

**Ventec International Group Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements and Independent
Auditors' Review Report
For the Nine Months Ended September 30, 2022 and 2021**

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Notice to Reader:

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail

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INDEPENDENT AUDITORS' REVIEW REPORT

To Ventec International Group Co., Ltd.,

Introduction

We have reviewed the accompanying consolidated balance sheets of Ventec International Group Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of September 30, 2022 and 2021, the consolidated statements of comprehensive income for the three months and the nine months then ended, the consolidated statements of changes in equity and cash flows for the nine months then ended, as well as relevant notes to the consolidated statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Statement 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission. Our responsibility is to come to a conclusion on the consolidated financial statements based on our reviews.

Scope

Except for those described in the paragraph of basis of qualified conclusion, we concluded our reviews in accordance with Statements of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" A review of the consolidated financial statements consists of making inquiries (primarily of persons responsible for financial and accounting matters) and conducting analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

As stated in Note 11 to the consolidated financial statements, the total assets of non-material subsidiaries included in the above consolidated financial statements for the same periods not reviewed by us, as of September 30, 2022 and June 30, 2021, were NT\$760,162 thousand and NT\$770,946 thousand, respectively, accounting for 16% and 12% of the total consolidated assets, respectively. Their total liabilities were NT\$159,827 thousand and NT\$154,225 thousand, respectively, accounting for 9% and 5% of the total consolidated liabilities, respectively. For the three and the nine months ended September 30, 2022 and 2021, the total comprehensive income was NT\$995 thousand, NT\$12,940 thousand, NT\$2,919 thousand, and NT\$57,187 thousand, respectively, accounting for 1%, 6%, 1%, and 9% of the total consolidated comprehensive income, respectively.

Qualified conclusion

According to our review results, except that the financial statements of non-material subsidiaries described in the “Basis for qualified conclusion” paragraph may result in adjustment to the consolidated financial statements if reviewed by us, we have determined that the foregoing consolidated financial statements have been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC, providing a fair presentation of the Group’s consolidated financial position as of September 30, 2022 and 2021 as well as consolidated financial performance and consolidated cash flows for the three and the nine months ended September 30, 2022 and 2021.

Deloitte & Touche
CPA, Yi-Ching, Liu

CPA, Chun-Hung, Chen

Securities and Futures Commission

Securities and Futures Commission

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November 9, 2022

Ventec International Group Co., Ltd.
Ventec International Group Co., Ltd. and Its Subsidiaries
CONSOLIDATED BALANCE SHEETS

As of September 30, 2022, December 31, 2021, and September 30, 2021

Unit: In NT\$ thousands

Code	Assets	September 30, 2022 (reviewed)		December 31, 2021 (audited)		September 30, 2021 (reviewed)	
		Amount	%	Amount	%	Amount	%
Current assets							
1100	Cash and cash equivalents (Note 6)	\$ 538,277	11	\$ 491,638	8	\$ 534,909	8
1110	Financial assets at fair value through profit or loss - current (Note 7)	-	-	65,123	1	345	-
1136	Financial assets at amortized cost - current (Notes 8, 16, and 29)	228,273	5	180,644	3	62,859	1
1150	Notes receivable (Notes 9, 16, 20, and 29)	84,355	2	84,351	1	99,634	2
1170	Trade receivables (Notes 9 and 20)	1,436,310	30	2,382,890	39	2,526,930	40
1200	Other receivables (Note 9)	17,743	-	12,995	-	10,869	-
1220	Current tax assets (Note 4)	-	-	3,648	-	-	-
1310	Inventories (Notes 10 and 25)	984,640	21	1,420,866	23	1,397,581	22
1410	Prepayments	61,616	1	83,979	1	104,754	2
1479	Other current assets	670	-	-	-	23	-
11XX	Total current assets	<u>3,351,884</u>	<u>70</u>	<u>4,726,134</u>	<u>76</u>	<u>4,737,904</u>	<u>75</u>
Non-current assets							
1535	Financial assets at amortized cost - non-current (Note 8)	67,079	1	65,123	1	214,710	4
1600	Property, plants, and equipment (Notes 12, 16, 25, and 29)	1,037,627	22	1,058,150	17	1,051,191	17
1755	Right-of-use assets (Note 13)	189,350	4	212,186	4	180,613	3
1805	Goodwill (Note 14)	72,047	2	62,812	1	63,197	1
1801	Intangible assets (Notes 15 and 25)	10,224	-	12,319	-	13,297	-
1840	Deferred tax assets (Note 4)	28,582	1	30,630	1	22,602	-
1920	Refundable deposits	9,935	-	9,033	-	9,184	-
1990	Other non-current assets	11,540	-	16,263	-	12,037	-
15XX	Total non-current assets	<u>1,426,384</u>	<u>30</u>	<u>1,466,516</u>	<u>24</u>	<u>1,566,831</u>	<u>25</u>
1XXX	Total	<u>\$ 4,778,268</u>	<u>100</u>	<u>\$ 6,192,650</u>	<u>100</u>	<u>\$ 6,304,735</u>	<u>100</u>
LIABILITIES AND EQUITY							
Current liabilities							
2100	Short-term borrowings (Notes 8, 9, 16, and 29)	\$ 320,471	7	\$ 629,274	10	\$ 721,005	11
2170	Trade payables	462,567	10	1,317,430	21	1,560,246	25
2200	Other payables (Note 17)	494,521	10	646,178	11	579,150	9
2280	Lease liabilities - current (Note 13)	45,366	1	42,520	1	33,673	1
2230	Current tax liabilities (Note 4)	35,570	1	39,396	1	66,508	1
2320	Current portion of long-term borrowings (Notes 12, 16, and 29)	17,798	-	18,254	-	17,523	-
2399	Other current liabilities (Note 20)	5,375	-	3,901	-	3,112	-
21XX	Total current liabilities	<u>1,381,668</u>	<u>29</u>	<u>2,696,953</u>	<u>44</u>	<u>2,981,217</u>	<u>47</u>
Non-current liabilities							
2540	Long-term borrowings (Notes 12, 16, and 29)	107,598	2	120,137	2	125,239	2
2570	Deferred tax liabilities (Note 4)	118,734	3	152,422	2	151,467	3
2580	Lease liabilities - non-current (Note 13)	73,352	2	99,376	2	76,867	1
2640	Net defined benefit liabilities - non-current (Notes 4 and 18)	59,351	1	47,757	1	42,782	1
2670	Other non-current liabilities	21,614	-	25,430	-	25,173	-
25XX	Total non-current liabilities	<u>380,649</u>	<u>8</u>	<u>445,122</u>	<u>7</u>	<u>421,528</u>	<u>7</u>
2XXX	Total liabilities	<u>1,762,317</u>	<u>37</u>	<u>3,142,075</u>	<u>51</u>	<u>3,402,745</u>	<u>54</u>
EQUITY (Notes 4, 19, and 24)							
3100	Ordinary shares	714,543	15	714,543	12	714,543	11
3200	Capital surplus	886,111	18	886,111	14	886,111	14
Retained earnings							
3310	Legal reserve	237,252	5	154,737	2	154,737	3
3320	Special reserve	343,852	7	323,690	5	323,690	5
3350	Unappropriated earnings	945,864	20	1,148,122	19	1,031,223	16
3300	Total retained earnings	<u>1,526,968</u>	<u>32</u>	<u>1,626,549</u>	<u>26</u>	<u>1,509,650</u>	<u>24</u>
Other equity							
3410	Exchange differences on translating the financial statements of foreign operations	(94,177)	(2)	(143,852)	(2)	(170,330)	(3)
3490	Unearned employee benefits	(17,494)	-	(32,776)	(1)	(37,984)	-
3400	Total other equity	<u>(111,671)</u>	<u>(2)</u>	<u>(176,628)</u>	<u>(3)</u>	<u>(208,314)</u>	<u>(3)</u>
3XXX	Total equity	<u>3,015,951</u>	<u>63</u>	<u>3,050,575</u>	<u>49</u>	<u>2,901,990</u>	<u>46</u>
Total		<u>\$ 4,778,268</u>	<u>100</u>	<u>\$ 6,192,650</u>	<u>100</u>	<u>\$ 6,304,735</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the review report issued by Deloitte & Touche on November 9, 2022)

Chairman: Kai-Lu Lao

Manager: Chien-Jen Chung

Chief Accounting Officer: Chiao-Wei Tu

Ventec International Group Co., Ltd.
Ventec International Group Co., Ltd. and Its Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND THE SIX MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Reviewed only, not audited in accordance with generally accepted auditing standards.)

Unit: (In Thousands of NTD, except earnings per share, which is in NTD)

Code		July 1 to September 30, 2022		July 1 to September 30, 2021		January 1, 2022 to September 30, 2022		January 1, 2021 to September 30, 2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4100	Sales (Note 20 and 33)	\$ 1,211,181	100	\$ 2,047,128	100	\$ 4,386,433	100	\$ 5,768,888	100
5110	Cost of sales (Notes 10 and 21)	<u>858,625</u>	<u>71</u>	<u>1,427,199</u>	<u>69</u>	<u>3,187,555</u>	<u>73</u>	<u>3,904,025</u>	<u>68</u>
5900	Gross profit	<u>352,556</u>	<u>29</u>	<u>619,929</u>	<u>31</u>	<u>1,198,878</u>	<u>27</u>	<u>1,864,863</u>	<u>32</u>
	Operating expenses (Note 21)								
6100	Sales and marketing expenses	138,866	11	189,244	9	457,736	10	532,111	9
6200	General and administrative expenses	49,703	4	78,469	4	171,257	4	230,543	4
6300	Research and development expenses	51,864	4	56,714	3	178,117	4	155,118	3
6450	Expected credit loss recognized on trade receivables (gain on reversal)	(<u>3,222</u>)	<u>-</u>	<u>1,448</u>	<u>-</u>	(<u>2,996</u>)	<u>-</u>	<u>1,784</u>	<u>-</u>
6000	Total operating expenses	<u>237,211</u>	<u>19</u>	<u>325,875</u>	<u>16</u>	<u>804,114</u>	<u>18</u>	<u>919,556</u>	<u>16</u>
6900	Net operating income	<u>115,345</u>	<u>10</u>	<u>294,054</u>	<u>15</u>	<u>394,764</u>	<u>9</u>	<u>945,307</u>	<u>16</u>
	Non-operating income and expenses (Notes 7 and 21)								
7100	Interest income	1,272	-	437	-	4,014	-	1,054	-
7010	Other income	4,036	-	9,173	-	13,918	-	10,805	-
7020	Other gains and losses	16,134	1	(1,638)	-	32,499	1	(21,858)	-
7510	Interest expense	(<u>5,094</u>)	<u>-</u>	(<u>3,260</u>)	<u>-</u>	(<u>12,475</u>)	<u>-</u>	(<u>8,459</u>)	<u>-</u>
7000	Total non-operating income and expenses	<u>16,348</u>	<u>1</u>	<u>4,712</u>	<u>-</u>	<u>37,956</u>	<u>1</u>	(<u>18,458</u>)	<u>-</u>
7900	Net income before tax	131,693	11	298,766	15	432,720	10	926,849	16
7950	Income tax expense (Notes 4 and 22)	<u>16,951</u>	<u>1</u>	<u>71,416</u>	<u>4</u>	<u>60,702</u>	<u>1</u>	<u>218,602</u>	<u>4</u>
8200	Net income for this period	<u>114,742</u>	<u>10</u>	<u>227,350</u>	<u>11</u>	<u>372,018</u>	<u>9</u>	<u>708,247</u>	<u>12</u>
	Other comprehensive income								
8310	Items that will not be reclassified subsequently to profit or loss:								
8341	Exchange differences arising in translation to the presentation currency	273,054	22	(913)	-	399,792	9	(59,392)	(1)
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translating the financial statements of foreign operations	(<u>257,050</u>)	(<u>21</u>)	(<u>15,770</u>)	(<u>1</u>)	(<u>350,117</u>)	(<u>8</u>)	<u>12,752</u>	<u>-</u>
8300	Other comprehensive income for this period	<u>16,004</u>	<u>1</u>	(<u>16,683</u>)	(<u>1</u>)	<u>49,675</u>	<u>1</u>	(<u>46,640</u>)	(<u>1</u>)
8500	Total comprehensive income for this period	<u>\$ 130,746</u>	<u>11</u>	<u>\$ 210,667</u>	<u>10</u>	<u>\$ 421,693</u>	<u>10</u>	<u>\$ 661,607</u>	<u>11</u>
	Earnings per share (Note 23)								
9750	Basic	<u>\$ 1.62</u>		<u>\$ 3.22</u>		<u>\$ 5.26</u>		<u>\$ 10.02</u>	
9850	Diluted	<u>\$ 1.60</u>		<u>\$ 3.17</u>		<u>\$ 5.16</u>		<u>\$ 9.87</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the review report issued by Deloitte & Touche on November 9, 2022)

Chairman: Kai-Lu Lao

Manager: Chien-Jen Chung

Chief Accounting Officer: Chiao-Wei Tu

Ventec International Group Co., Ltd.
Ventec International Group Co., Ltd. and Its Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Reviewed only, not audited in accordance with generally accepted auditing standards.)

