

**ARES INTERNATIONAL CORP. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
MARCH 31, 2023 AND 2022**

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

## 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 March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three 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" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of 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\$204,293 thousand and NT\$191,643 thousand, constituting 14.92% and 14.46% of the consolidated total assets, and total liabilities amounting to NT\$15,245 thousand and NT\$23,007 thousand, constituting 3.15% and 4.77% of the consolidated total liabilities as of March 31, 2023 and 2022, respectively, and total comprehensive income (including share

of profit of associates and joint ventures accounted for using equity method) amounting to NT\$4,297 thousand and NT\$892 thousand, constituting 51.65% and 3.63% of consolidated total comprehensive income for the three 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 been reviewed by independent auditors as described in the Basis for qualified conclusion 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 March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three 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” that came into effect as endorsed by the Financial Supervisory Commission.

CPA Lin, Yi-Fan

CPA Liao, Fu-Ming

For and on behalf of PricewaterhouseCoopers, Taiwan

May 10, 2023

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

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

**ARES INTERNATIONAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

| Assets                    | Notes                                | March 31, 2023 |                     | December 31, 2022 |                     | March 31, 2022 |                     |            |
|---------------------------|--------------------------------------|----------------|---------------------|-------------------|---------------------|----------------|---------------------|------------|
|                           |                                      | AMOUNT         | %                   | AMOUNT            | %                   | AMOUNT         | %                   |            |
| <b>Current assets</b>     |                                      |                |                     |                   |                     |                |                     |            |
| 1100                      | Cash and cash equivalents            | 6(1)           | \$ 540,413          | 40                | \$ 574,013          | 41             | \$ 567,717          | 43         |
| 1136                      | Financial assets at amortised cost - | 6(2) and 8     |                     |                   |                     |                |                     |            |
|                           | current                              |                | 295,583             | 22                | 316,110             | 22             | 281,974             | 21         |
| 1140                      | Contract assets - current            | 6(16)          | 116,717             | 9                 | 99,294              | 7              | 88,889              | 7          |
| 1150                      | Notes receivable, net                | 6(3)           | 840                 | -                 | 26                  | -              | 489                 | -          |
| 1170                      | Accounts receivable, net             | 6(3)           | 99,508              | 7                 | 122,541             | 9              | 129,375             | 10         |
| 1180                      | Accounts receivable - related        | 7              |                     |                   |                     |                |                     |            |
|                           | parties, net                         |                | -                   | -                 | 1,108               | -              | -                   | -          |
| 1200                      | Other receivables                    |                | 4,489               | -                 | 2,444               | -              | 907                 | -          |
| 1410                      | Prepayments                          | 6(4) and 7     | 40,967              | 3                 | 42,383              | 3              | 34,591              | 3          |
| 1470                      | Other current assets                 | 8              | 45,591              | 3                 | 50,489              | 4              | 46,059              | 3          |
| 11XX                      | <b>Total current assets</b>          |                | <u>1,144,108</u>    | <u>84</u>         | <u>1,208,408</u>    | <u>86</u>      | <u>1,150,001</u>    | <u>87</u>  |
| <b>Non-current assets</b> |                                      |                |                     |                   |                     |                |                     |            |
| 1550                      | Investments accounted for using      | 6(6)           |                     |                   |                     |                |                     |            |
|                           | the equity method                    |                | 152,306             | 11                | 146,761             | 10             | 119,183             | 9          |
| 1600                      | Property, plant and equipment, net   | 6(7)           | 4,501               | -                 | 4,714               | -              | 5,997               | -          |
| 1755                      | Right-of-use assets                  | 6(8)           | 29,001              | 2                 | 6,755               | 1              | 16,588              | 1          |
| 1780                      | Intangible assets                    |                | 1,063               | -                 | 201                 | -              | 456                 | -          |
| 1840                      | Deferred income tax assets           |                | 30,323              | 2                 | 32,698              | 2              | 25,562              | 2          |
| 1900                      | Other non-current assets             | 8              | 7,644               | 1                 | 7,642               | 1              | 7,670               | 1          |
| 15XX                      | <b>Total non-current assets</b>      |                | <u>224,838</u>      | <u>16</u>         | <u>198,771</u>      | <u>14</u>      | <u>175,456</u>      | <u>13</u>  |
| 1XXX                      | <b>Total assets</b>                  |                | <u>\$ 1,368,946</u> | <u>100</u>        | <u>\$ 1,407,179</u> | <u>100</u>     | <u>\$ 1,325,457</u> | <u>100</u> |

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**ARES INTERNATIONAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

| Liabilities and Equity                         | Notes   | March 31, 2023 |                     | December 31, 2022 |                     | March 31, 2022 |                     |            |
|--|---|----------------|---------------------|-------------------|---------------------|----------------|---------------------|------------|
|  |   | AMOUNT         | %                   | AMOUNT            | %                   | AMOUNT         | %                   |            |
| <b>Current liabilities</b>                     |   |                |                     |                   |                     |                |                     |            |
| 2130   | Contract liabilities - current  | 6(16)          | \$ 173,193          | 13                | \$ 156,697          | 11             | \$ 158,807          | 12         |
| 2170   | Accounts payable  | 6(9)           | 50,952              | 4                 | 50,455              | 4              | 54,362              | 4          |
| 2200   | Other payables  | 6(10)          | 78,310              | 6                 | 146,064             | 11             | 97,248              | 7          |
| 2230   | Current income tax liabilities  |                | 33,246              | 2                 | 33,374              | 2              | 20,855              | 2          |
| 2250   | Provisions for liabilities - current                                    | 6(12)          | 7,717               | -                 | 7,631               | 1              | 4,073               | -          |
| 2280   | Current lease liabilities   |                | 16,766              | 1                 | 4,820               | -              | 13,751              | 1          |
| 21XX   | <b>Total current liabilities</b>  |                | <u>360,184</u>      | <u>26</u>         | <u>399,041</u>      | <u>29</u>      | <u>349,096</u>      | <u>26</u>  |
| <b>Non-current liabilities</b>                 |   |                |                     |                   |                     |                |                     |            |
| 2580   | Non-current lease liabilities   |                | 12,482              | 1                 | 2,151               | -              | 3,133               | -          |
| 2640   | Non-current accrued pension liabilities                                 |                | 110,816             | 8                 | 128,842             | 9              | 129,808             | 10         |
| 25XX   | <b>Total non-current liabilities</b>                                    |                | <u>123,298</u>      | <u>9</u>          | <u>130,993</u>      | <u>9</u>       | <u>132,941</u>      | <u>10</u>  |
| 2XXX   | <b>Total liabilities</b>  |                | <u>483,482</u>      | <u>35</u>         | <u>530,034</u>      | <u>38</u>      | <u>482,037</u>      | <u>36</u>  |
| <b>Equity attributable to owners of parent</b> |   |                |                     |                   |                     |                |                     |            |
|  | Share capital   | 6(13)          |                     |                   |                     |                |                     |            |
| 3110   | Common stock  |                | 472,539             | 34                | 472,539             | 34             | 472,539             | 36         |
|  | Capital surplus   | 6(14)          |                     |                   |                     |                |                     |            |
| 3200   | Capital surplus   |                | 158,764             | 12                | 158,764             | 11             | 142,878             | 11         |
|  | Retained earnings   | 6(15)          |                     |                   |                     |                |                     |            |
| 3310   | Legal reserve   |                | 80,434              | 6                 | 80,434              | 6              | 68,542              | 5          |
| 3320   | Special reserve   |                | 7,344               | 1                 | 7,344               | -              | 6,342               | -          |
| 3350   | Unappropriated retained earnings  |                | 167,181             | 12                | 158,537             | 11             | 153,029             | 12         |
|  | Other equity interest   |                |                     |                   |                     |                |                     |            |
| 3400   | Other equity interest   |                | ( 4,377)            | -                 | ( 4,146)            | -              | ( 3,700)            | -          |
| 31XX   | <b>Equity attributable to owners of the parent</b>                      |                | <u>881,885</u>      | <u>65</u>         | <u>873,472</u>      | <u>62</u>      | <u>839,630</u>      | <u>64</u>  |
| 36XX   | Non-controlling interest  |                | 3,579               | -                 | 3,673               | -              | 3,790               | -          |
| 3XXX   | <b>Total equity</b>   |                | <u>885,464</u>      | <u>65</u>         | <u>877,145</u>      | <u>62</u>      | <u>843,420</u>      | <u>64</u>  |
|  | Significant contingent liabilities and unrecognised contract commitents | 9              |                     |                   |                     |                |                     |            |
| 3X2X   | <b>Total liabilities and equity</b>                                     |                | <u>\$ 1,368,946</u> | <u>100</u>        | <u>\$ 1,407,179</u> | <u>100</u>     | <u>\$ 1,325,457</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**  
**THREE MONTHS ENDED MARCH 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)  
(UNAUDITED)

