

**ARES INTERNATIONAL CORP. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2022 AND 2021**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Ares International Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Ares International Corp. and subsidiaries (the "Group") as at September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine months 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" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

The financial statements of certain non-significant consolidated subsidiaries and investments accounted for using the equity method were not reviewed by independent auditors. Those statements reflect total assets (including investments accounted for using the equity method) amounting to NT\$181,702 thousand and NT\$168,813 thousand, constituting 13.95% and 13.40% of the consolidated total assets, and total liabilities amounting to NT\$17,323 thousand and NT\$23,955 thousand, constituting 3.59% and 4.78% of the consolidated total liabilities as of September 30, 2022 and 2021, respectively, and total comprehensive income (including share of profit of associates and joint ventures accounted for using

equity method) amounting to (NT\$944) thousand, NT\$12,884 thousand, NT\$14,668 thousand and NT\$30,611 thousand, constituting (1.89%), 21.25%, 13.68% and 53.26% of consolidated total comprehensive income for the three months and nine months 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 and investments accounted for using equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

CPA Lin, Yi-Fan

CPA Liao, Fu-Ming

For and on behalf of PricewaterhouseCoopers, Taiwan

November 9, 2022

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

Assets		Notes	<u>September 30, 2022</u>		<u>December 31, 2021</u>		<u>September 30, 2021</u>	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 482,271	37	\$ 552,771	42	\$ 452,622	36
1136	Financial assets at amortised cost -	6(2) and 8						
	current		324,668	25	283,321	21	328,631	26
1140	Contract assets - current	6(16)	97,376	7	87,200	7	126,789	10
1150	Notes receivable, net	6(3)	90	-	-	-	1,109	-
1170	Accounts receivable, net	6(3)	140,017	11	152,095	11	104,308	8
1180	Accounts receivable - related	7						
	parties, net		347	-	-	-	316	-
1200	Other receivables		1,632	-	1,851	-	1,068	-
1410	Prepayments	6(4) and 7	34,866	3	30,524	2	28,970	3
1470	Other current assets	8	46,416	4	55,333	4	45,809	4
11XX	Total current assets		<u>1,127,683</u>	<u>87</u>	<u>1,163,095</u>	<u>87</u>	<u>1,089,622</u>	<u>87</u>
Non-current assets								
1550	Investments accounted for using	6(6)						
	the equity method		125,829	10	110,324	8	103,170	8
1600	Property, plant and equipment, net	6(7)	4,641	-	5,245	-	5,334	-
1755	Right-of-use assets	6(8)	11,007	1	20,686	2	24,876	2
1780	Intangible assets		286	-	541	-	543	-
1840	Deferred income tax assets		25,517	2	27,597	2	28,312	2
1900	Other non-current assets	8	7,666	-	7,658	1	7,695	1
15XX	Total non-current assets		<u>174,946</u>	<u>13</u>	<u>172,051</u>	<u>13</u>	<u>169,930</u>	<u>13</u>
1XXX	Total assets		<u>\$ 1,302,629</u>	<u>100</u>	<u>\$ 1,335,146</u>	<u>100</u>	<u>\$ 1,259,552</u>	<u>100</u>

(Continued)

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

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

Liabilities and Equity		Notes	September 30, 2022		December 31, 2021		September 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2130	Contract liabilities - current	6(16)	\$ 147,443	11	\$ 141,855	11	\$ 186,317	15
2150	Notes payable		-	-	264	-	-	-
2170	Accounts payable	6(9)	48,748	4	62,331	5	49,548	4
2180	Accounts payable - related parties	7	-	-	-	-	13	-
2200	Other payables	6(10)	121,310	9	135,256	10	95,454	8
2230	Current income tax liabilities		18,517	2	18,776	2	4,814	-
2250	Provisions for liabilities - current	6(12)	4,862	-	5,003	-	2,498	-
2280	Current lease liabilities		8,172	1	16,231	1	16,491	1
21XX	Total current liabilities		<u>349,052</u>	<u>27</u>	<u>379,716</u>	<u>29</u>	<u>355,135</u>	<u>28</u>
Non-current liabilities								
2580	Non-current lease liabilities		3,101	-	4,730	-	8,616	1
2640	Non-current accrued pension liabilities		<u>130,555</u>	<u>10</u>	<u>131,822</u>	<u>10</u>	<u>137,435</u>	<u>11</u>
25XX	Total non-current liabilities		<u>133,656</u>	<u>10</u>	<u>136,552</u>	<u>10</u>	<u>146,051</u>	<u>12</u>
2XXX	Total liabilities		<u>482,708</u>	<u>37</u>	<u>516,268</u>	<u>39</u>	<u>501,186</u>	<u>40</u>
Equity attributable to owners of parent								
	Share capital	6(13)						
3110	Common stock		472,539	36	472,539	35	472,539	38
	Capital surplus	6(14)						
3200	Capital surplus		142,731	11	142,878	11	142,965	11
	Retained earnings	6(15)						
3310	Legal reserve		80,434	6	68,542	5	68,542	5
3320	Special reserve		7,344	1	6,342	-	6,342	-
3350	Unappropriated retained earnings		116,761	9	132,181	10	70,383	6
	Other equity interest							
3400	Other equity interest		(3,663)	-	(7,344)	-	(6,133)	-
31XX	Equity attributable to owners of the parent		<u>816,146</u>	<u>63</u>	<u>815,138</u>	<u>61</u>	<u>754,638</u>	<u>60</u>
36XX	Non-controlling interest		<u>3,775</u>	<u>-</u>	<u>3,740</u>	<u>-</u>	<u>3,728</u>	<u>-</u>
3XXX	Total equity		<u>819,921</u>	<u>63</u>	<u>818,878</u>	<u>61</u>	<u>758,366</u>	<u>60</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 1,302,629</u>	<u>100</u>	<u>\$ 1,335,146</u>	<u>100</u>	<u>\$ 1,259,552</u>	<u>100</u>

