

**GALLANT PRECISION MACHINING CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
SEPTEMBER 30, 2022 AND 2021**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

# INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of directors and Shareholders of Gallant Precision Machining Co., Ltd.

## Introduction

We have reviewed the accompanying consolidated balance sheets of Gallant Precision Machining Co., Ltd. and its subsidiaries (the "Group") as at September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three- month and nine-month periods ended September 30, 2022 and 2021, as well as the related consolidated statements of changes in equity and of cash flows for the nine-month periods ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard (IAS) No.34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on these interim the financial statements based on our reviews.

## Scope of Review

Except as explained in the Basis for Qualified Conclusion, we conducted our reviews in accordance with the Statement of Auditing Standards No.65, "Review of Financial Statements". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Basis for Qualified Conclusion

As explained in Note 4(3), the financial statements of certain nonsignificant subsidiaries were not reviewed by independent auditors. These statements reflect total assets amounting to \$831,491 thousand and \$722,846 thousand, constituting 11% and 11% of the consolidated total assets, and total liabilities amounting to \$303,271 thousand and \$250,068 thousand, constituting 7% and 7% of the consolidated total liabilities as at September 30, 2022 and 2021, respectively, and total comprehensive (loss) income amounting to (\$11,316) thousand, \$21,876 thousand, \$80,598 thousand and \$25,461 thousand, constituting (5%), (612%), 18% and 7% of the consolidated total comprehensive income (loss) for the three-month periods ended September 30, 2022 and 2021, and for the nine-month periods ended September 30, 2022 and 2021, respectively.

## Qualified Conclusion

Based on our reviews, except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain non-significant consolidated subsidiaries and investments accounted for under equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2022 and 2021, and of its consolidated financial performance for the three-month and nine-month periods ended and its consolidated cash flows for the nine-month periods ended in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and IAS No.34, "Interim Financial Reporting" as endorsed by the FSC.

PricewaterhouseCoopers, Taiwan  
November 4, 2022

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

**GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)  
(The consolidated balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

Assets	Notes	September 30, 2022		December 31, 2021		September 30, 2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 1,018,142	13	\$ 1,221,566	18	\$ 1,266,127	20
1136	Financial assets at amortized cost -							
	current	6(3) and 8	534,824	7	659,218	10	674,343	11
1150	Notes receivable, net	6(4)	29,926	-	39,362	-	22,436	-
1170	Accounts receivable, net	6(4)	2,366,023	31	1,844,643	27	1,620,001	25
1180	Accounts receivable, related parties							
	net	6(4) and 7	14,740	-	45,288	1	3,361	-
1200	Other receivables		10,128	-	4,243	-	5,072	-
130X	Inventories, net	6(5)	1,393,247	18	799,399	12	899,531	14
1410	Prepayments		143,773	2	64,923	1	111,443	2
1470	Other current assets		13,727	-	8,028	-	12,750	-
11XX	<b>Current Assets</b>		<u>5,524,530</u>	<u>71</u>	<u>4,686,670</u>	<u>69</u>	<u>4,615,064</u>	<u>72</u>
<b>Non-current assets</b>								
1517	Financial assets at fair value							
	through other comprehensive							
	income - non - current	6(2)	1,136,323	15	935,284	14	676,814	11
1535	Financial assets at amortized cost -							
	non-current	6(3) and 8	15,076	-	17,898	-	17,687	-
1600	Property, plant and equipment, net	6(6) and 8	735,094	10	746,793	11	714,688	11
1755	Right-of-use assets	6(7)	249,424	3	257,077	4	253,316	4
1780	Intangible assets, net		14,159	-	13,772	-	14,368	-
1840	Deferred income tax assets		83,700	1	130,888	2	128,207	2
1900	Other non-current assets		10,587	-	8,029	-	7,901	-
15XX	<b>Non-current assets</b>		<u>2,244,363</u>	<u>29</u>	<u>2,109,741</u>	<u>31</u>	<u>1,812,981</u>	<u>28</u>
1XXX	<b>Total assets</b>		<u>\$ 7,768,893</u>	<u>100</u>	<u>\$ 6,796,411</u>	<u>100</u>	<u>\$ 6,428,045</u>	<u>100</u>

(Continued)

**GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2022		December 31, 2021		September 30, 2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>								
2100	Short-term loans	6(8)	\$ 1,200,000	15	\$ 1,000,565	15	\$ 1,136,610	18
2130	Contract liabilities-current	6(18)	283,843	4	222,518	3	233,426	4
2150	Notes payable		650	-	8,683	-	451	-
2170	Accounts payable	6(9)	1,448,699	19	1,239,331	18	1,160,849	18
2180	Accounts payables to related parties	7	272	-	12,039	-	50	-
2200	Other payables	6(10)	425,931	6	401,251	6	306,900	5
2230	Current income tax liabilities		59,583	1	37,634	1	32,129	-
2250	Provisions for liabilities - current		98,873	1	101,578	1	115,372	2
2280	Lease liabilities-current		23,512	-	21,622	-	18,231	-
2320	Long-term loans-current portion	6(11) and 8	192,943	2	38,193	1	28,693	-
2399	Other current liabilities-other		18,885	-	9,757	-	8,745	-
21XX	<b>Current Liabilities</b>		<u>3,753,191</u>	<u>48</u>	<u>3,093,171</u>	<u>45</u>	<u>3,041,456</u>	<u>47</u>
<b>Non-current liabilities</b>								
2540	Long-term loans	6(11) and 8	349,650	4	389,857	6	302,593	4
2570	Deferred income tax liabilities		129,561	2	119,161	2	110,095	2
2580	Lease liabilities-non-current		233,094	3	241,474	3	240,581	4
2600	Other non-current liabilities		41,511	1	44,429	1	46,582	1
25XX	<b>Non-current liabilities</b>		<u>753,816</u>	<u>10</u>	<u>794,921</u>	<u>12</u>	<u>699,851</u>	<u>11</u>
2XXX	<b>Total Liabilities</b>		<u>4,507,007</u>	<u>58</u>	<u>3,888,092</u>	<u>57</u>	<u>3,741,307</u>	<u>58</u>
<b>Equity attributable to owners of parent company</b>								
<b>Share capital</b>								
3110	Share capital - common stock	6(14)	1,651,361	21	1,651,361	24	1,651,361	26
<b>Capital surplus</b>								
3200	Capital surplus	6(15)	267,824	3	226,704	3	174,762	2
<b>Retained earnings</b>								
3310	Legal reserve	6(16)	186,625	2	163,550	2	163,550	3
3320	Special reserve		111,147	1	111,147	2	111,147	2
3350	Unappropriated retained earnings		436,761	6	310,619	5	303,350	5
<b>Other equity interest</b>								
3400	Other equity interest	6(17)	30,520	1	60,035	1	( 1,013)	-
3500	Treasury shares	6(14)	( 30,254)	-	( 81,555)	( 1)	( 108,425)	( 2)
31XX	<b>Equity attributable to owners of the parent company</b>		<u>2,653,984</u>	<u>34</u>	<u>2,441,861</u>	<u>36</u>	<u>2,294,732</u>	<u>36</u>
36XX	<b>Non-controlling interest</b>		<u>607,902</u>	<u>8</u>	<u>466,458</u>	<u>7</u>	<u>392,006</u>	<u>6</u>
3XXX	<b>Total equity</b>		<u>3,261,886</u>	<u>42</u>	<u>2,908,319</u>	<u>43</u>	<u>2,686,738</u>	<u>42</u>
<b>Significant contingent liabilities and unrecognised contract commitments</b>								
3X2X	<b>Total liabilities and equity</b>		<u>\$ 7,768,893</u>	<u>100</u>	<u>\$ 6,796,411</u>	<u>100</u>	<u>\$ 6,428,045</u>	<u>100</u>

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

**GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)  
(UNAUDITED)

Items	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30				
		2022		2021		2022		2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	<b>Operating revenue</b>	6(18) and 7	\$ 1,285,043	100	\$ 1,175,496	100	\$ 3,516,495	100	\$ 3,701,201	100
5000	<b>Operating costs</b>	6(5) (23) (24) and 7	( 881,433)	( 69)	( 908,760)	( 77)	( 2,392,929)	( 68)	( 2,800,126)	( 76)
5900	<b>Net operating margin</b>		<u>403,610</u>	<u>31</u>	<u>266,736</u>	<u>23</u>	<u>1,123,566</u>	<u>32</u>	<u>901,075</u>	<u>24</u>
	<b>Operating expenses</b>	6(23) (24)								
6100	Selling expenses		( 28,921)	( 2)	( 36,129)	( 3)	( 94,175)	( 3)	( 116,735)	( 3)
6200	General and administrative expenses		( 162,005)	( 13)	( 77,141)	( 6)	( 390,999)	( 11)	( 252,971)	( 7)
6300	Research and development expenses		( 52,975)	( 4)	( 80,204)	( 7)	( 183,361)	( 5)	( 236,403)	( 6)
6450	Impairment loss (gain)	12(2)	( 65,266)	( 5)	2,193	-	( 86,969)	( 3)	11,593	-
6000	<b>Total operating expenses</b>		<u>( 309,167)</u>	<u>( 24)</u>	<u>( 191,281)</u>	<u>( 16)</u>	<u>( 755,504)</u>	<u>( 22)</u>	<u>( 594,516)</u>	<u>( 16)</u>
6900	<b>Operating profit</b>		<u>94,443</u>	<u>7</u>	<u>75,455</u>	<u>7</u>	<u>368,062</u>	<u>10</u>	<u>306,559</u>	<u>8</u>
	<b>Non-operating income and expenses</b>									
7100	Interest income	6(19)	2,552	-	3,775	-	9,064	-	11,000	-
7010	Other income	6(20)	66,150	5	37,765	3	98,191	3	78,697	2
7020	Other gains and losses	6(21)	73,085	6	3,246	-	145,535	4	( 60,488)	( 1)
7050	Finance costs	6(22)	( 6,745)	-	( 5,007)	-	( 17,337)	-	( 13,767)	-
7000	<b>Total non-operating income and expenses</b>		<u>135,042</u>	<u>11</u>	<u>39,779</u>	<u>3</u>	<u>235,453</u>	<u>7</u>	<u>15,442</u>	<u>1</u>
7900	<b>Profit before tax</b>		<u>229,485</u>	<u>18</u>	<u>115,234</u>	<u>10</u>	<u>603,515</u>	<u>17</u>	<u>322,001</u>	<u>9</u>
7950	Income tax expense	6(25)	( 42,405)	( 3)	( 21,310)	( 2)	( 127,193)	( 3)	( 17,917)	( 1)
8200	<b>Profit for the period</b>		<u>\$ 187,080</u>	<u>15</u>	<u>\$ 93,924</u>	<u>8</u>	<u>\$ 476,322</u>	<u>14</u>	<u>\$ 304,084</u>	<u>8</u>
	<b>Other comprehensive income for the period</b>									
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	6(17)								
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	6(2)	\$ 43,999	3	( \$ 81,691)	( 7)	( \$ 60,431)	( 2)	\$ 36,576	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	( 1,399)	-	3,076	-	3,130	-	( 6,330)	-
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>		<u>42,600</u>	<u>3</u>	<u>( 78,615)</u>	<u>( 7)</u>	<u>( 57,301)</u>	<u>( 2)</u>	<u>30,246</u>	<u>1</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	6(17)								
8361	Cumulative translation differences of foreign operations		<u>8,328</u>	<u>1</u>	<u>( 18,881)</u>	<u>( 1)</u>	<u>28,003</u>	<u>1</u>	<u>17,673</u>	<u>1</u>
8360	<b>Summary of Components of other comprehensive income that will be reclassified to profit or loss</b>		<u>8,328</u>	<u>1</u>	<u>( 18,881)</u>	<u>( 1)</u>	<u>28,003</u>	<u>1</u>	<u>17,673</u>	<u>1</u>
8300	<b>Other comprehensive income (loss) for the period</b>		<u>\$ 50,928</u>	<u>4</u>	<u>( \$ 97,496)</u>	<u>( 8)</u>	<u>( \$ 29,298)</u>	<u>( 1)</u>	<u>\$ 47,919</u>	<u>2</u>
8500	<b>Total comprehensive income for the period</b>		<u>\$ 238,008</u>	<u>19</u>	<u>( \$ 3,572)</u>	<u>-</u>	<u>\$ 447,024</u>	<u>13</u>	<u>\$ 352,003</u>	<u>10</u>
	<b>Profit attributable to:</b>									
8610	Equity holders of the parent company		\$ 162,149	13	\$ 74,769	6	\$ 374,089	11	\$ 240,814	6
8620	Non-controlling interest		24,931	2	19,155	2	102,233	3	63,270	2
	<b>Profit for the period</b>		<u>\$ 187,080</u>	<u>15</u>	<u>\$ 93,924</u>	<u>8</u>	<u>\$ 476,322</u>	<u>14</u>	<u>\$ 304,084</u>	<u>8</u>
	<b>Total comprehensive income attributable to:</b>									
8710	Equity holders of the parent company		\$ 204,567	16	( \$ 1,196)	-	\$ 344,574	10	\$ 288,147	8
8720	Non-controlling interest		33,441	3	( 2,376)	-	102,450	3	63,856	2
	<b>Total comprehensive income for the period</b>		<u>\$ 238,008</u>	<u>19</u>	<u>( \$ 3,572)</u>	<u>-</u>	<u>\$ 447,024</u>	<u>13</u>	<u>\$ 352,003</u>	<u>10</u>
	<b>Earnings per share (In dollars)</b>	6(26)								
9750	<b>Basic earnings per share</b>		<u>\$ 1.00</u>		<u>\$ 0.47</u>		<u>\$ 2.32</u>		<u>\$ 1.51</u>	
	<b>Earnings per share (In dollars)</b>	6(26)								
9850	<b>Diluted earnings per share</b>		<u>\$ 0.99</u>		<u>\$ 0.47</u>		<u>\$ 2.29</u>		<u>\$ 1.51</u>	

