

Rectron Ltd. AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended
September 30, 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.

Table of contents

Contents	Page
1.Cover Page	1
2.Table of Contents	2
3.Independent Auditors' Review Report	3
4.Consolidated Balance Sheets	4
5.Consolidated Statement of Comprehensive Income	5
6.Consolidated Statement of Changes in Equity	6
7.Consolidated Statement of Cash Flows	7
8.Notes to the Consolidated Financial Statements	
(1) Company history	8
(2)Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4)Summary of material accounting policies	9~10
(5)Significant accounting assumptions and judgments, and major sources of estimation uncertainty	10
(6) Explanation of significant accounts	10~31
(7) Related-party transactions	32~33
(8)Assets pledged as security	33
(9) Commitments and contingencies	34
(10)Losses due to major disasters	34
(11)Subsequent events	34
(12)Other	34
(13)Other disclosures	
● Information on significant transactions	35~37
● Information on investees	37
● Information on investment in Mainland China	37~38
(14)Segment information	38~39

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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the nine months ended September 30, 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 \$219,232 thousand and \$228,208 thousand, constituting 11% and 11% of consolidated total assets as of September 30, 2023 and 2022, respectively, total liabilities amounting to \$12,470 thousand and \$16,399 thousand, constituting 4% and 6% of consolidated total liabilities as of September 30, 2023 and 2022, respectively, and total comprehensive income (loss) amounting to \$(711) thousand, \$6,212 thousand, \$4,135 thousand and \$36,746 thousand, constituting (2)%, 10%, 7% and 29% of consolidated total comprehensive income (loss) for the three months and the nine months ended September 30, 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 September 30, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China

Other Matters

We did not review the financial statements of certain consolidated subsidiaries, with total assets of \$22,008 thousand and \$37,185 thousand, representing 1% and 2% of the related consolidated total assets as of September 30, 2023 and 2022, and net sales of \$936 thousand, \$126 thousand, \$3,037 thousand and \$3,000 thousand, representing 1%, 0%, 1% and 0% of the related consolidated total net sales for the three months and the nine months ended September 30, 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)
November 14, 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.)

Rectron LTD. and Subsidiaries

Consolidated Statement of Comprehensive Income

For the nine months ended September 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar, except for Earnings per Common Share)

	For the three months ended September 30				For the nine months ended September 30				
	2023	%	2022	%	2023	%	2022	%	
4000	Operating revenue (notes 6(n) and 7)	\$ 199,995	100	244,166	100	\$ 572,955	100	654,308	100
5000	Operating costs (notes 6(d) and 6(j))	119,746	63	153,526	63	373,092	65	400,704	61
	Gross profit from operations	71,249	37	90,640	37	199,863	35	253,604	39
	Operating expenses (notes 6(c), 6(j), 6(o) and 12):								
6100	Selling expenses	11,782	6	7,836	3	35,981	6	20,046	3
6200	Administrative expenses	29,641	16	35,310	14	96,636	17	97,876	15
6300	Research and development expenses	1,666	1	3,431	1	6,251	1	8,030	1
	Total operating expenses	43,089	23	46,577	18	138,868	24	125,952	19
	Net operating income	28,160	14	44,063	19	60,995	11	127,652	20
	Non-operating income and expenses (notes 6(p) and 7):								
7010	Other income	1,862	2	722	-	3,868	1	1,292	-
7020	Other gains and losses	6,230	4	18,599	8	36,247	6	39,786	6
7050	Finance costs	(194)	-	(231)	-	(481)	-	(889)	-
7950	Total non-operating income and expenses	7,898	6	19,090	8	39,634	7	40,189	6
	Profit before tax	36,058	20	63,153	27	100,629	18	167,841	26
	Total tax expense (note 6(k))	8,747	5	7,701	3	21,350	4	19,891	3
	Profit	27,311	15	55,452	24	79,279	14	147,950	23
300	Other comprehensive income (loss):								
8310	Components of other comprehensive income that will not be reclassified to profit or loss:								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(228)	-	(656)	-	(485)	-	306	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(228)	-	(656)	-	(485)	-	306	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss:								
	Components of other comprehensive income that will be reclassified to profit or loss:								
8361	Exchange differences on translation	13,296	7	8,225	3	(14,583)	(3)	(7,684)	(1)
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(2,958)	(2)	(3,715)	(2)	(2,587)	-	(13,113)	(3)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(p))	-	-	-	-	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	10,338	5	4,510	1	(17,170)	(3)	(20,797)	(4)
8300	Other comprehensive income, net	10,110	5	3,854	1	(17,655)	(3)	(20,491)	(4)
8500	Comprehensive income	\$ 37,421	20	59,306	25	61,624	11	127,459	19
	Profit, attributable to:								
8610	Profit, attributable to owners of parent	\$ 27,311	15	55,452	24	79,279	14	147,950	23
	Comprehensive income attributable to:								
8710	Comprehensive income, attributable to owners of parent	\$ 37,421	20	59,306	25	61,624	11	127,459	19
	Earnings per common share (expressed in dollars) (note 6(m))								
9750	Basic earnings per share	0.16		0.33		0.48		0.89	
9810	Diluted earnings per share	0.16		0.33		0.48		0.89	

See accompanying notes to financial statements.

