Stock Code:9912

ASSOCIATED INDUSTRIES CHINA, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Review Report
for the Nine Months Ended September 30, 2022 and 2021

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Associated Industries China, Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Associated Industries China, Inc. and its subsidiaries ("the Group") as of September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 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 applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards 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 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to $128,252 thousand and $21,827 thousand, constituting 15.27% and 2.85% of consolidated total assets; and the total liabilities amounting to $109,661 thousand and $36,821 thousand, constituting 27.38% and 10.42% of consolidated total liabilities as of September 30, 2022 and 2021, respectively, and the total comprehensive income (loss) amounting to $(8,684) thousand, $228 thousand, $(19,361) thousand and $(2,076) thousand, constituting 835.00%, 5.18%, 151.14% and 23.17% of the absolute value of consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2022 and 2021, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of the Group in its investee companies of $0 thousand and $19,761 thousand as of September 30, 2022 and 2021, respectively, and its equity in net earnings on the investee companies amounting to $0 thousand, $(1,226) thousand, $(3,557) thousand and $(5,120) thousand for the three months and nine months ended September 30, 2022 and 2021, respectively, were recognized solely on the financial statements prepared by the investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Yiu-Kwan Au and Kuan-Ying Kuo.

KPMG

Taipei, Taiwan (Republic of China)
November 9, 2022

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with generally accepted auditing standards as of September 30, 2022 and 2021

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2022		December 31, 2021		September 30, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 106,141	13	91,366	12	90,072	12
1110	Current financial assets at fair value through profit or loss (note 6(b))	-	-	-	-	1,262	-
1170	Notes and accounts receivable, net (note 6(d))	73,810	9	63,476	8	52,979	7
1200	Other receivables	425	-	927	-	346	-
1300	Inventories, net (note 6(e))	271,789	32	249,078	33	257,216	34
1410	Prepayments	33,893	4	35,160	5	38,051	5
1470	Other current assets (note 8)	9,408	1	1,789	-	492	-
		495,466	59	441,796	58	440,418	58
	Non-current assets:						
1510	Non-current financial assets at fair value through profit or loss (notes 6(c) and 7)	-	-	7,113	1	7,241	1
1550	Investments accounted for using the equity method (note 6(f))	-	-	18,936	2	19,761	3
1600	Property, plant and equipment (notes 6(i) and 8)	129,732	16	117,440	15	117,676	15
1755	Right-of-use assets (note (j))	17,414	2	14,237	3	16,363	2
1760	Investment property, net (notes 6(k) and 8)	160,396	19	161,284	21	161,579	21
1780	Intangible assets (notes (l) and 8)	29,083	3	850	-	1,043	-
1900	Other non-current assets (note 8)	7,570	1	2,426	-	2,602	-
		344,195	41	322,286	42	326,265	42
	Total assets	**$ 839,661**	**100**	**764,082**	**100**	**766,683**	**100**

		September 30, 2022		December 31, 2021		September 30, 2021	
	Liabilities	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (notes 6(m) and 7)	$ 287,362	34	201,031	26	175,850	23
2130	Current contract liabilities (note 6(w))	3,905	1	260	-	481	-
2170	Notes and accounts payable	16,149	2	74,832	10	89,591	12
2200	Other payables	45,884	6	45,628	6	65,418	9
2250	Current provisions (note 6(n))	3,286	-	2,986	-	2,812	-
2280	Current lease liabilities (note 6(o))	9,428	1	6,721	1	6,909	1
2300	Other current liabilities	10,213	1	3,131	-	1,348	-
		376,227	45	334,589	43	342,409	45
	Non-current liabilities:						
2530	Total bonds payable (note 6(p))	14,500	2	-	-	-	-
2580	Non-current lease liabilities (note 6(o))	8,885	1	8,017	1	9,964	1
2600	Other non-current liabilities	891	-	891	-	891	-
		24,276	3	8,908	1	10,855	1
	Total liabilities	400,503	48	343,497	44	353,264	46
	Equity attributable to owners of parent: (notes 6(t) and (u))						
3110	Common stock	545,326	65	546,246	71	546,246	71
3200	Capital surplus	29,328	3	29,249	4	29,249	4
	Retained earnings:						
3310	Legal reserve	52,704	6	52,704	7	52,704	7
3320	Special reserve	79,510	10	79,510	11	79,510	10
3350	Accumulated deficits	(137,244)	(16)	(132,801)	(17)	(144,464)	(19)
		(5,030)	-	(587)	1	(12,250)	(2)
3400	Other equity interest	(125,025)	(15)	(129,492)	(17)	(124,995)	(16)
3500	Treasury shares	(24,831)	(3)	(24,831)	(3)	(24,831)	(3)
		419,768	50	420,585	56	413,419	54
3600	Non-controlling interests	19,390	2	-	-	-	-
	Total equity	439,158	52	420,585	56	413,419	54
	Total liabilities and equity	**$ 839,661**	**100**	**764,082**	**100**	**766,683**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

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

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		For the three months ended September 30				For the nine months ended September 30			
		2022		2021		2022		2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenues, net** (note 6(w)):								
4110	Sales revenue	$ 145,381	99	139,015	99	452,295	99	441,151	99
4310	Rental income (note 6(q))	1,287	1	1,274	1	3,916	1	3,823	1
		146,668	100	140,289	100	456,211	100	444,974	100
5000	**Operating costs** (notes 6(e), (r) and 12)	95,772	65	92,791	66	306,494	67	281,193	63
5950	**Gross profit from operations**	50,896	35	47,498	34	149,717	33	163,781	37
	Operating expenses (notes 6(r) and 12):								
6100	Selling expenses (note 6(o))	32,536	22	23,616	17	98,099	22	85,621	19
6200	Administrative expenses (notes 6(o) and (u))	19,076	13	18,869	13	53,802	12	53,819	13
6300	Research and development expenses	7,358	5	2,907	2	18,336	4	8,719	2
		58,970	40	45,392	32	170,237	38	148,159	34
	Net operating gain (loss)	(8,074)	(5)	2,106	2	(20,520)	(5)	15,622	3
	Non-operating income and expenses:								
7100	Interest income	12	-	259	-	436	-	644	-
7190	Other income	126	-	1,468	1	375	-	1,783	-
7225	Gains on disposals of investments (note 6(f))	-	-	-	-	3,687	1	-	-
7230	Foreign exchange gains (losses), net (note 6(y))	3,217	2	(1,645)	(1)	3,516	1	(2,911)	(1)
7235	Gains on financial assets at fair value through profit or loss	3,494	2	1,975	1	7,925	2	2,830	1
7510	Interest expense (notes 6(o) and 7)	(1,849)	(1)	(762)	(1)	(4,060)	(1)	(2,163)	-
7770	Share of losses of associates and joint ventures accounted for using the equity method (note 6(f))	-	-	(1,226)	(1)	(3,557)	(1)	(5,120)	(1)
		5,000	3	69	(1)	8,322	2	(4,937)	(1)
7900	**Profit (Loss) before tax**	(3,074)	(2)	2,175	1	(12,198)	(3)	10,685	2
7950	**Less: Income tax expenses** (note 6(s))	596	-	1,837	1	1,771	-	4,107	1
	Profit (Loss)	(3,670)	(2)	338	-	(13,969)	(3)	6,578	1
8300	**Other comprehensive income (loss):**								
8360	**Items that may be reclassified subsequently to profit or loss:**								
8361	Exchange differences on translation of foreign financial statements	2,632	2	(4,743)	(3)	1,159	-	(15,536)	(2)
8300	**Other comprehensive income (loss), net**	2,632	2	(4,743)	(3)	1,159	-	(15,536)	(2)
8500	**Total comprehensive income (loss)**	**$ (1,038)**	**-**	**(4,405)**	**(3)**	**(12,810)**	**(3)**	**(8,958)**	**(1)**
	Total net income (loss), attributable to:								
8610	Profit, attributable to owners of parent	$ 1,136	1	338	-	(4,443)	(1)	6,578	1
8620	Profit, attributable to non-controlling interests (note 6(h))	(4,806)	(3)	-	-	(9,526)	(2)	-	-
		$ (3,670)	**(2)**	**338**	**-**	**(13,969)**	**(3)**	**6,578**	**1**
	Comprehensive income (loss) attributable to:								
8710	Comprehensive income, attributable to owners of parent	$ 3,768	3	(4,405)	(3)	(3,284)	(1)	(8,958)	(1)
8720	Comprehensive income, attributable to non-controlling interests (Note 6(h))	(4,806)	(3)	-	-	(9,526)	(2)	-	-
		$ (1,038)	**-**	**(4,405)**	**(3)**	**(12,810)**	**(3)**	**(8,958)**	**(1)**
	Loss per share (Note 6(v))								
9750	**Basic earnings (losses) per share (NT dollars)**	**$ 0.02**		**0.01**		**(0.09)**		**0.13**	
9850	**Diluted earnings per share (NT dollars)**	**$ 0.02**		**0.01**				**0.13**	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

