ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

SEPTEMBER 30, 2022 AND 2021

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 TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ABLEREX ELECTRONICS CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of ABLEREX ELECTRONICS CO., LTD. AND 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 then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Note 4(3), the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Those statements reflect total assets of NT$630,944 and NT$514,826, constituting 17% and 16% of the consolidated total assets, and total liabilities of NT$157,644 and NT$139,370, constituting 7% and 8% of the consolidated total liabilities as at September 30, 2022 and 2021, and total comprehensive income of NT$5,405 ,NT$7,830, NT$11,860 and NT$19,698, constituting 15%, 59%, 17% and 128% of the consolidated total comprehensive income for the three-month and nine-month periods then ended.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2022 and 2021, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Chou, Hsiao-Tzu   Lai, Chung-Hsi

For and on behalf of PricewaterhouseCoopers, Taiwan
November 7, 2022

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

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

			September 30, 2022		December 31, 2021		September 30, 2021	
	ASSETS	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 207,541	6	$ 268,948	8	$ 239,756	7
1136	Current financial assets at amortised cost	6(3) and 8	13,613	-	13,226	-	13,109	-
1150	Notes receivable, net	6(4)	36,619	1	24,837	1	22,919	1
1170	Accounts receivable, net	6(4)	625,101	17	828,930	25	551,743	17
1180	Accounts receivable due from related parties, net	6(4) and 7	6,689	-	20,458	1	17,928	1
1200	Other receivables		20,154	-	8,007	-	8,428	-
1220	Current tax assets		4,776	-	2,377	-	2,392	-
130X	Inventories, net	6(5)	1,734,391	47	1,198,907	35	1,360,125	42
1410	Prepayments		61,020	2	40,402	1	46,275	2
11XX	**Total current assets**		2,709,904	73	2,406,092	71	2,262,675	70
	Non-current assets							
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	81,000	2	81,000	3	81,000	3
1600	Property, plant and equipment	6(6) and 8	734,054	20	751,209	22	744,977	23
1755	Right-of-use assets	6(7), 7 and 8	15,458	1	10,498	-	12,957	-
1780	Intangible assets		46,594	1	46,684	1	47,393	1
1840	Deferred income tax assets		41,669	1	47,763	2	49,860	2
1900	Other non-current assets	6(8)	60,315	2	29,844	1	30,836	1
15XX	**Total non-current assets**		979,090	27	966,998	29	967,023	30
1XXX	**Total assets**		$ 3,688,994	100	$ 3,373,090	100	$ 3,229,698	100

(Continued)

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

			September 30, 2022		December 31, 2021		September 30, 2021	
	LIABILITIES AND EQUITY	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(9)	$ 768,153	21	$ 752,544	22	$ 677,197	21
2110	Short-term notes and bills payable	6(10)	99,985	3	-	-	-	-
2130	Current contract liabilities	6(18)	341,489	9	187,707	6	226,591	7
2150	Notes payable		1,576	-	3,873	-	1,268	-
2170	Accounts payable		599,865	16	550,556	16	489,716	15
2200	Other payables	6(12)	115,377	3	151,174	5	160,429	5
2230	Current income tax liabilities		7,021	-	15,103	-	7,608	-
2250	Provisions for liabilities - current	6(13)	63,907	2	56,909	2	54,543	2
2280	Current lease liabilities	7	5,189	-	5,517	-	6,824	-
2300	Other current liabilities	6(11)	24,959	1	27,868	1	24,040	1
21XX	**Total current liabilities**		2,027,521	55	1,751,251	52	1,648,216	51
	Non-current liabilities							
2540	Long-term borrowings	6(11)	21,436	1	9,479	-	14,607	-
2570	Deferred income tax liabilities		96,670	3	88,793	3	89,044	3
2580	Non-current lease liabilities	7	9,711	-	4,334	-	5,434	-
2640	Net defined benefit liability, non-current	6(14)	17,772	-	17,769	-	22,569	1
25XX	**Total non-current liabilities**		145,589	4	120,375	3	131,654	4
2XXX	**Total liabilities**		2,173,110	59	1,871,626	55	1,779,870	55
	Equity attributable to owners of parent							
	Share capital	6(15)						
3110	Common stock		450,000	12	450,000	13	450,000	14
	Capital surplus	6(16)						
3200	Capital surplus		711,878	20	720,878	21	720,878	22
	Retained earnings	6(17)						
3310	Legal reserve		225,053	6	217,453	7	217,453	7
3320	Special reserve		61,428	2	52,110	2	52,110	1
3350	Unappropriated retained earnings		82,781	2	108,573	3	58,166	2
	Other equity interest							
3400	Other equity interest		(29,668)	(1)	(61,427)	(2)	(63,298)	(2)
31XX	**Total equity attributable to owners of parent**		1,501,472	41	1,487,587	44	1,435,309	44
36XX	**Non-controlling interests**		14,412	-	13,877	1	14,519	1
3XXX	**Total equity**		1,515,884	41	1,501,464	45	1,449,828	45
	Significant commitments and contingent liabilities	7 and 9						
3X2X	**Total liabilities and equity**		$ 3,688,994	100	$ 3,373,090	100	$ 3,229,698	100

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

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)
(UNAUDITED)

			Three-month period ended September 30				Nine-month period ended September 30			
			2022		2021		2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(18) and 7	$ 718,227	100	$ 653,567	100	$ 1,914,452	100	$ 1,970,893	100
5000	Operating costs	6(5)(23)(24)	(550,130)	(76)	(504,768)	(77)	(1,455,616)	(76)	(1,536,374)	(78)
5950	Gross profit from operations		168,097	24	148,799	23	458,836	24	434,519	22
	Operating expenses	6(23)(24)								
6100	Selling expenses		(76,541)	(11)	(65,430)	(10)	(226,420)	(12)	(209,388)	(11)
6200	General and administrative expenses		(30,879)	(4)	(28,972)	(5)	(86,551)	(5)	(84,317)	(4)
6300	Research and development expenses		(40,897)	(6)	(38,828)	(6)	(121,059)	(6)	(116,768)	(6)
6450	Expected credit loss		(936)	-	(113)	-	(1,818)	-	(354)	-
6000	Total operating expenses		(149,253)	(21)	(133,343)	(21)	(435,848)	(23)	(410,827)	(21)
6900	Net operating income		18,844	3	15,456	2	22,988	1	23,692	1
	Non-operating income and expenses									
7100	Interest income	6(3)(19)	399	-	350	-	640	-	502	-
7010	Other income	6(20)	1,679	-	3,454	1	11,704	1	10,076	-
7020	Other gains and losses	6(21)	15,366	2	2,665	-	26,951	1	2,901	-
7050	Finance costs	6(22) and 7	(3,549)	-	(1,810)	-	(7,303)	-	(4,520)	-
7000	Total non-operating income and expenses		13,895	2	4,659	1	31,992	2	8,959	-
7900	**Profit before income tax**		32,739	5	20,115	3	54,980	3	32,651	1
7950	Income tax expense	6(25)	(10,386)	(2)	(5,723)	(1)	(16,563)	(1)	(5,655)	-
8200	**Profit for the period**		$ 22,353	3	$ 14,392	2	$ 38,417	2	$ 26,996	1
	Other comprehensive income									
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations		$ 17,577	2	($ 1,330)	-	$ 40,193	2	($ 14,407)	-
8399	Income tax relating to the components of other comprehensive income	6(25)	(3,483)	-	248	-	(7,940)	-	2,797	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss		14,094	2	(1,082)	-	32,253	2	(11,610)	-
8300	**Other comprehensive income (loss), net**		$ 14,094	2	($ 1,082)	-	$ 32,253	2	($ 11,610)	-
8500	**Total comprehensive income**		$ 36,447	5	$ 13,310	2	$ 70,670	4	$ 15,386	1
	Profit attributable to:									
8610	Owners of the parent		$ 22,041	3	$ 13,837	2	$ 38,376	2	$ 25,594	1
8620	Non-controlling interest		312	-	555	-	41	-	1,402	-
			$ 22,353	3	$ 14,392	2	$ 38,417	2	$ 26,996	1
	Comprehensive income attributable to:									
8710	Owners of the parent		$ 35,973	5	$ 12,844	2	$ 70,135	4	$ 14,406	1
8720	Non-controlling interest		474	-	466	-	535	-	980	-
			$ 36,447	5	$ 13,310	2	$ 70,670	4	$ 15,386	1
	Earnings per share (in dollars)									
9750	Basic earnings per share	6(26)	$	0.49	$	0.31	$	0.85	$	0.57
9850	Diluted earnings per share	6(26)	$	0.49	$	0.31	$	0.85	$	0.57

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

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent								
				Retained Earnings						
	Notes	Common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total	Non-controlling interests	Total equity
2021										
Balance at January 1, 2021		$ 450,000	$ 720,878	$ 213,249	$ 52,283	$ 81,603	($ 52,110)	$1,465,903	$ 13,539	$1,479,442
Profit for the period		-	-	-	-	25,594	-	25,594	1,402	26,996
Other comprehensive loss for the period		-	-	-	-	-	(11,188)	(11,188)	(422)	(11,610)
Total comprehensive income (loss)		-	-	-	-	25,594	(11,188)	14,406	980	15,386
Appropriation and distribution of 2020 earnings:	6(17)									
Legal reserve appropriated		-	-	4,204	-	(4,204)	-	-	-	-
Special reserve reserved		-	-	-	(173)	173	-	-	-	-
Cash dividends to shareholders		-	-	-	-	(45,000)	-	(45,000)	-	(45,000)
Balance at September 30, 2021		$ 450,000	$ 720,878	$ 217,453	$ 52,110	$ 58,166	($ 63,298)	$1,435,309	$ 14,519	$1,449,828
2022										
Balance at January 1, 2022		$ 450,000	$ 720,878	$ 217,453	$ 52,110	$ 108,573	($ 61,427)	$1,487,587	$ 13,877	$1,501,464
Profit for the period		-	-	-	-	38,376	-	38,376	41	38,417
Other comprehensive income for the period		-	-	-	-	-	31,759	31,759	494	32,253
Total comprehensive income		-	-	-	-	38,376	31,759	70,135	535	70,670
Appropriation and distribution of 2021 earnings:	6(17)									
Legal reserve appropriated		-	-	7,600	-	(7,600)	-	-	-	-
Special reserve appropriated		-	-	-	9,318	(9,318)	-	-	-	-
Cash dividends to shareholders		-	-	-	-	(47,250)	-	(47,250)	-	(47,250)
Cash dividends paid by additional paid-in capital	6(16)	-	(9,000)	-	-	-	-	(9,000)	-	(9,000)
Balance at September 30, 2022		$ 450,000	$ 711,878	$ 225,053	$ 61,428	$ 82,781	($ 29,668)	$1,501,472	$ 14,412	$1,515,884