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

Rectron LTD. and Subsidiaries

Consolidated Statement of Changes in Equity

For the nine months ended September 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)

	Attributable to owners of parent								
	Retained earnings					Exchange differences on translation of foreign financial statements	Other equity		Total equity
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Total		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	
Balance at January 1, 2022	\$ 1,663,029	9	25,812	58,466	85,554	(41,048)	6,124	(34,924)	1,797,946
Net income	-	-	-	-	147,950	-	-	-	147,950
Other comprehensive income	-	-	-	-	-	(7,684)	(12,807)	(20,491)	(20,491)
Total comprehensive income	-	-	-	-	147,950	(7,684)	(12,807)	(20,491)	127,459
Appropriation and distribution of retained earnings:									
Legal reserve appropriated			8,552		(8,552)				
Cash dividends of ordinary share					(100,000)				(100,000)
Reversal of special reserve	-	-	-	(23,542)	23,542	-	-	-	-
Balance at September 30, 2022	\$ 1,663,029	9	34,364	34,924	148,494	(48,732)	(6,683)	(55,415)	1,825,405
Balance at January 1, 2023	\$ 1,663,029	9	34,364	34,924	176,788	(55,153)	(4,921)	(60,074)	1,849,040
Net income	-	-	-	-	79,279	-	-	-	79,279
Other comprehensive income	-	-	-	-	-	(14,583)	(3,072)	(17,655)	(17,655)
Total comprehensive income	-	-	-	-	79,279	(14,583)	(3,072)	(17,655)	61,624
Appropriation and distribution of retained earnings:									
Legal reserve appropriated			17,624		(17,624)				
Special reserve appropriated				25,150	(25,150)				
Cash dividends of ordinary share	-	-	-	-	(133,042)	-	-	-	(133,042)
Balance at September 30, 2023	\$ 1,663,029	9	51,988	60,074	80,251	(69,736)	(7,993)	(77,729)	1,777,622

See accompanying notes to financial statements.

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

Rectron LTD. and Subsidiaries**Consolidated Statement of Cash Flows****For the nine months ended September 30, 2023 and 2022**
(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September	
	30,	30,
	2023	2022
Cash flows from(used in) operating activities:		
Profit before tax	\$ 100,629	167,841
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	38,507	39,422
Amortization expenses	2,943	3,606
Expected credit losses (gains)	(1,844)	(1,435)
Interest expenses	481	889
Interest income	(3,430)	(890)
Dividend income	(438)	(402)
Loss (gain) on disposal of property, plant and equipment	(9)	-
Net losses (gains) on financial assets at fair value through profit or loss	(11,390)	(128)
Foreign exchange loss (gain) on financial assets	(1,617)	(6,166)
Total adjustments to reconcile profit	<u>23,203</u>	<u>34,896</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	1,883	(1,304)
Trade receivables	5,731	(7,146)
Other receivables	1,580	4,562
Inventories	291	20,256
Prepayments	16,056	(2,868)
Other current assets	(319)	1,744
Total changes in operating assets	<u>24,862</u>	<u>15,244</u>
Changes in operating liabilities:		
Current contract liabilities	(1,478)	1,982
Trade payables	7,482	(675)
Other payables	5,219	(5,045)
Other current liabilities	419	197
Net defined benefit liability	(1,129)	(1,452)
Total changes in operating liabilities	<u>10,513</u>	<u>(4,993)</u>
Total changes in operating assets and liabilities	<u>35,375</u>	<u>10,251</u>
Total adjustments	<u>58,578</u>	<u>45,147</u>
Cash inflow generated from operations	159,207	212,988
Interest received	3,230	668
Dividends received	438	402
Interest paid	(482)	(941)
Income taxes paid	(36,093)	(3,880)
Net cash flows from operating activities	<u>126,300</u>	<u>209,237</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(3,176)	-
Acquisition of financial assets at fair value through profit or loss	(14,916)	(42,834)
Proceeds from disposal of financial assets at fair value through profit or loss	32,902	27,343
Acquisition of property, plant and equipment	(5,180)	(20,222)
Proceeds from disposal of property, plant and equipment	78	-
Increase in other non-current assets	(375)	64
Net cash flows used in investing activities	<u>9,333</u>	<u>(35,649)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	60,000	1,000
Decrease in short-term borrowings	(75,000)	(78,000)
Repayment of lease principal	(2,417)	(1,963)
Increase in other non-current liabilities	743	351
Cash dividends paid	(133,042)	(100,000)
Net cash flows used in financing activities	<u>(149,716)</u>	<u>(178,612)</u>
Effect of exchange rate changes on cash and cash equivalents	(8,696)	(15,589)
Net increase (decrease) in cash and cash equivalents	(22,779)	(20,613)
Cash and cash equivalents at the beginning of period	245,962	187,464
Cash and cash equivalents at the end of period	<u>\$ 223,183</u>	<u>166,851</u>

See accompanying notes to financial statements.

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

Rectron Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 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 nine months ended September 30, 2023 and 2022 were authorized for issuance by the board of directors on November 14, 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”

The Group has initially adopted the (following) new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023 :

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

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

The Group assesses that the adoption of the (following) new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

(Continued)

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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- Amendments to IAS21“Lack of Exchangeability”

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
			September 30, 2023	December 31, 2022	September 30, 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.

(Continued)

(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 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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and petty cash	\$ 275	138	177
Cash in banks	206,773	227,398	163,499
Time deposits	16,135	18,426	3,175
Cash and cash equivalents in the consolidated statement of cash flows	\$ 223,183	245,962	166,851

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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Financial assets designation as measured at fair value through profit or loss			
Shares of stock of overseas listed companies - Pfizer	\$ -	-	5,889
Shares of stock of overseas listed companies - Tesla		5,296	5,110
Shares of stock of overseas listed companies - Amazon	-	14,446	-
Shares of stock of overseas listed companies - OXY	15,128	-	394
Shares of stock of listed companies - TSMC	3,242	5,382	4,220
Assets mandatorily measured at fair value through profit or loss:			
Beneficiary certificates	<u>691</u>	<u>533</u>	<u>541</u>
Total	<u>\$19,061</u>	<u>25,657</u>	<u>16,154</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Debt investments at fair value through other comprehensive income			
Corporate bonds– Apple	\$ 24,838	25,444	25,264
Corporate bonds – AT&T	8,385	8,631	8,610
Corporate bonds–Pfizer	3,986	4,154	4,173
Corporate bonds–SocGen	3,225	-	
Equity investments at fair value through other comprehensive income			
Shares of stock of unlisted companies	<u>15,516</u>	<u>16,000</u>	<u>15,866</u>
Total	<u>\$ 55,950</u>	<u>54,229</u>	<u>53,913</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 September 30, 2023 December 31, 2022

(Continued)

and September 30, 2022. The effective interest rates range from 2.00% to 4.90%, and the maturity dates range from 2024 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 September 30, 2023, December 31, 2022 and September 30, 2022, the Group's financial assets were not pledged as collateral.