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

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Other equity interest							
	Common stock	Capital surplus	Legal reserve	Special reserve	Accumulated deficits	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee benefit	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2021	$ 538,066	29,322	52,704	79,510	(151,042)	(66,770)	(33,710)	(3,674)	(104,154)	(24,831)	419,575	-	419,575
Income for the nine months ended September 30, 2021	-	-	-	-	6,578	-	-	-	-	-	6,578	-	6,578
Other comprehensive income for the nine months ended September 30, 2021	-	-	-	-	-	(15,536)	-	-	(15,536)	-	(15,536)	-	(15,536)
Total comprehensive income for the nine months ended September 30, 2021	-	-	-	-	6,578	(15,536)	-	-	(15,536)	-	(8,958)	-	(8,958)
Other changes in capital surplus:													
Share-based payment transactions	8,180	(261)	-	-	-	-	-	(5,305)	(5,305)	-	2,614	-	2,614
Donation from shareholders	-	188	-	-	-	-	-	-	-	-	188	-	188
Balance at September 30, 2021	**$ 546,246**	**29,249**	**52,704**	**79,510**	**(144,464)**	**(82,306)**	**(33,710)**	**(8,979)**	**(124,995)**	**(24,831)**	**413,419**	**-**	**413,419**
Balance at January 1,2022	$ 546,246	29,249	52,704	79,510	(132,801)	(88,885)	(33,710)	(6,897)	(129,492)	(24,831)	420,585	-	420,585
Loss for the nine months ended September 30, 2022	-	-	-	-	(4,443)	-	-	-	-	-	(4,443)	(9,526)	(13,969)
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	1,159	-	-	1,159	-	1,159	-	1,159
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	(4,443)	1,159	-	-	1,159	-	(3,284)	(9,526)	(12,810)
Other changes in capital surplus:													
Share-based payment transactions	(920)	79	-	-	-	-	-	3,308	3,308	-	2,467	-	2,467
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	28,916	28,916
Balance at September 30, 2022	**$ 545,326**	**29,328**	**52,704**	**79,510**	**(137,244)**	**(87,726)**	**(33,710)**	**(3,589)**	**(125,025)**	**(24,831)**	**419,768**	**19,390**	**439,158**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

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

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2022	2021
Cash flows from (used in) operating activities:		
Profit (loss) before tax	$ (12,198)	10,685
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	9,411	8,172
Amortization expense	3,539	604
Expected credit loss (reversal gain)	7	(28)
Gain on financial assets or liabilities at fair value through profit or loss	-	(2,830)
Interest expense	4,060	2,163
Interest income	(436)	(644)
Share-based payments transactions cost	2,467	2,614
Share of loss of associates and joint ventures accounted for using the equity method	3,557	5,120
Gain on disposal of investments	(3,687)	-
Total adjustments to reconcile profit (loss)	18,918	15,171
Changes in operating assets and liabilities:		
Decrease in current financial assets at fair value through profit or loss	-	1,520
Decrease (increase) in notes and accounts receivable	(10,336)	2,100
Decrease in other receivables	42	168
Increase in inventories	(12,501)	(84,848)
Decrease (increase) in prepayments	2,814	(23,164)
Increase in other current assets	(3,186)	(4)
Increase in contract liabilities	3,645	327
Increase (decrease) in notes and accounts payable	(58,683)	42,041
Increase in other payables	1,334	6,382
Increase (decrease) in provisions	250	(617)
Increase (decrease) in other current liabilities	5,302	(295)
Total changes in operating assets and liabilities	(71,319)	(56,390)
Total adjustments	(52,401)	(41,219)
Cash outflows generated from operations	(64,599)	(30,534)
Interest received	905	826
Interest paid	(4,101)	(2,146)
Income taxes paid	(4,429)	(29)
Net cash flows from (used in) operating activities	(72,224)	(31,883)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(10,800)
Proceeds from disposal of non-current financial assets at fair value through profit or loss	-	10,000
Acquisition of property, plant and equipment	(5,205)	(513)
Increase in refundable deposits	(3,028)	(1,165)
Acquisition of intangible assets	(923)	(28)
Acquisition of right-of-use assets	(170)	-
Decrease in prepayments for business facilities	2,544	-
Net cash inflows from acquisition	4,000	-
Net cash flows used in investing activities	(2,782)	(2,506)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	80,231	30,370
Increase in bonds payable	14,500	-
Payment of lease liabilities	(6,099)	(5,896)
Other financing activities	-	188
Net cash flows from financing activities	88,632	24,662
Effect of exchange rate changes on cash and cash equivalents	1,149	(15,388)
Net increase (decrease) in cash and cash equivalents	14,775	(25,115)
Cash and cash equivalents at beginning of period	91,366	115,187
Cash and cash equivalents at end of period	$ **106,141**	**90,072**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

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

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Associated Industries China, Inc. (the "Company") was incorporated in May 18, 1978 as a company limited by shares, and registered under the Ministry of Economic Affairs, in the Republic of China. The major business activities of the Company and its subsidiaries (together referred to as the "Group") are (1) research, development and sale of LCD monitors, and related components, (2)sale of medical equipment, (3)real estate rental business and (4)research and development, manufacture and sale of medical equipment and health care products.