|       |  |                 |            | Three months ended March 31 |            |       |  |
|-------|--|-----------------|------------|-----------------------------|------------|-------|--|
|       |  |                 |            | 2023                        |            | 2022  |  |
| Items | Notes  | AMOUNT          | %          | AMOUNT                      | %          |       |  |
| 4000  | Operating revenue  | 6(16) and 7     | \$ 199,564 | 100                         | \$ 186,842 | 100   |  |
| 5000  | Operating costs  | 6(20)(21) and 7 | ( 133,468) | ( 67)                       | ( 125,584) | ( 67) |  |
| 5950  | Gross profit   |                 | 66,096     | 33                          | 61,258     | 33    |  |
|       | Operating expenses   | 6(20)(21) and 7 |            |                             |            |       |  |
| 6100  | Selling expenses   |                 | ( 17,731)  | ( 9)                        | ( 17,664)  | ( 9)  |  |
| 6200  | General and administrative expenses  |                 | ( 13,388)  | ( 7)                        | ( 13,942)  | ( 8)  |  |
| 6300  | Research and development expenses  |                 | ( 29,679)  | ( 15)                       | ( 25,858)  | ( 14) |  |
| 6450  | Expected credit loss   | 12(2)           | ( 1,197)   | -                           | ( 257)     | -     |  |
| 6000  | Total operating expenses   |                 | ( 61,995)  | ( 31)                       | ( 57,721)  | ( 31) |  |
| 6900  | Operating profit   |                 | 4,101      | 2                           | 3,537      | 2     |  |
|       | Non-operating income and expenses  |                 |            |                             |            |       |  |
| 7100  | Interest income  | 6(17)           | 4,267      | 2                           | 858        | 1     |  |
| 7010  | Other income   | 6(18)           | 393        | -                           | 152        | -     |  |
| 7020  | Other gains and losses   | 6(19)           | ( 3,574)   | ( 2)                        | 13,536     | 7     |  |
| 7050  | Finance costs  | 6(8)            | ( 174)     | -                           | ( 140)     | -     |  |
| 7060  | Share of profit of associates and joint ventures accounted for using equity method | 6(6)            |            |                             |            |       |  |
|       |  |                 | 5,983      | 3                           | 6,136      | 3     |  |
| 7000  | Total non-operating income and expenses  |                 | 6,895      | 3                           | 20,542     | 11    |  |
| 7900  | <b>Profit before income tax</b>  |                 | 10,996     | 5                           | 24,079     | 13    |  |
| 7950  | Income tax expense   | 6(22)           | ( 2,434)   | ( 1)                        | ( 3,312)   | ( 2)  |  |
| 8200  | <b>Profit for the period</b>   |                 | \$ 8,562   | 4                           | \$ 20,767  | 11    |  |
|       | <b>Other comprehensive income</b>  |                 |            |                             |            |       |  |
|       | <b>Other comprehensive income that will be reclassified to profit or loss</b>      |                 |            |                             |            |       |  |
| 8361  | Financial statements translation differences of foreign operations                 |                 | (\$ 301)   | -                           | \$ 4,685   | 2     |  |
| 8399  | Income tax relating to components of other comprehensive income (loss)             | 6(22)           | 58         | -                           | ( 910)     | -     |  |
| 8360  | Other comprehensive (loss) income that will be reclassified to profit or loss      |                 | ( 243)     | -                           | 3,775      | 2     |  |
| 8500  | <b>Total comprehensive income for the period</b>                                   |                 | \$ 8,319   | 4                           | \$ 24,542  | 13    |  |
|       | Profit attributable to:  |                 |            |                             |            |       |  |
| 8610  | Owners of the parent   |                 | \$ 8,644   | 4                           | \$ 20,848  | 11    |  |
| 8620  | Non-controlling interest   |                 | ( 82)      | -                           | ( 81)      | -     |  |
|       |  |                 | \$ 8,562   | 4                           | \$ 20,767  | 11    |  |
|       | Total comprehensive income attributable to:  |                 |            |                             |            |       |  |
| 8710  | Owners of the parent   |                 | \$ 8,413   | 4                           | \$ 24,492  | 13    |  |
| 8720  | Non-controlling interest   |                 | ( 94)      | -                           | 50         | -     |  |
|       |  |                 | \$ 8,319   | 4                           | \$ 24,542  | 13    |  |
|       | Earnings per share (in dollars)  | 6(23)           |            |                             |            |       |  |
| 9750  | Basic  |                 | \$ 0.18    |                             | \$ 0.44    |       |  |
| 9850  | Diluted  |                 | \$ 0.18    |                             | \$ 0.43    |       |  |

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
THREE MONTHS ENDED MARCH 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

| Notes                                     | Equity attributable to owners of the parent |                 |               |                 |                                  |  |   |            |                          |              |
|---|---|-----------------|---------------|-----------------|----------------------------------|--|---|------------|--------------------------|--------------|
|   | Retained Earnings                           |                 |               |                 |                                  | Other Equity Interest  |   |            |                          |              |
|   | Common stock                                | Capital surplus | Legal reserve | Special reserve | 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 |
| <u>Three months ended March 31, 2022</u>  |   |                 |               |                 |                                  |  |   |            |                          |              |
| Balance at January 1, 2022                | \$ 472,539                                  | \$ 142,878      | \$ 68,542     | \$ 6,342        | \$ 132,181                       | (\$ 5,344)   | (\$ 2,000)  | \$ 815,138 | \$ 3,740                 | \$ 818,878   |
| Profit (loss) for the period              | -   | -               | -             | -               | 20,848                           | -  | -   | 20,848     | ( 81)                    | 20,767       |
| Other comprehensive income for the preiod | -   | -               | -             | -               | -                                | 3,644  | -   | 3,644      | 131                      | 3,775        |
| Total comprehensive income                | -   | -               | -             | -               | 20,848                           | 3,644  | -   | 24,492     | 50                       | 24,542       |
| Balance at March 31, 2022                 | \$ 472,539                                  | \$ 142,878      | \$ 68,542     | \$ 6,342        | \$ 153,029                       | (\$ 1,700)   | (\$ 2,000)  | \$ 839,630 | \$ 3,790                 | \$ 843,420   |
| <u>Three months ended March 31, 2023</u>  |   |                 |               |                 |                                  |  |   |            |                          |              |
| Balance at January 1, 2023                | \$ 472,539                                  | \$ 158,764      | \$ 80,434     | \$ 7,344        | \$ 158,537                       | (\$ 2,146)   | (\$ 2,000)  | \$ 873,472 | \$ 3,673                 | \$ 877,145   |
| Profit (loss) for the period              | -   | -               | -             | -               | 8,644                            | -  | -   | 8,644      | ( 82)                    | 8,562        |
| Other comprehensive loss for the preiod   | -   | -               | -             | -               | -                                | ( 231)   | -   | ( 231)     | ( 12)                    | ( 243)       |
| Total comprehensive income (loss)         | -   | -               | -             | -               | 8,644                            | ( 231)   | -   | 8,413      | ( 94)                    | 8,319        |
| Balance at March 31, 2023                 | \$ 472,539                                  | \$ 158,764      | \$ 80,434     | \$ 7,344        | \$ 167,181                       | (\$ 2,377)   | (\$ 2,000)  | \$ 881,885 | \$ 3,579                 | \$ 885,464   |

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

|  | Notes           | Three months ended March 31 |             |
|--|-----------------|-----------------------------|-------------|
|  |                 | 2023                        | 2022        |
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                                 |                 |                             |             |
| Profit before tax  |                 | \$ 10,996                   | \$ 24,079   |
| Adjustments  |                 |                             |             |
| Adjustments to reconcile (profit) loss   |                 |                             |             |
| Expected credit loss   | 6(20) and 12(2) | 1,197                       | 257         |
| Depreciation of property, plant and equipment                                      | 6(7)(20)        | 500                         | 723         |
| Depreciation of right-of-use assets  | 6(8)(20)        | 4,211                       | 4,231       |
| Amortisation   | 6(20)           | 98                          | 85          |
| Interest income  | 6(17)           | ( 4,267 )                   | ( 858 )     |
| Interest expense   | 6(8)            | 174                         | 140         |
| Share of profit of associates and joint ventures accounted for using equity method | 6(6)            | ( 5,983 )                   | ( 6,136 )   |
| Changes in operating assets and liabilities  |                 |                             |             |
| Changes in operating assets  |                 |                             |             |
| Notes receivable   |                 | ( 814 )                     | 489         |
| Accounts receivable  |                 | 4,413                       | 19,796      |
| Accounts receivable - related parties  |                 | 1,108                       | -           |
| Other receivables  |                 | ( 305 )                     | 2,214       |
| Prepayments  |                 | 1,416                       | ( 4,067 )   |
| Other current assets   |                 | 5,522                       | 9,108       |
| Changes in operating liabilities   |                 |                             |             |
| Contract liabilities   |                 | 16,496                      | 16,952      |
| Notes payable  |                 | -                           | ( 264 )     |
| Accounts payable   |                 | 497                         | ( 7,969 )   |
| Other payables   |                 | ( 67,754 )                  | ( 38,008 )  |
| Provisions for liabilities - current   |                 | 86                          | ( 930 )     |
| Non-current accrued pension liabilities  |                 | ( 18,026 )                  | ( 2,014 )   |
| Cash (outflow) inflow generated from operations                                    |                 | ( 50,435 )                  | 17,828      |
| Interest received  |                 | 2,159                       | 1,227       |
| Income tax paid  |                 | ( 128 )                     | ( 100 )     |
| Net cash flows (used in) from operating activities                                 |                 | ( 48,404 )                  | 18,955      |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                                 |                 |                             |             |
| Increase in financial assets at amortised cost-current                             |                 | ( 216,808 )                 | ( 228,332 ) |
| Decrease in financial assets at amortised cost-current                             |                 | 237,049                     | 230,129     |
| Acquisition of property, plant and equipment                                       | 6(7)            | ( 285 )                     | ( 1,453 )   |
| Acquisition of intangible assets   |                 | ( 960 )                     | -           |
| (Increase) decrease in refundable deposits (shown in other non-current assets)     |                 | ( 2 )                       | 1           |
| Net cash flows from investing activities   |                 | 18,994                      | 345         |
| <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>                                 |                 |                             |             |
| Payment of lease liability   | 6(24)           | ( 4,190 )                   | ( 4,354 )   |
| Net cash flows used in financing activities  |                 | ( 4,190 )                   | ( 4,354 )   |
| Net (decrease) increase in cash and cash equivalents                               |                 | ( 33,600 )                  | 14,946      |
| Cash and cash equivalents at beginning of period                                   |                 | 574,013                     | 552,771     |
| Cash and cash equivalents at end of period   |                 | \$ 540,413                  | \$ 567,717  |