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

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine-month period ended September 30 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 54,980	$ 32,651
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including depreciation charges on right-of-use assets)	6(6)(7)(23)	46,655	45,607
Amortisation expense	6(23)	7,262	7,069
Expected credit loss		1,818	354
Financial costs	6(22)	7,303	4,520
Dividend income	6(20)	(4,860)	-
Interest income	6(19)	(640)	(502)
Loss on disposal of property, plant and equipment	6(6)(21)	87	373
Unrealised foreign exchange loss (gain)		260	(225)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(11,782)	(5,524)
Accounts receivable		201,582	(67,780)
Accounts receivable due from related parties, net		13,769	(923)
Other receivables		(12,144)	1,124
Inventories, net		(535,484)	(240,875)
Prepayments		(20,618)	(2,149)
Changes in operating liabilities			
Current contract liabilities		153,782	6,854
Notes payable		(2,297)	(2,668)
Accounts payable		49,309	29,866
Other payables		(36,197)	(15,267)
Provisions for liabilities - current		6,998	6,823
Other current liabilities		(333)	1,389
Defined benefit liability		3	(6)
Cash outflow generated from operations		(80,547)	(199,289)
Interest received		643	500
Dividends received		4,860	-
Interest paid		(6,903)	(4,715)
Income tax paid		(25,604)	(6,995)
Income tax refunded		3,422	-
Net cash flows used in operating activities		(104,129)	(210,499)

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ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine-month period ended September 30 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(6)	($ 10,062)	($ 31,812)
Proceeds from disposal of property, plant and equipment	6(6)	5	-
Acquisition of intangible assets		(2,279)	(3,350)
Increase in prepayment of equipment		(29,087)	(3,778)
(Increase) decrease in refundable deposits		(1,321)	1,354
Increase in other non-current assets		(4,362)	(8,895)
Net cash flows used in investing activities		(47,106)	(46,481)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(27)	2,842,162	3,127,047
Increase in short-term borrowings	6(27)	(2,837,677)	(2,902,896)
Decrease in short-term notes and bills payable	6(27)	99,985	-
Proceeds from long-term debt	6(27)	18,687	-
Repayments of long-term debt	6(27)	(9,385)	(2,530)
Repayment of principal portion of lease liabilities	6(27)	(7,579)	(8,096)
Cash dividends paid		(56,250)	-
Net cash flows from financing activities		49,943	213,525
Effect of exchange rate changes on cash and cash equivalents		39,885	(13,668)
Net decrease in cash and cash equivalents		(61,407)	(57,123)
Cash and cash equivalents at beginning of period		268,948	296,879
Cash and cash equivalents at end of period		$ 207,541	$ 239,756

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

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

1. History and Organization

(1) Ablerex Electronics Co., Ltd (the "Company"), formerly UIS Abler Electronics Co., Ltd., was incorporated under the provisions of the Company Law of the Republic of China (R.O.C.) on April 27, 1998. The Company merged with PEC Technology Co., Ltd. on April 1, 2002, with the Company as the surviving company and was then renamed as Ablerex Electronics Co., Ltd. The shares of the Company have been trading on the Taipei Exchange since September 9, 2010.

(2) The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the following business activities:

(a) Manufacturing and sales of uninterruptible power supply systems.

(b) Manufacturing and sales of equipment to power quality devices.

(c) Manufacturing and sales of solar energy equipment.

(d) Maintenance and technical services.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These consolidated financial statements were reported to the Board of Directors on November 7, 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 the 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's financial condition and financial performance based on the Group's 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 the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, '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
Amendment 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's financial condition and financial performance based on the Group's assessment.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets plus less present value of defined benefit obligations.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss.

All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) September 30, 2022	December 31, 2021	September 30, 2021	Description
The Company	Ablerex Electronics (Samoa) Co., Ltd. (Ablerex Samoa)	Investment holdings	100	100	100	Note 1, 2
The Company	Ablerex Corporation (Ablerex-USA)	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	100	Note 2, 3
The Company	Ablerex International Co., Ltd. (Ablerex-HK)	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	100	Note 2, 3
The Company	Ablerex Electronics (S) Pte. Ltd. (Ablerex-SG)	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	100	Note 2, 3
The Company	Ablerex Electronics U.K. Ltd. (Ablerex-UK)	Investment holdings	100	100	100	Note 2, 3
The Company	Wada Denki Co., Ltd. (Ablerex-JP)	Sales of uninterruptible power supply systems and solar energy equipment and others	99	99	99	Note 2, 3
Ablerex Electronics U.K. Ltd.	Ablerex Electronics Italy S.R.L. (Ablerex-IT)	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	100	Note 2, 3
Ablerex Electronics (Samoa) Co., Ltd.	Ablerex Overseas Co., Ltd. (Ablerex-Overseas)	Investment holdings	100	100	100	Note 1, 2
Ablerex Overseas Co., Ltd.	Ablerex Electronics (Suzhou) Co., Ltd. (Ablerex-SZ)	Manufacturing and sales of uninterruptible power supply systems and solar energy	100	100	100	Note 1, 2
Ablerex Overseas Co., Ltd.	Ablerex Electronics (Beijing) Co., Ltd. (Ablerex-BJ)	Sales of uninterruptible power supply systems and solar energy equipment and others	80	80	80	Note 2, 3
Ablerex Electronics (S) Pte. Ltd.	Ablerex Electronics (Thailand) Co., Ltd. (Ablerex-TH)	Sales of uninterruptible power supply systems and solar energy equipment and others	70	70	70	Note 2, 3
Ablerex Corporation	Ablerex Latam Corporation (Ablerex-Latam)	Sales of uninterruptible power supply systems and solar energy equipment and others	86	86	86	Note 2, 3

Note 1: The information included in these consolidated financial statements as at September 30, 2022 and 2021 is based on the audited financial statement of the investee.

Note 2: The information included in these consolidated financial statements as at December 31, 2021 is based on the audited financial statement of the investee.

Note 3: The information included in those consolidated financial statements as at September 30, 2022 and 2021 is based on the unreviewed financial statements of each investee as the investees failed to meet the definition of a 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

Cash and short-term deposits of $54,749 deposited in Mainland China are under local foreign exchange control which restricts the capital to be remitted outside the borders (except for normal dividend distribution).

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) <u>Classification of current and non-current items</u>

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

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) <u>Cash equivalents</u>

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

(7) <u>Financial assets at fair value through other comprehensive income</u>

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group’s business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets’ contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

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

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

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(8) Financial assets at amortised cost

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

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

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

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

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

(9) Accounts and notes receivable

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

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

(12) Inventories

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

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	10～50 years
Machinery and equipment	5～10 years
Transportation equipment	5 years
Office equipment	5～10 years
Leasehold improvements	10 years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are mainly fixed payments, less any lease incentives receivable.

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

C. At the commencement date, the right-of-use asset is stated at cost and the cost is mainly the amount of the initial measurement of lease liability.

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

(15) Intangible assets

A. Trademark right and patent rights

Trademark right and patent rights are stated at cost, have a finite useful life and are amortised on a straight-line basis over its estimated useful life of 5 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3~5 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(16) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(17) Borrowings

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

(18) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

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

(19) Derecognition of financial liabilities

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

(20) Provisions

Provisions (primarily warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

iv. 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.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises termination benefits when it is demonstrably committed to a termination, when it has a detailed formal plan to terminate the employment of current employees and when it can no longer withdraw the plan. In the case of an offer made by the Group to encourage voluntary termination of employment, the termination benefits are recognised as expenses only when it is probable that the employees are expected to accept the offer and the number of the employees taking the offer can be reliably estimated. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

D. Employees', directors' and supervisors' remuneration

Employees', directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(22) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. 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.

G. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(23) Share capital

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

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

A. Sales revenue

(a) The Group manufactures and sells uninterrupted power supply equipment and system, improved power quality system and equipment and solar energy equipment and other related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sale of goods—Project construction

(a) The Group provides sales services related to uninterruptible power system and equipment, improved power quality system and equipment and solar energy system and equipment. The project construction revenue includes equipment sales and installation services, and the contract involves and provides integrated services. Therefore, the equipment and installation are indistinguishable and are regarded as a single performance obligation. The Group installs equipment, the customer performs the acceptance procedure, and the Group opens the warranty book. The customer obtains the control of the equipment and the benefits arising therefrom. When all the acceptance criteria are met, the Group completes the contractual performance obligated of contract to recognise revenue.

(b) The Group's obligation to provide a repair for project construction under the standard warranty terms is recognised as a provision.

(c) A receivable is recognised when the project construction is completed and the warranty book is delivered to the customer. As this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

C. Service revenue

The Group provides related services of maintaining uninterruptible power supply equipment, improved power quality system and equipment and solar energy system and equipment. Service revenue is recognised as income during the financial reporting period in which the services are provided to customers. Revenue from fixed price contracts is recognised as a percentage of the number of months of service actually provided on the balance sheet date. The customer pays the contract price in accordance with the payment schedule agreed upon, and is recognised as a contract assets when the services provided by the Group exceed the customers' payables, and are recognized as contract liabilities if the customer pays more than the services provided by the Group.

D. Costs of obtaining a customer contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(26) Operating segments

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

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

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

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

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

As of September 30, 2022, the Group's carrying amount of inventories was $1,734,391.

B. Estimation of provisions for liabilities

The sale of goods requires consideration of the cost incurred or to be incurred in connection with the transaction. Therefore, the Group formulates the proposed policy for the determination of the warranty for the sale of the product, which is used to measure the actual operating profit and loss of the company. The Group's liability determination is based on the Group's policy based on the historical warranty data of the product as the basis for the assessment, and the related product warranty liabilities are estimated to estimate the future maintenance costs.

As of September 30, 2022, the Group estimated the liability provision to be $63,907.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand and revolving funds	$ 551	$ 1,057	$ 893
Checking accounts and demand deposits	196,238	257,477	228,551
Time deposits	10,752	10,414	10,312
	$ 207,541	$ 268,948	$ 239,756

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. The Group has no cash and equivalents pledged to others.

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

Items	September 30, 2022	December 31, 2021	September 30, 2021
Non-current items:			
Equity instruments			
Unlisted stocks	$ 81,000	$ 81,000	$ 81,000

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments all amounted to $81,000, as at September 30, 2022, December 31, 2021 and September 30, 2021.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income for the three-month and nine-month periods ended September 30,2022 and 2021 were $0, $0, $4,860, $0, 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 financial assets at fair value through other comprehensive income held by the Group were all $81,000.

