares may occasionally engage in business with the ultimate parent company. For capital loans, the total amount shall not exceed 100% of the net value of the loan company, and the limit for individual objects shall not exceed 100% of the net value of the loan company.

Note 2 : Nature of financing -

1. Enter 1 for Business relationship.
2. Enter 2 for Short-term financing purpose.

Note 3: The conversion is based on the exchange rate on the financial reporting date: US dollar: New Taiwan dollar = 1: 32.27; RMB: New Taiwan dollar = 1: 4.415.

Note 4 : : The above transactions were eliminated during the compilation of this consolidated financial report.

Note 5: AMBER Electronic Technology (Changshu)'s loan to Gemtek Technologies Co., Ltd. was approved by the board of directors on November 8, 2023

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

September 30, 2023

TABLE 2

Unit: In Thousands of New Taiwan Dollars/ US Dollars/
RMB. Unless Stated Otherwise

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Ending Balance			Note
				Shares/Units (in Note thousands)	Carrying Value	Percentage of Ownership %	
Gemtek Technologies Co., Ltd.	<u>Stock</u>						
	TAI-SAW TECHNOLOGY CO., LTD.	None	Financial assets measured at fair value through other comprehensive profit or loss - non-current	691	\$ 18,206	0.67	\$ 18,206
	Green Packet Bhd.	None		26,273	6,909	2.81	6,909
	Greenwave holding, Inc.	None	"	3,965	20,127	0.96	20,127
	AIPTEK, Inc.	None	"	29	286	0.11	286
	Polaris Group	None	"	8,675	653,572	1.17	653,572
	GaN Power Technology Co., Ltd.	None	"	2,500	25,000	5.49	25,000
	PYRAS	The Corporation serves as corporate director	"	3,200	38,090	16.10	38,090
	AVIX TECHNOLOGY INC.	The Corporation serves as corporate director	"	600	30,000	6.00	30,000
	LIONIC CORP.	The Corporation serves as corporate director	"	1,425	9,605	6.47	9,605
	SKSpruce Holding Limited	None	"	2,241	17,299	2.32	17,299
	Sky Phy Networks Limited	None	"	4,943	-	13.82	-
Sanjet Technology Corp.	None	"	3,882	-	12.33	-	
G-Technology Investment Co., Ltd.	<u>Stock</u>						
Polaris Group	None	Financial assets measured at fair value through other comprehensive profit or loss -	26,467	2,104,164 (USD 65,205)	3.68	2,104,164 (USD 65,205)	

AMBER Electronic Technology (Changshu) Co., Ltd.	Greenwave holding, Inc.	None	non-current "	16,710	18,550 (USD 575)	4.05	18,550 (USD 575)	Preferred stock
	UBITUS Inc.	None	"	200	-	2.32	-	
	<u>fund</u> Financial products	None	Financial assets measured at fair value through other comprehensive profit or loss - current	44,000	197,760 (RMB 44,000)	-	197,760 (RMB 44,000)	

Note 1: See Tables 6 and 7 for information on investments in subsidiaries, associates, and joint ventures.

Note 2: Converted by the exchange rate recorded on the financial reporting date - USD: NTD = 1 : 32.27; RMB: NTD = 1 : 4.415

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
THE AMOUNT OF REAL ESTATE DISPOSED OF REACHES NT\$100 MILLION OR MORE THAN 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED September 30, 2023