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

**GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

		Equity attributable to owners of the parent										
		Retained Earnings					Other Equity Interest					
Notes	Share capital- common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain(loss) on financial assets at fair value through other comprehensive income	Treasury stock	Total	Non- controlling interest	Total equity	
<b>For the nine-month period ended September 30, 2021</b>												
	Balance at January 1, 2021	\$ 1,651,361	\$ 187,088	\$ 148,486	\$ 132,987	\$ 254,070	(\$ 80,574)	\$ 32,228	(\$ 108,425)	\$ 2,217,221	\$ 454,738	\$ 2,671,959
	Profit for the period	-	-	-	-	240,814	-	-	-	240,814	63,270	304,084
	Other comprehensive income for the period	-	-	-	-	-	25,569	21,764	-	47,333	586	47,919
	Total comprehensive income for the period	-	-	-	-	240,814	25,569	21,764	-	288,147	63,856	352,003
	Distribution of 2020 earnings:											
	Legal reserve	-	-	15,064	-	(15,064)	-	-	-	-	-	-
	Cash dividends	-	-	-	-	(159,136)	-	-	(159,136)	-	(159,136)	-
	Reversal of special reserve	-	-	-	(21,840)	21,840	-	-	-	-	-	-
	Recognition of changes in ownership interest in subsidiaries	-	(12,326)	-	-	(39,174)	-	-	(51,500)	-	(51,500)	-
	Changes in non-controlling interest	-	-	-	-	-	-	-	-	(126,588)	(126,588)	-
	Balance at September 30, 2021	\$ 1,651,361	\$ 174,762	\$ 163,550	\$ 111,147	\$ 303,350	(\$ 55,005)	\$ 53,992	(\$ 108,425)	\$ 2,294,732	\$ 392,006	\$ 2,686,738
<b>For the nine-month period ended September 30, 2022</b>												
	Balance at January 1, 2022	\$ 1,651,361	\$ 226,704	\$ 163,550	\$ 111,147	\$ 310,619	(\$ 49,419)	\$ 109,454	(\$ 81,555)	\$ 2,441,861	\$ 466,458	\$ 2,908,319
	Profit for the period	-	-	-	-	374,089	-	-	-	374,089	102,233	476,322
	Other comprehensive income for the period	-	-	-	-	-	16,518	(46,033)	(29,515)	217	(29,298)	-
	Total comprehensive income for the period	-	-	-	-	374,089	16,518	(46,033)	-	344,574	102,450	447,024
	Distribution of 2021 earnings:											
	Legal reserve	-	-	23,075	-	(23,075)	-	-	-	-	-	-
	Cash dividends	-	-	-	-	(224,872)	-	-	(224,872)	-	(224,872)	-
	Capital surplus distribute cash	-	(16,062)	-	-	-	-	-	(16,062)	-	(16,062)	-
	Recognition of changes in ownership interest in subsidiaries	-	36,514	-	-	-	-	-	-	36,514	-	36,514
	Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	38,994	38,994
	Treasury stock transferred	-	20,668	-	-	-	-	-	51,301	71,969	-	71,969
	Balance at September 30, 2022	\$ 1,651,361	\$ 267,824	\$ 186,625	\$ 111,147	\$ 436,761	(\$ 32,901)	\$ 63,421	(\$ 30,254)	\$ 2,653,984	\$ 607,902	\$ 3,261,886

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

**GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

	Notes	For the nine-month periods ended September 30	
		2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 603,515	\$ 322,001
Adjustments			
Income and expenses having no effect on cash flow			
Depreciation	6(23)	44,639	43,097
Amortization	6(23)	4,325	8,584
Expected credit loss (gain)	12(2)	86,969	( 11,593 )
Interest expense	6(22)	17,337	13,767
Interest income	6(19)	( 9,064 )	( 11,000 )
Dividend income	6(20)	( 51,995 )	( 21,266 )
Share-based payment	6(13)	37,043	-
Loss on disposal of investments accounted for using equity method	6(21)	-	33,482
Gain on lease modification	6(21)	-	( 110 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		10,483	( 8,310 )
Accounts receivable		( 607,241 )	( 57,283 )
Accounts receivable - related parties		33,134	5,846
Other receivables		( 6,354 )	5,180
Inventories		( 589,330 )	( 68,119 )
Prepayments		( 78,551 )	( 33,775 )
Other current assets		( 5,632 )	( 478 )
Other non-current assets		650	( 317 )
Net changes in liabilities relating to operating activities			
Contract liabilities		60,549	( 33,842 )
Notes payable		( 8,033 )	451
Accounts payable		205,673	90,172
Accounts payable - related parties		( 12,599 )	( 33,758 )
Other payables		33,715	23,917
Other payables - related parties		-	( 470 )
Provisions for liabilities		( 2,894 )	( 10,670 )
Unearned receipts		6,371	( 4,908 )
Other current liabilities		2,672	( 1,448 )
Net defined benefit liability		( 4,144 )	( 4,685 )
Cash generated from operations		( 228,762 )	244,465
Interest received		9,533	10,620
Dividend received		51,995	21,084
Interest paid		( 17,201 )	( 13,776 )
Income tax paid		( 48,091 )	( 31,297 )
Net cash provided by (used in) operating activities		( 232,526 )	231,096
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of financial assets at fair value through other comprehensive income	6(2)	( \$ 261,470 )	( \$ 472,269 )
Acquisition of financial assets at amortized cost		( 130,062 )	-
Proceeds from disposal of financial assets at amortized cost		276,278	24,568
Acquisition of property, plant and equipment	6(28)	( 23,595 )	( 22,661 )
Acquisition of intangible assets		( 3,750 )	( 2,745 )
Refundable paid refunded		( 2,508 )	-
Refundable deposits refunded		-	5,037
Net cash provided by (used in) investing activities		( 145,107 )	( 468,070 )
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Proceeds from short -term loan	6(29)	1,292,777	1,978,142
Repayment of short -term loans	6(29)	( 1,093,342 )	( 1,895,942 )
Proceeds from long-term loan	6(29)	140,000	200,000
Repayment of long-term loans	6(29)	( 25,457 )	( 15,457 )
Repayment of the principal portion of lease liabilities	6(29)	( 16,548 )	( 15,068 )
Guarantee paid refunded	6(29)	473	83
Subsidiaries acquired treasury stock	6(27)	-	( 151,112 )
Treasury stock transferred to employees	6(14)	135,283	-
Cash dividends paid	6(16)	( 279,721 )	( 189,450 )
Cash distributed from additional paid-in capital	6(16)	( 16,062 )	-
Net cash used in financing activities		137,403	( 88,804 )
Effect of fluctuations in exchange rate		36,806	7,836
Net decrease in cash and cash equivalents		( 203,424 )	( 317,942 )
Cash and cash equivalents at beginning of period	6(1)	1,221,566	1,584,069
Cash and cash equivalents at end of period	6(1)	\$ 1,018,142	\$ 1,266,127

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

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)  
(UNAUDITED)

1. HISTORY AND ORGANIZATION

Gallant Precision Machining Co., Ltd. (the “Company”).

The Company was incorporated on December 22, 1978. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in the design, manufacture and sale of molds and machinery, metal parts and mold parts, stamping parts and die-cast parts, and automated manufacturing systems and their unit equipment, as well as the management and investment in the relevant business.

The Company’s stock was listed on the Taipei Exchange (formerly named GreTai Securities Market), effective from February, 1998.

The Company merged with Syntran Co., Ltd (the “Syntran Company”) on August 3, 2007 (merger effective date). The Company was a surviving company and Syntran Company was a dissolved company. Syntran Company was incorporated in November 1994, mainly engaged in the research, development, manufacture and sale of DWDM automatic optical testing machines, DWDM module packaging machines, digital safety monitoring systems and nano functional powder and films.

The special shareholders' meeting of the Company resolved to spin-off its semiconductor business on December 15, 2010 and the GreTai Securities Market approved the spin-off and the Company’s stock listed on January 13, 2011. The Company transferred its semiconductor business and related investment to the Company's subsidiary – Gallant Micro. Machining Co., Ltd. on the spin-off effective day March 1, 2011.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on November 4, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2022 are as follows:



New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group financial condition and operating result based on the Group assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023

The above standards and interpretations have no significant impact to the Group financial condition and operating result based on the Group assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC effective as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28 “Sale or contribution of assets between an investor and its associate or joint venture”	To be determined by International Accounting Standards Board
Amendments to IFRS 16 “Leases” - Lease Liability in a Sale and Leaseback	January 1, 2024
IFRS 17, 'Insurance Contracts'	January 1, 2023
Amendments to IFRS 17, “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17, “Initial application of IFRS 17 and IFRS 9 - comparative information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2021, except for the compliance statement, basis of preparations, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and IAS 34, “Interim Financial Reporting” as endorsed by the FSC.

B. Please refer to the Group’s consolidated financial statements for the year ended December 31, 2021.

##### (2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through other comprehensive income.

(b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

##### (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2021.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of subsidiary	Main Business Activities	Percentage of Ownership			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	Manufacturing and selling of semiconductor related equipment and parts	57.19	59.58	61.54	
Gallant Precision Machining Co., Ltd.	Gallant-Rapid Corporation Ltd. (the “GRC”)	Investing in Gallant Precision Industries (Suzhou) Co., Ltd.	100	100	100	Note5

Name of Investor	Name of subsidiary	Main Business Activities	Percentage of Ownership			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
Gallant Precision Machining Co., Ltd.	Gallant Precision Machinery (BVI)Ltd. (the "GPM(BVI)")	Investing in Gallant Precision Machinery (Xiamen) Co., Ltd.	-	-	-	Note2 Note5
Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Marketing and selling of process equipment of LCD and related parts.	100	100	100	Note5
Gallant Micro Machining Co., Ltd.	King Mechatronics Co., Ltd. (the "KMC")	Investing in Gallant Micro Machining (Suzhou) Co., Ltd.	100	100	100	
Gallant Micro Machining Co., Ltd.	Gallant Micro Machining (Malaysia) Sdn. Bhd. (the "GMMM")	Engaged in the import and export and trading business of semiconductor machines and related parts	100	100	100	
Gallant Precision Machining Co., Ltd.	Utron Technologies Corp	Testing of wire and tools and testing equipment of PBC and related systems	53.21	76.02	76.02	Note4 Note5
GRC	Gallant Precision Industries (Suzhou) Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	100	100	100	Note5
KMC	Investing in Gallant Micro Machining (Suzhou) Co., Ltd.	Manufacturing and selling of precision mold and related parts	100	100	100	
GPM(BVI)	Gallant Precision Machinery (Xiamen) Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	-	-	-	Note2 Note5
Gallant Precision Industries (Suzhou) Co., Ltd.	Gallant International Trading Co., Ltd.	Engaged in selling of mechatronics equipment	-	-	-	Note1 Note5
Gallant Precision Industries (Suzhou) Co., Ltd.	Gallant Precision Intelligence Technology Co.,Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	60	60	60	Note5
Investing in Gallant Micro Machining (Suzhou) Co., Ltd.	Kunshan Qihong Electronic Sales Co., Ltd.	Circuit board testing equipment, wire and cable and semiconductor testing and manufacturing	100	100	100	Note3 Note5

Note 1: The subsidiary has been completed the dissolution and liquidation procedures in February, 2021.