D. Information relating to price risk of financial assets at fair value through other comprehensive income is provided in Note 12(2)(3).

(3) Financial assets at amortised cost

Items	September 30, 2022	December 31, 2021	September 30, 2021
Current items:			
Time deposits expiring beyond three months	$ 13,419	$ 13,032	$ 12,915
Pledged time deposits	194	194	194
Total	$ 13,613	$ 13,226	$ 13,109

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost for the three-month and nine-month periods ended September 30, 2022 and 2021 were $303, $297, $304 and $298, respectively.

B. 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 exposures to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were $13,613, $13,226 and $13,109, respectively.

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

D. Information relating to credit risk and fair value of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group’s investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable(including related parties)

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable	$ 36,619	$ 24,837	$ 22,919
Accounts receivable	$ 634,651	$ 836,700	$ 560,227
Less: Allowance for bad debts — accounts receivable	(9,550)	(7,770)	(8,484)
	$ 625,101	$ 828,930	$ 551,743
Accounts receivable due from related parties	$ 6,689	$ 20,458	$ 17,928

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

	September 30, 2022			December 31, 2021		
	Accounts receivable	Related parties	Notes receivable	Accounts receivable	Related parties	Notes receivable
Not overdue	$ 600,501	$ 6,689	$ 36,619	$ 800,364	$ 20,458	$ 24,837
Within 30 days	13,576	-	-	21,234	-	-
31 to 60 days	5,258	-	-	5,635	-	-
61 to 90 days	1,175	-	-	2,629	-	-
Over 90 days	14,141	-	-	6,838	-	-
	$ 634,651	$ 6,689	$ 36,619	$ 836,700	$ 20,458	$ 24,837

	September 30, 2021		
	Accounts receivable	Related parties	Notes receivable
Not overdue	$ 520,311	$ 17,928	$ 22,919
Within 30 days	25,061	-	-
31 to 60 days	6,852	-	-
61 to 90 days	2,388	-	-
Over 90 days	5,615	-	-
	$ 560,227	$ 17,928	$ 22,919

The above ageing analysis was based on past due date.

B. As at September 30, 2022, December 31, 2021 and September 30, 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables including related parties from contracts with customers amounted to $526,899.

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 including related parties were $36,619, $24,837 and $22,919; $631,790, $849,388 and $569,671, respectively.

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

E. Information relating to credit risk of accounts receivable including related parties and notes receivable is provided in Note 12(2).

(5) Inventories

	September 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 439,009	($ 73,807)	$ 365,202
Work in process	132,648	(8,074)	124,574
Semi-finished goods	196,120	(34,935)	161,185
Finished goods	109,461	(10,362)	99,099
Goods	237,030	(21,358)	215,672
Inventory in transit	104,573	-	104,573
Unfinished constructions	664,086	-	664,086
	$ 1,882,927	($ 148,536)	$ 1,734,391

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 370,177	($ 69,762)	$ 300,415
Work in process	121,837	(7,018)	114,819
Semi-finished goods	197,884	(35,540)	162,344
Finished goods	121,292	(12,212)	109,080
Goods	128,768	(20,181)	108,587
Inventory in transit	73,425	-	73,425
Unfinished constructions	330,237	-	330,237
	$ 1,343,620	($ 144,713)	$ 1,198,907

	September 30, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 342,415	($ 67,070)	$ 275,345
Work in process	110,485	(6,413)	104,072
Semi-finished goods	188,943	(35,511)	153,432
Finished goods	119,020	(13,975)	105,045
Goods	156,900	(17,725)	139,175
Inventory in transit	55,656	-	55,656
Unfinished constructions	527,400	-	527,400
	$ 1,500,819	($ 140,694)	$ 1,360,125

The cost of inventories recognised as expense for the period:

	For the three-month period ended September 30,	
	2022	2021
Cost of goods sold	$ 515,964	$ 482,364
Maintenance cost	14,563	15,002
Decline in market value of inventory	3,008	3,209
Loss on inventory scrap	11,887	-
Others	4,708	4,193
	$ 550,130	$ 504,768

	For the nine-month period ended September 30,	
	2022	2021
Cost of goods sold	$ 1,387,028	$ 1,483,935
Maintenance cost	40,662	40,185
Decline in (Gain on reversal of) market value of inventory	1,920	(119)
Loss on inventory scrap	11,887	-
Others	14,119	12,373
	$ 1,455,616	$ 1,536,374

For the nine-month period ended September 30, 2021, the gain on reversal of decline in market value was recognised due to the sale of inventories which had previously been recognised a price decline.

(6) Property, plant and equipment

	2022							
	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Others	Total
At January 1								
Cost	$ 169,426	$ 713,377	$ 259,889	$ 11,711	$ 58,552	$ 17,870	$ 126	$ 1,230,951
Accumulated depreciation	-	(234,334)	(190,100)	(8,420)	(33,245)	(13,556)	(87)	(479,742)
	$ 169,426	$ 479,043	$ 69,789	$ 3,291	$ 25,307	$ 4,314	$ 39	$ 751,209
Opening net book amount as at January 1	$ 169,426	$ 479,043	$ 69,789	$ 3,291	$ 25,307	$ 4,314	$ 39	$ 751,209
Additions	-	230	6,256	13	3,438	125	-	10,062
Transfers	-	-	129	-	-	-	-	129
Disposals	-	-	(80)	-	(12)	-	-	(92)
Depreciation charge	-	(21,864)	(9,284)	(685)	(6,313)	(816)	-	(38,962)
Net exchange differences	493	9,035	1,524	262	266	124	4	11,708
Closing net book amount as at September 30	$ 169,919	$ 466,444	$ 68,334	$ 2,881	$ 22,686	$ 3,747	$ 43	$ 734,054
At September 30								
Cost	$ 169,919	$ 726,069	$ 272,376	$ 12,739	$ 63,177	$ 18,873	$ 144	$ 1,263,297
Accumulated depreciation	-	(259,625)	(204,042)	(9,858)	(40,491)	(15,126)	(101)	(529,243)
	$ 169,919	$ 466,444	$ 68,334	$ 2,881	$ 22,686	$ 3,747	$ 43	$ 734,054

	2021							
	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Others	Total
At January 1								
Cost	$ 169,523	$ 702,620	$ 242,840	$ 11,217	$ 57,456	$ 18,104	$ 130	$ 1,201,890
Accumulated depreciation	-	(211,304)	(182,239)	(9,211)	(32,888)	(12,838)	(90)	(448,570)
	$ 169,523	$ 491,316	$ 60,601	$ 2,006	$ 24,568	$ 5,266	$ 40	$ 753,320
Opening net book amount as at January 1	$ 169,523	$ 491,316	$ 60,601	$ 2,006	$ 24,568	$ 5,266	$ 40	$ 753,320
Additions	-	13,306	12,341	218	5,947	-	-	31,812
Transfers	-	-	-	-	2,094	-	-	2,094
Disposals	-	-	(334)	-	(39)	-	-	(373)
Depreciation charge	-	(21,246)	(8,728)	(532)	(6,294)	(790)	-	(37,590)
Net exchange differences	(76)	(3,039)	(862)	(22)	(227)	(58)	(2)	(4,286)
Closing net book amount as at September 30	$ 169,447	$ 480,337	$ 63,018	$ 1,670	$ 26,049	$ 4,418	$ 38	$ 744,977
At September 30								
Cost	$ 169,447	$ 711,402	$ 249,002	$ 11,241	$ 64,454	$ 17,880	$ 126	$ 1,223,552
Accumulated depreciation	-	(231,065)	(185,984)	(9,571)	(38,405)	(13,462)	(88)	(478,575)
	$ 169,447	$ 480,337	$ 63,018	$ 1,670	$ 26,049	$ 4,418	$ 38	$ 744,977

A. The abovementioned equipment are all assets for its own use.

B. The significant components of buildings include buildings, air conditioners, elevators and utility construction. Buildings are depreciated over 26 to 50 years, and others are depreciated over 10 to 20 years.

C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

D. There were no borrowing costs capitalised as part of property, plant and equipment.

(7) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings (including land), transportation equipment and office equipment. Rental contracts are typically made for periods of 1 to 3 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. As of September 30, 2022, December 31, 2021 and September 30, 2021, payments of lease commitments for short-term leases amounted to $942, $1,294 and $984, respectively.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	September 30, 2022		December 31, 2021		September 30, 2021	
	Carrying amount		Carrying amount		Carrying amount	
Land	$	860	$	856	$	855
Buildings (including land)		14,500		9,492		11,935
Office equipment		98		150		167
	$	15,458	$	10,498	$	12,957

	For the three-month period ended September 30,			
	2022		2021	
	Depreciation charge		Depreciation charge	
Land	$	7	$	7
Buildings (including land)		2,660		2,443
Transportation equipment		-		-
Office equipment		17		17
	$	2,684	$	2,467

	For the nine-month period ended September 30,			
	2022		2021	
	Depreciation charge		Depreciation charge	
Land	$	21	$	20
Buildings (including land)		7,620		7,580
Transportation equipment		-		271
Office equipment		52		146
	$	7,693	$	8,017

D. For the three-month and nine-month periods ended September 30, 2022 and 2021, the additions to right-of-use assets were $0, $3,739, $12,688 and $12,516, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	For the three-month period ended September 30,			
	2022		2021	
Items affecting profit or loss				
Interest expense on lease liabilities	$	145	$	163
Expense on short-term lease contracts		246		301
Expense on leases of low-value assets		32		32

	For the nine-month period ended September 30,			
	2022		2021	
Items affecting profit or loss				
Interest expense on lease liabilities	$	388	$	302
Expense on short-term lease contracts		942		984
Expense on leases of low-value assets		95		95

F. For the nine-month periods ended September 30, 2022 and 2021, the Group's total cash outflow for leases were $9,004 and $9,477, respectively.

G. Information about the right-of-use assets - land use right that were pledged to others as collateral is provided in Note 8.

(8) Other non-current assets

	September 30, 2022	December 31, 2021	September 30, 2021
Overdue receivable	$ 39,307	$ 41,139	$ 41,183
Allowance for bad debts – overdue receivable	(39,307)	(41,139)	(41,183)
Prepayments for equipment	29,683	725	4,064
Guarantee deposits paid	14,571	13,250	10,919
Others	16,061	15,869	15,853
	$ 60,315	$ 29,844	$ 30,836

(9) Short-term borrowings

Type of borrowings	September 30, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 605,307	1.23%～4.30%	None
Secured borrowings	162,846	2.12%～4.65%	Please refer to Note 8
	$ 768,153		

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 668,373	0.88%～1.00%	None
Secured borrowings	84,171	0.85%～3.75%	Please refer to Note 8
	$ 752,544		

Type of borrowings	September 30, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 608,299	0.88%～1.00%	None
Secured borrowings	68,898	0.85%～3.75%	Please refer to Note 8
	$ 677,197		

(10) Short-term notes and bills payable

Acceptance agency	September 30, 2022	Interest rate range	Collateral
MEGA BILLS	$ 99,985	1.18%～1.50%	None

As at September 30 and December 31, 2021, the Group had no short-term notes and bills payable.