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)
(UNAUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2022		2021		2022		2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(16) and 7	\$ 197,257	100	\$ 218,682	100	\$ 573,423	100	\$ 530,044	100
5000 Operating costs	6(20)(21) and 7	(113,598)	(57)	(105,409)	(48)	(345,477)	(60)	(326,208)	(62)
5950 Gross profit		<u>83,659</u>	<u>43</u>	<u>113,273</u>	<u>52</u>	<u>227,946</u>	<u>40</u>	<u>203,836</u>	<u>38</u>
Operating expenses	6(20)(21) and 7								
6100 Selling expenses		(17,171)	(9)	(16,335)	(8)	(52,812)	(9)	(44,640)	(8)
6200 General and administrative expenses		(20,129)	(10)	(16,207)	(7)	(46,882)	(8)	(40,507)	(8)
6300 Research and development expenses		(24,254)	(12)	(21,631)	(10)	(75,107)	(13)	(65,825)	(12)
6450 Reversal of (provision for) expected credit losses	12(2)	960	-	(124)	-	735	-	345	-
6000 Total operating expenses		(60,594)	(31)	(54,297)	(25)	(174,066)	(30)	(150,627)	(28)
6900 Operating profit		<u>23,065</u>	<u>12</u>	<u>58,976</u>	<u>27</u>	<u>53,880</u>	<u>10</u>	<u>53,209</u>	<u>10</u>
Non-operating income and expenses									
7100 Interest income	6(17)	1,413	1	960	-	3,350	1	2,835	1
7010 Other income	6(18)	889	-	98	-	1,465	-	778	-
7020 Other gains and losses	6(19)	24,894	12	(1,834)	(1)	48,770	8	(10,679)	(2)
7050 Finance costs	6(8)	(105)	-	(192)	-	(358)	-	(525)	-
7060 Share of profit of associates and joint ventures accounted for using equity method	6(6)	<u>5,654</u>	<u>3</u>	<u>10,285</u>	<u>5</u>	<u>17,438</u>	<u>3</u>	<u>22,374</u>	<u>4</u>
7000 Total non-operating income and expenses		<u>32,745</u>	<u>16</u>	<u>9,317</u>	<u>4</u>	<u>70,665</u>	<u>12</u>	<u>14,783</u>	<u>3</u>
7900 Profit before income tax		<u>55,810</u>	<u>28</u>	<u>68,293</u>	<u>31</u>	<u>124,545</u>	<u>22</u>	<u>67,992</u>	<u>13</u>
7950 Income tax expense	6(22)	(7,510)	(4)	(7,852)	(3)	(21,127)	(4)	(10,468)	(2)
8200 Profit for the period		<u>\$ 48,300</u>	<u>24</u>	<u>\$ 60,441</u>	<u>28</u>	<u>\$ 103,418</u>	<u>18</u>	<u>\$ 57,524</u>	<u>11</u>
Other comprehensive income									
Other comprehensive income that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations		\$ 2,082	1	\$ 290	-	\$ 4,721	1	\$ 5	-
8399 Income tax relating to components of other comprehensive income	6(22)	(431)	-	(99)	-	(920)	-	(52)	-
8360 Other comprehensive income (loss) that will be reclassified to profit or loss		<u>1,651</u>	<u>1</u>	<u>191</u>	<u>-</u>	<u>3,801</u>	<u>1</u>	<u>(47)</u>	<u>-</u>
8300 Total other comprehensive income (loss) for the period		<u>\$ 1,651</u>	<u>1</u>	<u>\$ 191</u>	<u>-</u>	<u>\$ 3,801</u>	<u>1</u>	<u>(\$ 47)</u>	<u>-</u>
8500 Total comprehensive income for the period		<u>\$ 49,951</u>	<u>25</u>	<u>\$ 60,632</u>	<u>28</u>	<u>\$ 107,219</u>	<u>19</u>	<u>\$ 57,477</u>	<u>11</u>
Profit attributable to:									
8610 Owners of the parent		\$ 48,401	24	\$ 60,253	28	\$ 103,503	18	\$ 57,125	11
8620 Non-controlling interest		(101)	-	188	-	(85)	-	399	-
		<u>\$ 48,300</u>	<u>24</u>	<u>\$ 60,441</u>	<u>28</u>	<u>\$ 103,418</u>	<u>18</u>	<u>\$ 57,524</u>	<u>11</u>
Comprehensive income attributable to:									
8710 Owners of the parent		\$ 50,121	25	\$ 60,651	28	\$ 107,184	19	\$ 57,334	11
8720 Non-controlling interest		(170)	-	(19)	-	35	-	143	-
		<u>\$ 49,951</u>	<u>25</u>	<u>\$ 60,632</u>	<u>28</u>	<u>\$ 107,219</u>	<u>19</u>	<u>\$ 57,477</u>	<u>11</u>
Earnings per share (in dollars)	6(23)								
9750 Basic		<u>\$ 1.02</u>		<u>\$ 1.28</u>		<u>\$ 2.19</u>		<u>\$ 1.21</u>	
9850 Diluted		<u>\$ 1.01</u>		<u>\$ 1.27</u>		<u>\$ 2.17</u>		<u>\$ 1.20</u>	

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent									
		Retained earnings				Other equity interest					
						Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised losses from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
Notes	Common stock	Capital surplus	Legal reserve	Special reserve							
Nine months ended September 30, 2021											
	\$ 472,539	\$ 142,965	\$ 59,516	\$ 9,242	\$ 90,265	(\$ 4,342)	(\$ 2,000)	\$ 768,185	\$ 3,585	\$ 771,770	
Balance at January 1, 2021	-	-	-	-	57,125	-	-	57,125	399	57,524	
Profit for the period	-	-	-	-	-	209	-	209	(256)	(47)	
Other comprehensive income (loss) for the period	-	-	-	-	57,125	209	-	57,334	143	57,477	
Total comprehensive income	6(15)										
Appropriations of 2020 earnings	-	-	9,026	-	(9,026)	-	-	-	-	-	
Legal reserve	-	-	-	(2,900)	2,900	-	-	-	-	-	
Special reserve	-	-	-	-	(70,881)	-	-	(70,881)	-	(70,881)	
Cash dividends	\$ 472,539	\$ 142,965	\$ 68,542	\$ 6,342	\$ 70,383	(\$ 4,133)	(\$ 2,000)	\$ 754,638	\$ 3,728	\$ 758,366	
Balance at September 30, 2021	Nine months ended September 30, 2022										
	\$ 472,539	\$ 142,878	\$ 68,542	\$ 6,342	\$ 132,181	(\$ 5,344)	(\$ 2,000)	\$ 815,138	\$ 3,740	\$ 818,878	
Balance at January 1, 2022	-	-	-	-	103,503	-	-	103,503	(85)	103,418	
Profit (loss) for the period	-	-	-	-	-	3,681	-	3,681	120	3,801	
Other comprehensive income for the period	-	-	-	-	103,503	3,681	-	107,184	35	107,219	
Total comprehensive income	6(15)										
Appropriations of 2021 earnings	-	-	11,892	-	(11,892)	-	-	-	-	-	
Legal reserve	-	-	-	1,002	(1,002)	-	-	-	-	-	
Special reserve	-	-	-	-	(106,029)	-	-	(106,029)	-	(106,029)	
Cash dividends	6(14)										
Changes in equity of investment in associates and joint ventures accounted for using equity method	-	(147)	-	-	-	-	-	(147)	-	(147)	
Balance at September 30, 2022	\$ 472,539	\$ 142,731	\$ 80,434	\$ 7,344	\$ 116,761	(\$ 1,663)	(\$ 2,000)	\$ 816,146	\$ 3,775	\$ 819,921	

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Nine months ended September 30	
	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 124,545	\$ 67,992
Adjustments			
Adjustments to reconcile(profit) loss			
Reversal of expected credit loss impairment	6(20) and 12(2)	(735)	(345)
Depreciation of property, plant and equipment	6(7)(20)	2,072	1,951
Depreciation of right-of-use assets	6(8)(20)	12,692	12,754
Amortisation	6(20)	255	224
Interest income	6(17)	(3,350)	(2,835)
Interest expense	6(8)	358	525
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(17,438)	(22,374)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable	(	90)	(51)
Accounts receivable		2,637	(42,627)
Accounts receivable - related parties	(	347)	366
Other receivables		2,099	(2,135)
Prepayments	(	4,181)	(5,284)
Other current assets		8,917	405
Changes in operating liabilities			
Contract liabilities		5,588	11,107
Notes payable	(	264)	-
Accounts payable	(	13,583)	(242)
Accounts payable - related parties		-	(593)
Other payables	(	13,946)	(36,453)
Provisions for liabilities - current	(	141)	(6,143)
Non-current accrued pension liabilities	(	1,267)	(8,988)
Cash inflow (outflow) generated from operations		103,821	(32,746)
Interest received		2,948	3,157
Income tax paid	(	20,222)	(14,193)
Net cash flows from (used in) operating activities		<u>86,547</u>	<u>(43,782)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost-current	(	313,821)	(319,749)
Decrease in financial assets at amortised cost-current		272,593	277,269
Increase in investments using the equity method	6(6)	(2,960)	-
Dividends received		7,367	6,561
Acquisition of property, plant and equipment	6(7)	(1,453)	(1,484)
Acquisition of intangible assets		-	(234)
Increase in refundable deposits (shown in other non-current assets)	(	8)	(209)
Increase in other non-current assets		-	(40)
Net cash flows used in investing activities	(	<u>38,282)</u>	<u>(37,886)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payment of lease liability	6(24)	(12,736)	(13,135)
Cash dividends paid	6(15)	(106,029)	(70,881)
Net cash flows used in financing activities	(	<u>118,765)</u>	<u>(84,016)</u>
Net decrease in cash and cash equivalents	(	70,500)	(165,684)
Cash and cash equivalents at beginning of period		552,771	618,306
Cash and cash equivalents at end of period		<u>\$ 482,271</u>	<u>\$ 452,622</u>

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

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

1. HISTORY AND ORGANISATION

Ares International Corp. (hereinafter referred to as the “Company”) was established on December 3, 1980. The Company and subsidiaries (hereinafter referred to as the “Group”) are engaged in the design, sales, lease, maintenance and technology consultation of computer equipment, internet and related software, and analysis, design, modification, installment and maintenance of application software. The Company’s stock was traded at the Taipei Exchange from March 1999, and was listed at the Taiwan Stock Exchange after the application of listing was approved.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on November 9, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment:proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.
- B. These consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets at fair value through other comprehensive income.
- (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

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

- B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
ARES INTERNATIONAL CORP.	ARES GROUP CORP.	Investment business	100%	100%	100%	Note
ARES INTERNATIONAL CORP.	WELJOIN TECHNOLOGIES LIMITED (BVI)	Investment business	100%	100%	100%	Note
ARES GROUP CORP.	SHARP KEEN MANAGEMENT LIMITED	Investment business	100%	100%	100%	Note
WELJOIN TECHNOLOGIES LIMITED (BVI)	APLUSOFT (SUZHOU) CORPORATION	Research, development and sales of business management software	95.88%	95.88%	95.88%	Note

Note: The financial statements of the above subsidiaries were not reviewed by independent auditors

as the entity did not meet the definition of a significant subsidiary.

