

**FOXCONN TECHNOLOGY CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
SEPTEMBER 30, 2023 AND 2022**

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

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## INDEPENDENT AUDITOR'S REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Foxconn Technology Co., Ltd.

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Foxconn Technology Co., Ltd. and subsidiaries (the "Group") as at September 30, 2023 and 2022, 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 period 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 the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" that came into effect 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 Review Engagements 2410, "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 Notes 4 (3) and 6 (7), we did not review the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under equity method as well as the information disclosed in Note 13, which statements reflect total assets (including investments accounted for under equity method) of NT\$36,266,516 thousand and NT\$34,174,106 thousand, constituting 26% and 24% of the consolidated total assets, and total liabilities of NT\$6,736,560 thousand and NT\$7,909,619 thousand, constituting 18% and 21% of the consolidated total liabilities as at September 30, 2023 and 2022, respectively, and total comprehensive income (loss) (including share of profit (loss) and other comprehensive income (loss) of associates accounted for under equity method) of NT\$565,166 thousand,

NT\$34,488 thousand, NT\$306,166 thousand and NT\$705,503 thousand, constituting 13.10%, 1.42%, 8.87% and (11.72%) of the consolidated total comprehensive income (loss) for the three-month and nine-month periods then ended, respectively.

### ***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, investments accounted for using equity method and the information disclosed in Note 13 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, 2023 and 2022, 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 period then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

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Chieh-Ju, Hsu

For and on Behalf of PricewaterhouseCoopers, Taiwan

November 13, 2023

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Yung-Chien, Hsu

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ 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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**FOXCONN TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**  
**SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of September 30, 2023 and 2022 are reviewed, not audited)

Assets	Note	September 30, 2023		December 31, 2022		September 30, 2022		
		Amount	%	Amount	%	Amount	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 54,498,655	39	\$ 78,001,243	52	\$ 69,435,335	49
1136	Current financial assets at amortized cost, net	6(4) and 8	13,570	-	260,574	-	144,731	-
1170	Accounts receivable, net	6(5)	13,159,928	9	14,003,943	9	15,048,379	11
1180	Accounts receivable due from related parties, net	7	3,512,754	3	5,800,257	4	4,978,579	4
1200	Other receivables	7	4,323,978	3	4,642,235	3	3,990,389	3
130X	Inventory	6(6)	3,920,299	3	4,979,359	3	3,930,058	3
1470	Other current assets		387,145	-	464,200	1	411,633	-
11XX	<b>Total current assets</b>		<u>79,816,329</u>	<u>57</u>	<u>108,151,811</u>	<u>72</u>	<u>97,939,104</u>	<u>70</u>
<b>Non-current assets</b>								
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,315,213	1	502,530	-	695,214	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	23,396,695	16	25,222,349	17	23,833,135	17
1535	Non-current financial assets at amortized cost, net	6(4) and 8	22,674,185	16	2,203,442	1	2,236,787	2
1550	Investments accounted for under equity method	6(7)	5,101,665	4	5,087,554	3	5,319,986	4
1600	Property, plant, and equipment	6(8) and 7	3,348,353	2	4,229,790	3	4,479,180	3
1755	Right-of-use assets	6(9), 7, and 8	986,888	1	1,374,157	1	1,399,706	1
1760	Investment property, net	6(11)	1,053,260	1	1,160,010	1	1,213,476	1
1780	Intangible assets	6(12)	1,943,468	1	2,026,968	1	1,892,659	1
1840	Deferred tax assets		926,883	1	997,283	1	1,012,261	1
1900	Other non-current assets		218,807	-	148,874	-	138,721	-
15XX	<b>Total non-current assets</b>		<u>60,965,417</u>	<u>43</u>	<u>42,952,957</u>	<u>28</u>	<u>42,221,125</u>	<u>30</u>
1XXX	<b>Total assets</b>		<u>\$ 140,781,746</u>	<u>100</u>	<u>\$ 151,104,768</u>	<u>100</u>	<u>\$ 140,160,229</u>	<u>100</u>

(Continued)

**FOXCONN TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**  
**SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of September 30, 2023 and 2022 are reviewed, not audited)

Liabilities and equity	Note	September 30, 2023		December 31, 2022		September 30, 2022		
		Amount	%	Amount	%	Amount	%	
<b>Current liabilities</b>								
2100	Short-term borrowings	6(13) and 7	\$ 9,327,492	7	\$ 9,118,611	6	\$ 8,973,534	6
2120	Current financial liabilities at fair value through profit or loss	6(2)	-	-	9,364	-	16,274	-
2170	Accounts payable		4,569,708	3	4,695,000	3	5,947,491	4
2180	Accounts payable to related parties	7	11,651,673	8	24,324,159	16	9,516,555	7
2200	Other payables	6(14) and 7	8,802,915	6	7,198,855	5	10,633,713	8
2230	Current tax liabilities		620,017	1	975,714	1	774,763	1
2280	Current lease liabilities	7	181,141	-	187,626	-	151,758	-
2300	Other current liabilities		273,277	-	290,194	-	396,782	-
21XX	<b>Total current liabilities</b>		<u>35,426,223</u>	<u>25</u>	<u>46,799,523</u>	<u>31</u>	<u>36,410,870</u>	<u>26</u>
<b>Non-current liabilities</b>								
2570	Deferred tax liabilities		498,338	1	452,757	-	411,245	-
2580	Non-current lease liabilities	7	368,565	-	484,430	1	532,037	1
2600	Other non-current liabilities	6(15)	242,100	-	190,582	-	156,216	-
25XX	<b>Total non-current liabilities</b>		<u>1,109,003</u>	<u>1</u>	<u>1,127,769</u>	<u>1</u>	<u>1,099,498</u>	<u>1</u>
2XXX	<b>Total liabilities</b>		<u>36,535,226</u>	<u>26</u>	<u>47,927,292</u>	<u>32</u>	<u>37,510,368</u>	<u>27</u>
<b>Equity attributable to owners of parent</b>								
3110	Share capital	6(16)						
	Ordinary share		14,144,852	10	14,144,852	9	14,144,852	10
3200	Capital surplus	6(17)						
	Capital surplus		7,571,020	5	7,596,355	5	7,587,934	5
3310	Retained earnings	6(18)						
	Legal reserve		14,108,409	10	13,691,648	9	13,691,648	10
3320	Special reserve		3,823,676	3	-	-	-	-
3350	Unappropriated retained earnings		68,355,354	48	71,758,166	47	71,030,859	51
3400	Other equity interest	6(19)	( 3,672,580)	( 2)	( 3,823,676)	( 2)	( 3,615,885)	( 3)
31XX	<b>Total equity attributable to owners of parent</b>		<u>104,330,731</u>	<u>74</u>	<u>103,367,345</u>	<u>68</u>	<u>102,839,408</u>	<u>73</u>
36XX	<b>Non-controlling interests</b>	6(20)	( 84,211)	-	( 189,869)	-	( 189,547)	-
3XXX	<b>Total equity</b>		<u>104,246,520</u>	<u>74</u>	<u>103,177,476</u>	<u>68</u>	<u>102,649,861</u>	<u>73</u>
3X2X	<b>Total liabilities and equity</b>		<u>\$ 140,781,746</u>	<u>100</u>	<u>\$ 151,104,768</u>	<u>100</u>	<u>\$ 140,160,229</u>	<u>100</u>

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

**FOXCONN TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)  
(UNAUDITED)

Item	Note	Three months ended September 30				Nine months ended September 30				
		2023		2022		2023		2022		
		Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue	6(21) and 7	\$ 22,339,180	100	\$ 17,850,997	100	\$ 62,424,871	100	\$ 60,498,018	100
5000	Operating cost	6(6) and 7	( 20,794,394)	( 93)	( 16,161,592)	( 90)	( 58,175,703)	( 93)	( 55,594,854)	( 92)
5900	Gross profit from operations		1,544,786	7	1,689,405	10	4,249,168	7	4,903,164	8
	Operating expenses	7								
6100	Selling expenses		( 191,811)	( 1)	( 263,038)	( 2)	( 526,776)	( 1)	( 665,824)	( 1)
6200	Administrative expenses		( 394,689)	( 2)	( 415,543)	( 2)	( 1,159,671)	( 2)	( 1,227,496)	( 2)
6300	Research and development expenses		( 444,204)	( 2)	( 501,772)	( 3)	( 1,200,815)	( 2)	( 1,283,448)	( 2)
6450	(Impairment loss) impairment gain and reversal of impairment loss	12(2)	( 7,198)	-	6,781	-	( 208,973)	-	7,933	-
6000	Total operating expenses		( 1,037,902)	( 5)	( 1,173,572)	( 7)	( 3,096,235)	( 5)	( 3,168,835)	( 5)
6900	Net operating income		506,884	2	515,833	3	1,152,933	2	1,734,329	3
	Non-operating income and expenses									
7100	Interest income	6(22)	705,163	3	414,712	2	2,137,857	3	1,489,798	2
7010	Other income	6(23)	111,738	1	589,588	3	526,502	1	1,503,248	3
7020	Other gains and losses	6(24)	( 5,658)	-	367,660	2	534,814	1	665,283	1
7050	Financial costs		( 49,276)	-	( 68,781)	-	( 157,998)	-	( 158,508)	-
7060	Share of profit and loss on associates and joint ventures accounted for using the equity method	6(7)	( 2,671)	-	( 22,593)	-	( 86,833)	-	( 115,066)	-
7000	Total non-operating income and expenses		759,296	4	1,280,586	7	2,954,342	5	3,384,755	6
7900	<b>Profit before income tax</b>		1,266,180	6	1,796,419	10	4,107,275	7	5,119,084	9
7950	Tax expense	6(27)	( 208,082)	( 1)	( 242,033)	( 1)	( 784,336)	( 1)	( 1,691,557)	( 3)
8200	<b>Profit</b>		\$ 1,058,098	5	\$ 1,554,386	9	\$ 3,322,939	6	\$ 3,427,527	6

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**FOXCONN TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)  
(UNAUDITED)

Item	Note	Three months ended September 30				Nine months ended September 30				
		2023		2022		2023		2022		
		Amount	%	Amount	%	Amount	%	Amount	%	
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>										
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3) and (19)	(\$ 87,026)	( 1)	(\$ 2,940,974)	( 16)	(\$ 2,616,449)	( 4)	(\$ 17,796,927)	( 30)
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>										
8361	Exchange differences on translation		3,179,751	14	3,493,680	19	2,515,349	4	7,693,777	13
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(7) and (19)	164,495	1	318,307	2	229,312	-	655,639	1
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		3,344,246	15	3,811,987	21	2,744,661	4	8,349,416	14
8300	<b>Other comprehensive loss, net</b>		\$ 3,257,220	14	\$ 871,013	5	\$ 128,212	-	(\$ 9,447,511)	( 16)
8500	<b>Total comprehensive loss</b>		\$ 4,315,318	19	\$ 2,425,399	14	\$ 3,451,151	6	(\$ 6,019,984)	( 10)
Profit (loss) attributable to:										
8610	Owners of parent		\$ 1,072,636	5	\$ 1,553,616	9	\$ 3,203,687	6	\$ 3,440,308	6
8620	Non-controlling interests		( 14,538)	-	770	-	119,252	-	( 12,781)	-
<u>\$ 1,058,098 5 \$ 1,554,386 9 \$ 3,322,939 6 \$ 3,427,527 6</u>										
Comprehensive income (loss) attributable to:										
8710	Owners of parent		\$ 4,344,778	19	\$ 2,478,924	14	\$ 3,354,783	6	(\$ 5,950,468)	( 10)
8720	Non-controlling interests		( 29,460)	-	( 53,525)	-	96,368	-	( 69,516)	-
<u>\$ 4,315,318 19 \$ 2,425,399 14 \$ 3,451,151 6 (\$ 6,019,984) ( 10)</u>										
Earnings per share 6(28)										
9750	Basic earnings per share		\$ 0.76		\$ 1.10		\$ 2.26		\$ 2.43	
9850	Diluted earnings per share		\$ 0.76		\$ 1.10		\$ 2.26		\$ 2.42	

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

**FOXCONN TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

	Equity of the parent company										
	Note	Retained Earnings					Other Equity Interest			Non-controlling interests	Total equity
		Ordinary share	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total		
<b>Nine months ended September 30, 2022</b>											
Balance as at January 1, 2022		\$ 14,144,852	\$ 7,538,805	\$ 13,201,705	\$ -	\$ 70,485,119	(\$ 9,509,327 )	\$ 15,284,218	\$ 111,145,372	(\$ 121,172 )	\$ 111,024,200
Profit (loss)		-	-	-	-	3,440,308	-	-	3,440,308	( 12,781 )	3,427,527
Other comprehensive income (loss)	6(19) and (20)	-	-	-	-	-	8,406,151	( 17,796,927 )	( 9,390,776 )	( 56,735 )	( 9,447,511 )
Total comprehensive income (loss)		-	-	-	-	3,440,308	8,406,151	( 17,796,927 )	( 5,950,468 )	( 69,516 )	( 6,019,984 )
Appropriations and distribution of 2021 earnings:	6(18)										
Legal reserve		-	-	489,943	-	( 489,943 )	-	-	-	-	-
Cash dividends		-	-	-	-	( 2,404,625 )	-	-	( 2,404,625 )	-	( 2,404,625 )
Changes in equity of associates and joint ventures accounted for under equity method	6(7)	-	49,129	-	-	-	-	-	49,129	-	49,129
Increase in non-controlling interests	6(20)	-	-	-	-	-	-	-	-	1,141	1,141
Balance as at September 30, 2022		<u>\$ 14,144,852</u>	<u>\$ 7,587,934</u>	<u>\$ 13,691,648</u>	<u>\$ -</u>	<u>\$ 71,030,859</u>	<u>(\$ 1,103,176 )</u>	<u>(\$ 2,512,709 )</u>	<u>\$ 102,839,408</u>	<u>(\$ 189,547 )</u>	<u>\$ 102,649,861</u>
<b>Nine months ended September 30, 2023</b>											
Balance as at January 1, 2023		\$ 14,144,852	\$ 7,596,355	\$ 13,691,648	\$ -	\$ 71,758,166	(\$ 3,221,025 )	(\$ 602,651 )	\$ 103,367,345	(\$ 189,869 )	\$ 103,177,476
Profit (loss)		-	-	-	-	3,203,687	-	-	3,203,687	119,252	3,322,939
Other comprehensive income (loss)	6(19) and (20)	-	-	-	-	-	2,767,545	( 2,616,449 )	151,096	( 22,884 )	128,212
Total comprehensive income (loss)		-	-	-	-	3,203,687	2,767,545	( 2,616,449 )	3,354,783	96,368	3,451,151
Appropriations and distribution of 2022 earning:	6(18)										
Legal reserve		-	-	416,761	-	( 416,761 )	-	-	-	-	-
Special reserve		-	-	-	3,823,676	( 3,823,676 )	-	-	-	-	-
Cash dividends		-	-	-	-	( 2,263,176 )	-	-	( 2,263,176 )	-	( 2,263,176 )
Changes in equity of associates and joint ventures accounted for under equity method	6(7)	-	( 25,482 )	-	-	( 102,886 )	-	-	( 128,368 )	-	( 128,368 )
Adjustments arising from changes in percentage of ownership in subsidiaries		-	147	-	-	-	-	-	147	-	147
Increase in non-controlling interests	6(20)	-	-	-	-	-	-	-	-	9,290	9,290
Balance as at September 30, 2023		<u>\$ 14,144,852</u>	<u>\$ 7,571,020</u>	<u>\$ 14,108,409</u>	<u>\$ 3,823,676</u>	<u>\$ 68,355,354</u>	<u>(\$ 453,480 )</u>	<u>(\$ 3,219,100 )</u>	<u>\$ 104,330,731</u>	<u>(\$ 84,211 )</u>	<u>\$ 104,246,520</u>

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

FOXCONE TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

	Note	Nine months ended September 30	
		2023	2022
<b><u>CASH FLOW OF OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 4,107,275	\$ 5,119,084
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation expense (including investment property and right-of-use assets)	6(25)	972,805	1,045,868
Amortizations	6(25)	93,354	87,548
Expected credit loss (gain)	12(2)	208,973	( 1,242 )
Net loss on financial assets and liabilities at fair value through profit or loss		64,164	66,104
Gain on disposal of property, plant and equipment	6(24)	( 224,069 )	( 148,956 )
Gain on disposal of right-of-use assets	6(24)	( 552,003 )	-
Interest expenses		157,998	158,508
Interest income	6(22)	( 2,137,857 )	( 1,489,798 )
Dividends income	6(23)	( 34,341 )	( 876,396 )
Share of loss of associates and joint ventures accounted for under equity method	6(7)	86,833	115,066
Changes in assets/liabilities related to operating activities			
Changes in operating assets			
Financial assets at fair value through profit or loss, mandatorily measured at fair value		( 5,004 )	-
Accounts receivable, net		36,307	2,643,981
Accounts receivable due from related parties		2,285,052	3,335,365
Other receivables		547,912	( 15,790 )
Inventory		1,144,311	1,939,830
Other current assets		81,027	( 14,529 )
Net change in liabilities related to operating activities			
Accounts payable		( 56,322 )	( 781,610 )
Accounts payable to related parties		( 11,794,480 )	( 11,542,800 )
Other payables		1,424,062	( 1,518,075 )
Other current liabilities		( 31,595 )	10,542
Cash outflow generated from operations		( 3,625,598 )	( 1,867,300 )
Income taxes paid		( 1,027,885 )	( 2,417,577 )
Net cash flows used in operating activities		( 4,653,483 )	( 4,284,877 )

(Continued)

**FOXCONN TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

	Note	Nine months ended September 30	
		2023	2022
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>			
Increase in financial assets at amortized cost - current		\$ -	(\$ 132,840 )
Decrease in financial assets at amortized cost - current		246,627	12,656,930
Acquisition of financial assets at fair value through profit or loss		( 1,034,410 )	( 1,077,541 )
Disposal of financial assets at fair value through profit or loss		151,815	46,320
Capital reduction refund of financial assets measured at fair value through other comprehensive income		112,488	-
Acquisition of financial assets measured at fair value through other comprehensive income		( 15,740 )	( 35,698 )
Increase in financial assets at amortized cost - non-current		( 19,617,323 )	-
Acquisition of property, plant and equipment	6(30)	( 159,235 )	( 752,290 )
Proceeds from sale of property, plant and equipment	6(30)	504,737	193,429
Proceeds from sale of right-of-use assets		688,008	-
Acquisition of intangible assets		( 5,688 )	-
Decrease in the net amount of receivables for purchase of raw materials for others		-	47,473
Increase in guarantee deposits paid		( 4,637 )	( 5,468 )
Decrease (increase) of other non-current assets		( 56,954 )	593,030
Interest received		1,748,322	1,618,392
Dividends received		28,880	876,396
Cash received from business combination	6(29)	16,426	30,930
Net cash inflow (used in) from investing activities		( 17,396,684 )	14,059,063
<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term loans	6(31)	18,222,885	35,701,729
Decrease in short-term loans	6(31)	( 17,983,939 )	( 49,293,638 )
Payments of lease liabilities	6(31)	( 128,495 )	( 104,133 )
Increase (decrease) in other non-current liabilities		4,267	( 32,395 )
Interest paid		( 168,202 )	( 142,735 )
Distribution of cash dividends	6(18)	( 2,263,176 )	( 2,404,625 )
Net cash outflow from financing activities		( 2,316,660 )	( 16,275,797 )
Effect of changes in Currency translation adjustments rates on cash		864,239	4,211,538
Net decrease in cash and cash equivalents		( 23,502,588 )	( 2,290,073 )
Cash and cash equivalents at beginning of period		78,001,243	71,725,408
Cash and cash equivalents at end of period		\$ 54,498,655	\$ 69,435,335

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

FOXCONN TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

The Company was formerly known as Q-Run Technology Co., Ltd., incorporated on April 26, 1990, and then merged with Foxconn Precision Components Co., Ltd. on March 1, 2004 and renamed Foxconn Technology Co., Ltd. The Company and its subsidiaries (collectively referred herein as “the Group”) Is mainly engaged in the manufacturing, processing and trading of casings, thermal modules and consumer electronic products.

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

These consolidated financial statements were reported to the Board of Directors and issued on November 13, 2023.

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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

The table below summarizes the new, revised and amended standards and interpretations of the IFRSs, which apply in 2023, as endorsed and issued into effect by the FSC:

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
Amendments to IAS No. 12, “International Tax Reform - Pillar Two Model Rules”	May 23, 2023

The above standards and interpretations do not have significant impact on the Group’s financial condition and financial performance based on its assessment.

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

The table below summarizes the new, revised and amended standards and interpretations of the IFRSs, which apply in 2024, as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024

The above standards and interpretations do not have significant impact on the Group’s financial condition and financial performance based on its assessment.

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

The table below lists the new, revised and amended standards and interpretations of the IFRSs, released by the IASB but not yet endorsed by the FSC:

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 IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS No. 21 “Lack of Exchangeability”	January 1, 2025

The above standards and interpretations do not have significant impact on the Group’s financial condition and financial performance based on its assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The major accounting policies adopted in the preparation of the consolidated financial statements are described below. Unless otherwise stated, these policies apply consistently throughout all reporting periods.