(11) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2022
Installment-repayment borrowings				
Unsecured EUR borrowings	Borrowing period is from September 27, 2019 to January 27, 2023; interest is repayable monthly; principal is repayable in 24 installments from October 27, 2019.(Note 2)	0.40%	None	$ 2,353
Unsecured EUR borrowings	Borrowing period is from July 3, 2020 to July 3, 2024; interest is repayable monthly; principal is repayable in 36 installments from August 3, 2021.(Note 3)	1.00%	None	6,725
Unsecured EUR borrowings	Borrowing period is from October 27, 2020 to December 31, 2026; interest is repayable half monthly from June 30, 2021; principal is repayable in 8 installments from June 30, 2023.(Note 4)	0.74%	None	3,057
Unsecured EUR borrowings	Borrowing period is from March 30, 2022 to March 30, 2026; interest is repayable monthly; principal is repayable in 36 installments from April 30, 2023.	1.50%	None	18,756
				30,891
Less: Current portion (shown as "other current liabilities")				(9,455)
				$ 21,436

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Bank borrowings	Borrowing period is from May 22, 2020 to June 21, 2022, no need to repay if the exemption conditions are met.(Note 1)	1.00%	None	$ 1,340
Installment-repayment borrowings				
Unsecured EUR borrowings	Borrowing period is from September 27, 2019 to January 27, 2023; interest is repayable monthly; principal is repayable in 24 installments from October 27, 2019.(Note 2)	0.40%	None	7,648
Unsecured EUR borrowings	Borrowing period is from July 3, 2020 to July 3, 2024; interest is repayable monthly; principal is repayable in 36 installments from August 3, 2021.(Note 3)	1.00%	None	9,459
Unsecured EUR borrowings	Borrowing period is from October 27, 2020 to December 31, 2026; interest is repayable half monthly from June 30, 2021; principal is repayable in 8 installments from June 30, 2023.(Note 4)	0.74%	None	3,063
				21,510
Less: Current portion (shown as "other current liabilities")				(12,031)
				$ 9,479

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2021
Bank borrowings	Borrowing period is from May 22, 2020 to May 21, 2022, no need to repay if the exemption conditions are met.(Note 1)	1.00%	None	$ 2,061
Installment-repayment borrowings				
Unsecured EUR borrowings	Borrowing period is from September 27, 2019 to January 27, 2023; interest is repayable monthly; principal is repayable in 24 installments from October 27, 2019.(Note 2)	0.40%	None	9,709
Unsecured EUR borrowings	Borrowing period is from July 3, 2020 to July 3, 2024; interest is repayable monthly; principal is repayable in 36 installments from August 3, 2021.(Note 3)	1.00%	None	10,692
Unsecured EUR borrowings	Borrowing period is from October 27, 2020 to December 31, 2026; interest is repayable half monthly from June 30, 2021; principal is repayable in 8 installments from June 30, 2023.(Note 4)	0.74%	None	3,161
				25,623
Less: Current portion (shown as "other current liabilities")				(11,016)
				$ 14,607

Note 1: Ablerex-LATAM, a subsidiary of the Group, is eligible for Small and Medium Enterprise (SME) financing in the United States of America, and approved for Paycheck Protection Program (PPP) from local bank. As the exemption conditions are not met, the interest would be paid monthly and the principal would be repaid in 9 installments since October 21, 2021.

Note 2: Ablerex-IT, a subsidiary of the Group, received a bank notice in March 2020. Due to the COVID-19 pandemic, the bank suspended the installments until March 2020 for a total of 16 instalments and the repayment was resumed in July 2021.

Note 3: Ablerex-IT, a subsidiary of the Group, was approved to apply for relief loan from the Italian government due to the impact of the COVID-19 pandemic.

Note 4: Ablerex-IT, a subsidiary of the Group, was approved to apply for a loan from the Italian government. This loan is provided by the Italian government to encourage the internationalization of Italian companies, the total amount of funding is EUR$163,000, of which EUR$65,200 are government grants.

(12) Other payables

	September 30, 2022	December 31, 2021	September 30, 2021
Payable for year-end bonus	$ 34,820	$ 44,638	$ 30,230
Payable for wages and salaries	28,358	24,605	25,265
Payable for other short-term employee benefits	17,188	15,796	14,721
Compensation due to employee, directors and supervisors	7,588	11,221	6,481
Dividends payable	-	-	45,000
Others	27,423	54,914	38,732
	$ 115,377	$ 151,174	$ 160,429

(13) Provisions for liabilities -current

	For the nine-month period ended September 30,	
	2022	2021
Warranty:		
At January 1	$ 56,909	$ 47,720
Additional provisions	12,289	10,408
Used during the period	(5,291)	(3,585)
At September 30	$ 63,907	$ 54,543

The Group's provisions for warranties are primarily for uninterruptible power supplies and solar energy related products. The provisions for warranties are estimated based on historical warranty data of uninterruptible power supplies and solar energy related products.

(14) Pensions

A. (a) The Company has 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 contribute monthly an amount equal to 2% 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 December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method of the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(b) For the aforementioned pension plan, the Group recognised pension costs of $87, $77, $260 and $231 for the three-month and 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 ending December 31, 2022 amount to $871.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labour Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company's mainland China indirect subsidiaries, Ablerex Electronics (Suzhou) Co., Ltd. and Ablerex Electronics (Beijing) Corporation Limited, 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 a certain percentage of employees' monthly salaries and wages. The contribution percentage for the three-month and nine-month periods ended September 30, 2022 and 2021 was both 20%. Other than the monthly contributions, the Group has no further obligations. Ablerex Corporation, Ablerex Latam Corporation, Ablerex Electronics (S) Pte. Ltd., Ablerex Electronics (Thailand) Co Ltd., Ablerex Electronics Italy S.R.L and Wada Denki Co., Ltd. have a defined contribution plan under the local regulations and have no further obligations. Other consolidated subsidiaries do not have any employees.

(c) The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2022 and 2021 were $7,593, $7,261, $22,825 and $21,153, respectively.

(15) Share capital

As of September 30, 2022, the Company's authorised capital was $800,000, consisting of 80 million shares of ordinary stock, and the paid-in capital was $450,000 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected. The Group's ordinary shares at the beginning of the period are the same with the outstanding shares at the end of the period.

(16) 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. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. The shareholders resolved to appropriate capital surplus in cash at their meeting on June 23, 2022:

	Year ended December 31, 2021	
	Amount	Cash per share (in dollars)
Capital surplus appropriated in cash	$ 9,000	$ 0.20

The cash appropriation of capital surplus is in agreement with the proposal submitted by the Board of Directors.

(17) 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 unless the accumulated legal reserve has reached the total capital stock balance. Special reserve shall be appropriated in accordance with related regulations promulgated by competent authorities, and the special reserve along with the accumulated unappropriated retained earnings from previous years is considered as the distributable earnings. The remainder, if any, after considering the operating status, and through a proposition by the Board of Directors and a resolution by the shareholders, shall be retained.

B. The Company's dividend policy is based on the Company's current operation status, future capital requirements, long-term operation plan, shareholders' benefits, balanced dividends and the Company's long-term financial plan, etc. The appropriation is proposed by the Board of Directors and then approved by the shareholders during their meeting. Cash dividends shall not be less than 20% of the total dividends distributed to shareholders.

C. 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.

D. 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 the debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.

E. The appropriation of 2021 and 2020 earnings as resolved by the Board of Directors on June 23, 2022 and August 18, 2021 are as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	$ 7,600		$ 4,204	
Special reserve	9,317		(173)	
Cash dividends	47,250	$ 1.05	45,000	$ 1.00

For the information relating to the distribution of earnings as approved by the Board of Directors or shareholders, please refer to the “Market Observation Post System” at the website of the Taiwan

6Stock Exchange.

(18) Sales revenue

	For the three-month period ended September 30,	
	2022	2021
Sales revenue	$ 485,886	$ 431,213
Project construction revenue	203,477	198,317
Service revenue	28,864	24,037
	$ 718,227	$ 653,567

	For the nine-month period ended September 30,	
	2022	2021
Sales revenue	$ 1,234,043	$ 1,205,822
Project construction revenue	595,556	691,032
Service revenue	84,853	74,039
	$ 1,914,452	$ 1,970,893

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:

For the three-month period ended September 30, 2022	First Business Division	Second Business Division	Technical Services Division	Energy Division	Reconciliation and elimination	Total
Revenue from external customer contracts	$ 184,581	$ 395,193	$ 64,084	$ 74,369	$ -	$ 718,227
Inter-segment revenue	16,170	806,577	-	-	(822,747)	-
Total segment revenue	$ 200,751	$ 1,201,770	$ 64,084	$ 74,369	($ 822,747)	$ 718,227
Segment income	$ 11,809	$ 39,023	$ 25,177	$ 6,195	($ 63,360)	$ 18,844
Timing of revenue recognition						
At a point in time	$ 184,581	$ 395,193	$ 44,956	$ 66,449	$ -	$ 691,179
Over time	-	-	19,128	7,920	-	27,048
	$ 184,581	$ 395,193	$ 64,084	$ 74,369	$ -	$ 718,227

For the three-month period ended September 30, 2021	First Business Division	Second Business Division	Technical Services Division	Energy Division	Reconciliation and elimination	Total
Revenue from external customer contracts	$ 184,541	$ 354,228	$ 55,283	$ 59,515	$ -	$ 653,567
Inter-segment revenue	25,606	606,400	-	-	(632,006)	-
Total segment revenue	$ 210,147	$ 960,628	$ 55,283	$ 59,515	($ 632,006)	$ 653,567
Segment income	$ 11,684	$ 34,958	$ 24,985	($ 46)	($ 56,125)	$ 15,456
Timing of revenue recognition						
At a point in time	$ 184,541	$ 354,228	$ 37,564	$ 54,906	$ -	$ 631,239
Over time	-	-	17,719	4,609	-	22,328
	$ 184,541	$ 354,228	$ 55,283	$ 59,515	$ -	$ 653,567