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

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

E. Significant restrictions: None.

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

(4) Employee benefits

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

(5) Income taxes

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

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

There was no significant change during the reporting period. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand and revolving funds	\$ 600	\$ 273	\$ 356
Checking accounts and demand deposits	289,591	307,210	251,773
Time deposits	192,080	245,288	200,493
	<u>\$ 482,271</u>	<u>\$ 552,771</u>	<u>\$ 452,622</u>

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

B. Refer to Note 8 for the details of restricted cash and cash equivalents as of September 30, 2022, December 31, 2021 and September 30, 2021.

(2) Financial assets at amortised cost

Items	September 30, 2022	December 31, 2021	September 30, 2021
Current items:			
Time deposits with maturity over three months	\$ 318,283	\$ 276,936	\$ 322,246
Pledged time deposits	6,385	6,385	6,385
	<u>\$ 324,668</u>	<u>\$ 283,321</u>	<u>\$ 328,631</u>
Interest rate range of time deposits	0.76%~3.5%	0.1%~2.44%	0.21%~1.95%

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Three months ended September 30	
	2022	2021
Interest income	<u>\$ 820</u>	<u>\$ 728</u>
	Nine months ended September 30	
	2022	2021
Interest income	<u>\$ 1,872</u>	<u>\$ 1,801</u>

B. As at September 30, 2022, December 31, 2021 and September 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were \$324,668, \$283,321 and \$328,631, respectively.

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

D. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable	\$ 90	\$ -	\$ 1,109
Less: Allowance for uncollectible accounts	-	-	-
	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ 1,109</u>
Accounts receivable	\$ 146,593	\$ 159,327	\$ 110,997
Less: Allowance for uncollectible accounts	(6,576)	(7,232)	(6,689)
	<u>\$ 140,017</u>	<u>\$ 152,095</u>	<u>\$ 104,308</u>

- A. The ageing analysis of notes and accounts receivable that were past due but not impaired is as follows:

		September 30, 2022	
		Accounts receivable	Notes receivable
Not past due	\$	117,158	\$ 90
Up to 90 days		16,710	-
91 to 180 days		3,021	-
181 to 270 days		3,172	-
Over 270 days		6,532	-
	\$	<u>146,593</u>	<u>\$ 90</u>
		December 31, 2021	
		Accounts receivable	Notes receivable
Not past due	\$	141,614	\$ -
Up to 90 days		7,810	-
91 to 180 days		2,415	-
181 to 270 days		948	-
Over 270 days		6,540	-
	\$	<u>159,327</u>	<u>\$ -</u>
		September 30, 2021	
		Accounts receivable	Notes receivable
Not past due	\$	91,981	\$ 1,109
Up to 90 days		7,889	-
91 to 180 days		1,222	-
181 to 270 days		3,777	-
Over 270 days		6,128	-
	\$	<u>110,997</u>	<u>\$ 1,109</u>

The above ageing analysis was based on past due date.

- B. As of September 30, 2022, December 31, 2021 and September 30, 2021, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to \$110,153.
- C. The Group has no notes and accounts receivable pledged to others.
- D. The Group has no discounted notes receivable.
- E. The Group does not hold any collateral as security.
- F. As at September 30, 2022, December 31, 2021 and September 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents notes and accounts receivable held by the Group were \$140,107, \$152,095 and \$105,417, respectively.

G. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Prepayments

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Prepaid project cost	\$ 31,805	\$ 27,221	\$ 24,924
Other prepayments	3,061	3,303	4,046
	<u>\$ 34,866</u>	<u>\$ 30,524</u>	<u>\$ 28,970</u>

(5) Financial assets at fair value through other comprehensive income-non-current

<u>Items</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Non-current items:			
Equity instruments			
Unlisted stocks	\$ 2,000	\$ 2,000	\$ 2,000
Valuation adjustment	(2,000)	(2,000)	(2,000)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$0 as at September 30, 2022, December 31, 2021 and September 30, 2021.

B. For the three months and nine months ended September 30, 2022 and 2021, no amount was recognised in profit or loss and other comprehensive income.

C. The Group has no financial assets at fair value through other comprehensive income pledged to others.

(6) Investments accounted for using the equity method

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Associates:			
BLITZ IT CONSULTANTS PTE. LTD.	\$ 18,650	\$ 16,182	\$ 18,612
ARES INTERNATIONAL (THAILAND) CO., LTD.	4,625	5,275	5,832
ARGO INTERNATIONAL CORPORATION	27,082	26,324	26,748
M-POWER INFORMATION CO., LTD.	75,472	62,543	51,978
	<u>\$ 125,829</u>	<u>\$ 110,324</u>	<u>\$ 103,170</u>

A. The basic information of the associates of the Group is as follows:

Company name	Principal place of business	Ownership (%)			Nature of relationship	Method of measurement
		September 30, 2022	December 31, 2021	September 30, 2021		
BLITZ IT CONSULTANTS PTE. LTD.	Singapore	25.00%	25.00%	25.00%	-	Equity method
ARES INTERNATIONAL (THAILAND) CO., LTD.	Thailand	49.00%	49.00%	49.00%	-	"
ARGO INTERNATIONAL CORPORATION	Taiwan	33.88%	34.83%	34.83%	Note 1 、 3	"
M-POWER INFORMATION CO., LTD.	"	23.04%	23.04%	24.39%	Note 2 、 4	"

Note 1: The Group made purchases from this associate company.

Note 2: The Group had sales to this associate company.

Note 3: For the information on the Group participating in the capital increase of investees accounted for using equity method, refer to Note 7(2).

Note 4: Refer to Note 11.

B. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of September 30, 2022, December 31, 2021 and September 30, 2021, the carrying amounts of the Group's individually immaterial associates amounted to \$125,829, \$110,324 and \$103,170, respectively.

	Three months ended September 30	
	2022	2021
Profit for the period from continuing operations	\$ 5,654	\$ 10,285
Other comprehensive income, net of tax	-	-
Total comprehensive income	<u>\$ 5,654</u>	<u>\$ 10,285</u>

	Nine months ended September 30	
	2022	2021
Profit for the period from continuing operations	\$ 17,438	\$ 22,374
Other comprehensive income, net of tax	-	-
Total comprehensive income	<u>\$ 17,438</u>	<u>\$ 22,374</u>

- C. For the three months and nine months ended September 30, 2022 and 2021, the Group recognised share of profit of associates in the amounts of \$5,654, \$10,285, \$17,438 and \$22,374, respectively, which were based on the financial statements of the same period which were not reviewed by independent auditors.
- D. The Group is the single largest shareholder of ARGO INTERNATIONAL CORPORATION and M-POWER INFORMATION CO., LTD. with a 33.88% and 23.04% equity interest, respectively. As the Group has no current ability to direct the relevant activities of ARGO INTERNATIONAL CORPORATION and M-POWER INFORMATION CO., LTD., the Group has no control, but only has significant influence, over the investee.