(c) Trade receivables and notes receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable from operating activities	\$ 200	2,083	3,810
Trade receivables	179,368	186,944	219,542
Trade receivables–Non-current	48,227	48,227	48,227
Less: Loss allowance	<u>(74,745)</u>	<u>(78,794)</u>	<u>(80,367)</u>
	<u>\$ 153,050</u>	<u>158,460</u>	<u>191,212</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>September 30, 2023</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 107,758	0.05%~1.81%	-
Within 180 days past due.	45,576	0.05%~8.68%	(344)
More than 180 days past due	74,461	0%~100%	(74,401)
	<u>\$ 227,795</u>		<u>(74,745)</u>

(Continued)

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
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>\$ 237,254</u>		<u>78,794</u>

	September 30, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 156,541	0%~0.25%	-
Within 180 days past due.	34,763	0.5%~10%	92
More than 180 days past due	80,275	100%	80,275
	<u>\$ 271,579</u>		<u>80,367</u>

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

	For the nine months ended	
	September 30,	
	2023	2022
Balance at January 1	\$ 78,794	78,677
Impairment losses reversed	(1,844)	(1,435)
Amounts written off	(3,401)	(915)
Foreign exchange gains/(losses)	1,196	4,040
Balance at September 30	<u>\$ 74,745</u>	<u>80,367</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group's the aforementioned trade receivables and notes receivable were not pledged as collateral.

(Continued)

(d) Inventories

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Raw materials and consumables	30,469	30,189	50,270
Work in progress	20,250	13,011	36,336
Finished goods	78,598	82,273	72,807
Merchandise	28,013	28,262	24,406
Goods and materials in transit	1,538	4,312	8,949
Subtotal	<u>158,868</u>	<u>158,047</u>	<u>192,768</u>
Less: Allowance for inventory market decline and obsolescence	(17,455)	(16,343)	(36,581)
	<u>141,413</u>	<u>141,704</u>	<u>156,187</u>

As of September 30, 2023, January 1 to 2022 and September 30, 2022, the details of the cost of sales were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
Inventory that has been sold	\$ 113,105	\$129,762	361,630	368,226
Write-down of inventories (Reversal of write-downs)	2,965	21,405	1,112	23,070
The impact of actual production capacity being lower than normal capacity.	<u>849</u>	<u>288</u>	<u>1,425</u>	<u>1,453</u>
Total	<u>\$ 116,919</u>	<u>151,455</u>	<u>364,167</u>	<u>392,749</u>

As of September 30, 2023, December 31, 2022 and September 30, 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 nine months ended September 30, 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>
Cost:						
Balance at January 1, 2023	\$ 181,394	253,393	686,790	56,420	13,952	1,191,949
Additions	-	-	-	409	4,771	5,180
Reduction	-	-	(691)	-	-	(691)
Reclassification	-	-	-	-	(4,888)	(4,888)
Effect of movement in exchange rates	-	(1,147)	(1,691)	56	1	(2,781)
Balance at September 30, 2023	<u>\$ 181,394</u>	<u>252,246</u>	<u>684,408</u>	<u>56,885</u>	<u>13,836</u>	<u>1,188,769</u>
Balance at January 1, 2022	\$ 181,394	249,527	664,281	54,395	12,690	1,162,287
Additions	-	-	7,797	1,469	10,956	20,222
Reclassification	-	-	9,205	18	(9,223)	-
Effect of movement in exchange rates	-	4,014	11,650	633	(58)	16,239
Balance at September 30, 2022	<u>\$ 181,394</u>	<u>253,541</u>	<u>692,933</u>	<u>56,515</u>	<u>14,365</u>	<u>1,198,748</u>
Accumulated depreciation:						
Balance at January 1, 2023	\$ -	128,104	518,023	47,985	-	694,112
Depreciation	-	7,693	18,075	2,558	-	28,326
Reduction	-	-	(622)	-	-	(622)
Effect of movement in exchange rates	-	(597)	(1,748)	(2)	-	(2,347)
Balance as of September 30, 2023	<u>\$ -</u>	<u>135,200</u>	<u>533,728</u>	<u>50,541</u>	<u>-</u>	<u>719,469</u>
Balance as of January 1, 2022	\$ -	115,638	488,073	43,873	-	647,584
Depreciation	-	7,853	18,942	2,724	-	29,519
Effect of movement in exchange rates	-	2,066	9,114	521	-	11,701
Balance at September 30, 2022	<u>\$ -</u>	<u>125,557</u>	<u>516,129</u>	<u>47,118</u>	<u>-</u>	<u>688,804</u>
Carrying value:						
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 September 30, 2023	<u>\$ 181,394</u>	<u>117,046</u>	<u>150,680</u>	<u>6,344</u>	<u>13,836</u>	<u>469,300</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 September 30, 2022	<u>\$ 181,394</u>	<u>127,984</u>	<u>176,804</u>	<u>9,397</u>	<u>14,365</u>	<u>509,944</u>

As of September 30, 2023, December 31, 2022 and September 30, 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>
Cost:					
Balance at January 1, 2023	\$ 10,196	12,827	1,442	-	24,465
Additions	-	-	-	343	343
Reduction	-	-	(1,442)	-	(1,442)
Effect of movement in exchange rates	(74)	638	-	-	564
Balance at September 30, 2023	<u>\$10,122</u>	<u>13,465</u>	<u>-</u>	<u>343</u>	<u>23,930</u>