For the nine-month period ended September 30, 2022	First Business Division	Second Business Division	Technical Services Division	Energy Division	Reconciliation and elimination	Total
Revenue from external customer contracts	$ 560,604	$ 959,976	$ 189,369	$ 204,503	$ -	$ 1,914,452
Inter-segment revenue	39,100	1,869,781	-	-	(1,908,881)	-
Total segment revenue	$ 599,704	$ 2,829,757	$ 189,369	$ 204,503	($ 1,908,881)	$ 1,914,452
Segment income	$ 34,697	$ 73,032	$ 85,534	$ 16,060	($ 186,335)	$ 22,988
Timing of revenue recognition						
At a point in time	$ 560,604	$ 959,976	$ 131,404	$ 182,858	$ -	$ 1,834,842
Over time	-	-	57,965	21,645	-	79,610
	$ 560,604	$ 959,976	$ 189,369	$ 204,503	$ -	$ 1,914,452

For the nine-month period ended September 30, 2021	First Business Division	Second Business Division	Technical Services Division	Energy Division	Reconciliation and elimination	Total
Revenue from external customer contracts	$ 687,002	$ 936,016	$ 166,123	$ 181,752	$ -	$ 1,970,893
Inter-segment revenue	88,943	1,709,896	-	-	(1,798,839)	-
Total segment revenue	$ 775,945	$ 2,645,912	$ 166,123	$ 181,752	($ 1,798,839)	$ 1,970,893
Segment income	$ 47,512	$ 73,658	$ 78,655	$ 2,589	($ 178,722)	$ 23,692
Timing of revenue recognition						
At a point in time	$ 687,002	$ 936,016	$ 109,560	$ 169,246	$ -	$ 1,901,824
Over time	-	-	56,563	12,506	-	69,069
	$ 687,002	$ 936,016	$ 166,123	$ 181,752	$ -	$ 1,970,893

B. Contract liabilities

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

	September 30, 2022	December 31, 2021
Contract liabilities:		
Contract liabilities – advance receipts for construction	$ 312,534	$ 156,666
Contract liabilities – advance sales receipts	28,955	31,041
	$ 341,489	$ 187,707

	September 30, 2021	January 1, 2021
Contract liabilities:		
Contract liabilities – advance receipts for construction	$ 200,606	$ 195,375
Contract liabilities – advance sales receipts	25,985	24,362
	$ 226,591	$ 219,737

(a) Significant changes in contract liabilities

None.

(b) 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	2021
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Sales revenue	$ 30,503	$ 8,867

	For the nine-month period ended September 30,	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Sales revenue	$ 106,808	$ 174,392

(19) Interest income

	For the three-month period ended September 30,	
	2022	2021
Interest income from bank deposits	$ 96	$ 53
Interest income from financial assets measured at amortised cost	303	297
	$ 399	$ 350

	For the nine-month period ended September 30,	
	2022	2021
Interest income from bank deposits	$ 336	$ 204
Interest income from financial assets measured at amortised cost	304	298
	$ 640	$ 502

(20) Other income

	For the three-month period ended September 30,	
	2022	2021
Dividend income	$ -	$ -
Government subsidy income	472	1,187
Other income, others	1,207	2,267
	$ 1,679	$ 3,454

	For the nine-month period ended September 30,	
	2022	2021
Dividend income	$ 4,860	$ -
Government subsidy income	3,029	5,559
Other income, others	3,815	4,517
	$ 11,704	$ 10,076

(21) Other gains and losses

	For the three-month period ended September 30,	
	2022	2021
Foreign exchange gain	$ 17,233	$ 3,133
Loss on disposal of property, plant and equipment	(61)	(117)
Others	(1,806)	(351)
	$ 15,366	$ 2,665

	For the nine-month period ended September 30,	
	2022	2021
Foreign exchange gain	$ 28,972	$ 3,922
Loss on disposal of property, plant and equipment	(87)	(373)
Others	(1,934)	(648)
	$ 26,951	$ 2,901

(22) Finance costs

	For the three-month period ended September 30,	
	2022	2021
Interest expense	$ 3,549	$ 1,810

	For the nine-month period ended September 30,	
	2022	2021
Interest expense	$ 7,303	$ 4,520

(23) Expenses by nature

By function	For the three-month period ended September 30, 2022			For the three-month period ended September 30, 2021		
By nature	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense	$ 59,724	$ 96,084	$ 155,808	$ 58,431	$ 85,201	$ 143,632
Depreciation expense	7,374	8,308	15,682	7,190	7,894	15,084
Amortization expense	261	2,095	2,356	182	2,375	2,557

By function	For the nine-month period ended September 30, 2022			For the nine-month period ended September 30, 2021		
By nature	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense	$ 168,179	$ 283,148	$ 451,327	$ 167,847	$ 264,099	$ 431,946
Depreciation expense	22,153	24,502	46,655	21,718	23,889	45,607
Amortization expense	681	6,581	7,262	436	6,633	7,069

(24) Employee benefit expense

	For the three-month period ended September 30,			
	2022		2021	
Wages and salaries	$	131,249	$	120,655
Labor and health insurance fees		12,103		11,525
Pension costs		7,680		7,338
Directors' remuneration		595		348
Other personnel expenses		4,181		3,766
	$	155,808	$	143,632

	For the nine-month period ended September 30,			
	2022		2021	
Wages and salaries	$	379,427	$	364,013
Labor and health insurance fees		36,220		34,426
Pension costs		23,085		21,384
Directors' remuneration		1,052		560
Other personnel expenses		11,543		11,563
	$	451,327	$	431,946

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 6% to 10% for employees compensation and shall not be higher than 2% for directors' and supervisors' remuneration.

B. For the three-month and nine-month periods ended September 30, 2022 and 2021, employees' compensation was accrued at $1,798, $1,041, $3,188 and $1,687, respectively; while directors' and supervisors' remuneration was accrued at $596, $348, $1,052 and $560, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' and supervisors remuneration were estimated and accrued based on Articles of Incorporation of the Company, a ratio of distributable profit of the current year.

There is no difference between employees' compensation (directors' and supervisors' remuneration) as resolved by the Board of Directors and reported at the shareholders' meeting and the amount recognised in the 2021 financial statements of $5,112, $1,698 had been adjusted in profit or loss for 2021. The appropriation was in the form of cash.

Information about the appropriation of employees' compensation (bonus) and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved 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:

	For the three-month period ended September 30,	
	2022	2021
Current tax:		
Current tax on profit for the period	$ 6,922	$ 3,545
Tax on undistributed surplus earnings	-	-
Prior year income tax underestimation (overestimation)	42	(3)
Total current tax	6,964	3,542
Deferred tax:		
Origination and reversal of temporary differences	3,422	2,181
Income tax expense	$ 10,386	$ 5,723

	For the nine-month period ended September 30,	
	2022	2021
Current tax:		
Current tax on profit for the period	$ 11,942	$ 9,695
Tax on undistributed surplus earnings	498	-
Prior year income tax overestimation	(1,908)	(4,724)
Total current tax	10,532	4,971
Deferred tax:		
Origination and reversal of temporary differences	6,031	684
Income tax expense	$ 16,563	$ 5,655

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

	For the three-month period ended September 30,	
	2022	2021
Currency translation differences	$ 3,483	($ 248)

	For the nine-month period ended September 30,	
	2022	2021
Currency translation differences	$ 7,940	($ 2,797)

C. The Company’s income tax returns through 2020 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	For the three-month period ended September 30, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent company	$ 22,041	45,000	$ 0.49
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent company	22,041	45,000	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	62	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 22,041	45,062	$ 0.49

	For the three-month period ended September 30, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent company	$ 13,837	45,000	$ 0.31
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent company	13,837	45,000	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	48	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 13,837	45,048	$ 0.31

	For the nine-month period ended September 30, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent company	$ 38,376	45,000	$ 0.85
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent company	38,376	45,000	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	110	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 38,376	45,110	$ 0.85

	For the nine-month period ended September 30, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent company	$ 25,594	45,000	$ 0.57
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent company	25,594	45,000	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	73	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 25,594	45,073	$ 0.57

(27) Changes in liabilities from financing activities

	2022				
	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 752,544	$ -	$ 21,510	$ 9,851	$ 783,905
Changes in cash flow from financing activities	4,485	99,985	9,302	(7,579)	106,193
Impact of changes in foreign exchange rate	11,124	-	79	-	11,203
Changes in other non-cash items	-	-	-	12,628	12,628
At September 30	$ 768,153	$ 99,985	$ 30,891	$ 14,900	$ 913,929

	2021			
	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 454,963	$ 30,276	$ 8,006	$ 493,245
Changes in cash flow from financing activities	224,151	(2,530)	(8,096)	213,525
Impact of changes in foreign exchange rate	(1,917)	(2,123)	-	(4,040)
Changes in other non-cash items	-	-	12,348	12,348
At September 30	$ 677,197	$ 25,623	$ 12,258	$ 715,078

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
United Integrated Services Co., Ltd.	The entity using the equity method to account for the investment in the Company
Beijing Xiankong Technology Co., Ltd.	Other related party
Directors, supervisors, general manager and vice general manager	The Group’s key management
United Integrated Services Co., Ltd.(JIANGXI)	Other related party
Eco Energy Corporation	Other related party
Wada	Other related party

(2) Significant related party transactions and balances

A. Sales revenue

	For the three-month period ended September 30,	
	2022	2021
Sales revenue		
Entities with significant influence to the Group	$ 16,663	$ 364
Other related parties	-	499
	$ 16,663	$ 863

	For the nine-month period ended September 30,	
	2022	2021
Sales revenue		
Entities with significant influence to the Group	$ 16,957	$ 658
Other related parties	-	1,178
	$ 16,957	$ 1,836

The transaction prices and terms of the Group and entities with significant influence over the Group are determined in accordance with the agreed contracts. The credit term is commensurate with non-related parties, which is 60~120 days after monthly billings.

B. Leasing arrangements - lessee

(a) The Group leased office and plant from United Integrated Services Co., Ltd. Rental contracts are typically made for periods from 2022 to 2024. Rents are paid at the end of each month.

(b) Lease liabilities

i. Outstanding balance

	September 30, 2022	December 31, 2021	September 30, 2021
United Integrated Services Co., Ltd.	$ 8,732	$ 1,853	$ 2,959

ii. Interest expense

	For the three-month period ended September 30,	
	2022	2021
United Integrated Services Co., Ltd.	$ 38	$ 14

	For the nine-month period ended September 30,	
	2022	2021
United Integrated Services Co., Ltd.	$ 59	$ 27

C. Accounts receivable from related parties

	September 30, 2022	December 31, 2021	September 30, 2021
Accounts receivable			
Entities with significant influence to the Group	$ 6,671	$ 17,224	$ 17,404
Other related parties	18	3,234	524
	$ 6,689	$ 20,458	$ 17,928

The accounts receivable of the Group and entities with significant influence over the group are construction accounts. The transaction prices and terms are determined in accordance with the agreed contracts.