(2) Approval date and procedures of the consolidated financial statements

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

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- IFRS 16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(b) Basis of consolidation

List of subsidiaries in the consolidated financial statements:

			Shareholding			
Name of investor	**Name of subsidiary**	**Principal activity**	**September 30, 2022**	**December 31, 2021**	**September 30, 2021**	**Note**
The Company	AG Neovo International Ltd. (AG Neovo International, formerly named as GMF)	Investment	100 %	100 %	100 %	(Note 1)
The Company	AG Neovo Technology B.V. (AG Neovo B.V)	Sale of LCD monitors	100 %	100 %	100 %	
The Company	AG Neovo Investment Co., Ltd. (AG Neovo Investment)	Investment	100 %	100 %	100 %	(Note 1)
The Company	Taiwan Biophotonic Co. (tBPC)	Research and development, manufacture and sale of medical equipment and health care products	34.72 %	34.72 %	34.72 %	(Note 1, 2)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

			Shareholding			
Name of investor	**Name of subsidiary**	**Principal activity**	**September 30, 2022**	**December 31, 2021**	**September 30, 2021**	**Note**
AG Neovo Investment	AG Neovo Technology (Shanghai) Co., Ltd. (AG Neovo Shanghai)	Sale of LCD monitors	100 %	100 %	100 %	(Note 1)
AG Neovo International (formerly named as GMF)	AG Neovo Technology Corp. (AG Neovo USA)	Sale of LCD monitors and medical equipment	100 %	100 %	100 %	〃

Note 1: A non-significant subsidiary, wherein its financial statements have not been reviewed.

Note 2: In April 2022, the Company increased its investment in the secured convertible bonds of tBPC. After considering the comprehensive shareholding ratio of potentially ordinary shares and the intention to dominate tBPC's operating and financial activities, the Company assessed to have substantial control over tBPC and therefore tBPC was included in the consolidated financial statements since the date of acquisition of substantial control.

(c) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment' s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established(the Ex-dividend date).

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

(Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

The Group considers a time deposit to have a low credit risk when trading partner is equivalent to globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

(Continued)

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital suplus is not sufficient to be written down).

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Convertible bond

Compound financial instruments(Convertible bond) issued by the consolidated subsidiaries-tBPC are based on substance of the contractual agreements and the definition of financial liabilities and equity instruments. Their components are separately classified as financial liabilities and equity upon initial recognition.

At the time of original recognition, the fair value of the liability component is estimated using the current market interest rate for a similar non-convertible instrument and is measured at amortized cost using the effective interest method until the conversion or maturity date is exercised. Liability components that are embedded in non-equity derivatives are measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the fair value of the composite instrument as a whole less the fair value of the separately determined liability components, which is recognized as equity after deducting the income tax effect and is not subsequently measured. When the conversion right is exercised, its related liability component and the amount in equity will be transferred to share capital and capital surplus - issue premium. If the conversion right of convertible corporate bonds has not been exercised on the maturity date, the amount recognized in equity will be transferred to capital surplus - issue premium.

The transaction costs related to the issuance of convertible corporate bonds are allocated to the liabilities (included in the carrying amount of liabilities) and the equity components (included in equity) of the instrument according to the proportion of the total allocated price.

The part of the conversion right contained in the convertible corporate bonds issued by Consolidated subsidiaries-tBPC is not a conversion right delivered by exchanging a fixed amount of cash or other financial assets for a fixed number of tBPC's own equity instruments. Therefore, it is classified as a derivative financial liability.

At the time of original recognition, the derivative financial liabilities part of convertible corporate bonds is measured at fair value, and the original carrying amount of the non-derivative financial liabilities part is the balance after separating the embedded derivatives. In subsequent periods, non-derivative financial liabilities are measured at amortized cost using the effective interest method, and derivative financial liabilities are measured at fair value, and changes in fair value are recognized in profit or loss. The transaction costs related to the issuance of convertible corporate bonds are allocated to the non-derivative financial liabilities part of the instrument (included in the carrying amount of liabilities) and the derivative financial liabilities part (included in profit and loss) in proportion to the relative fair value.

(iv) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(Continued)

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	buildings	50 years
2)	Improvement to buildings	10 years
3)	Machinery and research equipment	6 years
4)	Molding equipment	2 years
5)	Other equipment	2~10 years
6)	Testing equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owneroccupied to investment property.

(e) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

(Continued)

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)	Computer software	1~5 years
2)	Product development expenses	1 years
3)	Patent	10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

(6) Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2021 consolidated financial statements. Please refer to note 6 of the 2021 annual consolidated financial statements.

(a) Cash and cash equivalents

	September 30, 2022	December 31, 2021	September 30, 2021
Petty cash, checking accounts and demand deposits	$ 103,241	88,466	87,172
Time deposits	2,900	2,900	2,900
	$ **106,141**	**91,366**	**90,072**

Please refer to note 6(y) for the exchange rate risk, the interest rate risk and the sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets at fair value through profit or loss-current

	September 30, 2022	December 31, 2021	September 30, 2021
Mandatorily financial assets designated at fair value through profit or loss			
Derivative instruments not used for hedging:			
Forward exchange contracts	$ **-**	**-**	**1,262**

The Group holds derivative financial instruments to hedge certain foreign exchange risk the Group is exposed to, arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily designated at fair value through profit or loss:

	September 30, 2021			
	Amount (in thousands)		**Currency**	**Maturity dates**
Financial assets:				
Forward exchange sold	EUR	**2,081**	EUR to USD	2021.10.07~2021.11.17

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(c) Financial assets at fair value through profit or loss-non-current

		September 30, 2022	December 31, 2021	September 30, 2021
Mandatorily designated at fair value through profit or loss				
Convertible bond－tBPC	$	-	7,113	7,241

The Group acquired 80, 116 and 60 units of secured convertible bonds issued by tBPC in April, June and July, 2022, respectively, at a par value of $100 per unit, with a duration of one year; and they are expected to be converted into common stock of tBPC.

The Group has acquired substantial control over tBPC since April 2022, and tBPC was included in the consolidated financial statements, please refer to note 6(g).

As of September 30, 2022, December 31 and September 30, 2021, the Group did not provide any of the aforementioned financial assets as collaterals for its loans.

(d) Notes and accounts receivable

		September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable from operating activities	$	-	62	81
Accounts receivable-measured as amortized cost		73,877	63,474	52,919
		73,877	63,536	53,000
Less: Loss allowance		(67)	(60)	(21)
	$	73,810	63,476	52,979

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision was determined as follows:

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	September 30, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 67,426	0%	-
Less than 30 days past due	5,662	0.79%	45
31 to 90 days past due	728	0.41%	3
91 to 180 days past due	60	30.00%	18
181 to 360 days past due	1	100.00%	1
	$ 73,877		**67**

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 53,131	0%	-
Less than 30 days past due	10,354	0.57%	59
31 to 90 days past due	51	1.96%	1
	$ 63,536		**60**

	September 30, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 45,985	0%	-
Less than 30 days past due	5,484	0.28%	11
31 to 90 days past due	1,531	5.00%	10
	$ 53,000		**21**

The movement in the allowance for notes and accounts receivable was as follows:

	For the nine months ended September 30,	
	2022	2021
Balance at January 1	$ 60	49
Impairment losses recognized (reversed)	7	(28)
Balance at September 30	**$ 67**	**21**

As of September 30, 2022, December 31 and September 30, 2021, the Group did not provide any of the aforementioned notes and accounts receivable as collaterals for its loans.