(1) Compliance statement

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC.

(2) Basis of preparation

- A. Except for the following important items, the consolidated financial statements have been prepared at historical cost:
- (a) Financial assets and liabilities (including derivatives) measured at fair value through profit or loss.
  - (b) Financial assets measured at fair value through other comprehensive income.
  - (c) Defined benefit liabilities recognized at the net amount of pension fund assets, less the present value of defined benefit obligations.
- B. The preparation of financial statements in compliance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively referred to as “IFRSs”), endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China requires the use of some critical accounting estimates. In the process of applying the Group’s accounting policies, the management also needed to exercise its judgment. For items requiring meticulous judgment or involving complexity, or involving critical assumptions and estimates in the consolidated financial statements, please refer to Note 5 for details.

(3) Basis of consolidation

A. Principles for preparing consolidated financial statements

- (a) The Group includes all subsidiaries as entities in the preparation of the consolidated financial statements. A subsidiary refers to an entity under the control of the Group (including structured entities). When the Group is exposed to variable returns from the participation in the entity or is entitled to said variable returns, and has the ability to affect such returns through its power over the entity, the Group controls the entity. Subsidiaries are included in the consolidated financial statements from the day when the Group obtains control over them, and the consolidation is terminated on the day when the control is lost.
- (b) Significant transactions, balances and unrealized profits or losses between companies within the Group have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary and are consistent with the policies adopted by the Group.
- (c) The various components of profit or loss and other comprehensive income are attributable to the Owners of parent and non-controlling interests; the total comprehensive income is also attributable to the Owners of parent and non-controlling interests, even if the resulting loss of non-controlling interests occurs.
- (d) If the change in the ownership of a subsidiary does not result in the loss of control (transaction with non-controlling interests), it is treated as an equity transaction, that is, as a transaction with owners. The difference between the adjusted amount of non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity.
- (e) When the Group loses control over a subsidiary, the remaining investment in said subsidiary is remeasured at fair value and used as the fair value of the financial asset initially recognized or as the cost of the investment in an associate or joint venture initially recognized; the difference between the fair value and the carrying amount is recognized as the current profit or loss. The amounts previously recognized in other comprehensive income related to the subsidiary will be reclassified from equity to profit or loss.

B. Subsidiaries included in consolidated financial statements:

Investor	Name of subsidiary	Nature of business	Ownership (%)			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
Foxconn Technology Co., Ltd.	Foxconn Precision Components Holding Co., Ltd.	A holding company investing in businesses in Mainland China, Hong Kong and the Americas. Its investees mainly engage in the production, manufacturing, sales, and research and development of computer CPU cooling fans and computer components.	100	100	100	
Foxconn Technology Co., Ltd.	Q-Run Holdings Ltd.	A holding company investing in businesses in Mainland China, Hong Kong, Singapore and the Americas. Its investees mainly engage in the production, manufacturing, sales, and research and development of aluminum-magnesium alloy casings and computer components.	100	100	100	(a) (b)
Foxconn Technology Co., Ltd.	Q-Run Investment Co., Ltd.	Engaging in domestic investment.	100	100	100	(a) (b)
Foxconn Technology Co., Ltd.	Sotera Wireless, Inc.	Sales of wireless vital sign monitoring systems.	53.93	53.93	53.93	(d)
Foxconn Technology Co., Ltd.	FTC Health Corporation	Wholesale and retail of medical devices and precision instruments.	100	100	100	(e)
Foxconn Technology Co., Ltd.	PKM Corporation	Distribution of game consoles.	91.12	91.12	-	(a) (f)

Investor	Name of subsidiary	Nature of business	Ownership (%)			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
Foxconn Technology Co., Ltd.	FTC Japan Co., Ltd.	Production and sales of electronic products and medical supplies, provision of health management services, and long-term care equipment trading and leasing.	100	100	-	(g)
Foxconn Technology Co., Ltd.	FTC Precision Technology Co., Ltd.	Aluminum casting, aluminum and magnesium rolling, drawing, and extrusion, and manufacturing of metal structures and building components.	100	-	-	(j)
Foxconn Technology Co., Ltd.	FTC Technology Vietnam Company Limited	Import, design, manufacturing and sales of electronic products and components, precision instruments and medical equipment.	-	-	-	(k)
FTC Health Corporation	Refront IoMT Corp.	Wholesale and retail of medical devices and precision instruments.	80	-	-	(i)
Foxconn Precision Components Holding Co., Ltd.	Atkinson Holdings Ltd.	Engaging in holding business and investment in other entities.	100	100	100	
Q-Run Holdings Ltd.	Q-Run Far East Corporation	Engaging in holding business and investment in other entities.	100	100	100	(a) (b)
Q-Run Holdings Ltd.	World Trade Trading Ltd.	Engaging in holding business and investment in other entities.	100	100	100	
Q-Run Holdings Ltd.	High Tempo International Ltd.	Engaging in holding business and investment in other entities.	100	100	100	
Q-Run Holdings Ltd.	FTC Technology Inc.	Engaging in holding business and investment in other entities.	100	100	100	

Investor	Name of subsidiary	Nature of business	Ownership (%)			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
Q-Run Holdings Ltd.	Foxconn Technology Pte.Ltd.	Engaging in sales, holding business and investment in other entities.	100	100	100	(a) (b)
Atkinson Holdings Ltd.	Kenny International Ltd.	Engaging in holding business and investment in other entities.	100	100	100	(b)
Atkinson Holdings Ltd.	Double Wealth Profits Ltd.	Engaging in holding business and investment in other entities.	100	100	100	
Atkinson Holdings Ltd.	Precious Star International Ltd.	Engaging in holding business and investment in other entities.	100	100	100	(a) (b)
Q-Run Far East Corporation	Eastern Star Limited	Engaging in holding business and investment in other entities.	100	100	100	(a) (b)
Q-Run Far East Corporation	Topfry Industrial Ltd.	Engaging in holding business and investment in other entities.	100	100	100	
Q-Run Far East Corporation	Gold Glory International Ltd.	Engaging in holding business and investment in other entities.	100	100	100	(b)
Q-Run Far East Corporation	New Glory Holdings Ltd.	Engaging in holding business and investment in other entities.	100	100	100	(b)
Foxconn Technology Pte. Ltd.	FTP Technology Inc.	Engaging in holding business and investment in other entities.	100	100	100	
Kenny International Ltd.	FuYu Precision Components (Kunshan) Co., Ltd.	Production and sales of plugs and sockets, those whose voltage does not exceed 1 kV and other devices for carrier-current line systems.	22.76	22.76	22.76	
Double Wealth Profits Ltd.	FuZhun Precision Industry (Shenzhen) Co., Ltd	Production and sales of electronic computer parts (computer cooling fans).	100	100	100	

Investor	Name of subsidiary	Nature of business	Ownership (%)			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
FuZhun Precision Industry (Shenzhen) Co., Ltd	Champ Tech Optical (Foshan) Corporation	Production and sales of electronic computer parts (computer cooling fans).	-	-	65	(h)
Eastern Star Limited	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Production and sales of electronic computer parts and accessories, computer casings and relevant stamped metal parts.	87.63	87.63	87.63	(a) (b)
Eastern Star Limited	FuZhun Precision Electronics (Hebi) Co., Ltd.	Production and sales of new alloy materials, precision instruments, new electronic components, portable computers, spare parts of the above products.	100	100	100	
Precious Star International Ltd.	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Production and sales of electronic computer parts and accessories, computer casings and relevant stamped metal parts.	12.37	12.37	12.37	(a) (b)
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Qingdao Hygen Innovative Alloy Materials Co., Ltd	Research and development, production, and sales of aluminum alloy materials, rail vehicle parts, automotive parts and electronic parts; manufacturing and sales of structural metal products and metal packaging containers (excluding precious metals or electroplating).	70	70	70	(a)
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	FuZhun Precision Industry (Shenyang) Co., Ltd.	Manufacturing and sales of automotive parts, aluminum alloy parts related to automobiles and electronics.	100	100	100	

Investor	Name of subsidiary	Nature of business	Ownership (%)			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	HongFuJin Precision Industrial (Jincheng) Co., Ltd.	Manufacturing and sales of medical devices, hygiene products, disposable medical supplies; production, wholesale, and import and export of pharmaceuticals.	100	100	100	(c)
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Champ Tech Optical (Foshan) Corporation	Production and sales of electronic computer parts (computer cooling fans).	65	65	-	(h)
Topfry Industrial Ltd.	Fu Hui Gang Industry (Shenzhen) Co., Ltd.	Production and sales of computer case components, electronic components and power electronic components.	100	100	100	
Gold Glory International Ltd.	FuYu Precision Components (Kunshan) Co., Ltd.	Production and sales of plugs and sockets, those whose voltage does not exceed 1 kV and other devices for carrier-current line systems.	77.24	77.24	77.24	
FuYu Precision Components (Kunshan) Co., Ltd.	Champ Tech Optical (Foshan) Corporation	Production and sales of electronic computer parts (computer cooling fans).	35	35	35	
FuYu Precision Components (Kunshan) Co., Ltd.	Yantai FuZhun Precision Electronics Co., Ltd.	Production and sales of computer case components, electronic components and power electronic components.	50.62	50.62	50.62	
New Glory Holdings Ltd.	Yantai FuZhun Precision Electronics Co., Ltd.	Production and sales of computer case components, electronic components and power electronic components.	49.38	49.38	49.38	
New Glory Holdings Ltd.	Nan Ning Fu Ning Precision Electronics Ltd.	Production and sales of electronic computer parts (computer cooling fans).	100	100	100	

- (a) The subsidiaries included in the consolidated financial statements for the third quarter of 2023 are listed above; as some of them meet the definition of important subsidiaries, their financial statements have been reviewed by CPAs.
  - (b) The subsidiaries included in the consolidated financial statements for the third quarter of 2022 are listed above; as some of them meet the definition of important subsidiaries, their financial statements have been reviewed by CPAs.
  - (c) HongFuJin Precision Industrial (Jincheng) Co., Ltd., a subsidiary of the Group, completed its business registration in the second quarter of 2022 and has been included in the consolidated financial statements since the date of incorporation.
  - (d) Sotera Wirelss, Inc., a subsidiary of the Group, was acquired through a merger in the third quarter of 2022 and has been included in the consolidated financial statements since the date of the merger.
  - (e) FTC Health Corporation, a subsidiary of the Group, completed its business registration in the third quarter of 2022 and has been included in the consolidated financial statements since the date of incorporation.
  - (f) The Group acquired a total of 91.12% of the equity in PKM Corporation on November 1, 2022 and obtained the control over it, and has included it in the consolidated financial statements since the date of the merger.
  - (g) The Group registered the incorporation of FTC Japan Co., Ltd. on December 26, 2022, and included it in the consolidated financial statements since the date of incorporation.
  - (h) The Group adjusted the organizational structure of investment in the fourth quarter of 2022. HongfFuJin Precision Industrial (Taiyuan) Co., Ltd. in the Group acquired 65% of the equity in Champ Tech Optical (Foshan) from Fuzhun Precision Industry (Shen Zhen) Co., Ltd.
  - (i) FTC Health Corporation, a subsidiary of the Group, acquired a total of 80% of the equity in Refront IoMT Corp. on February 24, 2023 and gained the control over it and has included it in the consolidated statements since the date of the merger. Please refer to Note 6 (29) for details.
  - (j) The Group incorporated FTC Precision Technology Co., Ltd. on September 21, 2023, and was included in the consolidated financial statements from the date of establishment.
  - (k) The Group incorporated FTC Technology Vietnam Company Limited on September 8, 2023 and included it in the consolidated financial statements since the date of establishment. However, no capital has been injected as of September 30, 2023.
- C. Subsidiaries not included in consolidated financial statements: None.
- D. Adjustment and processing methods for subsidiaries' different accounting periods: None.
- E. Material restrictions: None.
- F. Subsidiaries with non-controlling interests in the Group: None.
- (4) Currency translation adjustments
- 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) Each foreign currency transaction is translated into the functional currency at the spot exchange rate on the transaction date or the measurement date, and the exchange difference arising from the translation of the transaction is recognized in current profit or loss.
  - (b) The balance of foreign currency monetary assets and liabilities is adjusted according to the spot exchange rate at the balance sheet date, and the translation difference arising from the adjustment shall be recognized in current profit or loss.

- (c) The balance of foreign currency non-monetary assets and liabilities is measured at fair value through profit and loss (FVTPL), and is adjusted based on the spot exchange rate at the balance sheet date. The translation difference arising from the adjustment is recognized in current profit and loss. For measurement at fair value through other comprehensive income, it is adjusted based on the spot exchange rate at the balance sheet date, while the translation difference arising from the adjustment is recognized in other comprehensive income. If it is not measured by fair value, it is measured at the historical exchange rate at the initial transaction date.
  - (d) All exchange gains and losses are presented in “Other gains and losses” of the income statement.
- B. Translation of foreign operations
- (a) For all entities in the Group, associates and joint arrangements whose functional currencies are different from the presentation one, their business results and financial positions shall be translated into the presentation currency in the following method:
    - i. The assets and liabilities presented at each balance sheet are translated at the closing exchange rate at the balance sheet date;
    - ii. The income and expenses expressed in each comprehensive income statement are translated at the average exchange rate of the current period; and
    - iii. All exchange differences arising from translation are recognized in other comprehensive income.
  - (b) Where a foreign operation is partially disposed of or sold is an associate, the cumulative exchange differences recognized in other comprehensive income is reclassified to current profit or loss on a pro rata basis as part of the gain or loss on disposal. However, even if the Group still retains part of the equity of said associate but has lost the control over said foreign operation with a material impact on said associate, it shall be handled as disposal of the entire equity of the foreign operation.
  - (c) Where a foreign operation is partially disposed of or sold is a subsidiary, the cumulative exchange differences recognized in other comprehensive income is reclassified to the foreign operation’s non-controlling interests on a pro rata basis. However, even if the Group still retains part of the equity of the former subsidiary but has lost control over said foreign operation that is also as subsidiary, it shall be handled as disposal of the entire equity of the foreign operation.
  - (d) The goodwill and fair value adjustment arising from the acquisition of foreign entities are treated as the assets and liabilities of the foreign entity and translated at the exchange rates at the end of the period.
- (5) Classification of current and non-current items
- A. Assets that meet one of the following conditions are classified as current assets:
- (a) Assets expected to be realized in the ordinary course of business, or intended to be sold or consumed.
  - (b) Assets held primarily for the purpose of trading.
  - (c) Assets expected to be realized within 12 months after the balance sheet date.
  - (d) Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).
- The Group classifies all assets that do not meet the conditions above as non-current.
- B. Liabilities that meet one of the following conditions are classified as current liabilities:
- (a) Liabilities expected to be settled in the ordinary course of business.
  - (b) Assets held primarily for the purpose of trading.
  - (c) Liabilities expected to be settled within 12 months after the balance sheet date.

- (d) Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date. However, the terms of a liability that could, at the option of the counterparty, result in its settlement by issue of equity instruments do not affect its classification.

The Group classifies all liabilities that do not meet the conditions above as non-current.

(6) Cash equivalents

Cash equivalents refer to short-term and highly liquid investments that can be converted into a certain amount of cash at any time, and the risk of value changes is very small. Time deposits and bonds under repurchase agreements in line with the above definitions and held for the purpose of fulfilling short-term cash commitments in business operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income. Regarding financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income, when the inconsistency in the measurement or recognition can be eliminated or significantly reduced, the Group designates the financial asset as at fair value through profit or loss at the time of initial recognition.

B. The Group adopts trade date accounting for financial assets at fair value through profit or loss for regular-way transactions.

C. Upon the initial recognition, the Group measures the relevant transaction costs at fair value and recognizes them in profit or loss, while measuring them at fair value and recognizing gain or loss thereon in profit or loss.

D. When the right to receive dividends is established, economic benefits related to dividends are likely to flow in, and when the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

(8) Financial assets measured at fair value through other comprehensive income

A. The Group may, upon initial recognition, make an irrevocable election to recognize the fair value changes of equity instrument investments that are not held for trading in other comprehensive income; or debt instrument investments that meet the following conditions at the same time:

(a) The financial asset is held under an operating model for the purpose of collecting contractual cash flows and selling.

(b) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

B. The Group adopts trade date accounting for financial assets at fair value through other comprehensive income in compliance with the transaction practices.

C. The Group measures said asset at fair value plus transaction costs upon initial recognition, which are subsequently measured at fair value:

Changes in the fair value of equity instruments are recognized in other comprehensive income. Upon de-recognition, the accumulated gains or losses previously recognized in other comprehensive income shall not be subsequently reclassified to profit or loss and shall be transferred to retained earnings instead. When the right to receive dividends is established, economic benefits related to dividends are likely to flow in, and when the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

- (9) Financial assets at amortized cost
- A. Those that meet all of the following criteria:
    - (a) Financial assets held under a business model for the purpose of collecting contractual cash flows.
    - (b) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  - B. The Group adopts trade date accounting for financial assets at amortized cost in compliance with transaction practices.
  - C. Upon initial recognition, the Group measures the financial assets at fair value plus transaction costs, and subsequently adopts the effective interest method to recognize said assets in interest revenue and in impairment loss during the outstanding period according to the amortization procedure. During de-recognition, the gains or losses thereof are recognized in profit or loss.
  - D. The Group holds time deposits that do not qualify as cash equivalents. Due to the short holding period, the impact of discounting is not material and is measured at investment amount.
- (10) Accounts and notes receivable
- A. It refers to accounts and notes that have been unconditionally received in exchange for the right to the amount of consideration for the delivery of goods or services as agreed in the contract.
  - B. The non-interest-bearing short-term accounts and notes receivable is barely affected by discounting, so the Group measures them based on the original invoice amount.
  - C. The Group's business model for accounts receivable expected to be factored aims to collect contractual cash flows and sell such receivable, and said receivable is subsequently measured at fair value, and any changes are recognized as other comprehensive income.
- (11) Impairment of financial assets
- The Group, at each balance sheet date, considers all reasonable and corroborative information (including forward-looking one) based on the financial assets at amortized cost. For those with no significant increase in credit risk since initial recognition, the loss allowance is measured at 12-month expected credit losses; for those with a significant increase in credit risk since initial recognition, the loss allowance is measured at the lifetime expected credit losses. For accounts receivable that do not contain significant financial components, the loss allowance is measured at the lifetime expected credit losses.
- (12) Derecognition of financial assets
- When the Group's contractual right to receive cash flows from financial assets has expired, said financial assets will be de-recognized.
- (13) Leasing arrangements (lessor) – operating leases
- The rental income from operating lease, after any incentives given to the lessee are deducted, is amortized using the straight-line method over the lease term and recognized in current profit or loss.
- (14) Inventories
- An inventory is measured at the lower of cost or net realizable value and cost is determined using the weighted average method. The cost of finished goods and work-in-progress includes raw materials, direct labor, other direct costs and production overhead (amortized based on normal production capacity) without including borrowing costs. When the cost and the net realizable value are compared to see which is lower, the item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the ordinary course of business less the estimated cost needed for completion and necessary to make the sale.

(15) Investments accounted for under equity method / associates

- A. Associates refer to all entities over which the Group has a significant influence on without control. Generally, the Company holds at least 20% of their voting shares directly or indirectly. The Group adopts the equity method to treat the investment in associates, which is recognized at cost of acquisition.
- B. The Group recognizes the share of profit or loss on associates after acquired in current profit or loss, and recognizes the share of other comprehensive income on subsidiaries after acquired as other comprehensive income. If the Group's share of losses on an associate equals or exceeds its equity in the associate (including any other unsecured receivables), the Group will not recognize further losses unless it has incurred legal obligations or constructive obligations to said associate, or made payments on behalf of said associate.
- C. When equity changes occur to an associate, which are not related to profit or loss and other comprehensive income, and said changes do not affect the shareholding percentage of the associate, the Company recognizes all equity changes in "capital surplus" based on the shareholding percentage.
- D. Unrealized gains or losses arising from transactions between the Group and associates have been eliminated based on the proportion of its equity of the associates; unless evidence shows that the assets transferred have been impaired, the unrealized losses are also eliminated. The accounting policies of the associates have been adjusted as necessary and are consistent with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe for or acquire new shares in proportion to its shareholding, which results in a change in the Group's shareholding in the associate but maintains significant influence on the associate, then "capital surplus" and "investments under equity method" shall be adjusted for the increase or decrease of the net worth of the ownership. If the above condition causes a decrease in the Group's ownership in the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss in proportion to its shareholding on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- G. Where the Group disposes of an associate and if it loses significant influence on the associate, for all amounts previously recognized in other comprehensive income related to the associate, the accounting treatment is on the same basis as if the Group directly disposes of the relevant assets or liabilities, that is, the gains or losses previously recognized in other comprehensive income will be reclassified to profit or loss when the relevant assets or liabilities are disposed of, so when the significant influence on the associate is lost, the gains or losses will be reclassified from equity to profit or loss. If the Group still has a significant influence on the associate, only the amount previously recognized in other comprehensive income is transferred out in the manner above on a pro rata basis.