D. Endorsements and guarantees

As of September 30, 2022, December 31, 2021 and September 30, 2021, there were unsecured bank borrowings amounting to $605,307, $668,373 and $608,299, respectively. The Company's key management was a joint guarantor.

E. Commitments

Promissory notes issued for the warranty of sales and performance guarantees of lease contracts.

	September 30, 2022	December 31, 2021	September 30, 2021
Entities with significant influence to the Group	$ 11,008	$ 10,962	$ 10,962

(3) Key management compensation

	For the three-month period ended September 30,	
	2022	2021
Salaries and other short-term employee benefits	$ 10,926	$ 9,332
Termination benefits	245	241
	$ 11,171	$ 9,573

	For the nine-month period ended September 30,	
	2022	2021
Salaries and other short-term employee benefits	$ 30,752	$ 30,723
Termination benefits	731	728
	$ 31,483	$ 31,451

8. Pledged Assets

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

Pledged assets	Book value September 30, 2022	Book value December 31, 2021	Book value September 30, 2021	Purpose
Other current assets —time deposits	$ 194	$ 194	$ 194	Performance guarantee for contracts
Property, plant and equipment —land and buildings	127,989	105,519	105,901	Short-term borrowings or guarantee for line of credit
Right-of-use assets —land use rights	860	856	855	Short-term borrowings or guarantee for line of credit
	$ 129,043	$ 106,569	$ 106,950	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. As of September 30, 2022, December 31, 2021 and September 30, 2021, other than the details of contingencies and commitments between the Group and related parties as provided in Note 7(2) E, contingencies and commitments between the Group and third parties are as follows:

Capital expenditure contracted for at the balance sheet date but not yet incurred

	September 30, 2022	December 31, 2021	September 30, 2021
Property, plant and equipment	$ 18,681	$ -	$ 1,490
Intangible assets	1,143	1,216	1,216
	$ 19,824	$ 1,216	$ 2,706

Warranty and performance guarantee

As of September 30, 2022, December 31, 2021 and September 30, 2021, promissory notes issued for the warranty and performance guarantee of sales amounted to $126,329, $117,914 and $95,860, respectively.

B. Details of endorsements/guarantees provided by the Company to subsidiaries are provided in Note 13(1) B.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure with reasonable cost of funds. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets.

In 2022, the Group's strategy, which was unchanged from 2021, was to maintain the gearing ratio of about 40%. The gearing ratios at September 30, 2022, December 31, 2021 and September 30, 2021 were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Total liabilities	$ 2,173,110	$ 1,871,626	$ 1,779,870
Total equity	1,515,884	1,501,464	1,449,828
Total assets	$ 3,688,994	$ 3,373,090	$ 3,229,698
Gearing ratio	59%	55%	55%

(2) Financial instruments

A. Financial instruments by category

	September 30, 2022	December 31, 2021	September 30, 2021
Financial assets			
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	$ 81,000	$ 81,000	$ 81,000
Financial assets at amortised cost			
Cash and cash equivalents	$ 207,541	$ 268,948	$ 239,756
Financial assets at amortised cost	13,613	13,226	13,109
Notes receivable	36,619	24,837	22,919
Accounts receivable (including related parties)	631,790	849,388	569,671
Other receivables	20,154	8,007	8,428
Guarantee deposits paid	14,571	13,250	10,919
	$ 924,288	$ 1,177,656	$ 864,802

	September 30, 2022	December 31, 2021	September 30, 2021
Financial liabilities			
Financial liabilities at fair value through profit or loss			
Short-term borrowings	$ 768,153	$ 752,544	$ 677,197
Short-term notes and bills payable	99,985	-	-
Notes payable	1,576	3,873	1,268
Accounts payable	599,865	550,556	489,716
Other accounts payable	115,377	151,174	160,429
Long-term borrowings (including current portion)	30,891	21,510	25,623
Guarantee deposits received	376	374	373
	$ 1,616,223	$ 1,480,031	$ 1,354,606
Lease liability (including related parties)	$ 14,900	$ 9,851	$ 12,258

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

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

(Foreign currency: Functional currency)	September 30, 2022 Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	For the nine-month period ended September 30, 2022 Sensitivity Analysis Degree of variation	Effect on profit before tax	Effect on other comprehensive income
Financial assets						
Monetary items						
USD:NTD	$ 8,518	31.7500	$ 270,447	1%	$ 2,704	$ -
RMB:USD	409	0.1409	1,829	1%	18	-
RMB:NTD	19	4.4730	85	1%	1	-
JPY:NTD	17,466	0.2201	3,844	1%	38	-
USD:RMB	21	7.0981	667	1%	7	-
SGD:USD	911	0.6995	20,233	1%	202	-
Financial liabilities						
Monetary items						
USD:NTD	$ 2,201	31.7500	$ 69,882	1%	$ 699	$ -
USD:RMB	1,140	7.0981	36,195	1%	362	-
SGD:USD	271	0.6995	6,019	1%	60	-

(Foreign currency: Functional currency)	December 31, 2021 Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	2022 Sensitivity Analysis Degree of variation	Effect on profit before tax	Effect on other comprehensive income
Financial assets						
Monetary items						
USD:NTD	$ 7,457	27.680	$ 206,410	1%	$ 2,064	$ -
RMB:NTD	499	4.3440	2,168	1%	22	-
JPY:NTD	15,686	0.2405	3,772	1%	38	-
USD:RMB	31	6.3720	858	1%	9	-
SGD:USD	959	0.7392	19,622	1%	196	-
Financial liabilities						
Monetary items						
USD:NTD	$ 4,555	27.680	$ 126,082	1%	$ 1,261	$ -
USD:RMB	948	6.3720	26,241	1%	262	-
SGD:USD	244	0.7392	4,992	1%	50	-

(Foreign currency: Functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit before tax	Effect on other comprehensive income
	September 30, 2021			For the nine-month period ended September 30, 2021 Sensitivity Analysis		
Financial assets						
Monetary items						
USD:NTD	$ 8,803	27.850	$ 245,164	1%	$ 2,452	$ -
RMB:NTD	3,723	4.3050	16,028	1%	160	-
JPY:NTD	14,300	0.2490	3,561	1%	36	-
USD:RMB	34	6.4692	947	1%	9	-
SGD:USD	936	0.7350	19,160	1%	192	-
Financial liabilities						
Monetary items						
USD:NTD	$ 3,033	27.850	$ 84,469	1%	$ 845	$ -
USD:RMB	884	6.4692	24,619	1%	246	-
SGD:USD	318	0.7350	6,509	1%	65	-

iv. The total exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2022 and 2021, amounted to $17,233, $3,133, $28,972 and $3,922, respectively.

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise unlisted shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity would have increased/decreased by both $810, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group's borrowings are mostly with fixed interest rate and maturity within one year. Therefore, the Group does not expect to be exposed to significant interest rate risk.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients on the contract obligations. The main factor is that counterparties could not repay in full the contract cash flows of accounts receivable, notes receivable and amortized cost financial assets based on the agreed terms.

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 investment grade or above 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 management. The utilisation of credit limits is regularly monitored. The main credit risk arises from wholesale and retail customers, including outstanding receivables.

iii. The Group adopts the assumptions under IFRS 9, there has been a significant increase in credit risk on that instrument since initial recognition, when the contract payments were past due over 30 days.

iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

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) Default or delinquency in interest or principal repayments;

(iii) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group classifies customers' accounts receivable in accordance with sales area. The Group applies the modified approach using provision matrix 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. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group's written-off financial assets that are still under recourse procedures amounted to $3,369, $75 and $75, respectively.

viii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. As of September 30, 2022, December 31, 2021 and September 30, 2021, the provision matrix is as follows:

	Not overdue	Overdue within 30 days	Overdue within 60 days	Overdue within 90 days	Overdue for more than 90 days	Total
At September 30, 2022						
Expected loss rate	0.03%	1.03%~13.49%	16~87%	62~94%	31~100%	
Total book value	$ 607,190	$ 13,576	$ 5,258	$ 1,175	$ 14,141	$ 641,340
Loss allowance	180	638	2,421	1,002	5,309	9,550
December 31, 2021						
Expected loss rate	0.03%	1.03%~13.49%	16~87%	62~94%	31~100%	
Total book value	$ 820,822	$ 21,234	$ 5,635	$ 2,629	$ 6,838	$ 857,158
Loss allowance	240	1,621	1,277	2,463	2,169	7,770
At September 30, 2021						
Expected loss rate	0.03%	1.03%~13.49%	16~87%	62~94%	31~100%	
Total book value	$ 538,239	$ 25,061	$ 6,852	$ 2,388	$ 5,615	$ 578,155
Loss allowance	156	1,546	2,456	1,488	2,838	8,484

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2022	
	Accounts receivable	Overdue receivable
At January 1	$ 7,770	$ 41,139
Provision for impairment loss	1,927	-
Reversal of impairment loss	(109)	-
Write-offs	(467)	(2,902)
Effect of foreign exchange	429	1,070
At September 30	$ 9,550	$ 39,307

	2021	
	Accounts receivable	Overdue receivable
At January 1	$ 8,331	$ 41,372
Provision for impairment loss	1,437	-
Reversal of impairment loss	(1,083)	-
Write-offs	(52)	(23)
Effect of foreign exchange	(149)	(166)
At September 30	$ 8,484	$ 41,183

(c) Liquidity risk

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

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and other cash equivalents, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The Group has the following undrawn borrowing facilities:

	September 30, 2022	December 31, 2021	September 30, 2021
Fixed rate:			
Expiring within one year	$ 1,067,028	$ 737,816	$ 863,753

iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. 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	Over 1 year	Book value
Short-term borrowings	$ 675,328	$ 97,006	$ -	$ 772,334
Short-term notes and bills payable	100,000	-	-	100,000
Notes payable	1,576	-	-	1,576
Accounts payable	569,455	30,410	-	599,865
Other payables	68,317	38,211	8,849	115,377
Lease liability	2,569	6,939	5,846	15,354
Long-term borrowings (including current portion)	2,762	7,029	21,795	31,586

December 31, 2021	Less than 3 months	Between 3 months and 1 year	Over 1 year	Book value
Short-term borrowings	$ 686,004	$ 68,342	$ -	$ 754,346
Notes payable	3,873	-	-	3,873
Accounts payable	530,428	20,128	-	550,556
Other payables	120,967	28,124	2,083	151,174
Lease liability	2,549	4,261	3,594	10,404
Long-term borrowings (including current portion)	3,357	8,774	9,528	21,659

September 30, 2021	Less than 3 months	Between 3 months and 1 year	Over 1 year	Book value
Short-term borrowings	$ 608,968	$ 69,515	$ -	$ 678,483
Notes payable	1,268	-	-	1,268
Accounts payable	466,617	23,099	-	489,716
Other payables	103,829	49,359	7,241	160,429
Lease liability	2,549	5,834	4,570	12,953
Long-term borrowings (including current portion)	2,783	8,349	14,676	25,808

iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(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.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in unlisted stocks is included in Level 3.