(7) Property, plant and equipment

	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other facilities</u>	<u>Total</u>
<u>At January 1, 2022</u>						
Cost	\$ 9,237	\$ 12,190	\$ 1,707	\$ 5,717	\$ 918	\$ 29,769
Accumulated depreciation	(6,594)	(10,406)	(1,646)	(5,358)	(520)	(24,524)
	<u>\$ 2,643</u>	<u>\$ 1,784</u>	<u>\$ 61</u>	<u>\$ 359</u>	<u>\$ 398</u>	<u>\$ 5,245</u>
<u>2022</u>						
At January 1	\$ 2,643	\$ 1,784	\$ 61	\$ 359	\$ 398	\$ 5,245
Additions	1,453	-	-	-	-	1,453
Depreciation charges	(903)	(1,007)	(21)	(29)	(112)	(2,072)
Net exchange differences	15	-	-	-	-	15
At September 30	<u>\$ 3,208</u>	<u>\$ 777</u>	<u>\$ 40</u>	<u>\$ 330</u>	<u>\$ 286</u>	<u>\$ 4,641</u>
<u>At September 30, 2022</u>						
Cost	\$ 10,722	\$ 12,190	\$ 1,707	\$ 5,717	\$ 918	\$ 31,254
Accumulated depreciation	(7,514)	(11,413)	(1,667)	(5,387)	(632)	(26,613)
	<u>\$ 3,208</u>	<u>\$ 777</u>	<u>\$ 40</u>	<u>\$ 330</u>	<u>\$ 286</u>	<u>\$ 4,641</u>

	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other facilities</u>	<u>Total</u>
<u>At January 1, 2021</u>						
Cost	\$ 7,723	\$ 12,190	\$ 1,681	\$ 5,335	\$ 918	\$ 27,847
Accumulated depreciation	(5,960)	(8,953)	(1,500)	(5,263)	(362)	(22,038)
	<u>\$ 1,763</u>	<u>\$ 3,237</u>	<u>\$ 181</u>	<u>\$ 72</u>	<u>\$ 556</u>	<u>\$ 5,809</u>
<u>2021</u>						
At January 1	\$ 1,763	\$ 3,237	\$ 181	\$ 72	\$ 556	\$ 5,809
Additions	1,072	-	30	382	-	1,484
Depreciation charges	(544)	(1,090)	(112)	(84)	(121)	(1,951)
Net exchange differences	(8)	-	-	-	-	(8)
At September 30	<u>\$ 2,283</u>	<u>\$ 2,147</u>	<u>\$ 99</u>	<u>\$ 370</u>	<u>\$ 435</u>	<u>\$ 5,334</u>
<u>At September 30, 2021</u>						
Cost	\$ 8,781	\$ 12,190	\$ 1,711	\$ 5,717	\$ 918	\$ 29,317
Accumulated depreciation	(6,498)	(10,043)	(1,612)	(5,347)	(483)	(23,983)
	<u>\$ 2,283</u>	<u>\$ 2,147</u>	<u>\$ 99</u>	<u>\$ 370</u>	<u>\$ 435</u>	<u>\$ 5,334</u>

A. No interest was capitalised as part of property, plant and equipment.

B. The Group has no property, plant and equipment pledged to others.

(8) Leasing arrangements — lessee

- A. The Group's leased assets are buildings. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Right-of-use assets are not recognised for short-term leases with a lease term of 12 months or less for part of leased buildings of the Group.
- C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	Carrying amount		
	September 30, 2022	December 31, 2021	September 30, 2021
Buildings	\$ 11,007	\$ 20,686	\$ 24,876

	Depreciation charge	
	Three months ended September 30	
	2022	2021
Buildings	\$ 4,226	\$ 4,221

	Depreciation charge	
	Nine months ended September 30	
	2022	2021
Buildings	\$ 12,692	\$ 12,754

- D. For the three months and nine months ended September 30, 2022 and 2021, the additions to right-of-use assets were \$2,920, \$0, \$2,920 and \$33,768, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	Three months ended September 30	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 105	\$ 192
Expense on short-term lease contracts	337	293
	<u>\$ 442</u>	<u>\$ 485</u>
	Nine months ended September 30	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 358	\$ 525
Expense on short-term lease contracts	968	1,086
	<u>\$ 1,326</u>	<u>\$ 1,611</u>

F. For the nine months ended September 30, 2022 and 2021, the Group's total cash outflow for leases were \$13,704 and \$14,221, respectively.

(9) Accounts payable

	September 30, 2022	December 31, 2021	September 30, 2021
Accounts payable	\$ 14,299	\$ 11,798	\$ 11,224
Project costs payable	34,449	50,533	38,324
	<u>\$ 48,748</u>	<u>\$ 62,331</u>	<u>\$ 49,548</u>

(10) Other payables

	September 30, 2022	December 31, 2021	September 30, 2021
Wages and bonus payable	\$ 86,980	\$ 90,726	\$ 68,915
Labor and health insurance fees payable	4,822	4,038	3,910
Employees' compensation and directors' and supervisors' remuneration payable	17,013	18,825	9,158
Other accrued expenses	12,495	21,667	13,471
	<u>\$ 121,310</u>	<u>\$ 135,256</u>	<u>\$ 95,454</u>

(11) Pensions

A. Defined benefit plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

- (b) For the aforementioned pension plan, the Group recognised pension costs of \$824, \$737, \$2,473 and \$2,211 for the three months and nine months ended September 30, 2022 and 2021, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$1,810.

B. Defined contribution plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount no less than 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Group for the three months and nine months ended September 30, 2022 and 2021 were \$3,313, \$3,180, \$9,732 and \$9,521, respectively.
- (b) The Company’s mainland China subsidiary, APLUSOFT (SUZHOU) CORPORATION, has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage was 7% for the three months and nine months ended September 30, 2022 and 2021. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plan of APLUSOFT (SUZHOU) CORPORATION for the three months and nine months ended September 30, 2022 and 2021 were \$88, \$70, \$242 and \$206, respectively.

(12) Provisions

	Warranty	
	2022	2021
Balance at January 1	\$ 5,003	\$ 8,641
Additional provisions	3,510	1,878
Used during the period	(2,226)	(2,592)
Unused amounts reversed	(1,425)	(5,429)
Balance at September 30	<u>\$ 4,862</u>	<u>\$ 2,498</u>

Analysis of total provisions:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current	<u>\$ 4,862</u>	<u>\$ 5,003</u>	<u>\$ 2,498</u>

The Group provides warranties on project contract, and the provision for warranty is estimated based on historical warranty data.

(13) Share capital

As of September 30, 2022, the Company's authorised capital was \$1,156,000 (including 10 million shares reserved for employee stock options and 20 million shares reserved for convertible bonds issued by the Company), and the paid-in capital was \$472,539, consisting of 47,254 thousand shares of ordinary stock, with a par value of \$10 (in dollars) per share.

(14) Capital surplus

	2022				
	Share premium	Treasury share transactions	Donated assets received	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1	\$ 92,839	\$ 48,738	\$ 254	\$ 1,047	\$ 142,878
Recognition of change in equity of associates in proportion to the Group's shareholding interest	-	-	-	(147)	(147)
At September 30	<u>\$ 92,839</u>	<u>\$ 48,738</u>	<u>\$ 254</u>	<u>\$ 900</u>	<u>\$ 142,731</u>
	2021				
	Share premium	Treasury share transactions	Donated assets received	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1 (same as September 30)	<u>\$ 92,839</u>	<u>\$ 48,738</u>	<u>\$ 209</u>	<u>\$ 1,179</u>	<u>\$ 142,965</u>

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

- B. For the nine months ended September 30, 2022, information on the adjustment of capital surplus due to participating in the capital increase of an associate is provided in Note 7(2).

(15) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following methods and order:
- (a) Pay all taxes.
 - (b) Offset prior years' operating losses.
 - (c) 10% of the remaining amount shall be set aside as legal reserve.
 - (d) Set aside or reverse a special reserve in accordance with related laws.

The remaining earnings shall be distributed as dividends to shareholders which shall be proposed by the Board of Directors and resolved by the shareholders, The Board of Directors may decide not to distribute earnings for operation needs.