Note 2: The subsidiary has been completed the dissolution and liquidation procedures in May, 2021.

Note 3: The Group acquired all of share of Kunshan Qihong Electronic Sales Co., Ltd. in May 2021. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries.

Note 4: Utron Technologies Corp issued new shares in July 2022. The Group did not subscribe the new shares and therefore the percentage of ownership was decreased.

Note 5: The financial statements of the entity as of September 30, 2022 and 2021 were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of September 30, 2022, December 31, 2021 and September 30, 2021, the non-controlling interest amounted to \$607,902, \$466,458 and \$392,006, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest					
		September 30, 2022		December 31, 2021		September 30, 2021	
		Amount	Ownership(%)	Amount	Ownership(%)	Amount	Ownership(%)
Gallant Micro. Machining Co., Ltd.	Taiwan	\$ 500,477	42.81	\$ 400,440	40.42	\$ 326,543	38.46

Summarized financial information of the subsidiaries:

#### Balance sheets

	Gallant Micro. Machining Co., Ltd. and its subsidiaries		
	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 1,983,547	\$ 1,778,250	\$ 1,667,292
Non-current assets	651,625	696,990	661,281
Current liabilities	( 1,159,077)	( 1,201,807)	( 1,201,504)
Non-current liabilities	( 262,752)	( 267,466)	( 262,338)
Total net assets	\$ 1,213,343	\$ 1,005,967	\$ 864,731

#### Statements of comprehensive income

	Gallant Micro. Machining Co., Ltd. and its subsidiaries	
	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021
Revenue	\$ 339,112	\$ 380,637
Profit before income tax	\$ 66,285	\$ 57,057
Income tax expense	( 14,357)	( 13,555)
Profit for the period from continuing operations	51,928	43,502
Profit for the period	51,928	43,502
Other comprehensive income, net of tax	12,529	( 27,311)
Total comprehensive income for the period	\$ 64,457	\$ 16,191
Comprehensive income attributable to non-controlling interest	\$ 29,930	\$ 6,227
Dividends paid to non-controlling interest	\$ -	\$ -

	<u>Gallant Micro. Machining Co., Ltd. and its subsidiaries</u>	
	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
Revenue	\$ 1,161,152	\$ 1,091,464
Profit before income tax	\$ 281,766	\$ 161,680
Income tax expense	( 58,262)	( 33,594)
Profit for the period from continuing operations	223,504	128,086
Profit for the period	223,504	128,086
Other comprehensive income, net of tax	( 10,776)	11,691
Total comprehensive income for the period	\$ 212,728	\$ 139,777
Comprehensive income attributable to non-controlling interest	\$ 89,861	\$ 53,758
Dividends paid to non-controlling interest	\$ 54,849	\$ 30,314

#### Statements of cash flows

	<u>Gallant Micro. Machining Co., Ltd. and its subsidiaries</u>	
	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
Net cash provided by (used in) operating activities	(\$ 94,899)	(\$ 31,670)
Net cash provided by (used in) investing activities	6,533	31,969
Net cash provided by (used in) financing activities	10,751	55,009
Effect of exchange rates on cash and cash equivalents	4,953	32
(Decrease) increase in cash and cash equivalents	( 72,662)	55,340
Cash and cash equivalents, beginning of period	516,024	356,779
Cash and cash equivalents, end of period	\$ 443,362	\$ 412,119

#### (4) Employee benefits

##### Pensions

##### Defined benefit plans

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(5) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

There have been no significant change as of September 30, 2022. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand and revolving funds	\$ 273	\$ 289	\$ 290
Checking accounts	26	27	26
Demand deposits	1,017,843	1,221,250	1,265,811
Total	<u>\$ 1,018,142</u>	<u>\$ 1,221,566</u>	<u>\$ 1,266,127</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Cash and cash equivalents pledged to Customs and others as collateral were classified as financial assets at amortised cost-current. Please refer to Note 8.

(2) Financial Assets at Fair Value Through Other Comprehensive Income

<u>Items</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 899,810	\$ 653,340	\$ 466,772
Non-Listed stocks	94,407	79,407	79,407
Valuation adjustment	142,106	202,537	130,635
	<u>\$ 1,136,323</u>	<u>\$ 935,284</u>	<u>\$ 676,814</u>

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. As at September 30, 2022, December 31, 2021, and September 30, 2021, the fair value of such investments amounted to \$1,136,323, \$935,284 and \$676,814, respectively.

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

	<u>For the three-month period ended September 30, 2022</u>	<u>For the three-month period ended September 30, 2021</u>
<u>Equity instruments at fair value through other comprehensive income:</u>		
Fair value change recognised in other comprehensive income	\$ <u>43,999</u>	(\$ <u>81,691</u> )
Dividend income recognized in profit or loss held at end of period	\$ <u>51,995</u>	\$ <u>19,514</u>
	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
<u>Equity instruments at fair value through other comprehensive income:</u>		
Fair value change recognised in other comprehensive income	(\$ <u>60,431</u> )	\$ <u>36,576</u>
Dividend income recognized in profit or loss held at end of period	\$ <u>51,995</u>	\$ <u>21,266</u>

(3) Financial assets at amortized cost

<u>Items</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current items:			
Time deposits	\$ 534,824	\$ 659,218	\$ 674,343
Non-current items:			
Time deposits	15,076	17,898	17,687
	<u>\$ 549,900</u>	<u>\$ 677,116</u>	<u>\$ 692,030</u>

A. The Group transacts with financial institutions with high credit quality.

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

C. Information relating to credit risk is provided in Note 12(2). The Group investment in time deposit with financial institutions with high credit quality, and expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes receivable	\$ 29,926	\$ 39,362	\$ 22,436
Accounts receivable	\$ 2,654,151	\$ 2,051,835	\$ 1,807,671
Accounts receivable - related parties	14,740	45,288	3,361
Less: allowance for bad debts	(288,128)	(207,192)	(187,670)
	<u>\$ 2,380,763</u>	<u>\$ 1,889,931</u>	<u>\$ 1,623,362</u>

A. The ageing analysis of notes and accounts receivable is as follows:

	September 30, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 2,022,011	\$ 29,926	\$ 1,676,605	\$ 39,362
0 to 90 days	224,332	-	164,424	-
91 to 120 days	46,702	-	41,906	-
Over 120 days	375,846	-	214,188	-
	<u>\$ 2,668,891</u>	<u>\$ 29,926</u>	<u>\$ 2,097,123</u>	<u>\$ 39,362</u>

	September 30, 2021	
	Accounts receivable	Notes receivable
Not past due	\$ 1,418,620	\$ 22,436
0 to 90 days	162,085	-
91 to 120 days	22,587	-
Over 120 days	207,740	-
	<u>\$ 1,811,032</u>	<u>\$ 22,436</u>

The above ageing analysis was based on past due date.

B. As at September 30, 2022, December 31, 2021, September 30, 2021, and January 1, 2021, the balances of receivables from contracts with customers amounted to \$2,698,817, \$2,136,485, \$1,833,468 and \$1,779,166, respectively.

C. As at September 30, 2022, December 31, 2021, and September 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were \$29,926, \$39,362 and \$22,436, \$2,380,763, \$1,889,931 and \$1,623,362, respectively.

D. The Group does not hold any collateral as security.

E. Information relating to credit risk is provided in Note 12(2).

(5) Inventories

	September 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 307,922	(\$ 27,931)	\$ 279,991
Work in process	958,202	(125,107)	833,095
Finished goods	354,690	(91,105)	263,585
Inventory in transit	16,576	-	16,576
Total	<u>\$ 1,637,390</u>	<u>(\$ 244,143)</u>	<u>\$ 1,393,247</u>



December 31, 2021			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 174,788	(\$ 28,302)	\$ 146,486
Work in process	652,987	( 107,443)	545,544
Finished goods	184,255	( 87,461)	96,794
Inventory in transit	10,575	-	10,575
Total	<u>\$ 1,022,605</u>	<u>(\$ 223,206)</u>	<u>\$ 799,399</u>

September 30, 2021			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 170,389	(\$ 27,886)	\$ 142,503
Work in process	656,522	( 92,282)	564,240
Finished goods	259,693	( 80,553)	179,140
Inventory in transit	13,648	-	13,648
Total	<u>\$ 1,100,252</u>	<u>(\$ 200,721)</u>	<u>\$ 899,531</u>

The cost of inventories recognized as expense for the period:

	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021
Cost of goods sold	\$ 862,714	\$ 885,785
Loss on decline in market value	18,719	22,975
	<u>\$ 881,433</u>	<u>\$ 908,760</u>
	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
Cost of goods sold	\$ 2,372,532	\$ 2,775,623
Loss on decline in market value	20,397	24,503
	<u>\$ 2,392,929</u>	<u>\$ 2,800,126</u>

(6) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Leased assets</u>	<u>Others</u>	<u>Total</u>
At January 1, 2022							
Cost	\$ 134,686	\$ 604,358	\$ 164,309	\$ 35,025	\$ 70,762	\$ 65,970	\$ 1,075,110
Accumulated depreciation and impairment	-	( 168,934)	( 90,847)	( 21,509)	( 19,948)	( 27,079)	( 328,317)
	<u>\$ 134,686</u>	<u>\$ 435,424</u>	<u>\$ 73,462</u>	<u>\$ 13,516</u>	<u>\$ 50,814</u>	<u>\$ 38,891</u>	<u>\$ 746,793</u>
2022							
Opening net book amount as at January 1	\$ 134,686	\$ 435,424	\$ 73,462	\$ 13,516	\$ 50,814	\$ 38,891	\$ 746,793
Additions	-	916	6,444	3,969	-	2,582	13,911
Depreciation charge	-	( 9,190)	( 6,291)	( 5,092)	( 1,728)	( 4,785)	( 27,086)
Net exchange differences	-	42	355	105	-	974	1,476
Closing net book amount as at September 30	<u>\$ 134,686</u>	<u>\$ 427,192</u>	<u>\$ 73,970</u>	<u>\$ 12,498</u>	<u>\$ 49,086</u>	<u>\$ 37,662</u>	<u>\$ 735,094</u>
At September 30, 2022							
Cost	\$ 134,686	\$ 605,335	\$ 173,057	\$ 36,531	\$ 70,762	\$ 68,071	\$ 1,088,442
Accumulated depreciation and impairment	-	( 178,143)	( 99,087)	( 24,033)	( 21,676)	( 30,409)	( 353,348)
	<u>\$ 134,686</u>	<u>\$ 427,192</u>	<u>\$ 73,970</u>	<u>\$ 12,498</u>	<u>\$ 49,086</u>	<u>\$ 37,662</u>	<u>\$ 735,094</u>

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Leased assets</u>	<u>Others</u>	<u>Total</u>
At January 1, 2021							
Cost	\$ 134,686	\$ 604,467	\$ 112,531	\$ 32,802	\$ 65,682	\$ 71,388	\$ 1,021,556
Accumulated depreciation and impairment	<u>-</u>	<u>( 156,763)</u>	<u>( 85,880)</u>	<u>( 19,061)</u>	<u>( 17,644)</u>	<u>( 21,232)</u>	<u>( 300,580)</u>
	<u>\$ 134,686</u>	<u>\$ 447,704</u>	<u>\$ 26,651</u>	<u>\$ 13,741</u>	<u>\$ 48,038</u>	<u>\$ 50,156</u>	<u>\$ 720,976</u>
2021							
Opening net book amount as at January 1	\$ 134,686	\$ 447,704	\$ 26,651	\$ 13,741	\$ 48,038	\$ 50,156	\$ 720,976
Additions	-	-	16,040	3,897	-	3,307	23,244
Additions - acquired through business combinations	-	-	-	25	-	31	56
Disposals	-	-	( 24)	( 5)	-	-	( 29)
Reclassification	-	-	-	-	-	( 2,041)	( 2,041)
Depreciation charge	-	( 9,151)	( 5,677)	( 4,369)	( 1,728)	( 5,670)	( 26,595)
Net exchange differences	<u>-</u>	<u>( 74)</u>	<u>( 202)</u>	<u>( 70)</u>	<u>5,080</u>	<u>( 5,657)</u>	<u>( 923)</u>
Closing net book amount as at September 30	<u>\$ 134,686</u>	<u>\$ 438,479</u>	<u>\$ 36,788</u>	<u>\$ 13,219</u>	<u>\$ 51,390</u>	<u>\$ 40,126</u>	<u>\$ 714,688</u>
At September 30, 2021							
Cost	\$ 134,686	\$ 604,364	\$ 125,059	\$ 33,479	\$ 70,762	\$ 63,679	\$ 1,032,029
Accumulated depreciation and impairment	<u>-</u>	<u>( 165,885)</u>	<u>( 88,271)</u>	<u>( 20,260)</u>	<u>( 19,372)</u>	<u>( 23,553)</u>	<u>( 317,341)</u>
	<u>\$ 134,686</u>	<u>\$ 438,479</u>	<u>\$ 36,788</u>	<u>\$ 13,219</u>	<u>\$ 51,390</u>	<u>\$ 40,126</u>	<u>\$ 714,688</u>

- A. Amount of borrowing costs capitalized as part of property, plant and equipment were \$0 for the three-month periods ended September 30, 2022 and 2021 and for the nine-month periods ended September 30, 2022 and 2021, respectively.
- B. The significant components of buildings include main plants improvement and structure, which are depreciated over 10 and 50 years.
- C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.
- D. The above property, plant and equipment of the Group were for their own used.