(16) Property, plant, and equipment

- A. Property, plant and equipment are accounted for on the basis of acquisition cost, and the relevant interest during the acquisition and construction period is capitalized.
- B. Subsequent costs are included in the carrying amount of the assets or recognized as a separate asset only when the future economic benefits related to an item are likely to flow into the Group and the cost of the item can be reliably measured. The carrying amount of the part replaced shall be de-recognized. All other repairs and maintenance costs are recognized in current profit or loss when incurred.

- C. The subsequent measurement of property, plant and equipment is based on a cost model. Except for land that is not depreciated, other assets in this regard are depreciated on a straight-line basis based on the estimated useful lives. If the components of property, plant and equipment are significant, they shall be separately depreciated.
- D. The Group conducts at least one annual review at the end of each year to assess the estimated useful lives, residual value and depreciation methods. If the estimated residual value and useful lives are different from the previous estimates, or the estimated consumption pattern of future economic benefits contained in an asset has changed significantly, the Group shall adjust it in accordance with the provisions of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” regarding changes in accounting estimates. Regarding the useful life of each asset, it is 3~55 years for buildings, 2~10 years for machinery and equipment, and 2~10 years for other equipment.
- (17) Lessee’s lease transactions – right-of-use assets/lease liabilities
- A. Leased assets are recognized in right-of-use assets and lease liabilities on the date they are available for use by the Group. When a lease contract is a short-term lease or lease of a low-value asset, the lease payment is recognized as an expense during the lease term using the straight-line method.
- B. Lease liabilities are recognized at the present value of the lease payments that have not been paid at the commencement date of a lease at the discounted interest rate of the Group’s incremental borrowings. The lease payments include fixed payments, less any rental incentives that can be collected.  
Subsequently, the interest approach is adopted to measure said payments at amortized cost, while interest expenses are recognized during the lease term. When changes in the lease term or lease payment due to non-contract modification, the lease liabilities will be reassessed and the right-of-use assets will be adjusted in the remeasurement.
- C. The right-of-use asset is recognized at cost at the commencement date of a lease, and the cost includes:
- The original measured amount of the lease liability;
  - Any lease payments paid on or before the commencement date; and
  - Any original direct costs incurred.
- Subsequently, the measurement is based on the cost model, while the depreciation expense is recognized when the useful life of the right-of-use asset expires or the lease term expires, whichever is earlier. When the lease liability is reassessed, the remeasurement of the lease liability will be adjusted for the right-of-use asset.
- D. For lease modifications with the scope of a lease reduced, the lessee will reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and the difference between said carrying amount and the remeasured amount of the lease liability is recognized in profit or loss.
- (18) Investment property  
An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 8 ~ 55 years.
- (19) Intangible Assets
- A. Goodwill arises in a business combination accounted for by applying the acquisition method.
- B. Patent rights and technical skill are amortized on a straight-line basis over their estimated useful lives of 5 years.
- C. Computer software is amortized on a straight-line basis over their estimated useful lives of 3 years.

(20) Impairment of non-financial assets

- A. The Group, on the balance sheet date, estimates the recoverable amount of an asset with a sign of impairment and recognizes it in impairment loss when the recoverable amount is lower than its book value. The recoverable amount is the fair value of an asset less the cost of disposal or its value in use, whichever is higher. Except for goodwill, when the recognition in asset impairment in previous years does not exist or decreases, the impairment loss shall be reversed, but the increase in the carrying amount of the asset due to the reversal of impairment loss shall not exceed the carrying amount of the asset less depreciation or after amortization, if it was not recognized in impairment loss.
- B. The recoverable amount of goodwill is estimated on a regular basis. When the recoverable amount is lower than its book value, an asset is recognized in impairment loss. Impairment loss for the impaired goodwill shall not be reversed in subsequent years.
- C. Goodwill is allocated to cash generating units for the purpose of impairment testing. Based on the identification by segments, goodwill is allocated to cash generating units or of cash-generating groups that are expected to benefit from the business combination in which the goodwill arises.

(21) Loans

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

(22) Accounts and notes payable

- A. It refers to the debts incurred due to the purchase of raw materials, commodities or services on credit, and the notes payable for operating and non-operating purposes.
- B. The non-interest-bearing short-term accounts and notes payables are barely affected by discounting, so the Group measures them based on the original invoice amount.

(23) Financial liabilities at fair value through profit or loss

- A. It refers to the financial liabilities held for trading as derivatives whose main purpose is for repurchase in the near future and which are not designated as hedging instruments in line with hedge accounting.
- B. Upon the initial recognition, the Group measures the relevant transaction costs at fair value and recognizes them in profit or loss, while measuring them at fair value and recognizing gain or loss thereon in profit or loss.

(24) De-recognition of the financial liabilities

The Group de-recognizes their financial liabilities when the obligations specified in a contract are fulfilled, cancelled or expired.

(25) Offsetting of financial instruments

The financial assets and liabilities may be offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts of the financial assets and liabilities, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(26) Non-hedging derivative instruments

- A. Non-hedging derivatives are measured at the fair value on the date of contract signing upon initial recognition and are recognized as financial assets or liabilities at fair value through profit or loss, and subsequently measured at fair value, and gains or losses thereof are recognized in profit or loss.

- B. The hybrid financial asset contracts embedded with derivatives are classified as financial assets at fair value through profit and loss, financial assets at fair value through other comprehensive income and financial assets at amortized costs, according to the contract terms upon initial recognition.
- C. Under the non-financial assets, whether or not the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standards. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standards. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.
- (27) Employee benefits
- A. Short-term employee benefits  
Short-term employee benefits are measured by the expected non-discounted amount of cash paid and are recognized as expenses when the relevant services are provided.
- B. Pension
- (a) Defined contribution plan  
Regarding the defined contribution plan, the amount of the pension fund that shall be contributed is recognized as current pension cost on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.
- (b) Defined benefit plan
- i. The net obligation under the defined benefit plan is calculated by discounting the amount of future benefits earned by employees in the current or past service period, with the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. The net obligation under the defined benefit plan is calculated annually by actuaries using the projected unit benefit method. The discount rate is the market yield rate of government bonds (at the balance sheet date) with the currency and period consistent with those of the defined benefit plan at the balance sheet date.
- ii. The remeasurement generated by the defined benefit plan is recognized in other comprehensive income in the current period and presented in retained earnings.
- iii. The pension cost for the interim period is calculated from the beginning of the year to the end of the current period at the pension cost rate actuarially determined at the end of the prior fiscal year. If there is a major change in the market, major reduction, settlement or other major one-off events after the closing date, adjustments will be made accordingly, and the relevant information will be disclosed in accordance with the above policy.
- C. Employee remuneration and director and supervisor remuneration  
Employee remuneration, and director and supervisor remuneration are recognized as expenses and liabilities when there are legal or constructive obligations and the amount can be reasonably estimated. If there is a difference between the amount actually distributed as resolved by the Group and the estimated amount, it shall be treated as a change in accounting estimates. In addition, if employee remuneration is paid in stocks, the number of shares is calculated based the closing price on the day before the board of directors' resolution.

(28) Income tax

- A. Tax expenses include the current and deferred income taxes. Except for income tax related to items included in other comprehensive income or directly included in equity recognized in comprehensive income or in equity directly, income tax is recognized in profit and/or loss.
- B. The Group calculates current income tax based on the tax rates that have been enacted or substantively enacted at the balance sheet date in the country where the taxable income is generated and the business is operated. The management regularly evaluates the status of income tax filings with respect to the applicable income tax regulations and, where applicable, estimates the income tax liabilities based on the expected taxes to be paid to the taxation authority. A surtax is imposed on the Unappropriated retained earnings in accordance with the Income Tax Act. In the year following the year in which the earnings are generated, after the shareholders' meeting has passed the earnings distribution proposal, the Tax expense on the Unappropriated retained earnings will be recognized based on the earnings actually distributed.
- C. Deferred income tax is recognized, using the balance sheet liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax liabilities from goodwill arising from initial recognition are not recognized. If the deferred tax is derived from initial recognition of the asset or liability in a transaction (excluding business combinations), and if the accounting profit or taxable income (tax losses) is not affected at the time of the transaction and does not generate an equivalent taxable and deductible temporary difference, then the liabilities will not be recognized. With temporary differences caused by the investment in a subsidiary or an associate, if the Group can control the timing of the reversal of the temporary differences, and it is probable that temporary differences will not be reversed in the foreseeable future, the liabilities will not be recognized. Deferred tax is determined using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date, and are expected to apply when the relevant deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset, and the net amount recognized in the balance sheet when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred 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 realize the asset and settle the liability simultaneously.
- F. The Tax expense for the interim period is calculated based on the pre-tax profit and loss for the interim period at the estimated annual average effective tax rate, with the relevant information disclosed in accordance with the above policy.

(29) Dividends

Dividends to the Company's shareholders are recognized as liabilities when the board of directors resolves the distribution of the dividends; stock dividends to the Company's shareholders are recognized as dividends to be distributed when the shareholders' meeting resolves the distribution of the stock dividends and reclassified to ordinary shares on the record date of issuance of new shares.

(30) Revenue recognition

- A. The Group mainly produces and sells consumer electronic products. The sales revenue is recognized when the control of a product is transferred to a customer, that is, when the product is delivered to the customer, who then has the discretion to determine the product distribution channels and the price, and the Group has no outstanding performance obligations that may affect the customer's acceptance of the product. When a product is delivered to the designated location, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the product per the sales contract, or when objective evidence show that all criteria for acceptance have been met, the product has been delivered.
- B. Sales revenue is recognized at the net amount of contract price less estimated sales discount. Revenue is recognized to the extent that it is highly probable that no significant reversal will occur in the future and the Group updates the estimate at each balance sheet date. As the period between the transfer of the promised goods or services to the customers and the payments by the customers has not exceeded one year, the Group did not adjust transaction price to reflect the time value of money.
- C. Accounts receivable is recognized when goods are delivered to customers because at which time the Group's right to the consideration for contracts from customers is unconditional, except for the passage of time.

(31) Government grants

Government grants are recognized at fair value when it is reasonably confirmed that an enterprise will abide by the conditions for government grants and will be able to receive such grants. If the nature of a government grant is to compensate for the expenses incurred by the Group, the government grant will be recognized as current profit or loss in a systematic manner during the period in which such expenses are incurred.

(32) Business combinations

- A. The Group adopts the acquisition method for business combination. The combination consideration is measured at fair value of the assets transferred, liabilities incurred or assumed, and equity instruments issued, and the consideration transferred includes the fair value of any assets and liabilities arising from the contingent consideration agreement. Costs related to acquisition are recognized as an expense when incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured at fair value on the acquisition date. The Group takes individual acquisition transactions as the basis; if the components of the non-controlling interests are part of the present ownership interests and the holder is entitled to the net assets of the acquiree on a pro rata basis when liquidation occurs, the non-controlling interests are measured at fair value on the acquisition date or as a ratio of non-controlling interests to the acquiree's identifiable net assets; all other components of non-controlling interests are measured at fair value on the acquisition date.
- B. If the total fair value of the transfer consideration, the non-controlling interests of the acquiree, and the previously held interests in the acquiree exceeds the fair value of the identifiable assets acquired and liabilities assumed, it shall be recognized in goodwill on the acquisition date. If the former does not exceed the latter, the difference is recognized in the current profit or loss on the acquisition date.

(33) Operating segments

The Group's information on operating segments is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources to the operating segments and assessing their performance.

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

During the preparation of the consolidated financial statements, the management has exercised its judgments to adopt the accounting policies to be used, and made accounting estimates and assumptions based on reasonable expectations of future events with reference to the circumstances at the balance sheet date. If there is any difference between any critical accounting estimates and assumption made, and actual results, assessment and adjustment will be conducted continuously by taking into account the historical experience and other factors. Such assumptions and estimates have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Please refer to the description of the uncertainties of critical accounting judgments, assumptions and estimation uncertainty below:

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

Revenue recognition

The Group judges that it has the control over specific goods or services before they are transferred to a customer based on the indicators below:

- A. It is responsible for fulfilling the commitment to providing specific goods or services.
- B. It assumes an inventory risk before specific goods or services are transferred to a customer, or after the control is transferred.
- C. Its the discretion to set prices for specific goods or services.

(2) Critical accounting estimates and assumptions

Inventory valuation

As an inventory must be calculated at the lower of cost or net realizable value, the Group must exercise judgment and make estimation to determine the net realizable value of inventory at the balance sheet date. Due to the rapid changes in technology, the Group assesses the value of an inventory due to normal wear and tear, obsolescence or market sales value not available at the balance sheet date, and reduces the cost of the inventory to the net realizable value. This inventory valuation is susceptible to rapid changes in technology, a short life cycle and market price fluctuations, so material changes may occur. For inventories with an aging period beyond a specific period and each obsolete inventory identified, the net realizable value is estimated based on historical information on the sales of inventories.

Please refer to Note 6 (6) for the carrying amount of the Group’s inventories as of September 30, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash on hand and petty cash	\$ 205	\$ 1,130	\$ 1,561
Check deposit and demand deposit	49,660,931	53,604,037	43,261,714
Cash equivalents			
Time deposit	<u>4,837,519</u>	<u>24,396,076</u>	<u>26,172,060</u>
	<u>\$ 54,498,655</u>	<u>\$ 78,001,243</u>	<u>\$ 69,435,335</u>

- A. The financial institutions the Group deals with have high credit ratings. The Group also deals with various financial institutions at the same time to diversify credit risks. Therefore, the expected risk of default is rather low.
- B. The Group reclassifies time deposits with initial duration of more than three months and restricted time deposits to “financial assets at amortized cost - current” and “financial assets at amortized cost - non-current” on September 30, 2023, December 31, 2022 and September 30, 2022.

(2) Financial assets or liabilities at fair value through profit or loss

<u>Assets</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Non-current items:			
Financial assets mandatorily at fair value through profit or loss			
Beneficiary certificate	\$ 1,018,364	\$ 219,077	\$ 246,189
Hybrid instruments - convertible preferred share	283,798	283,453	449,025
Non-listed, OTC, and emerging stocks	<u>13,051</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,315,213</u>	<u>\$ 502,530</u>	<u>\$ 695,214</u>

<u>Liabilities</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Financial liabilities mandatorily at fair value through profit or loss			
Derivative instruments	\$ -	\$ -	\$ 16,274
Derivative instruments- Convertible bonds	<u>-</u>	<u>9,364</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 9,364</u>	<u>\$ 16,274</u>

A. The details of financial assets and liabilities measured at fair value through profit or loss recognized in profit or loss are as follows:

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Financial assets and liabilities mandatorily at fair value through profit or loss		
Derivatives	\$ 8,734	(\$ 17,016)
Beneficiary certificate	( 11,878)	( 11,031)
Hybrid instruments	( 80,763)	-
Non-listed, OTC, and emerging stocks	<u>71</u>	<u>-</u>
Total	<u>(\$ 83,836)</u>	<u>(\$ 28,047)</u>

	Nine months ended September 30	
	2023	2022
Financial assets and liabilities mandatorily at fair value through profit or loss		
Derivatives	\$ 14,436	(\$ 162,542)
Beneficiary certificate	( 9,374)	( 33,376)
Hybrid instruments	( 64,293)	-
Non-listed, OTC, and emerging stocks	71	-
Total	(\$ 59,160)	(\$ 195,918)

B. The information on transactions and contracts on derivatives by the Group for which hedge accounting is not adopted on September 30, 2022 is as follows:

Derivative instruments	September 30, 2022		Contract period
	Contract amount		
	(Nominal principal) (thousands of NTD)		
Current			
Forward exchange contracts	USD (SELL)	17,000	2022/09~2022/10
	CNH (BUY)	117,312	

The Group had no outstanding derivative transactions as of September 30, 2023 and December 31, 2022.

(a) Forward exchange contracts

The Forward exchange contracts signed by the Group are to hedge the exchange rate risk from the following:

- i. Operating activities: Costs of imported raw materials and proceeds from exports.
- ii. Investing activities: Costs of imported machinery and equipment.
- iii. Financial activities: Foreign currency assets and liabilities (loans) from long-term and short-term borrowings.

C. The counterparties of the derivatives traded by the Group are banks with great credit ratings or financial institutions at the investment grade or above, and their credit ratings are rated as A or above.

D. The Group did not pledge financial assets at fair value through profit or loss.

E. The Group acquired the Series D preference shares issued by ZAP Medical System, Ltd. in the amount of US\$15,000 thousand in cash on July 28, 2022. According to the agreements, when certain criteria are met, the Group has the right to request conversion.

F. Convertible corporate bond derivatives refer to the separated conversion and redemption options of the convertible corporate bonds issued by Sotera Wirelss, Inc., a subsidiary of the Company. The Group has written off the convertible corporate bonds issued by its subsidiary Sotera Wirelss, Inc. and derivatives thereof.

G. On March 14, 2023, the Group invested cash of USD 30,000 thousand in GTM Capital Healthcare Fund L.P., a private fund, shown as financial assets at fair value through profit or loss. In addition, the private fund returned the investment capital of USD 5,000 thousand on May 19, 2023.

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

Item	September 30, 2023	December 31, 2022	September 30, 2022
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Non-current:

Equity instruments \$ 23,396,695 \$ 25,222,349 \$ 23,833,135

A. The Group has elected to classify strategic equity instrument investments as financial assets at fair value through other comprehensive income.

B. The Group did not pledge financial assets at fair value through other comprehensive income as collateral.

C. The details of financial assets measured at fair value through other comprehensive income recognized in profit or loss and other comprehensive income are as follows:

	Three months ended September 30	
	2023	2022
Changes in fair value recognized in other comprehensive loss	(\$ 87,026)	(\$ 2,940,974)
Dividend income recognized in profit or loss held at end of period	\$ 11,845	\$ 289,754

	Nine months ended September 30	
	2023	2022
Changes in fair value recognized in other comprehensive loss	(\$ 2,616,449)	(\$ 17,796,927)
Dividend income recognized in profit or loss held at end of period	\$ 34,341	\$ 876,396

Please refer to Table 2 for financial assets measured at fair value through other comprehensive income.

(4) Financial assets at amortized cost

Item	September 30, 2023	December 31, 2022	September 30, 2022
Current:			
Time deposits with a duration of more than three months	\$ 12,908	\$ 250,207	\$ 134,207
Time deposits pledged	<u>662</u>	<u>10,367</u>	<u>10,524</u>
	<u>\$ 13,570</u>	<u>\$ 260,574</u>	<u>\$ 144,731</u>
Non-current:			
Time deposits with a duration of more than one year	\$ 20,459,180	\$ -	\$ -
Time deposits pledged	7,737	-	-
Financial bonds - trust funds	<u>2,207,268</u>	<u>2,203,442</u>	<u>2,236,787</u>
	<u>\$ 22,674,185</u>	<u>\$ 2,203,442</u>	<u>\$ 2,236,787</u>

A. Please refer to Note 6(22) for the details of financial assets at amortized cost, recognized in profit or loss.

B. In March 2018 and December 2017, the Group invested in the trust fund named Guangdong Finance Trust - Peng Yun Tian Hua Collection Fund Trust for RMB 500 million and RMB 1 billion, respectively. The fund was mainly created for the investment in Guangzhou Guangyin Nanyue Intelligent Technology Industrial Investment Partnership. This investment is included in “financial assets at amortized cost-non-current.”

As of September 30, 2023, received cumulative return in the amount of RMB 1,000 million in accordance with the investment agreement.

C. Details of the Group’s financial assets at amortized cost pledged to others as collateral as of September 30, 2023, December 31, 2022, and September 30, 2022 are provided in Note 8.

D. The credit ratings of the entities invested by the Group are great.

(5) Notes and accounts receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 112,137	\$ 247,183	\$ 185,919
Accounts receivable	<u>13,273,468</u>	<u>13,771,686</u>	<u>14,867,932</u>
	13,385,605	14,018,869	15,053,851
Less: Allowance for losses	( <u>225,677</u> )	( <u>14,926</u> )	( <u>5,472</u> )
	<u>\$ 13,159,928</u>	<u>\$ 14,003,943</u>	<u>\$ 15,048,379</u>

A. The Group did not hold any collateral for such receivables.

B. Please refer to Note 12 (2) for the information on credit risk.

(6) Inventories

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Raw materials	\$ 542,547	\$ 609,078	\$ 664,759
Work in progress	611,951	774,855	955,561
Finished goods	<u>3,019,614</u>	<u>3,912,538</u>	<u>2,379,366</u>
	4,174,112	5,296,471	3,999,686
Less: Allowance for inventory valuation losses	( 253,813)	( 317,112)	( 69,628)
	<u>\$ 3,920,299</u>	<u>\$ 4,979,359</u>	<u>\$ 3,930,058</u>

Inventory cost recognized as expenses by the Group for this period:

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Cost of inventory sold	\$ 20,843,998	\$ 16,216,447
Valuation loss (gain on reversal)	157 (	14,861)
Income from sales of scrap	( 49,761)	( 39,994)
	<u>\$ 20,794,394</u>	<u>\$ 16,161,592</u>

	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Cost of inventory sold	\$ 58,357,905	\$ 55,749,875
Valuation of reversal gains	( 63,916)	( 6,924)
Income from sales of scrap	( 118,286)	( 148,097)
	<u>\$ 58,175,703</u>	<u>\$ 55,594,854</u>

As the Group sold some inventory with net realizable value lower than its cost, the net realizable value for inventory was reversed for the three-month period and the nine-month period ended September 30, 2023 and 2022.