Unit: In NT\$ thousands

Code		Ordinary shares (Note 19)		Retained earnings (Note 19)			Other equity items (Notes 11, 19, and 24)			
		Shares (in thousands)	Amount	Capital surplus (Note 19)	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unearned employee benefits	Total equity
A1	Balance on January 1, 2021	71,454	\$ 714,543	\$ 886,111	\$ 117,549	\$ 395,706	\$ 516,802	(\$ 123,690)	(\$ 53,436)	\$ 2,453,585
	Appropriation of 2020 earnings									
B1	Legal reserve	-	-	-	37,188	-	(37,188)	-	-	-
B3	Special reserve	-	-	-	-	(72,016)	72,016	-	-	-
B5	Cash dividends distributed by the Company to shareholders	-	-	-	-	-	(228,654)	-	-	(228,654)
D1	Net income for the nine months ended September 30, 2021	-	-	-	-	-	708,247	-	-	708,247
D3	Other comprehensive income after tax for the nine months ended September 30, 2021	-	-	-	-	-	-	(46,640)	-	(46,640)
D5	Total comprehensive income for the nine months ended September 30, 2021	-	-	-	-	-	708,247	(46,640)	-	661,607
N1	Issuance of ordinary shares under employee restricted shares	-	-	-	-	-	-	-	15,452	15,452
Z1	Balance on September 30, 2021	<u>71,454</u>	<u>\$ 714,543</u>	<u>\$ 886,111</u>	<u>\$ 154,737</u>	<u>\$ 323,690</u>	<u>\$ 1,031,223</u>	<u>(\$ 170,330)</u>	<u>(\$ 37,984)</u>	<u>\$ 2,901,990</u>
A1	Balance on January 1, 2022	71,454	\$ 714,543	\$ 886,111	\$ 154,737	\$ 323,690	\$ 1,148,122	(\$ 143,852)	(\$ 32,776)	\$ 3,050,575
	Appropriation of 2021 earnings									
B1	Legal reserve	-	-	-	82,515	-	(82,515)	-	-	-
B3	Special reserve	-	-	-	-	20,162	(20,162)	-	-	-
B5	Cash dividends distributed by the Company to shareholders	-	-	-	-	-	(471,599)	-	-	(471,599)
D1	Net income for the nine months ended September 30, 2022	-	-	-	-	-	372,018	-	-	372,018
D3	Other comprehensive income after tax for the nine months ended September 30, 2022	-	-	-	-	-	-	49,675	-	49,675
D5	Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	372,018	49,675	-	421,693
N1	Issuance of ordinary shares under employee restricted shares	-	-	-	-	-	-	-	15,282	15,282
Z1	Balance on September 30, 2022	<u>71,454</u>	<u>\$ 714,543</u>	<u>\$ 886,111</u>	<u>\$ 237,252</u>	<u>\$ 343,852</u>	<u>\$ 945,864</u>	<u>(\$ 94,177)</u>	<u>(\$ 17,494)</u>	<u>\$ 3,015,951</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the review report issued by Deloitte & Touche on November 9, 2022)
Manager: Chien-Jen Chung

Chairman: Kai-Lu Lao

Chief Accounting Officer: Chiao-Wei Tu

Ventec International Group Co., Ltd.

Ventec International Group Co., Ltd. and Its Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

Unit: In NT\$ thousands

Code		January 1, 2022 to September 30, 2022	January 1, 2021 to September 30, 2021
	Cash flows from operating activities		
A10000	Net income before tax for this period	\$ 432,720	\$ 926,849
A20010	Adjustments for		
A20100	Depreciation expenses	146,852	129,696
A20200	Amortization expenses	1,943	95
A20300	Expected credit loss recognized on trade receivables (gain on reversal)	(2,996)	1,784
A20400	Net gain on financial assets and liabilities at fair value through profit or loss (FVTPL)	(558)	-
A20900	Interest expense	12,475	8,459
A21200	Interest income	(4,014)	(1,054)
A21900	Compensation cost of employee restricted shares	15,282	15,452
A22500	Net loss on disposal of property, plants, and equipment	141	2,189
A22900	Gain on disposal of right-of-use assets	(1)	(19)
A23800	Inventory valuation and obsolescence losses (gain on value recovery)	13,448	(1,930)
A24100	Net gain on foreign currency exchange	(27,212)	(40,358)
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at FVTPL	-	20,526
A31130	Notes receivable	1,366	(62,447)
A31150	Trade receivables	1,037,716	(1,168,999)
A31180	Other receivables	(4,361)	(4,571)
A31200	Inventories	450,995	(571,078)
A31230	Prepayments	24,973	(46,523)
A31240	Other current assets	65	17
A32110	Financial liabilities at FVTPL	-	(173)
A32150	Trade payables	(885,818)	713,062
A32180	Other payables	(173,459)	173,477
A32230	Other current liabilities	1,397	10
A32240	Net defined benefit liabilities	4,217	3,284
A33000	Net cash inflows from operations	1,045,171	97,748
A33100	Interest received	4,014	1,054

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Code		January 1, 2022 to September 30, 2022	January 1, 2021 to September 30, 2021
A33300	Interest paid	(\$ 12,176)	(\$ 7,812)
A33500	Income tax paid	(109,291)	(97,850)
AAAA	Net cash inflow (outflow) from operating activities	<u>927,718</u>	<u>(6,860)</u>
	Cash flows from investing activities		
B00200	Disposal of financial assets at FVTPL	67,780	-
B00400	Purchase of financial assets at amortized cost	-	(64,361)
B02200	Net cash outflow from the acquisition business (Note 25)	-	(51,304)
B02700	Payments for property, plants, and equipment	(70,304)	(124,594)
B02800	Proceeds from disposal of property, plants, and equipment	672	1,441
B03700	(Increase) decrease in refundable deposits	(560)	599
B06500	Increase in restricted bank deposits	(38,034)	(23,142)
B06800	Decrease in other non-current assets	<u>70</u>	<u>151</u>
BBBB	Net cash outflow from investing activities	<u>(40,376)</u>	<u>(261,210)</u>
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term borrowings	(372,462)	480,751
C01600	Proceeds from long-term borrowings	-	924
C01700	Repayments of long-term borrowings	(13,155)	(12,542)
C03100	Increase (decrease) in guarantee deposits received	(426)	173
C04020	Repayments of the principal portion of lease liabilities	(35,765)	(31,889)
C04300	Decrease in other non-current liabilities	(44)	(113)
C04500	Dividends paid to owners of the Company	<u>(470,903)</u>	<u>(228,654)</u>
CCCC	Net cash inflow (outflow) from financing activities	<u>(892,755)</u>	<u>208,650</u>
DDDD	Effects of exchange rate changes on cash and cash equivalents	<u>52,052</u>	<u>41,104</u>
EEEE	Net increase (decrease) in cash and cash equivalents	46,639	(18,316)
E00100	Opening balance of cash and cash equivalents	<u>491,638</u>	<u>553,225</u>
E00200	Ending balance of cash and cash equivalents	<u>\$ 538,277</u>	<u>\$ 534,909</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the review report issued by Deloitte & Touche on November 9, 2022)

Chairman: Kai-Lu Lao

Manager: Chien-Jen Chung

Chief Accounting Officer: Chiao-Wei Tu

Ventec International Group Co., Ltd.

Ventec International Group Co., Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(Reviewed only, not audited in accordance with generally accepted auditing standards.)

(In thousands of NTD, unless stated otherwise)

1. GENERAL INFORMATION

Ventec International Group Co., Ltd. (the “Company”), a holding company of all the merged entities, was incorporated in the Cayman Islands in October 2012. The Company’s ordinary shares have been listed on Taiwan Stock Exchange since April 2019.

The Company and its subsidiaries, collectively referred to as the “Group”, mainly engaged in research and development, production and sale of copper clad laminate (CCL), aluminum-backed laminate (IMS), and prepreg.

The functional currency of the Company is U.S. dollars. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on November 9, 2022.

3. APPLICATION OF NEW, AMENDED, AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023

<u>New, Amended, and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note 3)

- Note 1: The amendments will be applied for annual reporting periods beginning on January 1, 2023.
- Note 2: The amendments are applicable to changes in accounting estimates, and changes in accounting policies that occur during annual reporting periods beginning on January 1, 2023.
- Note 3: The amendments apply to transactions occurring on or after January 1, 2022, except for the temporary differences between leases and decommissioning obligations recognized in deferred income tax on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance. The Group will disclose relevant impacts when the assessment is completed.

c. New IFRSs is issued but not yet endorsed and issued by the FSC

<u>New, Amended, and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sales or Contributions of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the afore mentioned new IFRSs are effective for annual reporting periods at the beginning of or after their respective effective dates.

Note 2: The seller and lessee shall apply the amendments to IFRS 16 retrospectively to the sale and leaseback carried out after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impacts the application of other standards and interpretations will have on the Group's financial position and financial performance. The results will be disclosed when the assessment is completed.

4. A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statements of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and

IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. The consolidated financial statements do not contain all the data to be disclosed in the annual financial statements as required by the IFRSs.

b. Basis of preparation

The consolidated financial statements have been prepared based on past costs on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation which are less than the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3, are based on the degree to which the fair value measurement inputs are detectable and the significance of inputs to the fair value measurement in its entirety. The fair value measurements are described as follows:

- 1) Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs: Undetectable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. The total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 11 and Tables 5 and 6 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

In addition to the description below, please refer to the summary of significant accounting policies in the 2021 consolidated financial statements.

1) Defined post-retirement benefits

The interim pension cost is calculated based on the accurately calculated pension cost rate at the end date of the previous financial year for the period from the beginning of the year to the end of the period. It is subject to major market fluctuations, major plan revisions, liability settlement, or other major one-off events during this period.

2) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax for the interim period is calculated on an annual basis based on the income before tax for the interim period at the tax rate that applies to the estimated total annual earnings.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND MAJOR SOURCES OF ESTIMATING UNCERTAINTY

Please refer to the consolidated financial statements in 2021 for significant accounting judgments and major sources of estimating uncertainty adopted for these consolidated financial statements.

6. Cash and cash equivalents

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand and petty cash	\$ 172	\$ 158	\$ 169
Checking accounts and demand deposits	257,714	479,324	456,156
Cash equivalents			
Time deposits	<u>280,391</u>	<u>12,156</u>	<u>78,584</u>
	<u>\$ 538,277</u>	<u>\$ 491,638</u>	<u>\$ 534,909</u>

The interest rate of time deposits was 1.75%-1.76%, 1.76%, and 1.76% per annum as of September 30, 2022, December 31, 2021, and September 30, 2021.

7. Financial instruments at FVTPL - current (September 30, 2022: None)

	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	\$ -	\$ 345
Hybrid financial assets		
- structured time deposits	<u>65,123</u>	<u>-</u>
	<u>\$ 65,123</u>	<u>\$ 345</u>

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows (December 31, 2021: None):

September 30, 2021

	<u>Currency</u>	<u>Duration</u>	<u>Notional amount (in NT\$ thousands)</u>
Sell	USD/RMB	2021.12.24-2021.12.31	USD 2,000/RMB 13,051

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These contracts did not meet the criteria for hedge accounting. Therefore, the Group did not apply a hedge accounting treatment for these contracts.

The Group signed a three-month structured time deposit contract with a bank. The structured time deposit includes an embedded derivative that is not closely associated with the host contract. As the host contract contained in a hybrid contract is an asset within the scope of IFRS 9, the hybrid contract as a whole is mandatorily classified as at FVTPL. The earning yields as of December 31, 2021 ranged from 1.30% to 3.65%.

8. Financial assets at amortized cost

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Current</u>			
Restricted bank deposits	\$ 71,754	\$ 28,691	\$ 62,859
Time deposits	156,519	151,953	-
	<u>\$ 228,273</u>	<u>\$ 180,644</u>	<u>\$ 62,859</u>
<u>Non-current</u>			
Time deposits	<u>\$ 67,079</u>	<u>\$ 65,123</u>	<u>\$ 214,710</u>

As of September 30, 2022, December 31, 2021, and September 30, 2021, the information on bank time deposit durations and interest rate range are as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Due date	October 2022 to March 2024	October 2022 to March 2024	October 2022 to March 2024
Annual rate of interest	3.15%~3.99%	3.15%~3.99%	3.15%~3.91%

9. Notes receivable, trade receivables, and other receivables

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 84,355</u>	<u>\$ 84,351</u>	<u>\$ 99,634</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,461,278	\$ 2,411,693	\$ 2,554,387
Less: Allowance for impairment loss	(24,968)	(28,803)	(27,457)
	<u>\$ 1,436,310</u>	<u>\$ 2,382,890</u>	<u>\$ 2,526,930</u>
<u>Other receivables</u>			
Tax refund receivables	\$ 656	\$ 1,538	\$ 1,373
Others	17,087	11,457	9,496
	<u>\$ 17,743</u>	<u>\$ 12,995</u>	<u>\$ 10,869</u>

1) Trade receivables

The Group's credit period of sales of goods ranges from 120 days to 150 days. No interest was charged on trade receivables due to a short period of credit grant. In order to minimize credit risk, the management team of the Group has delegated a team responsible for determining credit limits and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. It takes into account the general economic conditions of the industry in which the debtors operate and considers the assessment of both the current and forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. The Group still continues to engage in enforcement activities to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

September 30, 2022

	Not Past Due	Less than 90 days	91 to 180 Days	Over 181 Days	Total
Gross carrying amount	\$ 1,427,134	\$ 13,763	\$ 1,508	\$ 18,873	\$ 1,461,278
Allowance for losses (lifetime ECLs)	(5,476)	(822)	(452)	(18,218)	(24,968)
Amortized cost	<u>\$ 1,421,658</u>	<u>\$ 12,941</u>	<u>\$ 1,056</u>	<u>\$ 655</u>	<u>\$ 1,436,310</u>

December 31, 2021

	Not Past Due	Less than 90 Days	91 to 180 Days	Over 181 Days	Total
Gross carrying amount	\$ 2,373,441	\$ 15,924	\$ 2,779	\$ 19,549	\$ 2,411,693
Allowance for losses (lifetime ECLs)	(7,660)	(1,148)	(834)	(19,161)	(28,803)
Amortized cost	<u>\$ 2,365,781</u>	<u>\$ 14,776</u>	<u>\$ 1,945</u>	<u>\$ 388</u>	<u>\$ 2,382,890</u>

September 30, 2021

	Not Past Due	Less than 90 Days	91 to 180 Days	Over 181 Days	Total
Gross carrying amount	\$ 2,516,339	\$ 18,729	\$ 1,017	\$ 18,302	\$ 2,554,387
Allowance for losses (lifetime ECLs)	(7,888)	(967)	(303)	(18,299)	(27,457)
Amortized cost	<u>\$ 2,508,451</u>	<u>\$ 17,762</u>	<u>\$ 714</u>	<u>\$ 3</u>	<u>\$ 2,526,930</u>

The movements of the allowance for losses of trade receivables were as follows:

	<u>January 1, 2022 to September 30, 2022</u>	<u>January 1, 2021 to September 30, 2021</u>
Opening balance	\$ 28,803	\$ 26,542
Add: Allowance for impairment losses (reversed) for this period	(2,996)	1,784
Less: Amounts written off for this period	(1,377)	-
Foreign exchange gains and losses	<u>538</u>	<u>(869)</u>
Ending balance	<u>\$ 24,968</u>	<u>\$ 27,457</u>

Refer to Note 27 for details on the factoring agreements for trade receivables.

Notes receivable that are pledged as collateral for bank borrowings are set out in Note 29.

2) Other receivables

For other receivables as of September 30, 2022, December 31, 2021, and September 30, 2021, ECLs did not need to be recognized as per the Group's assessment.

10. Inventories

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Finished goods	\$ 537,882	\$ 633,327	\$ 590,912
Work in progress	70,514	145,346	136,405
Raw materials	<u>376,244</u>	<u>642,193</u>	<u>670,264</u>
	<u>\$ 984,640</u>	<u>\$ 1,420,866</u>	<u>\$ 1,397,581</u>

The costs of sales related to inventories for the three and the nine months ended September 30, 2022 and 2021 were NT\$858,625 thousand, NT\$1,427,199 thousand, NT\$3,187,555 thousand, and NT\$3,904,025 thousand, respectively. The cost of goods sold included inventory valuation and obsolescence losses (gains on price recovery) of NT\$(1,312) thousand, NT\$998 thousand, NT\$13,448 thousand, and NT\$(1,930) thousand, respectively. The recovery of the net realizable value of inventories was due to an increase in the selling prices of inventories in specific markets.

11. Subsidiaries:

Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Nature of business activities	Proportion of ownership (%)		
			September 30, 2022	December 31, 2021	September 30, 2021
Ventec International Group Co., Ltd. ("VIG CAYMAN")	Ventec International Group Company Limited (SAMOA) ("VIG SAMOA")	General investment	100.00%	100.00%	100.00%
VIG SAMOA	Ventec International Group Limited (HK) ("VIG HK")	General investment	100.00%	100.00%	100.00%
"	Ventec Logistics Limited ("VLL")	General investment	100.00%	100.00%	100.00%
"	Ventec Electronics (HK) Co., Ltd. ("VT HK")	International trade	100.00%	100.00%	100.00%
"	Ventec Electronics Corporation ("VT TW") (Note)	Manufacturing and sale of CCL, IMS, and prepreg	100.00%	100.00%	100.00%
"	Ventec Europe Ltd. ("VT UK")	Sale of CCL, IMS, and prepreg	100.00%	100.00%	100.00%
"	Ventec Central Europe GmbH. ("VT DE")	Sale of CCL, IMS, and prepreg	100.00%	100.00%	100.00%
VIG HK	Ventec Electronics (Suzhou) Co., Ltd. ("VT SZ")	Research and development, manufacturing, and sale of CCL, IMS, and prepreg	100.00%	100.00%	100.00%
"	Ventec Electronics (Jiangyin) Co., Ltd. ("VT JY")	Manufacturing and sale of CCL, IMS, and prepreg	100.00%	100.00%	100.00%
VT SZ	Ventec Electronics (Shenzhen) Co., Ltd. ("VT SZWT")	Manufacturing and sale of CCL, IMS, and prepreg	100.00%	100.00%	100.00%
VLL	Ventec USA LLC ("VT USA")	Sale of CCL, IMS, and prepreg	100.00%	100.00%	100.00%

Note 1: On March 12, 2021, the board of directors of VT TW (who represent shareholders and supervise the Company) passed a resolution for capital reduction and return of capital in the amount of NT\$75,000 thousand. The recording date of capital reduction was on April 28, 2021.

Note 2: In order to adjust the subsidiary's capital structure, the board of directors of VT SZWT passed a resolution to reduce their cash capital by 1,200 thousand RMB in April 2022 and completed the change registration procedure on June 8, 2022.

VT UK, VT DE, and VT USA are non-material subsidiaries, and their financial statements were not reviewed by a CPA.

12. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and machinery in transit	Total
<u>Cost</u>								
Balance on January 1, 2022	\$ 118,840	\$ 503,654	\$ 1,867,047	\$ 39,920	\$ 53,318	\$ 138,657	\$ 15,017	\$ 2,736,453
Additions	-	223	10,731	1,324	295	5,079	43,310	60,962
Reclassification	-	-	48,324	-	800	3,824	(47,840)	5,108
Disposals	-	(450)	(2,736)	(472)	-	(2,745)	-	(6,403)
Foreign exchange gains and losses	-	<u>10,925</u>	<u>50,881</u>	<u>1,793</u>	<u>1,560</u>	<u>4,063</u>	<u>2,326</u>	<u>71,548</u>
Balance on September 30, 2022	<u>118,840</u>	<u>514,352</u>	<u>1,974,247</u>	<u>42,565</u>	<u>55,973</u>	<u>148,878</u>	<u>12,813</u>	<u>2,867,668</u>
<u>Accumulated depreciation</u>								
Balance on January 1, 2022	-	199,745	1,346,660	23,895	19,997	88,006	-	1,678,303
Depreciation expenses	-	16,904	69,055	4,384	8,561	10,423	-	109,327
Disposals	-	(450)	(2,361)	(427)	-	(2,352)	-	(5,590)
Foreign exchange gains and losses	-	<u>4,978</u>	<u>38,224</u>	<u>1,193</u>	<u>882</u>	<u>2,724</u>	-	<u>48,001</u>
Balance on September 30, 2022	-	<u>221,177</u>	<u>1,451,578</u>	<u>29,045</u>	<u>29,440</u>	<u>98,801</u>	-	<u>1,830,041</u>
Net amount on September 30, 2022	<u>\$ 118,840</u>	<u>\$ 293,175</u>	<u>\$ 522,669</u>	<u>\$ 13,520</u>	<u>\$ 26,533</u>	<u>\$ 50,077</u>	<u>\$ 12,813</u>	<u>\$ 1,037,627</u>
Net amount on December 31, 2021 and January 1, 2022	<u>\$ 118,840</u>	<u>\$ 303,909</u>	<u>\$ 520,387</u>	<u>\$ 16,025</u>	<u>\$ 33,321</u>	<u>\$ 50,651</u>	<u>\$ 15,017</u>	<u>\$ 1,058,150</u>
<u>Cost</u>								
Balance on January 1, 2021	\$ 118,840	\$ 512,255	\$ 1,866,728	\$ 34,952	\$ 24,403	\$ 118,688	\$ 55,260	\$ 2,731,126
Additions	-	-	14,371	4,422	10,720	11,060	88,004	128,577
Reclassification	-	-	65,482	947	17,261	8,900	(91,816)	774
Disposals	-	(6,632)	(45,667)	(1,449)	(153)	(6,321)	-	(60,222)
Acquired through business combination (Note 25)	-	-	10,505	-	404	49	-	10,958
Foreign exchange gains and losses	-	(5,932)	(68,413)	(1,272)	(1,074)	(3,640)	(1,200)	(81,531)
Balance on September 30, 2021	<u>118,840</u>	<u>499,691</u>	<u>1,843,006</u>	<u>37,600</u>	<u>51,561</u>	<u>128,736</u>	<u>50,248</u>	<u>2,729,682</u>
<u>Accumulated depreciation</u>								
Balance on January 1, 2021	-	184,849	1,401,885	21,814	12,312	85,509	-	1,706,369
Depreciation expenses	-	16,668	63,293	3,246	4,952	8,132	-	96,291
Disposals	-	(6,535)	(42,618)	(1,351)	(118)	(5,970)	-	(56,592)
Foreign exchange gains and losses	-	(2,499)	(60,647)	(991)	(328)	(3,112)	-	(67,577)
Balance on September 30, 2021	-	<u>192,483</u>	<u>1,361,913</u>	<u>22,718</u>	<u>16,818</u>	<u>84,559</u>	-	<u>1,678,491</u>
Net amount on September 30, 2021	<u>\$ 118,840</u>	<u>\$ 307,208</u>	<u>\$ 481,093</u>	<u>\$ 14,882</u>	<u>\$ 34,743</u>	<u>\$ 44,177</u>	<u>\$ 50,248</u>	<u>\$ 1,051,191</u>