B. Financial instruments not measured at fair value.

The Group's carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, accounts payable and other payables are approximate to their fair values. The carrying amounts are provided in Note 12(2) A.

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 is as follows:

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

September 30, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 81,000	$ 81,000

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 81,000	$ 81,000

September 30, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 81,000	$ 81,000

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts 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.

(b) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

E. For the three-month and nine-month periods ended September 30, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. For the nine-month periods ended September 30, 2022 and 2021, there was no transfer into or out from Level 3.

G. Financial 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:

	Fair value at September 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	$ 81,000	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	$ 81,000	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at September 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	$ 81,000	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value

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

			September 30, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income (loss)	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets Equity instrument	30%	±1%	$ -	$ -	$ 1,906	($ 1,906)

	Input	Change	December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income (loss)	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets Equity instrument	30%	±1%	$ -	$ -	$ 1,906	($ 1,906)

	Input	Change	September 30, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income (loss)	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets Equity instrument	30%	±1%	$ -	$ -	$ 1,307	($ 1,307)

(4) Others

Despite the COVID-19 pandemic and the various preventive measures adopted by the government, there has not been a significant impact on the operations of the Group. The Group's operating income for the third quarter of 2022 did not decrease compared to the same period last year, and it has been assessed that there is no doubt on the Group's ability to continue operations, assets have not been impaired, and financing risks have not increased. The Group's pandemic response management has complied with the Central Epidemic Command Center's announcement of the three-level epidemic alert related measures and the relevant pandemic prevention regulations of the Infectious Disease Prevention and Control Act.

13. Supplementary Disclosures

(1) Significant transaction information

The Group discloses related information of the following for the nine-month period ended September 30, 2022:

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

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

I. Derivative financial instruments undertaken during the reporting period: None.

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

(2) Information on investees (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:

(a) Purchasing amount and percentage and related receivables' percentage and ending balance: Please refer to tables 6 and 9.

(b) Selling amount and percentage and related receivables' percentage and ending balance: Please refer to tables 6 and 9.

(c) Property transaction amounts and gains and loss arising from them: None.

(d) Ending balance and purpose of provision of endorsements/guarantees or collaterals: None.

(e) Maximum balance, ending balance, interest rate range and interest for financing during the nine-month period ended September 30, 2022: Please refer to table 1.

(f) Other significant transactions that affected the gains and loss or financial status for the period, i.e. rendering/receiving of service: Please refer to table 9.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

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. The Group has three reportable operating segments: First Business Division, Second Business Division and Technical Services Division. The primary sources of revenue from products and services are as follows:

First Business Division	:	Promotes domestic sales of consigned and self-manufactured products
Second Business Division	:	Responsible for international sales and market promotion of self-manufactured products
Technical Services Division	:	Responsible for the installation, testing, and warranty of products, as well as development of the repair and maintenance business line, and purchases and sales of spare parts and miscellaneous
Energy Division	:	Domestic sales and market promotion of self-manufactured energy-related products

(2) Segment information

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

For the three-month period ended September 30, 2022	First Business Division	Second Business Division	Technical Services Division	Energy Division	Reconciliation and elimination	Total
Revenue from external customer contracts	$ 184,581	$ 395,193	$ 64,084	$ 74,369	$ -	$ 718,227
Inter-segment revenue	16,170	806,577	-	-	(822,747)	-
Total segment revenue	$ 200,751	$ 1,201,770	$ 64,084	$ 74,369	($ 822,747)	$ 718,227
Segment income	$ 11,809	$ 39,023	$ 25,177	$ 6,195	($ 63,360)	$ 18,844

For the three-month period ended September 30, 2021	First Business Division	Second Business Division	Technical Services Division	Energy Division	Reconciliation and elimination	Total
Revenue from external customer contracts	$ 184,541	$ 354,228	$ 55,283	$ 59,515	$ -	$ 653,567
Inter-segment revenue	25,606	606,400	-	-	(632,006)	-
Total segment revenue	$ 210,147	$ 960,628	$ 55,283	$ 59,515	($ 632,006)	$ 653,567
Segment income	$ 11,684	$ 34,958	$ 24,985	($ 46)	($ 56,125)	$ 15,456

For the nine-month period ended September 30, 2022	First Business Division	Second Business Division	Technical Services Division	Energy Division	Reconciliation and elimination	Total
Revenue from external customer contracts	$ 560,604	$ 959,976	$ 189,369	$ 204,503	$ -	$ 1,914,452
Inter-segment revenue	39,100	1,869,781	-	-	(1,908,881)	-
Total segment revenue	$ 599,704	$ 2,829,757	$ 189,369	$ 204,503	($ 1,908,881)	$ 1,914,452
Segment income	$ 34,697	$ 73,032	$ 85,534	$ 16,060	($ 186,335)	$ 22,988

For the nine-month period ended September 30, 2021	First Business Division	Second Business Division	Technical Services Division	Energy Division	Reconciliation and elimination	Total
Revenue from external customer contracts	$ 687,002	$ 936,016	$ 166,123	$ 181,752	$ -	$ 1,970,893
Inter-segment revenue	88,943	1,709,896	-	-	(1,798,839)	-
Total segment revenue	$ 775,945	$ 2,645,912	$ 166,123	$ 181,752	($ 1,798,839)	$ 1,970,893
Segment income	$ 47,512	$ 73,658	$ 78,655	$ 2,589	($ 178,722)	$ 23,692

(3) Reconciliation for segment income (loss)

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.

Reconciliations of reportable segment income to the income before tax from continuing operations for the three-month and nine-month periods ended September 30, 2022 and 2021 are as follows:

	For the three-month period ended September 30,	
	2022	2021
Reportable segments income before tax	$ 18,844	$ 15,456
Interest income	399	350
Other income	1,679	3,454
Other gains and losses	15,366	2,665
Finance costs	(3,549)	(1,810)
Income before tax from continuing operations	$ 32,739	$ 20,115

	For the nine-month period ended September 30,	
	2022	2021
Reportable segments income before tax	$ 22,988	$ 23,692
Interest income	640	502
Other income	11,704	10,076
Other gains and losses	26,951	2,901
Finance costs	(7,303)	(4,520)
Income before tax from continuing operations	$ 54,980	$ 32,651

The Group did not provide the total assets and total liabilities amounts to the Chief Operating Decision-Maker.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Loans to others

For the nine-month period ended September 30, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine-month period ended September 30, 2022	Balance at September 30, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	The Company	Ablerex-LATAM	Other recivables	Y	$ 95,250 (USD 3,000 thousand)	$ 47,625 (USD 1,500 thousand)	$ 47,625 (USD 1,500 thousand)	3.50%	Short-term financing	$ -	Turnover of operation	$ -	None	$ -	$ 150,147	$ 600,589	Note 1 Note 4
1	Ablerex-HK	Ablerex-SZ	Other recivables	Y	158,750 (USD 5,000 thousand)	95,250 (USD 3,000 thousand)	63,500 (USD 2,000 thousand)	3.50%	Short-term financing	-	Turnover of operation	-	None	-	150,147	600,589	Note 1 Note 2 Note 5
2	Ablerex-USA	Ablerex-SZ	Other recivables	Y	15,875 (USD 500 thousand)	15,875 (USD 500 thousand)	15,875 (USD 500 thousand)	1.25%	Short-term financing	-	Turnover of operation	-	None	-	150,147	600,589	Note 1 Note 3 Note 6

Note 1: In accordance with the Company's "Procedures for Provision of Loans", limit on total loans to others is 40% of the Company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year on the year of financing. Limit on loans to a single party with short-term financing is 10% of the Company's net assets; but limit on total loans to subsidiaries is 40% of the parent company's current net assets. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is not restricted.

Note 2: In accordance with the Ablerex-HK's "Procedures for Provision of Loans", limit on total loans to others is 40% of the parent company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing is 10% of the parent company's net assets; but limit on total loans to subsidiaries is 40% of the parent company's current net assets. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is not restricted. The deadline of each loan is 1 year from the lending day.

Note 3: In accordance with the Ablerex-USA's "Procedures for Provision of Loans", limit on total loans to others is 40% of the parent company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing is 10% of the parent company's net assets; but limit on total loans to subsidiaries is 40% of the parent company's current net assets. Furthermore, w

Note 4: The maximum credit to be drawn as approved by the Board of Directors was USD 3,000 thousand. The period-end available credit balance was USD 1,500 thousand. The actual amount drawn was USD 1,500 thousand.

Note 5: The maximum credit to be drawn as approved by the Board of Directors was USD 5,000 thousand. The period-end available credit balance was USD 3,000 thousand. The actual amount drawn was USD 2,000 thousand.

Note 6: The maximum credit to be drawn as approved by the Board of Directors was USD 500 thousand. The period-end available credit balance was USD 500 thousand. The actual amount drawn was USD 500 thousand.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the nine-month period ended September 30, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of September 30, 2022 (Note 3)	Outstanding endorsement/ guarantee amount at September 30, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	The Company	Ablerex-HK	Subsidiary	$ 300,294	$ 238,125	$ 238,125 (USD 7,500 thousand)	$ 61,913 (USD 1,950 thousand)	$ -	16%	$ 750,736	Y	N	N	Note 1 Note 2

Note1: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", limit on the Company endorsements/guarantees to others is 50% of the Company's net assets. Limit on the Company's endorsements/guarantees to a single party is 20% of the Company's net assets,and limit on endorsements/guarantees for companies with business relations is the higher value of purchases or sales during current year.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

(1)Having business relationship.