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(e) Inventories

		September 30, 2022	December 31, 2021	September 30, 2021
Finished goods	$	2,238	-	-
Work in progress		982	-	-
Raw materials		10,790	-	-
Merchandise inventories		257,779	249,078	257,216
	$	**271,789**	**249,078**	**257,216**

The details of cost of sales for the three months and nine months ended September 30, 2022 and 2021, were as follows:

		For the three months ended September 30,		For the nine months ended September 30,	
		2022	**2021**	**2022**	**2021**
Cost of goods sold and expenses	$	95,346	92,666	303,868	282,406
Inventory valuation loss and obsolescence (reversal gain)		26	(276)	1,427	(2,425)
	$	**95,372**	**92,390**	**305,295**	**279,981**

For the three months and nine months ended September 30, 2022, the write-down of inventories to net realizable value amounted to $26 and $1,427, respectively. For the three months and nine months ended September 30, 2021, the Group reversed allowance for inventory valuation loss and obsolescence due to sale of obsolete stock amounting to $276 and $2,425, respectively.

As of September 30, 2022, December 31 and September 30, 2021, the Group did not provide any inventories as collaterals for its loans.

(f) Investments accounted for using the equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

		September 30, 2022	December 31, 2021	September 30, 2021
Associate	**$**	**-**	**18,936**	**19,761**

(i) Associate

The details of the material associate are as follows:

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Name of Associate	Nature of the relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights		
			September 30, 2022	December 31, 2021	September 30, 2021
tBPC	Shareholder with significant influence	Taiwan	Note	34.72 %	34.72 %

Note: Subsidiary included in the consolidated financial statements since April 2022.

The following aggregated financial information of the significant affiliate has been adjusted according to individually prepared IFRS financial statement to reflect the fair value adjustments made at the time of acquisition.

1) Summarized financial information of tBPC

	December 31, 2021	September 30, 2021
Current assets	$ 34,577	39,335
Non-current assets	54,605	54,020
Current liabilities	(27,076)	(25,641)
Non-current liabilities	(7,567)	(9,937)
Net assets	$ **54,539**	**57,777**
Net assets attributable to owners of the associate	$ **54,539**	**57,777**

	For the three months ended March 31, 2022	For the nine months ended September 30, 2021
Operating revenue	$ **743**	**16,992**
Loss from continuing operations (equal to comprehensive loss)	$ **(10,245)**	**(14,745)**
Total comprehensive loss attributable to owners of the associate	$ **(10,245)**	**(14,745)**

	September 30, 2022	December 31, 2021	September 30, 2021
Share of net assets of the associate owned by the Group at period began	$ 18,936	24,881	24,881
Comprehensive loss attributable to the Group	(3,557)	(5,945)	(5,120)
Written off by combination	(15,379)	-	-
Share of net assets of the associate to the Group at the period ended	$ **-**	**18,936**	**19,761**

(ii) The Group has acquired substantial control over tBPC since April 2022, tBPC became a subsidiary and is included in the consolidated financial statements. The equity investment by using the equity method should be regarded as disposal at fair value with IFRS, and a disposal gain of $3,687 was recognized, please refer to note 6(g).

(Continued)

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(iii) Pledges

As of September 30, 2022, December 31 and September 30, 2021, the Group did not provide any investment accounted for using the equity method as collaterals for its loans.

(g) Acquisition of subsidiary

(i) Acquisition of subsidiary

In April 2022, the Company increased investment in the secured convertible bonds of tBPC, after considering the comprehensive shareholding ratio of potentially ordinary shares and the intention to dominate tBPC' s operating and financial activities. The Company's interest in tBPC remains at 34.72%. The main business of tBPC is the research and development, manufacture and sale of medical equipment and health care products.

Since the date of acquisition of substantial control (April 1, 2022), the operating results of tBPC were incorporated into the Group' s consolidated statement of comprehensive income and tBPC contributed operating income of $4,170 and after-tax net loss of $14,593. If the acquisition of tBPC had occurred on January 1, 2022, the Group' s proforma operating income and after-tax net loss for the nine months ended September 30, 2022, would have been $456,954 and $20,657, respectively.

1) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the aquisition date.

Cash and cash equivalents	$	4,000
Inventories		10,210
Accounts receivable and other receivables		5
Prepayment		5,055
Other current assets		4,788
Property, plant and equipment (note 6(i))		11,893
Right-of-use assets (note 6(j))		8,903
Intangible assets (note 6(l))		30,849
Other non-current assets		1,766
Other short-term borrowings		(6,100)
Other payables		(5,142)
Other current liabilities		(14,366)
Non-current liabilities		(7,567)
Others		278
The fair value of net identifable assets acquired	**$**	**44,572**

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There was no significant difference between the carrying amount of the equity method investments of the Group and the fair value of the net identifiable assets on April 1, 2022.

The Group will continue to review the above items during the measurement period. If new information becomes available within one year of the date of acquisition of control relating to facts and circumstances existing at the date of acquisition of control that would identify an adjustment to the provisional amount described above or any additional provision for liabilities existing at the date of acquisition, the accounting for the acquisition of control will be modified.

The fair value of tBPC's net identifiable assets on April 1, 2022, was based on the appraisal report that issued by Professional Actuary Management Consulting Co., Ltd.

(h) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

		Percentage of non-controlling interests
Subsidiaries	**Main operation place**	**September 30, 2022**
Taiwan Biophotonic Co. (tBPC)	Taiwan	65.28 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

(i) tBPC collective financial information

	September 30, 2022
Current assets	$ 50,055
Non-current assets	50,522
Current liabilities	(24,937)
Non-current liabilities	(45,939)
Net assets	**$ 29,701**
Non-controlling interests	**$ 19,389**

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	For the six months ended September 30, 2022
Sales revenue	$ **4,170**
Net loss (as same as Comprehensive income)	$ **(14,593)**
Loss, attributable to non-controlling interests	$ **(9,526)**
Total comprehensive loss, attributable to non-controlling interests	$ **(9,526)**

	For the six months ended September 30, 2022
Net cash flows used in operating activities	$ (5,815)
Net cash flows used in investing activities	(2,796)
Net cash flows from financing activities	29,070
Net increase in cash and cash equivalents	$ **20,459**

(i) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the years ended September 30, 2022 and 2021, were as follows:

	Land	Buildings and building improvement	Machinery and R&D equipment	Molding equipment and other equipment	Equipment to be accepted	Total
Cost:						
Balance on January 1, 2022	$ 95,104	29,484	4,942	14,681	-	144,211
Acquisition through a business combination (note 6(g))	-	-	4,478	30,963	3,284	38,725
Additions	-	-	1,156	1,299	2,750	5,205
Transferred in	-	-	-	(170)	-	(170)
Disposals	-	-	88	-	(2,632)	(2,544)
Effect of movements in exchange rates	-	-	287	39	-	326
Balance on September 30, 2022	**$ 95,104**	**29,484**	**10,951**	**46,812**	**3,402**	**185,753**
Depreciation:						
Balance on January 1, 2022	$ -	8,292	4,756	13,723	-	26,771
Acquisition through a business combination (note 6(g))	-	-	4,213	22,619	-	26,832
Depreciation for the period	-	761	157	1,391	-	2,309
Disposals	-	-	-	(170)	-	(170)
Effect of movements in exchange rates	-	-	283	(4)	-	279
Balance on September 30, 2022	**$ -**	**9,053**	**9,409**	**37,559**	**-**	**56,021**

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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		Land	Buildings and building improvement	Machinery and R&D equipment	Molding equipment and other equipment	Equipment to be accepted	Total
Book value:							
Balance on January 1, 2022	$	95,104	21,192	186	958	-	117,440
Balance on September 30, 2022	$	95,104	20,431	1,542	9,253	3,402	129,732
Balance on January 1, 2021	$	95,104	22,206	308	950	-	118,568
Balance on September 30, 2021	$	95,104	21,445	213	914	-	117,676

There were no significant additions, disposals, or recognitions and reversals of impairment losses of property, plant and equipment for the nine months ended September 30, 2021. Information about depreciation for the periods is disclosed in note 12(a). Please refer to note 6(f) of the 2021 annual consolidated financial statements for other related information.