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



ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(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, installation 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 since September 2001.

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 May 10, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

| <u>New Standards, Interpretations and Amendments</u>   | <u>Effective date by<br/>International Accounting<br/>Standards Board</u> |
|--|---|
| Amendments to IAS 1, ‘Disclosure of accounting policies’   | January 1, 2023   |
| Amendments to IAS 8, ‘Definition of accounting estimates’  | January 1, 2023   |
| Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’ | January 1, 2023   |

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

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

None.

(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:

| <u>New Standards, Interpretations and Amendments</u>  | <u>Effective date by<br/>International Accounting<br/>Standards Board</u> |
|---|---|
| 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, 2024   |
| Amendments to IAS 1, 'Non-current liabilities with covenants'   | January 1, 2024   |

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, 2022, 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' that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

(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 that came into effect 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 the basis for the year ended December 31, 2022.

- B. Subsidiaries included in the consolidated financial statements:

| Name of Investor                   | Name of Subsidiary                 | Main Business Activities  | Ownership (%)  |                   |                | Description |
|------------------------------------|------------------------------------|---|----------------|-------------------|----------------|-------------|
|                                    |                                    |   | March 31, 2023 | December 31, 2022 | March 31, 2022 |             |
| ARES INTERNATIONAL CORP.           | ARES GROUP CORP.                   | Investment business   | 100%           | 100%              | 100%           |             |
| "                                  | WELJOIN TECHNOLOGIES LIMITED (BVI) | "   | 100%           | 100%              | 100%           |             |
| ARES GROUP CORP.                   | SHARP KEEN MANAGEMENT LIMITED      | "   | 100%           | 100%              | 100%           |             |
| WELJOIN TECHNOLOGIES LIMITED (BVI) | APLUSOFT (SUZHOU) CORPORATION      | Research, development and sales of business management software | 95.88%         | 95.88%            | 95.88%         |             |

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, 2022.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

|                                       | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|---------------------------------------|-----------------------|--------------------------|-----------------------|
| Cash on hand and revolving funds      | \$ 457                | \$ 550                   | \$ 274                |
| Checking accounts and demand deposits | 303,217               | 355,531                  | 311,200               |
| Time deposits                         | 236,739               | 217,932                  | 256,243               |
|                                       | <u>\$ 540,413</u>     | <u>\$ 574,013</u>        | <u>\$ 567,717</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 March 31, 2023, December 31, 2022, and March 31, 2022.

(2) Financial assets at amortised cost

| <u>Items</u>                                  | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|---|-----------------------|--------------------------|-----------------------|
| Current items:                                |                       |                          |                       |
| Time deposits with maturity over three months | \$ 291,948            | \$ 312,475               | \$ 275,589            |
| Pledged time deposits                         | 3,635                 | 3,635                    | 6,385                 |
|   | <u>\$ 295,583</u>     | <u>\$ 316,110</u>        | <u>\$ 281,974</u>     |
| Interest rate range of time deposits          | 0.76%~4.72%           | 0.23%~4.72%              | 0.23%~1.95%           |

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

|                 | Three months ended March 31 |        |
|-----------------|-----------------------------|--------|
|                 | 2023                        | 2022   |
| Interest income | \$ 2,055                    | \$ 430 |

B. As at March 31, 2023, December 31, 2022, and March 31, 2022, 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 \$295,583, \$316,110 and \$281,974, 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

|  | March 31, 2023   | December 31, 2022 | March 31, 2022    |
|--|------------------|-------------------|-------------------|
| Notes receivable                           | \$ 840           | \$ 26             | \$ 489            |
| Less: Allowance for uncollectible accounts | -                | -                 | -                 |
|  | <u>\$ 840</u>    | <u>\$ 26</u>      | <u>\$ 489</u>     |
| Accounts receivable                        | \$ 113,147       | \$ 134,963        | \$ 136,980        |
| Less: Allowance for uncollectible accounts | ( 13,639)        | ( 12,422)         | ( 7,605)          |
|  | <u>\$ 99,508</u> | <u>\$ 122,541</u> | <u>\$ 129,375</u> |

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

|                 | March 31, 2023      |                  |
|-----------------|---------------------|------------------|
|                 | Accounts receivable | Notes receivable |
| Not past due    | \$ 87,927           | \$ 840           |
| Up to 90 days   | 11,730              | -                |
| 91 to 180 days  | 1,531               | -                |
| 181 to 270 days | 235                 | -                |
| Over 270 days   | 11,724              | -                |
|                 | <u>\$ 113,147</u>   | <u>\$ 840</u>    |

|                 | <u>December 31, 2022</u>   |                         |
|-----------------|----------------------------|-------------------------|
|                 | <u>Accounts receivable</u> | <u>Notes receivable</u> |
| Not past due    | \$ 107,149                 | \$ 26                   |
| Up to 90 days   | 15,107                     | -                       |
| 91 to 180 days  | 511                        | -                       |
| 181 to 270 days | 2,693                      | -                       |
| Over 270 days   | 9,503                      | -                       |
|                 | <u>\$ 134,963</u>          | <u>\$ 26</u>            |
|                 | <u>March 31, 2022</u>      |                         |
|                 | <u>Accounts receivable</u> | <u>Notes receivable</u> |
| Not past due    | \$ 95,507                  | \$ 489                  |
| Up to 90 days   | 32,716                     | -                       |
| 91 to 180 days  | 971                        | -                       |
| 181 to 270 days | 240                        | -                       |
| Over 270 days   | 7,546                      | -                       |
|                 | <u>\$ 136,980</u>          | <u>\$ 489</u>           |

The above ageing analysis was based on past due date.

- B. As of March 31, 2023, December 31, 2022, and March 31, 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$152,095.
- 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 March 31, 2023, December 31, 2022, and March 31, 2022, 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 \$100,348, \$122,567 and \$129,864, respectively.
- G. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Prepayments

|                      | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|----------------------|-----------------------|--------------------------|-----------------------|
| Prepaid project cost | \$ 35,882             | \$ 40,526                | \$ 26,954             |
| Other prepayments    | 5,085                 | 1,857                    | 7,637                 |
|                      | <u>\$ 40,967</u>      | <u>\$ 42,383</u>         | <u>\$ 34,591</u>      |

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

| <u>Items</u>         | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</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 March 31, 2023, December 31, 2022, and March 31, 2022.
- B. For the three months ended March 31, 2023 and 2022, 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>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|--|-----------------------|--------------------------|-----------------------|
| Associates:                                |                       |                          |                       |
| BLITZ IT CONSULTANTS<br>PTE. LTD.          | \$ 17,083             | \$ 18,351                | \$ 17,844             |
| ARES INTERNATIONAL<br>(THAILAND) CO., LTD. | 3,631                 | 4,676                    | 5,419                 |
| ARGO INTERNATIONAL<br>CORPORATION          | 30,650                | 28,854                   | 27,932                |
| M-POWER INFORMATION<br>CO., LTD.           | 100,942               | 94,880                   | 67,988                |
|  | <u>\$ 152,306</u>     | <u>\$ 146,761</u>        | <u>\$ 119,183</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 |
|---|-----------------------------|----------------|-------------------|----------------|------------------------|-----------------------|
|   |                             | March 31, 2023 | December 31, 2022 | March 31, 2022 |                        |                       |
| 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%         | 33.88%            | 34.83%         | Note 1、 3              | "                     |
| M-POWER INFORMATION CO., LTD.           | "                           | 19.74%         | 19.74%            | 23.04%         | 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: On June 6, 2022, the Group subscribed to the capital increase of the associate by cash amounting to \$2,960, constituting 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.

