

# **Rectron Ltd. AND SUBSIDIARIES**

## **Consolidated Financial Statements**

**With Independent Auditors' Review Report**

**For the Three Months Ended**

**March 31, 2023 and 2022**

**Address: No. 71, Zhongshan Rd., Tucheng Dist., New Taipei City, Taiwan**

**Telephone: 886-2-28801122**

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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## **Independent Auditors' Review Report**

To the Board of Directors of RECTRON LTD. Company :

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of the RECTRON LTD. Company and its subsidiaries as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$242,773 thousand and \$224,457 thousand, constituting 11% and 10% of consolidated total assets as of March 31, 2023 and 2022, respectively, total liabilities amounting to \$21,135 thousand and \$12,087 thousand, constituting 5% and 3% of consolidated total liabilities as of March 31, 2023 and 2022, respectively, and total comprehensive income (loss) amounting to \$6,634 thousand and \$3,345 thousand, constituting 85% and 7% of consolidated total comprehensive income (loss) for the three months ended March 31, 2023 and 2022, respectively.

### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the RECTRON LTD. Company and its subsidiaries as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China

**Other Matters**

We did not review the financial statements of certain consolidated subsidiaries, with total assets of \$26,020 thousand and \$65,100 thousand, representing 1% and 3% of the related consolidated total assets as of March 31, 2023 and 2022, and net sales of \$977 thousand and \$1,216 thousand, representing 1% and 1% of the related consolidated total net sales for the three months ended March 31, 2023 and 2022, respectively. Those financial statements were reviewed by other auditors whose reports have been furnished to us, and our review, insofar as it relates to the amounts included for certain consolidated subsidiaries, are based solely on the reports of the other auditors.

The engagement partners on the reviews resulting in this independent auditors' review report are Shih-Chin Chih and Li-Chen Lai.

KPMG

Taipei, Taiwan (Republic of China)  
May 15, 2023

**Notes to Readers**

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

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**Reviewed only, not audited in accordance with Standards on Auditing**  
**Rectron LTD. and Subsidiaries**

**Consolidated Statement of Comprehensive Income**

**For the three months ended March 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollar, except for Earnings per Common Share)**

**For the three months ended March 31**

|   |    | <u>2023</u>          | <u>%</u>        | <u>2022</u>          | <u>%</u>         |
|---|----|----------------------|-----------------|----------------------|------------------|
| 4000 <b>Operating revenue</b> (notes 6(n) and 7)  | \$ | 167,675              | 100             | 196,510              | 100              |
| 5000 <b>Operating costs</b> (notes 6(d) and 6(j))   |    | <u>113,476</u>       | <u>68</u>       | <u>128,589</u>       | <u>66</u>        |
| <b>Gross profit from operations</b>   |    | <u>54,199</u>        | <u>32</u>       | <u>67,651</u>        | <u>34</u>        |
| <b>Operating expenses</b> (notes 6(c) 、6(j) 、6(o) and 12):  |    |                      |                 |                      |                  |
| 6100 Selling expenses   |    | 10,514               | 6               | 5,595                | 3                |
| 6200 Administrative expenses  |    | 35,508               | 21              | 30,574               | 16               |
| 6300 Research and development expenses  |    | <u>2,017</u>         | <u>1</u>        | <u>2,194</u>         | <u>1</u>         |
| <b>Total operating expenses</b>   |    | <u>48,039</u>        | <u>28</u>       | <u>38,363</u>        | <u>20</u>        |
| <b>Net operating income</b>   |    | <u>6,160</u>         | <u>4</u>        | <u>29,288</u>        | <u>14</u>        |
| <b>Non-operating income and expenses</b> (notes 6(p) and 7):  |    |                      |                 |                      |                  |
| 7010 Other income   |    | 601                  | -               | 28                   | -                |
| 7020 Other gains and losses   |    | 6,473                | 4               | 9,649                | 5                |
| 7050 Finance costs  |    | <u>(164)</u>         | <u>-</u>        | <u>(391)</u>         | <u>-</u>         |
| 7950 <b>Total non-operating income and expenses</b>   |    | <u>6,910</u>         | <u>4</u>        | <u>9,286</u>         | <u>5</u>         |
| <b>Profit before tax</b>  |    | 13,070               | <u>8</u>        | 38,574               | <u>19</u>        |
| Total tax expense (note 6(k))   |    | <u>2,473</u>         | <u>1</u>        | <u>3,189</u>         | <u>2</u>         |
| <b>Profit</b>   |    | <u>10,597</u>        | <u>7</u>        | <u>35,385</u>        | <u>17</u>        |
| 300 <b>Other comprehensive income (loss):</b>   |    |                      |                 |                      |                  |
| 8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss:</b>                           |    |                      |                 |                      |                  |
| 8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income |    | 15                   |                 | 321                  | -                |
| 8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss             |    | <u>-</u>             | <u>-</u>        | <u>-</u>             | <u>-</u>         |
| <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>                                 |    | <u>15</u>            | <u>-</u>        | <u>321</u>           | <u>-</u>         |
| 8360 <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss:</b>                        |    |                      |                 |                      |                  |
| <b>Components of other comprehensive income that will be reclassified to profit or loss:</b>                                    |    |                      |                 |                      |                  |
| 8361 Exchange differences on translation  |    | (4,176)              | (2)             | 14,986               | 8                |
| 8367 Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income   |    | 1,387                | 1               | (4,095)              | (2)              |
| 8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(p))     |    | <u>-</u>             | <u>-</u>        | <u>-</u>             | <u>-</u>         |
| <b>Total components of other comprehensive income that will be reclassified to profit or loss</b>                               |    | <u>(2,789)</u>       | <u>(1)</u>      | <u>10,891</u>        | <u>6</u>         |
| 8300 <b>Other comprehensive income, net</b>   |    | <u>(2,774)</u>       | <u>(1)</u>      | <u>11,212</u>        | <u>6</u>         |
| 8500 <b>Comprehensive income</b>  | \$ | <u><u>7,823</u></u>  | <u><u>6</u></u> | <u><u>46,597</u></u> | <u><u>23</u></u> |
| <b>Profit, attributable to:</b>   |    |                      |                 |                      |                  |
| 8610 Profit, attributable to owners of parent   | \$ | <u><u>10,597</u></u> | <u><u>7</u></u> | <u><u>35,385</u></u> | <u><u>17</u></u> |
| <b>Comprehensive income attributable to:</b>  |    |                      |                 |                      |                  |
| 8710 Comprehensive income, attributable to owners of parent   | \$ | <u><u>7,823</u></u>  | <u><u>6</u></u> | <u><u>46,597</u></u> | <u><u>23</u></u> |
| <b>Earnings per common share (expressed in dollars) (note 6(m))</b>   |    |                      |                 |                      |                  |
| 9750 <b>Basic earnings per share</b>  | \$ | <u><u>0.06</u></u>   |                 | <u><u>0.21</u></u>   |                  |
| 9810 <b>Diluted earnings per share</b>  | \$ | <u><u>0.06</u></u>   |                 | <u><u>0.21</u></u>   |                  |

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
Reviewed only, not audited in accordance with Standards on Auditing  
 Rectron LTD. and Subsidiaries

Consolidated Statement of Changes in Equity

For the three months ended March 31, 2023 and 2022  
 (Expressed in Thousands of New Taiwan Dollar)

|  | Attributable to owners of parent |                 |               |                 |   |                 |   | Total            | Total equity     |
|--|----------------------------------|-----------------|---------------|-----------------|---|-----------------|---|------------------|------------------|
|  | Retained earnings                |                 |               |                 | Exchange differences on translation of foreign financial statements | Other equity    |   |                  |                  |
|  | Ordinary share                   | Capital surplus | Legal reserve | Special reserve |   | Total           | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income |                  |                  |
| <b>Balance at January 1, 2022</b>                    | \$ <u>1,663,029</u>              | <u>9</u>        | <u>25,812</u> | <u>58,466</u>   | <u>85,554</u>   | <u>(41,048)</u> | <u>6,124</u>  | <u>(34,924)</u>  | <u>1,797,946</u> |
| Net income   | -                                | -               | -             | -               | 35,385  | -               | -   | -                | 35,385           |
| Other comprehensive income                           | -                                | -               | -             | -               | -   | 14,986          | (3,774)   | 11,212           | 11,212           |
| Total comprehensive income                           | -                                | -               | -             | -               | 35,385  | 14,986          | (3,774)   | 11,212           | 11,212           |
| Appropriation and distribution of retained earnings: |                                  |                 |               |                 |   |                 |   |                  |                  |
| Cash dividends of ordinary share                     | -                                | -               | -             | -               | (100,000)   | -               | -   | -                | (100,000)        |
| <b>Balance at March 31, 2022</b>                     | \$ <u>1,663,029</u>              | <u>9</u>        | <u>25,812</u> | <u>58,466</u>   | <u>20,939</u>   | <u>(26,062)</u> | <u>2,350</u>  | <u>(23,712)</u>  | <u>1,744,543</u> |
| <b>Balance at January 1, 2023</b>                    | \$ <u>1,663,029</u>              | <u>9</u>        | <u>24,364</u> | <u>34,924</u>   | <u>176,788</u>  | <u>(55,153)</u> | <u>(4,921)</u>  | <u>(260,074)</u> | <u>1,849,040</u> |
| Net income   | -                                | -               | -             | -               | 10,597  | -               | -   | -                | 10,597           |
| Other comprehensive income                           | -                                | -               | -             | -               | -   | (4,176)         | 1,402   | (2,774)          | (2,774)          |
| Total comprehensive income                           | -                                | -               | -             | -               | 10,597  | (4,476)         | 1,402   | (2,774)          | (2,774)          |
| Appropriation and distribution of retained earnings: |                                  |                 |               |                 |   |                 |   |                  |                  |
| Cash dividends of ordinary share                     | -                                | -               | -             | -               | (133,042)   | -               | -   | -                | (133,042)        |
| <b>Balance at March 31, 2023</b>                     | \$ <u>1,663,029</u>              | <u>9</u>        | <u>34,364</u> | <u>34,924</u>   | <u>54,343</u>   | <u>(59,329)</u> | <u>(3,519)</u>  | <u>(62,848)</u>  | <u>1,723,821</u> |

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**Reviewed only, not audited in accordance with Standards on Auditing**