(7) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings, business vehicles, multifunction printers. Rental contracts are typically made for periods of 1 to 38 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise Buildings. Low-value assets comprise office equipment (multifunction printers).
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 198,411	\$ 200,030	\$ 201,519
Buildings	51,013	57,047	51,797
Office equipment (multifunction printers)	-	-	-
	<u>\$ 249,424</u>	<u>\$ 257,077</u>	<u>\$ 253,316</u>

	<u>For the three-month period ended September 30, 2022</u>	<u>For the three-month period ended September 30, 2021</u>
	Depreciation charge	Depreciation charge
Land	\$ 1,510	\$ 1,490
Buildings	4,385	3,969
Office equipment (multifunction printers)	-	-
	<u>\$ 5,895</u>	<u>\$ 5,459</u>

	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
	Depreciation charge	Depreciation charge
Land	\$ 4,530	\$ 4,468
Buildings	13,023	12,003
Office equipment (multifunction printers)	-	31
	<u>\$ 17,553</u>	<u>\$ 16,502</u>

- D. For the three-month periods ended September 30, 2022 and 2021, and for the nine-month periods ended September 30, 2022 and 2021, respectively, the Group's total cash outflow for leases were \$6,144, \$0, \$9,056 and \$12,324, respectively.
- E. The information on income and expense accounts relating to lease contracts is as follows:

	<u>For the three-month period ended September 30, 2022</u>	<u>For the three-month period ended September 30, 2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,342	\$ 1,383
Expense on short-term lease contracts	3,806	3,264
Expense on leases of low-value assets	157	54
	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,001	\$ 4,186
Expense on short-term lease contracts	11,147	10,835
Expense on leases of low-value assets	400	212

F. For the nine-month period ended September 30, 2022 and 2021, the Group's total cash outflow for leases were \$32,096 and \$30,301, respectively.

G. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Short-term borrowings

Type of borrowings	<u>September 30, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured Banking Loan	\$ 1,200,000	1.29%~1.44%	None
Type of borrowings	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured Banking Loan	\$ 1,000,565	0.7%~1.23%	None
Type of borrowings	<u>September 30, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured Banking Loan	\$ 1,136,610	0.63%~1.34%	None

(9) Accounts payable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts payable	\$ 1,162,272	\$ 1,101,914	\$ 938,464
Estimated accounts payable	286,427	137,417	222,385
	<u>\$ 1,448,699</u>	<u>\$ 1,239,331</u>	<u>\$ 1,160,849</u>

(10) Other payables

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accrued salaries	\$ 229,270	\$ 200,874	\$ 167,797
Accrued employees' bonuses and directors' remuneration	105,212	74,158	63,571
Payables on equipment - Fixed assets	2,141	11,825	968
Payables on equipment - Intangible assets	938	-	-
Others	88,370	114,394	74,564
	<u>\$ 425,931</u>	<u>\$ 401,251</u>	<u>\$ 306,900</u>

(11) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>September 30, 2022</u>
Mortgage borrowings	Borrowing period is from July 1, 2021 to July 1, 2026, non-revolving instalments, with monthly interest payment, principal is repayable every 3 months with 5% of principal from July 1, 2022, and the rest of principal shall be paid off on the maturity date.	1.39%	Note	\$ 190,000
Mortgage borrowings	The mortgage borrowings is recyclable from November 24, 2021 to March 31, 2024, with monthly interest payment and the principal shall be paid off on the maturity date (the actual borrowings period is less than 3 years, because the factory contract period is from March 31, 2021 to March 31, 2024, the principal shall be paid off on the maturity date).	1.38%	Note	100,000
Mortgage borrowings	Borrowing period is from June 14, 2017 to June 14, 2032; interest is repayable monthly and principal is repayable monthly through June, 2018 to June, 2032.	1.59%	Note	59,893
Mortgage borrowings	Borrowing period is from June 08, 2020 to June 08, 2030; The principal is repayable every 3 months in 40 installments.	1.75%	Note	52,700
Unsecured borrowing	The mortgage borrowings is recyclable from January 18, 2022 to May 14, 2023, with monthly interest payment and the principal shall be paid off on the maturity date.	1.32%	None	80,000
Unsecured borrowing	The mortgage borrowings is recyclable from April 21, 2022 to May 14, 2023, with monthly interest payment and the principal shall be paid off on the maturity date.	1.32%	None	60,000
				542,593
Less: current portion				( 192,943 )
				<u>\$ 349,650</u>
<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2021</u>
Mortgage borrowings	Borrowing period is from July 1, 2021 to July 1, 2026, non-revolving instalments, with monthly interest payment, principal is repayable every 3 months with 5% of principal from July 1, 2022, and the rest of principal shall be paid off on the maturity date.	0.98%	Note	\$ 200,000
Mortgage borrowings	Borrowing period is from June 14, 2017 to June 14, 2032; interest is repayable monthly and principal is repayable monthly through June, 2018 to June, 2032.	1.18%	Note	64,500

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2021</u>
Mortgage borrowings	Borrowing period is from July 13, 2017 to July 13, 2022; The principal is repayable every 6 months in 8 installments from January 13, 2019.	1.05%	Note	5,750
Mortgage borrowings	The mortgage borrowings is recyclable from November 24, 2021 to March 31, 2024, with monthly interest payment and the principal shall be paid off on the maturity date (the actual borrowings period is less than 3 years, because the factory contract period is from March 31, 2022 to March 31, 2024, the principal shall be paid off on the maturity date).	0.94%	Note	100,000
Mortgage borrowings	Borrowing period is from June 08, 2020 to June 08, 2030; The principal is repayable every 3 months in 40 installments from September 8, 2020.	1.27%	Note	57,800
				<u>428,050</u>
Less: current portion				( <u>38,193</u> )
				<u>\$ 389,857</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>September 30, 2021</u>
Mortgage borrowings	Borrowing period is from July 1, 2021 to July 1, 2026, non-revolving instalments, with monthly interest payment, principal is repayable every 3 months with 5% of principal from July 1, 2022, and the rest of principal shall be paid off on the maturity date.	0.98%	Note A	\$ 200,000
Mortgage borrowings	Borrowing period is from June 14, 2017 to June 14, 2032; interest is repayable monthly and principal is repayable monthly through June, 2018 to June, 2032.	1.18%	None	66,036
Mortgage borrowings	Borrowing period is from July 13, 2017 to July 13, 2022; The principal is repayable every 6 months in 8 installments.	1.05%	Note	5,750
Mortgage borrowings	Borrowing period is from June 08, 2020 to June 08, 2030; The principal is repayable every 3 months in 40 installments.	1.27%	Note	59,500
				<u>331,286</u>
Less: current portion				( <u>28,693</u> )
				<u>\$ 302,593</u>

Note : Details of long-term borrowings pledged as collateral are provided in Note 8.

## (12) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for

the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contributes monthly an amount equal to 2% and 7%, respectively of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method, to the labors expected to be qualified for retirement next year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

- (b) For the aforementioned pension plan, the Group recognized pension costs of \$134, \$11, \$404 and \$34 for the three-month periods ended September 30, 2022 and 2021, and for the nine-month periods ended September 30, 2022 and 2021, respectively.
  - (c) Expected contributions to the defined benefit pension plans of the Group for the year ended December 31, 2022 are \$7,135.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Group's Chinese subsidiary have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC.) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage was 10% to 20%. Other than the monthly contributions, the Group has no further obligations.
  - (c) The pension costs under defined contribution pension plans of the Group for the three-month periods ended September 30, 2022 and 2021, and for the nine-month periods ended September 30, 2022 and 2021, were \$10,393, \$9,622, \$30,896 and \$27,485, respectively.

(13) Share-based payment

- A. For the nine-month periods ended September 30, 2022, the Group's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted (shares in thousands)</u>	<u>Contract period</u>	<u>Vesting contiditions</u>
Treasury stock transferred to employees	2022.8.9	2,839	-	Immediately
Treasury stock transferred to employees	2021.11.5	1,487	-	Immediately
Treasury stock transferred to employees	2022.8.19	1,135	-	Immediately
Treasury stock transferred to employees	2021.11.3	865	-	Immediately



B. The fair value of the Company's treasury stocks transferred to employees is as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price</u>	<u>Exercise price</u>	<u>Compensation cost per unit</u>
Treasury stock transferred to employees	2022.8.9	25.35	18.07	7.28
Treasury stock transferred to employees	2021.11.5	33.30	18.07	15.23
Treasury stock transferred to employees	2022.8.19	90.80	71.13	19.67
Treasury stock transferred to employees	2022.8.19	90.80	74.91	15.89
Treasury stock transferred to employees	2022.8.19	90.80	78.09	12.71
Treasury stock transferred to employees	2021.11.3	91.00	78.09	12.91

C. Expenses arising from share-based payment transactions :

	<u>For the three-month period ended September 30, 2022</u>	<u>For the three-month period ended September 30, 2021</u>
Equity delivery	<u>\$ 37,043</u>	<u>\$ -</u>
	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
Equity delivery	<u>\$ 37,043</u>	<u>\$ -</u>

(14) Share capital

A. As of September 30, 2022, the Company's authorized capital was \$2,500,000, consisting of 250,000 thousand shares of ordinary stock, and the paid-in capital was \$1,651,361 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	Unit: shares in thousands	
	<u>2022</u>	<u>2021</u>
At January 1	\$ 160,623	\$ 159,136
Treasury stock transferred to employees	<u>2,839</u>	<u>-</u>
At September 30	<u>163,462</u>	<u>159,136</u>

B. On March 24, 2020, the Board of directors resolved to acquire 6,000 thousands shares of the Company. All the acquired shares will be reissued to employees. As of September 30, 2022, the Company has acquired 6,000 thousands shares.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Unit: shares in thousands

		September 30,2022	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	1,674	\$ 30,254

		December 31,2021	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	4,513	\$ 81,555

		September 30,2021	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	6,000	\$ 108,425

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(15) Capital surplus

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Details of Capital surplus:

	Share premium	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Net change in equity of subsidiaries	Expired employee stock option	Total
At January 1, 2022	\$ 127,167	\$ 54,046	\$ 11,750	\$ 29,295	\$ 4,446	\$ 226,704
From changes in equities of subsidiaries	-	-	-	36,514	-	36,514
Capital surplus distribute cash	( 16,062 )	-	-	-	-	( 16,062 )
Treasury stock transferred	-	20,668	-	-	-	20,668
At September 30, 2022	<u>\$ 111,105</u>	<u>\$ 74,714</u>	<u>\$ 11,750</u>	<u>\$ 65,809</u>	<u>\$ 4,446</u>	<u>\$ 267,824</u>

	Share premium	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Net change in equity of associates	Expired employee stock option	Total
At January 1, 2021	\$ 127,167	\$ 31,399	\$ 11,750	\$ 12,326	\$ 4,446	\$ 187,088
Capital surplus distribute cash	-	-	-	-	-	-
From changes in equities of subsidiaries	-	-	-	( 12,326 )	-	( 12,326 )
At September 30, 2021	<u>\$ 127,167</u>	<u>\$ 31,399</u>	<u>\$ 11,750</u>	<u>\$ -</u>	<u>\$ 4,446</u>	<u>\$ 174,762</u>

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and set aside a special reserve in accordance with applicable legal and regulatory requirement. Distributing the remaining amount plus prior year's retained earnings in the following order, but the ratios of the distribution of the aforementioned retained earnings and the cash dividend distribution shall be proposed by the Board of Directors based on the actual profit and capital situation of the current year, and proposed to the shareholders' meeting for resolution. The company authorized the board of directors to distribute all or part of the dividends or legal reserve and capital surplus in the form of cash with a resolution adopted by a majority vote at a meeting of the Board of Directors attended by over two-thirds of the directors, and report to the shareholders' meeting.