(7) Investments under equity method

	2023	2022
January 1	\$ 5,087,554	\$ 4,730,284
Share of profit or loss on investment using the equity method	( 86,833)	( 115,066)
Change in retained earnings	( 102,886)	-
Changes in capital surplus	( 25,482)	49,129
Change in Other equity interest interest (Note 6(19))	229,312	655,639
September 30	<u>\$ 5,101,665</u>	<u>\$ 5,319,986</u>

	September 30, 2023	December 31, 2022	September 30, 2022
Associates	<u>\$ 5,101,665</u>	<u>\$ 5,087,554</u>	<u>\$ 5,319,986</u>

A. Investment income or loss for the period was recognized based on the investees' financial statements which were not reviewed by independent auditors.

B. The Group's share of the operating results in all individually immaterial associates are summarized below:

	Three months ended September 30	
	2023	2022
Net loss on continuing operations for this period	(\$ 2,671)	(\$ 22,593)
Other comprehensive income (net of tax)	164,495	318,307
Total current period comprehensive income	<u>\$ 161,824</u>	<u>\$ 295,714</u>

	Nine months ended September 30	
	2023	2022
Net loss on continuing operations for this period	(\$ 86,833)	(\$ 115,066)
Other comprehensive income (net of tax)	229,312	655,639
Total current period comprehensive income	<u>\$ 142,479</u>	<u>\$ 540,573</u>

C. The Group's investment, Productive Technologies Company Limited (Original name: IDG Energy Investment Limited), has quoted market prices. As of September 30, 2023, December 31, 2022 and September 30, 2022, the fair value was \$2,051,089, \$5,767,740 and \$7,086,301, respectively. The stock price of the company has rebounded since the end of the period and there was no other impairment, so the Group did not provide an impairment loss.

(8) Property, plant, and equipment

		2023						
		Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment under acceptance	Total	
January 1								
Cost	\$	61,172	\$ 7,967,185	\$ 9,025,929	\$ 3,110,568	\$ 223,922	\$	20,388,776
Accumulated depreciation and impairment		-	( 6,037,157)	( 7,455,900)	( 2,665,929)	-	(	16,158,986)
	\$	<u>61,172</u>	<u>\$ 1,930,028</u>	<u>\$ 1,570,029</u>	<u>\$ 444,639</u>	<u>\$ 223,922</u>	<u>\$</u>	<u>4,229,790</u>
January 1								
Acquisition from business combination		-	-	13	45	-		58
Additions		-	3,082	26,940	55,804	9,866		95,692
Reclassification and transfer		-	12,960	1,617	2,496	( 1,769)		15,304
Disposal and scrapping		-	( 136,617)	( 8,466)	( 2,954)	( 121,051)	(	269,088)
Depreciation expense		-	( 255,440)	( 360,558)	( 109,955)	-	(	725,953)
Net exchange difference		( 650)	1,455	931	923	( 109)		2,550
September 30	\$	<u>60,522</u>	<u>\$ 1,555,468</u>	<u>\$ 1,230,506</u>	<u>\$ 390,998</u>	<u>\$ 110,859</u>	<u>\$</u>	<u>3,348,353</u>
September 30								
Cost	\$	60,522	\$ 7,713,020	\$ 8,503,582	\$ 2,980,253	\$ 110,859	\$	19,368,236
Accumulated depreciation and impairment		-	( 6,157,552)	( 7,273,076)	( 2,589,255)	-	(	16,019,883)
	\$	<u>60,522</u>	<u>\$ 1,555,468</u>	<u>\$ 1,230,506</u>	<u>\$ 390,998</u>	<u>\$ 110,859</u>	<u>\$</u>	<u>3,348,353</u>

2022

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment under acceptance	Total
January 1						
Cost	\$ 51,850	\$ 7,655,014	\$ 12,819,001	\$ 3,256,068	\$ 222,858	\$ 24,004,791
Accumulated depreciation	-	( 5,497,538)	( 11,260,967)	( 2,687,873)	-	( 19,446,378)
	<u>\$ 51,850</u>	<u>\$ 2,157,476</u>	<u>\$ 1,558,034</u>	<u>\$ 568,195</u>	<u>\$ 222,858</u>	<u>\$ 4,558,413</u>
January 1	\$ 51,850	\$ 2,157,476	\$ 1,558,034	\$ 568,195	\$ 222,858	\$ 4,558,413
Acquisition from business combination	-	-	757	5,027	-	5,784
Additions	-	35,037	378,677	142,018	105,926	661,658
Reclassification	-	78,430	17,198	( 3,409)	( 92,219)	-
Transfer	( 38,197)	( 38,197)	20,570	-	( 17,627)	( 17,627)
Disposal and scrapping	-	( 43,160)	( 1,008)	( 1,008)	( 44,168)	( 44,168)
Depreciation expense	( 262,813)	( 262,813)	( 408,189)	( 135,262)	( 806,264)	( 806,264)
Net exchange difference	-	56,861	42,142	16,128	6,253	121,384
September 30	<u>\$ 51,850</u>	<u>\$ 2,026,794</u>	<u>\$ 1,566,029</u>	<u>\$ 591,689</u>	<u>\$ 242,818</u>	<u>\$ 4,479,180</u>
September 30						
Cost	\$ 51,850	\$ 8,060,844	\$ 12,255,100	\$ 3,322,842	\$ 242,818	\$ 23,933,454
Accumulated depreciation	-	( 6,034,050)	( 10,689,071)	( 2,731,153)	-	( 19,454,274)
	<u>\$ 51,850</u>	<u>\$ 2,026,794</u>	<u>\$ 1,566,029</u>	<u>\$ 591,689</u>	<u>\$ 242,818</u>	<u>\$ 4,479,180</u>

The major components of the Group's buildings include buildings and leasehold improvements, which are depreciated over 20 to 55 years and 3 to 11 years, respectively.

(9) Leasing arrangements - lessee

A. The Group leases various assets including land use right, buildings and structures as well as other equipment. Except for the rental period of land use right which is 50 years, rental contracts are typically made for periods of 1 to 6 years. Lease contracts are negotiated individually, and contain various terms and conditions.

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land use rights	\$ 511,326	\$ 772,856	\$ 790,276
Buildings	472,362	594,616	603,028
Other equipment	3,200	6,685	6,402
	<u>\$ 986,888</u>	<u>\$ 1,374,157</u>	<u>\$ 1,399,706</u>

Three months ended September 30

	<u>2023</u>	<u>2022</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land use rights	\$ 3,838	\$ 5,668
Buildings and structures	41,130	39,074
Other equipment	1,162	2,039
	<u>\$ 46,130</u>	<u>\$ 46,781</u>

Nine months ended September 30

	<u>2023</u>	<u>2022</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land use rights	\$ 13,356	\$ 16,993
Buildings and structures	126,001	113,085
Other equipment	5,261	6,725
	<u>\$ 144,618</u>	<u>\$ 136,803</u>

C. Information on profit or loss in relation to lease contracts is as follows:

Three months ended September 30

	<u>2023</u>	<u>2022</u>
<u>Items that affect current profit or loss</u>		
Interest expense on lease liabilities	\$ 6,623	\$ 8,087
Expenses on short-term lease contracts	16,098	15,525
Expenses on low-value assets leased	1,313	620

Nine months ended September 30

	<u>2023</u>	<u>2022</u>
<u>Items that affect current profit or loss</u>		
Interest expense on lease liabilities	\$ 21,599	\$ 25,391
Expenses on short-term lease contracts	42,873	55,714
Expenses on low-value assets leased	2,217	1,249

D. The increase in the Group's right-of-use assets for the three months and nine months ended September 30, 2023 and 2022 amounted to \$906, \$1,641, \$16,787, and \$291,243, respectively.

E. For the three-month and nine-month period ended September 30, 2023 and 2022, the Group's total cash outflow for leases were \$66,505, \$60,199, \$195,184 and \$186,487, respectively.

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

(10) Lease transactions - lessor

A. The underlying assets leased out by the Group include buildings, as well as machinery and equipment. The terms of such lease contracts usually range from one to five years. The lease contracts are negotiated individually, and contain various terms and conditions.

B. The Group recognized rental income of \$56,288, \$63,536, \$185,784 and \$198,331 based on operating lease contracts for the three months and nine months ended September 30, 2023 and 2022, respectively, and none of them were variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>
2023	\$ 130,702	2023	\$ 154,877	2022	\$ 202,039
2024	146,183	2024	151,680	2023	151,098
2025	61,923	2025	66,712	2024	145,606
2026	48,546	2026	50,086	2025	63,016
2027	891	2027	-	2026	49,258
	<u>\$ 388,245</u>		<u>\$ 423,355</u>		<u>\$ 611,017</u>

The Group's rental income under operating leases is calculated based on the areas used by the lessees. The above information is based on the areas used by the lessees on the balance sheet dates.

(11) Investment property

	<u>2023</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
January 1			
Cost	\$ 95,910	\$ 2,791,480	\$ 2,887,390
Accumulated depreciation and impairment	-	( 1,727,380)	( 1,727,380)
	<u>\$ 95,910</u>	<u>\$ 1,064,100</u>	<u>\$ 1,160,010</u>
January 1	\$ 95,910	\$ 1,064,100	\$ 1,160,010
Transfer-out	-	( 5,842)	( 5,842)
Depreciation expense	-	( 102,234)	( 102,234)
Net exchange difference	-	1,326	1,326
September 30	<u>\$ 95,910</u>	<u>\$ 957,350</u>	<u>\$ 1,053,260</u>
September 30			
Cost	\$ 95,910	\$ 2,774,384	\$ 2,870,294
Accumulated depreciation and impairment	-	( 1,817,034)	( 1,817,034)
	<u>\$ 95,910</u>	<u>\$ 957,350</u>	<u>\$ 1,053,260</u>

	2022		
	Land	Buildings	Total
January 1			
Cost	\$ 95,910	\$ 2,852,676	\$ 2,948,586
Accumulated depreciation and impairment	-	( 1,700,762)	( 1,700,762)
	<u>\$ 95,910</u>	<u>\$ 1,151,914</u>	<u>\$ 1,247,824</u>
January 1	\$ 95,910	\$ 1,151,914	\$ 1,247,824
Transfer-in	-	38,197	38,197
Depreciation expense	-	( 102,801)	( 102,801)
Net exchange difference	-	30,256	30,256
September 30	<u>\$ 95,910</u>	<u>\$ 1,117,566</u>	<u>\$ 1,213,476</u>
September 30			
Cost	\$ 95,910	\$ 2,843,775	\$ 2,939,685
Accumulated depreciation and impairment	-	( 1,726,209)	( 1,726,209)
	<u>\$ 95,910</u>	<u>\$ 1,117,566</u>	<u>\$ 1,213,476</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Three months ended September 30	
	2023	2022
Rental income from investment property	<u>\$ 47,422</u>	<u>\$ 56,072</u>
Direct operating expenses from investment property that generates rental income during this period	<u>\$ 33,871</u>	<u>\$ 35,185</u>
	Nine months ended September 30	
	2023	2022
Rental income from investment property	<u>\$ 139,669</u>	<u>\$ 153,144</u>
Direct operating expenses from investment property that generates rental income during this period	<u>\$ 102,234</u>	<u>\$ 102,801</u>

B. The fair value of the investment property held by the Group as of September 30, 2023, December 31, 2022 and September 30, 2022 was \$2,036,944, \$2,002,528 and \$2,192,613, respectively. Valuations were made using the income approach which is categorized within Level 3 in the fair value hierarchy.

(12) Intangible Assets

	2023			
	Patent rights and technical skills	Computer software	Goodwill	Total
January 1				
Cost	\$ 580,982	\$ -	\$ 1,920,455	\$ 2,501,437
Accumulated amortization	( 474,469)	-	-	( 474,469)
	<u>\$ 106,513</u>	<u>\$ -</u>	<u>\$ 1,920,455</u>	<u>\$ 2,026,968</u>
January 1	\$ 106,513	\$ -	\$ 1,920,455	\$ 2,026,968
Additions	-	5,688	-	5,688
Price allocation adjustment	36,259	-	( 36,259)	-
Acquisition from business combination	-	18	2,333	2,351
Amortization expense	( 92,354)	( 1,000)	-	( 93,354)
Net exchange difference	( 199)	-	2,014	1,815
September 30	<u>\$ 50,219</u>	<u>\$ 4,706</u>	<u>\$ 1,888,543</u>	<u>\$ 1,943,468</u>
September 30				
Cost	\$ 618,249	\$ 5,794	\$ 1,888,543	\$ 2,512,586
Accumulated amortization	( 568,030)	( 1,088)	-	( 569,118)
	<u>\$ 50,219</u>	<u>\$ 4,706</u>	<u>\$ 1,888,543</u>	<u>\$ 1,943,468</u>
	2022			
	Patent rights and technical skills		Goodwill	Total
January 1				
Cost	\$ 334,847	\$ -	\$ 1,146,270	\$ 1,481,117
Accumulated amortization	( 114,804)	-	-	( 114,804)
	<u>\$ 220,043</u>	<u>\$ -</u>	<u>\$ 1,146,270</u>	<u>\$ 1,366,313</u>
January 1	\$ 220,043	\$ -	\$ 1,146,270	\$ 1,366,313
Acquisition from business combination	-	-	577,314	577,314
Amortization expense	( 87,548)	-	-	( 87,548)
Net exchange difference	5,126	-	31,454	36,580
September 30	<u>\$ 137,621</u>	<u>\$ -</u>	<u>\$ 1,755,038</u>	<u>\$ 1,892,659</u>
September 30				
Cost	\$ 226,080	\$ -	\$ 1,755,038	\$ 1,981,118
Accumulated amortization	( 88,459)	-	-	( 88,459)
	<u>\$ 137,621</u>	<u>\$ -</u>	<u>\$ 1,755,038</u>	<u>\$ 1,892,659</u>

As of September 30, 2023, December 31, 2022, and September 30, 2022, the amounts of goodwill apportioned to the cash-generating units of the mechanism, spare parts production, and sales and operations were \$1,885,543, \$1,920,455 and \$1,755,038, respectively.

(13) Short-term borrowings

Type of loans	September 30, 2023	Interest rate range	Collateral
Bank loans			
Unsecured loans	\$ 9,327,492	0.23%~5.89%	None
Type of loans	December 31, 2022	Interest rate range	Collateral
Bank loans			
Unsecured loans	\$ 9,021,660	0.24%~4.92%	None
Other short-term loans	96,951	4.35%	“
	\$ 9,118,611		
Type of loans	September 30, 2022	Interest rate range	Collateral
Bank loans			
Unsecured loans	\$ 8,875,115	0.68%~2.96%	None
Other short-term loans	98,419	4.35%	“
	\$ 8,973,534		

(14) Other payables

	September 30, 2023	December 31, 2022	September 30, 2022
Payable for purchases made by parties on behalf of others	\$ 2,621,590	\$ 629,272	\$ 3,562,994
Awards and salaries payable	1,317,018	1,257,281	1,969,525
Payable on module expense	1,028,087	1,177,400	1,168,189
Employees' compensation payable	685,066	857,922	816,138
Consumption goods expense payable	570,602	709,832	943,279
General operating expenses payable	527,025	360,409	357,092
Others	2,053,527	2,206,739	1,816,496
	\$ 8,802,915	\$ 7,198,855	\$ 10,633,713

(15) Pension

## A. Defined benefit plan

- (a) The Company established the defined benefit pension regulations in accordance with the provisions of the Labor Standards Act, which were applicable to all formal employees who were employed prior to the enforcement of the Labor Pension Act on July 1, 2005 and to the formal employees who still chose the old fund mechanism under the Labor Standards Act after the Labor Pension Act took effect. Under the defined benefit pension plan, two units are granted 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 granted and the average monthly salaries and wages of the last 6 months prior to retirement. The Company makes a contribution equal to 2% of the total salaries every month as a pension fund and deposit it to the designated account in the name of the Labor Pension Funds Supervisory Committee with the Bank of Taiwan.
- (b) The Group's estimated that the contribution to the pension plan for 2023 is \$1,800.

B. Defined contribution plan

- (a) Since July 1, 2005, the Company and domestic subsidiaries have established the defined contribution pension regulations in accordance with the Labor Pension Act, which are applicable to employees with the ROC nationality. For the pension plan under the Labor Pension Act chosen by the employees, the Company and domestic subsidiaries make monthly contributions to employees' individual pension accounts, equal to 6% of their monthly salaries. Based on the employee's individual pension accounts and the cumulative amount of income from the annual investment and utilization plan, the payment of employee pension is made on a monthly basis or in a lump sum.
- (b) The subsidiaries of the Group in China make monthly contributions, equal to a certain percentage of the local employees' salaries, in accordance with the pension system stipulated by the government of the People's Republic of China. The percentages vary from 14% to 20% depending on the employees' registered households and the contributions are deposited in employees' independent accounts. Each employee's pension is managed and administered by the government, and the Group has no further obligations other than the monthly contributions.

C. The pension costs recognized by the Group in accordance with the above pension schemes during the three months and nine months ended September 30, 2023 and 2022 were \$87,607, \$101,623, \$261,633 and \$307,057, respectively.

(16) Share capital

As of September 30, 2023, the Company's registered capital was \$20,000,000 (including employee stock warrants or shares that can be subscribed for with corporate bonds with stock options of 50,000 shares). There are 1,414,485,000 ordinary shares issued and outstanding, with a face value of NT\$10 per share, so the paid-in capital amounted to \$14,144,852.

The number of the Company's issued ordinary shares at the beginning and the end of the period is adjusted as follows (in thousands):

	2023	2022
January 1 (i.e., September 30)	<u>1,414,485</u>	<u>1,414,485</u>

(17) Capital surplus

In accordance with the Company Act, the premium from the issuance of shares in excess of the par value and the capital surplus from the receipt of gifts can be used to compensate deficit losses, or to issue new shares or pay out cash in proportion to the shareholders' shares when there is no cumulative deficit. In addition, per the relevant regulations of the Securities and Exchange Act, when the above capital surplus is allocated to capital, the total amount shall not exceed 10% of the paid-in capital each year. The Company shall not use the capital surplus to compensate the capital losses, unless the surplus reserve is insufficient to compensate such losses.

(18) Retained earnings

A. The Company's earnings distribution should be handled in accordance with the Articles of Incorporation below:

If the Company has net profits, it shall be allocated in the following procedures:

- (a) Offsetting losses;
- (b) Providing ten percent of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply.
- (c) Providing or reversing special reserve pursuant to the applicable laws or regulations.

As to the earnings available for appropriation to shareholders including accumulated un-appropriated earnings and earnings available for appropriation of this year, the board of directors is authorized to draft an appropriation plan in accordance with the dividend policy in Section 4 of this Article.

The distributable dividends and bonuses, capital reserve or legal reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and shall be exempt from the application of the provisions set out in the resolutions of Shareholders' meeting.

The Company is currently at a developing stage. The Company's dividend distribution policy is subject to the Company's current and future investment environment, fund requirements, competition from local and abroad, and capital budgets, as well as taking into consideration of the interests of shareholders and the long-term financial planning. Shareholder dividends are set aside on accumulated un-appropriated earnings, which shall not be less than 15% of earnings available for appropriation for the year and cash dividends shall not be less 10% of total dividends.

- B. The Company shall provide 10% of the balance of the net income after tax, less the loss from the prior year, as a legal reserve, unless it has reached the total amount of the Company's paid-in capital. The legal reserve shall not be used except for compensation of the Company's deficit and issue of new shares or cash in proportion to the shareholders' shareholdings. However, in case of issue of new shares or cash, it shall only be conducted when such reserve exceeds 25% of the paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on Other equity interest items at the balance sheet date before distributing earnings. When debit balance on Other equity interest items is reversed subsequently, the reversed amount may be included in the distributable earnings.
- D. The 2022 and 2021 earnings distribution proposals of the Company were resolved in the following shareholders' meetings on May 31, 2023 and May 31, 2022:

	2022		2021	
	Amount	Dividend per share (NTD)	Amount	Dividend per share (NTD)
Legal reserve	\$ 416,761		\$ 489,943	
Special reserve	3,823,676		-	
Cash dividends	<u>2,263,176</u>	\$ 1.6	<u>2,404,625</u>	\$ 1.7
	<u>\$ 6,503,613</u>		<u>\$ 2,894,568</u>	

The above information on the earnings distribution proposals approved by the shareholders' meeting is available on the Market Observation Post System (MOPS) of the Taiwan Stock Exchange.