According to the Group's assessment, there was no sign of impairment for property, plant and equipment on September 30, 2022, December 31, 2021, and September 30, 2021.

The above items of property, plants, and equipment are depreciated on a straight-line basis over their estimated useful lives and detailed as follows:

Buildings	
Main buildings	10 to 35 years
Engineering system	2 to 8 years
Machinery and equipment	
Electromechanical power equipment	4 to 15 years
Repair project	2 to 5 years
Office equipment	
Computer equipment	3 to 10 years
Office furniture	3 to 5 years
Leasehold improvements	3 to 9 years
Other equipment	
R&D equipment	3 to 12 years
Transportation equipment	5 to 8 years
Miscellaneous equipment	3 to 12 years

Property, plants, and equipment pledged as collateral for bank borrowings are set out in Note 29.

13. Lease arrangements

a. Right-of-use assets

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amounts of right-of-use assets			
Land	\$ 74,176	\$ 71,085	\$ 70,947
Buildings	106,115	128,507	95,163
Office equipment	132	128	159
Transportation equipment	<u>8,927</u>	<u>12,466</u>	<u>14,344</u>
	<u>\$ 189,350</u>	<u>\$ 212,186</u>	<u>\$ 180,613</u>
	July 1 to September 30, 2022	July 1 to September 30, 2021	January 1, 2022 to September 30, 2022
Addition to right-of-use assets			January 1, 2021 to September 30, 2021
			<u>\$ 9,992</u>
			<u>\$ 12,660</u>
Depreciation charge for right-of-use assets			
Land	\$ 666	\$ 637	\$ 1,994
Buildings	9,915	8,146	29,355
Office equipment	34	34	100
Transportation equipment	<u>1,897</u>	<u>1,895</u>	<u>6,076</u>
	<u>\$ 12,512</u>	<u>\$ 10,712</u>	<u>\$ 33,405</u>

Except for the additional and depreciation expenses, the right-of-use assets of the Group were not significantly subleased or impaired during the nine months ended September 30, 2022 and 2021.

b. Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amounts			
Current	<u>\$ 45,366</u>	<u>\$ 42,520</u>	<u>\$ 33,673</u>
Non-current	<u>\$ 73,352</u>	<u>\$ 99,376</u>	<u>\$ 76,867</u>

Range of discount rates for lease liabilities was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Land	1.43%	1.60%	1.60%
Buildings	1.60%	1.60%	1.60%
Office equipment	1.35%~1.60%	1.60%	1.60%
Transportation equipment	0.43%~1.60%	0.43%~1.60%	0.43%~1.60%

c. Material lease-in activities and terms

The Group leases certain land and buildings for the use of product manufacturing and office space with lease terms of 2 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	July 1 to September 30, 2022	July 1 to September 30, 2021	January 1, 2022 to September 30, 2022	January 1, 2021 to September 30, 2021
Expenses relating to low-value asset leases	\$ -	\$ 14	\$ -	\$ 44
Total cash outflow for leases			\$ 36,792	\$ 32,569

The Group has concluded to recognize an exemption of other equipment leases that qualify as low-value asset leases but they do not recognize right-of-use assets and lease liabilities for these leases.

14. Goodwill

<u>Cost</u>	January 1, 2022 to September 30, 2022	January 1, 2021 to September 30, 2021
Opening balance	\$ 62,812	\$ 64,627
Net exchange difference	9,235	(1,430)
Ending balance	<u>\$ 72,047</u>	<u>\$ 63,197</u>

In September 2021, the Group acquired the assets and operations of the printed circuit board business of Holders Technology Plc., and continued to run the business. According to the Group's assessment, the acquired business and the recognized amortized goodwill belong to the same cash-generating unit. Therefore, the assets acquired on the acquisition date were included in the cash-generating unit of the amortized goodwill from the acquisition date. Please refer to Note 25 for the information on business combinations.

The Group assesses the recoverable amount of goodwill at the end of the annual reporting period and uses the value in use as the basis for calculating the recoverable amount. The calculation of value in use at the end of 2021 and 2020 is based on projected cash flow of each cash-generating unit over the next five years and is calculated using discount rates of 14.90% and 13.60%, respectively, to reflect specific risks of the relevant cash-generating unit. The recoverable amount of goodwill at the end of 2021 and 2020 was estimated to be NT\$258,861 thousand and NT\$105,937 thousand, respectively, which were still greater than the carrying amounts. Therefore, no impairment loss was recognized. Moreover, as of 2021 until September 30, 2022, there was no sign of impairment loss.

15. Intangible assets

	<u>Computer software</u>	<u>Customer relationship</u>	<u>Total</u>
<u>Cost</u>			
Balance on January 1, 2022	\$ 1,944	\$ 12,939	\$ 14,883
Net exchange difference	(4)	(171)	(175)
Balance on September 30, 2022	<u>\$ 1,940</u>	<u>\$ 12,768</u>	<u>\$ 14,708</u>
<u>Accumulated amortization</u>			
Balance on January 1, 2022	\$ 1,917	\$ 647	\$ 2,564
Amortization expenses	17	1,926	1,943
Net exchange difference	(3)	(20)	(23)
Balance on September 30, 2022	<u>\$ 1,931</u>	<u>\$ 2,553</u>	<u>\$ 4,484</u>
Net amount on September 30, 2022	<u>\$ 9</u>	<u>\$ 10,215</u>	<u>\$ 10,224</u>
Net amounts on January 1, 2022 and December 31, 2021	<u>\$ 27</u>	<u>\$ 12,292</u>	<u>\$ 12,319</u>
<u>Cost</u>			
Balance on January 1, 2021	\$ 3,066	\$ -	\$ 3,066
Acquired through business combination (Note 25)	-	13,282	13,282
Net exchange difference	(182)	(19)	(201)
Balance on September 30, 2021	<u>\$ 2,884</u>	<u>\$ 13,263</u>	<u>\$ 16,147</u>
<u>Accumulated amortization</u>			
Balance on January 1, 2021	\$ 2,936	\$ -	\$ 2,936
Amortization expenses	95	-	95
Net exchange difference	(181)	-	(181)
Balance on September 30, 2021	<u>\$ 2,850</u>	<u>\$ -</u>	<u>\$ 2,850</u>
Net amount on September 30, 2021	<u>\$ 34</u>	<u>\$ 13,263</u>	<u>\$ 13,297</u>

Amortization expenses are calculated on a straight-line basis over the following years in service:

Computer software	3 to 5 years
Customer relationship	5 years

16. Borrowings

a. Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Secured borrowings</u>			
Bank loans	\$ 56,718	\$ 319,265	\$ 527,951
Notes receivable financing	17,535	15,390	30,000
<u>Unsecured borrowings</u>			
Bank loans	<u>246,218</u>	<u>294,619</u>	<u>163,054</u>
	<u>\$ 320,471</u>	<u>\$ 629,274</u>	<u>\$ 721,005</u>

As of September 30, 2022, December 31, 2021, and September 30, 2021, the ranges of interest rates on short-term borrowings were 0.65% - 4.80%, 0.64% - 4.80%, and 0.66% - 4.80%, respectively.

b. Long-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Taiwan Cooperative Bank</u>			
Secured borrowings: From 2019/07/31 to 2034/07/31, each month is considered 1 period, divided into 180 installments	\$ 106,630	\$ 112,751	\$ 114,788
Secured borrowings: From 2019/08/12 to 2024/08/12, each month is considered 1 period, divided into 60 installments	17,629	24,398	26,641
<u>Nissan Motor Acceptance Corporatic</u>			
Secured borrowings: From 2020/02/12 to 2025/01/12, each month is considered 1 period, divided into 59 installments	432	498	542
<u>Toyota Forklift</u>			
Secured borrowings: From 2021/02/05 to 2026/02/05, each month is considered 1 period, divided into 60 installments	<u>705</u>	<u>744</u>	<u>791</u>
	125,396	138,391	142,762
Less: Current portion	(<u>17,798</u>)	(<u>18,254</u>)	(<u>17,523</u>)
	<u>\$ 107,598</u>	<u>\$ 120,137</u>	<u>\$ 125,239</u>

As of September 30, 2022, December 31, 2021, and September 30, 2021, the ranges of interest rate on long-term borrowings were 1.38% - 4.21%, 1.35% - 4.21%, and 1.35% - 4.21%, respectively.

Refer to Note 29 for details of borrowings secured by guarantee.

17. Other payables

	September 30, 2022	December 31, 2021	September 30, 2021
Payables for salaries or bonuses	\$ 241,356	\$ 356,910	\$ 307,770
Payables for taxes	33,217	40,529	39,616
Payables for social security or provident funds	30,639	28,091	28,807
Payables for construction and equipment	22,954	31,436	24,389
Others	<u>166,355</u>	<u>189,212</u>	<u>178,568</u>
	<u>\$ 494,521</u>	<u>\$ 646,178</u>	<u>\$ 579,150</u>

18. Post-retirement benefit plans

a. Defined contribution plans

VT TW of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries and wages.

The employees of the Group's subsidiary in mainland China, United Kingdom, United States and Germany are members of a state-managed retirement benefit plan operated by the local government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make specific contributions.

b. Defined benefit plans

The pension plan "Salary and Welfare Measures for Employees in Taiwan and Hong Kong", set by the Company of the Group, is a defined benefit plan. Pension benefits are calculated on the basis of the terms set out in the regulation and the average monthly salaries of the 6 months before retirement. The pension expenses related to the defined benefit plans for the three and the nine months ended September 30, 2022 and 2021 were calculated at the pension cost rate actuarially determined on December 31, 2021 and 2020 were NT\$1,459 thousand, NT\$1,087 thousand, NT\$4,217 thousand, and NT\$3,284 thousand, respectively.