Note 4: The Group adjusted capital surplus of \$15,969 as the Group did not participate in the capital increase of the associate in 2022.

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 March 31, 2023, December 31, 2022, and March 31, 2022, the carrying amounts of the Group's individually immaterial associates amounted to \$152,306, \$146,761 and \$119,183, respectively.

|  | Three months ended March 31 |                 |
|--|-----------------------------|-----------------|
|  | 2023                        | 2022            |
| Profit for the period from continuing operations | \$ 5,983                    | \$ 6,136        |
| Other comprehensive income, net of tax           | -                           | -               |
| Total comprehensive income                       | <u>\$ 5,983</u>             | <u>\$ 6,136</u> |

C. For the three months ended March 31, 2023 and 2022, the Group recognised share of profit of associates in the amounts of \$5,983 and \$6,136, respectively, which were based on the financial statements of the same period which were not reviewed by independent auditors.



- D. The Group's material associate, M-POWER INFORMATION CO., LTD., has quoted market prices. As of March 31, 2023 and December 31, 2022, the fair value was \$599,336 and \$155,012, respectively. As of March 31, 2022, there is no information about quoted market prices.
- E. The Group is the single largest shareholder of ARGO INTERNATIONAL CORPORATION and M-POWER INFORMATION with a 33.88% and 19.74% equity interest, respectively. As the Group has no current ability to direct the relevant activities of ARGO INTERNATIONAL CORPORATION and M-POWER INFORMATION, the Group has no control, but only has significant influence, over the investee.

(7) Property, plant and equipment

|                           | <u>Machinery and<br/>equipment</u> | <u>Transportation<br/>equipment</u> | <u>Office<br/>equipment</u> | <u>Leasehold<br/>improvements</u> | <u>Other<br/>facilities</u> | <u>Total</u>    |
|---------------------------|------------------------------------|-------------------------------------|-----------------------------|-----------------------------------|-----------------------------|-----------------|
| <u>At January 1, 2023</u> |                                    |                                     |                             |                                   |                             |                 |
| Cost                      | \$ 10,581                          | \$ 12,190                           | \$ 1,568                    | \$ 4,679                          | \$ 1,429                    | \$ 30,447       |
| Accumulated depreciation  | ( 7,669)                           | ( 11,735)                           | ( 1,535)                    | ( 4,236)                          | ( 558)                      | ( 25,733)       |
|                           | <u>\$ 2,912</u>                    | <u>\$ 455</u>                       | <u>\$ 33</u>                | <u>\$ 443</u>                     | <u>\$ 871</u>               | <u>\$ 4,714</u> |
| <u>2023</u>               |                                    |                                     |                             |                                   |                             |                 |
| At January 1              | \$ 2,912                           | \$ 455                              | \$ 33                       | \$ 443                            | \$ 871                      | \$ 4,714        |
| Additions                 | 285                                | -                                   | -                           | -                                 | -                           | 285             |
| Depreciation charges      | ( 313)                             | ( 95)                               | ( 7)                        | ( 16)                             | ( 69)                       | ( 500)          |
| Net exchange differences  | <u>2</u>                           | <u>-</u>                            | <u>-</u>                    | <u>-</u>                          | <u>-</u>                    | <u>2</u>        |
| At March 31               | <u>\$ 2,886</u>                    | <u>\$ 360</u>                       | <u>\$ 26</u>                | <u>\$ 427</u>                     | <u>\$ 802</u>               | <u>\$ 4,501</u> |
| <u>At March 31, 2023</u>  |                                    |                                     |                             |                                   |                             |                 |
| Cost                      | \$ 10,873                          | \$ 12,189                           | \$ 1,568                    | \$ 4,679                          | \$ 1,429                    | \$ 30,738       |
| Accumulated depreciation  | ( 7,987)                           | ( 11,829)                           | ( 1,542)                    | ( 4,252)                          | ( 627)                      | ( 26,237)       |
|                           | <u>\$ 2,886</u>                    | <u>\$ 360</u>                       | <u>\$ 26</u>                | <u>\$ 427</u>                     | <u>\$ 802</u>               | <u>\$ 4,501</u> |

|                           | <u>Machinery and<br/>equipment</u> | <u>Transportation<br/>equipment</u> | <u>Office<br/>equipment</u> | <u>Leasehold<br/>improvements</u> | <u>Other<br/>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      | ( 306)                             | ( 363)                              | ( 7)                        | ( 10)                             | ( 37)                       | ( 723)          |
| Net exchange differences  | 22                                 | -                                   | -                           | -                                 | -                           | 22              |
| At March 31               | <u>\$ 3,812</u>                    | <u>\$ 1,421</u>                     | <u>\$ 54</u>                | <u>\$ 349</u>                     | <u>\$ 361</u>               | <u>\$ 5,997</u> |
| <u>At March 31, 2022</u>  |                                    |                                     |                             |                                   |                             |                 |
| Cost                      | \$ 10,734                          | \$ 12,190                           | \$ 1,707                    | \$ 5,717                          | \$ 918                      | \$ 31,266       |
| Accumulated depreciation  | ( 6,922)                           | ( 10,769)                           | ( 1,653)                    | ( 5,368)                          | ( 557)                      | ( 25,269)       |
|                           | <u>\$ 3,812</u>                    | <u>\$ 1,421</u>                     | <u>\$ 54</u>                | <u>\$ 349</u>                     | <u>\$ 361</u>               | <u>\$ 5,997</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 |                   |                |
|-----------|-----------------|-------------------|----------------|
|           | March 31, 2023  | December 31, 2022 | March 31, 2022 |
| Buildings | \$ 29,001       | \$ 6,755          | \$ 16,588      |

  

|           | Depreciation charge         |          |
|-----------|-----------------------------|----------|
|           | Three months ended March 31 |          |
|           | 2023                        | 2022     |
| Buildings | \$ 4,211                    | \$ 4,231 |

- D. For the three months ended March 31, 2023 and 2022, the additions to right-of-use assets were \$26,444 and \$0, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

|                                       | Three months ended March 31 |               |
|---------------------------------------|-----------------------------|---------------|
|                                       | 2023                        | 2022          |
| <u>Items affecting profit or loss</u> |                             |               |
| Interest expense on lease liabilities | \$ 174                      | \$ 140        |
| Expense on short-term lease contracts | 310                         | 322           |
|                                       | <u>\$ 484</u>               | <u>\$ 462</u> |

- F. For the three months ended March 31, 2023 and 2022, the Group's total cash outflow for leases were \$4,500 and \$4,676, respectively.

(9) Accounts payable

|                       | March 31, 2023   | December 31, 2022 | March 31, 2022   |
|-----------------------|------------------|-------------------|------------------|
| Accounts payable      | \$ 14,189        | \$ 15,349         | \$ 12,824        |
| Project costs payable | 36,763           | 35,106            | 41,538           |
|                       | <u>\$ 50,952</u> | <u>\$ 50,455</u>  | <u>\$ 54,362</u> |

(10) Other payables

|  | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|--|-----------------------|--------------------------|-----------------------|
| Wages and bonus payable  | \$ 37,647             | \$ 96,568                | \$ 59,153             |
| Labor and health insurance fees payable                                      | 4,852                 | 4,757                    | 3,927                 |
| Employees' compensation and directors' and supervisors' remuneration payable | 25,035                | 23,503                   | 22,144                |
| Other accrued expenses   | 10,776                | 21,236                   | 12,024                |
|  | <u>\$ 78,310</u>      | <u>\$ 146,064</u>        | <u>\$ 97,248</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 \$947 and \$825 for the three months ended March 31, 2023 and 2022, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2024 amount to \$1,772.

B. Defined contribution plans:

- (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 ended March 31, 2023 and 2022 were \$3,358 and \$3,208, 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 ended March 31, 2023 and 2022. 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 ended March 31, 2023 and 2022 were \$104 and \$72, respectively.