(Continued)

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Balance at January 1, 2022	\$ 9,948	6,506	4,505	280	21,239
Reduction	-	-	(3,063)	-	(3,063)
Effect of movement in exchange rates	258	1,275	-	-	1,533
Balance at September 30, 2022	<u>\$10,206</u>	<u>7,781</u>	<u>1,442</u>	<u>280</u>	<u>19,709</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2023	\$ 1,252	6,408	1,202	-	8,862
Depreciation for the year	232	2,151	240	54	2,677
Reduction	-	-	(1,442)	-	(1,442)
Effect of movement in exchange rates	(8)	408	-	-	400
Balance at September 30, 2023	<u>\$ 1,476</u>	<u>8,967</u>	<u>-</u>	<u>54</u>	<u>10,497</u>
Balance at January 1, 2022	\$915	3,250	3,789	214	8,168
Depreciation for the year	234	1,722	360	54	2,370
Reduction	-	-	(3,063)	-	(3,063)
Effect of movement in exchange rates	25	619	-	-	644
Balance at September 30, 2022	<u>\$1,174</u>	<u>5,591</u>	<u>1,086</u>	<u>268</u>	<u>8,119</u>
Carrying amount:					
Balance at January 1, 2023	<u>\$ 8,944</u>	<u>6,419</u>	<u>240</u>	<u>-</u>	<u>15,603</u>
Balance at September 30, 2023	<u>\$ 8,646</u>	<u>4,498</u>	<u>-</u>	<u>289</u>	<u>13,433</u>
Balance at January 1, 2022	<u>\$ 9,033</u>	<u>3,256</u>	<u>716</u>	<u>66</u>	<u>13,071</u>
Balance at September 30, 2022	<u>\$ 9,032</u>	<u>2,190</u>	<u>356</u>	<u>12</u>	<u>11,590</u>

(g) Investment property

	<u>Land and improvements</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2023	\$ 663,510	376,331	1,039,841
Effect of movement in exchange rates	-	(623)	(623)
Balance at September 30, 2023	<u>\$ 663,510</u>	<u>375,708</u>	<u>1,039,218</u>
Balance at January 1, 2022	\$663,510	374,230	1,037,740
Effect of movement in exchange rates	-	2,182	2,182
Balance at September 30, 2022	<u>\$ 663,510</u>	<u>376,412</u>	<u>1,039,922</u>

(Continued)

	<u>Land and improvements</u>	<u>Buildings</u>	<u>Total</u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2023	\$ -	64,163	64,163
Depreciation for the year	-	7,504	7,504
Effect of movement in exchange rates	-	(131)	(131)
Balance at September 30, 2023	<u>\$ -</u>	<u>71,536</u>	<u>71,536</u>
Balance at January 1, 2022	\$-	53,694	53,694
Depreciation for the year	-	7,533	7,533
Effect of movement in exchange rates	-	438	438
Balance at September 30, 2022	<u>\$-</u>	<u>61,665</u>	<u>61,665</u>
Carrying amount:			
Balance at January 1, 2023	<u>\$ 663,510</u>	<u>312,168</u>	<u>975,678</u>
Balance at September 30, 2023	<u>\$ 663,510</u>	<u>304,172</u>	<u>967,682</u>
Balance at January 1, 2022	<u>\$ 663,510</u>	<u>320,536</u>	<u>984,046</u>
Balance at September 30, 2022	<u>\$ 663,510</u>	<u>314,747</u>	<u>978,257</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 September 30, 2023, December 31, 2022 and September 30, 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Secured bank loans	\$ 15,000	30,000	40,000
Unused short-term credit lines	\$ 385,000	370,000	360,400
Range of interest rates	<u>1.79%~2.02%</u>	<u>1.29%~1.79%</u>	<u>1.54%~1.68%</u>

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

(Continued)

(i) Operating Lease

There were no significant changes in operating lease for the nine months ended September 30, 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 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:

	For the Three months Ended September 30		For the Nine months Ended September 30	
	2023	2022	2023	2022
Operating cost	3	10	11	33
Selling expenses		3	2	8
Administration expenses	<u>8</u>	<u>18</u>	<u>22</u>	<u>49</u>
Total	<u>11</u>	<u>31</u>	<u>35</u>	<u>90</u>

2. Defined contribution plans

The Group's employee benefit retirement expenses respectively.

	For the Three months Ended September 30		For the Nine months Ended September 30	
	2023	2022	2023	2022
Operating cost	\$ 127	90	383	372
Selling expenses	50	56	155	144
Administration expenses	205	163	574	514
Research and development expenses	11	9	32	45
Total	<u>\$ 393</u>	<u>318</u>	<u>1,144</u>	<u>1,075</u>

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

	For the Three months Ended September 30		For the Nine months Ended September 30	
	2023	2022	2023	2022
Administration expenses	\$ 734	754	2,617	2,540

(Continued)

(k) Income tax

1. The components of income tax for the nine months ended September 30, 2023 and 2022 were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Current tax expenses	\$ 8,747	7,701	19,425	20,105
Surtax on unappropriated earnings	-	-	21	-
Prior years income tax adjustment	-	-	1,904	(214)
	<u>\$ 8,747</u>	<u>7,701</u>	<u>21,350</u>	<u>19,891</u>

2. (1) Company's income tax return for the year 2021 as 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 September 30, 2023 and 2022. For the related information, please refer to note 6(l) to the consolidated financial statements for the year ended December 31, 2022.

1. Ordinary shares

As of September 30, 2023 December 31, 2022 and September 30, 2022 the authorized capital of the Company consisted of 400,000 thousand shares, respectively, at a par value of \$10 per share, 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

	September 30, 2023	December 31, 2022	September 30, 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

(Continued)

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.