19. Equity

a. Ordinary share capital

	September 30, 2022	December 31, 2021	September 30, 2021
Number of shares authorized (in thousands)	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>
Shares authorized	<u>\$ 900,000</u>	<u>\$ 900,000</u>	<u>\$ 900,000</u>
Number of shares issued and fully paid (in thousands)	<u>71,454</u>	<u>71,454</u>	<u>71,454</u>
Shares issued	<u>\$ 714,543</u>	<u>\$ 714,543</u>	<u>\$ 714,543</u>

The holders of issued ordinary shares with a par value of NT\$10 are entitled to the right to vote and to receive dividends.

b. Capital surplus

	September 30, 2022	December 31, 2021	September 30, 2021
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>			
Issuance of ordinary shares	\$ 850,383	\$ 835,071	\$ 835,071
<u>May not be used for any purpose</u>			
Employee restricted shares	<u>35,728</u>	<u>51,040</u>	<u>51,040</u>
	<u>\$ 886,111</u>	<u>\$ 886,111</u>	<u>\$ 886,111</u>

- 1) Unless otherwise provided under the laws and the applicable listing rules, neither the statutory reserve nor the capital reserve shall be used except for offsetting the losses of the Company. The Company shall not use the capital reserve to offset its capital losses unless the statutory reserve and special reserve set aside for purposes of loss offset are insufficient to offset such losses.
- 2) Being subjected to the laws, where the Company incurs no loss, it may, by a special resolution, distribute its Statutory reserve, the share premium account and/or the income from endowments received by the Company, which are in the capital reserve available for distribution, in whole or in part, by issuing new, fully paid shares and/or by cash to its members.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles of Incorporation, the Company is in the growing stage where the dividend of the Company may be distributed in the form of cash dividends and/or share dividends. The Company shall take into consideration the Company's capital expenditures, future expansion plans, financial structure, funds requirements, and other plans for sustainable development needs in assessing the amount of dividends distributed by the Company. Being subjected to the

laws, applicable listing rules and the Articles, and otherwise provided by the rights attached to any shares, if the Company still has a surplus at the end of the fiscal year, it will pay all relevant taxes, offset any losses (including losses of previous years and adjusted undistributed profits), set aside the statutory reserves of the remaining profits (provided that setting aside the statutory reserve does not apply if the aggregate amount of the statutory reserve amounts to the Company's total paid-in capital), and set aside any special reserve. The board may, by a resolution passed by a majority of the directors, of which two-thirds or more of the board are present, distribute not less than ten percent (10%) of the remaining balance (including the amounts reversed from the special reserve), plus accumulated undistributed profits of previous years (including adjusted undistributed profits) in part or in whole to the members as dividends/bonuses in proportion to the number of shares held by them. In addition, a report of such distribution shall be submitted to the general meeting, provided that, cash dividends shall not be lower than ten percent (10%) of the total amount of dividends to be paid out. The Company may resolve to distribute net profits or offset losses at the end of each half of the fiscal year. When the Company still has a net profit at the end of the first half of the fiscal year, the Company shall first estimate and reserve the amount of compensation of employees, including the remuneration of directors, and then pay tax from the said profits. After offsetting losses (including losses as at the beginning of the first half of the fiscal year and any adjusted undistributed profits), the statutory reserve of the remaining profits will be set aside in accordance with the applicable listing rules (provided that the statutory reserve does not apply if the aggregate amount of the statutory reserve equals the Company's total paid-in capital). Any other special reserve will also be set aside. The board may, subject to the compliance with the percentage of distribution as set forth, resolve to distribute the remaining balance (including the amounts reversed from the special reserve) in addition to the accumulated undistributed profits at the beginning of the first half of the fiscal year (including adjusted undistributed profits). This may be in whole or in part as dividends/bonuses that are proportional to the number of shares held by them respectively pursuant to the Articles. In addition, a report of such distribution shall be submitted to the general meeting. Being subjected to the laws, the applicable listing rules and the Articles, the Company may distribute any part or all of the dividends or bonuses to the members in accordance with the preceding Articles. The Company may do so by applying the payment in full unissued shares for allocation and distribution to the members. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, please refer to compensation of employees and remuneration of directors in Note 21-(5).

Unless resolved by the general meeting of the Company, the dividends, bonuses, or other forms of distributions payable to the members shall be calculated in NTD.

The Company's earnings distribution proposals for 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Legal reserve	<u>\$ 82,515</u>	<u>\$ 37,188</u>
Special reserve	<u>(\$ 20,162)</u>	<u>(\$ 72,016)</u>
Cash dividends	<u>\$ 471,599</u>	<u>\$ 228,654</u>
Cash dividends per share	\$ 6.60	\$ 3.20

The above cash dividends have been approved by the resolution of the board of directors on March 4, 2022 and May 7, 2021, respectively, and the remaining earnings distribution items for 2021 and 2020 have been approved by the resolution of the general shareholders' meeting on June 17, 2022 and July 30, 2021, respectively.

d. Other equity

Unearned employee benefits

In the meeting, the shareholders approved a restricted share plan for employees (see Note 24).

	January 1, 2022 to September 30, 2022	January 1, 2021 to September 30, 2021
Opening balance	(\$ 32,776)	(\$ 53,436)
Recognized share-based payment expenses	<u>15,282</u>	<u>15,452</u>
Ending balance	<u>(\$ 17,494)</u>	<u>(\$ 37,984)</u>

20. Revenue

a. Revenue from contracts with customers

Please refer to Note 33 for information on contracts.

b. Contract balance

Please refer to Note 9 for information on notes receivables and trade receivables.

	September 30, 2022	December 31, 2021	September 30, 2021	January 1, 2021
Contract liabilities (included in other current liabilities)	<u>\$ 4,840</u>	<u>\$ 3,227</u>	<u>\$ 2,493</u>	<u>\$ 2,205</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment.

21. Net profit from continuing operations

a. Other gains and losses

	July 1 to September 30, 2022	July 1 to September 30, 2021	January 1, 2022 to September 30, 2022	January 1, 2021 to September 30, 2021
Net gain (loss) on foreign currency exchange	\$ 18,046	\$ 748	\$ 38,502	(\$ 11,213)
Net gain (loss) on financial assets at FVTPL (Note 7)	-	(438)	558	(4,366)
Net gain (loss) on disposal of property, plant and equipment	182	(25)	(141)	(2,189)
Others	<u>(2,094)</u>	<u>(1,923)</u>	<u>(6,420)</u>	<u>(4,090)</u>
	<u>\$ 16,134</u>	<u>(\$ 1,638)</u>	<u>\$ 32,499</u>	<u>(\$ 21,858)</u>

b. Interest expenses

	July 1 to September 30, 2022	July 1 to September 30, 2021	January 1, 2022 to September 30, 2022	January 1, 2021 to September 30, 2021
Interest on bank loans	\$ 4,774	\$ 3,052	\$ 11,448	\$ 7,823
Interest on lease liabilities	320	208	1,027	636
	<u>\$ 5,094</u>	<u>\$ 3,260</u>	<u>\$ 12,475</u>	<u>\$ 8,459</u>

c. Depreciation and amortization

	July 1 to September 30, 2022	July 1 to September 30, 2021	January 1, 2022 to September 30, 2022	January 1, 2021 to September 30, 2021
Property, plant and equipment	\$ 36,198	\$ 33,076	\$ 109,327	\$ 96,291
Right-of-use assets	12,512	10,712	37,525	33,405
Intangible assets	635	2	1,943	95
	<u>\$ 49,345</u>	<u>\$ 43,790</u>	<u>\$ 148,795</u>	<u>\$ 129,791</u>
An analysis of depreciation by function				
Operating costs	\$ 29,217	\$ 27,865	\$ 88,695	\$ 81,795
Operating expenses	19,493	15,923	58,157	47,901
	<u>\$ 48,710</u>	<u>\$ 43,788</u>	<u>\$ 146,852</u>	<u>\$ 129,696</u>
An analysis of amortization by function				
Sales and marketing expenses	\$ 635	\$ 2	\$ 1,943	\$ 35
General and administrative expenses	-	-	-	60
	<u>\$ 635</u>	<u>\$ 2</u>	<u>\$ 1,943</u>	<u>\$ 95</u>

d. Employee benefits expenses

	July 1 to September 30, 2022	July 1 to September 30, 2021	January 1, 2022 to September 30, 2022	January 1, 2021 to September 30, 2021
Post-employment benefits				
Defined contribution plans	\$ 998	\$ 994	\$ 3,080	\$ 2,991
Defined benefit plans	1,459	1,087	4,217	3,284
	<u>2,457</u>	<u>2,081</u>	<u>7,297</u>	<u>6,275</u>
Share-based payments				
Equity-settled	5,037	5,207	15,282	15,452
Other employee benefits	195,576	270,088	647,026	732,505
Total employee benefits expense	<u>\$ 203,070</u>	<u>\$ 277,376</u>	<u>\$ 669,605</u>	<u>\$ 754,232</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 93,810	\$ 129,057	\$ 325,849	\$ 339,592
Operating expenses	109,260	148,319	343,756	414,640
	<u>\$ 203,070</u>	<u>\$ 277,376</u>	<u>\$ 669,605</u>	<u>\$ 754,232</u>

e. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 5% - 10% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The estimated employee compensation and directors' remuneration for the three and the nine months ended September 30, 2022 and 2021 are as follows:

Percentage for estimation

	<u>January 1, 2022 to September 30, 2022</u>	<u>January 1, 2021 to September 30, 2021</u>
Employee compensation	9.0%	9.5%
Directors' remuneration	2.0%	2.0%

Amount

	<u>July 1 to September 30, 2022</u>	<u>July 1 to September 30, 2021</u>	<u>January 1, 2022 to September 30, 2022</u>	<u>January 1, 2021 to September 30, 2021</u>
Employee compensation	<u>\$ 14,970</u>	<u>\$ 28,958</u>	<u>\$ 38,000</u>	<u>\$ 75,988</u>
Directors' remuneration	<u>\$ 2,647</u>	<u>\$ 5,232</u>	<u>\$ 8,369</u>	<u>\$ 15,986</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The compensation of employees and the remuneration of directors and supervisors at the end of 2021 and 2020 resolved by the Company's Board of Directors on March 4, 2022 and March 12, 2021, respectively, are as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Cash (in NT\$ thousands)</u>	<u>Cash (in US\$ thousands)</u>	<u>Cash (in NT\$ thousands)</u>	<u>Cash (in US\$ thousands)</u>
Employee compensation	<u>\$ 94,005</u>	<u>\$ 3,355</u>	<u>\$ 22,812</u>	<u>\$ 762</u>
Directors' remuneration	<u>\$ 18,701</u>	<u>\$ 668</u>	<u>\$ 8,006</u>	<u>\$ 270</u>

There is no difference between the actual amounts of 2021 and 2020 employee compensation and directors' remuneration. The amounts were recognized in the consolidated financial statements in 2021 and 2020.