(12) Provisions

|                         | Warranty        |                 |
|-------------------------|-----------------|-----------------|
|                         | 2023            | 2022            |
| Balance at January 1    | \$ 7,631        | \$ 5,003        |
| Additional provisions   | 1,605           | 634             |
| Used during the period  | ( 1,054)        | ( 903)          |
| Unused amounts reversed | ( 465)          | ( 661)          |
| Balance at March 31     | <u>\$ 7,717</u> | <u>\$ 4,073</u> |

Analysis of total provisions:

|         | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|---------|-----------------------|--------------------------|-----------------------|
| Current | <u>\$ 7,717</u>       | <u>\$ 7,631</u>          | <u>\$ 4,073</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 March 31, 2023, 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

|                           |  | 2023                 |                                    |                                |   |              |
|---------------------------|--|----------------------|------------------------------------|--------------------------------|---|--------------|
|                           |  | <u>Share premium</u> | <u>Treasury share transactions</u> | <u>Donated assets received</u> | <u>Changes in equity of associates and joint ventures accounted for using equity method</u> | <u>Total</u> |
| At January 1 and March 31 |  | \$ 92,839            | \$ 48,738                          | \$ 318                         | \$ 16,869   | \$ 158,764   |
|                           |  | 2022                 |                                    |                                |   |              |
|                           |  | <u>Share premium</u> | <u>Treasury share transactions</u> | <u>Donated assets received</u> | <u>Changes in equity of associates and joint ventures accounted for using equity method</u> | <u>Total</u> |
| At January 1 and March 31 |  | \$ 92,839            | \$ 48,738                          | \$ 254                         | \$ 1,047  | \$ 142,878   |

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.

(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 March 22, 2023, the Board of Directors proposed and approved the distribution of 2022 retained earnings, and on June 23, 2022, the shareholders during their meeting resolved the distribution of 2021 retained earnings. The distribution of retained earnings is as follows:

|                   | 2022      |                                    | 2021      |                                    |
|-------------------|-----------|------------------------------------|-----------|------------------------------------|
|                   | Amount    | Dividend per share<br>(in dollars) | Amount    | Dividend per share<br>(in dollars) |
| Legal reserve     | \$ 14,528 |                                    | \$ 11,892 |                                    |
| (Reversal of)     |           |                                    |           |                                    |
| appropriation for |           |                                    |           |                                    |
| special reserve   | ( 3,198)  |                                    | 1,002     |                                    |
| Cash dividends    | 133,948   | \$ 2.83                            | 106,029   | \$ 2.24                            |

(16) Operating revenue

|  | Three months ended March 31 |                   |
|--|-----------------------------|-------------------|
|  | 2023                        | 2022              |
| <u>Revenue from contracts with customers</u> |                             |                   |
| Sales revenue                                | \$ 9,595                    | \$ 13,258         |
| Services revenue                             | 189,969                     | 173,584           |
|  | <u>\$ 199,564</u>           | <u>\$ 186,842</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<br>March 31, 2023 (Note) | Asia             | America      | Taiwan            | Total             |
|---|------------------|--------------|-------------------|-------------------|
| Total segment revenue                       |                  |              |                   |                   |
| Revenue from external customer contracts    | \$ 14,492        | \$ 62        | \$ 185,010        | \$ 199,564        |
| Inter-segment                               | 900              | -            | -                 | 900               |
|   | <u>\$ 15,392</u> | <u>\$ 62</u> | <u>\$ 185,010</u> | <u>\$ 200,464</u> |
| Timing of revenue recognition               |                  |              |                   |                   |
| At a point in time                          | \$ 18            | \$ -         | \$ 9,577          | \$ 9,595          |
| Over time                                   | 14,474           | 62           | 175,433           | 189,969           |
|   | <u>\$ 14,492</u> | <u>\$ 62</u> | <u>\$ 185,010</u> | <u>\$ 199,564</u> |
|   |                  |              |                   |                   |
| Three months ended<br>March 31, 2022 (Note) | Asia             | America      | Taiwan            | Total             |
| Total segment revenue                       |                  |              |                   |                   |
| Revenue from external customer contracts    | \$ 12,069        | \$ 79        | \$ 174,694        | \$ 186,842        |
| Inter-segment                               | 4,639            | -            | -                 | 4,639             |
|   | <u>\$ 16,708</u> | <u>\$ 79</u> | <u>\$ 174,694</u> | <u>\$ 191,481</u> |
| Timing of revenue recognition               |                  |              |                   |                   |
| At a point in time                          | \$ 525           | \$ -         | \$ 12,733         | \$ 13,258         |
| Over time                                   | 11,544           | 79           | 161,961           | 173,584           |
|   | <u>\$ 12,069</u> | <u>\$ 79</u> | <u>\$ 174,694</u> | <u>\$ 186,842</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:

|  | March 31, 2023    | December 31, 2022 | March 31, 2022    | January 1, 2022   |
|--|-------------------|-------------------|-------------------|-------------------|
| Contract assets - customer contract                    | <u>\$ 116,717</u> | <u>\$ 99,294</u>  | <u>\$ 88,889</u>  | <u>\$ 87,200</u>  |
| Contract liabilities - advance receipts from customers | <u>\$ 173,193</u> | <u>\$ 156,697</u> | <u>\$ 158,807</u> | <u>\$ 141,855</u> |

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

|   | Three months ended March 31 |           |
|---|-----------------------------|-----------|
|   | 2023                        | 2022      |
| Revenue recognised that was included in the contract liabilities balance at the beginning of the period |                             |           |
| Advance receipts  | \$ 27,768                   | \$ 24,814 |

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 March 31 |               |
|--|-----------------------------|---------------|
|  | 2023                        | 2022          |
| Interest income from bank deposits                               | \$ 2,212                    | \$ 428        |
| Interest income from financial assets measured at amortised cost | 2,055                       | 430           |
|  | <u>\$ 4,267</u>             | <u>\$ 858</u> |

(18) Other income

|                   | Three months ended March 31 |               |
|-------------------|-----------------------------|---------------|
|                   | 2023                        | 2022          |
| Commission income | \$ 181                      | \$ -          |
| Others            | 212                         | 152           |
|                   | <u>\$ 393</u>               | <u>\$ 152</u> |

(19) Other gains and losses

|                                 | Three months ended March 31 |                  |
|---------------------------------|-----------------------------|------------------|
|                                 | 2023                        | 2022             |
| Foreign exchange (losses) gains | (\$ 3,238)                  | \$ 13,861        |
| Miscellaneous disbursements     | ( 336)                      | ( 325)           |
|                                 | <u>(\$ 3,574)</u>           | <u>\$ 13,536</u> |

(20) Expenses by nature

|  | Three months ended March 31 |                   |
|--|-----------------------------|-------------------|
|  | 2023                        | 2022              |
| Employee benefit expense                                 | \$ 119,745                  | \$ 117,255        |
| Depreciation charges on property,<br>plant and equipment | 500                         | 723               |
| Depreciation charges on right-of-use assets              | 4,211                       | 4,231             |
| Amortisations  | 98                          | 85                |
| Operating lease payments                                 | 310                         | 322               |
| Outsourcing software                                     | 54,161                      | 39,941            |
| Provision for expected credit losses                     | 1,197                       | 257               |
| Other expenses   | 8,198                       | 9,920             |
| Cost of sales  | 7,043                       | 10,571            |
| Operating costs and expenses                             | <u>\$ 195,463</u>           | <u>\$ 183,305</u> |

(21) Employee benefit expense

|                                 | Three months ended March 31 |                   |
|---------------------------------|-----------------------------|-------------------|
|                                 | 2023                        | 2022              |
| Wages and salaries              | \$ 101,940                  | \$ 100,919        |
| Labor and health insurance fees | 9,917                       | 8,139             |
| Pension costs                   | 4,409                       | 4,105             |
| Other personnel expenses        | 3,479                       | 4,092             |
|                                 | <u>\$ 119,745</u>           | <u>\$ 117,255</u> |

- A. As of March 31, 2023 and 2022, the Group had 318 and 310 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' 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' remuneration.
- C. For the three months ended March 31, 2023 and 2022, employees' compensation was accrued at \$1,149 and \$2,489, respectively; while directors' remuneration was accrued at \$383 and \$830, respectively. The aforementioned amounts were recognised in salary expenses.
- D. Employees' compensation and directors' remuneration were estimated and accrued based on 9% and 3% of distributable profit of current year for the three months ended March 31, 2023, respectively.
- E. Employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

F. Information about employees' compensation and directors' 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 March 31 |                 |
|---|-----------------------------|-----------------|
|   | 2023                        | 2022            |
| Current tax on profits for the period             | \$ -                        | \$ 2,180        |
| Deferred tax:                                     |                             |                 |
| Origination and reversal of temporary differences | 2,434                       | 1,132           |
| Income tax expense                                | <u>\$ 2,434</u>             | <u>\$ 3,312</u> |

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

|                                  | Three months ended March 31 |        |
|----------------------------------|-----------------------------|--------|
|                                  | 2023                        | 2022   |
| Currency translation differences | (\$ 58)                     | \$ 910 |

B. As of March 31, 2023, the Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. On January 6, 2023, the Company has paid \$128 as the tax payable for the year ended December 31, 2020 based on the approved assessment results, which requires additional payment.