TABLE 3

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company Disposing of Real Estate	Property Name	Date of Occurrence (Note 1)	Original Acquisition Date	Carrying Amount	Amount of the Transaction	Price Collection Situation	Gains and Losses on Disposal	Trading Partners	Relationship	Purpose of Punishment	Determined by Price Reference	Other Agreed Matters
AMBER Electronic Technology (Changshu) Co., Ltd.	Houses and buildings and land use rights	May 29, 2023	November 20, 2009	\$ 453,291	\$ 819,521 (tax included)	Note 2	Note 2	Changshu Zhilong New Energy Industry Development Co., Ltd.	None	Cooperate with local government projects	Suzhou Anjiahe Land Real Estate Assets Appraisal Co., Ltd. Asset Appraisal Report	None
AMBER Electronic Technology (Changshu) Co., Ltd.	Land use rights	May 29, 2023	November 14, 2012	17,001	57,354 (tax included)	Note 3	Note 3	Changshu Zhilong New Energy Industry Development Co., Ltd.	None	Cooperate with local government projects	Suzhou Anjiahe Land Real Estate Assets Appraisal Co., Ltd. Asset Appraisal Report	None

Note 1: The date of occurrence refers to the date of transaction signing, payment date, entrustment transaction date, transfer date, board resolution date or other dates sufficient to determine the transaction object and transaction amount, whichever is the earlier.

Note 2: The handover was completed in July 2023 and full payment was received. The disposal benefit of RMB 253,936 thousand was recognized in July 2023.

Note 3: RMB 3,767,000 has been collected in 2023, but in compliance with local laws, the transfer process is still going through as of November 8, 2023, and the estimated proceeds from the disposal are RMB 19,902,000.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE NINE MONTHS ENDED September 30, 2023

TABLE 4

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company Name	Related Party	Relationship	Transaction situation				Transaction Details		Abnormal Transaction		Notes/Accounts Receivable (Payable)
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Gemtek Technologies Co., Ltd.	Gemtek Electronics(Kunshan) Co., Ltd.	Investment in subsidiary through third region	Purchase and processing expenses	\$ 5,722,829	25%	Note 1	Note 1	Note 1	(\$ 2,854,571)	(49%)	Note 2 and 3
	AMBER Electronic Technology (Changshu) Co., Ltd.	Investment in subsidiary through third region	Purchase and processing expenses	858,462	4%	Note 1	Note 1	Note 1	(565,241)	(10%)	Note 2 and 3
	Gemtek CZ., s.r.o.	Investment in subsidiary through third region	Purchase and processing expenses	156,683	1%	Note 1	Note 1	Note 1	43,144	1%	Note 2 and 3
	Gemtek Vietnam Co., Ltd.	Subsidiary	Purchase and processing expenses	9,243,545	41%	Note 1	Note 1	Note 1	1,711,072	29%	Note 2 and 3
	BROWAN Communications Incorporation	Subsidiary	Sales and processing income	(289,766)	(1%)	Note 1	Note 1	Note 1	-	-	Note 2 and 3
Gemtek Electronics(Kunshan) Co., Ltd.	Gemtek Technologies Co., Ltd.	Parent company	Sales and processing income	(5,722,829)	(77%)	Note 1	Note 1	Note 1	2,854,571	90%	Note 2 and 3
Gemtek Electronics(ChangShu)Co., Ltd.	Gemtek Technologies Co., Ltd.	Parent company	Sales and processing income	(858,462)	(94%)	Note 1	Note 1	Note 1	565,241	96%	Note 2 and 3
Gemtek CZ., s.r.o.	Gemtek Technologies Co., Ltd.	Parent company	Sales and processing income	(156,683)	(100%)	Note 1	Note 1	Note 1	(43,144)	(92%)	Note 2 and 3
Gemtek Vietnam Co., Ltd.	Gemtek Technologies Co., Ltd.	Parent company	Sales and processing income	(9,243,545)	(100%)	Note 1	Note 1	Note 1	(1,711,072)	66%	Note 2 and 3

BROWAN Communications Incorporation	Gemtek Technologies Co., Ltd.	Parent company	Sales and processing income	289,766	60%	Note 1	Note 1	Note 1	-	-	Note 2 and 3
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Note 1: The company purchases goods from related parties or entrusts related parties to process and repurchase finished products, which is a corporate strategy used for the purpose of cooperation and division of labor. The transaction price has no significant parties to compare. Payment terms are determined by the actual status of the company's assets.