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 September 30, 2023, December 31, 2022, and September 30, 2022, the balance of the special surplus reserve is \$60,074 thousand, \$34,924 thousand, and \$34,924 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

(Continued)

30,2022; while the earnings distribution for 2022 and 2021 had been approved during the shareholders' meeting on June 26, 2023 and June 23, 2022 as follows:

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

(iv) OCI accumulated in reserves

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	\$ (55,153)	(4,921)	(60,074)
Exchange differences on foreign operations	(14,583)	-	(14,583)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(3,072)	(3,072)
Balance at September 30, 2023	\$ (69,736)	(7,993)	(77,729)
Balance at January 1, 2022	\$ (41,048)	6,124	(34,924)
Exchange differences on foreign operations	(7,684)	-	(7,684)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(12,807)	(12,807)
Balance at September 30, 2022	\$ (48,732)	(6,683)	(55,415)

(m) Earnings per share

For the nine months ended September 30, 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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Profit/(loss) of the Company for the year	\$27,311	55,452	79,279	147,950

(Continued)

(ii) Weighted-average number of ordinary shares

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Weighted-average number of ordinary shares(thousand shares)	\$166,303	166,303	166,303	166,303
Earnings per share	0.16	0.33	0.48	0.89

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 September 30, 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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Profit/(loss) attributable to ordinary shareholders of the Company (basic)	\$27,311	55,452	79,279	147,950

(ii) Weighted-average number of ordinary shares

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Weighted-average number of ordinary shares (thousand shares) (basic)	\$166,303	166,303	166,303	166,303
Effect of employee share bonus	58	103	92	126
Weighted-average number of ordinary shares (thousand shares) (diluted)	166,361	166,406	166,395	166,429
Earnings per share	0.16	0.33	0.48	0.89

(Continued)

(n) Revenue from contracts with customers

i. Disaggregation of revenue

For the three months ended September 30, 2023					
	Electronics	Property	Medical	Wine Trading	
	Division	Management	Equipment	Department	Total
Primary geographical markets					
Asia	\$ 158,170	7,190	2,841	952	169,153
America	19,566	-		-	19,566
Europe	2,027	-	-	-	2,027
Others	249	-	-	-	249
	\$180,012	7,190	2,841	952	190,995
Major products/services lines					
Electronic					
Components Sales	\$180,012	-	-	-	180,012
Rental Income	-	7,190	-	-	7,190
Medical Equipment					
Sales	-	-	2,841	-	2,841
Wine Trading	-	-	-	952	952
	\$180,012	7,190	2,841	952	190,995
For the three months ended September 30, 2022					
	Electronics	Property	Medical	Wine Trading	
	Division	Management	Equipment	Department	Total
Primary geographical markets					
Asia	\$182,258	6,728	10,835	874	200,695
America	39,560	-	(331)	-	39,229
Europe	3,863	-	-	-	3,863
Others	379	-	-	-	379
	\$ 226,060	6,728	10,504	874	244,166

(Continued)

For the three months ended September 30, 2022

	Electronics	Property Management	Medical Equipment	Wine Trading	
	Division	Division	Division	Department	Total
Major products/services lines					
Electronic					
Components Sales	\$ 226,060	-	-	-	226,060
Rental Income	-	6,728	-	-	6,728
Medical Equipment					
Sales	-	-	10,504	-	10,504
Wine Trading	-	-	-	874	874
	\$ 226,060	6,728	10,504	874	244,166

For the nine months ended September 30, 2023

	Electronics	Property Management	Medical Equipment	Wine Trading	
	Division	Division	Division	Department	Total
Primary geographical markets					
Asia	\$469,734	22,577	12,607	3,599	508,517
America	56,114	-	129	-	56,243
Europe	7,428	-	-	-	7,428
Others	767	-	-	-	767
	\$534,043	22,577	12,736	3,599	572,955
Major products/services lines					
Electronic					
Components Sales	\$534,043	-	-	-	534,043
Rental Income	-	22,577	-	-	22,577
Medical Equipment					
Sales	-	-	12,736	-	12,736
Wine Trading	-	-	-	3,599	3,599
	\$534,043	22,577	12,736	3,599	572,955

(Continued)

For the nine months ended September 30, 2022

	Property	Medical			
Electronics	Management	Equipment	Wine Trading		
Division	Division	Division	Department	Total	
Primary geographical markets					
Asia	\$464,863	19,855	51,295	3,955	539,968
America	99,863	-	3,016	-	102,879
Europe	10,394	-	-	-	10,394
Others	1,067	-	-	-	1,067
	\$576,187	19,855	54,311	3,955	654,308
Major products/services lines					
Electronic					
Components Sales	\$ 576,187	-	-	-	576,187
Rental Income	-	19,855	-	-	19,855
Medical Equipment					
Sales	-	-	54,311	-	54,311
Wine Trading	-	-	-	3,955	3,955
	\$ 576,187	19,855	54,311	3,955	654,308

ii. Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022
Trade receivables and notes			
receivable	\$179,568	189,027	223,352
Less: allowance for			
impairment	(26,518)	(30,567)	(32,140)
	<u>\$153,050</u>	<u>158,460</u>	<u>191,212</u>
Contract liabilities	<u>\$463</u>	<u>1,941</u>	<u>3,979</u>

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.

(Continued)

For the three months and the nine months ended September 30, 2023 and 2022, remuneration of employees of \$358 thousand, \$622 thousand, \$1,019 thousand, and \$1,659 thousand, respectively, and remuneration of directors of \$500 thousand, \$927 thousand, \$1,500 thousand, and \$3,000 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 nine months ended September 30, 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.

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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest income	\$ 1,490	387	3,430	890
Dividend income	372	335	438	402
	<u>\$ 1,862</u>	<u>722</u>	<u>3,868</u>	<u>1,292</u>

2. Other gains and losses

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Foreign exchange gains (losses)	\$4,401	18,563	24,498	38,573
Gains on disposals of property, plant and equipment	-	-	9	-
Gains (losses) on financial assets at fair value through profit or loss	1,840	(908)	11,390	128
Others	(11)	944	350	1,085
	<u>\$ 6,230</u>	<u>18,599</u>	<u>36,247</u>	<u>39,786</u>

3. Finance costs

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest expense	\$ (194)	(231)	(481)	(889)

(Continued)

(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.