As of September 30, 2022, December 31 and September 30, 2021, the investment property has been pledged as collateral for short-term borrowings and credits. Please refer to note 8.

(j) Right-of-use assets

The Group leases many assets including buildings and transportation. Information about leases for which the Group as a lessee is presented below:

		Buildings	Transportation	Total
Cost:				
Balance at January 1, 2022	$	24,028	14,667	38,695
Acquisition through a business combination (note 6(g))		16,619	-	16,619
Additions		170	-	170
Effect of change in foreign exchange rates		1,390	44	1,434
Balance at September 30, 2022	$	**42,207**	**14,711**	**56,918**
Balance at January 1, 2021	$	22,353	12,271	34,624
Additions		3,599	3,915	7,514
Effect of change in foreign exchange rates		(1,405)	(1,063)	(2,468)
Balance at September 30, 2021	$	**24,547**	**15,123**	**39,670**
Depreciation:				
Balance at January 1, 2022	$	15,619	8,839	24,458
Acquisition through a business combination (note 6(g))		7,716	-	7,716
Depreciation for the period		4,557	1,658	6,215
Effect of change in foreign exchange rates		1,053	62	1,115
Balance at September 30, 2022	$	**28,945**	**10,559**	**39,504**
Balance at January 1, 2021	$	11,517	7,176	18,693
Depreciation for the period		4,004	1,923	5,927
Effect of change in foreign exchange rates		(710)	(603)	(1,313)
Balance at September 30, 2021	$	**14,811**	**8,496**	**23,307**

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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		Buildings	Transportation	Total
Carrying amounts:				
Balance at January 1, 2022	$	8,409	5,828	14,237
Balance at September 30, 2022	$	13,262	4,152	17,414
Balance at January 1, 2021	$	10,836	5,095	15,931
Balance at September 30, 2021	$	9,736	6,627	16,363

(k) Investment property

Details of the investment property is summarized as follows:

		Land	Buildings	Total
Carrying amounts:				
Balance at January 1, 2022	$	111,400	49,884	161,284
Balance at September 30, 2022	$	111,400	48,996	160,396
Balance at January 1, 2021	$	111,400	51,067	162,467
Balance at September 30, 2021	$	111,400	50,179	161,579

There were no significant additions, disposals, or recognitions and reversals of impairment losses of investment property for the nine months ended September 30, 2022 and 2021. Information on depreciation for the periods is disclosed in note 12(a). Please refer to note 6(h) of the 2021 annual consolidated financial statements for other related information.

The fair value of the investment property was not significantly different from that disclosed in note 6(h) of the consolidated financial statements for the year ended December 31, 2021.

As of September 30, 2022, December 31 and September 30, 2021, the investment property has been pledged as collateral for short-term borrowings and credits. Please refer to note 8.

(l) Intangible Assets

The cost and amortization of intangible assets of the Group were as follows:

		Patent	Computer software and others	Total
Cost:				
Balance on January 1, 2022	$	-	12,801	12,801
Acquisition through a business combination (note 6(g))		50,681	1,296	51,977
Addition for the period		-	923	923
Balance on September 30, 2022	$	50,681	15,020	65,701

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		Patent	Computer software and others	Total
Amortization:				
Balance on January 1, 2022	$	-	11,951	11,951
Acquisition through a business combination (note 6(g))		19,915	1,213	21,128
Amortization for the period		2,506	1,033	3,539
Balance on September 30, 2022	$	**22,421**	**14,197**	**36,618**
Book value:				
Balance on January 1, 2022	$	**-**	**850**	**850**
Balance on September 30, 2022	$	**28,260**	**823**	**29,083**
Balance on January 1, 2021	$	**-**	**1,619**	**1,619**
Balance on September 30, 2021	$	**-**	**1,043**	**1,043**

There were no significant additions, disposals, or recognitions and reversals of impairment losses of intangible assets for the nine months ended September 30, 2021. Information on amortization for the periods is disclosed in note 12(a). Please refer to note 6(i) of the 2021 annual consolidated financial statements for other related information.

As of September 30, 2022, the patent has been pledged as collateral for convertible bonds. Please refer to note 8.

As of December 31, and September 30, 2021, the Group did not provide any intangible assets as collaterals for its loans.

(m) Short-term borrowings

The details of short-term borrowings were as follows:

		September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loans	$	137,048	127,031	77,850
Secured bank loans		144,000	74,000	98,000
Other short-term borrowings		6,314	-	-
Total	$	**287,362**	**201,031**	**175,850**
Unused credit lines for short-term borrowings	$	**197,952**	**245,153**	**258,614**
Range of interest rates		**1.06%~5.66%**	**1.06%~1.78%**	**1.22%~1.78%**

Please refer to note 6(y) for the interest risk, foreign currency exchange rate risk, and liquidity risk information of the Group.

The condition of the Group borrowed with related parties, please refer to note 7.

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The Group provided property, plant and equipment and investment property as collaterals for its bank loans. Please refer to note 8.

(n) Provisions — warranties

There were no significant changes in provisions for the nine months ended September 30, 2022 and 2021. Please refer to note 6(k) of the 2021 annual consolidated financial statements for the related information.

Provisions related to sale of products are assessed based on historical information.

(o) Lease liabilities

The details of lease liabilities were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Current	$ 9,428	6,721	6,909
Non-current	$ 8,885	8,017	9,964

For the maturity analysis, please refer to note 6(y).

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Interest on lease liabilities	$ 112	71	293	219
Variable lease payments not included in the measurement of lease liabilities	$ 1,583	904	4,103	2,705
Expenses relating to short-term leases	$ 355	362	788	1,132

The amounts recognized in the consolidated statement of cash flows for the Group were as follows:

	For the nine months ended September 30,	
	2022	2021
Total cash outflow from leases	$ 11,283	9,952

(i) Real estate lease

The Group leases buildings for its office space. The leases of office space typically run for three to seven years.

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(ii) Other leases

The Group leases vehicle, with lease terms of two to five years.

The Group also leases office equipment with contract terms of less than one year. These leases are short-term leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(p) Bonds Payable

The Group's Bonds payable was determined as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Domestic secured convertible Bonds Payable	$ **14,500**	-	-

The consolidated subsidiary-tBPC issued secured convertible bonds 165, 116 and 120 units in April, June and July, 2022, respectively, at a par value of $100 per unit, the issuance period is one year, and they are expected to be converted into ordinary shares upon maturity, of which 256 units held by the Company have been eliminated in consolidation.

The holder of each unit of bonds has the right to convert each unit of bonds into shares of common stock of tBPC at a price equal to the net worth per share of tBPC 's most recently unaudited and unreviewed financial statements as of the date of issuance, adjusted to the net worth per share of tBPC 's most recently unaudited and unreviewed financial statements as of the date of conversion using the following formula: Adjusted Conversion Price=Conversion price before adjustment x (the net worth per share reflected in the tBPC's unaudited and unreviewed financial statements, one month before the date of conversion / the net worth per share in the tBPC's unaudited and unreviewed financial statements, one month before date of issuance). The conversion period is from the day following the expiration date, three months after the issue date to expiry date. If the bonds are not converted at that time, they will be repaid in cash at 8% of the par value of the bonds, plus accrued interest on the expiry date.