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

| <u>Three months ended March 31, 2023</u>   |                         |   |  |
|--|-------------------------|---|--|
|  | <u>Amount after tax</u> | <u>Weighted average<br/>number of ordinary<br/>shares outstanding<br/>(shares in thousands)</u> | <u>Earnings per share<br/>(in dollars)</u> |
| <u>Basic earnings per share</u>  |                         |   |  |
| Profit attributable to ordinary<br>shareholders of the parent  | \$ 8,644                | 47,254  | \$ 0.18                                    |
| <u>Diluted earnings per share</u>  |                         |   |  |
| Profit attributable to ordinary<br>shareholders of the parent  | \$ 8,644                | 47,254  |  |
| Assumed conversion of all<br>dilutive potential ordinary<br>shares   |                         |   |  |
| Employees' compensation  | -                       | 420   |  |
| Profit attributable to ordinary<br>shareholders of the parent<br>plus assumed conversion of<br>all dilutive potential<br>ordinary shares | \$ 8,644                | 47,674  | \$ 0.18                                    |
| <u>Three months ended March 31, 2022</u>   |                         |   |  |
|  | <u>Amount after tax</u> | <u>Weighted average<br/>number of ordinary<br/>shares outstanding<br/>(shares in thousands)</u> | <u>Earnings per share<br/>(in dollars)</u> |
| <u>Basic earnings per share</u>  |                         |   |  |
| Profit attributable to ordinary<br>shareholders of the parent  | \$ 20,848               | 47,254  | \$ 0.44                                    |
| <u>Diluted earnings per share</u>  |                         |   |  |
| Profit attributable to ordinary<br>shareholders of the parent  | \$ 20,848               | 47,254  |  |
| Assumed conversion of all<br>dilutive potential ordinary<br>shares   |                         |   |  |
| Employees' compensation  | -                       | 681   |  |
| Profit attributable to ordinary<br>shareholders of the parent<br>plus assumed conversion of<br>all dilutive potential<br>ordinary shares | \$ 20,848               | 47,935  | \$ 0.43                                    |

(24) Changes in liabilities from financing activities

|  | 2023                       |                  | 2022                       |                  |
|--|----------------------------|------------------|----------------------------|------------------|
|  | Liabilities from financing |                  | Liabilities from financing |                  |
|  | Lease liabilities          | activities-gross | Lease liabilities          | activities-gross |
| At January 1                                   | \$ 6,971                   | \$ 6,971         | \$ 20,961                  | \$ 20,961        |
| Changes in cash flow from financing activities | ( 4,190)                   | ( 4,190)         | ( 4,354)                   | ( 4,354)         |
| Impact of changes in foreign exchange rate     | 14                         | 14               | 137                        | 137              |
| Changes in other non-cash items                | 26,453                     | 26,453           | 140                        | 140              |
| At March 31                                    | <u>\$ 29,248</u>           | <u>\$ 29,248</u> | <u>\$ 16,884</u>           | <u>\$ 16,884</u> |

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

| <u>Names of related parties</u>         | <u>Relationship with the Company</u> |
|---|--------------------------------------|
| 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 March 31 |              |
|-----------------|-----------------------------|--------------|
|                 | 2023                        | 2022         |
| Sales of goods: |                             |              |
| -Key management | <u>\$ 45</u>                | <u>\$ 45</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 March 31 |                 |
|------------------------|-----------------------------|-----------------|
|                        | 2023                        | 2022            |
| Purchases of services: |                             |                 |
| -Associates            | <u>\$ -</u>                 | <u>\$ 1,020</u> |

(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>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|--------------------------------|-----------------------|--------------------------|-----------------------|
| Accounts receivable            |                       |                          |                       |
| -M-POWER INFORMATION CO., LTD. | \$ -                  | \$ 1,108                 | \$ -                  |

D. Prepayments from related parties

|                 | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|-----------------|-----------------------|--------------------------|-----------------------|
| Prepayments     |                       |                          |                       |
| -Associates     | \$ 187                | \$ -                     | \$ 187                |
| -Key management | 1                     | -                        | -                     |
|                 | <u>\$ 188</u>         | <u>\$ -</u>              | <u>\$ 187</u>         |

- E. In 2021, the Group entered into a three-year Argo ERP maintenance contract with an associate, in the amount of \$748. The Group recognised \$187 in prepayments and \$62 as operating expenses for the three months ended March 31, 2023 and 2022.

(3) Key management compensation

|   | <u>Three months ended March 31</u> |                  |
|---|------------------------------------|------------------|
|   | <u>2023</u>                        | <u>2022</u>      |
| Salaries and other short-term employees' benefits | <u>\$ 19,443</u>                   | <u>\$ 21,288</u> |

8. PLEDGED ASSETS

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

| <u>Pledged asset</u>  | <u>Book value</u>     |                          |                       | <u>Purpose</u>                     |
|---|-----------------------|--------------------------|-----------------------|------------------------------------|
|   | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |                                    |
| Time deposits<br>(shown as financial assets<br>at amortised cost - current) | \$ 3,635              | \$ 3,635                 | \$ 6,385              | Bid bond                           |
| Guarantee deposits paid<br>(shown as other current assets)                  | 45,591                | 50,489                   | 46,059                | Bid bond and<br>performance bond   |
| Guarantee deposits paid<br>(shown as other non-current assets)              | 7,644                 | 7,642                    | 7,670                 | Guarantees<br>provided for leasing |
|   | <u>\$ 56,870</u>      | <u>\$ 61,766</u>         | <u>\$ 60,114</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>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|-------------------|-----------------------|--------------------------|-----------------------|
| Software products | <u>\$ 5,360</u>       | <u>\$ 10,740</u>         | <u>\$ 6,065</u>       |

B. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group issued promissory notes amounting to \$0, \$0 and \$240, respectively, for the execution of contract projects.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

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, 2022.



(2) Financial instruments

A. Financial instruments by category

|   | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|---|-----------------------|--------------------------|-----------------------|
| <u>Financial assets</u>                                     |                       |                          |                       |
| Financial assets at amortised cost/Loans and receivables    |                       |                          |                       |
| Cash and cash equivalents                                   | \$ 540,413            | \$ 574,013               | \$ 567,717            |
| Current financial assets at amortised cost                  | 295,583               | 316,110                  | 281,974               |
| Notes receivable  | 840                   | 26                       | 489                   |
| Accounts receivable   | 99,508                | 122,541                  | 129,375               |
| Accounts receivable due from related parties                | -                     | 1,108                    | -                     |
| Other receivables   | 4,489                 | 2,444                    | 907                   |
| Guarantee deposits paid (shown as other current assets)     | 45,591                | 50,489                   | 46,059                |
| Guarantee deposits paid (shown as other non-current assets) | 7,644                 | 7,642                    | 7,670                 |
|   | <u>\$ 994,068</u>     | <u>\$ 1,074,373</u>      | <u>\$ 1,034,191</u>   |
|   | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
| <u>Financial liabilities</u>                                |                       |                          |                       |
| Financial liabilities at amortised cost                     |                       |                          |                       |
| Accounts payable  | \$ 50,952             | \$ 50,455                | \$ 54,362             |
| Other payables  | 78,310                | 146,064                  | 97,248                |
|   | <u>\$ 129,262</u>     | <u>\$ 196,519</u>        | <u>\$ 151,610</u>     |
| Lease liabilities   | <u>\$ 29,248</u>      | <u>\$ 6,971</u>          | <u>\$ 168,494</u>     |

B. Financial risk management policies

There was no significant change in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2022.

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:

| March 31, 2023                          |                          |                  |                     |
|---|--------------------------|------------------|---------------------|
|   | Foreign currency         |                  |                     |
|   | amount<br>(in thousands) | Exchange<br>rate | Book value<br>(NTD) |
| (Foreign currency: functional currency) |                          |                  |                     |
| <u>Financial assets</u>                 |                          |                  |                     |
| <u>Monetary items</u>                   |                          |                  |                     |
| USD:NTD                                 | \$ 9,593                 | 30.45            | \$ 292,107          |
| HKD:NTD                                 | 20,598                   | 3.88             | 79,920              |
| AUD:NTD                                 | 483                      | 20.33            | 9,819               |
| EUR:NTD                                 | 114                      | 33.15            | 3,779               |
| RMB:NTD                                 | 21,048                   | 4.44             | 93,453              |
| USD:RMB                                 | 241                      | 6.86             | 7,340               |
| RMB:USD                                 | 1,082                    | 0.15             | 4,942               |
| <u>Non-monetary items</u>               |                          |                  |                     |
| USD:NTD                                 | 561                      | 30.45            | 17,083              |
| THB:NTD                                 | 4,046                    | 0.90             | 3,631               |
| December 31, 2022                       |                          |                  |                     |
|   | Foreign currency         |                  |                     |
|   | amount<br>(in thousands) | Exchange<br>rate | Book value<br>(NTD) |
| (Foreign currency: functional currency) |                          |                  |                     |
| <u>Financial assets</u>                 |                          |                  |                     |
| <u>Monetary items</u>                   |                          |                  |                     |
| USD:NTD                                 | \$ 9,576                 | 30.71            | \$ 294,079          |
| HKD:NTD                                 | 19,491                   | 3.94             | 76,795              |
| AUD:NTD                                 | 482                      | 20.83            | 10,040              |
| EUR:NTD                                 | 114                      | 32.72            | 3,730               |
| RMB:NTD                                 | 21,165                   | 4.41             | 93,338              |
| USD:RMB                                 | 231                      | 6.96             | 7,090               |
| RMB:USD                                 | 1,082                    | 0.14             | 4,652               |
| <u>Non-monetary items</u>               |                          |                  |                     |
| USD:NTD                                 | 598                      | 30.71            | 18,351              |
| THB:NTD                                 | 5,230                    | 0.89             | 4,676               |