(19) Other equity interest

	2023		
	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Currency translation adjustments	Total
At January 1	(\$ 602,651)	(\$ 3,221,025)	(\$ 3,823,676)
Revaluation of fair value	( 2,616,449)	-	( 2,616,449)
Currency translation differences:			
- Group	-	2,538,233	2,538,233
- Associates	-	229,312	229,312
September 30	<u>(\$ 3,219,100)</u>	<u>(\$ 453,480)</u>	<u>(\$ 3,672,580)</u>
	2022		
	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Currency translation adjustments	Total
At January 1	\$ 15,284,218	(\$ 9,509,327)	\$ 5,774,891
Revaluation of fair value	( 17,796,927)	-	( 17,796,927)
Currency translation differences:			
- Group	-	7,750,512	7,750,512
- Associates	-	655,639	655,639
September 30	<u>(\$ 2,512,709)</u>	<u>(\$ 1,103,176)</u>	<u>(\$ 3,615,885)</u>

(20) Non-controlling interests

	Nine months ended September 30	
	2023	2022
Opening balance	(\$ 189,869)	(\$ 121,172)
Share attributable to non-controlling interests:		
Current period net profit (loss)	119,252	( 12,781)
Exchange differences arising from the translation of the financial statements of foreign operations	( 22,884)	( 56,735)
Increase in non-controlling interests	9,290	1,141
Ending balance	(\$ 84,211)	(\$ 189,547)

The increase in non-controlling interests in 2023 is due to the fact that the Group acquired a total of 80% of the equity in Refront IoMT Corp. at a price of \$37,162 on February 24, 2023. This transaction led to an increase in the Group's non-controlling interests. Refer to Note 6 (29) for details.

(21) Operating revenue

	Three months ended September 30	
	2023	2022
Revenue from contracts with customers	\$ 22,339,180	\$ 17,850,997

	Nine months ended September 30	
	2023	2022
Revenue from contracts with customers	\$ 62,424,871	\$ 60,498,018

The Group's revenue from goods and services transferred at a certain point in time can be divided into the following categories:

	Three-month period ended September 30, 2023			
	Electronic products trading services	Production and sales of mechanical components	Others	Total
Revenue from contracts with customers	\$ 19,208,206	\$ 3,048,545	\$ 82,429	\$ 22,339,180

  

	Three-month period ended September 30, 2022			
	Electronic products trading services	Production and sales of mechanical components	Others	Total
Revenue from contracts with customers	\$ 13,543,711	\$ 4,272,900	\$ 34,386	\$ 17,850,997

Nine-month period ended September 30, 2023				
	Electronic products trading services	Production and sales of mechanical components	Others	Total
Revenue from contracts with customers	<u>\$ 53,453,355</u>	<u>\$ 8,667,097</u>	<u>\$ 304,419</u>	<u>\$ 62,424,871</u>
Nine-month period ended September 30, 2022				
	Electronic products trading services	Production and sales of mechanical components	Others	Total
Revenue from contracts with customers	<u>\$ 47,801,825</u>	<u>\$ 12,629,181</u>	<u>\$ 67,012</u>	<u>\$ 60,498,018</u>
(22) <u>Interest income</u>				
Three months ended September 30				
	2023	2022		
Interest income on cash in banks	\$ 531,914	\$	402,805	
Interest income on financial assets at amortized cost	<u>173,249</u>		<u>11,907</u>	
	<u>\$ 705,163</u>	\$	<u>414,712</u>	
Nine months ended September 30				
	2023	2022		
Interest income on cash in banks	\$ 1,675,306	\$	1,350,359	
Interest income on financial assets at amortized cost	<u>462,551</u>		<u>139,439</u>	
	<u>\$ 2,137,857</u>	\$	<u>1,489,798</u>	

(23) Other income

	Three months ended September 30	
	2023	2022
Rental income	\$ 56,288	\$ 63,536
Government grants revenue	21,689	6,168
Dividend income	11,845	289,754
Others	21,916	230,130
	<u>\$ 111,738</u>	<u>\$ 589,588</u>
	Nine months ended September 30	
	2023	2022
Rental income	\$ 185,784	\$ 198,331
Government grants revenue	61,624	118,917
Dividend income	34,341	876,396
Others	244,753	309,604
	<u>\$ 526,502</u>	<u>\$ 1,503,248</u>

(24) Other gains and losses

	Three months ended September 30	
	2023	2022
Gain on disposal of property, plant and equipment	\$ 617	\$ 132,765
Net currency exchange gains	138,351	321,329
Loss on financial assets (liabilities) at fair value through profit or loss	( 83,836)	( 28,047)
Others	( 60,790)	( 58,387)
	<u>(\$ 5,658)</u>	<u>\$ 367,660</u>
	Nine months ended September 30	
	2023	2022
Gain on disposal of property, plant and equipment	\$ 224,069	\$ 148,956
Net foreign exchange gain (loss)	( 11,571)	879,268
Loss on financial assets (liabilities) at fair value through profit or loss	( 59,160)	( 195,918)
Gain on disposal of right-of-use assets	552,003	-
Others	( 170,527)	( 167,023)
	<u>\$ 534,814</u>	<u>\$ 665,283</u>

In March 2023, a subsidiary of the Group, Qingdao Hygen Innovative Alloy Materials Co., Ltd, resolved at a shareholders' meeting to approve a government land use right acquisition and sign a compensation agreement for a total transaction price of RMB 319,931 thousand. The aforementioned transaction was completed in April 2023. Right-of-use assets of RMB 56,508 thousand and property, plant and equipment of RMB 58,566 thousand were disposed and gain on disposal of RMB 164,342 thousand was recognized. Given that there were uncertainty factors on the collectability of 10% of the aforementioned transaction price, such contingent gain was not recognized.

(25) Additional information on the nature of the expenses

	Three months ended September 30	
	2023	2022
Employee benefit expenses	\$ 1,272,523	\$ 1,398,029
Depreciation	314,831	347,738
Amortization	31,042	29,191
	<u>\$ 1,618,396</u>	<u>\$ 1,774,958</u>

	Nine months ended September 30	
	2023	2022
Employee benefit expenses	\$ 3,849,158	\$ 4,608,008
Depreciation	972,805	1,045,868
Amortization	93,354	87,548
	<u>\$ 4,915,317</u>	<u>\$ 5,741,424</u>

(26) Employee benefit expenses

	Three months ended September 30	
	2023	2022
Wages and salaries	\$ 982,658	\$ 1,201,391
Pension costs	87,607	101,623
Labor and health insurance fees	59,913	66,709
Other personnel expenses	142,345	28,306
	<u>\$ 1,272,523</u>	<u>\$ 1,398,029</u>

	Nine months ended September 30	
	2023	2022
Wages and salaries	\$ 3,031,240	\$ 3,813,533
Pension costs	261,633	307,057
Labor and health insurance fees	175,116	193,816
Other personnel expenses	381,169	293,602
	<u>\$ 3,849,158</u>	<u>\$ 4,608,008</u>

A. According to the Articles of Incorporation adopted by the Board, 4-6% of the company profit (surplus refers to Profit before income tax deducted appropriated employee compensation and director remuneration) is set aside for employee remuneration.

- B. The Company's employee remuneration estimated for the three months and nine months ended September 30, 2023 and 2022 was \$37,082, \$64,155, \$145,770 and \$156,781, respectively, and was recognized as salary and wages. The remuneration for the nine months ended September 30, 2023 and 2022 is estimated at 4% of the profit as of the end of this period.
- C. The employee remuneration for 2022 and 2021 resolved by the board of directors is consistent with the amount recognized in the 2022 and 2021 financial statements. The employee remuneration for 2022 and 2021 was paid out in cash, totaling \$204,225 and \$215,257, respectively.
- D. The information on employee remuneration approved by the Company's board of directors is available on the MOPS.

(27) Income tax

A. Components of Tax expenses:

	Three months ended September 30	
	2023	2022
Current tax:		
Income taxes arising from revenue for this period	\$ 238,635	\$ 218,039
Prior year income tax overestimation	( 23,557)	20,355
Total current income taxes	<u>215,078</u>	<u>238,394</u>
Deferred taxes:		
Initial and reversed temporary differences	( 6,996)	3,639
Tax expense	<u>\$ 208,082</u>	<u>\$ 242,033</u>

	Nine months ended September 30	
	2023	2022
Current tax:		
Income taxes arising from revenue for this period	\$ 727,024	\$ 746,685
Tax on undistributed surplus earnings	-	100,243
Prior year income tax overestimation	( 72,055)	( 246,967)
Total current income taxes	<u>654,969</u>	<u>599,961</u>
Deferred taxes:		
Initial and reversed temporary differences	<u>129,367</u>	<u>1,091,596</u>
Tax expense	<u>\$ 784,336</u>	<u>\$ 1,691,557</u>

- B. The Company's profit-seeking enterprise income tax returns filed have been approved by the tax authorities up to 2020.

(28) Earnings per share

<u>Three-month period ended September 30, 2023</u>			
		<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (NTD)</u>
	<u>After tax</u>		
<u>Basic earnings per share</u>			
Net income for this period attributable to ordinary shareholders of the parent	<u>\$ 1,072,636</u>	1,414,485	<u>\$ 0.76</u>
<u>Diluted earnings per share</u>			
Net income for this period attributable to ordinary shareholders of the parent	\$ 1,072,636		
Effect of dilutive potential ordinary shares			
Remuneration to employees	-	2,526	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,072,636</u>	<u>1,417,011</u>	<u>\$ 0.76</u>

<u>Three-month period ended September 30, 2022</u>			
		<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (NTD)</u>
	<u>After tax</u>		
<u>Basic earnings per share</u>			
Net income for this period attributable to ordinary shareholders of the parent	<u>\$ 1,553,616</u>	1,414,485	<u>\$ 1.10</u>
<u>Diluted earnings per share</u>			
Net income for this period attributable to ordinary shareholders of the parent	\$ 1,553,616		
Effect of dilutive potential ordinary shares			
Remuneration to employees	-	3,419	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,553,616</u>	<u>1,417,904</u>	<u>\$ 1.10</u>

Nine-month period ended September 30, 2023			
	After tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NTD)
<u>Basic earnings per share</u>			
Net income for this period attributable to ordinary shareholders of the parent	\$ 3,203,687	1,414,485	\$ 2.26
<u>Diluted earnings per share</u>			
Net income for this period attributable to ordinary shareholders of the parent	\$ 3,203,687		
Effect of dilutive potential ordinary shares			
Remuneration to employees	-	3,545	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 3,203,687	1,418,030	\$ 2.26

Nine-month period ended September 30, 2022			
	After tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NTD)
<u>Basic earnings per share</u>			
Net income for this period attributable to ordinary shareholders of the parent	\$ 3,440,308	1,414,485	\$ 2.43
<u>Diluted earnings per share</u>			
Net income for this period attributable to ordinary shareholders of the parent	\$ 3,440,308		
Effect of dilutive potential ordinary shares			
Remuneration to employees	-	4,445	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 3,440,308	1,418,930	\$ 2.42

(29) Business combination

- A. The Company acquired a 53.93% equity interest in Sotera Wireless, Inc. in the amount of USD 45 thousand and obtained control over the company on July 11, 2022. The company is primarily engaged in the sales of wireless vital sign monitoring system in America. As a result of the acquisition, the Group is expected to enter international OEM of biotechnology medical devices market. It also expects to reduce costs through economies of scale.
- B. The Group acquired a total of 80% of the equity in Refront IoMT Corp. on February 24, 2023 at a price of \$37,162 and obtained the control over Refront IoMT Corp., which is a supplier of medical devices and services in Taiwan. The Group expects to obtain its experience in the sales of medical devices, sales team and sales channels after the acquisition.
- C. The information on the consideration paid for the above acquisition, the fair value of the assets acquired and liabilities assumed on the acquisition date, and the share of non-controlling interests in the acquiree's identifiable net assets on the acquisition date is as follows:

	July 11, 2022	February 24, 2023
	Sotera Wireless, Inc.	Refront IoMT Corp.
Purchase consideration		
Cash	\$ 1,335	\$ 37,162
Share of non-controlling interests in the acquiree's identifiable net assets	1,141	9,290
Fair value of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	35,598	53,588
Accounts receivable, net	15,989	6,982
Other receivables	-	20
Inventory	-	50,710
Other current assets	7,397	7,687
Fixed assets	5,784	58
Right-of-use assets	21,594	-
Intangible Assets	36,259	18
Other non-current assets	715	15,250
Accounts payable	( 2,139)	( 36,476)
Other payables	-	( 9,785)
Lease liabilities	( 22,692)	-
Convertible corporate bonds	( 640,373)	-
Other current liabilities	( 131,045)	( 19)
Other non-current liabilities	( 48,640)	( 43,914)
Total identifiable net assets	( 721,553)	44,119
Goodwill	\$ 724,029	\$ 2,333

- D. The fair value of the acquired identifiable intangible assets (including patent rights) from the above acquisition of Sotera Wireless, Inc. was \$36,259. Refer to Note 6(12), intangible assets, for more details.

E. Since the Group merged with Refront IoMT Corp. on February 24, 2023, the operating revenue and net Profit before income tax contributed by Refront IoMT Corp. were \$64,266 and \$6,538, respectively. If Refront IoMT Corp. had been included in the Group since January 1, 2023, the Group's operating revenue and net income before tax for the nine months ended September 30, 2023 would have been \$62,431,065 and \$4,104,940, respectively.

(30) Supplemental cash flow information

Investing activities with only partial cash payments:

	Nine months ended September 30	
	2023	2022
Acquisition of property, plant and equipment	\$ 95,692	\$ 661,658
Add: Business facilities payable at the beginning of the period	71,489	194,191
Less: Business facilities payable at the end of the period	( 7,946)	( 103,559)
Cash paid during this period	<u>\$ 159,235</u>	<u>\$ 752,290</u>
	Nine months ended September 30	
	2023	2022
Disposal of property, plant and equipment	\$ 493,157	\$ 193,124
Add: Business facilities receivable at the beginning of the period	102,673	2,175
Less: Business facilities receivable at the end of the period	( 91,093)	( 1,870)
Cash received during this period	<u>\$ 504,737</u>	<u>\$ 193,429</u>

(31) Changes in liabilities from financing activities

	2023		
	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	\$ 9,118,611	\$ 672,056	\$ 9,790,667
Changes in cash flows from financing activities	238,946	( 150,094)	88,852
Amortization of interest expense	-	21,599	21,599
Additions during this period	-	16,787	16,787
Effect of changes in exchange rates	( 30,065)	( 10,642)	( 40,707)
September 30	<u>\$ 9,327,492</u>	<u>\$ 549,706</u>	<u>\$ 9,877,198</u>

	2022		
	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	\$ 22,509,000	\$ 455,680	\$ 22,964,680
Changes in cash flows from financing activities	( 13,591,909)	( 129,524)	( 13,721,433)
Changes in acquisition of subsidiaries	-	27,470	27,470
Amortization of interest expense	-	25,391	25,391
Additions during this period	-	291,243	291,243
Effect of changes in exchange rates	56,443	13,535	69,978
September 30	<u>\$ 8,973,534</u>	<u>\$ 683,795</u>	<u>\$ 9,657,329</u>

7. RELATED PARTY TRANSACTIONS

(1) Name of related party and relations

Name of related party	Relations with the Group
Hon Hai Precision Industry Co., Ltd. and its subsidiaries (Hon Hai and its subsidiaries)	Business group with significant influence on the Group
Fulian Technology (Shanxi) Co., Ltd. (Fulian Technology (Shanxi))	Subsidiary with significant influence on the Group
Hong Fu Jin Precision Electronics (Yantai) Co., Ltd. (Hong Fu Jin (Yantai))	"
Hong Fu Jin Precision Electronics (Wuhan) Co., Ltd. (Hong Fu Jin (Wuhan))	"
Foxconn Precision Electronics (Taiyuan) Co., Ltd.	"
Pan-International Industrial Corporation and its subsidiaries	Other related parties
Sharp Corporation and its subsidiaries	"
Innolux Corporation and its subsidiaries	"
CyberTAN Technology Inc. and its subsidiaries	"
Foxsemicon Integrated Technology (Kunshan) Inc.	"
General Interface Solution Holding Limited and its subsidiaries	"
Sio International Holdings Limited Taiwan Branch	"
Garuda International Limited and its subsidiaries	"
Hebi Gengde Electronics Co., Ltd.	"
Zhoukou Gengde Electronics Co., Ltd.	"
Cheng Uei Precision Industry Co., Ltd.	"
iCare Diagnostics International Co. Ltd.	"
Yongyao Biotech Corp.	"
YL Capital Ltd.	"
AMAX Engineering Corporation	"
Evershine Biotech Corp.	"
Yonglin Life Technology Fund I, LP	"
Regain Biotech Corp.	"
Zap Medical System, Ltd.	"

(2) Significant transactions with related parties

A. Operating revenue

	Three months ended September 30	
	2023	2022
Sales of goods and services:		
Business group with significant influence on the Group		
- Hon Hai and its subsidiaries	\$ 1,898,913	\$ 1,994,597
Other related parties	41,817	125,589
	<u>\$ 1,940,730</u>	<u>\$ 2,120,186</u>
	Nine months ended September 30	
	2023	2022
Sales of goods and services:		
Business group with significant influence on the Group		
- Hon Hai and its subsidiaries	\$ 4,979,150	\$ 5,907,933
Other related parties	107,330	263,968
	<u>\$ 5,086,480</u>	<u>\$ 6,171,901</u>

Except in case there is no similar transaction available for comparison, and the prices and credit period are determined through negotiation between both parties, the Group's selling prices to the above related parties are close to those offered to general customers; the Group's collection period for related parties is about 30–90 days. As for the transactions, in which the Group sells raw materials to some of the above related parties and buys back partial finished goods, the Group has eliminated the sales of raw materials based on the nature of the transactions.

B. Purchase

	Three months ended September 30	
	2023	2022
Purchase of goods and services:		
Business group with significant influence on the Group		
- Hong Fu Jin (Yantai)	\$ 15,373,820	\$ 9,073,846
- Hon Hai and its subsidiaries	286,118	453,816
Other related parties	1,571,111	792,025
	<u>\$ 17,231,049</u>	<u>\$ 10,319,687</u>

	Nine months ended September 30	
	2023	2022
Purchase of goods and services:		
Business group with significant influence on the Group		
- Hong Fu Jin (Yantai)	\$ 40,181,945	\$ 35,044,275
- Hon Hai and its subsidiaries	725,489	1,296,108
Other related parties	5,318,228	3,633,221
	<u>\$ 46,225,662</u>	<u>\$ 39,973,604</u>

Except in case there is no similar transaction available for comparison, and the prices and payment terms are determined through negotiation between both parties. The Group purchases goods from related parties at real-time prices. The Group's payment terms offered by related parties are about 30–90 days.

C. Receivables from related parties

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable:			
Business group with significant influence on the Group			
- Hon Hai and its subsidiaries	\$ 1,509,554	\$ 1,713,975	\$ 1,193,557
- Fulian Technology (Shanxi)	1,408,048	3,681,945	3,386,415
- Hong Fu Jin (Wuhan)	572,289	360,228	277,259
Other related parties	87,775	109,112	122,816
	<u>3,577,666</u>	<u>5,865,260</u>	<u>4,980,047</u>
Less: Allowance for losses	( 64,912)	( 65,003)	( 1,468)
Subtotal	<u>3,512,754</u>	<u>5,800,257</u>	<u>4,978,579</u>
Other receivables - purchases for related parties			
Business group with significant influence on the Group			
- Hon Hai and its subsidiaries	1,887,231	3,076,245	3,008,702
Other related parties	1,066,377	1,034,614	518,265
Other receivables - others			
Business group with significant influence on the Group			
- Hon Hai and its subsidiaries	72,655	155,636	249,340
Other related parties	91	720	673
Subtotal	<u>3,026,354</u>	<u>4,267,215</u>	<u>3,776,980</u>
Total	<u>\$ 6,539,108</u>	<u>\$ 10,067,472</u>	<u>\$ 8,755,559</u>

The receivables from related parties are mainly from the sales of goods and the payments for the sales are due three months after the invoice dates. The receivables are not secured nor interest-bearing.

D. Payables to related parties

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts payable:			
Business group with significant influence on the Group			
- Hon Hai and its subsidiaries	\$ 454,411	\$ 470,347	\$ 483,025
- Hong Fu Jin (Yantai)	9,664,054	20,739,951	7,111,089
- Fulian Technology (Shanxi)	431,990	1,839,221	1,395,677
Other related parties	<u>1,101,218</u>	<u>1,274,640</u>	<u>526,764</u>
Subtotal	<u>11,651,673</u>	<u>24,324,159</u>	<u>9,516,555</u>
Other payables:			
Business group with significant influence on the Group			
- Hon Hai and its subsidiaries			
Payables for equipment	\$ 6	\$ 26	\$ 28,593
Others	310,108	323,370	440,826
Other related parties			
Others	<u>492</u>	<u>1,885</u>	<u>3,610</u>
Subtotal	<u>310,606</u>	<u>325,281</u>	<u>473,029</u>
Total	<u>\$ 11,962,279</u>	<u>\$ 24,649,440</u>	<u>\$ 9,989,584</u>

The payables to related parties are mainly from purchases and processing transactions, and the payment terms are the same as those for general suppliers. The Group's payment terms for general suppliers are 30-90 days. The payables are not interest-bearing.