Information on the compensation of employees and remuneration of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. Income tax

a. Major components of income tax expense are as follows:

	July 1 to September 30, 2022	July 1 to September 30, 2021	January 1, 2022 to September 30, 2022	January 1, 2021 to September 30, 2021
Current tax				
Current period	\$ 20,546	\$ 49,128	\$ 66,267	\$ 166,895
Income tax on unappropriated earnings	-	-	6,653	2,866
Adjustments for prior years	-	-	(32,870)	(18,822)
	<u>20,546</u>	<u>49,128</u>	<u>40,050</u>	<u>150,939</u>
Deferred tax				
Current period	(3,595)	22,288	20,652	67,663
Income tax expense recognized in profit or loss	<u>\$ 16,951</u>	<u>\$ 71,416</u>	<u>\$ 60,702</u>	<u>\$ 218,602</u>

b. Income tax assessments

The income tax returns filed by the Company until 2020 have been approved by the tax authorities.

23. Earnings per share

	July 1 to September 30, 2022	July 1 to September 30, 2021	January 1, 2022 to September 30, 2022	Unit: NT\$ per share January 1, 2021 to September 30, 2021
Basic earnings per share	<u>\$ 1.62</u>	<u>\$ 3.22</u>	<u>\$ 5.26</u>	<u>\$ 10.02</u>
Diluted earnings per share	<u>\$ 1.60</u>	<u>\$ 3.17</u>	<u>\$ 5.16</u>	<u>\$ 9.87</u>

The earnings and weighted average of ordinary shares used to estimate earnings per share were as follows:

Net income for this period

	July 1 to September 30, 2022	July 1 to September 30, 2021	January 1, 2022 to September 30, 2022	January 1, 2021 to September 30, 2021
Net income for this period	<u>\$ 114,742</u>	<u>\$ 227,350</u>	<u>\$ 372,018</u>	<u>\$ 708,247</u>

Number of shares

	July 1 to September 30, 2022	July 1 to September 30, 2021	Unit: Shares (in thousands) January 1, 2022 to September 30, 2022	January 1, 2021 to September 30, 2021
The weighted average of ordinary shares was used in to estimate basic earnings per share	70,675	70,654	70,661	70,654
Effect of potentially dilutive ordinary shares:				
Employee restricted shares	587	479	601	479
Employee compensation	<u>623</u>	<u>576</u>	<u>808</u>	<u>641</u>
The weighted average of ordinary shares was used to estimate diluted earnings per share	<u>71,885</u>	<u>71,709</u>	<u>72,070</u>	<u>71,774</u>

If the Group offers to settle compensation payment to employees in cash or shares, the Group will assume the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average of outstanding shares used to estimate diluted earnings per share, as the effect is dilutive. Such dilutive effect of potential shares is included in the estimation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. Share-based payment arrangements

Employee restricted shares

In the shareholders' meeting on June 11, 2020, the shareholders approved a restricted share plan for employees with a total amount of 800 thousand stocks and issued all of these shares on September 23, 2020.

The restrictions on the rights of the employees who acquire the restricted shares issued by the Company in September 2020 are those that have not met the vesting conditions, which include restrictions to sell, pledge, transfer, donate or, in any other way, dispose of these shares. However, the shares are entitled to allotment, dividends, and share options of increased share capital.

If an employee fails to meet the vesting conditions, the Company will take back and cancel the employee's restricted shares.

Information about employee restricted shares is as follows:

	January 1, 2022 to September 30, 2022 Shares (in thousands)	January 1, 2021 to September 30, 2021 Shares (in thousands)
<u>Employee restricted shares</u>		
Outstanding amount in circulation at the beginning of the period	800	800
Vested during this period	(240)	-
Outstanding amount in circulation at the end of the period	560	800

Information about the Company's employee restricted shares is as follows:

Grant date	Fair Value Per Share at Vesting Date (In Dollars)	Number of Payments (In Thousands)	Vesting period
2020.09.23	73.8	800	2 to 4 years

Recognized remuneration costs for the three and the nine months ended September 30, 2022 and 2021 recognized were NT\$5,037 thousand, NT\$5,207 thousand, NT\$15,282 thousand, and NT\$15,452 thousand, respectively.

25. Business combination

The Group signed a procurement agreement with Holders Technology Plc. on the acquisition date of September 30, 2021 to acquire the assets and operations of the printed circuit board business with which business continued to run.

a. Transfer consideration

	<u>September 30, 2021</u>
Cash	<u>\$ 61,454</u>

b. Assets acquired on the acquisition date

	<u>September 30, 2021</u>
Current assets	
Inventories	\$ 37,214
Non-current Assets	
Property, plants, and equipment	10,958
Intangible assets	<u>13,282</u>
	<u>\$ 61,454</u>

c. The effect of business combinations on the operating performance

The operating performance of the printed circuit board business acquired from the beginning of the fiscal year to the acquisition date could not be obtained, and therefore acquisition date, the pro forma information for the nine months ended September 30, 2021 is not disclosed.

26. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

27. Financial instruments

a. Fair value of financial instruments not measured at fair value

The management team of the Group believes that the carrying amounts of financial assets and liabilities which are not measured by fair value are close to fair value or cannot be reliably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis (September 30, 2022: None)

1) Fair value hierarchy

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Structured time deposits	\$ -	\$ 65,123	\$ -	\$ 65,123

September 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives	\$ -	\$ 345	\$ -	\$ 345

There were no transfers between Level 1 and 2 during the nine months ended September 30, 2022 and 2021.

2) Valuation techniques and inputs for Level 2 fair value measurements

Financial Instrument	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period. Contract forward rates are discounted at a rate that reflects the credit risk of various counterparties.
Structured time deposits	Discounted cash flow: Future cash flows are estimated at an observable interest rate at the end of the period and discounted at market interest rates.

c. Types of financial instruments

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets</u>			
Mandatorily at FVTPL	\$ -	\$ 65,123	\$ 345
Financial assets at amortized costs (Note 1)	2,381,316	3,225,136	3,457,722
<u>Financial liabilities</u>			
Financial assets at amortized costs (Note 2)	1,131,491	2,341,543	2,659,826

Note 1: The balances include financial assets at amortized costs, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, financial assets at amortized costs, and refundable deposits.

Note 2: The balances include financial liabilities at amortized costs, which consist of short-term loans, trade payables, other payables, long-term loans (including those due within one year), and guarantee deposits.

d. Financial risk management objectives and policies

The Group's corporate department provides services for each business unit, coordinates access to domestic and international financial markets, and monitors and manages financial risks related to the operations of the Group through internal risk reports by analyzing exposures according to the degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies which are approved by the board of directors who provide written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the board of directors on a continuous basis. The Group did not engage in nor trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's operating activities main market risks are those of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which exposes the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange derivatives.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Group's sensitivity analysis mainly focuses on the foreign currency risk of US dollars at the end of the reporting period. Assuming a 1% strengthening/weakening of the functional currency against US dollars, the Group's net income before tax for the nine months ended September 30, 2021 and 2020 would have decreased/increased by NT\$8,035 thousand and NT\$6,344 thousand, respectively.

In the management team's opinion, the sensitivity analysis was unrepresentative of the inherent foreign currency risk, because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Fair value interest rate risk			
Financial assets	\$ 223,598	\$ 217,076	\$ 214,710
Financial liabilities	422,791	737,022	772,879
Cash flow interest rate risk			
Financial assets	609,859	520,171	597,599
Financial liabilities	141,794	172,539	201,428

Sensitivity analysis

The sensitivity analysis was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate financial assets and liabilities, the analysis was conducted with the assumption that the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when internally reporting interest rate risk to key management personnel. This represents the management team's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher and all other variables were held constant, the Group's net income before tax for the nine months ended September 30, 2022 and 2021 would have increased/decreased by NT\$878 thousand and NT\$743 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and borrowings.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. Through the end of the reporting period, the Group's maximum exposure to credit risk, which would have caused a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.
- b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. The Group also checks between the transaction amount and credit limit periodically and adjusts the limit in time to control credit risk.

The counterparties of the Group's trade receivables included numerous clients distributed over a variety of areas, and were not centered on a single client or location. Furthermore, the Group continuously assesses the financial condition of its clients, and the Group's credit risk was limited. At the end of the reporting period, the Group's largest exposure on credit risk approximates the carrying amounts of its financial assets.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and financing facilities deemed adequate to finance the Group's operations whilst mitigating the effects of fluctuations in cash flows.

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2022, December 31, 2021, and September 30, 2021, the Group's undrawn available short-term bank loan facilities are set out in (2) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

September 30, 2022

	<u>On demand or less than one year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing Lease liabilities	\$ 685,074 46,366	\$ 5,595 74,412	\$ 4,153 -
Variable interest rate assets	34,967	43,145	63,682
Fixed interest rate assets	<u>303,302</u>	<u>771</u>	<u>-</u>
	<u>\$ 1,069,709</u>	<u>\$ 123,923</u>	<u>\$ 67,835</u>

December 31, 2021

	<u>On demand or less than one year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing Lease liabilities	\$ 1,577,328 46,142	\$ 5,192 101,017	\$ 3,901 -
Variable interest rate assets	53,325	49,294	69,920
Fixed interest rate assets	<u>594,203</u>	<u>923</u>	<u>-</u>
	<u>\$ 2,270,998</u>	<u>\$ 156,426</u>	<u>\$ 73,821</u>

September 30, 2021

	On demand or less than one year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 1,794,981	\$ 5,374	\$ 4,156
Lease liabilities	39,450	83,984	-
Variable interest rate assets	77,202	52,128	72,098
Fixed interest rate assets	661,326	1,013	-
	<u>\$ 2,572,959</u>	<u>\$ 142,499</u>	<u>\$ 76,254</u>

b) Financing facilities

	September 30, 2022	December 31, 2021	September 30, 2021
Bank loan facilities			
-Amount undrawn	<u>\$ 1,359,832</u>	<u>\$ 764,402</u>	<u>\$ 529,727</u>

e. Transfers of financial assets

Factored trade receivables for the nine months ended September 30, 2022 were as follows: None):

January 1, 2021 to September 30, 2021

Subsidiary	Counterparty	Receivables factored	Amounts collected	Foreign exchange gains and losses	Advances received at the end of this period	Interest rates on advances received (%)	Credit line
VT DE	Targo Factoring USD	\$ 7,619	\$ 13,475	(\$ 183)	\$ -	-	\$ -
VT DE	Targo Factoring EUR	61,710	65,377	114	-	-	-
		<u>\$ 69,329</u>	<u>\$ 78,852</u>	<u>(\$ 69)</u>	<u>\$ -</u>		

The above credit lines may be used on a revolving basis.

Pursuant to the Group's factoring agreements, losses from commercial disputes, such as sales returns and discounts, are borne by the Group, while losses from credit risk are borne by the banks.

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides the information disclosed elsewhere in other notes, details on transactions between the Group and other related parties are disclosed below.