|   | March 31, 2022                               |                  |                     |
|---|--|------------------|---------------------|
|   | Foreign currency<br>amount<br>(in thousands) | Exchange<br>rate | Book value<br>(NTD) |
| (Foreign currency: functional currency) |  |                  |                     |
| <u>Financial assets</u>                 |  |                  |                     |
| <u>Monetary items</u>                   |  |                  |                     |
| USD:NTD                                 | \$ 9,048                                     | 28.63            | \$ 259,044          |
| HKD:NTD                                 | 17,177                                       | 3.66             | 62,868              |
| AUD:NTD                                 | 481  | 21.42            | 10,303              |
| EUR:NTD                                 | 114  | 31.92            | 3,639               |
| RMB:NTD                                 | 18,199                                       | 4.51             | 82,077              |
| USD:RMB                                 | 183  | 6.35             | 5,241               |
| RMB:USD                                 | 2,751  | 0.16             | 12,602              |
| <u>Non-monetary items</u>               |  |                  |                     |
| USD:NTD                                 | 623  | 28.63            | 17,844              |
| THB:NTD                                 | 6,264  | 0.87             | 5,419               |

- iv. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2023 and 2022, amounted to (\$3,238) and \$13,861, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

|   | Three months ended March 31, 2023 |                             |  |
|---|-----------------------------------|-----------------------------|--|
|   | Sensitivity analysis              |                             |  |
|   | Degree of<br>variation            | Effect on<br>profit or loss | Effect on other<br>comprehensive<br>income |
| (Foreign currency: functional currency) |                                   |                             |  |
| <u>Financial assets</u>                 |                                   |                             |  |
| <u>Monetary items</u>                   |                                   |                             |  |
| USD:NTD                                 | 1.00%                             | \$ 2,921                    | \$ -                                       |
| HKD:NTD                                 | 1.00%                             | 799                         | -  |
| AUD:NTD                                 | 1.00%                             | 98                          | -  |
| EUR:NTD                                 | 1.00%                             | 38                          | -  |
| RMB:NTD                                 | 1.00%                             | 935                         | -  |
| USD:RMB                                 | 1.00%                             | 73                          | -  |
| RMB:USD                                 | 1.00%                             | 49                          | -  |
| <u>Non-monetary items</u>               |                                   |                             |  |
| USD:NTD                                 | 1.00%                             | -                           | 171  |
| THB:NTD                                 | 1.00%                             | -                           | 36   |

| Three months ended March 31, 2022       |                        |    |                             |  |
|---|------------------------|----|-----------------------------|--|
| Sensitivity analysis                    |                        |    |                             |  |
|   | Degree of<br>variation |    | Effect on<br>profit or loss | Effect on other<br>comprehensive<br>income |
| (Foreign currency: functional currency) |                        |    |                             |  |
| <u>Financial assets</u>                 |                        |    |                             |  |
| <u>Monetary items</u>                   |                        |    |                             |  |
| USD:NTD                                 | 1.00%                  | \$ | 2,590                       | \$ -                                       |
| HKD:NTD                                 | 1.00%                  |    | 629                         | -  |
| AUD:NTD                                 | 1.00%                  |    | 103                         | -  |
| EUR:NTD                                 | 1.00%                  |    | 36                          | -  |
| RMB:NTD                                 | 1.00%                  |    | 821                         | -  |
| USD:RMB                                 | 1.00%                  |    | 52                          | -  |
| RMB:USD                                 | 1.00%                  |    | 126                         | -  |
| <u>Non-monetary items</u>               |                        |    |                             |  |
| USD:NTD                                 | 1.00%                  |    | -                           | 178  |
| THB:NTD                                 | 1.00%                  |    | -                           | 54   |

#### 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 three months ended March 31, 2023 and 2022 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 March 31, 2023, December 31, 2022, and March 31, 2022, the provision matrix and loss rate methodology are as follows:

| Group 1               | Not<br>past due | Up to 90<br>days | 91-180<br>days | 181-270<br>days   | Over 270<br>days | Total      |
|-----------------------|-----------------|------------------|----------------|-------------------|------------------|------------|
| <u>March 31, 2023</u> |                 |                  |                |                   |                  |            |
| Expected loss rate    | 1.38%~<br>3.23% | 4.18%~<br>13.87% | 10.04%~<br>25% | 11.69%~<br>35.83% | 100%             |            |
| Total book value      | \$ 80,704       | \$ 11,730        | \$ 1,531       | \$ 235            | \$ 11,724        | \$ 105,924 |
| Loss allowance        | \$ 1,062        | \$ 612           | \$ 157         | \$ 84             | \$ 11,724        | \$ 13,639  |

| <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, 2022</u> |                     |                      |                    |                     |                      |              |
| Expected loss rate       | 1.29%~<br>3.00%     | 5.06%~<br>31.60%     | 9.34%~<br>100%     | 8.62%~<br>100%      | 100%                 |              |
| Total book value         | \$ 92,271           | \$ 15,107            | \$ 511             | \$ 2,693            | \$ 9,503             | \$ 120,085   |
| Loss allowance           | \$ 1,295            | \$ 1,059             | \$ 261             | \$ 304              | \$ 9,503             | \$ 12,422    |
| <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>March 31, 2022</u>    |                     |                      |                    |                     |                      |              |
| Expected loss rate       | 0%                  | 0%                   | 0%~<br>0.02%       | 0.11%~<br>4.81%     | 100%                 |              |
| Total book value         | \$ 88,264           | \$ 32,716            | \$ 971             | \$ 240              | \$ 7,546             | \$ 129,737   |
| Loss allowance           | \$ 4                | \$ 43                | \$ -               | \$ 12               | \$ 7,546             | \$ 7,605     |
|                          |                     | <u>Group 2</u>       |                    | <u>Group 3</u>      |                      | <u>Total</u> |
| <u>March 31, 2023</u>    |                     |                      |                    |                     |                      |              |
| Expected loss rate       |                     | 0%                   |                    | 0%                  |                      |              |
| Total book value         | \$                  | 6,227                | \$                 | 996                 | \$                   | 7,223        |
| Loss allowance           | \$                  | -                    | \$                 | -                   | \$                   | -            |
|                          |                     | <u>Group 2</u>       |                    | <u>Group 3</u>      |                      | <u>Total</u> |
| <u>December 31, 2022</u> |                     |                      |                    |                     |                      |              |
| Expected loss rate       |                     | 0%                   |                    | 0%                  |                      |              |
| Total book value         | \$                  | 10,761               | \$                 | 4,117               | \$                   | 14,878       |
| Loss allowance           | \$                  | -                    | \$                 | -                   | \$                   | -            |
|                          |                     | <u>Group 2</u>       |                    | <u>Group 3</u>      |                      | <u>Total</u> |
| <u>March 31, 2022</u>    |                     |                      |                    |                     |                      |              |
| Expected loss rate       |                     | 0%                   |                    | 0%                  |                      |              |
| Total book value         | \$                  | 7,047                | \$                 | 196                 | \$                   | 7,243        |
| Loss allowance           | \$                  | -                    | \$                 | -                   | \$                   | -            |

Group 1: General business

Group 2: Government-owned corporation

Group 3: Government organisations

viii. As of March 31, 2023, December 31, 2022, and March 31, 2022, the Group has no contract assets and loss allowance.