E. Purchases of raw materials for others

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Business group with significant influence on the Group		
- Hon Hai and its subsidiaries		
Purchases of raw materials for related parties	\$ 8,502,390	\$ 4,263,889
Other related parties		
Purchases of raw materials for related parties	<u>942,741</u>	<u>242,126</u>
	<u>\$ 9,445,131</u>	<u>\$ 4,506,015</u>

	Nine months ended September 30	
	2023	2022
Business group with significant influence on the Group		
- Hon Hai and its subsidiaries		
Purchases of raw materials for related parties	\$ 22,549,594	\$ 19,858,393
Purchases of raw materials by related parties	-	19
Other related parties		
Purchases of raw materials for related parties	2,941,204	1,075,909
	<u>\$ 25,490,798</u>	<u>\$ 20,934,321</u>

F. Property transactions

(a) Acquisition of property, plant and equipment:

	Three months ended September 30	
	2023	2022
Acquisition of property, plant and equipment:		
Entities with significant influence to the Group		
- Hon Hai and its subsidiaries	\$ -	\$ 9,385

	Nine months ended September 30	
	2023	2022
Acquisition of property, plant and equipment:		
Entities with significant influence to the Group		
- Hon Hai and its subsidiaries	\$ 1,765	\$ 62,242
Other related parties	-	33
	<u>\$ 1,765</u>	<u>\$ 62,275</u>

(b) Proceeds from sale of property, plant and equipment:

	Three months ended September 30			
	2023		2022	
	Selling price	Gain on disposal	Selling price	Gain on disposal
Sale of property, plant and equipment:				
Business group with significant influence on the Group				
- Hon Hai and its subsidiaries	\$ 2,371	\$ 1,702	\$ 150,134	\$ 101,628

		Nine months ended September 30			
		2023		2022	
		Selling price	Gain on disposal	Selling price	Gain on disposal
Sale of property, plant and equipment:					
Business group with significant influence on the Group					
- Hon Hai and its subsidiaries		<u>\$ 61,058</u>	<u>\$ 55,515</u>	<u>\$ 174,548</u>	<u>\$ 108,703</u>
(c) Acquisition of financial assets					

Nine-month period ended September 30, 2023					
Related Party Categories	Account	No. of shares	Objects	Amount	Note
Other related parties	(i)	6,520 thousand	Ordinary shares in Refront IoMT Corp.	\$ 37,162	(i)
YL Capital Ltd.	Financial assets at fair value through profit or loss - non-current		- Fund of GTM Capital Healthcare Fund L.P.	<u>910,890</u>	(ii)
				<u>\$ 948,052</u>	

Nine-month period ended September 30, 2022					
Related Party Categories	Account	No. of shares	Objects	Amount	Note
Other related parties	(iii)	-	Convertible corporate bonds of Sotera Wireless, Inc.	\$ 517,942	(iii)
Other related parties	(iii)	10,003 thousand	Sotera Wireless, Inc. shares Preferred Shares	1,335	(iii)
Other related parties	Financial assets at fair value through profit or loss - non-current	10,033 thousand shares	Convertible preferred shares of ZAP Medical System, Ltd.	<u>449,025</u>	
				<u>\$ 968,302</u>	

- (i) FTC Health Corporation, a subsidiary of the Group, acquired a total of 80% of the equity in Refront IoMT Corp. on February 24, 2023 and gained the control over it, and has included it in the consolidated statements since the date of the merger. Please refer to Note 6 (29) for details.
- (ii) The private fund, GTM Capital Healthcare Fund L.P., returned the investment capital of USD 5,000 thousand on May 19, 2023.
- (iii) The Company acquired a total of 53.93% equity in Sotera Wireless, Inc. on July 11, 2022, acquired control over Sotera Wireless, and included it in the consolidated financial statements from the date of consolidation. Please refer to Note 6(29).

#### G. Lease transactions - lessee

- (a) The Group has leased plant buildings from groups with a significant influence on the Group. The lease terms range from one to six years and the rents are paid at the end of each month or at the beginning of each month.

(b) Acquisition of the right-of-use assets:

The amounts of the right-of-use assets acquired by the Group during the three months and nine months ended September 30, 2023 and 2022 are \$0, \$90, \$14,078 and \$288,043, respectively.

(c) Lease liabilities:

i. Ending balance:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current:			
Business group with significant influence on the Group	<u>\$ 131,607</u>	<u>\$ 124,150</u>	<u>\$ 124,596</u>
Non-current:			
Business group with significant influence on the Group	<u>\$ 42,502</u>	<u>\$ 130,176</u>	<u>\$ 164,215</u>

ii. Interest expenses

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Business group with significant influence on the Group	<u>\$ 2,213</u>	<u>\$ 3,635</u>
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Business group with significant influence on the Group	<u>\$ 7,794</u>	<u>\$ 16,728</u>

H. Loans to others

Loans from related parties

(a) Ending balance (under “short-term borrowings”):

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other related parties	<u>\$ -</u>	<u>\$ 96,951</u>	<u>\$ 98,419</u>

(b) Interest expenses

	<u>Three months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$ -</u>	<u>\$ 1,118</u>
	<u>Nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$ 1,406</u>	<u>\$ 3,247</u>

I. Rental income

Foxconn Precision Electronics (Taiyuan) Co., Ltd. (Foxconn Taiyuan), a subsidiary of Hon Hai, signed an agreement with the Group to lease in some plant buildings, offices and dormitories in Taiyuan. The rent was negotiated by both parties and Foxconn Taiyuan pays a monthly rent to the Group according to the agreement. The rental income received under the above operating leases during the three months and nine months ended September 30, 2023 and 2022 was \$26,404, \$26,760, \$79,693 and \$80,273, respectively.

(3) Remuneration of key management personnel

	Three months ended September 30	
	2023	2022
Salary and short-term employee benefits	\$ 3,411	\$ 2,482
Post-employment benefits	101	101
	<u>\$ 3,512</u>	<u>\$ 2,583</u>
	Nine months ended September 30	
	2023	2022
Salary and short-term employee benefits	\$ 18,726	\$ 10,318
Post-employment benefits	302	303
	<u>\$ 19,028</u>	<u>\$ 10,621</u>

8. PLEDGED ASSETS

The details of the Group's assets pledged as collateral as of September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

Assets	Book value			Purpose of collateral
	September 30, 2023	December 31, 2022	September 30, 2022	
Land use rights (under "right-of-use assets")	\$ -	\$ 105,771	\$ 108,126	Sealed up by creditors (Note)
Pledged time deposits (shown as 'financial assets at amortized cost - current' and 'financial assets at amortized cost - noncurrent')	\$ 8,399	\$ 10,367	\$ 10,524	Customs guarantee

Note: The creditors of the subsidiaries of the Group applied to the court for property preservation measures to seize property. Please refer to Note 7(2) for the borrowings from related parties. The shareholders' meeting approved the land use right to be expropriated on March 9, 2023, and the land use right was disposed in the second quarter of 2023.

9. COMMITMENTS AND CONTINGENT LIABILITIES

(1) Material contingencies

Masimo Corporation filed a lawsuit against Sotera Wirelss, Inc. about patent infringement on June 12, 2019 and the case is on trial by United States District Court for the Southern District of California. At present, the Group has purchased adequate defensive patent insurance and did not have major unrecognized liabilities as of the publication date of the financial statements.

(2) Commitments

Expenditure from contracts signed but not yet incurred

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Property, plant, and equipment	\$ 60,097	\$ 31,227	\$ 60,038

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On November 10, 2023, the Group disposed of Jinan Fujie Industrial Investment Fund Partnership (recorded as financial assets measured at fair value through profit or loss) in accordance with the partnership termination agreement. The transaction amount was RMB 89,500 thousand, and a gain on disposal of RMB 34,661 thousand was recognized.

12. OTHERS

(1) Capital management

The Group's capital management objectives are to ensure that the Group can continue as a going concern, maintain the best capital structure to meet the needs for equipment and provide dividends to shareholders. 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 debts. The Group monitors its capital per the debt ratio, which is calculated with net debt divided by total capital. Net amount of debts is calculated based on the total borrowings (including "current and non-current borrowings" presented in the consolidated balance sheet), less cash and cash equivalents. Total net amount is calculated based on the equity presented in the consolidated balance sheet, less total intangible assets.

The Group's strategy for 2023 remains the same as for 2022 and aims to keep the debt ratio below 70%.

(2) Financial instruments

A. Categories of financial instruments

Please refer to Note 6 and the consolidated balance sheet for the Company's and subsidiaries' financial assets (financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortized cost, cash and cash equivalents, accounts receivable (including related parties), other receivables, and guarantee deposits paid) and financial liabilities (short-term borrowings, financial liabilities at fair value through profit or loss, accounts payable (including related parties), other payables, lease liabilities, financial liabilities at amortized cost and guarantee deposits received).

B. Risk management policies

(a) Types of risks:

The Group adopts a comprehensive financial risk management and control system to clearly identify, measure and control various financial risks, including market (including exchange rate, interest rate, and price risks), credit and liquidity risks.

(b) Managerial goals

- i. Except for the market risk subject to external factors, the above risks can be eliminated through the internal control or operating processes, so the Group aims to reduce each risk to zero through management approaches.
- ii. Regarding market risk, the Group aims to optimize the overall position through meticulous analysis, suggestion, execution and process, with consideration for external trends, internal operating conditions and the impact of market fluctuations.

- iii. The Group's risk management policy is focused on unpredictable events in the financial market, and seeks to reduce potential adverse effects on the Group's financial position and performance.
  - iv. Please refer to Note 6 (2) for details of the Group's use of derivative financial instruments.
- (c) Management system:
- i. The risk management is conducted by the Group's finance department in accordance with the policies approved by the board of directors. The finance department is responsible for identifying, assessing and avoiding financial risks through close collaboration with the Group's operating units.
  - ii. The board of directors has written principles in place for risk management, and also written policies on a specific scope and matters, including exchange rate, interest rate and credit risks, use of derivative and non-derivative financial instruments, and investment of remaining liquidity.
- C. The nature and extent of significant financial risks
- (a) Market risk
- Exchange rate risk
- i. Nature:
 

The Group is an electronics foundry, operating multinational business and most of the exchange rate risk in the operating activities arises from:

    - (i) Non-functional foreign currency accounts receivable and payable are accounted for at different points in time, and the exchange rates thereof are different from the functional currency, resulting in exchange rate risk. As the amount of assets and liabilities offset is not large, the amount of gain and loss is not large. (Note: The Group has offices in many countries around the world, so the exchange rate risk arises from various currencies, mainly USD and CNY )
    - (ii) Different exchange rates of the functional currency to the presentation currency at different points in time will cause another exchange rate risk.
    - (iii) In addition to the commercial transactions (operating activities) in the above income statement, the assets and liabilities recognized in the balance sheet, and the net investment in foreign operations result in exchange rate risk.
  - ii. Management:
    - (i) The Group has established policies on such risks requiring each company in the Group to manage the exchange rate risk in relation to its functional currency.
    - (ii) The exchange rate risk arising from the presentation currency of the consolidated financial statements in relation to each functional currency is managed by the Group's finance department.
  - iii. Sources of risks:
    - (i) USD and NTD:
 

Exchange risk mainly arises from the exchange losses or gains on cash and cash equivalents, accounts receivable, other receivables, and time deposits with a duration of more than three months, or liabilities, such as loans, accounts payable and other payables in USD translated into NTD.

- (ii) USD and RMB:  
Exchange risk mainly arises from the exchange losses or gains on cash and cash equivalents, accounts receivable and other receivables, or liabilities, such as loans, accounts payable and other payables in USD translated into RMB.
- (iii) U.S. dollars and JPY:  
Exchange risk mainly arises from the exchange losses or gains on cash and cash equivalents, and accounts receivable, or liabilities, such as loans, accounts payable and other payables in USD translated into RMB.
- iv. Information on foreign currency assets and liabilities affected by significant exchange rate fluctuations is as follows:

September 30, 2023					
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary item</u>					
USD: NTD	559,499	32.27	\$ 18,055,033	1%	\$ 180,550
USD: RMB	71,551	7.1798	2,308,951	1%	23,090
USD: JPY	419,815	149.2537	13,547,430	1%	135,474
<u>Non-monetary items</u>					
<u>Foreign operations</u>					
USD: NTD	3,190,192	32.27	102,947,486		
<u>Financial liabilities</u>					
<u>Monetary item</u>					
USD: NTD	377,854	32.27	12,193,339	1%	121,933
USD: RMB	44,515	7.1798	1,436,499	1%	14,365
USD: JPY	415,636	149.2537	13,412,574	1%	134,126

## December 31, 2022

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: Functional currency)					
<u>Financial assets</u>					
<u>Monetary item</u>					
USD: NTD	1,106,545	30.71	\$ 33,981,987	1%	\$ 339,820
USD: RMB	152,142	6.9646	4,672,281	1%	46,723
USD: JPY	498,723	131.5789	15,315,783	1%	153,158
<u>Non-monetary items</u>					
<u>Foreign operations</u>					
USD: NTD	3,270,826	30.71	100,447,075		
<u>Financial liabilities</u>					
<u>Monetary item</u>					
USD: NTD	833,043	30.71	25,582,736	1%	255,827
USD: RMB	29,030	6.9646	891,511	1%	8,915
USD: JPY	482,452	131.5789	14,816,101	1%	148,161

## September 30, 2022

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: Functional currency)					
<u>Financial assets</u>					
<u>Monetary item</u>					
USD: NTD	576,767	31.75	\$ 18,312,352	3%	\$ 549,371
USD: RMB	202,515	7.0998	6,429,851	3%	192,896
<u>Non-monetary items</u>					
<u>Foreign operations</u>					
USD: NTD	3,176,832	31.75	100,864,416		
<u>Financial liabilities</u>					
<u>Monetary item</u>					
USD: NTD	391,592	31.75	12,433,046	3%	372,991
USD: RMB	39,747	7.0998	1,261,967	3%	37,859

- v. The Group's monetary items have a significant impact due to exchange rate fluctuations. The total amounts of all exchange gains (losses) (including realized and unrealized) recognized for the three months and nine months ended September 30, 2023 and 2022 are \$138,351, \$321,329, (\$11,571) and \$879,268, respectively.

#### Price risk

- i. Nature

The Group has long invested in domestic and overseas listed and unlisted equity instruments, which are recognized as financial assets at fair value through other comprehensive income. The prices of such equity instruments vary depending on the values of the investments in the future.

- ii. Extent

If the prices of such equity instruments increased or decreased by 1%, with all other factors remaining unchanged, the other comprehensive income due to the gains or losses on equity investments at fair value through other comprehensive income for the nine months ended September 30, 2023 and 2022 would have increased or decreased by \$233,967 and \$238,331, respectively.

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

The Group's interest rate risk mainly arises from short-term borrowings. The short-term borrowings at floating rates have exposed the Group to cash flow interest rate risk. However, most of the risk is offset by cash and cash equivalents held by the Group at floating rates.

If the short-term borrowings increased or decreased by 1%, with all other factors remaining unchanged, the net income after tax for the nine months ended September 30, 2023 and 2022 would have decreased or increased by \$4,449 and \$18,536, respectively.

#### (b)Credit risk

- i. The Group's credit risk is the risk of financial loss suffered by the Group arising from the failure of clients or counterparties of financial instruments to fulfill contractual obligations.

In accordance with the internal credit policy, each operating entity within the Group must conduct management and credit risk analysis of each new customer before deciding on payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of customers by considering their financial positions, past experience and other factors.

Individual risk limits are set by the board of directors based on internal or external ratings, and the drawdown of credit limits is regularly monitored. The main credit risk mainly arises from cash and cash equivalents, derivative financial instruments, cash in banks or financial institutions, short-term wealth management products purchased from banks or financial institutions, and other financial instruments. As the Group's transaction counterparties and contract counterparties are all banks, financial institutions and government agencies with great credit ratings at the investment grade or above, there is no major concern about default, so there is no major credit risk.

- ii. The Group assumes that when a contract payment is past due for more than 30 days according to the agreed payment term, it is deemed that the credit risk from the financial asset has increased significantly since the initial recognition; if is past due for more than 90 days according to the agreed upon payment term, it is deemed in default.
- iii. The indicators used by the Group to determine investment in debt instruments as credit impairment are as follows:

- (i) The issuer has encountered major financial difficulties, or has the increasing possibility of going into bankruptcy or other financial restructuring;
  - (ii) The active market for the financial asset disappears due to the issuer's financial difficulties;
  - (iii) The issuer's delay or non-payment of interest or principal;
  - (iv) Unfavorable changes in national or regional economic conditions related to the issuer's breach of contract.
- iv. The aging analysis of notes and accounts receivable (including related parties and those reclassified to other receivables) is as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Not past due	\$ 15,444,874	\$ 7,400,027	\$ 15,595,820
0-90 days	975,789	12,269,895	4,432,927
91-180 days	45,343	11,197	2,501
181-270 days	153,026	202,016	1,851
271-360 days	85,651	697	323
More than 361 days	258,588	297	476
	<u>\$ 16,963,271</u>	<u>\$ 19,884,129</u>	<u>\$ 20,033,898</u>

The aging analysis stated above is based on the number of days past due.

- v. The balances of accounts receivable (including related parties) and notes receivable as of September 30, 2023, December 31, 2022, and September 30, 2022 were all from contracts with customers, and the balance of receivables (including related parties) from contracts with customers on January 1, 2022 is \$25,360,694.
- vi. The Group's method of assessing the expected credit risk of accounts receivable (including related parties) is as follows:
  - (i) Estimate the expected credit loss for each account receivable in material default;
  - (ii) Group the remaining customers based on their accounts receivable per the Group's credit rating standard; adopt different loss ratio methods or provision matrices for different groups to estimate expected credit losses;
  - (iii) Adjust loss ratios established per the historical and current information for a specific period based on future forward-looking considerations of the Business Indicators DataBase, National Development Council, and Basel Committee on Banking Supervision.
  - (iv) The allowance for losses on accounts receivable (including related parties) estimated for individuals using the loss ratio method or a provision matrix as of September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

	Individual	Groups 1 and 2	Group 3	Group 4	Total
<u>September 30, 2023</u>					
Expected loss ratio	100%	0.0550%	0.0770%	0.0770%~2.9644%	
Total book value	\$ 267,596	\$ 14,919,166	\$ 1,145,922	\$ 630,587	\$ 16,963,271
Allowance for losses	\$ 267,596	\$ 8,206	\$ 882	\$ 13,905	\$ 290,589

	Individual	Groups 1 and 2	Group 3	Group 4	Total
<u>December 31, 2022</u>					
Expected loss ratio	100%	0.0330%	0.0770%	0.0770%	
Total book value	\$ 64,663	\$ 18,575,277	\$ 384,778	\$ 859,411	\$ 19,884,129
Allowance for losses	\$ 64,663	\$ 14,316	\$ 289	\$ 661	\$ 79,929

	Groups 1 and 2	Group 3	Group 4	Total
<u>September 30, 2022</u>				
Expected loss ratio	0.0300%	0.0700%	0.0700%	
Total book value	\$ 17,634,230	\$ 1,521,499	\$ 878,169	\$ 20,033,898
Allowance for losses	\$ 5,259	\$ 1,066	\$ 615	\$ 6,940

Group 1: Those rated as A by Standard & Poor's, Fitch, or Moody's, or by the Group based on its credit standards (for those who are not rated by an external institution).

Group 2: Those rated as BBB by Standard & Poor's or Fitch or Baa by Moody's, or B or C by the Group based on its credit standards.

Group 3: Those rated as BB+ or below by Standard & Poor's or Fitch or Ba1 or below by Moody's.

Group 4: Those rated as A, B or C by the Group based on its credit standards (for those who are not rated by an external institution).

vii. The table of changes in allowance for losses on accounts receivable (including related parties) in a simplified approach adopted by the Group is as follows:

	2023	2022
January 1	\$ 79,929	\$ 7,971
Loss on provision for impairment	208,973	-
Reversal of impairment loss	- (	1,242)
Effect of exchange rate	1,687	211
September 30	\$ 290,589	\$ 6,940

(c) Liquidity risk

- i. The cash flow forecast is executed by each operating entity in the Group and is compiled by the Group's finance department. The Group's finance department monitors the forecast of the Group's liquidity requirements to ensure that it has sufficient funds to meet operational needs and maintains sufficient available credit limits at all times, so that the Group does not violate the relevant borrowing limits or terms. The forecast considers the Group's debt financing plan, compliance with debt terms, compliance with the financial ratio targets of the internal balance sheet, and the requirements of the external regulatory laws, such as foreign exchange regulations.
- ii. The Group's non-derivative financial liabilities and derivative financial liabilities settled on a net or gross basis are grouped per the relevant maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. Derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date.

In addition to the lease liabilities listed in the table below, the Group's non-derivative financial liabilities (including short-term borrowings, accounts payable, and others) and derivative financial liabilities (including foreign exchange contracts, currency swaps contracts, and Forward exchange contracts) as of September 30, 2023, December 31, 2022 and September 30, 2022 are less than one year to their maturity dates.