**Rectron LTD. and Subsidiaries**

**Consolidated Statement of Cash Flows**

**For the three months ended March 31, 2023 and 2022**  
(Expressed in Thousands of New Taiwan Dollars)

|   | <b>For the three months ended March 31,</b> |                       |
|---|---|-----------------------|
|   | <b>2023</b>                                 | <b>2022</b>           |
| <b>Cash flows from (used in) operating activities:</b>                          |   |                       |
| <b>Profit before tax</b>  | \$ 13,070                                   | 38,574                |
| <b>Adjustments:</b>   |   |                       |
| Adjustments to reconcile profit (loss):   |   |                       |
| Depreciation expenses   | 13,153                                      | 13,096                |
| Amortization expenses   | 982   | 1,301                 |
| Expected credit losses (gains)  | (491)                                       | (545)                 |
| Interest expenses   | 164   | 391                   |
| Interest income   | (568)                                       | (26)                  |
| Dividend income   | (33)  | (2)                   |
| Net losses (gains) on financial assets at fair value through profit or loss     | (7,378)                                     | -                     |
| Foreign exchange loss (gain) on financial assets                                | 830   | (1,352)               |
| <b>Total adjustments to reconcile profit</b>                                    | <u>6,659</u>                                | <u>12,863</u>         |
| <b>Changes in operating assets and liabilities:</b>                             |   |                       |
| <b>Changes in operating assets:</b>   |   |                       |
| Notes receivable  | (1,559)                                     | (1,519)               |
| Trade receivables   | 36,459                                      | 9,552                 |
| 9,559,552Other receivables  | 1,072                                       | (923)                 |
| Inventories   | 19,869                                      | (10,051)              |
| Prepayments   | 2,084                                       | 49                    |
| Other current assets  | 1,254                                       | (1,033)               |
| <b>Total changes in operating assets</b>  | <u>59,179</u>                               | <u>(3,925)</u>        |
| <b>Changes in operating liabilities:</b>  |   |                       |
| Current contract liabilities  | 2,030                                       | 2,510                 |
| Trade payables  | (19,997)                                    | (21,622)              |
| Other payables  | (7,437)                                     | (6,604)               |
| Other current liabilities   | 109   | 58                    |
| Net defined benefit liability   | (379)                                       | (618)                 |
| <b>Total changes in operating liabilities</b>                                   | <u>(25,674)</u>                             | <u>(26,276)</u>       |
| <b>Total changes in operating assets and liabilities</b>                        | <u>33,505</u>                               | <u>(30,201)</u>       |
| <b>Total adjustments</b>  | <u>40,164</u>                               | <u>(17,338)</u>       |
| Cash inflow generated from operations   | 53,234                                      | 21,236                |
| Interest received   | 384   | 252                   |
| Dividends received  | 33  | 2                     |
| Interest paid   | (161)                                       | (385)                 |
| Income taxes paid   | 14  | -                     |
| <b>Net cash flows from operating activities</b>                                 | <u>53,503</u>                               | <u>21,105</u>         |
| <b>Cash flows from (used in) investing activities:</b>                          |   |                       |
| Acquisition of financial assets at fair value through profit or loss            | (7,348)                                     | (12,781)              |
| Proceeds from disposal of financial assets at fair value through profit or loss | 16,926                                      | -                     |
| Acquisition of property, plant and equipment                                    | (645)                                       | (2,923)               |
| Increase in other non-current assets  | (844)                                       | (153)                 |
| <b>Net cash flows used in investing activities</b>                              | <u>8,089</u>                                | <u>(15,857)</u>       |
| <b>Cash flows from (used in) financing activities:</b>                          |   |                       |
| Increase in short-term borrowings   | 1,000                                       | 1,000                 |
| Decrease in short-term borrowings   | (1,000)                                     | (1,000)               |
| Increase in guarantee deposits received   | 387   | -                     |
| Decrease in guarantee deposits received   | -   | 124                   |
| Exercise of employee share options  | (840)                                       | (607)                 |
| Repayment of lease principal  | (453)                                       | (483)                 |
| <b>Net cash flows used in financing activities</b>                              | <u>(3,597)</u>                              | <u>7,330</u>          |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>             | <u>57,543</u>                               | <u>12,095</u>         |
| <b>Net increase (decrease) in cash and cash equivalents</b>                     |   |                       |
| <b>Cash and cash equivalents at the beginning of period</b>                     | 245,962                                     | 187,464               |
| <b>Cash and cash equivalents at the end of period</b>                           | <u>\$ <u>303,505</u></u>                    | <u><u>199,559</u></u> |

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

**REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE Standards on Auditing  
AS OF MARCH 31, 2023 AND 2022**

## **Rectron Ltd. and Subsidiaries**

### **Notes to Consolidated Financial Statements**

**March 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollar, except for Earnings per Share Information and Unless Otherwise Specified)**

#### **1. Company history**

Rectron Ltd. (the “Company”) was established and approved by the Ministry of Economic Affairs on January 23, 1976. The registered address is No. 71, Zhongshan Road, Tucheng District, New Taipei City. The Company was originally named "Rectron Precision Electronics Industry Co., Ltd." and changed its name to "Rectron Ltd." on June 29, 2000, as resolved by the shareholders' meeting and approved by the Ministry of Economic Affairs.

The Company and its subsidiaries (together referred to as the “Group”) main business operations include the manufacture and sale of various rectifiers, other semiconductor components, rental and sale of real estate, trading of wines, and manufacture and sale of medical equipment.

#### **2. Approval date and procedures of the consolidated financial statements**

The consolidated financial statements for the three months ended March 31, 2023 and 2022 were authorized for issuance by the board of directors on May 15, 2023.

#### **3. New standards and interpretations not yet adopted**

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the (following) new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023 :

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the (following) other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(Continued)

#### 4. Summary of significant accounting policies

##### (1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

##### (2) Basis of consolidation

(a) List of subsidiaries in the consolidated financial statements:

| Name of investor        | Name of subsidiary                                      | Principal activity  | Shareholding   |                   |                | Description  |
|-------------------------|---|---|----------------|-------------------|----------------|--|
|                         |   |   | March 31, 2023 | December 31, 2022 | March 31, 2022 |  |
| The Company             | Rectron (China) Limited (Rectron China)                 | Sales of rectifiers, etc. Electronic components   | 100%           | 100%              | 100%           | Subsidiaries with direct ownership of voting rights exceeding 50% of the total shares issued.        |
| The Company             | RECTRON ELECTRONIC ENTERPRISE S,INC (REEI)              | Sales of rectifiers, etc. Electronic components   | 100%           | 100%              | 100%           | Subsidiaries with direct ownership of voting rights exceeding 50% of the total shares issued.(Note)  |
| The Company             | CHU-TING ENTERPRISE CO., LTD. (Chu-Ting)                | Wholesale of tobacco and alcohol products and manufacturing and sales of medical equipment. | 100%           | 100%              | 100%           | Subsidiaries with direct ownership of voting rights exceeding 50% of the total shares issued. (Note) |
| Rectron (China) Limited | Zhejiang Rectron Electronic Co.,LTD. (Zhejiang Rectron) | Manufacturing and sales of rectifiers and other electronic components.                      | 100%           | 100%              | 100%           | Subsidiaries with indirect ownership of voting rights exceeding 50% of the total shares issued.      |

Note : It is an insignificant subsidiary that the financial statements have not been reviewed.

(b) List of subsidiaries which are not included in the consolidated financial statements: None.

##### (3) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

##### (4) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period (and allocated to current and deferred taxes

(Continued)

based on its proportionate size).

For a change in tax rate that is substantively enacted in an interim period, the effect of the change should immediately be recognized in the interim period in which the change occurs.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

## 5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except for the following, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

## 6. Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2022 consolidated financial statements. Please refer to note 6 to the 2022 annual consolidated financial statements.

### (a) Cash and cash equivalents

|  | <b>March 31,<br/>2023</b> | <b>December<br/>31, 2022</b> | <b>March 31,<br/>2022</b> |
|--|---------------------------|------------------------------|---------------------------|
| Cash on hand and petty cash  | \$ 239                    | 138                          | 158                       |
| Cash in banks  | 272,816                   | 227,398                      | 199,401                   |
| Time deposits  | 30,450                    | 18,426                       | -                         |
| Cash and cash equivalents in the consolidated<br>statement of cash flows | <b>\$ 303,505</b>         | <b>245,962</b>               | <b>199,559</b>            |

Please refer to Note 6(q) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities.

(Continued)

## (b) Financial assets

## 1. Current financial assets at fair value through profit or loss

|  | <u>March 31, 2023</u>   | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|--|-------------------------|--------------------------|-----------------------|
| <b>Financial assets designation as measured at fair value through profit or loss</b> |                         |                          |                       |
| Shares of stock of overseas listed companies - Pfizer                                | \$ -                    | -                        | 9,215                 |
| Shares of stock of overseas listed companies - Tesla                                 | 8,612                   | 5,296                    | -                     |
| Shares of stock of overseas listed companies - Amazon                                | -                       | 14,446                   | -                     |
| Shares of stock of overseas listed companies - OXY                                   | 7,852                   | -                        | -                     |
| Shares of stock of listed companies - TSMC   | 6,396                   | 5,382                    | 3,567                 |
| <b>Assets mandatorily measured at fair value through profit or loss:</b>             |                         |                          |                       |
| Beneficiary certificates   | <u>597</u>              | <u>533</u>               | <u>690</u>            |
| Total  | \$ <u><u>23,457</u></u> | <u><u>25,657</u></u>     | <u><u>13,472</u></u>  |

## 2. Non-current financial assets at fair value through other comprehensive income

|  | <u>March 31, 2023</u>   | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|--|-------------------------|--------------------------|-----------------------|
| <b>Debt investments at fair value through other comprehensive income</b>   |                         |                          |                       |
| Corporate bonds – Apple  | \$ 25,945               | 25,444                   | 24,879                |
| Corporate bonds – AT&T   | 8,983                   | 8,631                    | 10,393                |
| Corporate bonds – Pfizer   | 4,241                   | 4,154                    | 4,787                 |
| <b>Equity investments at fair value through other comprehensive income</b> |                         |                          |                       |
| Shares of stock of unlisted companies                                      | <u>16,015</u>           | <u>16,000</u>            | <u>15,881</u>         |
| Total  | \$ <u><u>55,184</u></u> | <u><u>54,229</u></u>     | <u><u>55,940</u></u>  |

## (1) Debt investments at fair value through other comprehensive income

The Company consolidated investments in bonds measured at fair value through other comprehensive income in the financial statements as of March 31, 2023 December 31, 2022 and March 31, 2022. The effective interest rates range from 2.00% to 4.01%, and the maturity dates

(Continued)

range from 2056 to 2065. The Company holds bond investments through the business model of collecting contractual cash flows and selling financial assets, and therefore reports them as financial assets measured at fair value through other comprehensive income.

(2) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for the long term for strategic purposes.

(3) For credit risk (including the impairment of debt investments) and market risk; please refer to note 6(q).

(4) As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's financial assets were not pledged as collateral.