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

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

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

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

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

Note 3: Transactions made with Ablerex-HK is higher than 50% of the Company's net assets, which is over the limit on the Company endorsements/guarantees to others. Thus, the limit on the Company endorsements/guarantees to Ablerex-HK is 50% of the Company's net assets.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

September 30, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Eco Energy Corporation	Other related party	Financial assets at fair value through other comprehensive income-non-current	5,400,000	$81,000 thousand	13.5%	$81,000 thousand	None

ABLEREX ELECTRONICS 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

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Ablerex-SG	Subsidiary	(Sales)	($ 93,966)	(6%)	Note 3	Note 3	Note 3	$ 60,758	9%	-
Ablerex-SG	The Company	Parent Company	Purchases	USD 3,209 thousand	76%	Note 3	Note 3	Note 3	(USD 1,914 thousand)	(91%)	-
The Company	Ablerex-IT	Second-tier subsidiary	(Sales)	($ 120,848)	(7%)	Note 3	Note 3	Note 3	$ 85,627	12%	-
Ablerex-IT	The Company	Parent Company	Purchases	USD 3,992 thousand	89%	Note 3	Note 3	Note 3	(USD 2,681 thousand)	(86%)	-
The Company	Ablerex-HK	Subsidiary	Purchases	$ 603,894	43%	Note 1	Note 1	Note 1	($ 179,413)	(33%)	-
Ablerex-HK	The Company	Parent Company	(Sales)	(USD 20,622 thousand)	(100%)	Note 1	Note 1	Note 1	USD 5,650 thousand	100%	-
The Company	Ablerex-SZ	An indirectly-owned Subsidiary	Purchases	$ 254,409	18%	Note 1	Note 1	Note 1	($ 62,414)	(11%)	-
Ablerex-SZ	The Company	Parent Company	(Sales)	(RMB 57,455 thousand)	(27%)	Note 1	Note 1	Note 1	RMB 13,953 thousand	26%	-
Ablerex-HK	Ablerex-SZ	Affiliate	Purchases	USD 20,622 thousand	100%	Note 2	Note 2	Note 2	(USD 4,675 thousand)	(100%)	-
Ablerex-SZ	Ablerex-HK	Affiliate	(Sales)	(RMB 135,525 thousand)	(63%)	Note 2	Note 2	Note 2	RMB 33,190 thousand	62%	-

Note 1: The transaction price is commensurate with the purchase price from Ablerex-SZ; the receivable (payable) policy is Net 60 days E.O.M.

Note 2: The transaction price is the Ablerex-SZ production cost plus an agreed gross margin; the receivable (payable) policy is Net 60 days E.O.M.

Note 3: Transaction price are determined according to the agreements between the parties; the receivable (payable) policy is Net 120 days E.O.M.

Note 4: Ablerex-HK conducts purchases from Ablerex, whereby the prices were determined according to the agreements between the parties. The purchases were then sold to Ablerex-SZ with a zero contribution margin; the credit term is coherent with general customers.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

September 30, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Ablerex-HK	The Company	Parent company	USD 5,650 thousand	6.14	-	-	USD 2,021 thousnad	-
Ablerex-SZ	Ablerex-HK	Affiliate	RMB 33,190 thousand	7.35	-	-	RMB 13,977 thousnad	-

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the nine-month period ended September 30, 2022

Table 6

Expressed in thousands of NTD

Individual transactions not exceeding $10,000 and their corresponding transactions are not disclosed.

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	Ablerex-HK	1	Purchases	$ 603,894	Note 4	32%
		Ablerex-HK	1	Accounts Payable	179,413		5%
		Ablerex-SZ	1	Sales	28,210	Note 5	1%
		Ablerex-SZ	1	Purchases	254,409	Note 5	13%
		Ablerex-SZ	1	Accounts Payable	62,414		2%
		Ablerex-SZ	1	Other Receivables	12,933		0%
		Ablerex-USA	1	Sales	68,128	Note 5	4%
		Ablerex-USA	1	Accounts Receivable	22,875		1%
		Ablerex-SG	1	Sales	93,966	Note 5	5%
		Ablerex-SG	1	Accounts Receivable	60,758		2%
		Ablerex-IT	1	Sales	120,848	Note 5	6%
		Ablerex-IT	1	Accounts Receivable	85,627		2%
		Ablerex-LATAM	1	Sales	57,117	Note 5	3%
		Ablerex-LATAM	1	Accounts Receivable	53,367		1%
		Ablerex-LATAM	1	Other Receivables	47,840	Note 8	1%
1	Ablerex-HK	Ablerex-SZ	3	Purchases	600,102	Note 4	31%
		Ablerex-SZ	3	Accounts Payable	148,461		4%
		Ablerex-SZ	3	Other Receivables	63,889	Note 7	2%
2	Ablerex-SZ	Ablerex-BJ	3	Sales	37,068	Note 5	2%
		Ablerex-BJ	3	Accounts Receivable	20,881		1%
3	Ablerex-SG	Ablerex-TH	3	Sales	31,064	Note 5	2%
		Ablerex-TH	3	Accounts Receivable	29,120		1%
4	Ablerex-USA	Ablerex-SZ	3	Other Receivables	15,958	Note 9	1%

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

(1) Parent company is ‘0’.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Ablerex-HK conducted purchases from Ablerex-SZ, whereby the prices were based on Ablerex-SZ’s production costs. The purchases were then resold to Ablerex with a zero contribution margin; the term for receivables and payables is Net 60 days E.O.M.

Note 5: Transaction prices are determined according to the agreements between the parties; the credit term is coherent with general customers.

Note 6: Ablerex-HK conducts purchases from Ablerex, whereby the prices were determined according to the agreements between the parties. The purchases were then sold to Ablerex-SZ with a zero contribution margin; the credit term is coherent with general customers.

Note 7: Ablerex-HK loan to Ablerex-SZ, interest against agreed interest rate 3.5% per annum.

Note 8: Ablerex loan to Ablerex-Latam, interest against agreed interest rate 3.5% per annum.

Note 9: Ablerex-USA loan to Ablerex-SZ, interest against agreed interest rate 1.25% per annum.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Information on investees

For the nine-month period ended September 30, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2022			Net profit (loss) of the investee for the nine-month period ended September 30, 2022	Investment income(loss) recognised by the Company for the nine-month period ended September 30, 2022	Footnote
				Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
The Company	Ablerex-Samoa	Samoa	Holding company	$ 217,445	$ 217,445	6,635,000	100	$ 474,985	$ 7,481	$ 10,580	Subsidiary
The Company	Ablerex-USA	U.S.	Sales of uninterruptible power supply, solar energy products, and related systems	8,303	8,303	250,000	100	78,853	8,874	8,874	Subsidiary
The Company	Ablerex-HK	Hong Kong	Sales of uninterruptible power supply, solar energy products, and related systems	43	43	10,000	100	34,079	65	65	Subsidiary
The Company	Ablerex-SG	Singapore	Sales of uninterruptible power supply, solar energy products, and related systems	48,008	48,008	2,140,763	100	113,937	2,879	1,246	Subsidiary
The Company	Ablerex-UK	UK	Holding company	4,674	4,674	100,000	100	12,199	(977)	(2,212)	Subsidiary
The Company	Ablerex-JP	Japan	Sales of uninterruptible power supply, solar energy products, and related systems	9,159	9,159	2,970	99	5,698	416	353	Subsidiary
Ablerex-Samoa	Ablerex -Overseas	Hong Kong	Holding company	217,445	217,445	6,635,000	100	477,937	7,514	-	Second-tier subsidiary
Ablerex-UK	Ablerex-IT	Italy	Sales of uninterruptible power supply, solar energy products, and related systems	4,674	4,674	100,000	100	12,199	(977)	-	Second-tier subsidiary
Ablerex-SG	Ablerex-TH	Thailand	Sales of uninterruptible power supply, solar energy products, and related systems	256	256	280,000	70	3,694	1,291	-	Second-tier subsidiary
Ablerex-USA	Ablerex-Latam	U.S.	Sales of uninterruptible power supply, solar energy products,and related systems	15,358	15,358	3,650	86	6,275	(2,631)	-	Second-tier subsidiary

Note: The Company recognised investment income comprising of downstream and upstream transactions.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the nine-month period ended September 30, 2022

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022	Net income of investee as of September 30, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2022	Book value of investments in Mainland China as of September 30, 2022	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Ablerex-SZ	Manufacturing and sales of uninterruptible power supply, solar energy products, and related systems	$ 173,355	Note 1	$ 173,355	$ -	$ -	$ 173,355	$ 7,647	100	$ 7,647	$ 427,548	$ -	Note 2
Ablerex-BJ	Manufacturing and sales of uninterruptible power supply, solar energy products, and related systems	44,730	Note 1	37,306	-	-	37,306	91	80	73	46,994	-	Note 2

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ABLEREX ELECTRONICS CO., LTD.	$ 210,661	$ 210,661	$ 909,530

Note 1: Invested in cash through the third region’s subsidiary, Ablerex-Samoa which invested in Ablerex-Overseas and then reinvested in Ablerex-SZ and Ablerex-BJ. The investments were approved by the Investment Commission of the Ministry of Economic Affairs.

Note 2: Excluding the presentation and disclosures of Ablerex-SZ concurrently reviewed by the Certified Public Accountant, the above-listed related parties disclosed below are presentations and disclosures on investees that were not concurrently reviewed by the Certified Public Accountant. For consolidated reporting purposes, all individuals disclosed below have eliminated all inter-group transactions.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the nine-month period ended September 30, 2022

Table 9 Expressed in thousands of NTD

(Except as otherwise indicated)

(1) Purchasing amount and percentage and related payables' percentage and balance at September 30, 2022:

		For the nine-month period ended September 30, 2022		
Company name	General ledger amount	Amount	%	Footnote
Ablerex-SZ	Purchases	$ 858,303	60%	Purchase from Ablerex-SZ through Ablerex-HK of which $254,409 purchase directly.
Ablerex-SZ	Accounts Payable	$ 241,827	44%	Pay from Ablerex-SZ through Ablerex-HK of which $62,414 purchase directly.

(2) Selling amount and percentage and related receivables' percentage and balance at September 30, 2022:

		For the nine-month period ended September 30, 2022		
Company name	General ledger amount	Amount	%	Footnote
Ablerex-SZ	Sales	$ 28,210	2%	Sold directly
Ablerex-SZ	Accounts Receivable	$ 3,514	1%	

(3) Other significant transactions that affected the gains and losses or financial status for the period, i.e. rendering/receiving of service:

		For the nine-month period ended September 30, 2022		
Company name	General ledger amount	Amount	%	Footnote
Ablerex-SZ	Miscellaneous income	$ 1,110	42%	The Company purchased the critical raw materials of $21,410 onbehalf of Ablerex-SZ.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
Major shareholders information
September 30, 2022

Table 10

Name of major shareholders	Shares: Number of shares held	Shares: Ownership (%)
United Integrated Services Co., Ltd.	14,217,502	31.59%
Wen Hsu	9,638,177	21.41%
Y.A. Chen	2,485,763	5.52%