	Less than 1 year	Between 1 to 2 years	Over 2 years	Total
September 30, 2023				
Lease liabilities	<u>\$ 202,666</u>	<u>\$ 69,686</u>	<u>\$ 412,813</u>	<u>\$ 685,165</u>
December 31, 2022				
Lease liabilities	<u>\$ 194,891</u>	<u>\$ 184,170</u>	<u>\$ 428,932</u>	<u>\$ 807,993</u>
September 30, 2022				
Lease liabilities	<u>\$ 174,867</u>	<u>\$ 168,033</u>	<u>\$ 476,753</u>	<u>\$ 819,653</u>

(3) Fair value information

A. The fair value levels of the financial instruments and non-financial instruments measured using the valuation technique are defined as follows:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date. An active market refers to a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair values of the Group's investments in TWSE/TPEX-listed stocks belong to this level.
- Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly or indirectly for assets or liabilities. The fair values of the derivatives invested by the Group belong to this level.
- Level 3: Unobservable inputs of assets or liabilities, including overseas investment funds invested by the Group, stocks without active market, stocks with an active market during the lock-up period and convertible corporate bonds, belong to this level.

B. Please refer to Note 6 (11) for information on the fair value of investment property measured at cost.

C. Financial and non-financial instruments at fair value are classified by the Group per the nature, characteristics and risks of assets and liabilities, and the fair value level. The details are as follows:

(a) The information on the classification based on the nature of assets and liabilities is as follows:

September 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss - non-current				
Beneficiary certificate	\$ -	\$ -	\$ 1,018,364	\$ 1,018,364
Hybrid instruments	-	-	283,798	283,798
Non-listed, OTC, and emerging stocks	-	-	13,051	13,051
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,315,213</u>	<u>\$ 1,315,213</u>
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets measured at fair value through other comprehensive income				
Equity instruments	<u>\$ 18,880,361</u>	<u>\$ -</u>	<u>\$ 4,516,334</u>	<u>\$ 23,396,695</u>

December 31, 2022	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss - non-current				
Beneficiary certificate	\$ -	\$ -	\$ 219,077	\$ 219,077
Hybrid instruments	-	-	283,453	283,453
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 502,530</u>	<u>\$ 502,530</u>
Financial assets measured at fair value through other comprehensive income				
Equity instruments	<u>\$ 20,609,787</u>	<u>\$ -</u>	<u>\$ 4,612,562</u>	<u>\$ 25,222,349</u>
<u>Liabilities</u>				
<u>Fair value on a recurring basis</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 9,364)</u>	<u>(\$ 9,364)</u>
September 30, 2022	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss - non-current				
Beneficiary certificate	\$ -	\$ -	\$ 246,189	\$ 246,189
Hybrid instruments	-	-	449,025	449,025
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 695,214</u>	<u>\$ 695,214</u>
Financial assets measured at fair value through other comprehensive income				
Equity instruments	<u>\$ 19,460,674</u>	<u>\$ -</u>	<u>\$ 4,372,461</u>	<u>\$ 23,833,135</u>
<u>Liabilities</u>				
<u>Fair value on a recurring basis</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	<u>\$ -</u>	<u>\$ 16,274</u>	<u>\$ -</u>	<u>\$ 16,274</u>

(b) The methods and assumptions adopted by the Group to measure the fair value are stated below:

- i. Where the Group adopts quoted prices in the market as the input of the fair value (that is, Level 1), it is classified by the characteristics of the instruments. The details are as follows:

- |   | <u>Listed shares</u> |
|---|----------------------|
| Quoted prices in the market   | Closing price        |
| ii. The fair values of overseas investment funds are based on the quoted prices from the counterparties.  |                      |
| iii. When measuring non-standardized and less complex financial instruments, such as currency swaps or foreign exchange swap, the Group adopts valuation techniques widely used by market participants. The parameters used in the valuation models of such financial instruments are usually market observable information.  |                      |
| iv. The derivative financial instruments are measured using a valuation model widely accepted by market users, such as discounting method and option pricing model. Forward exchange contracts are usually valued based on the real-time forward exchange rates.  |                      |
| v. The output of the valuation model is an estimated value, and the valuation technique may not reflect all the relevant factors of the financial and non-financial instruments held by the Group. Therefore, the estimated value of the valuation model will be appropriately adjusted according to additional parameters, such as liquidity risk. Per the Group's fair value valuation model management policy and relevant control procedures, the management believes that value adjustments is necessary in order to appropriately present the fair values of financial instruments and non-financial instruments in the consolidated balance sheet. The price information and parameters used in the valuation process have been prudently assessed and appropriately adjusted per the current market conditions. |                      |
| vi. The Group incorporated the credit risk valuation adjustment into the measurement of the fair value of financial instruments and non-financial instruments to reflect counterparties' credit risk and the Group's credit quality.  |                      |

D. The table below shows the changes in Level 3 during the nine months ended September 30, 2023 and 2022:

	2023	2022
January 1	\$ 5,105,728	\$ 4,218,217
Gains or losses recognized in profit or loss	( 64,164)	( 33,376)
Gain or loss recognized in other comprehensive income	( 206,505)	113,475
Purchases during this period	1,034,410	531,043
Disposal	( 151,815)	( 46,320)
Redemption of convertible corporate bonds	-	( 14,451)
Effect of exchange rate	113,893	299,087
September 30	\$ 5,831,547	\$ 5,067,675

E. There was no transfer in or out from Level 3 during the nine months ended September 30, 2023 and 2022.

F. The quantitative information on the significant unobservable inputs of the valuation model used in the Level 3 fair value measurement and the sensitivity analysis of the significant unobservable input change are explained as follows:

	Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relations between input and fair value
Non-derivative equity instruments:					
Private equity fund	\$ 242,088	Net asset value approach	Composite discount rate	5%	The higher the composite discount rate, the lower the fair value
“	732,766	Net asset value approach	Composite discount rate	18.49%	The higher the composite discount rate, the lower the fair value
“	43,510	Net asset value approach	Not applicable	Not applicable	Not applicable
Listed company shares in the lock-up period	2,181,575	Market approach	Discount for lack of marketability	18.64%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	2,282,950	Net asset value approach	Composite discount rate	1%	The higher the composite discount rate, the lower the fair value
“	51,809	Market approach	Not applicable	Not applicable	Not applicable
Unlisted preferred shares	13,051	Income approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
Hybrid instruments:					
Unlisted preferred shares	216,918	Market approach	Expected equity value volatility	59.82%	The higher the expected equity value volatility, the lower the fair value
“	66,880	Income approach	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relations between input and fair value
Non-derivative equity instruments:					
Private equity fund	\$ 219,077	Net asset value approach	Composite discount rate	5%	The higher the composite discount rate, the lower the fair value
Listed company shares in the lock-up period	2,400,200	Market approach	Discount for lack of marketability	29.04%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	2,160,553	Net asset value approach	Composite discount rate	1%	The higher the composite discount rate, the lower the fair value
“	51,809	Market approach	Not applicable	Not applicable	Not applicable
Hybrid instruments:					
Unlisted preferred shares	283,453	Market approach	Expected equity value volatility	50.51%	The higher the expected equity value volatility, the lower the fair value
Derivatives:					
Convertible corporate bond derivatives	( 9,364)	Cash flow Discounted	Expected equity value volatility	52.16%	The higher the expected equity value volatility, the lower the fair value
	Fair value at September 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relations between input and fair value
Non-derivative equity instruments:					
Private equity fund	\$ 246,189	Net asset value approach	Not applicable	Not applicable	Not applicable
Listed company shares in the lock-up period	2,062,775	Market approach	Discount for lack of marketability	30.22%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	2,255,973	Net asset value approach	Not applicable	Not applicable	Not applicable
“	53,713	Market approach	Latest capital increase price	\$10-\$55	Not applicable
Hybrid instruments:					
Unlisted preferred shares	449,025	Net asset value approach	Not applicable	Not applicable	Not applicable

G. The Group has selected valuation model and valuation parameters after careful evaluation, but different valuation results may occur due to the use of different valuation models or valuation parameters. For financial assets classified as Level 3, if the valuation parameters change, the effect on the current profit or loss or other comprehensive income is as follows:

		September 30, 2023					
				Recognized in profit or loss		Recognized in other comprehensive income	
		Inputs	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets							
Hybrid instruments and Derivative instruments	Expected equity value volatility rate or discount for lack of marketability		±1%	\$ 1,743	(\$ 1,940)	\$ -	\$ -
Equity instrument and Beneficiary certificate	Composite discount rate or discount for lack of marketability		±1%	\$ 11,709	(\$ 11,709)	\$ 48,915	(\$ 48,915)
		December 31, 2022					
				Recognized in profit or loss		Recognized in other comprehensive income	
		Inputs	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets							
Hybrid instruments and Derivative instruments	Expected equity value volatility		±1%	\$ 1	(\$ 1)	\$ -	\$ -
Equity instrument and Beneficiary certificate	Composite discount rate or discount for lack of marketability		±1%	\$ 2,314	(\$ 2,314)	\$ 55,002	(\$ 55,002)
		September 30, 2022					
				Recognized in profit or loss		Recognized in other comprehensive income	
		Inputs	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets							
Equity instruments	Discount for marketability		±1%	\$ -	\$ -	\$ 29,563	(\$ 29,563)

(4) Other Matters

As the Group has adopted anti-pandemic measures for the COVID-19 pandemic and the government launched various anti-pandemic measures, the pandemic did not cause a material impact on the Group's operations and business during the third quarter of 2022.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Table 1.

B. Endorsements/guarantees provided to others: None.

C. Securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures): Table 2.

D. Securities acquired or sold at costs or prices at least NT\$300 million or 20% of the paid-in capital during this period: Table 3.

E. Acquisition of individual property at costs of at least NT\$300 million or 20% of the paid-in capital: None.

F. Disposal of individual property at costs of at least NT\$300 million or 20% of the paid-in capital: Table 4.

G. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.

H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6.

I. Derivatives trading: Notes 6 (2) and (24) and 12 (3).

J. Business relations and important transactions between the parent company and subsidiaries, and between subsidiaries and amounts: Table 7.

(2) Information on investees

Information on name and location of investees (excluding investees in Mainland China): Table 8.

(3) Information on investment in Mainland China

A. Basic information: Table 9.

B. Significant transactions with investees in Mainland China, either directly or indirectly, through a business in a third region: Table 7.

(4) Information on major shareholders

Information on major shareholders: Table 10.

14. SEGMENT INFORMATION

(1) General information

The Group mainly engages in the assembly and sales of casings, thermal modules and consumer electronics products. The chief operating decision-makers operate various business divisions based on business categories, including electronic product trading services and mechanism, and spare part production and sales.

The Group's chief operating decision-makers took the adjusted imputed internal costs based on income from operating segments and net operating income, and segment profit and loss for expense apportionment as reference for evaluating the operating segment performance and making decisions about resource apportionment.

(2) Segment information

The information on reportable segments provided to the chief decision maker is as follows:

	Three-month period ended September 30, 2023		
	Electronic products trading services	Production and sales of mechanical components	Total
External income	\$ 19,208,206	\$ 3,048,545	\$ 22,256,751
Internal segment income	24,494,064	811,677	25,305,741
Segment income	<u>\$ 43,702,270</u>	<u>\$ 3,860,222</u>	<u>\$ 47,562,492</u>
Measured amount of segment profit and loss	<u>\$ 919,603</u>	<u>\$ 116,806</u>	<u>\$ 1,036,409</u>
Depreciation and amortization	<u>\$ 498</u>	<u>\$ 345,375</u>	<u>\$ 345,873</u>
Interest income	<u>\$ 33,027</u>	<u>\$ 672,136</u>	<u>\$ 705,163</u>
Interest expenses	<u>\$ 37,511</u>	<u>\$ 11,765</u>	<u>\$ 49,276</u>
Total segment assets (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Three-month period ended September 30, 2022		
	Electronic products trading services	Production and sales of mechanical components	Total
External income	\$ 13,543,711	\$ 4,272,900	\$ 17,816,611
Internal segment income	167,420	696,036	863,456
Segment income	<u>\$ 13,711,131</u>	<u>\$ 4,968,936</u>	<u>\$ 18,680,067</u>
Measured amount of segment profit and loss	<u>\$ 485,971</u>	<u>\$ 1,158,533</u>	<u>\$ 1,644,504</u>
Depreciation and amortization	<u>\$ 685</u>	<u>\$ 376,244</u>	<u>\$ 376,929</u>
Interest income	<u>\$ 5,846</u>	<u>\$ 408,866</u>	<u>\$ 414,712</u>
Interest expenses	<u>\$ 37,918</u>	<u>\$ 30,863</u>	<u>\$ 68,781</u>
Total segment assets (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Nine-month period ended September 30, 2023		
	Electronic products trading services	Production and sales of mechanical components	Total
External income	\$ 53,453,355	\$ 8,667,097	\$ 62,120,452
Internal segment income	70,600,495	2,059,989	72,660,484
Segment income	<u>\$ 124,053,850</u>	<u>\$ 10,727,086</u>	<u>\$ 134,780,936</u>
Measured amount of segment profit and loss	<u>\$ 1,334,391</u>	<u>\$ 1,912,574</u>	<u>\$ 3,246,965</u>
Depreciation and amortization	<u>\$ 5,508</u>	<u>\$ 1,060,651</u>	<u>\$ 1,066,159</u>
Interest income	<u>\$ 135,609</u>	<u>\$ 2,002,248</u>	<u>\$ 2,137,857</u>
Interest expenses	<u>\$ 120,765</u>	<u>\$ 37,233</u>	<u>\$ 157,998</u>
Total segment assets (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Nine-month period ended September 30, 2022		
	Electronic products trading services	Production and sales of mechanical components	Total
External income	\$ 47,801,825	\$ 12,629,181	\$ 60,431,006
Internal segment income	569,643	2,423,003	2,992,646
Segment income	<u>\$ 48,371,468</u>	<u>\$ 15,052,184</u>	<u>\$ 63,423,652</u>
Measured amount of segment profit and loss	<u>\$ 1,538,712</u>	<u>\$ 1,791,591</u>	<u>\$ 3,330,303</u>
Depreciation and amortization	<u>\$ 1,742</u>	<u>\$ 1,131,674</u>	<u>\$ 1,133,416</u>
Interest income	<u>\$ 11,679</u>	<u>\$ 1,478,119</u>	<u>\$ 1,489,798</u>
Interest expenses	<u>\$ 94,127</u>	<u>\$ 64,381</u>	<u>\$ 158,508</u>
Total segment assets (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: As the measured amounts of the assets of the operating segments were not provided to the chief operating decision-makers, the measured amounts of the assets disclosed is zero.

(3) Reconciliation information on segment profit and loss

Sales between segments are carried out based on the fair trade principle. External revenue reported to the chief operating decision-makers is measured in the same way as that for the revenue in the income statement.

The reconciliation between the segment profit and loss, and continuing operations' pre-tax profit and loss for the three months and nine months ended September 30, 2023 and 2022 is as follows:

	Three months ended September 30	
Operating revenue	2023	2022
Total income from reportable operating segments	\$ 47,562,492	\$ 18,680,067
Income from other operating segments	82,429	34,386
Inter-segment income eliminated	( 25,305,741)	( 863,456)
Business income	<u>\$ 22,339,180</u>	<u>\$ 17,850,997</u>
	Nine months ended September 30	
Operating revenue	2023	2022
Total income from reportable operating segments	\$ 134,780,936	\$ 63,423,652
Income from other operating segments	304,419	67,012
Inter-segment income eliminated	( 72,660,484)	( 2,992,646)
Business income	<u>\$ 62,424,871</u>	<u>\$ 60,498,018</u>
	Three months ended September 30	
Profit and loss	2023	2022
Reportable operating segment profit or loss	\$ 1,013,850	\$ 1,644,504
Profit or loss on other operating segments	44,248	( 90,118)
Profit or loss on continuing operations after tax	<u>\$ 1,058,098</u>	<u>\$ 1,554,386</u>
	Nine months ended September 30	
Profit and loss	2023	2022
Reportable operating segment profit or loss	\$ 3,246,965	\$ 3,330,303
Profit or loss on other operating segments	75,974	97,224
Profit or loss on continuing operations after tax	<u>\$ 3,322,939</u>	<u>\$ 3,427,527</u>

Foxconn Technology Co., Ltd. and Its Subsidiaries  
Loans to others  
For the Nine Months Ended September 30, 2023

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No.	Lender	Borrower	Account	Is a related party	Maximum outstanding balance during the nine-month period ended September 30, 2023	Balance at September 30, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reasons for the need for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Note
													Item	Value			
1	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	FuZhun Precision Industry (Shenyang) Co., Ltd.	Other receivables	Y	\$ 142,240	\$ 141,280	\$ 141,280	3.195%	Short-term financing	\$ -	Working capital turnover	\$ -	None	\$ -	\$ 68,640,446	\$137,280,892	Note 1
2	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	HongFuJin Precision Industrial (Jincheng) Co., Ltd.	Other receivables	Y	103,511	-	-	3.285%	Short-term financing	-	Working capital turnover	-	None	-	68,640,446	137,280,892	Note 1

Note 1: When the Company directly or indirectly holds 100% of the voting shares in a foreign company that indirectly provides loans to others, the total amount of the loans should not exceed 400% of the net worth of the subsidiary; the limit for each borrower should not exceed 200% of the net worth of the subsidiary.

Foxconn Technology Co., Ltd. and Its Subsidiaries  
Securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures)  
September 30, 2023

Table 2

				Expressed in thousands of NTD (Except as otherwise indicated)				
				As of September 30, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Owner ship (%)	Fair value	Note
Foxconn Technology Co., Ltd.	Ordinary shares in CyberTAN Technology Inc.	Other related parties	Financial assets measured at fair value through other comprehensive income - non-current	10,035,348	\$ 218,771	3.04	\$ 218,771	
"	Ordinary shares in Pan-International Industrial Corp.	"	"	1,079,986	40,013	0.21	40,013	
"	Ordinary shares in Innolux Corporation	None	"	109,666,570	1,442,115	1.21	1,442,115	
"	Ordinary shares in Advanced Optoelectronic Technology Inc.	"	"	1,000	18	-	18	
"	Ordinary shares in Modest Benefits Taiwan E Chain Co., Ltd.	"	"	150,000	892	0.25	892	
"	Ordinary shares in H2U Corporation	"	"	273,000	12,613	1.08	12,613	
"	Ordinary shares in EirGenix Inc.	"	"	27,500,000	2,181,575	9.02	2,181,575	
"	Ordinary shares in Rooti Labs Ltd.	"	"	14,553	37,412	5.00	37,412	
"	Convertible preferred stocks of ZAP Medical System, Ltd.	Other related parties	Financial assets at fair value through profit or loss - non-current	10,032,773	216,918	5.65	216,918	
"	Convertible corporate bonds of Sotera Wireless, Inc.	Subsidiary	"	-	773,555	-	773,555	
"	Funds of Lakestar Growth II LP	None	"	-	33,217	1.99	33,217	
"	Fund of GTM Captial Healthcare Fund L.P.	Other related parties	"	-	732,766	50.00	732,766	
Q-Run Investment Co., Ltd.	Ordinary shares in CyberTAN Technology Inc.	"	Financial assets measured at fair value through other comprehensive income - non-current	700,000	15,260	0.21	15,260	
"	Ordinary shares in Innolux Corporation	None	"	104,061,388	1,368,407	1.15	1,368,407	
"	Ordinary shares in Advanced Optoelectronic Technology Inc.	"	"	7,672,000	135,027	5.31	135,027	
"	Ordinary shares in Modest Benefits Taiwan E Chain Co., Ltd.	"	"	150,000	892	0.25	892	
"	Preferred shares of AcroViz Inc.	"	Financial assets at fair value through profit or loss - non-current	1,180,000	13,051	5.59	13,051	
Q-Run Holdings Ltd.	Ordinary shares in China Harmony Auto Holding Ltd.	"	Financial assets measured at fair value through other comprehensive income - non-current	38,452,340	119,274	2.52	119,274	
"	Ordinary shares in FE Holdings USA, Inc.	Subsidiary with significant influence on the Group	"	8,040	2,282,950	10.74	2,282,950	
"	Ordinary shares in VIZIO Holding Corp.	None	"	14,412,115	2,516,077	7.38	2,516,077	
"	Yosemite Fund I, L.P.	"	Financial assets at fair value through profit or loss - non-current	-	10,293	3.87	10,293	
"	Convertible Preferred Shares of Acoustic Wave Cell Therapy, Inc.	"	"	622,222	66,880	6.38	66,880	
Foxconn Technology Pte.Ltd.	Ordinary shares in Sharp Corporation	Other related parties	Financial assets measured at fair value through other comprehensive income - non-current	64,640,000	13,025,399	9.96	13,025,399	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Jinan Fujie Industrial Investment Fund Partnership (Limited Partnership)	None	Financial assets at fair value through profit or loss - non-current	-	242,088	6.66	242,088	
"	Guangdong Finance Trust-Peng Yun Tian Hua Collection Fund Trust	"	Financial assets at amortized cost - non-current	-	2,207,268	-	2,207,268	

Foxconn Technology Co., Ltd. and Its Subsidiaries  
 Securities acquired or sold at costs, or prices at least NT\$300 million or 20% of the paid-in capital during this period  
 For the Nine Months Ended September 30, 2023

Table 3

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at September 30, 2023		Buy		Disposal (Note 2)				As of September 30, 2023	
					Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Foxconn Technology Co., Ltd.	Fund of GTM Capital Healthcare Fund L.P.	Note 1	YL Capital Ltd.	Other related parties	-	\$ -	-	US\$ 30,000 thousand	-	US\$ 5,000 thousand	US\$ 5,000 thousand	\$ -	-	US\$ 25,000 thousand

Note 1: It is under "financial assets at fair value through profit or loss - non-current," so the amount at the end of the period is presented at fair value.