(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:

	Other receivables
Balance at January 1, 2023	\$ 36,992
Balance at September 30, 2023	\$ 36,992
Balance at January 1, 2022	\$ 36,992
Balance at September 30, 2022	\$ 36,992

(Continued)

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 amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
September 30, 2023							
Non-derivative financial liabilities							
Floating rate instruments	\$ 15,000	15,182	5,103	10,079	-	-	-
Non-interest bearing liabilities	178,301	178,301	178,301	-	-	-	-
Lease liabilities(include non-current)	4,949	5,236	918	615	2,625	1,078	-
	\$ 198,250	198,719	184,322	10,694	2,625	1,078	
December 31, 2022							
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	-
	\$ 202,387	202,839	197,374	1,337	2,277	1,851	
September 30, 2022							
Non-derivative financial liabilities							
Floating rate instruments	\$ 40,000	40,056	40,056	-	-	-	-
Non-interest bearing liabilities	147,443	147,443	139,743	7,700	-	-	-
Lease liabilities(include non-current)	2,675	2,782	1,267	1,131	384	-	-
	\$ 190,118	190,281	181,066	8,831	384		

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

3. Market risk

(i) Currency risk

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

	September 30, 2023			December 31, 2022			September 30, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets									
<u>Monetary items</u>									
USD : NTD	\$ 6,972	32,270	224,986	6,965	30,710	213,895	7,877	31,750	250,095
USD : CNY	22,636	7,309	730,464	21,688	6,697	666,038	20,901	7,098	663,607
<u>Non-monetary items</u>									
USD	1,252	32,270	40,434	1,245	30,710	38,229	1,198	31,750	38,047
Financial liabilities									
<u>Monetary items</u>									
USD : NTD	5,681	32,270	183,326	2,021	30,710	62,065	3,731	31,750	118,459
USD : CNY	4	7,309	129	-	-	-	39	7,098	1,238

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.

(Continued)

A strengthening (weakening) of 0.5% of the NTD against the USD, and CNY as at nine months of 2022 and 2021 would have increased (decreased) the net profit after tax by \$3,088 thousand and \$3,176 thousand, and the equity by \$162 thousand and \$152 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 nine months ended September 30, 2023 and 2022, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$24,498 thousand and \$38,573 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 \$45 thousand and \$120 thousand for the nine months ended September 30, 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 nine months ended September 30, 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:

	For the nine months ended September 30,			
	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>78</u>	<u>77</u>	<u>79</u>	<u>67</u>
0.5% decrease	\$ <u>(78)</u>	<u>(77)</u>	<u>(79)</u>	<u>(67)</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:

(Continued)

September 30, 2023					
Financial assets at fair value through profit or loss	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Shares of stock of overseas listed companies	\$15,128	15,128	-	-	15,128
Shares of stock of listed companies	3,242	3,242	-	-	3,242
Beneficiary certificates	691	691	-	-	691
Subtotal	<u>19,061</u>	<u>19,061</u>	<u>-</u>	<u>-</u>	<u>19,061</u>
Financial assets at fair value through other comprehensive income					
Foreign corporate bonds	40,434	-	40,434	-	40,434
Stocks in unlisted companies	15,516	-	15,516	-	15,516
Subtotal	<u>55,950</u>	<u>-</u>	<u>55,950</u>	<u>-</u>	<u>55,950</u>
Total	<u>\$ 75,011</u>	<u>19,061</u>	<u>55,950</u>	<u>-</u>	<u>75,011</u>

December 31, 2022					
Financial assets at fair value through profit or loss	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
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	<u>533</u>	<u>533</u>	=	=	<u>533</u>
Subtotal	<u>25,657</u>	<u>25,657</u>	<u>=</u>	<u>=</u>	<u>25,657</u>
Financial assets at fair value through other comprehensive income					
Foreign corporate bonds	38,229	-	38,229	-	38,229
Stocks in unlisted companies	<u>16,000</u>	<u>=</u>	<u>16,000</u>	<u>-</u>	<u>16,000</u>
Subtotal	<u>54,229</u>	<u>=</u>	<u>54,229</u>	<u>-</u>	<u>54,229</u>
Total	<u>\$ 79,886</u>	<u>25,657</u>	<u>54,229</u>	<u>=</u>	<u>79,886</u>

September 30, 2022					
Financial assets at fair value through profit or loss	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Shares of stock of overseas listed companies	\$11,393	11,393	-	-	11,393
Shares of stock of listed companies	4,220	4,220	-	-	4,220
Beneficiary certificates	<u>541</u>	<u>541</u>	=	=	<u>541</u>
Subtotal	<u>16,154</u>	<u>16,154</u>	<u>=</u>	<u>=</u>	<u>16,154</u>
Financial assets at fair value through other comprehensive income					
Foreign corporate bonds	38,047	-	38,047	-	38,047
Stocks in unlisted companies	<u>15,866</u>	<u>=</u>	<u>15,866</u>	<u>=</u>	<u>15,866</u>
Subtotal	<u>53,913</u>	<u>=</u>	<u>53,913</u>	<u>=</u>	<u>53,913</u>
Total	<u>\$ 70,067</u>	<u>16,154</u>	<u>53,913</u>	<u>=</u>	<u>70,067</u>

(Continued)

(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.

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 nine months ended September 30, 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.

(t) Investing and financing activities not affecting the current cash flow

To obtain the right to use assets through a leasing arrangement, please refer to note 6(f).