(q) Operating lease

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(k) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Less than one year	$ 5,143	5,143	1,273
One to two years	1,286	5,143	-
Total undiscounted lease payments	$ **6,429**	**10,286**	**1,273**

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(r) Employee benefits

The Company and tBPC allocated no less than 6% of each employee's monthly wages to the labor pension personal account at Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company and tBPC allocated a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

Overseas subsidiaries recognized the pension expenses and made the periodical payments under the defined contribution method by local laws.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	**2021**	**2022**	**2021**
Operating cost	$ 34	-	67	-
Selling expenses	826	517	1,944	1,542
Administrative expenses	738	435	1,595	1,321
Research and development expenses	417	151	856	441
Total	$ 2,015	1,103	4,462	3,304

(s) Income taxes

(i) Income tax expenses

The amount of income tax was as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	**2021**	**2022**	**2021**
Current income tax expenses	$ 596	1,837	1,771	4,107

(ii) The Company's income tax returns for the years through 2020 have been examined by the tax authorities.

(t) Capital and other equities

Except for the following disclosures, there were no significant changes in capital and other equity for the nine months ended September 30, 2022 and 2021. Please refer to note 6(p) of the 2021 annual consolidated financial statements for the related information.

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(i) Capital surplus

The balances of capital surplus were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Additional paid-in capital	$ 20,986	20,986	20,986
Restricted employee shares	(1,785)	(1,864)	(1,864)
Employee stock options-expired	5,343	5,343	5,343
Donation from shareholders	1,615	1,615	1,615
Changes in equity of associates	3,169	3,169	3,169
	$ 29,328	**29,249**	**29,249**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained Earnings

The Company's Articles of Incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and the others are supposed to be set aside or reversed as the special reserve in accordance with laws and regulations. And then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company adopts the residual dividend policy. In consideration of the expansion of operations and the need of cash flows in the future, when the Company plans to distribute its dividends, the distributable amounts cannot be less than 50% of the cumulative distributable surplus. Moreover, at least 10% of the dividends should be distributed in cash.

Based on the resolutions made during the annual stockholders' meeting held on June 22, 2022 and July 21, 2021, respectively, no dividend was proposed to be distributed in 2021 and 2020, respectively.

(u) Share-based payment

Except for the following disclosures, there were no significant changes in share-based payment for the nine months ended September 30, 2022 and 2021. Please refer to note 6(q) of the 2021 annual consolidated financial statements for the related information.

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On June 17, 2020, the Company's shareholders decided to award 1,200 thousand shares of employee restricted shares to the Company' s full-time employees who meet certain requirements. The restricted shares have been registered with and approved by the Securities and Futures Bureau of FSC. On November 4, 2020, the Board of Directors decided to issue all the restricted shares. The effective date was January 11, 2021.

The information of the Company's restricted stock was as follows:

Unit: in thousand shares

	For the nine months ended September 30,	
	2022	**2021**
Outstanding units on January 1	2,154	1,336
Granted during the year	-	1,200
Forfeited during the year	(92)	(382)
Exercised during the year	(891)	-
Outstanding units on September 30	**1,171**	**2,154**

As of September 30, 2022 and 2021, the unearned employee compensation balances were $3,589 and $8,979, respectively. A total of 92 and 382 thousand employee restricted shares were retrieved and cancelled due to failure or loss of qualifications to meet the vesting requirements for the nine months ended September 30, 2022 and 2021. The effective date of capital reduction was March 16, 2022 and March 17, 2021, and the related registration procedures have been completed.

The expenses incurred by the Company for employee restricted shares were $2,467 and $2,614 for the nine months ended September 30, 2022 and 2021, respectively.

(v) Earnings (losses) per share

The Group's basic earnings (losses) per share was computed as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	**2021**	**2022**	**2021**
Basic earnings (losses) per share				
Belong to parent company Net profit (loss)	$ **1,136**	**338**	**(4,443)**	**6,578**
Weighted-average number of outstanding shares (in thousands)	**49,885**	**49,711**	**49,885**	**49,711**
Basic earnings (losses) per share (dollars)	$ **0.02**	**0.01**	**(0.09)**	**0.13**

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	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Diluted earnings per share				
Weighted-average number of outstanding shares (in thousands)	49,885	49,711		49,711
Effect of restricted employee shares unvested	749	863		863
Weighted-average number of outstanding shares (diluted) (in thousands)	**50,634**	**50,574**		**50,574**
Diluted earnings per share (dollars)	**$ 0.02**	**0.01**		**0.13**

For the nine months ended September 30, 2022, the employee stock options have an anti-dilutive effect; hence, they were not included in the computation of the weighted-average number of shares (diluted).

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Primary geographical markets:				
Netherlands	$ 17,363	21,886	56,178	74,218
Germany	55,878	50,206	146,171	149,646
Switzerland	11,617	15,823	36,747	45,108
United States	18,520	15,086	64,727	39,877
Other	43,290	37,288	152,388	136,125
	$ 146,668	**140,289**	**456,211**	**444,974**
Major products / services lines:				
LED monitors	$ 139,910	136,224	438,674	430,866
Medical equipment	205	989	2,057	3,273
Other accessories	5,266	1,802	11,564	7,012
Rental revenues	1,287	1,274	3,916	3,823
	$ 146,668	**140,289**	**456,211**	**444,974**

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(ii) Contract balances

1) For details on notes and accounts receivable and allowance for impairment, please refer to note 6(d).

2) Contract liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
Contract liabilities (Receipt in advance)	$ 3,905	260	481

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(x) Employees' compensation and directors' and supervisors' remuneration

According to the Company’ s Articles of Incorporation require that earning shall first be offset against any deficit, then, a minimum of 10% will be distributed as employees' remuneration and a maximum of 2% will be allocated as directors’ remuneration. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

Due to loss before tax for the nine months ended September 30, 2022, no employees' compensation and directors’ and supervisors’ remuneration was recognized. In addition, there are profit before tax for the nine months ended September 30, 2021, but the Company still have accumulated losses, so there should be retained for offsetting deficits, no employees' compensation and directors' and supervisors' remuneration was recognized.

(y) Financial Instruments

Except for the contention mentioned below, there were no significant changes in the fair value of the Group’s financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. Please refer to note 6(v) of the 2021 annual consolidated financial statements for other related information.

(i) Credit risk of Receivables and debt securities

For credit risk exposure of notes and accounts receivables, please refer to note 6(d).

Other financial assets at amortized cost includes cash and cash equivalents, other receivables, and guaranteed deposits, are considered to have low risk, and thus, the impairment provision recognized during the period is limited to 12 months expected losses.