- B. As the Company is engaged in information technology, which is a rapidly advance and growing market, the dividend policy of the Company is based on the company capital expenditure requirement and optimal financial plan for long-term operations. When the Board of Directors propose the distribution of retained earnings after deducting (a)~(d) above, the Board of Directors will propose the distribution of cash dividends and share dividends based on the operating requirements. Cash dividends shall comprise not less than 10% of total dividends distributed. However, the proportion of cash dividend could be adjusted based on the operating situation of current year.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. Distribution of retained earnings:

On June 23, 2022, the shareholders during their meeting resolved the distribution of 2021 retained earnings, and on July 30, 2021, the shareholders during their meeting resolved the distribution of 2020 retained earnings. The distribution of retained earnings is as follows:

	2021		2020	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	\$ 11,892		\$ 9,026	
Appropriation for (reversal of) special reserve	1,002		(2,900)	
Cash dividends	106,029	\$ 2.24	70,881	\$ 1.50

(16) Operating revenue

	Three months ended September 30	
	2022	2021
Revenue from contracts with customers		
Sales revenue	\$ 8,006	\$ 11,810
Services revenue	189,251	206,872
	<u>\$ 197,257</u>	<u>\$ 218,682</u>
	Nine months ended September 30	
	2022	2021
Revenue from contracts with customers		
Sales revenue	\$ 25,708	\$ 29,418
Services revenue	547,715	500,626
	<u>\$ 573,423</u>	<u>\$ 530,044</u>

A. Disaggregation of revenue from contracts with customers

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

	Three months ended September 30, 2022 (Note)				
	Asia	America	Taiwan	Others	Total
Total segment revenue					
Revenue from external customer contracts	\$ 21,132	\$ 60	\$ 176,065	\$ -	\$ 197,257
Inter-segment	1,352	-	-	-	1,352
	<u>\$ 22,484</u>	<u>\$ 60</u>	<u>\$ 176,065</u>	<u>\$ -</u>	<u>\$ 198,609</u>
Timing of revenue recognition					
At a point in time	\$ 288	\$ -	\$ 7,718	\$ -	\$ 8,006
Over time	20,844	60	168,347	-	189,251
	<u>\$ 21,132</u>	<u>\$ 60</u>	<u>\$ 176,065</u>	<u>\$ -</u>	<u>\$ 197,257</u>

Three months ended					
September 30, 2021 (Note)	Asia	America	Taiwan	Others	Total
Total segment revenue					
Revenue from external customer contracts	\$ 14,618	\$ 5,470	\$ 198,314	\$ 280	\$ 218,682
Inter-segment	11,679	-	-	-	11,679
	<u>\$ 26,297</u>	<u>\$ 5,470</u>	<u>\$ 198,314</u>	<u>\$ 280</u>	<u>\$ 230,361</u>
Timing of revenue recognition					
At a point in time	\$ 1,158	\$ -	\$ 10,652	\$ -	\$ 11,810
Over time	13,460	5,470	187,662	280	206,872
	<u>\$ 14,618</u>	<u>\$ 5,470</u>	<u>\$ 198,314</u>	<u>\$ 280</u>	<u>\$ 218,682</u>
Nine months ended					
September 30, 2022 (Note)	Asia	America	Taiwan	Others	Total
Total segment revenue					
Revenue from external customer contracts	\$ 58,425	\$ 199	\$ 514,799	\$ -	\$ 573,423
Inter-segment	9,250	-	-	-	9,250
	<u>\$ 67,675</u>	<u>\$ 199</u>	<u>\$ 514,799</u>	<u>\$ -</u>	<u>\$ 582,673</u>
Timing of revenue recognition					
At a point in time	\$ 845	\$ -	\$ 24,863	\$ -	\$ 25,708
Over time	57,580	199	489,936	-	547,715
	<u>\$ 58,425</u>	<u>\$ 199</u>	<u>\$ 514,799</u>	<u>\$ -</u>	<u>\$ 573,423</u>
Nine months ended					
September 30, 2021 (Note)	Asia	America	Taiwan	Others	Total
Total segment revenue					
Revenue from external customer contracts	\$ 53,725	\$ 5,610	\$ 469,302	\$ 1,407	\$ 530,044
Inter-segment	14,932	-	-	-	14,932
	<u>\$ 68,657</u>	<u>\$ 5,610</u>	<u>\$ 469,302</u>	<u>\$ 1,407</u>	<u>\$ 544,976</u>
Timing of revenue recognition					
At a point in time	\$ 6,931	\$ -	\$ 22,487	\$ -	\$ 29,418
Over time	46,794	5,610	446,815	1,407	500,626
	<u>\$ 53,725</u>	<u>\$ 5,610</u>	<u>\$ 469,302</u>	<u>\$ 1,407</u>	<u>\$ 530,044</u>

Note: Segmental information is provided in Note 14.

B. Contract assets and liabilities

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	<u>January 1, 2021</u>
Contract assets -				
customer contract	\$ <u>97,376</u>	\$ <u>87,200</u>	\$ <u>126,789</u>	\$ <u>79,030</u>
Contract liabilities -				
advance receipts				
from customers	\$ <u>147,443</u>	\$ <u>141,855</u>	\$ <u>186,317</u>	\$ <u>175,210</u>

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period

	<u>Three months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Revenue recognised that was included in the contract liabilities balance at the beginning of the period		
Advance receipts	\$ <u>13,090</u>	\$ <u>40,860</u>
	<u>Nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Revenue recognised that was included in the contract liabilities balance at the beginning of the period		
Advance receipts	\$ <u>61,253</u>	\$ <u>81,149</u>

The Group does not expect to have any contracts wherein the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year or contracts that are billed in accordance with actual service hour. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(17) Interest income

		Three months ended September 30	
		2022	2021
Interest income from bank deposits	\$	593	\$ 232
Interest income from financial assets measured at amortised cost		820	728
	\$	<u>1,413</u>	<u>\$ 960</u>
		Nine months ended September 30	
		2022	2021
Interest income from bank deposits	\$	1,478	\$ 1,034
Interest income from financial assets measured at amortised cost		1,872	1,801
	\$	<u>3,350</u>	<u>\$ 2,835</u>

(18) Other income

		Three months ended September 30	
		2022	2021
Commission income	\$	255	\$ -
Other income		634	98
	\$	<u>889</u>	<u>\$ 98</u>
		Nine months ended September 30	
		2022	2021
Commission income	\$	513	\$ 259
Other income		952	519
	\$	<u>1,465</u>	<u>\$ 778</u>

(19) Other gains and losses

		Three months ended September 30	
		2022	2021
Foreign exchange gains (losses)	\$	25,053	(\$ 1,834)
Miscellaneous disbursements	(	159)	-
	\$	<u>24,894</u>	<u>(\$ 1,834)</u>
		Nine months ended September 30	
		2022	2021
Foreign exchange gains (losses)	\$	50,021	(\$ 10,485)
Miscellaneous disbursements	(	1,251)	194)
	\$	<u>48,770</u>	<u>(\$ 10,679)</u>

(20) Expenses by nature

		Three months ended September 30	
		2022	2021
Employee benefit expense	\$	115,387	\$ 104,300
Depreciation charges on property, plant and equipment		672	640
Depreciation charges on right-of-use assets		4,226	4,221
Amortisation		85	79
Operating lease payments		337	293
Outsourcing software		42,243	35,985
(Reversal of) provision for expected credit losses (		960)	124
Other expenses		6,683	6,000
Cost of sales		5,519	8,064
Operating costs and expenses	\$	174,192	\$ 159,706
		Nine months ended September 30	
		2022	2021
Employee benefit expense	\$	340,345	\$ 304,680
Depreciation charges on property, plant and equipment		2,072	1,951
Depreciation charges on right-of-use assets		12,692	12,754
Amortisation		255	224
Operating lease payments		968	1,086
Outsourcing software		118,437	114,429
Reversal of expected credit losses (	(	735)	(345)
Other expenses		25,801	19,039
Cost of sales		19,708	23,017
Operating costs and expenses	\$	519,543	\$ 476,835

(21) Employee benefit expense

		Three months ended September 30	
		2022	2021
Wages and salaries	\$	98,543	\$ 87,298
Labor and health insurance fees		7,640	7,203
Pension costs		4,225	3,987
Other personnel expenses		4,979	5,812
	\$	115,387	\$ 104,300