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

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(Sunrise)	The chairman of the subsidiary is the same as the chairman of the Company.
PU HWUA ENTERPRISE CO., LTD.(Pu Hwua)	The chairman of the subsidiary is the same as the chairman of the Company.
Juyang Xingye Industrial Co., Ltd. (Juyang Xingye)	The chairman of the Company is also a director of the subsidiary.
Juiye Enterprise Co., Ltd.(Juiye Enterprise)	The chairman of the company is a director of the company.

in the consolidated financial statements.

(b) Significant transactions with related parties

1. Sales

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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Other related parties	\$ 952	534	3,735	5,935

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 September 30, 2023, and January 1 to September 30, 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:

Account	Relationship	September 30, 2023	December 31, 2022	September 30, 2022
Trade receivables	Other related parties	\$ 999	2,558	4,669

3. Payables to related parties

The payables to related parties were as follows:

Account	Relationship	September 30, 2023	December 31, 2022	September 30, 2022
Other payables	Others	\$ 158	62	54

(Continued)

4. Leases

The Group collected rental income from other related parties and affiliated companies, reporting lease income of \$430 thousand, \$55 thousand, \$1,289 thousand and \$171 thousand for the three months and the nine months ended September 30, 2023 and 2022 respectively. As of September 30, 2023, December 31, 2022, and September 30, 2022, related rental deposits amounted to \$405 thousand, \$16 thousand, and \$16 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 nine months ended September 30, 2023, the Group recognized the amounts of \$112 thousand as interest expenses. As of September 30, 2023 the balance of lease liabilities amounted to \$4,342 thousand.

5. Prepayments

Account	Relationship	September 30, 2023	December 31, 2022	September 30, 2022
Prepayments	Others-Sunrise	\$ -	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.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 3,358	2,447	10,764	8,184
Post-employment benefits	24	24	71	100
	<u>\$ 3,382</u>	<u>2,471</u>	<u>10,835</u>	<u>8,284</u>

8. Assets pledged as security

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

Assets pledged as security	Liabilities secured by pledge	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment	Long-term borrowings	\$233,073	235,480	236,319
Investment property	Long-term borrowings	50,879	51,703	51,977
		<u>\$283,952</u>	<u>287,183</u>	<u>288,296</u>

(Continued)

9. Significant Commitments and Contingencies

(a) Unrecognized contractual commitments

As of September 30, 2023, December 31, 2022, and September 30, 2022, the detailed amounts of the contract prices for equipment and construction projects entered into by the Group with suppliers are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Signed-contract	\$19,427	25,234	25,893
Paid-price	\$8,442	11,971	12,063

- (b) Zhejiang Rectron, a subsidiary, is actively participating in the organic renovation and industrial transformation and upgrading of the Zhejiang Economic and Technological Development Industrial Park to which it belongs. On September 22, 2023, Zhejiang Rectron signed a relocation compensation agreement with Zhejiang Economic Development Asset Operation Management Co., Ltd. The total compensation amount is approximately 691,875 thousand (RMB 161,653 thousand). It was agreed that Zhejiang Rectron should complete equipment relocation and vacate the factory by June 30, 2024. As of October 2023, Zhejiang Rectron has received partial compensation of approximately 356,849 thousand (RMB 80,827 thousand).

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 September 30,					
		2023			2022		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		5,095	21,250	26,345	5,325	18,356	23,681
Labor and health insurance		358	1,796	2,154	341	1,515	1,856
Pension		130	1,008	1,138	100	1,003	1,103
Others		394	1,257	1,651	255	1,730	1,985
Depreciation		9,618	2,935	12,553	10,311	2,842	13,153
Amortization		543	731	1,274	433	639	1,072

By item	By function	For the nine months ended September 30,					
		2023			2022		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		14,631	73,583	88,214	16,313	53,035	69,348
Labor and health insurance		1,025	5,333	6,358	933	4,557	5,490
Pension		394	3,402	3,796	405	3,300	3,705
Others		1,070	3,569	4,639	687	3,817	4,504
Depreciation		29,443	9,064	38,507	30,603	8,819	39,422
Amortization		933	2,010	2,943	1,488	2,118	3,606

- (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 nine months ended September 30, 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	-	-	-	2 (note 4)	-	Operation Requirements	-	-	-	177,762	711,049
1	Rectron China	CHU-TING	Other receivables	Yes	53,442	24,203	24,203 (note 3)	-	2 (note 4)	-	Operation Requirements	-	-	-	164,896	206,120

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.

Note2: 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% = \$1,777,622 thousand x 10% = \$177,762 thousand.

The maximum funding limit for an individual counterparty = Shareholders' equity x 40% = \$1,777,622 thousand x 40% = \$711,049 thousand.

(2) Rectron Electronics (China)

Individual counterparty funding limit = Shareholders' equity x 40% = \$412,240 thousand x 40% = \$164,896 thousand.

The maximum funding limit for an individual counterparty = Shareholders' equity x 50% = \$412,240 thousand x 50% = \$206,120 thousand.

Note3: 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	September 30, 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	15,516	0.05%	15,516	
The Company	Corporate bonds – Apple	-	Non-current financial assets at fair value through other comprehensive income	-	24,838	-%	24,838	
The Company	Corporate bonds – AT&T	-	Non-current financial assets at fair value through other comprehensive income	-	8,385	-%	8,385	
The Company	Corporate bonds – Pfizer	-	Non-current financial assets at fair value through other comprehensive income	-	3,986	-%	3,986	
The Company	Corporate bonds – SocGen	-	Non-current financial assets at fair value through other comprehensive income	-	3,225	-%	3,225	
CHU-TING	Fund – Yuanta High Dividend 0056	-	Current financial assets at fair value through profit or loss	21,000	691	-%	691	
CHU-TING	Stock - OXY	-	Current financial assets at fair value through profit or loss	8,000	15,128	-%	15,128	
CHU-TING	Stock - TSMC	-	Current financial assets at fair value through profit or loss	6,000	3,242	-%	3,242	

(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:

(Amounts in Thousands of New Taiwan Dollar)