The ratio of cash dividend shall not be less than 10% of the shareholders' dividend.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land. As of the date of transition, the Company recognized \$132,987

special reserve.

(c) The aforementioned special surplus reserve were reversed amounting to \$21,840 due to liquidation of subsidiaries for year ended December 31, 2021.

D. On June 8, 2022 and July 5, 2021, respectively, the shareholders resolved that total dividends for the distribution of earnings for the year of 2021 and 2020 were as following:

	2021		2020	
	Amount	Earnings per share(In dollars)	Amount	Earnings per share(In dollars)
Legal reserve	\$ 23,075	\$ -	\$ 15,064	\$ -
Cash dividends	224,872	1.400	159,136	1.000
Total	<u>\$ 247,947</u>	<u>\$ 1.400</u>	<u>\$ 174,200</u>	<u>\$ 1.000</u>

E. On June 8, 2022, the Shareholders resolved for the distribution of dividends from 2021 earnings amounting to \$16,062 (\$0.1 (in dollars) per share).

(17) Other equity items

	For the nine-month period ended September 30, 2022		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	\$ 109,454	(\$ 49,419)	\$ 60,035
Revaluation:—group	( 43,910)	-	( 43,910)
Revaluation - tax	( 2,123)	-	( 2,123)
Currency translation differences: — group	-	16,518	16,518
At September 30	<u>\$ 63,421</u>	<u>(\$ 32,901)</u>	<u>\$ 30,520</u>

	For the nine-month period ended September 30, 2021		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	\$ 32,228	(\$ 80,574)	(\$ 48,346)
Revaluation:—group	21,809	-	21,809
Revaluation - tax	( 45)	-	( 45)
Disposal transferred	-	38,724	38,724
Currency translation differences: — group	-	( 13,155)	( 13,155)
At September 30	<u>\$ 53,992</u>	<u>(\$ 55,005)</u>	<u>(\$ 1,013)</u>

(18) Operating revenue

	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021
	Revenue from Contracts with Customers	<u>\$ 1,285,043</u>
	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
	<u>\$ 3,516,495</u>	<u>\$ 3,701,201</u>

#### A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

For the three-month period ended September 30, 2022				
	Taiwan	China	Other	Total
Total segment revenue	\$ 832,664	\$ 543,165	\$ 35,213	\$ 1,411,042
Inter-segment revenue	( 96,809)	( 29,176)	( 14)	( 125,999)
Revenue from external customer contracts	<u>\$ 735,855</u>	<u>\$ 513,989</u>	<u>\$ 35,199</u>	<u>\$ 1,285,043</u>
Timing of revenue recognition				
At a point in time	\$ 729,302	\$ 513,982	\$ 35,091	\$ 1,278,375
Over time	<u>6,553</u>	<u>7</u>	<u>108</u>	<u>6,668</u>
	<u>\$ 735,855</u>	<u>\$ 513,989</u>	<u>\$ 35,199</u>	<u>\$ 1,285,043</u>
For the three-month period ended September 30, 2021				
	Taiwan	China	Other	Total
Total segment revenue	\$ 739,229	\$ 547,084	\$ 21,714	\$ 1,308,027
Inter-segment revenue	( 108,096)	( 24,426)	( 9)	( 132,531)
Revenue from external customer contracts	<u>\$ 631,133</u>	<u>\$ 522,658</u>	<u>\$ 21,705</u>	<u>\$ 1,175,496</u>
Timing of revenue recognition				
At a point in time	\$ 626,179	\$ 518,694	\$ 21,594	\$ 1,166,467
Over time	<u>4,954</u>	<u>3,964</u>	<u>111</u>	<u>9,029</u>
	<u>\$ 631,133</u>	<u>\$ 522,658</u>	<u>\$ 21,705</u>	<u>\$ 1,175,496</u>
For the nine-month period ended September 30, 2022				
	Taiwan	China	Other	Total
Total segment revenue	\$ 2,000,241	\$ 1,802,279	\$ 78,681	\$ 3,881,201
Inter-segment revenue	( 246,220)	( 118,452)	( 34)	( 364,706)
Revenue from external customer contracts	<u>\$ 1,754,021</u>	<u>\$ 1,683,827</u>	<u>\$ 78,647</u>	<u>\$ 3,516,495</u>
Timing of revenue recognition				
At a point in time	\$ 1,735,368	\$ 1,683,769	\$ 78,443	\$ 3,497,580
Over time	<u>18,653</u>	<u>58</u>	<u>204</u>	<u>18,915</u>
	<u>\$ 1,754,021</u>	<u>\$ 1,683,827</u>	<u>\$ 78,647</u>	<u>\$ 3,516,495</u>
For the nine-month period ended September 30, 2021				
	Taiwan	China	Other	Total
Total segment revenue	\$ 2,109,652	\$ 1,987,516	\$ 59,397	\$ 4,156,565
Inter-segment revenue	( 345,970)	( 109,364)	( 30)	( 455,364)
Revenue from external customer contracts	<u>\$ 1,763,682</u>	<u>\$ 1,878,152</u>	<u>\$ 59,367</u>	<u>\$ 3,701,201</u>
Timing of revenue recognition				
At a point in time	\$ 1,750,228	\$ 1,873,478	\$ 58,247	\$ 3,681,953
Over time	<u>13,454</u>	<u>4,674</u>	<u>1,120</u>	<u>19,248</u>
	<u>\$ 1,763,682</u>	<u>\$ 1,878,152</u>	<u>\$ 59,367</u>	<u>\$ 3,701,201</u>

## B. Contract liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	September 30, 2022	December 31, 2021	September 30, 2021	January 1, 2021
Contract liabilities	\$ 283,843	\$ 222,518	\$ 233,426	\$ 267,883

## C. Revenue recognised that was included in the contract liability balance at the beginning of the period

	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 6,278	\$ 54,796
	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 166,566	\$ 239,482

## (19) Interest income

	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021
Interest income from bank deposits	\$ 2,552	\$ 3,775
	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
Interest income from bank deposits	\$ 9,064	\$ 11,000

## (20) Other income

	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021
Rental revenue	\$ 7,065	\$ 6,724
Government grants revenue	4,803	9,412
Dividend income	51,995	19,514
Others	2,287	2,115
Total	\$ 66,150	\$ 37,765
	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
Rental revenue	\$ 20,746	\$ 19,893
Government grants revenue	13,889	30,730
Dividend income	51,995	21,266
Others	11,561	6,808
Total	\$ 98,191	\$ 78,697

(21) Other gains and losses

	<u>For the three-month period ended September 30, 2022</u>	<u>For the three-month period ended September 30, 2021</u>
Net currency exchange gains	\$ 74,555	\$ 4,333
Others gains and losses	( 1,470)	( 1,087)
	<u>\$ 73,085</u>	<u>\$ 3,246</u>
	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
Losses (gains) on disposal of investments	\$ -	(\$ 33,482)
Gains on lease modification	-	110
Net currency exchange gains(losses)	150,157	( 23,425)
Others gains and losses	( 4,622)	( 3,691)
	<u>\$ 145,535</u>	<u>(\$ 60,488)</u>

(22) Finance costs

	<u>For the three-month period ended September 30, 2022</u>	<u>For the three-month period ended September 30, 2021</u>
Interest expense	\$ 6,745	\$ 5,007
	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
Interest expense	\$ 17,337	\$ 13,767

(23) Expenses by nature

	<u>For the three-month period ended September 30, 2022</u>	<u>For the three-month period ended September 30, 2021</u>
Employee benefit expense	\$ 322,605	\$ 261,754
Depreciation charges	\$ 15,014	\$ 14,032
Amortization charges on intangible assets	\$ 1,731	\$ 2,867
	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
Employee benefit expense	\$ 848,992	\$ 696,038
Depreciation charges	\$ 44,639	\$ 43,097
Amortization charges on intangible assets	\$ 4,325	\$ 8,584

(24) Employee benefit expense

	<u>For the three-month period ended September 30, 2022</u>	<u>For the three-month period ended September 30, 2021</u>
Wages and salaries	\$ 287,219	\$ 227,838
Labour and health insurance fees	16,573	16,543
Pension costs	10,527	9,633
Other personnel expenses	8,286	7,740
	<u>\$ 322,605</u>	<u>\$ 261,754</u>

	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
Wages and salaries	\$ 744,070	\$ 596,666
Labour and health insurance fees	49,485	49,038
Pension costs	31,300	27,519
Other personnel expenses	24,137	22,815
	<u>\$ 848,992</u>	<u>\$ 696,038</u>

- A. Under the Company's Articles of Incorporation, the Company shall distribute not less than 1% and not more than 12% of its annual profit as the employee compensation, and not more than 3% of its annual profit as the director remuneration. However, if the Company has an accumulated deficit, then it should be offset first.

Employee remuneration could be paid by cash or shares, and entitled to receive the cash or shares may include the employees of subsidiaries of the Company meeting certain specific requirements.

The term "profit" used in the first paragraph refers to the profit before tax before deducting the employee compensation and director remuneration. The distribution of employee compensation and director remuneration shall be in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported to the shareholders at shareholders' meeting.

- B. For the three-month periods ended September 30, 2022 and 2021 and for the nine-month periods ended September 30, 2022 and 2021, employees' remuneration was accrued at \$21,024, \$8,943, \$47,067 and \$24,113, respectively; directors' remuneration was accrued at \$4,205, \$1,808, \$6,943 and \$3,942, respectively. The aforementioned amounts were recognized in salary expenses.

For the years ended September 30, 2022, employees' compensation and directors' and supervisors' remuneration were accrued based on the profit at 10.05% and 1.48%, respectively.

The employees' compensation of \$30,045 and directors' and supervisors' remuneration of \$5,092 for 2021 as resolved by the meeting of Board of Directors on March 16, 2022 were in agreement with those amounts recognized in the 2021 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.



(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>For the three-month period ended September 30, 2022</u>	<u>For the three-month period ended September 30, 2021</u>
Current tax:		
Current tax on profits for the period	\$ 8,951	\$ 25,649
Total current tax	<u>8,951</u>	<u>25,649</u>
Deferred tax:		
Origination and reversal of temporary differences	33,454 (	5,339)
Effect from loss of nondeductible item	<u>-</u>	<u>1,000</u>
Total deferred tax	<u>33,454 (</u>	<u>4,339)</u>
Income tax expense	<u>\$ 42,405</u>	<u>\$ 21,310</u>
	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
Current tax:		
Current tax on profits for the period	\$ 68,177	(\$ 6,855)
Prior year income tax (over) underestimate	( 1,704)	( 2,037)
Total current tax	<u>66,473</u>	<u>( 8,892)</u>
Deferred tax:		
Origination and reversal of temporary differences	60,720 (	27,376)
Effect from loss of nondeductible item	<u>-</u>	<u>54,185</u>
Total deferred tax	<u>60,720</u>	<u>26,809</u>
Income tax expense	<u>\$ 127,193</u>	<u>\$ 17,917</u>

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

	<u>For the three-month period ended September 30, 2022</u>	<u>For the three-month period ended September 30, 2021</u>
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 1,399	(\$ 3,076)
	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ 3,130)	\$ 6,330

B. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	<u>For the three-month period ended September 30, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ <u>162,149</u>	162,228	\$ <u>1.00</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
- Employees' bonus	<u>-</u>	<u>1,796</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>162,149</u>	<u>164,024</u>	\$ <u>0.99</u>
	<u>For the three-month period ended September 30, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ <u>74,769</u>	159,136	\$ <u>0.47</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
- Employees' bonus	<u>-</u>	<u>745</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>74,769</u>	<u>159,881</u>	\$ <u>0.47</u>
	<u>For the nine-month period ended September 30, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ <u>374,089</u>	161,164	\$ <u>2.32</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares -			
Employees' bonus	<u>-</u>	<u>2,083</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>374,089</u>	<u>163,247</u>	\$ <u>2.29</u>

	For the nine-month period ended September 30, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 240,814	159,136	\$ 1.51
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares - Employees' bonus	-	854	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 240,814	159,990	\$ 1.51

(27) Transactions with non-controlling interests

Subsidiary purchases treasury shares

For the nine-month period ended September 30, 2021, Gallant Micro. Machining Co., Ltd. acquired an additional 7.07% of its outstanding shares for a total cash consideration of \$151,112. This transaction resulted in a decrease in the non-controlling interest by \$99,612 and a decrease in the equity attributable to owners of the parent by \$51,500. The effect of changes in interests in Gallant Micro. Machining Co., Ltd. on the equity attributable to owners of the parent for the years ended December 31, 2021 is shown below:

	2021
Cash	\$ 151,112
Decrease in the carrying amount of non-controlling interest	( 99,612)
Capital surplus (unappropriated retained earnings) - difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	\$ 51,500

(28) Supplemental cash flow information

Investing activities with partial cash payments:

	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021
Purchase of property, plant and equipment	\$ 13,911	\$ 23,244
Add: opening balance of payable on equipment	11,825	385
Less: ending balance of payable on equipment	( 2,141)	( 968)
Cash paid during the period	\$ 23,595	\$ 22,661

(29) Changes in liabilities from financing activities

	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Guarantee deposits received</u>	<u>Leases liabilities</u>	<u>Liabilities from financing activities-gross</u>
At January 1, 2022	\$ 1,000,565	\$ 428,050	\$ 3,614	\$ 263,096	\$ 1,695,325
Changes in cash flow from financing activities	199,435	114,543	473 (	16,548)	297,903
Interest expense	-	-	-	4,001	4,001
Payment of interest	-	-	- (	4,001)	(4,001)
Changes in other non-cash items	-	-	-	1,002	1,002
Changes in leases liabilities	-	-	-	9,056	9,056
At September 30, 2022	<u>\$ 1,200,000</u>	<u>\$ 542,593</u>	<u>\$ 4,087</u>	<u>\$ 256,606</u>	<u>\$ 2,003,286</u>

	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Guarantee deposits received</u>	<u>Leases liabilities</u>	<u>Liabilities from financing activities-gross</u>
At January 1, 2021	\$ 1,054,410	\$ 146,743	\$ 3,531	\$ 262,310	\$ 1,466,994
Changes in cash flow from financing activities	82,200	184,543	83 (	15,068)	251,758
Interest expense	-	-	-	4,186	4,186
Payment of interest	-	-	- (	4,186)	(4,186)
Changes in acquisition of subsidiaries	-	-	- (	643)	(643)
Changes in loss of control in subsidiaries	-	-	- (	110)	(110)
Changes in other non-cash items	-	-	-	12,323	12,323
At September 30, 2021	<u>\$ 1,136,610</u>	<u>\$ 331,286</u>	<u>\$ 3,614</u>	<u>\$ 258,812</u>	<u>\$ 1,730,322</u>

7. RELATED-PARTY TRANSACTIONS

(1) Names and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
C SUN Mfg. Ltd.	Associate
C SUN (Guangzhou) Mfg. Ltd.	Associate
Fujian Chengzhe Automation Technology Co. Ltd	Substantive related party
Ohmplus Technology Inc.	Substantive related party

(2) Significant related party transactions

A. Operating revenue:

	<u>For the three-month period ended September 30, 2022</u>	<u>For the three-month period ended September 30, 2021</u>
Sales of goods:		
Associates	<u>\$ 26,710</u>	<u>\$ 96</u>
	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
Sales of goods:		
Associates	<u>\$ 26,791</u>	<u>\$ 96</u>

The Group's sales to related parties has no other transactions of the same type that can be compared, and the sales are conducted in accordance with the agreed sales prices and conditions; the terms of payment are not significantly different from those of non-related parties.

B. Purchases:

	<u>For the three-month period ended September 30, 2022</u>	<u>For the three-month period ended September 30, 2021</u>
Purchases of goods:		
Substantive related party	<u>\$ 241</u>	<u>\$ 11,525</u>
	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
Purchases of goods:		
Substantive related party	<u>\$ 8,835</u>	<u>\$ 99,347</u>

The purchase prices of transactions with related parties and non-related parties were negotiated in consideration of the differences of product and the complexity of production. There were no similar transaction types with non-related parties. The transactions with related parties are subject to the terms and conditions agreed upon by both parties. The payment terms are 90 days after the date of acceptance on a monthly basis.

C. Receivables from related parties:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts receivable:			
Associates	\$ 14,740	\$ 44,154	\$ 3,361
Substantive related party	-	1,134	-
Subtotal	<u>\$ 14,740</u>	<u>\$ 45,288</u>	<u>\$ 3,361</u>

D. Payables to related parties:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts payable:			
Associates	\$ -	\$ 436	\$ -
Substantive related party	272	11,603	50
Subtotal	<u>\$ 272</u>	<u>\$ 12,039</u>	<u>\$ 50</u>

### (3) Key management compensation

	<u>For the three-month period ended September 30, 2022</u>	<u>For the three-month period ended September 30, 2021</u>
Payroll and Salaries and other short-term employee benefits	\$ 16,969	\$ 12,267
Post-employment benefits	300	345
Total	<u>\$ 17,269</u>	<u>\$ 12,612</u>
	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
Payroll and Salaries and other short-term employee benefits	\$ 33,960	\$ 30,812
Post-employment benefits	1,004	1,030
Total	<u>\$ 34,964</u>	<u>\$ 31,842</u>

### 8. PLEGDED ASSETS

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

Pledged asset	Book value			Purpose
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	
Time deposits (shown as "financial assets at amortised cost-current")	\$ -	\$ -	\$ 954	Exercise guarantee for construction
Time deposits (shown as "financial assets at amortised cost non-current")	15,076	17,898	17,687	Exercise guarantee for construction and customs deposit
Property, plant and equipment	476,204	512,556	519,630	Long-term borrowings
Total	<u>\$ 491,280</u>	<u>\$ 530,454</u>	<u>\$ 538,271</u>	

### 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

#### Contingent liabilities

As of September 30, 2022, December 31, 2021 and September 30, 2021, the bank open a guarantee letter for the Group's due to business tender and guarantee for construction amounting to \$9,728, \$27,115 and \$25,411, respectively.

### 10. SIGNIFICANT DISASTER LOSS

None.

### 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

### 12. OTHERS

#### (1) Capital management

No significant change was made during the nine-month period ended September 30, 2022. For more information, please refer to note 12 in the Group's consolidated financial statements for the year ended December 31, 2021.

## (2) Financial instruments

### A. Financial instruments by category

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets</u>			
Financial assets measured at fair value through profit or loss			
Financial assets at fair value through other comprehensive income	\$ 1,136,323	\$ 935,284	\$ 676,814
Financial assets at amortised cost/Loans and receivables			
Cash and cash equivalents	1,018,142	1,221,566	1,266,127
Financial assets at amortised cost	549,900	677,116	692,030
Notes receivables	29,926	39,362	22,436
Accounts receivables (related party)	2,380,763	1,889,931	1,623,362
Other accounts receivables	10,128	4,243	5,072
Guarantee deposits paid	9,647	7,076	7,573
	<u>\$ 5,134,829</u>	<u>\$ 4,774,578</u>	<u>\$ 4,293,414</u>
	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 1,200,000	\$ 1,000,565	\$ 1,136,610
Notes payable	650	8,683	451
Accounts payable(related party)	1,448,971	1,251,370	1,160,899
Other accounts payable(related party)	425,931	401,251	306,900
Long-term borrowings (including current portion)	542,593	428,050	331,286
Guarantee deposits received	4,087	3,614	3,614
	<u>\$ 3,622,232</u>	<u>\$ 3,093,533</u>	<u>\$ 2,939,760</u>
Leases liabilities	<u>\$ 256,606</u>	<u>\$ 263,096</u>	<u>\$ 258,812</u>

### B. Financial risk management policies

No significant change was made during the nine-month period ended September 30, 2022. For more information, please refer to note 12 in the Group's consolidated financial statements for the year ended December 31, 2021.

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

#### (a) Market risk

##### Foreign exchange risk

- i . The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and MYR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is

as follows:

				September 30, 2022			
				Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
	USD:NTD	\$	43,277		31.75	\$	1,374,049
	JPY:NTD		140,334		0.2201		30,888
	RMB:NTD		61,419		4.473		274,728
	USD: RMB		1,448		7.098		45,979
<u>Non-monetary items</u>							
	USD:NTD	\$	5,872		31.75	\$	186,433
<u>Financial liability</u>							
<u>Monetary items</u>							
	USD:NTD	\$	16,060		31.75	\$	509,918
	JPY:NTD		76,753		0.2201		16,893
	RMB:NTD		6,049		4.473		27,059
<u>Non-monetary items: None</u>							
				December 31, 2021			
				Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
	USD:NTD	\$	43,175		27.68	\$	1,195,076
	JPY:NTD		258,578		0.2405		62,188
	RMB:NTD		54,227		4.344		235,564
	USD: RMB		1,238		6.372		34,281
<u>Non-monetary items</u>							
	USD:NTD	\$	7,716		27.68	\$	213,582
<u>Financial liability</u>							
<u>Monetary items</u>							
	USD:NTD	\$	14,994		27.68	\$	415,029
	JPY:NTD		123,915		0.2405		29,081
	RMB:NTD		8,622		4.344		37,454
<u>Non-monetary items: None</u>							



				September 30, 2021			
				Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
	USD:NTD	\$	47,681	27.85	\$	1,327,904	
	JPY:NTD		37,310	0.249		9,290	
	RMB:NTD		55,335	4.305		238,218	
	USD: RMB		1,225	6.4692		34,114	
<u>Non-monetary items: None</u>							
<u>Financial liability</u>							
<u>Monetary items</u>							
	USD:NTD	\$	19,578	27.85	\$	545,251	
	JPY:NTD		67,767	0.249		16,874	
	RMB:NTD		6,298	4.305		27,113	
<u>Non-monetary items: None</u>							

- ii . The unrealized exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended September 30, 2022 and 2021 and for the nine-month periods ended September 30, 2022 and 2021, amounted \$74,555, \$4,333, \$150,157 and (\$23,425), respectively.
- iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

				For the nine-month period ended September 30, 2022			
				Sensitivity analysis			
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
	USD:NTD		1%	\$	13,740	\$	-
	JPY:NTD		1%		309		-
	RMB:NTD		1%		2,747		-
	USD: RMB		1%		460		-
<u>Non-monetary items</u>							
	USD:NTD		1%	\$	1,864	\$	-
<u>Financial liability</u>							
<u>Monetary items</u>							
	USD:NTD		1%	\$	5,099	\$	-
	JPY:NTD		1%		169		-
	RMB:NTD		1%		271		-

For the nine-month period ended September 30, 2021			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 13,279	\$ -
JPY:NTD	1%	93	-
RMB:NTD	1%	2,382	-
USD: RMB	1%	341	-
<u>Financial liability</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 5,453)	\$ -
JPY:NTD	1%	( 169)	-
RMB:NTD	1%	( 271)	-

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise domestic listed and unlisted stocks, shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the periods ended September 30, 2022 and 2021 would have increased/decreased by \$11,363 and \$6,768, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

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

The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the periods ended September 30, 2022 and 2021, the Group's borrowings at variable rate were denominated in the NTD, JPY, USD. If the interest rate had increased/decreased by 1%, the amount of cash flow out for the nine-month periods ended September 30, 2022 and 2021 would have increased/decreased by \$9,626 and \$7,403, respectively.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. The Group manages their credit risk taking into consideration the entire Group's concern.