(c) Trade receivables and notes receivable

|  | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|--|-----------------------|--------------------------|-----------------------|
| Notes receivable from operating activities | \$ 3,642              | 2,083                    | 4,025                 |
| Trade receivables                          | 148,392               | 186,944                  | 201,250               |
| Trade receivables–Non-current              | 48,227                | 48,227                   | 48,227                |
| Less: Loss allowance                       | <u>(76,210)</u>       | <u>(78,794)</u>          | <u>(79,039)</u>       |
|  | <u>\$ 124,051</u>     | <u>158,460</u>           | <u>174,463</u>        |

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision were determined as follows:

|                             | <u>March 31, 2023</u>        |                                   |                                 |
|-----------------------------|------------------------------|-----------------------------------|---------------------------------|
|                             | <u>Gross carrying amount</u> | <u>Weighted-average loss rate</u> | <u>Loss allowance provision</u> |
| Current                     | \$ 104,483                   | 0.05%~1.61%                       | 35                              |
| Within 180 days past due.   | 19,886                       | 3.99%~7.42%                       | 297                             |
| More than 180 days past due | 75,892                       | 0%~100%                           | 75,878                          |
|                             | <u>\$ 200,261</u>            |                                   | <u>76,210</u>                   |

(Continued)

|                             | <b>December 31, 2022</b>     |                                   |                                 |
|-----------------------------|------------------------------|-----------------------------------|---------------------------------|
|                             | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance provision</b> |
| Current                     | \$ 121,502                   | 0%~0.3%                           | -                               |
| Within 180 days past due.   | 37,246                       | 0.3%~3.58%                        | 288                             |
| More than 180 days past due | 78,506                       | 100%                              | 78,506                          |
|                             | <u>\$ 200,261</u>            |                                   | <u>78,794</u>                   |
|                             | <b>March 31, 2022</b>        |                                   |                                 |
|                             | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance provision</b> |
| Current                     | \$ 146,125                   | 0%~0.25%                          | -                               |
| Within 180 days past due.   | 28,343                       | 0.5%~10%                          | 5                               |
| More than 180 days past due | 79,034                       | 100%                              | 79,034                          |
|                             | <u>\$ 253,502</u>            |                                   | <u>79,039</u>                   |

The movements in the allowance for trade receivables and notes receivable were as follows:

|                                 | <b>For the three months ended</b> |               |
|---------------------------------|-----------------------------------|---------------|
|                                 | <b>March 31,</b>                  |               |
|                                 | <b>2023</b>                       | <b>2022</b>   |
| Balance at January 1            | \$ 78,794                         | 78,677        |
| Impairment losses recognized    | 50                                | -             |
| Amounts written off             | (1,637)                           | -             |
| Impairment losses reversed      | (541)                             | (545)         |
| Foreign exchange gains/(losses) | (456)                             | 907           |
| Balance at March 31             | <u>\$ 76,210</u>                  | <u>79,039</u> |

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's the aforementioned trade receivables and notes receivable were not pledged as collateral.

(Continued)

## (d) Inventories

|  | <u>March 31,</u><br><u>2023</u> | <u>December 31,</u><br><u>2022</u> | <u>March 31,</u><br><u>2022</u> |
|--|---------------------------------|------------------------------------|---------------------------------|
| Raw materials and consumables                                    | 31,519                          | 30,189                             | 37,816                          |
| Work in progress   | 26,408                          | 27,206                             | 51,653                          |
| Finished goods   | 54,483                          | 68,078                             | 79,914                          |
| Merchandise  | 27,435                          | 28,262                             | 24,422                          |
| Goods and materials in transit                                   | 336                             | 4,312                              | 6,431                           |
| Subtotal   | <u>140,181</u>                  | <u>158,047</u>                     | <u>200,236</u>                  |
| Less: Allowance for inventory market decline<br>and obsolescence | <u>(18,346)</u>                 | <u>(16,343)</u>                    | <u>(13,742)</u>                 |
|  | <u>121,835</u>                  | <u>141,704</u>                     | <u>186,494</u>                  |

As of March 31, 2023, January 1 to 2022 and March 31, 2022, the details of the cost of sales were as follows:

|   | <u>For the three months ended March 31,</u> |                |
|---|---|----------------|
|   | <u>2023</u>                                 | <u>2022</u>    |
| Inventory that has been sold  | \$ 107,965                                  | 125,447        |
| Write-down of inventories (Reversal of write-downs)                           | 2,003                                       | -              |
| The impact of actual production capacity being lower<br>than normal capacity. | <u>523</u>                                  | <u>182</u>     |
|   | <u>\$ 110,491</u>                           | <u>125,629</u> |

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's the aforementioned trade receivables and notes receivable were not pledged as collateral.

(Continued)

## (e) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the three months ended March 31, 2023 and 2022 were as follows:

|                                      | <u>Land</u>       | <u>Buildings and structures</u> | <u>Machinery and equipment</u> | <u>Office equipment</u> | <u>Construction in progress</u> | <u>Total</u>     |
|--------------------------------------|-------------------|---------------------------------|--------------------------------|-------------------------|---------------------------------|------------------|
| <b>Cost:</b>                         |                   |                                 |                                |                         |                                 |                  |
| Balance at January 1, 2023           | \$ 181,394        | 253,393                         | 686,790                        | 56,420                  | 13,952                          | 1,191,949        |
| Additions                            | -                 | -                               | -                              | 124                     | 521                             | 645              |
| Effect of movement in exchange rates | -                 | (869)                           | (2,389)                        | (102)                   | (30)                            | (3,390)          |
| Balance at March 31, 2023            | <u>\$ 181,394</u> | <u>252,524</u>                  | <u>684,401</u>                 | <u>2,823,922</u>        | <u>2,310,782</u>                | <u>1,189,204</u> |
| Balance at January 1, 2022           | \$ 181,394        | 249,527                         | 664,281                        | 54,395                  | 12,690                          | 1,162,287        |
| Additions                            | -                 | -                               | 2,620                          | 34                      | 269                             | 2,923            |
| Reclassification                     | -                 | -                               | 6,130                          | -                       | (6,076)                         | 54               |
| Effect of movement in exchange rates | -                 | 5,831                           | 13,675                         | 538                     | 62                              | 20,106           |
| Balance at March 31, 2022            | <u>\$ 181,394</u> | <u>255,358</u>                  | <u>686,706</u>                 | <u>54,967</u>           | <u>6,945</u>                    | <u>1,185,370</u> |
| <b>Accumulated depreciation:</b>     |                   |                                 |                                |                         |                                 |                  |
| Balance at January 1, 2023           | \$ -              | 128,104                         | 518,023                        | 47,985                  | -                               | 694,112          |
| Depreciation                         | -                 | 2,604                           | 6,182                          | 934                     | -                               | 9,720            |
| Effect of movement in exchange rates | -                 | (482)                           | (1,924)                        | (90)                    | -                               | (2,496)          |
| Balance as of March 31, 2023         | <u>\$ -</u>       | <u>130,226</u>                  | <u>522,281</u>                 | <u>48,829</u>           | <u>-</u>                        | <u>701,336</u>   |
| Balance as of January 1, 2022        | \$ -              | 115,638                         | 488,073                        | 43,873                  | -                               | 647,584          |
| Depreciation                         | -                 | 2,607                           | 6,429                          | 887                     | -                               | 9,923            |
| Effect of movement in exchange rates | -                 | 2,997                           | 11,863                         | 526                     | -                               | 15,386           |
| Balance at March 31, 2022            | <u>\$ -</u>       | <u>121,242</u>                  | <u>506,365</u>                 | <u>45,286</u>           | <u>-</u>                        | <u>672,893</u>   |
| <b>Carrying value:</b>               |                   |                                 |                                |                         |                                 |                  |
| Balance at January 1, 2023           | <u>\$ 181,394</u> | <u>125,289</u>                  | <u>168,767</u>                 | <u>8,435</u>            | <u>13,952</u>                   | <u>497,837</u>   |
| Balance at March 31, 2023            | <u>\$ 181,394</u> | <u>122,298</u>                  | <u>162,120</u>                 | <u>7,613</u>            | <u>14,443</u>                   | <u>487,868</u>   |
| Balance at January 1, 2022           | <u>\$ 181,394</u> | <u>133,889</u>                  | <u>176,208</u>                 | <u>10,522</u>           | <u>12,690</u>                   | <u>514,703</u>   |
| Balance at March 31, 2022            | <u>\$ 181,394</u> | <u>134,116</u>                  | <u>180,341</u>                 | <u>9,681</u>            | <u>6,945</u>                    | <u>512,477</u>   |

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Property, plant and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

## (f) Right-of-use assets

The Group leases many assets including land and buildings, vehicles, and other equipment.

Information about leases for which the Group is a lessee is presented below:

|                                      | <u>Land</u>      | <u>Buildings</u> | <u>Machinery and equipment</u> | <u>Other equipment</u> | <u>Total</u>  |
|--------------------------------------|------------------|------------------|--------------------------------|------------------------|---------------|
| <b>Cost:</b>                         |                  |                  |                                |                        |               |
| Balance at January 1, 2023           | \$ 10,196        | 12,827           | 1,442                          | -                      | 24,465        |
| Additions                            | -                | -                | -                              | 343                    | 343           |
| Effect of movement in exchange rates | (56)             | (131)            | -                              | -                      | (187)         |
| Balance at March 31, 2023            | <u>\$ 10,140</u> | <u>12,696</u>    | <u>1,442</u>                   | <u>343</u>             | <u>24,621</u> |
| Balance at January 1, 2022           | \$ 9,948         | 6,506            | 4,505                          | 280                    | 21,239        |
| Effect of movement in exchange rates | 374              | 209              | -                              | -                      | 583           |
| Balance at March 31, 2022            | <u>\$ 10,322</u> | <u>6,715</u>     | <u>4,505</u>                   | <u>280</u>             | <u>21,822</u> |

(Continued)

|  | <u>Land</u>     | <u>Buildings</u> | <u>Machinery and<br/>equipment</u> | <u>Other<br/>equipment</u> | <u>Total</u>  |
|--|-----------------|------------------|------------------------------------|----------------------------|---------------|
| <b>Accumulated depreciation and impairment losses:</b> |                 |                  |                                    |                            |               |
| Balance at January 1, 2023                             | \$ 1,252        | 6,408            | 1,202                              | -                          | 8,862         |
| Depreciation for the year                              | 78              | 701              | 120                                | 17                         | 916           |
| Effect of movement in exchange rates                   | (7)             | (69)             | -                                  | -                          | (76)          |
| Balance at March 31, 2023                              | <u>\$ 1,323</u> | <u>7,040</u>     | <u>1,322</u>                       | <u>17</u>                  | <u>9,702</u>  |
| Balance at January 1, 2022                             | \$ 915          | 3,250            | 3,789                              | 214                        | 8,168         |
| Depreciation for the year                              | 77              | 455              | 120                                | 18                         | 670           |
| Effect of movement in exchange rates                   | 36              | 114              | -                                  | -                          | 150           |
| Balance at March 31, 2022                              | <u>\$ 1,028</u> | <u>3,819</u>     | <u>3,909</u>                       | <u>232</u>                 | <u>8,988</u>  |
| <b>Carrying amount:</b>                                |                 |                  |                                    |                            |               |
| Balance at January 1, 2023                             | <u>\$ 8,944</u> | <u>6,419</u>     | <u>240</u>                         | <u>-</u>                   | <u>15,603</u> |
| Balance at March 31, 2023                              | <u>\$ 8,944</u> | <u>5,656</u>     | <u>120</u>                         | <u>326</u>                 | <u>14,919</u> |
| Balance at January 1, 2022                             | <u>\$ 8,944</u> | <u>3,256</u>     | <u>716</u>                         | <u>66</u>                  | <u>13,071</u> |
| Balance at March 31, 2022                              | <u>\$ 8,944</u> | <u>2,896</u>     | <u>596</u>                         | <u>48</u>                  | <u>12,834</u> |