	Nine months ended September 30	
	2022	2021
Wages and salaries	\$ 291,136	\$ 258,247
Labor and health insurance fees	22,785	22,163
Pension costs	12,447	11,938
Other personnel expenses	13,977	12,332
	<u>\$ 340,345</u>	<u>\$ 304,680</u>

- A. As of September 30, 2022 and 2021, the Group had 308 and 311 employees, respectively.
- B. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 5% and not higher than 15% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.
- C. For the three months and nine months ended September 30, 2022 and 2021, employees' compensation was accrued at \$5,715, \$6,869, \$12,760 and \$6,869, respectively; while directors' and supervisors' remuneration was accrued at \$1,905, \$2,290, \$4,253 and \$2,289, respectively. The aforementioned amounts were recognised in salary expenses.
- D. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 9% and 3% of distributable profit of current year for the nine months ended September 30, 2022, respectively.
- E. Employees' compensation and directors' and supervisors' remuneration for 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.
- F. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30	
	2022	2021
Current tax:		
Current tax on profits for the period	\$ 7,179	\$ 4,871
Deferred tax:		
Origination and reversal of temporary differences	331	2,981
Income tax expense	<u>\$ 7,510</u>	<u>\$ 7,852</u>

	Nine months ended September 30	
	2022	2021
Current tax:		
Current tax on profits for the period	\$ 20,081	\$ 4,871
Tax on undistributed surplus earnings	-	663
Prior year income tax (over) under estimation (	118)	341
Total current tax	<u>19,963</u>	<u>5,875</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>1,164</u>	<u>4,593</u>
Income tax expense	<u>\$ 21,127</u>	<u>\$ 10,468</u>

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

	Three months ended September 30	
	2022	2021
Currency translation differences	<u>\$ 431</u>	<u>\$ 99</u>

	Nine months ended September 30	
	2022	2021
Currency translation differences	<u>\$ 920</u>	<u>\$ 52</u>

- B. As of September 30, 2022, the Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.
- C. ARES GROUP CORP., WELJOIN TECHNOLOGIES LIMITED (BVI) and SHARP KEEN MANAGEMENT LIMITED are companies that were established in Seychelles and British Virgin Islands, respectively. These companies have no income tax.

(23) Earnings per share

Three months ended September 30, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 48,401	47,254	\$ 1.02
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 48,401	47,254	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	527	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 48,401	\$ 47,781	\$ 1.01
Three months ended September 30, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 60,253	47,254	\$ 1.28
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 60,253	47,254	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	319	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 60,253	\$ 47,573	\$ 1.27

Nine months ended September 30, 2022			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 103,503	47,254	\$ 2.19
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 103,503	47,254	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	527	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 103,503	\$ 47,781	\$ 2.17
Nine months ended September 30, 2021			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 57,125	47,254	\$ 1.21
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 57,125	47,254	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	319	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 57,125	\$ 47,573	\$ 1.20

(24) Changes in liabilities from financing activities

	2022		2021	
	Liabilities from financing		Liabilities from financing	
	Lease liabilities	activities-gross	Lease liabilities	activities-gross
At January 1	\$ 20,961	\$ 20,961	\$ 4,000	\$ 4,000
Changes in cash flow from financing activities	(12,736)	(12,736)	(13,135)	(13,135)
Impact of changes in foreign exchange rate	97	97	(50)	(50)
Changes in other non-cash items	2,951	2,951	34,292	34,292
At September 30	<u>\$ 11,273</u>	<u>\$ 11,273</u>	<u>\$ 25,107</u>	<u>\$ 25,107</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
ARGO INTERNATIONAL CORPORATION	Associate
M-POWER INFORMATION CO., LTD.	"
ARES INTERNATIONAL (THAILAND) CO., LTD.	"
MiTAC INC.	Key management
SHUTTLE INC.	Other related party

(2) Significant related party transactions

A. Operating revenue

	Three months ended September 30	
	2022	2021
Sales of goods:		
-Other related parties	\$ 1,880	\$ -
-Key management	44	232
	<u>\$ 1,924</u>	<u>\$ 232</u>
	Nine months ended September 30	
	2022	2021
Sales of goods:		
-Associates	\$ 2,724	\$ -
-Other related parties	-	45
-Key management	134	832
	<u>\$ 2,858</u>	<u>\$ 877</u>

Most of the transactions in relation to sales, services and maintenance made with related parties are separate cases, thus the transaction prices are determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third

parties.

B. Purchases

	Three months ended September 30	
	2022	2021
Purchases of services:		
-Associates	\$ -	\$ 49
	Nine months ended September 30	
	2022	2021
Purchases of goods:		
-Associates	\$ 130	\$ 45
Purchases of services:		
-Associates	1,020	10,420
	\$ 1,150	\$ 10,465

- (a) The Group's purchases are made for each system integration projects and are only purchased from related parties. Therefore, the purchase price is determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third parties.
- (b) Most of the transactions in relation to services and maintenance made with related parties are separate cases, thus the transaction prices are determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third parties.

C. Receivables from related parties

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts receivable			
-MiTAC INC.	\$ -	\$ -	\$ 316
-M-POWER			
INFORMATION CO., LTD	347	-	-
	<u>\$ 347</u>	<u>\$ -</u>	<u>\$ 316</u>

D. Payables to related parties

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts payable			
-ARGO INTERNATIONAL			
CORPORATION	\$ -	\$ -	\$ 13

E. Prepayments

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Associates	\$ 62	\$ -	\$ 62

The above prepayment pertains to a three-year ARGO ERP maintenance contract which the Group signed with an associate in the amount of \$748 in 2021. The Group recognised operating expenses amounting to \$62 for the three months ended September 30, 2022 and 2021, and \$186 for the nine months ended September 30, 2022 and 2021.

F. Acquisition of financial assets:

			Nine months ended September 30, 2022	
	Accounts	No. of shares	Objects	Consideration
	Investments		Common	
Associates	accounted for using the equity method	295,970	stock (Note)	\$ 2,960

(a) The Group participated in the capital increase of an associate by cash amounting to \$2,960 on June 6, 2022, and the Group subscribed 295,970 shares. The Group adjusted capital surplus of (\$147) as the Group did not subscribe to the capital increase proportionately to its equity interest.

(b) For the nine months ended September 30, 2021: None.

(3) Key management compensation

		Three months ended September 30	
		2022	2021
Salaries and other short-term employees' benefits		\$ 14,867	\$ 13,687
		Nine months ended September 30	
		2022	2021
Salaries and other short-term employees' benefits		\$ 50,019	\$ 41,224

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	Book value			<u>Purpose</u>
	September 30, 2022	December 31, 2021	September 30, 2021	
Time deposits (shown as financial assets at amortised cost - current)	\$ 6,385	\$ 6,385	\$ 6,385	Bid bond
Guarantee deposits paid (shown as other current assets)	46,416	55,333	45,809	Bid bond and performance bond
Guarantee deposits paid (shown as other non-current assets)	7,666	7,658	7,655	Guarantees provided for leasing
	<u>\$ 60,467</u>	<u>\$ 69,376</u>	<u>\$ 59,849</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Software products	<u>\$ 5,274</u>	<u>\$ 3,388</u>	<u>\$ 4,757</u>

B. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group issued promissory notes amounting to \$240 for the execution of contract projects.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. In view of the share listing plan through equity dispersion, the Board of Directors of the Company's associate accounted for using equity method, M-POWER INFORMATION CO., LTD., during its meeting on October 17, 2022, approved to issue common shares to increase capital. As the Company did not participate in the capital increase, the Company's shareholding ratio decreased to 19.74%.

B. In October 2022, the Company obtained cash dividends and stock dividends from M-POWER INFORMATION CO., LTD. in the amounts of \$5,011 and \$10,022, respectively.

12. OTHERS

(1) Capital management

There was no significant change during the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2021.