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
 

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customer's accounts receivable, in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- viii. The Group used the forecastability of Panel industry research report to adjust historical and timely information to assess the default possibility of accounts receivable. On September 30, 2022, December 31, 2021 and September 30, 2021, respectively, the provision matrix is as follows:

At September 30, 2022	Without past due	Up to 0 -90 days	Up to 91 -120 days	Up to 120 days	Total
Expected loss rate	0.00%-0.67%	0.00%-21.30%	0.01%-24.33%	0.02%-100%	
Total book value	\$ 2,022,011	\$ 224,332	\$ 46,702	\$ 375,846	\$2,668,891
Loss allowance	\$ 19,122	\$ 10,242	\$ 8,562	\$ 250,202	\$ 288,128

  

At December 31, 2021	Without past due	Up to 0 -90 days	Up to 91 -120 days	Up to 120 days	Total
Expected loss rate	0.00%-1.15%	0.00%-31.43%	0.01%-34.45%	0.04%-100%	
Total book value	\$ 1,676,605	\$ 164,424	\$ 41,906	\$ 214,188	\$2,097,123
Loss allowance	\$ 11,619	\$ 17,338	\$ 10,913	\$ 167,322	\$ 207,192

At September 30, 2021	Without past due	Up to 0 -90 days	Up to 91 -120 days	Up to 120 days	Total
Expected loss rate	0.00%-1.15%	0.01%-31.43%	0.01%-34.45%	0.04%-100%	
Total book value	\$ 1,418,620	\$ 162,085	\$ 22,587	\$ 207,740	\$1,811,032
Loss allowance	\$ 11,919	\$ 15,515	\$ 2,818	\$ 157,418	\$ 187,670

- ix. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the nine-month period ended September 30, 2022	
	Accounts receivable	
At January 1	\$	207,192
Reversal of impairment loss		86,969
Write-offs	(	7,013 )
Effect of foreign exchange		980
At September 30	\$	<u>288,128</u>
	For the nine-month period ended September 30, 2021	
	Accounts receivable	
At January 1	\$	199,508
Reversal of impairment loss	(	11,593 )
Effect of foreign exchange	(	245 )
At September 30	\$	<u>187,670</u>

- x. For investments in debt instruments at amortised cost and the credit rating levels are presented below:

	September 30, 2022			
	Lifetime			Total
	By geography	Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost				
Group 1	\$ 102,707	\$ -	\$ -	\$ 102,707
Group 2	431,177	-	-	431,177
Group 3	16,016	-	-	16,016
	<u>\$ 549,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549,900</u>
	December 31, 2021			
	Lifetime			Total
	By geography	Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost				
Group 1	\$ 169,498	\$ -	\$ -	\$ 169,498
Group 2	493,555	-	-	493,555
Group 3	14,063	-	-	14,063
	<u>\$ 677,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 677,116</u>

	September 30, 2021			
	By geography	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost				
Group 1	\$ 169,265	\$ -	\$ -	\$ 169,265
Group 2	505,833	-	-	505,833
Group 3	16,932	-	-	16,932
	<u>\$ 692,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692,030</u>
Group 3:Taiwai Bank				
Group 3:China Bank				
Group 3:Other regional Bank				

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, beneficiary certificates and No active market of debt securities investment (Later than three month but not later than one years of deposit account) , choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at September 30, 2022, December 31, 2021 and September 30, 2021, the Group held money market position of \$1,552,667, \$1,880,468 and \$1,940,154, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Company has the following undrawn borrowing facilities:

	September 30, 2022	December 31, 2021	September 30, 2021
Floating rate:			
Expiring within one year	\$ 2,076,683	\$ 2,029,944	\$ 2,033,240
Expiring beyond one year	8,500	33,400	8,500
	<u>\$ 2,085,183</u>	<u>\$ 2,063,344</u>	<u>\$ 2,041,740</u>

The facilities expiring within one year are annual facilities subject to review at various dates during 2022. The other facilities have been arranged to help finance the proposed equipment manufacturing and research and development business activities of the Group. Please refer to note 12.

- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

September 30, 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Short-term borrowings	\$ 820,000	\$ 380,000	\$ -	\$ -	\$ -
Notes payable	650	-	-	-	-
Accounts payable (related party)	991,849	99,449	357,673	-	-
Other payables	273,573	152,358	-	-	-
Leases liabilities	7,090	21,308	25,781	41,831	224,157
Long-term borrowings (including current portion)	15,137	184,530	157,021	154,066	49,491

Non-derivative financial liabilities:

December 31, 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Short-term borrowings	\$ 751,632	\$ 248,933	\$ -	\$ -	\$ -
Notes payable	3,780	4,903	-	-	-
Accounts payable (related party)	735,697	238,080	277,593	-	-
Other payables (related party)	296,573	104,678	-	-	-
Leases liabilities	6,704	20,118	26,633	48,978	226,900
Long-term borrowings (including current portion)	7,207	35,285	50,227	291,837	59,266

Non-derivative financial liabilities:

September 30, 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Short-term borrowings	\$1,106,610	\$ 30,000	\$ -	\$ -	\$ -
Notes payable	451	-	-	-	-
Accounts payable (related party)	670,054	162,415	-	328,430	-
Other payables (related party)	205,965	100,935	-	-	-
Leases liabilities	6,167	17,162	22,882	50,079	229,778
Long-term borrowings (including current portion)	4,123	28,016	51,164	199,785	62,658

Derivative financial liabilities:

September 30, 2022, December 31, 2021, September 30, 2021 : None.

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and investment property is included in Level 3.

B. Financial instruments not measured at fair value

The Group's financial instruments not measured at fair value (the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid, deposit account(over 3 months), short-term borrowings, contract liabilities, accounts payable, other payables, lease payments (shown as other current assets and other non-current assets) and long-term borrowings (including current portion) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

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

September 30, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 908,771</u>	<u>\$ -</u>	<u>\$ 227,552</u>	<u>\$1,136,323</u>
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 706,197</u>	<u>\$ -</u>	<u>\$ 229,087</u>	<u>\$ 935,284</u>
September 30, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 471,685</u>	<u>\$ -</u>	<u>\$ 205,129</u>	<u>\$ 676,814</u>

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

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

	<u>Listed shares</u>
Market quoted price	Closing price

- i i. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
  - iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models.
  - v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
  - vi. The Group takes into account adjustments for credit risks to measure the fair value of financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- D. For the September 30, 2022, December 31, 2021 and September 30, 2021, there was no transfer into or out from Level 3.
- E. The following chart is the financial instruments movement of Level 3 for the nine-month periods ended September 30, 2022 and 2021:

	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
	<u>equity instrument</u>	<u>equity instrument</u>
At January 1	\$ 229,087	\$ 167,966
Acquisitions	15,000	5,500
Recognized in other comprehensive income (loss)	( 16,535)	31,663
At September 30	<u>\$ 227,552</u>	<u>\$ 205,129</u>

- F. For the nine month periods ended September 30, 2022 and 2021, there was no transfer into or out from Level 3.
- G. Finance segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:



	September 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative equity instrument:					
Unlisted shares	\$ 186,433	Market comparable companies	Price to book ratio multiple	1.11~1.13	The higher the multiple, the higher the fair value
Unlisted shares	\$ 41,119	Net asset value	Not applicable	-	Not applicable
	December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative equity instrument:					
Unlisted shares	\$ 213,582	Market comparable companies	Price to book ratio multiple	1.45~1.43	The higher the multiple, the higher the fair value
Unlisted shares	\$ 15,505	Net asset value	Not applicable	-	Not applicable
	September 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative equity instrument:					
Unlisted shares	\$ 189,563	Market comparable companies	Price to book ratio multiple	5.55~5.57	The higher the multiple, the higher the fair value
Unlisted shares	\$ 15,566	Net asset value	Not applicable	-	Not applicable

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

		September 30, 2022			
		Recognized in profit or loss		Recognized in other comprehensive income	
		Favourable change	Unfavourable change	Favourable change	Unfavourable change
Input	Change				
Financial assets					
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 1,864 (\$ 1,864)
		December 31, 2021			
		Recognized in profit or loss		Recognized in other comprehensive income	
		Favourable change	Unfavourable change	Favourable change	Unfavourable change
Input	Change				
Financial assets					
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 2,136 (\$ 2,136)

September 30, 2021

	Input	Change	September 30, 2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 1,896	(\$ 1,896)

(4) Operating effect of COVID-19

COVID-19 has no significant impact to the Group's going concern, assets impairment and risk of financing based on the Group assessment.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

There is no material change in the Group's segment, classified basis and measurement of segment information.

(2) Information about segment

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Nine month ended September 30, 2022

	<u>Gallant Precision Machining Co., Ltd</u>	<u>Gallant-Rapid Corporation Ltd.</u>	<u>Gallant Micro. Machining Co., Ltd.</u>	<u>APEX-I International Co., Ltd.</u>	<u>elimination</u>	<u>Amount</u>
Revenue from external customers	<u>\$ 2,077,968</u>	<u>\$ 91,536</u>	<u>\$ 1,161,152</u>	<u>\$ 185,839</u>	<u>\$ -</u>	<u>\$ 3,516,495</u>
Inter-segment revenue	<u>\$ 33,077</u>	<u>\$ 137,548</u>	<u>\$ 191,233</u>	<u>\$ -</u>	<u>(\$ 361,858)</u>	<u>\$ -</u>
Segment income	<u>\$ 414,186</u>	<u>\$ 11,383</u>	<u>\$ 281,766</u>	<u>\$ 97,498</u>	<u>(\$ 201,318)</u>	<u>\$ 603,515</u>
Total segment assets	<u>\$ 5,663,711</u>	<u>\$ 439,006</u>	<u>\$ 2,635,172</u>	<u>\$ 176,254</u>	<u>(\$ 1,145,250)</u>	<u>\$ 7,768,893</u>

Nine month ended September 30, 2021

	<u>Gallant Precision Machining Co., Ltd</u>	<u>Gallant-Rapid Corporation Ltd.</u>	<u>Gallant Micro. Machining Co., Ltd.</u>	<u>Gallant Precision Machinery (BVI)Ltd.</u>	<u>APEX-I International Co., Ltd.</u>	<u>elimination</u>	<u>Amount</u>
Revenue from external customers	<u>\$ 2,431,100</u>	<u>\$ 89,679</u>	<u>\$ 1,091,464</u>	<u>\$ -</u>	<u>\$ 88,958</u>	<u>\$ -</u>	<u>\$ 3,701,201</u>
Inter-segment revenue	<u>\$ 19,875</u>	<u>\$ 302,734</u>	<u>\$ 144,134</u>	<u>\$ -</u>	<u>\$ 1,805</u>	<u>(\$ 468,548)</u>	<u>\$ -</u>
Segment income	<u>\$ 212,195</u>	<u>\$ 41,599</u>	<u>\$ 161,680</u>	<u>(\$ 32,943)</u>	<u>\$ 31,352</u>	<u>(\$ 91,882)</u>	<u>\$ 322,001</u>
Total segment assets	<u>\$ 4,488,615</u>	<u>\$ 415,883</u>	<u>\$ 2,328,573</u>	<u>\$ -</u>	<u>\$ 106,488</u>	<u>(\$ 911,514)</u>	<u>\$ 6,428,045</u>

(3) Reconciliation for segment income

- A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the nine-month periods ended September 30, 2022 and 2021 is provided as follows:

	<u>For the nine-month period ended September 30, 2022</u>	<u>For the nine-month period ended September 30, 2021</u>
Reportable segments income/(loss)	\$ 804,833	\$ 413,883
Other	( 201,318)	( 91,882)
Income/(loss) before tax from continuing operations	<u>\$ 603,515</u>	<u>\$ 322,001</u>

- B. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that of the financial statements.

A reconciliation of assets of reportable segment and total assets is as follow:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Assets of reportable segments	\$ 8,914,143	\$ 7,770,216	\$ 7,339,559
Elimination of intersegment assets	( 1,145,250)	( 973,805)	( 911,514)
Total assets	<u>\$ 7,768,893</u>	<u>\$ 6,796,411</u>	<u>\$ 6,428,045</u>

Table 1

**GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES**  
**FINANCINGS PROVIDED**  
**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company(Note 1)	Financing Company's Total Financing Amount Limits (Note 1)	Footnote
													Item Promised note	Value			
1	Gallant Micro Machining Co., Ltd.	Utron Technologies Corp	Other receivables	Y	\$ 50,000	\$ 50,000	\$ -	2.00%	Short-term financing	-	Operating need	-	Item Promised note	\$ 50,000	\$ 116,911	\$ 233,821	
2	Utron Technologies Corp	U Pin Precision Co., Ltd.	Other receivables	N	3,150	3,150	1,350	2.50%	Short-term financing	-	Operating need	-	-	-	6,366	12,733	

Note1 : Gallant Micro Machining Co., Ltd. Financings provided:

- (1) Total financing amount limits: Total financing amount limits shall not exceed 40% of the net worth of the Company.
- (2) The need for short-term financing: The total loan amount is limited to 20% of the company's net worth.  
The total amount for lending to a company for funding for a short-term period shall not exceed 10% of the net worth of the Company.

Note2 : Utron Technologies Corp Financings provided:

- (1) Total financing amount limits: Total financing amount limits shall not exceed 40% of the net worth of the Company.
- (2) The need for short-term financing: The total loan amount is limited to 20% of the company's net worth.  
The total amount for lending to a company for funding for a short-term period shall not exceed 10% of the net worth of the Company.

Note3 : When a public company whose loans of funds were resolved by the board of directors in accordance with paragraph 1 of Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, although the fund have not drawn down, the company shall announce the amount of loans of funds which resolved by the board of directors to disclose exposure risks. However, if the subsequent funds are repaid, the balance after repayment should be disclosed to reflect the adjustment of risk. If a public company whose chairperson be authorized within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down in accordance with paragraph 2 of Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the company shall announce the amount of loans of funds which resolved by the board of directors. Although the funds will be repaid later, considering the possibility of refinancing the loan, the company shall announce the amount of loans of funds which resolved by the board of directors.