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

|                             | 2023                   |                    |                     |                  |
|-----------------------------|------------------------|--------------------|---------------------|------------------|
|                             | Accounts<br>receivable | Contract<br>assets | Notes<br>receivable | Total            |
| At January 1                | \$ 12,422              | \$ -               | \$ -                | \$ 12,422        |
| Impairment loss             | 1,197                  | -                  | -                   | 1,197            |
| Effects of foreign exchange | 20                     | -                  | -                   | 20               |
| At March 31                 | <u>\$ 13,639</u>       | <u>\$ -</u>        | <u>\$ -</u>         | <u>\$ 13,639</u> |

  

|                             | 2022                   |                    |                     |                 |
|-----------------------------|------------------------|--------------------|---------------------|-----------------|
|                             | Accounts<br>receivable | Contract<br>assets | Notes<br>receivable | Total           |
| At January 1                | \$ 7,232               | \$ -               | \$ -                | \$ 7,232        |
| Impairment loss             | 257                    | -                  | -                   | 257             |
| Effects of foreign exchange | 116                    | -                  | -                   | 116             |
| At March 31                 | <u>\$ 7,605</u>        | <u>\$ -</u>        | <u>\$ -</u>         | <u>\$ 7,605</u> |

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. 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> | Less than<br>3 months | Between 3<br>months and 2 years | Between 2 and<br>5 years | Total     |
|--|-----------------------|---------------------------------|--------------------------|-----------|
| March 31, 2023                               |                       |                                 |                          |           |
| Accounts payable                             | \$ 50,308             | \$ 644                          | \$ -                     | \$ 50,952 |
| Other payables                               | 50,794                | 27,516                          | -                        | 78,310    |
| Lease liabilities                            | 4,362                 | 25,152                          | 481                      | 29,995    |

| <u>Non-derivative financial liabilities:</u> | Less than<br>3 months | Between 3<br>months and 2 years | Between 2 and<br>5 years | Total     |
|--|-----------------------|---------------------------------|--------------------------|-----------|
| December 31, 2022                            |                       |                                 |                          |           |
| Accounts payable                             | \$ 49,935             | \$ 520                          | \$ -                     | \$ 50,455 |
| Other payables                               | 121,202               | 24,862                          | -                        | 146,064   |
| Lease liabilities                            | 2,086                 | 4,477                           | 592                      | 7,155     |

| <u>Non-derivative financial liabilities:</u> | Less than<br>3 months | Between 3<br>months and 2 years | Between 2 and<br>5 years | Total     |
|--|-----------------------|---------------------------------|--------------------------|-----------|
| March 31, 2022                               |                       |                                 |                          |           |
| Accounts payable                             | \$ 52,017             | \$ 2,345                        | \$ -                     | \$ 54,362 |
| Other payables                               | 72,224                | 25,024                          | -                        | 97,248    |
| Lease liabilities                            | 4,364                 | 12,000                          | 925                      | 17,289    |

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in financial assets at fair value through other comprehensive income is included in Level 3.

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:

| March 31, 2023  | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|--------------|
| <b>Assets</b>   |                |                |                |              |
| <u>Recurring fair value measurements</u>                          |                |                |                |              |
| Financial assets at fair value through other comprehensive income | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>  |
| December 31, 2022   | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| <b>Assets</b>   |                |                |                |              |
| <u>Recurring fair value measurements</u>                          |                |                |                |              |
| Financial assets at fair value through other comprehensive income | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>  |
| March 31, 2022  | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| <b>Assets</b>   |                |                |                |              |
| <u>Recurring fair value measurements</u>                          |                |                |                |              |
| Financial assets at fair value through other comprehensive income | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>  |



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 three months ended March 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- F. For the three months ended March 31, 2023 and 2022, 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:

Three months ended March 31, 2023:

|                                   | Commercial<br>segment | Financial<br>business<br>segment | Project<br>segment | Total             |
|-----------------------------------|-----------------------|----------------------------------|--------------------|-------------------|
| Revenue from external customers   | \$ 103,328            | \$ 54,608                        | \$ 41,628          | \$ 199,564        |
| Inter-segment revenue             | 900                   | -                                | -                  | 900               |
| Total segment revenue             | <u>\$ 104,228</u>     | <u>\$ 54,608</u>                 | <u>\$ 41,628</u>   | <u>\$ 200,464</u> |
| Segment (loss) income             | <u>(\$ 4,978)</u>     | <u>\$ 5,174</u>                  | <u>\$ 4,805</u>    | <u>\$ 5,001</u>   |
| Segment income (loss), including: |                       |                                  |                    |                   |
| Depreciation and amortisation     | <u>(\$ 2,280)</u>     | <u>(\$ 1,964)</u>                | <u>(\$ 565)</u>    | <u>(\$ 4,809)</u> |

Three months ended March 31, 2022:

|                                   | Commercial<br>segment | Financial<br>business<br>segment | Project<br>segment | Total             |
|-----------------------------------|-----------------------|----------------------------------|--------------------|-------------------|
| Revenue from external customers   | \$ 87,811             | \$ 56,760                        | \$ 42,271          | \$ 186,842        |
| Inter-segment revenue             | 4,639                 | -                                | -                  | 4,639             |
| Total segment revenue             | <u>\$ 92,450</u>      | <u>\$ 56,760</u>                 | <u>\$ 42,271</u>   | <u>\$ 191,481</u> |
| Segment income (loss)             | <u>\$ 10,426</u>      | <u>(\$ 1,289)</u>                | <u>(\$ 961)</u>    | <u>\$ 8,176</u>   |
| Segment income (loss), including: |                       |                                  |                    |                   |
| Depreciation and amortisation     | <u>(\$ 2,199)</u>     | <u>(\$ 1,889)</u>                | <u>(\$ 951)</u>    | <u>(\$ 5,039)</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:

| Profit or loss                               | Three months ended March 31 |                   |
|--|-----------------------------|-------------------|
|  | 2023                        | 2022              |
| Total reportable segment revenue             | \$ 200,464                  | \$ 191,481        |
| Write-off of inter-segment revenue           | ( 900)                      | ( 4,639)          |
| Operating revenue                            | <u>\$ 199,564</u>           | <u>\$ 186,842</u> |
|  |                             |                   |
| Profit or loss                               | Three months ended March 31 |                   |
|  | 2023                        | 2022              |
| Segment income                               | \$ 5,001                    | \$ 8,176          |
| Adjustments and write-offs                   | ( 900)                      | ( 4,639)          |
| Non-operating income and expenses            | 6,895                       | 20,542            |
| Income before tax from continuing operations | <u>\$ 10,996</u>            | <u>\$ 24,079</u>  |

ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
Three months ended March 31, 2023

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 March 31, 2023 |                     |               | Fair value | Footnote (Note 4) |
|--------------------------|--|--|---|----------------------|---------------------|---------------|------------|-------------------|
|                          |  |  |   | Number of shares     | Book value (Note 3) | Ownership (%) |            |                   |
| 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.

ARES INTERNATIONAL CORP. AND SUBSIDIARIES  
Names, locations, and related information on investees (excluding information on investment in Mainland China)  
Three months ended March 31, 2023

Table 2

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 March 31, 2023 |               |            | Net profit (loss) of the investee for the three months ended March 31, 2023 (Note 2(2)) | Investment income (loss) recognised by the Company for the three months ended March 31, 2023 (Note 2(3)) | Footnote   |
|-------------------------------|---|------------------------|---|------------------------------|---------------------------------|----------------------------------|---------------|------------|---|--|------------|
|                               |   |                        |   | Balance as at March 31, 2023 | Balance as at December 31, 2022 | 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                    | \$ 16,974                       | 1,863,446                        | 33.88         | \$ 30,650  | \$ 7,248  | \$ 1,796   |            |
| "                             | M-POWER INFORMATION CO., LTD.           | "                      | Agency and sale of database system and professional service of software                                 | 28,541                       | 28,541                          | 4,343,015                        | 19.74         | 100,942    | 30,706  | 6,061  |            |
| "                             | ARES GROUP CORP.                        | Seychelles             | Investment business   | 35,029                       | 35,029                          | 1,500,000                        | 100.00        | 17,380 (   | 808) (  | 808)   | 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         | 3,631 (    | 2,177) (  | 1,066)   |            |
| "                             | WELJOIN TECHNOLOGIES LIMITED (BVI)      | British Virgin Islands | Investment business   | 26,177                       | 26,177                          | 50,000                           | 100.00        | 34,411 (   | 1,974) (  | 1,974)   | Subsidiary |
| ARES GROUP CORP.              | SHARP KEEN MANAGEMENT LIMITED           | "                      | "   | 34,115                       | 34,115                          | 1,120,000                        | 100.00        | 17,148 (   | 808)  | Note 3   | 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         | 17,083 (   | 3,234)  | 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 March 31, 2023' 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 three months ended March 31, 2023' 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 three months ended March 31, 2023' 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  
Three months ended March 31, 2023

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   |                            |                         | Ending balance of accumulated outflow of investment from Taiwan | Net income of investee for the three months ended March 31, 2023 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the three months ended March 31, 2023 (Note 2) | Book value of investments in Mainland China as of March 31, 2023 | Accumulated amount of investment income remitted back to Taiwan as of March 31, 2023 | Note   |
|--------------------------------|--|--------------------------|-------------------|--|----------------------------|-------------------------|---|--|--|---|--|--|--------|
|                                |  |                          |                   | Beginning balance of accumulated outflow of investment from Taiwan | Remitted to Mainland China | Remitted back to Taiwan |   |  |  |   |  |  |        |
| APLUSOFT (SUZHOU) CORPORATION. | Research and development of enterprise management software and sale of self-produce product of the Company | \$ 25,228                | Note1             | \$ 11,732  | -                          | -                       | \$ 11,732   | (\$ 1,990)   | 95.88  | (\$ 1,908)  | \$ 27,662  | \$ 13,443  | Note 4 |

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).

| Company name             | Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2023 | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) | Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA |
|--------------------------|---|--|---|
| Ares International Corp. | \$ 61,178   | \$ 81,995  | \$ 529,131  |

ARES INTERNATIONAL CORP. AND SUBSIDIARIES

Major shareholders information

March 31, 2023

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.