Note 2 : Accounts receivables collected from and accounts payables paid to Gemtek Electronics (Kunshan) Co., Ltd., Gemtek Electronics (ChangShu) Co., Ltd., Gemtek CZ., s.r.o., Gemtek Vietnam Co., Ltd. and BROWAN Communications Incorporation are expressed in net amount.

Note 3 : The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

THE AMOUNT RECEIVABLE FROM THE RELATED PARTY REACHES NT\$100 MILLION OR MORE THAN 20% OF THE PAID-IN CAPITAL

September 30, 2023

Table 5

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company Name	Related Party	Relationship	Receivable related party Balance of payment	Turnover	Overdue amounts receivable from related parties		Receivable related party after payment period Amount recovered	Provision Amount of loss	Note
					Amount	Processing method			
Gemtek Electronics(Kunshan) Co., Ltd.	Gemtek Technologies Co., Ltd.	Parent company	\$ 2,854,571	3.06	\$ -	-	\$ 2,854,571	\$ -	Note 1
Gemtek Electronics(ChangShu)Co., Ltd.	Gemtek Technologies Co., Ltd.	Parent company	565,241	1.42	-	-	-	-	Note 1
Gemtek Technologies Co., Ltd.	Gemtek Vietnam Co., Ltd.	Subsidiary	1,711,072	-	-	-	1,711,072	-	Note 1
Gemtek Electronics(ChangShu)Co., Ltd.	Gemtek Electronics(Kunshan) Co., Ltd.	Subsidiary	441,500	-	-	-	-	-	Note 1

Note 1: All transactions listed in the above table have been eliminated when preparing consolidated financial statements.

Note 2: Represents dividends receivable and advances.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
 INFORMATION ON INVESTEES
 September 30, 2023

Table 6

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2023	December 31, 2022	Shares/Units (In Thousands)	%	C a r r y i n g A m o u n t			
Gemtek Technologies Co., Ltd.	Gemtek Investment Co.,Ltd	Hsinchu County	Investment	\$ 469,457	\$ 469,457	-	-	\$ -	(\$ 9,089)	(\$ 9,089)	Note 3
	G-Technology Investment Co., Ltd.	Cayman Islands	Investment	2,345,252 (USD 73,600)	2,484,452 (USD 73,600)	73,600	100.00	6,160,458	75,329	75,329	Note 3
	Brightech International Co., Ltd.	Mauritius	Investment	207,969 (USD 61,145)	207,969 (USD 6,145)	6,145	100.00	66,083	(3,309)	(3,309)	Note 3
	AMPAK Technology Inc.	Hsinchu County	Telecommunicati ons	510,303	510,303	20,001	30.20	1,177,520	241,812	64,094 (Note 1)	
	Wi Tek Investment Co., Ltd.	Cayman Islands	Investment	132,155 (USD 4,000)	132,155 (USD 4,000)	4,000	100.00	39	(3,309)	(3,309)	
	BROWAN Communications Incorporation	Hsinchu County	Telecommunicati ons	442,154	439,651	20,214	50.44	583,815	(48,294)	(24,996)	Note 3
	Gemtek Vietnam Co., Ltd.	Vietnam	Telecommunicati ons	1,227,684 (USD 40,000)	908,384 (USD 30,000)	-	100.00	1,764,239	102,814	102,814	Note 3
	ANTEK NETWORKS INC	New Taipei City	Telecommunicati ons	9,000	9,000	900	15.25	6,020	(15,785)	(2,408)	
	Lionic Notworks Inc.	The U.S.A.	Telecommunicati ons	30,720 (USD 1,000)	- USD -	1,000	90.91	31,156	(1,204)	(1,094)	Note 3
	BandRich Inc.	New Taipei City	Telecommunicati ons	55,000	55,000	5,500	27.04	2,093	(3,468)	(938)	
	5V TECHNOLOGIES, TAIWAN LTD.	Taipei City	Telecommunicati ons	13,500	13,500	1,350	97.92	90,433	1,677	(5) (Note 2)	Note 3
G-Technology Investment Co., Ltd.	Ampak International Holdings Ltd.	Samoa	Investment	1,099,843 (USD 35,561)	1,099,843 (USD 35,561)	36,000	100.00	1,261,904 (USD 39,105)	(107,022) (USD 3,313)	(107,022) (USD 3,313)	Note 3
	Gemtek CZ., s.r.o.	Czech Republic	Telecommunicati ons	25,351 (USD 692)	25,351 (USD 692)	12,000	100.00	(8,890) (USD -275)	(5,500) (USD -182)	(5,500) (USD -182)	Note 3
	Primax Communication (B.V.I.) Inc.	The British Virgin Islands	Investment	73,886 (USD 2,297)	73,886 (USD 2,297)	2,350	100.00	16,006 (USD 496)	(804) (USD -26)	(804) (USD -26)	Note 3
	PT. South Ocean	Indonesia	Telecommunicati ons	7,838 (USD 238)	7,838 (USD 238)	24	95.00	2,961 (USD 92)	- USD -	- USD -	
	Free PP Worldwide Co.,Ltd.	Seychelles	Investment	30,260 (USD 10,000)	30,260 (USD 1,000)	1,002	30.00	24,602 (USD 762)	(11,335) (USD -365)	(3,400) (USD -110)	