## (g) Investment property

|  | <u>Land and<br/>improvements</u> | <u>Buildings</u> | <u>Total</u>     |
|--|----------------------------------|------------------|------------------|
| <b>Cost:</b>   |                                  |                  |                  |
| Balance at January 1, 2023                             | \$ 663,510                       | 376,331          | 1,039,841        |
| Effect of movement in exchange rates                   | -                                | (472)            | (472)            |
| Balance at March 31, 2023                              | <u>\$ 663,510</u>                | <u>375,859</u>   | <u>1,039,369</u> |
| Balance at January 1, 2022                             | \$ 663,510                       | 374,230          | 1,037,740        |
| Effect of movement in exchange rates                   | -                                | 3,170            | 3,170            |
| Balance at March 31, 2022                              | <u>\$ 663,510</u>                | <u>377,400</u>   | <u>1,040,910</u> |
| <b>Accumulated depreciation and impairment losses:</b> |                                  |                  |                  |
| Balance at January 1, 2023                             | \$ -                             | 64,163           | 64,163           |
| Depreciation for the year                              | -                                | 2,517            | 2,517            |
| Effect of movement in exchange rates                   | -                                | (122)            | (122)            |
| Balance at March 31, 2023                              | <u>\$ -</u>                      | <u>66,558</u>    | <u>66,558</u>    |

(Continued)

|                                      | <u>Land and<br/>improvements</u> | <u>Buildings</u> | <u>Total</u>  |
|--------------------------------------|----------------------------------|------------------|---------------|
| Balance at January 1, 2022           | \$ -                             | 53,694           | 53,694        |
| Depreciation for the year            | -                                | 2,503            | 2,503         |
| Effect of movement in exchange rates | -                                | 633              | 633           |
| Balance at March 31, 2022            | <u>\$ -</u>                      | <u>56,830</u>    | <u>56,830</u> |

**Carrying amount:**

|                            |                   |                |                |
|----------------------------|-------------------|----------------|----------------|
| Balance at January 1, 2023 | <u>\$ 663,510</u> | <u>312,168</u> | <u>975,678</u> |
| Balance at March 31, 2023  | <u>\$ 663,510</u> | <u>309,301</u> | <u>972,811</u> |
| Balance at January 1, 2022 | <u>\$ 663,510</u> | <u>320,536</u> | <u>984,046</u> |
| Balance at March 31, 2022  | <u>\$ 663,510</u> | <u>320,570</u> | <u>984,080</u> |

- Investment properties are self-owned assets held by the Consolidated Companies. The lease term for investment properties ranges from 1 to 6 years, and it is non-cancellable.
- Due to the restriction in the law at that time, private entities were not allowed to acquire agricultural land. Therefore, the Consolidated Companies appointed Mr. Lin Wen-Teng, one of the directors, to register the real estate investment under his personal name. To ensure the preservation of the Consolidated Companies' assets, the property has been pledged back to the Consolidated Companies.
- The fair value of investment property was not significantly different from those disclosed in Note 6(g) of the annual consolidated financial statements for the year ended December 31, 2022.
- As of March 31, 2023, December 31, 2022 and March 31, 2022, the Property, plant and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

**(h) Short-term borrowings**

|                                | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|--------------------------------|-----------------------|--------------------------|-----------------------|
| Secured bank loans             | <u>\$ 30,000</u>      | <u>30,000</u>            | <u>117,000</u>        |
| Unused short-term credit lines | <u>\$ 290,000</u>     | <u>370,000</u>           | <u>283,000</u>        |
| Range of interest rates        | <u>1.79%~1.89%</u>    | <u>1.29%~1.79%</u>       | <u>1.29%</u>          |

For the collateral for short-term borrowings, please refer to note 8.

**(i) Operating Lease**

There were no significant changes in operating lease for the three months ended March 31, 2023 and 2022. Please refer to Note 6(i) of the consolidated financial statements for the year ended December 31, 2022 for other related information.

**(j) Provisions**

## 1. Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or no other material onetime events since prior fiscal year. As a

(Continued)

result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

The expenses recognized in profit or loss for the Group are as follows:

|                         | <b>For the Three Months Ended March 31</b> |             |
|-------------------------|--|-------------|
|                         | <b>2023</b>                                | <b>2022</b> |
| Operating cost          | \$ 4                                       | 12          |
| Selling expenses        | 1  | 3           |
| Administration expenses | 7  | 15          |
| Total                   | \$ 12                                      | 30          |

2. Defined contribution plans

The Group's employee benefits retirement expenses respectively.

|                                   | <b>For the Three Months Ended March 31</b> |             |
|-----------------------------------|--|-------------|
|                                   | <b>2023</b>                                | <b>2022</b> |
| Operating cost                    | \$ 126                                     | 149         |
| Selling expenses                  | 53   | 41          |
| Administration expenses           | 184  | 182         |
| Research and development expenses | 10   | 19          |
| Total                             | \$ 373                                     | 391         |

3. The detailed breakdown of retirement benefit expenses recognized by foreign subsidiaries in accordance with relevant local regulations is as follows:

|                         | <b>For the Three Months Ended March 31</b> |             |
|-------------------------|--|-------------|
|                         | <b>2023</b>                                | <b>2022</b> |
| Administration expenses | \$ 724                                     | 923         |

(k) Income tax

1. The components of income tax for the three months ended March 31, 2023 and 2022 were as follows:

|                      | <b>For the three months ended March 31,</b> |             |
|----------------------|---|-------------|
|                      | <b>2023</b>                                 | <b>2022</b> |
| Current tax expenses | \$ 2,473                                    | 3,189       |

2. (1) Company's income tax return for the year 2021ad been examined by the tax authorities.

(2) The domestic subsidiaries of the Company have filed and settled their corporate income tax returns with the tax authorities up to the fiscal year 2021 as approved.

(l)Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to March 31, 2023 and 2022. For the related information, please refer to note 6(1) to the consolidated financial statements for the year ended December 31, 2022.

1. Ordinary shares

As of March 31, 2023 December 31, 2022 and March 31, 2022 the authorized capital of the Company consisted of 400,000 thousand shares, respectively, at a par value of \$10 per share,  
(Continued)

amounting to \$4,000,000 thousand, respectively, and its outstanding capital were consisted of 166,303 thousand shares. All share proceeds from outstanding capital have been collected.

2. Capital surplus

|                             | March 31,<br>2023 | December 31,<br>2022 | March 31,<br>2022 |
|-----------------------------|-------------------|----------------------|-------------------|
| Treasury share transactions | \$ 9              | 9                    | 9                 |

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of the par value should not exceed 10% of the total common stock outstanding.

3. Retained earnings

If the Company has surplus in the annual final accounts, it shall pay taxes and donations in accordance with the law, offset cumulative losses, and then appropriate 10% as statutory surplus reserve. However, when the statutory surplus reserve has reached the Company's paid-in capital, no further appropriation is required. The remaining surplus shall be appropriated or reversed as required by laws and regulations, or transferred to the special surplus reserve. If there is still surplus, together with undistributed surplus at the beginning of the period, it will be classified as distributable surplus. The Board of Directors shall propose a surplus distribution plan for approval by the shareholders' meeting, and distribute dividends to the shareholders.

Taking into account financial, operational, and business factors, the Company may distribute dividends to shareholders, which shall not be less than 10% of the distributable surplus for the current fiscal year. However, if the accumulated distributable surplus is less than 3% of the paid-in capital, no distribution shall be made. Dividends may be distributed in the form of cash dividends or stock dividends. Cash dividends shall be given priority in the distribution of earnings, but stock dividends may also be distributed. The proportion of cash dividends shall not be less than 10% of the total dividend amount.

For the distribution of dividends to shareholders in the form of cash, the Board of Directors is authorized to carry out such distribution with the approval of two-thirds or more of the attending directors and a majority of the attending directors, and to report it to the shareholders' meeting.

(i) Legal reserve

When a company incurs profit, the shareholders shall decide on the distribution of the statutory earnings reserve either by issuing new shares or by paying cash of up to 25% of the actual share capital.

(ii) Special reserve

The Company chose to apply the exemption under IFRS 1 at its initial adoption of IFRSs. Any unrealized revaluation surplus, accumulated translation adjustment, and increasing amount incurred from adopting the fair value as cost for the assets classified as investment property at the transition date. According to the Financial Supervisory Commission's Order No. 1010012865 issued on April 6, 2012, an equal amount shall be appropriated to the special surplus reserve. When using, disposing of, or reclassifying related assets, a proportionate reversal of the originally appropriated special surplus reserve may be distributed as earnings.

(Continued)

According to the regulations of the Financial Supervisory Commission, when the Company distributes distributable earnings, the difference between the net amount of reductions in other shareholders' equity items recorded in the current year and the balance of the special surplus reserve mentioned above shall be considered. When distributing earnings for the fiscal year 2022, the Company will allocate the current year's income and the undistributed earnings from previous periods to the special surplus reserve. When distributing earnings for the fiscal year 2023, the Company will allocate the current year's after-tax net profit, along with items other than the current year's after-tax net profit, to the undistributed earnings and the special surplus reserve from previous periods. The Company is not allowed to distribute the amounts related to reductions in other shareholders' equity from previous periods, except for the allocation to the special surplus reserve. In the event of reversals in the amounts of reductions in other shareholders' equity in the future, earnings may be distributed based on the reversed portion. As of March 31, 2023, December 31, 2022, and March 31, 2022, the balance of the special surplus reserve is \$34,924 thousand, \$34,924 thousand, and \$58,466 thousand, respectively.