Table 1

Table 2

**GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES**  
**ENDORSEMENTS/GUARANTEES PROVIDED**  
**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period Party	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable(Note1)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Footnote
		Name	Nature of Relationship											
0	Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Subsidiary	\$ 530,797	\$ 103,500	\$ 103,500	\$ -	\$ -	3.90%	\$ 1,326,992	Y	N	N	
0	Gallant Precision Machining Co., Ltd.	Gallant Precision Industries (Suzhou) Co., Ltd.	Subsidiary	530,797	31,750	31,750	-	-	1.20%	1,326,992	Y	N	Y	
1	Gallant Micro Machining Co., Ltd.	Utron Technologies Corp	Subsidiary	233,821	141,200	141,200	112,700	-	12.08%	584,553	Y	N	N	

Note1: The detail of endorsements/guarantees provided by the company and subsidiary :

(1) Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company. The total endorsement/ guarantee amount to a company shall not exceed 20% of the net worth of the Company.

(2) Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company and subsidiaries. The total endorsement/ guarantee amount to a company shall not exceed 30% of the net worth of the Company and subsidiaries.

Note2: Gallant Micro Machining Co., Ltd. endorsements/guarantees provided

(1) Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company.

(2) The total endorsement/ guarantee amount to a company shall not exceed 20% of the net worth of the Company.

Note3: Limits on endorsement/ guarantee amount is based on the amount of the endorsement/ guarantee contract or notes were signed between guaranteed party and financial institutions.

Table 2

Table 3

**GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES**  
**MARKETABLE SECURITIES HELD(NOT INCLUDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)**  
**SEPTEMBER 30, 2022**

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held Company Name	Marketable Securities Type and Name	Relationship with the company	Financial Statement Account	September 30, 2022				Footnote
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
Gallant Precision Machining Co., Ltd	C SUN Mfg. Ltd.	Associates	Financial assets at fair value through other comprehensive income-non-current	14,372,082	\$ 653,930	9.17	\$ 653,930	
Gallant Precision Machining Co., Ltd	AMPOC FAR-EAST CO., LTD.	None	Financial assets at fair value through other comprehensive income-non-current	5,000,000	201,000	4.37	201,000	
Gallant Precision Machining Co., Ltd	Ohmplus Technologies Inc.	None	Financial assets at fair value through other comprehensive income-non-current	495,000	5,500	8.74	5,500	
Gallant Precision Machining Co., Ltd	OpXion Tech. Incorporation	None	Financial assets at fair value through other comprehensive income-non-current	3,000,000	15,000	9.68	15,000	
Gallant-Rapid Corpration Ltd.	Phoenix & Corporation	None	Financial assets at fair value through other comprehensive income-non-current	6,694	115	0.59	115	
Gallant-Rapid Corpration Ltd.	Phoenix pioneer technology	None	Financial assets at fair value through other comprehensive income-non-current	1,079,183	20,504	0.36	20,504	
APEX-I International Co., Ltd.	Shinyu Light Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	286,891	-	1.98	-	
Gallant Micro. Machining Co., Ltd.	C SUN Mfg. Ltd.	Associates	Financial assets at fair value through other comprehensive income-non-current	1,237,723	53,841	0.79	53,841	
King Mechatronics Co., Ltd.	POWER EVER ENTFRPRISES LIMITED	None	Financial assets at fair value through other comprehensive income-non-current	624,726	186,433	10.15	186,433	

Table 3



Table 4

**GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES  
PURCHASES OR SALES OF GOODS FROM OR TO RELATED PARTIES  
REACHING NT\$100 MILLION OR 20% OF PAID IN CAPITAL OR MORE  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction term compared to third party transactions(note1)		Notes/accounts receivable (payable)		Footnote (note2)
			Purchases(sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	
Gallant Micro Machining Co., Ltd	KING MECHATRONICS CO., Ltd.	Subsidiary	Sales	\$ 79,440	2.26%	Similar to third parties	Similar to third parties	\$ 136,882	5.68%	
Gallant Precision Machining Co., Ltd.	Gallant Precision Intelligence Technology Co., Ltd.	Subsidiary	Purchases	112,882	3.21%	Similar to third parties	Similar to third parties	70,025	4.83%	

Note1: If the transaction term are different compared to third party, please describe the differences terms on column of credit term and unit price.

Note2: If the transaction have prepayment or received in advance, please describe the reason, term, amount and differences compared to third party on column of footnote.

Note3: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's stock has no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet .

Table 5

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES  
 RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationship	Ending Balance(Note1)	Turnover	Overdue		Amounts Received in Subsequent Period	Loss allowance
					Amount	Action Taken		
Gallant Micro. Machining Co., Ltd.	KING MECHATRONICS CO., LTD	Subsidiary	\$ 136,882	0.96	\$ -	-	\$ -	\$ -

Table 5

Table 6

**GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES**  
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions		
				Financial Statements Item	Amount	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Gallant Precision Machining Co., Ltd	Gallant Micro. Machining Co., Ltd.	1	Sales	\$ 18,582	subject to the terms and conditions agreed upon by both parties 0.53%
	Gallant Precision Machining Co., Ltd	Gallant Precision Industries (Suzhou) Co., Ltd.	1	Other income	10,087	subject to the terms and conditions agreed upon by both parties 0.29%
0	Gallant Precision Machining Co., Ltd	Gallant Precision Industries (Suzhou) Co., Ltd.	1	Cost of sales	14,011	subject to the terms and conditions agreed upon by both parties 0.40%
0	Gallant Precision Machining Co., Ltd	Gallant Precision Intelligence Technology Co., Ltd.	1	Purchases	112,882	subject to the terms and conditions agreed upon by both parties 3.21%
0	Gallant Precision Machining Co., Ltd	Gallant Precision Intelligence Technology Co., Ltd.	1	Accounts payable	70,025	subject to the terms and conditions agreed upon by both parties 0.90%
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	1	Sales	79,440	subject to the terms and conditions agreed upon by both parties 2.26%
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	1	Accounts receivable	136,882	subject to the terms and conditions agreed upon by both parties 1.76%
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	1	Purchases	23,837	subject to the terms and conditions agreed upon by both parties 0.68%
1	Gallant Micro. Machining Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	1	Sales	22,446	subject to the terms and conditions agreed upon by both parties 0.64%
1	Gallant Micro. Machining Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	1	Accounts receivable	10,083	subject to the terms and conditions agreed upon by both parties 0.13%
1	Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	1	Sales	14,013	subject to the terms and conditions agreed upon by both parties 0.40%
1	Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	1	Accounts receivable	11,771	subject to the terms and conditions agreed upon by both parties 0.15%
2	King Mechatronics Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	3	Purchases	49,167	subject to the terms and conditions agreed upon by both parties 1.40%
2	King Mechatronics Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	3	Accounts payable	52,676	subject to the terms and conditions agreed upon by both parties 0.68%
3	Gallant Precision Industries (Suzhou) Co., Ltd.	Gallant Precision Intelligence Technology Co., Ltd.	3	Purchases	13,931	subject to the terms and conditions agreed upon by both parties 0.40%

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column.

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows:

(1) The Company to the consolidated subsidiaries.

(2) The consolidated subsidiaries to the Company.

(3) The consolidated subsidiaries to another consolidated subsidiaries.

Note3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note4: The information only disclosing for the amount of transactions are more than \$10,000 and counter parties shall not disclose.

Table 6

Table 7

**GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES**  
**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES**  
**SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)**  
**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2022					Footnote
				September 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value	Net Income (Losses) of the Investee(Note1)	Share of Profits/Losses of Investee(Note1)	
Gallant Precision Machining Co., Ltd.	Gallant-Rapid Corpration Ltd.	British Virgin Islands	Investing in Gallant Precision Industries (Suzhou) Co., Ltd.	\$ 459,050	\$ 459,050	13,560,000	100.00	\$ 260,847	(\$ 8,410)	(\$ 8,410)	
Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Taiwan	Marketing and selling of process equipment of LCD and related parts.	46,657	46,657	6,600,000	100.00	143,972	77,637	77,637	
Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	Taiwan	Manufacturing and selling of semiconductor related equipment and parts	379,182	379,182	16,171,750	57.19	665,317	223,352	132,092	
Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	British Virgin Islands	Investment Gallant Micro. Machining (Suzhou) Co., Ltd.	393,508	393,508	2,780,645	100.00	974,167	78,232	78,232	
Gallant Micro. Machining Co., Ltd.	Gallant Micro Machining(Malaysia) Sdn. Bhd.	Malaysia	Engaged in the import and export and trading business of semiconductor substrate machines and related parts	3,992	3,992	500,000	100.00	2,716	39	39	
Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	Taiwan	Testing of wire and tools and testing equipment of PBC and related systems	53,212	53,212	2,660,600	53.21	50,311	884	732	

Note1: Original investment amount has translated to New Taiwan Dollars at the closing exchange rate.

Table 8

**GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES**  
**INFORMATION ON INVESTMENT IN MAINLAND CHINA**  
**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (Note2(2))	Carrying Amount as of September 30, 2022	Accumulated Inward Remittance of Earnings as of September 30, 2022	Footnote
					Outflow	Inflow							
Gallant Precision Industries (Suzhou) Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	\$ 200,660	Indirectly invest in Mainland China through GRC registered in third region.	\$ 166,402	\$ -	\$ -	\$ 166,402	(\$ 10,161)	100.00	(\$ 10,161)	\$ 218,741	\$ -	Note2- 2.C
Suzhou Top Creation Machines Co.,Ltd.	PCB / FPC Wet Process Equipments	174,625	Indirectly invest in Mainland China through Power Ever registered in third region .	29,332	-	-	29,332	-	10.15	-	186,433	8,236	Note2- 2.C
Gallant Micro. Machining (Suzhou) Co., Ltd.	Manufacturing and selling of precision mold and related parts	144,463	Indirectly invest in Mainland China through KMC registered in third region.	255,367	-	-	255,367	83,986	100.00	83,986	807,666	-	Note2- 2.B
Gallant Precision Intelligence Technology Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	44,730	Directly invest by GPL	-	-	-	-	27,050	60.00	16,230	94,782	-	Note2- 2.C
Kunshan Qihong Electronic Sales Co., Ltd.	Testing and manufacturing of circuit board testing equipment, wire and cable and semiconductor	4,473	Directly invest by GMM.	-	-	-	- (	333)	100.00	( 333)	6,394	-	Note2- 2.C Note4

Table 8

<u>Investee Company</u>	<u>Accumulated Investment in Mainland China as of September 30, 2022</u>	<u>Investment Amounts Authorized by Investment Commission, MOEA</u>	<u>Upper Limit on Investment</u>
Gallant Precision Machining Co., Ltd.	\$ 449,598	\$ 620,540	\$ 1,957,132
Gallant Micro Machining Co., Ltd.	\$ 284,699	\$ 284,699	\$ 728,006

Note1: There are three methods of investment as follows

- (1) Directly invest in Mainland China.
- (2) Indirectly invest in Mainland China.
- (3) Others.

Note2: Share of Profits/Losses recognized for the nine month period September, 2022:

- (1) No investment income (loss) recognition.
- (2) There are three basis for investment income (loss) recognition.
  - A. The basis for investment income (loss) recognition is from the financial statements which were based on the audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. The basis for investment income (loss) recognition is from the financial statements which were based on the audited and attested by R.O.C. parent company's CPA.
  - C. Others (The basis for investment income (loss) recognition is from the non-audited financial statements prepared by the investees.

Note3: The amounts of paid-in capital and accumulated beginning and ending balance have translated to New Taiwan Dollars at the closing exchange rate.

Note4: The investment was invested by Gallant Micro. Machining (Suzhou) Co., Ltd. There was no cash outflow for the nine month period ended September 30, 2022.

Note5: The investment review committee of the Ministry of Economic Affairs verified the amount of investment in investment businesses in the mainland based on the exchange rate USD:NTD=1:31.75 on September 30, 2022

Table 9

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES  
 INFORMATION OF MAJOR SHAREHLDER  
 FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
C SUN Mfg. Ltd.	44,552,827	26.97%

Note1: The main shareholder information in this table is calculated by TDCC based on the shareholders hold more than 5% of the common shares and preferred shares of the company that have completed delivery without physical registration (including treasury shares) on the last business day at the end of each quarter. As for the share capital recorded in the company's financial report and the company's actual number of shares delivered without physical registration, there may be differences due to the different basis for preparation and calculation.

Note2: For the above-mentioned information is the shareholder transfers the owned shares to the trust, it shall disclose separately based on special trust account opened by the trustor for the trustee. As for the declaration of insider shareholders who hold more than 10% of the shares in accordance with the Securities and Exchange Act, their shareholding includes the shares held by themselves and the shares they have delivered to the trust and have the right to use the trust property, etc. For information on insider shareholder declarations, please refer to Market Observation Post System.