Company name	Related party	Nature of relationship	Transaction details				Abnormal transaction		Trade receivables (payables) and notes receivable (payable)		Remark
			Item	Amount	Percentage of the purchases (sales) (%)	Payment term	Unit price	Payment terms	Ending balance	Percentage of total receivables (payables)	
The Company	Rectron China	Parent-subsidiary relationship	Purchase	219,994	70%	Normal	Normal	90-120 Days	(123,754)	(66)%	
Rectron China	The Company	Parent-subsidiary relationship	Sales	(219,994)	(99)%	Normal	Normal	90-120 Days	123,754	99%	
Rectron China	Zhejiang Rectron	Investee companies that are also evaluated using the equity method by the Company	Purchase	200,332	100%	Normal	Normal	120 Days	(30,690)	(100)%	
Zhejiang Rectron	Rectron China	Investee companies that are also evaluated using the equity method by the Company	Sales	(200,332)	(78)%	Normal	Normal	120 Days	30,690	100%	

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

8. Information regarding receivables from related parties exceeding 100 million or 20% of the Company's paid-in capital: None.

(Amounts in Thousands of New Taiwan Dollar)

Company name	Related party	Nature of relationship	Balance as September 30, 2023	Turnover	Overdue		Amount received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Rectron China	The Company	Parent-subsidiary relationship	123,754	3.38%	16,938	Collection	7,850	-

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

9. Information regarding trading in derivative financial instruments: None.

10. Significant transactions and business relationship between the parent company and its subsidiaries for the nine months ended September 30, 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	219,994	Calculated with finished product cost plus agreed profit.	38%
0	Rectron Ltd.	Rectron China	1	Trade payables	123,754	Adjusted according to the overall funding situation between the parent and subsidiary companies, with a term of 120 days as stipulated in the agreement.	6%
0	Rectron Ltd.	REEI	1	Operating revenue	18,010	Calculated with finished product cost plus agreed profit.	3%
1	Rectron China	Zhejiang Rectron	3	Operating cost	200,332	Calculated with finished product cost plus agreed profit.	35%
1	Rectron China	Zhejiang Rectron	3	Trade payables	30,690	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%

Note 1: Companies are numbered as follows:

Parent company – 0

Subsidiary – starting from 1

(Continued)

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 nine months ended September 30, 2023:

(Amounts in Thousands of New Taiwan Dollar)

Name of investor	Name of investee	Location	Main businesses	Original investment amount		Balance as of September 30, 2023			Net income (loss) of the investee	Investment income (loss) recognised by the Company	Remark
				September 30, 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%	20,083	(2,216)	(2,216)	
The Company	Rectron China	Hong Kong	Sales of rectifiers, etc. Electronic components	607,273	607,273	20,000	100.00%	412,240	18,667	18,667	
The Company	CHU-TING	Taiwan	Wholesale of tobacco and alcohol products and manufacturing and sales of medical equipment.	124,987	109,987	14,500,000	100.00%	157,276	6,351	6,351	

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

(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 September 30, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (loss) recognized	Carrying value as of September 30, 2023	Accumulated inward remittance of earnings as of September 30, 2023
					Outflow	Inflow						
Zhejiang Rectron	Manufacturing and sales of rectifiers and other electronic components.	409,029 USD12,000	NOTE 1(3)	409,029 USD12,000	-	-	409,029 USD12,000	27,440	100.00%	27,440	279,575	-

(d) Upper limit on investment in Mainland China:

(Amounts in Thousands of New Taiwan Dollar)

Accumulated investment in Mainland China as of September 30, 2023	Investment amount authorized by Investment Commission, MOEA	Upper limit on investment
387,240 USD 12,000	515,352 USD 15,970	1,066,573

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.

$$\text{Equity net worth} \times 60\% = \$1,777,622 \text{ thousand} \times 60\% = \$1,066,573 \text{ thousand.}$$

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

(Continued)

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.

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 months ended September 30, 2023	Electronics Department	Property Management Division	Medical Devices Division	Wine Trading Department	Reconciliation and elimination	Total
Revenue						
Revenue from external customers	\$180,012	7,190	2,841	952	-	190,995
Intersegment revenues	162,014	-	116	-	(162,130)	-
Total revenue	\$342,026	7,190	2,957	952	(162,130)	190,995
Reportable segment profit or loss	\$36,896	3,855	156	292	(5,141)	36,058

(Continued)

For the three months ended September 30, 2022	Electronics Department	Property Management Division	Medical Devices Division	Wine Trading Department	Reconciliation and elimination	Total
Revenue						
Revenue from external customers	\$ 226,060	6,728	10,504	874	-	244,166
Intersegment revenues	168,591	-	514	-	(169,105)	-
Total revenue	\$394,651	6,728	11,018	874	(169,105)	244,166
Reportable segment profit or loss	\$64,458	852	8,704	123	(10,984)	63,153
For the nine months ended September 30, 2023	Electronics Department	Property Management Division	Medical Devices Division	Wine Trading Department	Reconciliation and elimination	Total
Revenue						
Revenue from external customers	\$534,043	22,577	12,736	3,599	-	572,955
Intersegment revenues	438,507	-	602,	-	(439,109)	-
Total revenue	\$972,550	22,577	13,338	3,599	(439,109)	572.955
Reportable segment profit or loss	\$102,503	13,140	5,551	2,236	(22,801)	100,629
For the nine months ended September 30, 2022	Electronics Department	Property Management Division	Medical Devices Division	Wine Trading Department	Reconciliation and elimination	Total
Revenue						
Revenue from external customers	\$576,187	19,855	54,311	3,955	-	654,308
Intersegment revenues	369,021	-	3,589	-	(372,610)	-
Total revenue	\$954,208	19,855	57,900	3,955	(372,610)	654,308
Reportable segment profit or loss	\$ 187,550	7,552	32,369	457	(60,087)	167,841

(Continued)