## (iii) Earnings distribution

The amounts of cash dividends and share dividends for the 2022 and 2021 earnings distribution had been approved, the board meeting held on March 24, 2023 and March 31, 2022; while the earnings distribution for 2021 had been approved during the shareholders' meeting on June 23, 2022 as follows:

|  | 2022                |                 | 2021                |                 |
|--|---------------------|-----------------|---------------------|-----------------|
|  | Amount<br>per share | Total<br>amount | Amount<br>per share | Total<br>amount |
| Cash dividends distributed to<br>ordinary shareholders | \$ 0.80             | 133,042         | 0.60                | 100,000         |

## (iv) OCI accumulated in reserves

|   | Exchange<br>differences on<br>translation of<br>foreign financial<br>statements | Unrealized gains<br>(losses) from<br>financial assets<br>measured at fair<br>value through<br>other<br>comprehensive<br>income | Total    |
|---|---|--|----------|
| Balance at January 1, 2023  | \$ (55,153)   | (4,921)  | (60,074) |
| Exchange differences on foreign operations  | (4,176)   |  | (4,176)  |
| Unrealized gains (losses) from financial<br>assets measured at fair value through other<br>comprehensive income | -   | 1,402  | 1,402    |
| Balance at March 31, 2023   | \$ (59,329)   | (3,519)  | (62,848) |
| Balance at January 1, 2022  | \$ (41,084)   | 6,124  | (34,924) |
| Exchange differences on foreign operations  | 14,986  |  | 14,986   |
| Unrealized gains (losses) from financial<br>assets measured at fair value through other<br>comprehensive income |   | (3,774)  | (3,774)  |
| Balance at March 31, 2022   | \$ (26,062)   | 2,350  | (23,712) |

(Continued)

## (m) Earnings per share

For the three months ended March 31, 2023 and 2022, the Company's earnings per share were calculated as follows:

## 1. Basic earnings per share

## (i) Profit attributable to ordinary shareholders of the Company

|   | <b>For the three months ended<br/>March 31</b> |             |
|---|--|-------------|
|   | <b>2023</b>                                    | <b>2022</b> |
| Profit/(loss) of the Company for the year | \$ 10,597                                      | 35,385      |

## (ii) Weighted-average number of ordinary shares

|   | <b>For the three months<br/>ended March 31</b> |             |
|---|--|-------------|
|   | <b>2023</b>                                    | <b>2022</b> |
| Weighted-average number of ordinary shares(thousand shares) | 166,303  | 166,303     |
| Earnings per share  | \$ 0.06  | 0.21        |

## 2. Diluted earnings per share

The diluted earnings per share of the Group for the fiscal year 2023 and the period from January 1, 2022, to March 31, 2022, are calculated based on the net income attributable to the equity holders of the Company and the adjusted weighted average number of ordinary shares outstanding, considering the dilutive effects of all potential ordinary shares. The calculations are as follows:

## (i) Profit attributable to ordinary shareholders of the Company

|   | <b>For the three months ended<br/>March 31</b> |               |
|---|--|---------------|
|   | <b>2023</b>                                    | <b>2022</b>   |
| Profit/(loss) attributable to ordinary shareholders of<br>the Company (basic) | <b>\$ 10,597</b>                               | <b>35,385</b> |

## (ii) Weighted-average number of ordinary shares

|   | <b>For the three months ended<br/>March 31</b> |             |
|---|--|-------------|
|   | <b>2023</b>                                    | <b>2022</b> |
| Weighted-average number of ordinary shares<br>(thousand shares) (basic)   | 166,303  | 166,303     |
| Effect of employee share bonus  | 109  | 152         |
| Weighted-average number of ordinary shares<br>(thousand shares) (diluted) | 166,412  | 166,455     |
| Earnings per share  | \$ 0.06  | 0.21        |

(Continued)

## (n) Revenue from contracts with customers

## i. Disaggregation of revenue

| <b>For the three months ended March 31, 2023</b> |                    |                   |                  |                     |                |
|--|--------------------|-------------------|------------------|---------------------|----------------|
|  | <b>Electronics</b> | <b>Property</b>   | <b>Medical</b>   | <b>Wine Trading</b> | <b>Total</b>   |
|  | <b>Division</b>    | <b>Management</b> | <b>Equipment</b> | <b>Department</b>   |                |
|  | <b>Division</b>    | <b>Division</b>   | <b>Division</b>  | <b>Department</b>   | <b>Total</b>   |
| <b>Primary geographical markets</b>              |                    |                   |                  |                     |                |
| Asia   | \$ 130,621         | 7,523             | 6,106            | 1,292               | 145,542        |
| America  | 19,348             | -                 | 129              | -                   | 19,477         |
| Europe   | 2,344              | -                 | -                | -                   | 2,344          |
| Others   | 312                | -                 | -                | -                   | 312            |
|  | <b>\$ 152,625</b>  | <b>7,523</b>      | <b>6,235</b>     | <b>1,292</b>        | <b>167,675</b> |
| <b>Major products/services lines</b>             |                    |                   |                  |                     |                |
| Electronic                                       |                    |                   |                  |                     |                |
| Components Sales                                 | \$ 152,625         | -                 | -                | -                   | 152,625        |
| Rental Income                                    | -                  | 7,523             | -                | -                   | 7,523          |
| Medical Equipment                                |                    |                   |                  |                     |                |
| Sales  | -                  | -                 | 6,235            | -                   | 6,235          |
| Wine Trading                                     | -                  | -                 | -                | 1,292               | 1,292          |
|  | <b>\$ 152,625</b>  | <b>7,523</b>      | <b>6,235</b>     | <b>1,292</b>        | <b>167,675</b> |
| <b>For the three months ended March 31, 2022</b> |                    |                   |                  |                     |                |
|  | <b>Electronics</b> | <b>Property</b>   | <b>Medical</b>   | <b>Wine Trading</b> | <b>Total</b>   |
|  | <b>Division</b>    | <b>Management</b> | <b>Equipment</b> | <b>Department</b>   |                |
|  | <b>Division</b>    | <b>Division</b>   | <b>Division</b>  | <b>Department</b>   | <b>Total</b>   |
| <b>Primary geographical markets</b>              |                    |                   |                  |                     |                |
| Asia   | \$ 148,025         | 6,550             | 5,223            | 732                 | 160,530        |
| America  | 28,041             | -                 | 3,347            | -                   | 31,388         |
| Europe   | 4,360              | -                 | -                | -                   | 4,360          |
| Others   | 232                | -                 | -                | -                   | 232            |
|  | <b>\$ 180,658</b>  | <b>6,550</b>      | <b>8,570</b>     | <b>732</b>          | <b>196,510</b> |

(Continued)

**For the three months ended March 31, 2022**

|                               | <b>Electronics</b> | <b>Property<br/>Management</b> | <b>Medical<br/>Equipment</b> | <b>Wine Trading</b> |                |
|-------------------------------|--------------------|--------------------------------|------------------------------|---------------------|----------------|
|                               | <b>Division</b>    | <b>Division</b>                | <b>Division</b>              | <b>Department</b>   | <b>Total</b>   |
| Major products/services lines |                    |                                |                              |                     |                |
| Electronic                    |                    |                                |                              |                     |                |
| Components Sales              | \$ 180,658         | -                              | -                            | -                   | 180,658        |
| Rental Income                 | -                  | 6,550                          | -                            | -                   | 6,550          |
| Medical Equipment             |                    |                                |                              |                     |                |
| Sales                         | -                  | -                              | 8,570                        | -                   | 8,570          |
| Wine Trading                  | -                  | -                              | -                            | 732                 | 732            |
|                               | <b>\$ 180,658</b>  | <b>6,550</b>                   | <b>8,570</b>                 | <b>732</b>          | <b>196,510</b> |

ii. Contract balances

|                             | <b><u>March 31, 2023</u></b> | <b><u>December 31, 2022</u></b> | <b><u>March 31, 2022</u></b> |
|-----------------------------|------------------------------|---------------------------------|------------------------------|
| Trade receivables and notes |                              |                                 |                              |
| receivable                  | \$ 152,034                   | 189,027                         | 205,275                      |
| Less: allowance for         |                              |                                 |                              |
| impairment                  | (27,983)                     | (30,567)                        | (30,812)                     |
|                             | <b>\$ 124,051</b>            | <b>158,460</b>                  | <b>174,463</b>               |
| Contract liabilities        |                              |                                 |                              |
|                             | \$3,971                      | 1,941                           | 4,507                        |

For details on trade receivables and allowance for impairment, please refer to note 6(c).

(o) Remunerations to employees, directors and supervisors

The Company's Articles of Incorporation require that earnings shall first be offset against any deficit, then, a minimum of 1% will be distributed as employee remuneration, and a maximum of 2% will be allocated as remuneration to directors. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the Company's subsidiaries who meet certain specific requirements.

For the three months ended March 31, 2023 and 2022, remuneration of employees of \$135 thousand and \$398 thousand, respectively, and remuneration of directors of \$255 thousand and \$795 thousand, respectively, were estimated on the basis of the Company's net profit before tax, excluding the remuneration of employees and directors of each period, multiplied by the percentage of remuneration of employees and directors as specified in the Company's articles of incorporation. Such amounts were recognized as operating expenses for the three months ended March 31, 2023 and 2022, Management is expecting that the differences, if any, between the actual distributed amounts and estimated amounts will be treated as changes in accounting estimates and will be charged to profit or loss. The number of shares to be distributed was calculated based on the closing price of the Company's ordinary shares, one day prior to Board of Directors meeting.

(Continued)

For the years ended December 31, 2021, the Company had accrued remuneration of employees was no difference between the amounts approved in the Board of Directors meeting and the amounts distributed. In the fiscal year 2022, there was a difference of \$488 thousand and \$500 thousand between the amount of remuneration approved by the Board of Directors for employees, directors, and supervisors and the estimated amount accrued for the fiscal year 2022. This difference primarily arises from accounting estimates made by the Company and has been recognized in the income statement for the fiscal year 2023.

(p) Non-operating income and expenses

1. Other income

|                 | <b>For the three months ended March 31,</b> |             |
|-----------------|---|-------------|
|                 | <b>2023</b>                                 | <b>2022</b> |
| Interest income | \$ 568                                      | 26          |
| Dividend income | 33  | 2           |
|                 | <b>\$ 601</b>                               | <b>28</b>   |

2. Other gains and losses

|  | <b>For the three months ended March 31,</b> |              |
|--|---|--------------|
|  | <b>2023</b>                                 | <b>2022</b>  |
| Foreign exchange gains (losses)  | \$ (897)                                    | 9,557        |
| Gains (losses) on financial assets at fair value<br>through profit or loss | 7,378                                       | -            |
| Other  | (8)   | 92           |
|  | <b>\$ 6,473</b>                             | <b>9,649</b> |

3. Finance costs

|                  | <b>For the three months ended March 31,</b> |              |
|------------------|---|--------------|
|                  | <b>2023</b>                                 | <b>2022</b>  |
| Interest expense | <b>\$ (164)</b>                             | <b>(391)</b> |

(q) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(q) to the consolidated financial statements for the year ended December 31, 2022.

1. Credit risk

(i) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

(ii) Concentration of credit risk

The Group has a broad customer base and does not engage in significant transactions with any single customer. Additionally, its sales are geographically diversified. Therefore, there is no significant concentration of credit risk.

(Continued)

## (iii) Receivables and debt securities

For credit risk exposure of trade receivables and notes receivable, please refer to note 6(c). Other financial assets at amortized cost include other receivables. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses. The fixed deposits held by the group are transacted with and settled by financial institutions that have investment-grade ratings or above. Therefore, they are considered to have low risk.