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(ii) Liquidity Risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash flows	Within a year	Over 1 years
September 30, 2022				
Non-derivative financial liabilities:				
Short-term borrowings	$ 287,362	(288,027)	(288,027)	-
Notes and accounts payable	16,149	(16,149)	(16,149)	-
Lease liabilities (including current and non-current)	18,313	(18,856)	(9,757)	(9,099)
Other payables	45,884	(45,884)	(45,884)	-
Guarantee deposits	891	(891)	-	(891)
	$ 368,599	**(369,807)**	**(359,817)**	**(9,990)**
December 31, 2021				
Non-derivative financial liabilities:				
Short-term borrowings	$ 201,031	(201,491)	(201,491)	-
Notes and accounts payable	74,832	(74,832)	(74,832)	-
Lease liabilities (including current and non-current)	14,738	(15,018)	(6,915)	(8,103)
Other payables	45,628	(45,628)	(45,628)	-
Guarantee deposits	891	(891)	-	(891)
	$ 337,120	**(337,860)**	**(328,866)**	**(8,994)**
September 30, 2021				
Non-derivative financial liabilities:				
Short-term borrowings	$ 175,850	(176,240)	(176,240)	-
Notes and accounts payable	89,591	(89,591)	(89,591)	-
Lease liabilities (including current and non-current)	16,873	(17,228)	(7,137)	(10,091)
Other payables	65,418	(65,418)	(65,418)	-
Guarantee deposits	891	(891)	-	(891)
	$ 348,623	**(349,368)**	**(338,386)**	**(10,982)**

The Group does not expect the cash flows included in the maturity analysis, to occur significantly earlier or at significantly different amounts.

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(iii) Market risk

1) Currency risk (expressed in thousands for foreign currencies)

The Group's significant exposure to foreign currency risk was as follows:

	September 30, 2022			December 31, 2021			September 30, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets									
Monetary items									
USD	$ 2,043	USD/NTD =31.75	64,865	2,176	USD/NTD =27.68	60,232	1,223	USD/NTD =27.85	34,061
USD	47	USD/EUR =0.9846	46	155	USD/EUR =1.1315	175	58	USD/EUR =1.1605	67
Financial liabilities									
Monetary items									
USD	544	USD/NTD =31.750	17,272	2,153	USD/NTD =27.68	59,595	2,291	USD/NTD =27.85	63,804
USD	31	USD/EUR =0.9846	31	301	USD/EUR =1.1315	341	714	USD/EUR =1.1605	829

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, short-term borrowings, notes and accounts payable, and other payables that are denominated in foreign currency.

A weakening (strengthening) 5% of each foreign currency against the functional currency, under other conditions remain the same, profit before tax for the three months and nine months ended September 30, 2022 and 2021 would have been affected as follows:

	September 30, 2022	September 30, 2021
USD (against NTD)		
Appreciate 5%	$ 2,380	(1,487)
Depreciate 5%	(2,380)	1,487
USD (against EUR)		
Appreciate 5%	1	(38)
Depreciate 5%	(1)	38

The analysis is performed on the same basis for both periods.

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3) Foreign exchange gains and losses on monetary items

As the Group deals in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount for disclosure. For the three months and nine months ended September 30, 2022 and 2021, the foreign exchange gains (losses), including realized and unrealized ones, amounted to $3,217, $(1,645), $3,516 and $(2,911), respectively.

(iv) Interest rate analysis

Please refer to liquidity risk for the details of financial assets and liabilities exposed to interest rate risk.

		Carrying amount		
		September 30, 2022	**December 31, 2021**	**September 30, 2021**
Variable rate instruments:				
Financial assets	$	49,777	77,135	69,325
Financial liabilities		(287,362)	(201,031)	(175,850)

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents management of the Group's assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, the net loss before tax would have increased or decreased by $445 for the nine months ended September 30, 2022, and the net profit before tax would have decreased or increased by $200 for the nine months ended September 30, 2021, which would mainly result from the bank savings and short-term borrowings with variable interest rates at the reporting date.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging and of financial assets at fair value through other comprehensive income are measured on a recurring basis.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

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b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for the assets or liabilities that are not based on observable market data.

The carrying amount and fair value of the Group' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and lease liabilities, disclosure of fair value information is not required :

	September 30, 2022				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 106,141	-	-	-	-
Notes and accounts receivable	73,810	-	-	-	-
Other receivables	425	-	-	-	-
Restricted deposits (recognized as other non-current assets)	2,444	-	-	-	-
Guaranteed deposits (recognized as other non-current assets)	3,010	-	-	-	-
	185,830				
	$ 185,830				
Financial liabilities measured at amortized cost:					
Short-term borrowing	$ 287,362	-	-	-	-
Notes and accounts payable	16,149	-	-	-	-
Lease liabilities (current and non-current)	18,313				
Other payables	45,884	-	-	-	-
Guaranteed deposits	891				
	$ 368,599				

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	December 31, 2021				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Mandatorily designated at fair value through profit or loss	$ 7,113	-	-	7,113	7,113
Financial assets measured at amortized cost:					
Cash and cash equivalents	91,366	-	-	-	-
Notes and accounts receivable	63,476	-	-	-	-
Other receivables	927	-	-	-	-
Restricted bank deposits (recognized as other non-current assets)	129	-	-	-	-
Guaranteed deposits (recognized as other non-current assets)	2,297	-	-	-	-
	158,195				
	$ 165,308				
Financial liabilities measured at amortized cost:					
Short-term borrowings	$ 201,031	-	-	-	-
Notes and accounts payable	74,832	-	-	-	-
Lease liabilities (current and non-current)	14,738	-	-	-	-
Other payables	45,628	-	-	-	-
Guaranteed deposits	891	-	-	-	-
	$ 337,120				

	September 30, 2021				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Derivative financial assets	$ 1,262	-	1,262	-	1,262
Mandatorily designated at fair value through profit or loss	7,241	-	-	7,241	7,241
	8,503				

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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	September 30, 2021				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at amortized cost:					
Cash and cash equivalents	90,072	-	-	-	-
Notes and accounts receivable	52,979	-	-	-	-
Other receivables	346	-	-	-	-
Restricted deposits (recognized as other non-current assets)	129	-	-	-	-
Guaranteed deposits (recognized as other non-current assets)	2,473	-	-	-	-
	145,999				
	$ **154,502**				
Financial liabilities measured at amortized cost:					
Short-term borrowing	$ 175,850	-	-	-	-
Notes and accounts payable	89,591	-	-	-	-
Lease liabilities (current and non-current)	16,873	-	-	-	-
Other payables	65,418	-	-	-	-
Guaranteed deposits	891	-	-	-	-
	$ **348,623**				

2) Fair value valuation technique for financial instruments not measured at fair value

The book value of financial assets and liabilities at amortized cost in the consolidated report is approximately its fair value.

3) Fair value valuation technique for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument will use the public quoted price from active market as the fair value if it has the public quoted price from active market.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by using a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants such as the discounted cash flow or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

4) There was no transfer among fair value hierarchies for the nine months ended September 30, 2022 and 2021.

5) Reconciliation of level 3 financial assets

		Non derivative mandatorily measured at fair value through profit or loss
Balance on January 1, 2022	$	7,113
Elimination through consolidation		(7,113)
Blance on September 30, 2022	**$**	**-**
Balance on January 1, 2021	$	6,441
Addition		10,800
Sold		(10,000)
Balance on September 30, 2021	**$**	**7,241**

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group' s financial instruments that use Level 3 inputs to measure the fair value include " financial assets measured at fair value through profit or loss – convertible bonds".

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss – convertible bonds	Option Pricing Model-Formula Method	·Discounted rate in lack of marketability as of December 31, 2021 were 27.87% and September 30, 2021 was 29.29%	The higher the lack of marketability discount rate is, the lower the fair value will be.