Remuneration of key management personnel

	July 1 to September 30, 2022	July 1 to September 30, 2021	January 1, 2022 to September 30, 2022	January 1, 2021 to September 30, 2021
Short-term employee benefits	\$ 12,697	\$ 20,087	\$ 37,888	\$ 56,826
Post-employment benefits	404	318	1,219	1,104
Share-based payments	764	809	2,313	2,343
	<u>\$ 13,865</u>	<u>\$ 21,214</u>	<u>\$ 41,420</u>	<u>\$ 60,273</u>

The remuneration of directors and key executives of the Company was determined based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Group are mainly provided as collateral for bank borrowings:

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable	\$ -	\$ 15,390	\$ 26,391
Restricted bank deposits	71,754	28,691	62,859
Property, plants, and equipment - net	<u>217,950</u>	<u>220,809</u>	<u>221,762</u>
	<u>\$ 289,704</u>	<u>\$ 264,890</u>	<u>\$ 311,012</u>

30. SIGNIFICANT OR CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of September 30, 2022, December 31, 2021, and September 30, 2021, the Group's unused letters of credit amounted to NT\$34,982 thousand, NT\$96,652 thousand, and NT\$147,572thousand, respectively.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities of the entities in the Group are aggregated and expressed in foreign currencies other than functional currencies. The related exchange rates between foreign currencies and respective functional currencies were disclosed as follows:

September 30, 2022

Financial assets	Foreign currencies (in \$thousands)	Exchange rate	Carrying amount
<u>Monetary items</u>			
USD:	\$ 5,524	7.100 (USD: RMB)	\$ 175,379
USD:	34,468	7.851 (USD: HKD)	1,094,359
USD:	5,788	31.750 (USD: NTD)	183,768
			<u>\$ 1,453,506</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:	865	7.100 (USD: RMB)	\$ 27,456
USD:	10,038	7.851 (USD: HKD)	318,705
USD:	1,905	31.750 (USD: NTD)	60,483
USD:	4,253	1.0157 (USD: EUR)	135,020
USD:	3,412	0.893 (USD: GBP)	108,337
			<u>\$ 650,001</u>

December 31, 2021

	Foreign currencies (in thousands)	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:	\$ 6,390	6.376 (USD: RMB)	\$ 176,888
USD:	57,235	7.799 (USD: HKD)	1,584,269
USD:	3,715	27.680 (USD: NTD)	102,820
			<u>\$ 1,863,977</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	7,607	6.376 (USD: RMB)	\$ 210,549
USD	31,507	7.799 (USD: HKD)	872,114
USD	2,052	27.680 (USD: NTD)	56,804
			<u>\$ 1,139,467</u>

September 30, 2021

	Foreign currencies (in thousands)	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 5,133	6.485 (USD: RMB)	\$ 142,965
USD	54,883	7.788 (USD: HKD)	1,528,483
USD	5,565	27.850 (USD: NTD)	154,972
			<u>\$ 1,826,420</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	6,188	6.485 (USD: RMB)	\$ 172,336
USD	32,630	7.788 (USD: HKD)	908,751
USD	3,983	27.850 (USD: NTD)	110,920
			<u>\$ 1,192,007</u>

The net gains/losses on foreign exchange for the three and the nine months ended September 30, 2022 and 2021, were a net gain of NT\$18,046 thousand, a net gain of NT\$748 thousand, a net gain of NT\$38,502 thousand, and a net loss of NT\$11,213 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held. (None)

- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 5) Acquisitions of individual real estate at costs were of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 6) Disposals of individual real estate at prices were of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 7) Total purchases from or sales to related parties amounted to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
 - 8) Receivables from related parties amounted to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
 - 9) Trading in derivative instruments. (None)
 - 10) Others Intercompany relationships and significant intercompany transactions. (Table 7)
 - 11) Information on investees. (Table 5)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, displayed name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limits on the amount of investment in mainland China. (Table 6)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, as well as their prices, payment terms, and unrealized gains or losses: (Tables 2, 3, 4, and 7):
 - a) The amount and percentage of purchases as well as the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales as well as the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements, guarantees, or pledges of collateral at the end of the period and their purposes.
 - e) The highest balance, balance at the end of period, the interest rate range, and the interest in the total current period with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

- c. Information of major shareholders: List all shareholders with ownership of 5% or greater displaying the shareholder's name, the number of shares owned, and percentage of ownership of each shareholder. (Table 8)

33. SEGMENT INFORMATION

The Group mainly engages in the production and sales of CCL, IMS, and prepreg. The chief operating decision maker uses company-wide financial information to allocate resources and measure performance. In accordance with the requirements of IFRS 8 "Operating Segments", the Group provides information to the chief operating decision maker to allocate resources and assess the performance of the segments by focusing on the location of operations. The reportable segments should include "Asia" and "Europe and America".

Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	January 1, 2022 to September 30, 2022			Total
	Asia	Europe and America	Elimination of inter-segment revenue	
Revenue from external customers	\$ 3,333,429	\$ 1,053,004	\$ -	\$ 4,386,433
Inter-segment revenue	2,413,446	16,581	(2,430,027)	-
Consolidated revenue	<u>\$ 5,746,875</u>	<u>\$ 1,069,585</u>	<u>(\$ 2,430,027)</u>	<u>\$ 4,386,433</u>
Segment income	<u>\$ 354,036</u>	<u>\$ 40,728</u>	<u>\$ -</u>	\$ 394,764
Interest income				4,014
Other income				13,918
Other gains and losses				32,499
Interest expense				(12,475)
Net income before tax				<u>\$ 432,720</u>

	January 1, 2021 to September 30, 2021			Total
	Asia	Europe and America	Elimination of inter-segment revenue	
Revenue from external customers	\$ 4,787,511	\$ 981,377	\$ -	\$ 5,768,888
Inter-segment revenue	3,667,459	24,245	(3,691,704)	-
Consolidated revenue	<u>\$ 8,454,970</u>	<u>\$ 1,005,622</u>	<u>(\$ 3,691,704)</u>	<u>\$ 5,768,888</u>
Segment income	<u>\$ 832,240</u>	<u>\$ 113,067</u>	<u>\$ -</u>	\$ 945,307
Interest income				1,054
Other income				10,805
Other gains and losses				(21,858)
Interest expense				(8,459)
Net income before tax				<u>\$ 926,849</u>

Segment income represents the profit before tax earned by each segment without interest income, other income, other gains and losses, and interest expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

However, the measure of segment assets and liabilities was not provided to the chief operating decision maker.

Ventec International Group Co., Ltd.
Ventec International Group Co., Ltd. and Its Subsidiaries
Financing Provided to Others
For the nine months ended September 30, 2022 and 2021

Table 1

Unit: In NT\$ thousands, unless stated otherwise

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Borrowing Amount (Note 4)	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debts	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limits (Notes 3 and 4)	Note
													Item	Value			
1	VT HK	VIG SAMOA	Other receivables	Yes	\$ 1,587,500 (USD 50,000)	\$ 444,500 (USD 14,000)	\$ 419,513 (USD 13,213)	-	2	\$ -	Operating capital needed	\$ -	(None)	\$ -	\$ 4,392,120 (USD 138,330)	\$ 8,784,240 (USD 276,660)	
1	VT HK	VLL	Other receivables	Yes	317,500 (USD 10,000)	63,500 (USD 2,000)	58,452 (USD 1,841)	-	2	-	Operating capital needed	-	(None)	-	4,392,120 (USD 138,330)	8,784,240 (USD 276,660)	
1	VT HK	VT UK	Other receivables	Yes	111,125 (USD 3,500)	111,125 (USD 3,500)	49,213 (USD 1,550)	1.67%	2	-	Operating capital needed	-	(None)	-	4,392,120 (USD 138,330)	8,784,240 (USD 276,660)	
1	VT HK	VT USA	Other receivables	Yes	127,000 (USD 4,000)	127,000 (USD 4,000)	- (USD -)	-	2	-	Operating capital needed	-	(None)	-	4,392,120 (USD 138,330)	8,784,240 (USD 276,660)	
1	VT HK	VT DE	Other receivables	Yes	127,000 (USD 4,000)	127,000 (USD 4,000)	96,679 (USD 3,045)	2.28%	2	-	Operating capital needed	-	(None)	-	4,392,120 (USD 138,330)	8,784,240 (USD 276,660)	

Note 1: The parent company is indicated by "0", while all other numbers indicate subsidiaries.

Note 2: Types of financing were as follows:

1. Business and trade 1.
2. Short-term financing 2.

Note 3: The limitations of financing amounts were as follows:

1. Financing received from the Company cannot exceed 50% of the Company's net asset value.
2. The financing limitations where the Company directly and indirectly holds 100% of voting right shares of subsidiaries are as follows: The total and individual financing amount cannot exceed 20 times and 10 times of the Company's net asset value, respectively. The calculation of the net asset value was based on the lender's net asset value as at September 30, 2022.

Note 4: The calculation was based on the spot exchange rate of USD to NTD on September 30, 2022.

Note 5: All inter company transactions have been eliminated on consolidation.

Ventec International Group Co., Ltd.
Ventec International Group Co., Ltd. and Its Subsidiaries
Endorsements/Guarantees Provided
For the nine months ended September 30, 2022

Table 2

Unit: In NT\$ thousands, unless stated otherwise

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 2 and 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount (Note 3)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in the Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 2 and 3)	Endorsement/ Guarantee Given by the Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Company Name	Relationship											
0	VIG CAYMAN	VT HK	Subsidiaries	\$ 6,031,902 (USD 189,980)	\$ 714,375 (USD 22,500)	\$ 714,375 (USD 22,500)	\$ 137,859 (USD 4,342)	\$ -	24%	\$ 12,063,804 (USD 379,960)	Y	N	N	
0	VIG CAYMAN	VT TW	Subsidiaries	6,031,902 (USD 189,980)	1,000,951 (USD 31,526)	936,244 (USD 29,488)	169,513 (USD 5,339)	-	31%	12,063,804 (USD 379,960)	Y	N	N	
0	VIG CAYMAN	VT SZ	Subsidiaries	6,031,902 (USD 189,980)	158,750 (USD 5,000)	63,500 (USD 2,000)	-	-	2%	12,063,804 (USD 379,960)	Y	N	Y	
1	VIG HK	VT UK	Fellow subsidiary	246,951 (USD 7,778)	17,875 (USD 563)	8,827 (USD 278)	-	-	-	493,901 (USD 15,556)	N	N	N	
2	VT TW	VT HK	Fellow subsidiary	2,139,805 (USD 67,395)	476,250 (USD 15,000)	476,250 (USD 15,000)	56,706 (USD 1,786)	-	111%	2,567,766 (USD 80,874)	N	N	N	

Note 1: The parent company is indicated by "0", while all other numbers indicate subsidiaries.

Note 2: The limits of endorsements/guarantees amounts were as follows (the calculation of net asset value was based on the endorser's or guarantor's net asset value as at September 30, 2022):

1. For VIG CAYMAN, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 400% and 200% of the Company's net asset value as at September 30, 2022, respectively.
2. For VIG HK, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 20% and 10% of the Company's net asset value as at September 30, 2022, respectively.
3. For VT TW, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 600% and 500% of the Company's net asset value as at September 30, 2022, respectively.

Note 3: The calculation was based on the spot exchange rate of USD to NTD on September 30, 2022.

Note 4: Endorsement/guarantee given by a parent which is a listed company on behalf of subsidiaries, endorsement/guarantee given by subsidiaries on behalf of a parent which is a listed company, and endorsement/guarantee given on behalf of companies in main land China must fill in Y.

Ventec International Group Co., Ltd.