The loss allowances were determined as follows:

|                            | <u>Other receivables</u> |        |
|----------------------------|--------------------------|--------|
| Balance at January 1, 2023 | \$                       | 36,992 |
| Balance at March 31, 2023  | \$                       | 36,992 |
| Balance at January 1, 2022 | \$                       | 36,992 |
| Balance at March 31, 2022  | \$                       | 36,992 |

## 2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

|  | Carrying<br>amount | Contractual<br>cash flows | Within 6<br>months | 6-12 months  | 1-2 years    | 2-5 years    | Over 5 years |
|--|--------------------|---------------------------|--------------------|--------------|--------------|--------------|--------------|
| <b>March 31, 2023</b>                  |                    |                           |                    |              |              |              |              |
| Non-derivative financial liabilities   |                    |                           |                    |              |              |              |              |
| Floating rate instruments              | \$ 30,000          | 30,047                    | 30,047             | -            | -            | -            | -            |
| Non-interest bearing liabilities       | 271,212            | 271,212                   | 271,212            | -            | -            | -            | -            |
| Lease liabilities(include non-current) | 6,226              | 6,623                     | 1,660              | 868          | 2,429        | 1,666        | -            |
|  | <u>\$ 307,438</u>  | <u>307,882</u>            | <u>302,919</u>     | <u>868</u>   | <u>2,429</u> | <u>1,666</u> | <u>-</u>     |
| <b>December 31, 2022</b>               |                    |                           |                    |              |              |              |              |
| Non-derivative financial liabilities   |                    |                           |                    |              |              |              |              |
| Floating rate instruments              | \$ 30,000          | 30,020                    | 30,020             | -            | -            | -            | -            |
| Non-interest bearing liabilities       | 165,601            | 165,601                   | 165,601            | -            | -            | -            | -            |
| Lease liabilities(include non-current) | 6,786              | 7,218                     | 1,753              | 1,337        | 2,277        | 1,851        | -            |
|  | <u>\$ 202,387</u>  | <u>202,839</u>            | <u>197,374</u>     | <u>1,337</u> | <u>2,277</u> | <u>1,851</u> | <u>-</u>     |
| <b>March 31, 2022</b>                  |                    |                           |                    |              |              |              |              |
| Non-derivative financial liabilities   |                    |                           |                    |              |              |              |              |
| Floating rate instruments              | \$ 117,000         | 117,316                   | 117,273            | 43           | -            | -            | -            |
| Non-interest bearing liabilities       | 218,988            | 218,988                   | 211,391            | -            | 4            | 7,593        | -            |
| Lease liabilities(include non-current) | 3,671              | 3,729                     | 1,265              | 1,180        | 1,284        | -            | -            |
|  | <u>\$ 339,659</u>  | <u>340,033</u>            | <u>329,929</u>     | <u>1,223</u> | <u>1,288</u> | <u>7,593</u> | <u>-</u>     |

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

## 3. Market risk

## (i) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

|                                  | <b>March 31, 2023</b>       |                          |            | <b>December 31, 2022</b>    |                          |            | <b>March 31, 2022</b>       |                          |            |
|----------------------------------|-----------------------------|--------------------------|------------|-----------------------------|--------------------------|------------|-----------------------------|--------------------------|------------|
|                                  | <b>Foreign<br/>currency</b> | <b>Exchange<br/>rate</b> | <b>NTD</b> | <b>Foreign<br/>currency</b> | <b>Exchange<br/>rate</b> | <b>NTD</b> | <b>Foreign<br/>currency</b> | <b>Exchange<br/>rate</b> | <b>NTD</b> |
| <b>Financial assets</b>          |                             |                          |            |                             |                          |            |                             |                          |            |
| <b><u>Monetary items</u></b>     |                             |                          |            |                             |                          |            |                             |                          |            |
| USD : NTD                        | \$ 6,235                    | 30.450                   | 189,856    | 6,607                       | 30.710                   | 202,901    | 5,725                       | 28.625                   | 163,878    |
| USD : CNY                        | 996                         | 6.872                    | 30,328     | 1,703                       | 6.697                    | 52,299     | 243                         | 6.353                    | 6,956      |
| <b><u>Non-monetary items</u></b> |                             |                          |            |                             |                          |            |                             |                          |            |
| USD                              | 1,286                       | 30.450                   | 39,169     | 1,245                       | 30.710                   | 38,229     | 1,399                       | 28.625                   | 40,060     |
| <b>Financial liabilities</b>     |                             |                          |            |                             |                          |            |                             |                          |            |
| <b><u>Monetary items</u></b>     |                             |                          |            |                             |                          |            |                             |                          |            |
| USD : NTD                        | 630                         | 30.450                   | 19,184     | 2,021                       | 30.710                   | 62,065     | 525                         | 28.625                   | 15,028     |
| USD : CNY                        | -                           | -                        | -          | -                           | -                        | -          | 25                          | 6.353                    | 716        |

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, financial assets at fair value through other comprehensive income, and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 0.5% of the NTD against the USD, and CNY as at three months of 2022 and 2021 would have increased (decreased) the net profit after tax by \$804 thousand and \$620 thousand, and the equity by \$157 thousand and \$160 thousand. The analysis is performed on the same basis.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2023 and 2022, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$897 thousand and \$9,557 thousand, respectively.

## (ii) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.5% basis points, the Group's net income would have increased / decreased by \$30 thousand and \$117 thousand for the three months ended March 31, 2023 and 2022, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

## (iii) Other market price risk

For the three months ended March 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for profit or loss as illustrated below:

(Continued)

|  | For the three months ended March 31, |             |                                      |             |
|--|--------------------------------------|-------------|--------------------------------------|-------------|
|  | 2023                                 |             | 2022                                 |             |
| Prices of securities at the reporting date | Other comprehensive income after tax | Net income  | Other comprehensive income after tax | Net income  |
| 0.5% increase                              | \$ <u>80</u>                         | <u>98</u>   | <u>79</u>                            | <u>55</u>   |
| 0.5% decrease                              | \$ <u>(80)</u>                       | <u>(98)</u> | <u>(79)</u>                          | <u>(55)</u> |

## 4. Fair value of financial instruments

## (i) Fair value hierarchy

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy, were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

|  | March 31, 2023    |               |               |          |               |
|--|-------------------|---------------|---------------|----------|---------------|
|  | Book Value        | Fair Value    |               |          | Total         |
|  | Level 1           | Level 2       | Level 3       |          |               |
| <b>Financial assets at fair value through profit or loss</b>               |                   |               |               |          |               |
| Shares of stock of overseas listed companies                               | \$ 16,464         | 16,464        | -             | -        | 16,464        |
| Shares of stock of listed companies  | 6,396             | 6,396         | -             | -        | 6,396         |
| Beneficiary certificates   | 597               | 597           | -             | -        | 597           |
| Subtotal   | <u>23,457</u>     | <u>23,457</u> | <u>-</u>      | <u>-</u> | <u>23,457</u> |
| <b>Financial assets at fair value through other comprehensive income</b>   |                   |               |               |          |               |
| Foreign corporate bonds  | 39,169            | -             | 39,169        | -        | 39,169        |
| Stocks in unlisted companies   | 16,015            | -             | 16,015        | -        | 16,015        |
| Subtotal   | <u>55,184</u>     | <u>-</u>      | <u>55,184</u> | <u>-</u> | <u>55,184</u> |
| <b>Financial assets measured at amortized cost</b>                         |                   |               |               |          |               |
| Cash and cash equivalents  | 303,505           | -             | -             | -        | -             |
| Trade receivables and notes receivable (including related parties)         | 124,051           | -             | -             | -        | -             |
| Other receivables  | 1,922             | -             | -             | -        | -             |
| Guarantee deposits paid (Recognition of other non-current assets)          | 884               | -             | -             | -        | -             |
| Subtotal   | <u>430,362</u>    | <u>-</u>      | <u>-</u>      | <u>-</u> | <u>-</u>      |
| Total  | <u>\$ 509,003</u> | <u>23,457</u> | <u>55,184</u> | <u>-</u> | <u>78,641</u> |
| <b>Financial liabilities measured at amortized cost</b>                    |                   |               |               |          |               |
| Bank loans   | \$ 30,000         | -             | -             | -        | -             |
| Trade payables   | 109,541           | -             | -             | -        | -             |
| Other payables   | 161,671           | -             | -             | -        | -             |
| Lease liabilities (including non-current)                                  | 6,226             | -             | -             | -        | -             |
| Guarantee deposits received (Recognition of other non-current liabilities) | 7,763             | -             | -             | -        | -             |
| Total  | <u>\$ 315,201</u> | <u>-</u>      | <u>-</u>      | <u>-</u> | <u>-</u>      |

(Continued)

|  | December 31, 2022 |               |               |          |               |
|--|-------------------|---------------|---------------|----------|---------------|
|  |                   | Fair Value    |               |          |               |
|  | Book Value        | Level 1       | Level 2       | Level 3  | Total         |
| <b>Financial assets at fair value through profit or loss</b>               |                   |               |               |          |               |
| Shares of stock of overseas listed companies                               | \$19,742          | 19,742        | -             | -        | 19,742        |
| Shares of stock of listed companies  | 5,382             | 5,382         | -             | -        | 5,382         |
| Beneficiary certificates   | 533               | 533           | -             | -        | 533           |
| Subtotal   | <u>25,657</u>     | <u>25,657</u> | <u>-</u>      | <u>-</u> | <u>25,657</u> |
| <b>Financial assets at fair value through other comprehensive income</b>   |                   |               |               |          |               |
| Foreign corporate bonds  | 38,229            | -             | 38,229        | -        | 38,229        |
| Stocks in unlisted companies   | 16,000            | -             | 16,000        | -        | 16,000        |
| Subtotal   | <u>54,229</u>     | <u>-</u>      | <u>54,229</u> | <u>-</u> | <u>54,229</u> |
| <b>Financial assets measured at amortized cost</b>                         |                   |               |               |          |               |
| Cash and cash equivalents  | 245,962           | -             | -             | -        | -             |
| Trade receivables and notes receivable (including related parties)         | 158,460           | -             | -             | -        | -             |
| Other receivables  | 3,178             | -             | -             | -        | -             |
| Guarantee deposits paid (Recognition of other non-current assets)          | 888               | -             | -             | -        | -             |
| Subtotal   | <u>408,488</u>    | <u>-</u>      | <u>-</u>      | <u>-</u> | <u>-</u>      |
| Total  | <u>\$ 488,374</u> | <u>25,657</u> | <u>54,229</u> |          | <u>79,886</u> |
| <b>Financial liabilities measured at amortized cost</b>                    |                   |               |               |          |               |
| Bank loans   | \$30,000          | -             | -             | -        | -             |
| Trade payables   | 129,538           | -             | -             | -        | -             |
| Other payables   | 36,063            | -             | -             | -        | -             |
| Lease liabilities (including non-current)                                  | 6,786             | -             | -             | -        | -             |
| Guarantee deposits received (Recognition of other non-current liabilities) | 7,376             | -             | -             | -        | -             |
| Total  | <u>\$ 209,763</u> |               |               |          |               |

(Continued)

|  | March 31, 2022    |               |               |          |               |
|--|-------------------|---------------|---------------|----------|---------------|
|  | Book Value        | Fair Value    |               |          | Total         |
|  |                   | Level 1       | Level 2       | Level 3  |               |
| <b>Financial assets at fair value through profit or loss</b>               |                   |               |               |          |               |
| Shares of stock of overseas listed companies                               | \$ 9,215          | 9,215         | -             | -        | 9,215         |
| Shares of stock of listed companies  | 3,567             | 3,567         | -             | -        | 3,567         |
| Beneficiary certificates   | 690               | 690           | -             | -        | 690           |
| Subtotal   | <u>13,472</u>     | <u>13,472</u> | <u>-</u>      | <u>-</u> | <u>13,472</u> |
| <b>Financial assets at fair value through other comprehensive income</b>   |                   |               |               |          |               |
| Foreign corporate bonds  | 40,059            |               | 40,059        |          | 40,059        |
| Stocks in unlisted companies   | <u>15,881</u>     |               | <u>15,881</u> |          | <u>15,881</u> |
| Subtotal   | <u>55,940</u>     |               | <u>55,940</u> |          | <u>55,940</u> |
| <b>Financial assets measured at amortized cost</b>                         |                   |               |               |          |               |
| Cash and cash equivalents  | 199,559           | -             | -             | -        | -             |
| Trade receivables and notes receivable (including related parties)         | 174,463           | -             | -             | -        | -             |
| Other receivables  | 9,069             | -             | -             | -        | -             |
| Guarantee deposits paid (Recognition of other non-current assets)          | 661               | -             | -             | -        | -             |
| Subtotal   | <u>383,752</u>    | <u>-</u>      | <u>-</u>      | <u>-</u> | <u>-</u>      |
| Total  | <u>\$ 453,164</u> | <u>13,472</u> | <u>55,940</u> |          | <u>69,412</u> |
| <b>Financial liabilities measured at amortized cost</b>                    |                   |               |               |          |               |
| Bank loans   | \$117,000         | -             | -             | -        | -             |
| Trade payables   | 89,672            | -             | -             | -        | -             |
| Other payables   | 129,316           | -             | -             | -        | -             |
| Lease liabilities (including non-current)                                  | 3,671             | -             | -             | -        | -             |
| Guarantee deposits received (Recognition of other non-current liabilities) | 7,155             | -             | -             | -        | -             |
| Total  | <u>\$ 346,814</u> |               |               |          |               |

## (ii) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

(Continued)

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date.