Note 1: Based on the equity holding ratio, the amount is recognized by the net profit of the investee company NT\$73,027 thousand, less the identifiable intangible assets adjusted amortization of the current period NT\$8,933 thousand.

Note 2: Based on the equity holding ratio, the amount is recognized by the net profit of the investee company NT\$ 1,643 thousand, and less the identifiable intangible assets adjusted amortization of the current period NT\$1,648 thousand.

Note 3: The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA

September 30, 2023

Table 7

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan	Remit or withdraw the investment amount in this period		End of current period Remit accumulated investment amount from Taiwan	Investee company Profit and loss for the current period	The company's direct or indirect investment shareholding ratio	Investment recognized in this period profit and loss	end of period investment Carrying amount	As of this period Investment income repatriated	Note
					Remit	Withdraw							
Gemtek Electronics (Suzhou) Co. Ltd.	Manufacturing of wireless telecommunication products such as wireless network cards and wireless gateways	\$ 269,455 (USD 8,350)	Investee company -Brightech International Co Ltd and Primx Communication (BVI) Inc Reinvest in mainland companies	\$ 268,454 (USD 8,319)	\$ -	\$ -	\$ 268,454 (USD 8,319)	(\$ 4,113) (USD -134)	100.00	(\$ 4,113) (USD -134)	\$ 81,913 (USD 2,538)	\$ -	Note 3 and 4
Gemtek Electronics (Kunshan) Co., Ltd	Manufacturing of wireless telecommunication products such as wireless network cards and wireless gateways	484,050 (USD 15,000)	Investee company - G-Technology Investment Co Ltdeinvest in mainland companies	484,050 (USD 15,000)	-	-	484,050 (USD 15,000)	(13,125) (USD -405)	100.00	(13,125) (USD -405)	2,693,323 (USD 83,462)	-	Note 3 and 4
Browan Communications (Xi'An) Inc.	R&D, production, sales of wireless network products and provision of related technical consulting and services	129,080 (USD 4,000)	Investee company - Wi Tek Investment Co Ltdeinvest in mainland companies	129,080 (USD 4,000)	-	-	129,080 (USD 4,000)	(3,310) (USD -107)	100.00	(3,310) (USD -107)	33 (USD 1)	-	
Gemtek Electronics (ChangShu) Co., Ltd.	R&D, production, sales of wireless network products and provision of related technical consulting and services	1,161,720 (USD 36,000)	Investee company - G-Technology Investment Co Ltdeinvest in mainland companies	1,161,720 (USD 36,000)	-	-	1,161,720 (USD 36,000)	106,927 (USD 3,310)	100.00	106,927 (USD 3,310)	1,261,904 (USD 39,105)	-	Note 3 and 4