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income			
Financial assets at amortised cost/Loans and receivables			
Cash and cash equivalents	\$ 482,271	\$ 552,771	\$ 452,622
Current financial assets at amortised cost	324,668	283,321	328,631
Notes receivable	90	-	1,109
Accounts receivable	140,017	152,095	104,308
Accounts receivable due from related parties	347	-	316
Other receivables	1,632	1,851	1,068
Guarantee deposits paid (shown as other current assets)	46,416	55,333	45,809
Guarantee deposits paid (shown as other non-current assets)	7,666	7,658	7,655
	<u>\$ 1,003,107</u>	<u>\$ 1,053,029</u>	<u>\$ 941,518</u>
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Notes payable	\$ -	\$ 264	\$ -
Accounts payable	48,748	62,331	49,548
Accounts payable to related parties	-	-	13
Other payables	121,310	135,256	95,454
	<u>\$ 170,058</u>	<u>\$ 197,851</u>	<u>\$ 145,015</u>
Lease liabilities	<u>\$ 11,273</u>	<u>\$ 20,961</u>	<u>\$ 25,107</u>

B. Financial risk management policies

There was no significant change during the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2021.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2022			
	Foreign currency		
	amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 9,483	31.75	\$ 301,085
HKD:NTD	19,127	4.04	77,273
AUD:NTD	481	20.66	9,937
EUR:NTD	114	31.26	3,564
RMB:NTD	21,181	4.46	94,467
USD:RMB	205	7.12	6,510
RMB:USD	1,081	0.14	4,805
<u>Non-monetary items</u>			
USD:NTD	587	31.75	18,650
THB:NTD	5,472	0.85	4,625

December 31, 2021			
	Foreign currency		
	amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 8,855	27.68	\$ 245,106
HKD:NTD	16,464	3.55	58,447
AUD:NTD	481	20.08	9,658
EUR:NTD	114	31.32	3,570
RMB:NTD	18,578	4.34	80,629
USD:RMB	173	6.37	4,783
RMB:USD	2,751	0.16	12,184
<u>Non-monetary items</u>			
USD:NTD	585	27.68	16,182
THB:NTD	6,320	0.83	5,275

September 30, 2021			
	Foreign currency		
	amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 8,694	27.85	\$ 242,128
HKD:NTD	13,928	3.58	49,862
AUD:NTD	481	20.07	9,654
EUR:NTD	114	32.32	3,684
RMB:NTD	20,572	4.31	88,665
USD:RMB	151	6.46	4,204
RMB:USD	2,750	0.15	11,488
<u>Non-monetary items</u>			
USD:NTD	668	27.85	18,612
THB:NTD	7,040	0.83	5,832

- iv. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2022 and 2021, amounted to \$25,053, (\$1,834), \$50,021 and (\$10,485), respectively.

- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Nine months ended September 30, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1.00%	\$ 3,011	\$ -
HKD:NTD	1.00%	773	-
AUD:NTD	1.00%	99	-
EUR:NTD	1.00%	36	-
RMB:NTD	1.00%	945	-
USD:RMB	1.00%	65	-
RMB:USD	1.00%	48	-
<u>Non-monetary items</u>			
USD:NTD	1.00%	-	187
THB:NTD	1.00%	-	46
Nine months ended September 30, 2021			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1.00%	\$ 2,421	\$ -
HKD:NTD	1.00%	499	-
AUD:NTD	1.00%	97	-
EUR:NTD	1.00%	37	-
RMB:NTD	1.00%	887	-
USD:RMB	1.00%	42	-
RMB:USD	1.00%	115	-
<u>Non-monetary items</u>			
USD:NTD	1.00%	-	186
THB:NTD	1.00%	-	58

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity

securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

- ii. The Group's investments in equity securities comprise domestic beneficiary certificates and equity instrument issued by foreign listed companies. The prices of equity securities would change due to the variation of the future value of investee companies. If the prices of these equity securities had increased or decreased by 1% with all other variables held constant, post-tax profit for the nine months ended September 30, 2022 and 2021 would have increased or decreased both by \$0, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- v. The Group classifies customers' accounts receivable and contract assets in accordance with customer types. The Group applies the simplified approach using the provision matrix, loss rate methodology to estimate expected credit loss.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

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

vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. As of September 30, 2022, December 31, 2021 and September 30, 2021, the provision matrix and loss rate methodology are as follows:

<u>Group 1</u>	<u>Not past due</u>	<u>Up to 90 days</u>	<u>91-180 days</u>	<u>181-270 days</u>	<u>Over 270 days</u>	<u>Total</u>
<u>September 30, 2022</u>						
Expected loss rate	0%	0%	0%~ 0.02%	0.11%~ 4.81%	100%	
Total book value	\$ 88,284	\$ 16,710	\$ 3,021	\$ 3,172	\$ 6,532	\$117,719
Loss allowance	\$ 12	\$ 28	\$ -	\$ 4	\$ 6,532	\$ 6,576
<u>Group 1</u>	<u>Not past due</u>	<u>Up to 90 days</u>	<u>91-180 days</u>	<u>181-270 days</u>	<u>Over 270 days</u>	<u>Total</u>
<u>December 31, 2021</u>						
Expected loss rate	0%	0.05%~ 0.26%	0.56%~ 5.27%	14.99%~ 58.33%	100%	
Total book value	\$121,664	\$ 7,810	\$ 2,415	\$ 948	\$ 6,540	\$139,377
Loss allowance	\$ 4	\$ 6	\$ 54	\$ 628	\$ 6,540	\$ 7,232
<u>Group 1</u>	<u>Not past due</u>	<u>Up to 90 days</u>	<u>91-180 days</u>	<u>181-270 days</u>	<u>Over 270 days</u>	<u>Total</u>
<u>September 30, 2021</u>						
Expected loss rate	0%	0.05%~ 0.26%	0.56%~ 5.27%	14.99%~ 58.33%	100%	
Total book value	\$ 78,493	\$ 7,889	\$ 1,222	\$ 3,777	\$ 6,128	\$ 97,509
Loss allowance	\$ 3	\$ 11	\$ 28	\$ 519	\$ 6,128	\$ 6,689
	<u>Group 2</u>		<u>Group 3</u>		<u>Total</u>	
<u>September 30, 2022</u>						
Expected loss rate	0%		0%			
Total book value	\$	28,677	\$	197	\$	28,874
Loss allowance	\$	-	\$	-	\$	-
	<u>Group 2</u>		<u>Group 3</u>		<u>Total</u>	
<u>December 31, 2021</u>						
Expected loss rate	0%		0%			
Total book value	\$	17,245	\$	2,705	\$	19,950
Loss allowance	\$	-	\$	-	\$	-

	Group 2	Group 3	Total
September 30, 2021			
Expected loss rate	0%	0%	
Total book value	\$ 10,223	\$ 3,265	\$ 13,488
Loss allowance	\$ -	\$ -	\$ -

Group 1: General business

Group 2: Government-owned corporation

Group 3: Government organisations

As of September 30, 2022, December 31, 2021 and September 30, 2021, loss allowance was \$0 if measured at expected credit loss rate of 0%.

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

	2022			
	Accounts receivable	Contract assets	Notes receivable	Total
At January 1	\$ 7,232	\$ -	\$ -	\$ 7,232
Reversal of impairment loss	(735)	-	-	(735)
Effects of foreign exchange	79	-	-	79
At September 30	<u>\$ 6,576</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,576</u>

	2021			
	Accounts receivable	Contract assets	Notes receivable	Total
At January 1	\$ 7,071	\$ -	\$ -	\$ 7,071
Reversal of impairment loss	(345)	-	-	(345)
Effects of foreign exchange	(37)	-	-	(37)
At September 30	<u>\$ 6,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,689</u>

(c) Liquidity risk

- Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>Non-derivative financial liabilities:</u> September 30, 2022	<u>Less than 3 months</u>	<u>Between 3 months and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Total</u>
Accounts payable	\$ 48,619	\$ 129	\$ -	\$ 48,748
Other payables	101,067	20,243	-	121,310
Lease liabilities	4,355	6,478	703	11,536

<u>Non-derivative financial liabilities:</u> December 31, 2021	<u>Less than 3 months</u>	<u>Between 3 months and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Total</u>
Notes payable	\$ 264	\$ -	\$ -	\$ 264
Accounts payable	62,239	92	-	62,331
Other payables	114,670	20,586	-	135,256
Lease liabilities	4,346	15,722	1,427	21,495

<u>Non-derivative financial liabilities:</u> September 30, 2021	<u>Less than 3 months</u>	<u>Between 3 months and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Total</u>
Accounts payable	\$ 49,092	\$ 456	\$ -	\$ 49,548
Accounts payable - related parties	13	-	-	13
Other payables	82,121	13,333	-	95,454
Lease liabilities	4,343	19,463	1,999	25,805

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, notes payable, accounts payable and other payables are approximate to their fair values.