(iii) Transfers between Level 1 and Level 2

There were no transfers from level 2 to level 1 for the three months ended March 31, 2023 and 2022.

(r) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(r) to the consolidated financial statements for the year ended December 31, 2022.

(s) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022. Please refer to note 6(s) to the consolidated financial statements for the year ended December 31, 2022 for further details.

## 7. Related-party transactions

(a) Names and relationships with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

| Name of related party                                  | Relationship with the Group  |
|--|--|
| CHU-TING CORP  | Chairman of this company is the same as the Chairman of the other company. |
| Lin, I-Chin  | Chairman of this company   |
| LIN, WEN-TENG  | Director of this company   |
| Sunrise On The Bund Hotel<br>(Sunrise)                 | The chairman of the subsidiary is the same as the chairman of the Company. |
| PU HWUA ENTERPRISE CO.,<br>LTD. (Pu Hwua)              | The chairman of the subsidiary is the same as the chairman of the Company. |
| Juyang Xingye Industrial Co.,<br>Ltd. ( Juyang Xingye) | The chairman of the Company is also a director of the subsidiary.          |
| Juiye Enterprise Co., Ltd. (Juiye<br>Enterprise)       | The chairman of the company is a director of the company.                  |

(Continued)

## (b) Significant transactions with related parties

## 1. Sales

The amounts of significant sales by the Group to related parties were as follows:

|                       | <b>For the three months ended<br/>March 31,</b> |             |
|-----------------------|---|-------------|
|                       | <b>2023</b>                                     | <b>2022</b> |
| Other related parties | \$ 1,427  | 3,213       |

The sales price of the group to the related party is not significantly different from the general selling price. The average credit period for related parties as of March 31, 2023, and January 1 to March 31, 2022, is approximately 120 days, while for general customers, it ranges from 30 to 90 days.

## 2. Receivables from related parties

The receivables from related parties were as follows:

| <b>Account</b>    | <b>Relationship</b>   | <b>March 31,<br/>2023</b> | <b>December<br/>31, 2022</b> | <b>March 31,<br/>2022</b> |
|-------------------|-----------------------|---------------------------|------------------------------|---------------------------|
| Trade receivables | Other related parties | \$ 1,357                  | 2,558                        | 8,643                     |
| Other receivables | Other related parties | -                         | -                            | 501                       |
|                   |                       | <u>\$ 1,357</u>           | <u>2,558</u>                 | <u>9,144</u>              |

## 3. Payables to related parties

The payables to related parties were as follows:

| <b>Account</b> | <b>Relationship</b> | <b>March 31,<br/>2023</b> | <b>December<br/>31, 2022</b> | <b>March 31,<br/>2022</b> |
|----------------|---------------------|---------------------------|------------------------------|---------------------------|
| Other payables | Others              | \$ -                      | 62                           | 149                       |

## 4. Leases

The Group collected rental income from other related parties and affiliated companies, reporting lease income of \$429 thousand and \$60 thousand for the year ended December 31, 2023, and for the period from January 1 to March 31, 2022, respectively. As of March 31, 2023, December 31, 2022, and March 31, 2022, related rental deposits amounted to \$405 thousand, \$16 thousand, and \$18 thousand, respectively.

In November 2022, the Group rented an office building from the Key management person to be used as its headquarter. A five-year lease contract was signed, in which the rental fee is determined based on nearby office rental rates. The total value of the contract was \$5,309 thousand. For the three months ended March 31, 2023, the Group recognized the amounts of \$39 thousand as interest expenses. As of March 31, 2023 the balance of lease liabilities amounted to \$4,550 thousand.

## 5. Prepayments

| <b>Account</b> | <b>Relationship</b> | <b>March 31,<br/>2023</b> | <b>December<br/>31, 2022</b> | <b>March 31,<br/>2022</b> |
|----------------|---------------------|---------------------------|------------------------------|---------------------------|
| Prepayments    | Others- Sunrise     | \$ 1,864                  | 1,897                        | -                         |

## (c) Others

In case of registering real estate under the name of other related parties, please refer to Note 6(7) for details.

(Continued)

## (d) Key management personnel compensation

Key management personnel compensation comprised:

|                              | For the three months<br>ended March 31, |              |
|------------------------------|---|--------------|
|                              | 2023                                    | 2022         |
| Short-term employee benefits | \$ 3,688                                | 3,082        |
| Post-employment benefits     | 24                                      | 38           |
|                              | <u>\$ 3,712</u>                         | <u>3,120</u> |

**8. Assets pledged as security**

The carrying amounts of **assets pledged as security** were as follows:

| Assets pledged as<br>security    | Liabilities<br>secured by<br>pledge | March 31,<br>2023 | December<br>31, 2022 | March 31,<br>2022 |
|----------------------------------|-------------------------------------|-------------------|----------------------|-------------------|
| Property, plant and<br>equipment | Long-term<br>borrowings             | \$234,656         | 235,480              | 237,997           |
| Investment property              | Long-term<br>borrowings             | 51,428            | 51,703               | 52,526            |
|                                  |                                     | <u>\$286,084</u>  | <u>287,183</u>       | <u>290,523</u>    |

**9. Significant Commitments and Contingencies**

## (a) Unrecognized contractual commitments

As of March 31, 2023, December 31, 2022, and March 31, 2022, the detailed amounts of the contract prices for equipment and construction projects entered into by the Group with suppliers are as follows::

|                 | March 31,<br>2023 | December<br>31, 2022 | March 31,<br>2022 |
|-----------------|-------------------|----------------------|-------------------|
| Signed-contract | \$ 29,783         | 25,234               | 28,276            |
| Paid-price      | \$ 16,096         | 11,971               | 20,932            |

**10. Losses due to major disasters: none****11. Subsequent events: none****12. Others**

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

| By item                    | By function | For the three months ended March 31, |                       |        |                  |                       |        |
|----------------------------|-------------|--------------------------------------|-----------------------|--------|------------------|-----------------------|--------|
|                            |             | 2023                                 |                       |        | 2022             |                       |        |
|                            |             | Cost of<br>sales                     | Operating<br>expenses | Total  | Cost of<br>sales | Operating<br>expenses | Total  |
| Employee benefits          |             |                                      |                       |        |                  |                       |        |
| Salary                     |             | 4,744                                | 27,317                | 32,061 | 5,480            | 17,287                | 22,767 |
| Labor and health insurance |             | 353                                  | 1,811                 | 2,164  | 437              | 1,551                 | 1,988  |
| Pension                    |             | 130                                  | 979                   | 1,109  | 161              | 1,183                 | 1,344  |
| Others                     |             | 177                                  | 1,178                 | 1,355  | 224              | 1,088                 | 1,312  |
| Depreciation               |             | 10,051                               | 3,102                 | 13,153 | 10,141           | 2,955                 | 13,096 |
| Amortization               |             | 329                                  | 653                   | 982    | 557              | 744                   | 1,301  |

## (b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

(Continued)

### 13. Other disclosure items

#### (a) Information on significant transaction:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2023:

#### 1. Lending to other parties:

| Number | Name of lender | Name of borrower | Account name      | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period | Purposes of fund financing for the borrower | Transaction amount for business between two parties | Reasons for short-term financing | Allowance for bad debt | Collateral             |       | Individual funding loan limits | Maximum limit of fund financing |         |
|--------|----------------|------------------|-------------------|---------------|---|----------------|---------------------------------------|---|---|---|----------------------------------|------------------------|------------------------|-------|--------------------------------|---------------------------------|---------|
|        |                |                  |                   |               |   |                |                                       |   |   |   |                                  |                        | Item                   | Value |                                |                                 |         |
| 0      | The Company    | CHU-TING         | Other receivables | Yes           | 100,000   | -              | -                                     | (note 3)                                  | 2   | (note 4)  | -                                | Operation Requirements | -                      | -     | -                              | 172,382                         | 689,528 |
| 1      | Rectron China  | CHU-TING         | Other receivables | Yes           | 58,659  | 32,886         | 32,886                                | (note 3)                                  | -   | 2   | (note 4)                         | -                      | Operation Requirements | -     | -                              | 160,058                         | 200,072 |

Note 1: For business transactions with counterparties, the business transaction amount is determined based on the cumulative sales (or purchases) amount between the two parties over the preceding twelve months.

Note 2: According to our policy, the calculation for the maximum total amount of loans granted are as follows:

(1) The Company

Individual counterparty funding limit = Shareholders' equity x 10% = \$1,723,821 thousand x 10% = \$172,382 thousand.

The maximum funding limit for an individual counterparty = Shareholders' equity x 40% = \$1,723,821 thousand x 40% = \$689,528 thousand.

(2) Rectron Electronics (China)

Individual counterparty funding limit = Shareholders' equity x 40% = \$400,144 thousand x 40% = \$160,058 thousand.

The maximum funding limit for an individual counterparty = Shareholders' equity x 50% = \$400,144 thousand x 50% = \$200,072 thousand.

Note 3: Already eliminated during the preparation of the consolidated financial statements.

Note 4: (1) Business transaction with counterparties exists.

(2) Short-term funding is necessary.