Note 2: The GTM Capital Healthcare Fund L.P. returned the investment capital of USD 5,000 thousand in Quarter 2, 2023.

Foxconn Technology Co., Ltd. and Its Subsidiaries  
Disposal of individual property at costs of at least NT\$300 million or 20% of the paid-in capital  
For the Nine Months Ended September 30, 2023

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain or loss on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
Qingdao Hygen Innovative Alloy Materials Co., Ltd	Land use rights, buildings and fixtures, etc.	April 2023	May 2012	RMB 115,074 thousand	RMB 319,931 thousand	Note	RMB 164,342 thousand	People's Government of Ligezhuang Town, Jiaozhou City	Third party	Asset activation	Based on the government's relocation compensation agreement	None

Note: The total transaction price is RMB 319,931 thousand, collected in installments. As of September 30, 2023, RMB 237,955 thousand has been collected.

Foxconn Technology Co., Ltd. and Its Subsidiaries  
Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital  
For the Nine Months Ended September 30, 2023

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions		Notes and accounts receivable (payable)		Note
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Foxconn Technology Co., Ltd.	Foxconn (Far East) Ltd. and its subsidiaries	Hon Hai' subsidiaries and their subsidiaries	Sales	\$ 1,870,153	3	Within 90 days after the end of a month	Note 1	Note 1	\$ 973,102	7	
"	Hon Hai Precision Industry Co., Ltd.	Investment companies adopting the equity method to evaluate the Company	Sales	120,548	-	Within 90 days after the end of a month	Note 1	Note 1	57,459	-	
"	High Tempo International Ltd.-B.V.I	Subsidiaries indirectly invested by the Company	Sales	123,483	-	Within 90 days after the end of a month	Note 1	Note 1	26,524	-	
"	Champ Tech Optical (Foshan) Corporation	"	Sales	140,719	-	Within 90 days after the invoice date	Note 1	Note 1	277,344	2	
"	PKM Corporation	Subsidiaries directly invested by the Company	Sales	44,889,244	83	Within 50 days after the end of a month	Note 1	Note 1	10,922,294	77	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn (Far East) Ltd. and its subsidiaries	The transaction counterparties of the investee are Hon Hai' subsidiaries and their subsidiaries.	Sales	989,712	55	Within 90 days after the invoice date	Note 1	Note 1	1,615,887	92	Note 2
"	Foxconn Technology Pte.Ltd.	Both the investee and the transaction counterparties are subsidiaries indirectly invested by the Company	Sales	461,196	26	Within 90 days after the invoice date	Note 1	Note 1	37,554	2	
FuYu Precision Components (Kunshan) Co., Ltd.	Foxconn Technology Pte.Ltd.	"	Sales	2,258,161	92	Within 60 days after the end of a month	Note 1	Note 1	275,329	69	
Foxconn Technology Pte.Ltd.	FTP Technology Inc.	"	Sales	371,615	10	Within 90 days after the delivery date	Note 1	Note 1	118,037	9	
FTP Technology Inc.	Foxconn (Far East) Ltd. and its subsidiaries	The transaction counterparties of the investee are Hon Hai' subsidiaries and their subsidiaries.	Sales	405,609	76	Within 90 days after the end of a month	Note 1	Note 1	182,416	99	
Nan Ning Fu Ning Precision Electronics Ltd.	Foxconn Technology Pte.Ltd.	Both the investee and the transaction counterparties are subsidiaries indirectly invested by the Company	Sales	192,136	7	Within 90 days after the end of a month	Note 1	Note 1	63,577	12	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions		Notes and accounts receivable (payable)		Note
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Yantai FuZhun Precision Electronics Co., Ltd.	Foxconn (Far East) Ltd. and its subsidiaries	The transaction counterparties of the investee are Hon Hai' subsidiaries and their subsidiaries.	Sales	875,020	86	Within 90 days after the invoice date	Note 1	Note 1	\$ 288,142	81	
Champ Tech Optical (Foshan) Corporation	Foxconn (Far East) Ltd. and its subsidiaries	"	Sales	432,952	9	Within 90 days after the invoice date	Note 1	Note 1	187,066	12	
"	FTP Technology Inc.	Both the investee and the transaction counterparties are subsidiaries indirectly invested by the Company	Sales	316,338	7	Within 90 days after the end of a month	Note 1	Note 1	10,129	1	
Foxconn Technology Co., Ltd.	Foxconn (Far East) Ltd. and its subsidiaries	Hon Hai' subsidiaries and their subsidiaries	Purchase	40,435,326	78	Within 90 days after the invoice date	Note 1	Note 1	( 9,773,445)	69	
"	Nan Ning Fu Ning Precision Electronics Ltd.	Subsidiaries indirectly invested by the Company	Purchase	2,011,737	4	Within 30 days after the invoice date	Note 1	Note 1	( 281,797)	2	
"	Champ Tech Optical (Foshan) Corporation	"	Purchase	2,770,243	5	Within 30 days after the end of the month on which invoice date	Note 1	Note 1	( 457,637)	3	
"	Innolux Corporation	Other related parties	Purchase	101,941	-	Within 60 days after the invoice date	Note 1	Note 1	-	-	
Foxconn Technology Co., Ltd.	Sharp Corporation and its subsidiaries	Other related parties	Purchase	\$ 4,573,894	9	Within 60 days after the invoice date	Note 1	Note 1	( 936,582)	7	
"	Pan-International Industrial Corp. and its subsidiaries	"	Purchase	295,829	1	Within 90 days after the end of a month	Note 1	Note 1	( 124,717)	1	
"	Hebi Gengde Electronics Co., Ltd.	"	Purchase	195,592	-	Within 90 days after the invoice date	Note 1	Note 1	-	-	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn (Far East) Ltd. and its subsidiaries	The transaction counterparties of the investee are Hon Hai' subsidiaries and their subsidiaries.	Purchase	198,482	13	Within 90 days after the invoice date	Note 1	Note 1	( 539,033)	70	

Note 1: Except in case there is no similar transaction available for comparison, and the prices and credit period are determined through negotiation between both parties, the Group's selling prices to the above related parties are close to those offered to general customers; the Group's collection period for related parties is about 30-90 days.

Note 2: As for the transactions, in which the Group sells raw materials to some of the above related parties and buys back partial finished goods, the Group has eliminated the sales of raw materials based on the nature of the transactions.

Foxconn Technology Co., Ltd. and Its Subsidiaries  
Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital  
For the Nine Months Ended September 30, 2023

Table 6

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30,		Turnover rate	Overdue receivables		Expressed in thousands of NTD (Except as otherwise indicated)	
			2023			Amount	Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
Foxconn Technology Co., Ltd.	Foxconn (Far East) Ltd. and its subsidiaries	Hon Hai' subsidiaries and their subsidiaries	\$	973,102	2.86	\$ 63,765	Recovery after the balance sheet date	\$ 63,765	\$ -
"	"	"		1,703,004 (under other receivables) (Note 1)	Not applicable				
"	Sharp Corporation and its subsidiaries	Other related parties		538,584 (under other receivables) (Note 1)	Not applicable				
"	Pan-International Industrial Corp. and its subsidiaries	"		527,793 (under other receivables) (Note 1)	Not applicable				
"	Champ Tech Optical (Foshan) Corporation	Subsidiaries indirectly invested by the Company		277,344	0.74	113,601	Aggressive collection	50,472	-
"	PKM Corporation	Subsidiaries directly invested by the Company		10,922,294	4.73	423,181	Recovery after the balance sheet date	423,181	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn (Far East) Ltd. and its subsidiaries	The transaction counterparties of the investee are Hon Hai' subsidiaries and their subsidiaries.		1,615,887	0.48	757,176	Aggressive collection	253,003	-
FuYu Precision Components (Kunshan) Co., Ltd.	Foxconn Technology Pte.Ltd.	Both the investee and the transaction counterparties are subsidiaries indirectly invested by the Company		275,329	4.49	-	-	-	-
Foxconn Technology Pte.Ltd. FTP Technology Inc.	FTP Technology Inc. Foxconn (Far East) Ltd. and its subsidiaries	" The transaction counterparties of the investee are Hon Hai' subsidiaries and their subsidiaries.		118,037 182,416	2.89 3.11	- -	- -	- -	- -
Nan Ning Fu Ning Precision Electronics Ltd.	Foxconn Technology Co., Ltd.	The ultimate parent company of the Company		281,797	4.71	-	-	-	-
Yantai FuZhun Precision Electronics Co., Ltd.	Foxconn (Far East) Ltd. and its subsidiaries	The transaction counterparties of the investee are Hon Hai' subsidiaries and their subsidiaries.		288,142	3.55	-	-	-	-
Champ Tech Optical (Foshan) Corporation	"	"		187,066	2.23	20,599	Recovery after the balance sheet date	20,599	-
"	Foxconn Technology Co., Ltd.	The ultimate parent company of the Company		457,637	4.64	-	-	-	-
PKM Corporation	"	"		4,530,563 (under other receivables) (Note 1)	Not applicable				
"	Foxconn (Far East) Ltd. and its subsidiaries	The transaction counterparties of the investee are Hon Hai' subsidiaries and their subsidiaries.		184,227 (under other receivables) (Note 1)	Not applicable				

Note 1: It is the account receivable of the investee purchasing raw materials for its ultimate parent company.

Foxconn Technology Co., Ltd. and Its Subsidiaries  
Business relations and important transactions between the parent company and subsidiaries, and between subsidiaries and amounts  
For the Nine Months Ended September 30, 2023

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction situation			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
0	Foxconn Technology Co., Ltd.	Nan Ning Fu Ning Precision Electronics Ltd.	1	Purchase	\$ 2,011,737	Note 4	3
0	"	"	1	Accounts payable	281,797	"	-
0	"	Champ Tech Optical (Foshan) Corporation	1	Purchase	2,770,243	"	4
0	"	"	1	Sales	140,719	"	-
0	"	"	1	Accounts receivable	277,344	"	-
0	"	"	1	Accounts payable	457,637	"	-
0	"	High Tempo International Ltd. -B.V.I	1	Sales	123,483	"	-
0	"	PKM Corporation	1	Sales	44,889,244	"	72
0	"	"	1	Accounts receivable	10,922,294	"	8
0	"	"	1	Other payables	4,530,563	"	3
1	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn Technology Pte.Ltd.	3	Sales	461,196	"	1
2	FuYu Precision Components (Kunshan) Co., Ltd.	"	3	Sales	2,258,161	"	4
2	"	"	3	Accounts receivable	275,329	"	-
3	Foxconn Technology Pte.Ltd.	FTP Technology Inc.	3	Sales	371,615	"	1
3	"	"	3	Accounts receivable	118,037	"	-
4	Nan Ning Fu Ning Precision Electronics Ltd.	Foxconn Technology Pte.Ltd.	3	Sales	192,136	"	-
5	Champ Tech Optical (Foshan) Corporation	"	3	Sales	316,338	"	1

Note 1: The types of business transactions between the parent and subsidiaries are indicated by the following numbers shown in the No. column:

(1)The parent company is coded "0."

(2)The subsidiaries are coded sequentially beginning from "1" one after another.

Note 2: There are the three types of relations with the counterparty, and it is sufficient to just indicate the type (if it is the same transaction between the parent and a subsidiary or between subsidiaries, there is no need to disclose it repeatedly. For example, if the parent has disclosed a transaction with a subsidiary, the subsidiary does not need to disclose the same transaction again; if a subsidiary has disclosed a transaction with another subsidiary, the other subsidiary does not need to disclose the same transaction again):

(1)Parent to subsidiary.

(2)Subsidiary to parent.

(3)Subsidiary to another subsidiary.

Note 3: The standard for disclosure of information on business transactions between the parent and a subsidiary is that the amount of purchases, sales or receivables (payables) from related parties is NTD\$100 million, or 20% or more of the paid-in capital, while transactions with related parties will not be disclosed.

Note 4: Except in case there is no similar transaction available for comparison, and the prices and credit period are determined through negotiation between both parties, the Group's selling prices to the above related parties are close to those offered to general customers; the Group's collection period for related parties is about 30-90 days.

Note 5: The transaction amount as a percentage of the total consolidated revenue or total assets, it is calculated based on the ending balance as a percentage of the total consolidated assets if the transaction is under the assets and liabilities account; if it is under the profit and loss account, it is calculated based on the cumulative amount as a percentage of the total consolidated revenue.

Note 6: Please refer to Table 1 for the details of loans to others.

Foxconn Technology Co., Ltd. and Its Subsidiaries  
Information on name and location of investees (excluding investees in Mainland China)  
For the Nine Months Ended September 30, 2023

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Held at the end of period			Net profit (loss) of the investee for the nine-month period ended September 30, 2023	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2023	Note
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Foxconn Technology Co., Ltd.	Q-RUN Holdings Ltd.	Cayman Islands	Engaging in investment in other entities and holding business	\$ 1,971,512	\$ 1,971,512	96,077,600	100	\$ 89,352,404	\$ 2,478,080	\$ 2,492,346	Note 1
Foxconn Technology Co., Ltd.	Foxconn Precision Components Holding Co., Ltd.	Cayman Islands	Engaging in investment in other entities and holding business	97,358	97,358	26,839,643	100	13,689,888	218,031	218,031	Note 1
Foxconn Technology Co., Ltd.	Q-Run Investment Co., Ltd.	Taiwan	Engaging in investment	1,254,780	1,254,780	125,478,000	100	1,738,193	2,081	2,081	
Foxconn Technology Co., Ltd.	Syntrend Creative Park Co., Ltd.	Taiwan	Retail of computer, multi-function printers, appliances and information software services	490,322	490,322	49,032,250	20	285,915	29,992	5,989	
Foxconn Technology Co., Ltd.	Sotera Wireless, Inc.	United States	Sales of wireless vital sign monitoring systems	1,335	1,335	10,003,082	53.93	( 94,806)	( 113,775)	( 35,143)	
Foxconn Technology Co., Ltd.	FTC Health Corporation	Taiwan	Wholesale and retail of medical devices and precision instruments	60,000	1,000	6,000,000	100	64,123	4,122	4,122	Note 1
Foxconn Technology Co., Ltd.	PKM Corporation	Japan	Distribution of game consoles.	115,075	115,075	8,200	91.12	129,164	28,171	25,669	
Foxconn Technology Co., Ltd.	FTC Japan Co., Ltd.	Japan	Production and sales of electronic products and medical supplies, provision of health management services, and long-term care equipment trading and leasing	69,554	-	6,000	100	42,975	( 22,716)	( 22,716)	
Foxconn Technology Co., Ltd.	FTC Precision Technology Co., Ltd.	Taiwan	Aluminum casting, aluminum and magnesium rolling, drawing, and extrusion, and manufacturing of metal structures and building components.	10,000	-	1,000	100	10,000	-	-	
Foxconn Technology Co., Ltd.	FTC Technology Vietnam Company Limited	Vietnam	Import, design, manufacturing and sales of electronic products and components, precision instruments and medical equipment.	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	Note 2

Note 1: Besides FOXCONN PRECISION COMPONENTS HOLDING CO., LTD., Q-RUN HOLDINGS LTD., Q-Run Investment Co., Ltd., Sotera Wireless, Inc., FTC Health Corporation, PKM CORPORATION, FTC JAPAN CO., LTD., FTC Precision Technology Co., Ltd., and FTC Technology Vietnam Company Limited, are subsidiaries of the Company, ATKINSON HOLDINGS LTD., Q-Run FAR EAST CORPORATION, WORLD TRADE TRADING LTD., HIGH TEMPO INTERNATIONAL LTD., FTC TECHNOLOGY INC., FOXCONN TECHNOLOGY PTE. LTD., KENNY INTERNATIONAL LTD., DOUBLE WEALTH PROFITS LTD., PRECIOUS STAR INTERNATIONAL LTD., EASTERN STAR LIMITED., GOLD GLORY INTERNATIONAL LTD., NEW GLORY HOLDINGS LTD., FTP TECHNOLOGY INC., FuZhun Precision Industry (Shenzhen) Co., Ltd., Champ Tech Optical (Foshan) Corporation, Hon Fujin Precision Industry (Taiyuan) Co., Ltd., FuZhun Precision Electronics (Hebi) Co., Ltd., Qingdao Hygen Innovative Alloy Materials Co., Ltd., Fu Hui Gang Industry (Shenzhen) Co., Ltd., Fu Yu Precision Components (Kunshan) Co., Ltd., YanTai Fuzhun Precision Electronics Co., Ltd., Nan Ning Fu Ning Precision Electronics Ltd., Hon Fujin Precision Industry(Jincheng) Co., Ltd., FuZhun Precision Industry (Shenyang) Co., Ltd. and Refront IoMT Corp. are subsidiaries of the Company as well.

Note 2: FTC Technology Vietnam Company Limited was incorporated on September 8, 2023. However, no capital has been injected as of September 30, 2023.

Foxconn Technology Co., Ltd. and Its Subsidiaries  
Information on investment in Mainland China- basic information  
For the Nine Months Ended September 30, 2023

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of July 1, 2023	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the nine-month period ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee for the nine-month period ended September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2023 (Note 2)	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Fu Hui Gang Industry (Shenzhen) Co., Ltd.	Production and sales of computer case components, electronic components and power electronic components	\$ 250,318	2	\$ 250,318	\$ -	\$ -	\$ 250,318	\$ 26,712	100	\$ 26,712	\$ 497,740	\$ -	
FuYu Precision Components (Kunshan) Co., Ltd.	Production and sales of plugs and sockets, those whose voltage does not exceed 1 kV, and other devices for carrier-current line systems	1,264,145	2	889,684	-	-	889,684	198,759	100	198,759	5,870,246	-	
FuZhu Precision Industry (Shenzhen) Co., Ltd.	Production and sales of electronic computer parts (computer cooling fans)	629,265	2	64,540	-	-	64,540	35,709	100	35,709	1,257,127	-	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Production and sales of electronic computer parts and accessories, computer casings and relevant stamped metal parts	13,230,700	2	4,501,665	-	-	4,501,665	981,871	100	981,871	34,320,223	-	
Nan Ning Fu Ning Precision Electronics Ltd.	Production and sales of electronic computer parts (computer cooling fans)	316,246	2	-	-	-	-	289,786	100	289,786	2,025,802	-	
Yantai FuZhu Precision Electronics Co., Ltd.	Production and sales of computer case components, electronic components and power electronic components	2,581,600	2	1,274,665	-	-	1,274,665	70,406	100	70,406	2,017,479	-	
FuZhu Precision Electronics (Hebi) Co., Ltd.	Production and sales of new alloy materials, precision instruments, new electronic components, portable computers and spare parts of the above products	4,766,279	2	1,603,819	-	-	1,603,819	84,720	100	84,720	4,537,308	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	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 (Note 3)
Foxconn Technology Co., Ltd.	\$ 8,584,691	\$ 24,324,029	\$ -

Note 1: The investment methods are divided into the three types below, and just indicate the code:

- (1) Direct investment in entities in Mainland China;
- (2) Indirect investment in entities in Mainland China through Q-Run Holdings Ltd. or Foxconn Precision Components Holding Co., Ltd.
- (3) Other methods.

Note 2: Except for Hon Fujin Precision Industry (Taiyuan) Co., Ltd., the investment income and loss recognized for this period is recognized according to the financial statements prepared by the investees in Mainland China for the same periods, not reviewed by CPAs.

Note 3: Per the Principles for the Review of Investments or Technical Cooperation in Mainland China amended on December 30, 2020, the Company has obtained a certificate issued by the Industrial Development Bureau, Ministry of Economic Affairs, indicating the conformity with the scope of business of the headquarters. Thus, the Company does not need to calculate the investment limit from October 27, 2022 through October 26, 2024.

Note 4: The Company indirectly invested in the investees: Qingdao Hygen Innovative Alloy Materials Co., Ltd, FuZhun Precision Industry (Shenyang) Co., Ltd., HongFuJin Precision Industrial (Jincheng) Co., Ltd., and Champ Tech Optical (Foshan) Corporation through certain companies in China without a need to gain approval from the Investment Commission.

Foxconn Technology Co., Ltd. and Its Subsidiaries  
Information on major shareholders  
September 30, 2023

Table 10

Name of major shareholders	Shares	
	Number of shares	Ownership (%)
Hon Hai Precision Industry Co., Ltd.	139,725,801	9.87
Bao Xin International Investment Co., Ltd.	126,181,274	8.92
Hung Yang Venture Investment Co., Ltd.	85,003,766	6.00