Ventec International Group Co., Ltd. and Its Subsidiaries

Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital

For the nine months ended September 30, 2022

Table 3

Unit: In NT\$ thousands, unless stated otherwise

Buyer/Seller	Counterparty	Relations	Transaction Details				Circumstances and Reasons for the Differences of the Trading Terms from the General Ones		Notes/Trade Receivables (Payables)		Note
			Purchase/Sale	Amount (Note 1)	% of Total Goods Purchased (Sold)	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance (Note 2)	% of Total Bills and Accounts Receivable (Payable)	
VT HK	VT SZ	The same ultimate parent	Sales	(\$ 196,276) (USD 6,833)	15%	150 days after the end of each month	No major difference	No major difference	\$ 9,072 (USD 286)	2%	
VT HK	VT SZ	The same ultimate parent	Purchase	1,068,173 (USD 36,889)	84%	150 days after the end of each month	No major difference	No major difference	(396,945) (USD 12,502)	98%	
VT HK	VT TW	The same ultimate parent	Sales	(147,414) (USD 5,009)	11%	150 days after the end of each month	No major difference	No major difference	54,829 (USD 1,727)	12%	
VT HK	VT DE	The same ultimate parent	Sales	(152,595) (USD 5,288)	12%	150 days after the end of each month	No major difference	No major difference	65,609 (USD 2,066)	15%	
VT HK	VT UK	The same ultimate parent	Sales	(137,013) (USD 4,720)	11%	150 days after the end of each month	No major difference	No major difference	48,738 (USD 1,535)	11%	
VT SZ	VT HK	The same ultimate parent	Sales	(1,068,173) (USD 36,889)	31%	150 days after the end of each month	No major difference	No major difference	396,945 (USD 12,502)	30%	
VT SZ	VT HK	The same ultimate parent	Purchase	196,276 (USD 6,833)	10%	150 days after the end of each month	No major difference	No major difference	(9,072) (USD 286)	2%	
VT SZ	VT JY	The same ultimate parent	Purchase	111,210 (USD 3,802)	5%	150 days after the end of each month	No major difference	No major difference	(28,816) (USD 908)	7%	
VT JY	VT SZ	The same ultimate parent	Sales	(111,210) (USD 3,802)	96%	150 days after the end of each month	No major difference	No major difference	28,816 (USD 908)	100%	
VT TW	VT HK	The same ultimate parent	Purchase	147,414 (USD 5,009)	51%	150 days after the end of each month	No major difference	No major difference	(54,829) (USD 1,727)	55%	
VT DE	VT HK	The same ultimate parent	Purchase	152,595 (USD 5,288)	97%	150 days after the end of each month	No major difference	No major difference	(65,609) (USD 2,066)	76%	
VT UK	VT HK	The same ultimate parent	Purchase	137,013 (USD 4,720)	97%	150 days after the end of each month	No major difference	No major difference	(48,738) (USD 1,535)	75%	

Note 1: The calculation was based on the average exchange rate of USD to NTD from January 1, 2022 to September 30, 2022.

Note 2: The calculation was based on the spot exchange rate of USD to NTD on September 30, 2022.

Note 3: All inter company transactions have been eliminated on consolidation.

Ventec International Group Co., Ltd.
Ventec International Group Co., Ltd. and Its Subsidiaries
Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital
September 30, 2022

Table 4

Unit: In NT\$ thousands, unless stated otherwise

Company Name	Counterparty	Relations	Financial Statement Account and Ending Balance (Note 2)	Turnover Rate	Overdue Receivables from Related Parties		Amounts Received from Related Parties After the Balance Sheet Date (Notes 1 and 2)	Allowance for Bad Debts
					Amount (Note 2)	Actions Taken		
VT SZ	VT HK	The same ultimate parent	\$ 396,945 (USD 12,502)	3.04	\$ 21,050 (USD 663)	Enhanced collection of overdue receivables	\$ -	\$ -
VT HK	VT US	The same ultimate parent	110,775 (USD 3,489)	1.37	56,213 (USD 1,771)	Enhanced collection of overdue receivables	-	-
VT TW	VT US	The same ultimate parent	110,842 (USD 3,491)	1.46	579 (USD 18)	Enhanced collection of overdue receivables	29,813 (USD 939)	-

Note 1: The amounts received from related parties after the balance sheet date refer to those recovered on October 20, 2022.

Note 2: The calculation was based on the spot exchange rate of USD to NTD on September 30, 2022.

Note 3: All intercompany transactions have been eliminated on consolidation.

Ventec International Group Co., Ltd.
Ventec International Group Co., Ltd. and Its Subsidiaries
Information on Investees
For the nine months ended September 30, 2022 and 2021

Table 5

Unit: In NT\$ thousands, unless stated otherwise

Investor	Investee	Location	Business Content	Initial Investment Amount		Holdings at the End of the Period			Net Income (Loss) of Investee (Note 2)	Investment Income or Loss for This Period (Notes 2 and 3)	Note
				End of this period (Note 1)	End of last year (Note 1)	Number of shares	%	Amount (Note 1)			
VIG CAYMAN	VIG SAMOA	SAMOA	General investment	\$ 1,479,553 (USD 46,600)	\$ 1,479,553 (USD 46,600)	46,600,000	100	\$ 3,107,287 (USD 97,867)	\$ 445,106 (USD 15,195)	\$ 445,106 (USD 15,195)	Subsidiary
VIG SAMOA	VIG HK	HK	General investment	987,468 (USD 31,101)	987,468 (USD 31,101)	31,110,000	100	2,469,505 (USD 77,780)	316,006 (USD 10,847)	316,006 (USD 10,847)	Subsidiary
	VLL	British Virgin Islands	General investment	254,342 (USD 8,011)	254,342 (USD 8,011)	8,010,000	100	37,125 (USD 1,169)	(369) (USD -16)	(369) (USD -16)	Subsidiary
	VT HK	HK	International trade	76,241 (USD 2,401)	76,241 (USD 2,401)	10,000	100	439,212 (HKD 108,608)	78,297 (HKD 20,618)	78,297 (HKD 20,618)	Subsidiary
	VT TW	Taiwan	Manufacturing and sales of CCL, IMS, and prepreg	362,227 (USD 11,409)	362,227 (USD 11,409)	10,000,000	100	427,961	42,206	42,206	Subsidiary
	VT UK	UK	Sale of CCL, IMS, and prepreg	42,066 (USD 1,325)	42,066 (USD 1,325)	807,334	100	77,009 (GBP 2,167)	2,927 (GBP 79)	2,927 (GBP 79)	Subsidiary
	VT DE	Germany	Sale of CCL, IMS, and prepreg	219,182 (USD 6,903)	219,182 (USD 6,903)	400,000	100	85,986 (EUR 2,751)	361 (EUR 11)	361 (EUR 11)	Subsidiary
VLL	VT USA	USA	Sale of CCL, IMS, and prepreg	235,738 (USD 7,425)	235,738 (USD 7,425)	-	100	95,567 (USD 3,010)	(369) (USD -16)	(369) (USD -16)	Subsidiary

Note 1: The calculation was based on the spot exchange rate of each foreign currency to NTD on September 30, 2022.

Note 2: The calculation was based on the average exchange rate of each foreign currency to NTD for the nine months ended September 30, 2022.

Note 3: All inter company transactions have been eliminated on consolidation.

Note 4: Please refer to Table 6 for information on investees in mainland China.

Ventec International Group Co., Ltd.
Ventec International Group Co., Ltd. and Its Subsidiaries
Information on Investments in Mainland China
For the nine months ended September 30, 2022 and 2021

Table 6

Unit: In NT\$ thousands, unless stated otherwise

Investee	Business Content	Paid-in Capital (Notes 1 and 3)	Investment Method	Accumulated Outward Remittance for Investment from Taiwan from the Beginning of This Period	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan from the End of This Period	Net Income (Loss) of Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Income (Loss) for This Period (Notes 2 and 4)	Carrying Amount of Investments from the End of This Period (Notes 3 and 4)	Accumulated Repatriation of Investment Income from the End of This Period
					Outward Remittance	Inward Remittance						
VT SZ	Research and development, manufacturing, and sales of CCL, IMS, and prepreg	\$ 1,316,843 (USD 36,600) (RMB 294,446)	Indirect investment	\$ -	\$ -	\$ -	\$ -	\$ 336,263 (RMB 75,746)	100%	\$ 336,263 (RMB 75,746)	\$ 2,472,173 (RMB 552,816)	\$ -
VT JY	Manufacturing and sales of CCL, IMS, and prepreg	127,694 (USD 3,000) (RMB 28,554)	Indirect investment	-	-	-	-	(2,220) (RMB -531)	100%	(2,220) (RMB -531)	112,864 (RMB 25,238)	-
VT SZWT	Manufacturing and sales of CCL, and sell of IMS, and prepreg	84,073 (RMB 18,800)	Indirect investment	-	-	-	-	(410) (RMB -92)	100%	(410) (RMB -92)	(9,501) (RMB -2,124)	-

Accumulated Outward Remittance for Investment in Mainland China from the End of This Period	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of the Investment Stipulated by Investment Commission, MOEA
\$ -	\$ -	\$ -

- Note 1: It is calculated based on historical cost.
Note 2: The calculation was based on the average exchange rate of each foreign currency to NTD for the nine months ended September 30, 2022.
Note 3: The calculation was based on the spot exchange rate of each foreign currency to NTD on September 30, 2022.
Note 4: All intercompany transactions have been eliminated upon consolidation.

Ventec International Group Co., Ltd.
Ventec International Group Co., Ltd. and Its Subsidiaries
Inter-company Relationships and Significant Inter-company Transactions and Amounts
For the nine months ended September 30, 2022

Table 7

Unit: In NT\$ thousands, unless stated otherwise

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Transactions Details				
				Financial Statement Accounts	Amount	Amount (USD)	Transaction Terms	% of Total Sales or Assets
1	VT HK	VT DE	3	Trade receivables	\$ 65,609	\$ 2,066	No major difference	1%
1	VT HK	VT UK	3	Trade receivables	48,738	1,535	No major difference	1%
1	VT HK	VT USA	3	Trade receivables	110,775	3,489	No major difference	2%
1	VT HK	VT TW	3	Trade receivables	54,829	1,727	No major difference	1%
1	VT HK	VIG SAMOA	3	Other receivables	419,513	13,213	No major difference	9%
1	VT HK	VLL	3	Other receivables	58,442	1,841	No major difference	1%
1	VT HK	VT UK	3	Other receivables	51,921	1,635	No major difference	1%
1	VT HK	VT DE	3	Other receivables	96,173	3,029	No major difference	2%
1	VT HK	VT SZ	3	Trade payables	396,945	12,502	No major difference	8%
1	VT HK	VT USA	3	Other payables	52,710	1,660	No major difference	1%
1	VT HK	VT USA	3	Sales	77,530	2,690	No major difference	2%
1	VT HK	VT DE	3	Sales	152,595	5,288	No major difference	3%
1	VT HK	VT UK	3	Sales	137,013	4,720	No major difference	3%
1	VT HK	VT TW	3	Sales	147,414	5,009	No major difference	3%
1	VT HK	VT SZ	3	Sales	196,276	6,833	No major difference	4%
1	VT HK	VT SZ	3	Purchase	1,068,173	36,889	No major difference	24%
2	VT TW	VT USA	3	Trade receivables	110,842	3,491	No major difference	2%
2	VT TW	VT USA	3	Sales	96,916	3,303	No major difference	2%

Note 1: The parent company is indicated by "0", while all other numbers indicate subsidiaries.

Note 2: No. 1 represents transactions from the parent company to subsidiary. No. 2 represents transactions from subsidiary to parent company. No. 3 represents transactions between subsidiaries.

Note 3: All inter company transactions have been eliminated on consolidation.

Ventec International Group Co., Ltd.
Ventec International Group Co., Ltd. and Its Subsidiaries
INFORMATION ON MAJOR SHAREHOLDERS
September 30, 2022

Table 8

Name of major shareholder	Shares	
	Number of shares held	Percentage of ownership (%)
Top Master Limited	4,713,307	6.59%
Alpha Victor Limited	4,090,908	5.72%

Note 1: The information on major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation, which is based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater and that have been issued without physical registration (including treasury shares) by the Company as of the last business day of the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.