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 2,061,408 USD 63,880 (Note 1)	\$ 2,029,138 USD 62,880	\$ 7,895,701

Note 1: (1) The investment amount remitted at the end of the period exceeds the USD 1,000 thousand investment amount approved by the Investment Commission of the Ministry of Economic Affairs.

The remittance was made by AMPAK Technology Inc., the parent company of Gemtek Electronics (ChangShu) Co., Ltd., Ltd. from the previous period.

(2) In July 2009, the Company acquired 100% shareholding of AMPAK International Holdings Ltd., an overseas holding company of Gemtek Electronics (ChangShu) Co., Ltd., through an overseas company G-Technology Investment Co., Ltd. for US\$561,000 (NT\$17,413 thousand), which has been approved by the Investment Commission of the Ministry of Economic Affairs Letter-2 No. 09800283840.

(3) The conversion rate is based on the average spot buying/selling exchange rate of the Bank of Taiwan on September 30, 2023.

Note 2: See Tables 4, 5 and 8 for the information about significant transactions with investees in the mainland China, either directly or indirectly through a third area.

Note 3: Amount was recognized based on the audited financial statements of the investee as of September 30, 2023.

Note 4: The above transactions were eliminated during the compilation of this consolidated financial report.

GEMTEK TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND BETWEEN EACH SUBSIDIARY,
AND THE CIRCUMSTANCES AND AMOUNTS OF ANY SIGNIFICANT TRANSACTIONS BETWEEN THEM

September 30, 2023

Table 8

Unit: In Thousands of New Taiwan Dollars. Unless Stated
Otherwise

No.	Name of Company Engaged in Business Transaction	Counterparty	Relationship	Business Transaction Status					
				Account	Amount	Transaction Terms	% to Total Asset		
0	<u>January 01, 2023 to</u> <u>September 30, 2023</u> Gemtek Technologies Co., Ltd.	AMBER Electronic Technology (Changshu) Co., Ltd.	Parent company to subsidiary	Cost of goods sold - processing fee	\$ 858,462	Note 1	4%		
0				Other accounts payable	565,241	Note 1	2%		
0		Gemtek Electronics (Kunshan) Co., Ltd	Parent company to subsidiary	Cost of goods sold - processing fee	5,722,829	Note 1	28%		
0				Accounts payable	2,854,571	Note 1	12%		
0		Gemtek CZ., s.r.o.	Parent company to subsidiary	Cost of goods sold - processing fee	156,683	Note 1	1%		
0				Other receivables	43,144	Note 1	-		
0				Gemtek Vietnam Co., Ltd.	Parent company to subsidiary	Cost of goods sold - processing fee	9,243,545	Note 1	46%
0		Accounts receivable	1,711,072			Note 1	7%		
0		BROWAN Communications Incorporation	Parent company to subsidiary	Cost of goods sold	289,766	Note 1	1%		
1				Gemtek Electronics (Suzhou) Co. Ltd.	Gemtek Electronics (Suzhou) Co. Ltd.	subsidiary to subsidiary	Other receivables	72,848	Note 2
2	Gemtek Electronics (ChangShu) Co., Ltd.						Gemtek Electronics (Suzhou) Co. Ltd.	subsidiary to subsidiary	Other receivables

Note 1: The company purchases goods from related parties or entrusts related parties to process and repurchase finished products, which is a corporate strategy used for the purpose of cooperation and division of labor. The transaction price has no significant parties to compare. Payment terms are determined by the actual status of the company's assets.

Note 2: According to the agreement of both parties.

Note 3: The above transactions were eliminated during the compilation of this consolidated financial report.