#### 2. Guarantees and endorsements for other parties: None.

#### 3. Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):

(Amounts in Thousands of New Taiwan Dollar)

| Company holding securities | Security type and name           | Relationship with the Company | Account   | March 31, 2023 |                |                             |                             | Remark |
|----------------------------|----------------------------------|-------------------------------|---|----------------|----------------|-----------------------------|-----------------------------|--------|
|                            |                                  |                               |   | Shares         | Carrying value | Percentage of ownership (%) | Market value (or net value) |        |
| The Company                | Stock - Sunny Bank               | -                             | Non-current financial assets at fair value through other comprehensive income | 1,515,198      | 16,015         | 0.05%                       | 16,015                      |        |
| The Company                | Corporate bonds – Apple          | -                             | Non-current financial assets at fair value through other comprehensive income | -              | 25,945         | -%                          | 25,945                      |        |
| The Company                | Corporate bonds – AT&T           | -                             | Non-current financial assets at fair value through other comprehensive income | -              | 8,983          | -%                          | 8,983                       |        |
| The Company                | Corporate bonds – Pfizer         | -                             | Non-current financial assets at fair value through other comprehensive income | -              | 4,241          | -%                          | 4,241                       |        |
| CHU-TING                   | Fund - Yuanta High Dividend 0056 | -                             | Current financial assets at fair value through profit or loss                 | 21,000         | 597            | -%                          | 597                         |        |
| CHU-TING                   | Stock - OXY                      | -                             | Current financial assets at fair value through profit or loss                 | 4,000          | 7,852          | -%                          | 7,852                       |        |
| CHU-TING                   | Stock - TSMC                     | -                             | Current financial assets at fair value through profit or loss                 | 12,000         | 6,396          | -%                          | 6,396                       |        |
| CHU-TING                   | Stock - Tesla                    | -                             | Current financial assets at fair value through profit or loss                 | 1,400          | 8,612          | -%                          | 8,612                       |        |

(Continued)

4. Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital: None.
5. Information regarding acquisition of real estate exceeding 300 million or 20% of the Company's paid-in capital: None.
6. Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company's paid-in capital: None.
7. Information regarding related-party purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital: None.
8. Information regarding receivables from related parties exceeding 100 million or 20% of the Company's paid-in capital: None.
9. Information regarding trading in derivative financial instruments: None.
10. Significant transactions and business relationship between the parent company and its subsidiaries for the three months ended March 31, 2023:

(Amounts in Thousands of New Taiwan Dollar)

| No. (Note 1) | Company name  | Counterparty     | Relationship (Note 2) | Intercompany transactions |        |  |  |
|--------------|---------------|------------------|-----------------------|---------------------------|--------|--|--|
|              |               |                  |                       | Account                   | Amount | Terms  | Percentage of total consolidated net sales or assets |
| 0            | Rectron Ltd.  | Rectron China    | 1                     | Operating cost            | 61,304 | Calculated with finished product cost plus agreed profit.  | 37%  |
| 0            | Rectron Ltd.  | Rectron China    | 1                     | Trade payables            | 32,215 | Adjusted according to the overall funding situation between the parent and subsidiary companies, with a term of 120 days as stipulated in the agreement. | 2%   |
| 0            | Rectron Ltd.  | REEI             | 1                     | Operating revenue         | 5,405  | Calculated with finished product cost plus agreed profit.  | 3%   |
| 1            | Rectron China | Zhejiang Rectron | 3                     | Operating cost            | 56,929 | Calculated with finished product cost plus agreed profit.  | 34%  |

Note 1: Companies are numbered as follows:

Parent company — 0  
Subsidiary — starting from 1

Note 2: The relationships between transaction parties are numbered as follows:

Parent company and subsidiary — 1  
Subsidiary and parent company — 2  
Subsidiary and subsidiary — 3

## (b) Information on investments:

The followings are the information on investees for the three months ended March 31, 2023:

(Amounts in Thousands of New Taiwan Dollar)

| Name of investor | Name of investee | Location  | Main businesses   | Original investment amount |                   | Balance as of March 31, 2023 |            |                | Net income (loss) of the investee | Investment income (loss) recognised by the Company | Remark |
|------------------|------------------|-----------|---|----------------------------|-------------------|------------------------------|------------|----------------|-----------------------------------|--|--------|
|                  |                  |           |   | March 31, 2023             | December 31, 2022 | Shares                       | Percentage | Carrying value |                                   |  |        |
| The Company      | REEI             | USA       | Sales of rectifiers, etc. Electronic components   | 142,264                    | 142,264           | 205,000                      | 100.00%    | 20,179         | (978)                             | (978)  |        |
| The Company      | Rectron China    | Hong Kong | Sales of rectifiers, etc. Electronic components   | 607,273                    | 607,273           | 20,000                       | 100.00%    | 400,144        | (4,978)                           | (4,978)  |        |
| The Company      | CHU-TING         | Taiwan    | Wholesale of tobacco and alcohol products and manufacturing and sales of medical equipment. | 109,987                    | 109,987           | 13,000,000                   | 100.00%    | 161,538        | (7,612)                           | (7,612)  |        |

Note: The amount had been offset in the consolidated financial statements.

(Continued)

## (c) Information on investment in Mainland China:

(Amounts in Thousands of New Taiwan Dollar)

| Investee         | Main businesses and products   | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2023 | Investment |        | Accumulated outflow of investment from Taiwan as of March 31, 2023 | Net income (losses) of the investee | Percentage of ownership | Investment income (loss) recognized | Carrying value as of March 31, 2023 | Accumulated inward remittance of earnings as of March 31, 2023 |
|------------------|--|---------------------------------|----------------------|---|------------|--------|--|-------------------------------------|-------------------------|-------------------------------------|-------------------------------------|--|
|                  |  |                                 |                      |   | Outflow    | Inflow |  |                                     |                         |                                     |                                     |  |
| Zhejiang Rectron | Manufacturing and sales of rectifiers and other electronic components. | 409,029<br>USD12,000            | NOTE 1(3)            | 409,029<br>USD12,000  | -          | -      | 409,029<br>USD12,000   | (1,885)                             | 100.00%                 | (1,885)                             | 254,005                             | -  |

## (d) Upper limit on investment in Mainland China:

(Amounts in Thousands of New Taiwan Dollar)

| Accumulated investment in Mainland China as of March 31, 2023 | Investment amount authorized by Investment Commission, MOEA | Upper limit on investment |
|---|---|---------------------------|
| 365,400<br>USD 12,000   | 486,287<br>USD 15,970                                       | 1,034,293                 |

Note 1: Investment methods are categorized into the following three types, simply indicated by their types:

- (1) Direct investment in mainland China.
- (2) Investment in Mainland China through a third-party company in another region (please specify the investment company in that third region).
- (3) Others method.

Note 2: In the investment gains/losses recognized in this period column:

- (1) If it is under preparation and there are no investment gains/losses yet, it should be noted.
- (2) The basis for recognizing investment gains/losses is the financial statements audited and certified by the certified public accountant of the Taiwan parent company.

Note 3: According to the "Principles for Reviewing Investment or Technical Cooperation in Mainland China," there are limits to the amount of investment.

$$\text{Equity net worth} \times 60\% = \$1,723,821 \text{ thousand} \times 60\% = \$1,034,293 \text{ thousand.}$$

## (e) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

## (f) Major shareholders

Unit: Share

| Shareholding                           | Shareholder's Name |            |
|--|--------------------|------------|
|  | Shares             | Percentage |
| Juiye Enterprise Co., Ltd.             | 42,788,288         | 25.72%     |
| Bigwig Perfect International Co., Ltd. | 38,141,792         | 22.93%     |

Note: The shareholder information in this table is provided by the Taiwan Depository & Clearing Corporation (TDCC) and is based on the calculation of the total number of common shares and preferred shares held by shareholders, excluding treasury shares, as of the last business day of each quarter. The data includes shareholders whose holdings account for more than 5% of the total shares outstanding. Please note that there may be differences between the reported share capital in the company's financial statements and the actual number of shares held by shareholders, due to different calculation methods or other factors.

## 14. Segment information

## (a) General information

The consolidated company has four reporting segments: Electronics, Real Estate Investment, Medical Equipment, and Wine Trading. The Diode segment is engaged in the manufacturing and sales of various rectifiers and other semiconductor components. The Real Estate Investment segment is engaged in the business of leasing office buildings and factories. The Medical Equipment segment is engaged in the business of buying and selling and manufacturing masks. The Wine Trading segment is engaged in the business of trading red and white wines.

(Continued)

The reporting segments of the consolidated company are strategic business units that provide different products and services. As each strategic business unit requires different technology and marketing strategies, they need to be managed separately.

- (b) Information of profit or loss, assets, liabilities, basis and adjustments of which of departments to be reported.

The consolidated company uses the departmental pre-tax profit (excluding non-recurring gains and losses and exchange gains and losses) reviewed by the chief operating decision-maker in the internal management report as the basis for resource allocation and performance evaluation by the management. Since income tax, non-recurring gains and losses, and exchange gains and losses are managed on a group basis, the consolidated company does not allocate income tax expenses (benefits), non-recurring gains and losses, and exchange gains and losses to the reporting segments. In addition, not all significant non-cash items, other than depreciation and amortization, are included in the income statement of all reporting segments. The amounts reported are consistent with the reports used by the operating decision-makers.

The information and adjustments for the operating segments of the consolidated company are as follows:  
The Group's operating segment information and reconciliation are as follows:

| For the three<br>months ended<br>March 31, 2023          | Electronics<br>Department | Property<br>Management<br>Division | Medical<br>Devices<br>Division | Wine<br>Trading<br>Department | Reconciliation<br>and<br>elimination | Total          |
|--|---------------------------|------------------------------------|--------------------------------|-------------------------------|--------------------------------------|----------------|
| <b>Revenue</b>   |                           |                                    |                                |                               |                                      |                |
| Revenue from<br>external<br>customers                    | \$ 152,625                | 7,523                              | 6,235                          | 1,292                         | -                                    | 167,675        |
| Intersegment<br>revenues                                 | 123,644                   | -                                  | 325                            | -                             | (123,969)                            | -              |
| Total<br>revenue   | <u>\$ 276,269</u>         | <u>7,523</u>                       | <u>6,560</u>                   | <u>1,292</u>                  | <u>(123,969)</u>                     | <u>167,675</u> |
| <b>Reportable<br/>segment profit<br/>or loss</b>         | <u>\$ 6,722</u>           | <u>4,702</u>                       | <u>1,181</u>                   | <u>465</u>                    | <u>-</u>                             | <u>13,070</u>  |
| <b>For the three<br/>months ended<br/>March 31, 2022</b> |                           |                                    |                                |                               |                                      |                |
|  | Electronics<br>Department | Property<br>Management<br>Division | Medical<br>Devices<br>Division | Wine<br>Trading<br>Department | Reconciliation<br>and<br>elimination | Total          |
| <b>Revenue</b>   |                           |                                    |                                |                               |                                      |                |
| Revenue from<br>external<br>customers                    | \$ 180,658                | 6,550                              | 8,570                          | 732                           | -                                    | 196,510        |
| Intersegment<br>revenues                                 | 95,093                    | -                                  | 102                            | -                             | (95,195)                             | -              |
| Total<br>revenue   | <u>\$ 275,751</u>         | <u>6,550</u>                       | <u>8,672</u>                   | <u>732</u>                    | <u>(95,195)</u>                      | <u>196,510</u> |
| <b>Reportable<br/>segment profit<br/>or loss</b>         | <u>\$ 34,352</u>          | <u>3,320</u>                       | <u>803</u>                     | <u>99</u>                     | <u>-</u>                             | <u>38,574</u>  |

(Continued)