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

September 30, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ -	\$ -
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ -	\$ -
September 30, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income	\$ -	\$ -	\$ -	\$ -

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

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

	<u>Listed shares</u>	<u>Closed-end fund</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Closing price	Net asset value

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

- E. For the nine months ended September 30, 2022 and 2021, there was no transfer between Level 1 and Level 2.
- F. For the nine months ended September 30, 2022 and 2021, there was no transfer into or out from Level 3.
- G. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent

information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. Valuation techniques of fair value that the Group used in level 3 are net asset value and market comparable companies. The significant unobservable input of market comparable companies is the discount for lack of marketability. If the input and discount for lack of marketability are higher, the fair value will be lower.

(4) Other matter

During the COVID-19 pandemic, the Group was able to maintain its normal operations amidst the various preventive measures imposed by the government. Based on the Group's assessment, the pandemic had no significant impact on its ability to continue as a going concern, impairment of assets and financing risks.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 2.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 3.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies

in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Refer to table 4.

14. SEGMENT INFORMATION

(1) General information

A. Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

B. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Segment information

The Group's segment profit and loss is measured with the operating income and loss, which is used as a basis for the Group in assessing the performance of the operating segments. The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Nine months ended September 30, 2022:

	Commercial segment	Financial business segment	Project segment	Total
Revenue from external customers	\$ 289,752	\$ 165,257	\$ 118,414	\$ 573,423
Inter-segment revenue	9,250	-	-	9,250
Total segment revenue	<u>\$ 299,002</u>	<u>\$ 165,257</u>	<u>\$ 118,414</u>	<u>\$ 582,673</u>
Segment income	<u>\$ 47,007</u>	<u>\$ 12,571</u>	<u>\$ 3,552</u>	<u>\$ 63,130</u>
Segment income (loss), including:				
Depreciation and amortisation	<u>(\$ 6,556)</u>	<u>(\$ 5,716)</u>	<u>(\$ 2,747)</u>	<u>(\$ 15,019)</u>

Nine months ended September 30, 2021:

	Commercial segment	Financial business segment	Project segment	Total
Revenue from external customers	\$ 254,359	\$ 151,865	\$ 123,820	\$ 530,044
Inter-segment revenue	14,932	-	-	14,932
Total segment revenue	<u>\$ 269,291</u>	<u>\$ 151,865</u>	<u>\$ 123,820</u>	<u>\$ 544,976</u>
Segment income	<u>\$ 49,767</u>	<u>\$ 13,679</u>	<u>\$ 4,695</u>	<u>\$ 68,141</u>
Segment income (loss), including:				
Depreciation and amortisation	<u>(\$ 6,434)</u>	<u>(\$ 5,675)</u>	<u>(\$ 2,820)</u>	<u>(\$ 14,929)</u>

The Group did not disclose the information in relation to segment assets and segment liabilities as this information is not provided to the Chief Operating Decision-Maker.

(3) Reconciliation for segment income and loss

The segment operating income reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. The Group did not provide the amounts of total assets and total liabilities to the Chief Operating Decision-Maker for making operating decisions. The reconciliation on segment revenue, operating revenue, segment income/loss and income/loss before tax from continuing operations of reportable segment are as follows:

	Nine months ended September 30	
	2022	2021
<u>Profit or loss</u>		
Total reportable segment revenue	\$ 582,673	\$ 544,976
Write-off of inter-segment revenue	(9,250)	(14,932)
Operating revenue	<u>\$ 573,423</u>	<u>\$ 530,044</u>
	Nine months ended September 30	
	2022	2021
<u>Profit or loss</u>		
Segment income	\$ 63,130	\$ 68,141
Adjustments and write-offs	(9,250)	(14,932)
Non-operating income and expenses	<u>70,665</u>	<u>14,783</u>
Income before tax from continuing operations	<u>\$ 124,545</u>	<u>\$ 67,992</u>

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Nine months ended September 30, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2022				
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
ARES INTERNATIONAL CORP.	Common shares/Formosa First Country Club	-	Financial assets at fair value through other comprehensive income	2,025	\$ -	0.01%	\$ -	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities in accordance with IFRS9, 'Financial instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is a non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Table 2

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
Names, locations, and related information on investees (excluding information on investment in Mainland China)
Nine months ended September 30, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2022			Net profit (loss) of the investee for the nine months ended September 30, 2022 (Note 2(2))	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022 (Note 2(3))	Footnote
				Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
ARES INTERNATIONAL CORP.	ARGO INTERNATIONAL CORPORATION	Taiwan	Provides professional service of computer application software and sells computer peripheral equipments	\$ 16,974	\$ 14,014	1,863,446	33.88	\$ 27,082	\$ 15,514	\$ 5,313	
"	M-POWER INFORMATION CO., LTD.	"	Agency and sale of database system and professional service of software	28,541	28,541	3,340,781	23.04	75,472	56,118	12,930	
"	ARES GROUP CORP.	Seychelles	Investment business	35,029	35,029	1,500,000	100.00	18,959 (	124) (	124)	Subsidiary
"	ARES INTERNATIONAL (THAILAND) CO., LTD.	Thailand	Provides professional service of computer application software and sells computer peripheral equipments	6,865	6,865	1,470,000	49.00	4,625 (	1,473) (	722)	
"	WELJOIN TECHNOLOGIES LIMITED (BVI)	British Virgin Islands	Investment business	26,177	26,177	50,000	100.00	36,942 (	578) (	578)	Subsidiary
ARES GROUP CORP.	SHARP KEEN MANAGEMENT LIMITED	"	"	34,115	34,115	1,120,000	100.00	18,717 (	83)	Note 3	Second-tire subsidiary
SHARP KEEN MANAGEMENT LIMITED	BLITZ IT CONSULTANTS PTE LTD.	Singapore	Agency of computer software and internet	33,256	33,256	484,000	25.00	18,650 (	329)	Note 3	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at September 30, 2022' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2)The 'Net profit (loss) of the investee for the nine months ended September 30, 2022' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognised by the Company for the nine months ended September 30, 2022' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: Investment income (loss) for the period was recognised by subsidiaries of investees.

ARES INTERNATIONAL CORP. AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method	Investment flows				Net income of investee for the nine months ended September 30, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022 (Note 2)	Book value of investments in Mainland China as of September 30, 2022	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2022	Note
				Beginning balance of accumulated outflow of investment from Taiwan	Remitted to Mainland China	Remitted back to Taiwan	Ending balance of accumulated outflow of investment from Taiwan						
APLUSOFT (SUZHOU) CORPORATION.	Research and development of enterprise management software and sale of self-produce product of the Company	\$ 25,228	Note 1	\$ 23,806	-	\$ 12,074	\$ 11,732	(\$ 2,060)	95.88	(\$ 1,975)	\$ 29,843	\$ 13,443	Note 4 Note 5

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China. The investee in the third area is WELJOIN TECHNOLOGIES LIMITED (BVI).

Note 2: The financial statements were not reviewed by independent auditors.

Note 3: The paid-in capital of APLUSOFT (SUZHOU) CORPORATION amounted to RMB5,215,000 (USD750,592).

Note 4: Cash dividends included in the accumulated amount of investment income remitted back to Taiwan which had been approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) amounted to \$4,354 (RMB 989,865.92/USD 147,512.21).

Note 5: In August 2022, APLUSOFT (SUZHOU) CORPORATION repatriated earnings in the amount of RMB 1,200,034.08 to the investee in the third area, WELJOIN TECHNOLOGIES LIMITED (BVI).

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Ares International Corp.	\$ 61,178	\$ 81,995	\$ 489,688

ARES INTERNATIONAL CORP. AND SUBSIDIARIES

Major shareholders information

September 30, 2022

Table 4

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
YU, HONG-YANG	3,558,449	7.53%

Note1: (1) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis or the differences.

(2) If the aforementioned data contains shares which were held in trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, the shareholders have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.