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(z) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(w) of the 2021 annual consolidated financial statements.

(aa) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed in the consolidated financial statements for the year ended December 31, 2021. Please refer to note 6(x) of the 2021 annual consolidated financial statements for other related information.

(ab) Investing and financing activities not affecting current cash flow

(i) The Group’s investing and financing activity which did not affect the current cash flow for the nine months ended September 30, 2022 and 2021 were as follows: The acquisition of right-of-use assets by lease, please refer to note 6(j).

(ii) Reconciliations of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2022	Cash flows	Acquisition through business combination	Additions	Effect of change in exchange rates	September 30, 2022
Short-term borrowings	$ 201,031	80,231	6,100	-	-	287,362
Bonds payable	-	14,500	-	-	-	14,500
Deposits received	891	-	-	-	-	891
Lease liabilities	14,738	(6,099)	9,352	-	322	18,313
Total liabilities from financing activities	$ 216,660	88,632	15,452	-	322	321,066

			Non-cash changes		
	January 1, 2021	Cash flows	Additions	Effect of change in exchange rates	September 30, 2021
Short-term borrowings	$ 145,480	30,370	-	-	175,850
Deposits received	891	-	-	-	891
Lease liabilities	16,451	(5,896)	7,568	(1,250)	16,873
Other	-	188	-	-	188
Total liabilities from financing activities	$ 162,822	24,662	7,568	(1,250)	193,802

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Taiwan Biophotonic Corporation (tBPC)	An associate (note)
Yu-Teng, Li	Essential related party (tBPC director and chief operating officer)

note: Listed as the subsidiaries of consolidated financial statements since April, 2022.

(b) Significant transactions with related parties

(i) Acquisitions of financial assets

The 108 units of convertible bonds issued by tBPC were acquired by the Company amounting to $10,800 in June 2021, which was classified as financial assets measured at fair value through profit or loss. Please refer to note 6(c).

(ii) Convertible bonds expired

tBPC redeemed 100 units of secured convertible bonds in June 2021, with a total of $10,800 plus interest, and the Group has fully received.

(iii) Borrow from related party and interest

Account	Category of related party	September 30, 2022	December 31, 2021	September 30, 2021
Short-term borrowings	Substantial related party	$ 5,175	-	-

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Interest expense	$ 52	-	60	-

The interest rate of the loan that Group borrowed from related party was negotiated by both parties, and it is an unsecured loan.

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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(c) Key management personnel transactions

Key management personnel compensation comprised：

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	**2021**	**2022**	**2021**
Short-term employee benefits	$ 3,450	6,306	12,269	14,925
Post-employment benefits	99	152	357	491
	$ 3,549	**6,458**	**12,626**	**15,416**

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	September 30, 2022	December 31, 2021	September 30, 2021
Land and buildings	Guarantee for short-term loans and credit line	$ 115,535	116,296	116,549
Investment property	〃	160,396	161,284	161,579
Restricted deposits	Warranty guarantee	2,444	129	129
Intangible assets	Bonds payable	795	-	-
		$ 279,170	**277,709**	**278,257**

(9) Significant commitments and contingencies:

As of September 30, 2022, December 31 and September 30, 2021, the unused balance of the Group's letters of credit amounted to $0, $2,816 and $14,536 respectively.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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(12) Other:

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

	For the three months ended September 30,					
By function	2022			2021		
By item	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	616	29,942	30,558	-	26,293	26,293
Labor and health insurance	76	2,522	2,598	-	2,686	2,686
Pension	34	1,981	2,015	-	1,103	1,103
Others	-	849	849	-	946	946
Depreciation	1,088	2,491	3,579	295	2,172	2,467
Amortization	176	1,468	1,644	-	193	193

	For the nine months ended September 30,					
By function	2022			2021		
By item	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	1,214	83,241	84,455	-	75,012	75,012
Labor and health insurance	154	8,691	8,845	-	8,655	8,655
Pension	67	4,395	4,462	-	3,304	3,304
Others	-	2,245	2,245	-	2,748	2,748
Depreciation	2,388	7,023	9,411	887	7,285	8,172
Amortization	410	3,129	3,539	-	604	604

Note: The depreciation for the three months and nine months ended September 30, 2022 and 2021 included the depreciation of investment property amounted to \$295, \$295, and \$887 and \$887, respectively.

(b) Seasonality of operations

The Group's operations were not significantly affected by seasonality or cyclicality factors.

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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(13) Other disclosures items:

(a) Information on significant transactions

The followings are the information on significant transactions required by the " Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Group for the nine months ended September 30, 2022:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars and foreign currencies)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Amount of property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount of guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	AG Neovo B.V	100% owned subsidiary	419,768	150,000	150,000	51,110	-	35.73 %	419,768	Yes	No	No
0	〃	AG Neovo USA	〃	419,768	40,000	40,000	7,938	-	9.53 %	419,768	Yes	No	No

Note：According to the Company's Procedures for Endorsement and Guarantee, the total amount of endorsements and guarantees, which the Company or the Group is permitted to provide, shall not exceed 100% of the Company's net worth.

(iii) Information regarding securities held at the reporting date (excluding subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars and shares (units)

Company holding securities	Security type and name	Relationship with the Company	Account	September 30, 2022				Remark
				Shares/Units	Carrying value	Percentage of ownership	Fair value	
The Company	IRONYUN INCORPORATED	-	Financial assets measured at fair value through other comprehensive income－non-current	6,025	-	4.53 %	-	Note 1
〃	Convertible bonds (tBPC)	-	Financial assets measured at fair value through profit or loss-non-current	256	25,600	- %	25,600	Note 2

Note 1: Stocks are comprised of 552 thousand preferred shares and 5,473 thousand common shares at the reporting date.
Note 2: The left transactions have been eliminated in the preparation of consolidated financial statements.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Related-party purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Company name	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Remark
			Purchase /(Sale)	Amount	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	AG Neovo B.V	100% owned subsidiary	(Sale)	(245,176)	(88) %	90 days net from date of invoice	The price is not comparable with that of the general customers.	90 days net from date of invoice; actual payments would depend on the capital demand.	Note 1	-%	Note 2

Note 1：As of September 30, 2022, the amount of receipt in advance was $130,790.
Note 2：The left transactions have been eliminated in the preparation of consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None

(x) Significant transactions and business relationship between the parent company and its subsidiaries:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			
				Accounts	Amount	Terms	Percentage of the consolidated net revenue or total assets
0	The Company	AG Neovo B.V	1	Operating revenues	245,176	The price is marked up based on the cost; and the payment terms depends on the capital demand.	53.74 %
0	〃	〃	1	Receipt in advance	130,790	〃	15.58 %

Note 1: The numbers filled in as follows:
1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:
1 represents the transactions from the parent company to its subsidiaries.
2 represents the transactions between the subsidiaries and the parent company.
3 represents the transactions between subsidiaries.

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/ foreign currencies and thousand units)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount: September 30, 2022 (Note 1)	Original investment amount: December 31, 2021 (Note 1)	Ending Balance as of September 30, 2022: Shares	Ending Balance as of September 30, 2022: Percentage of ownership	Ending Balance as of September 30, 2022: Carrying value (Note 1)	Net income (loss) of the Investee (Note2)	Investment income (loss) recognized by the investor (Note2)	Remark
The Company	AG Neovo International (formerly named as GMF)	British Virgin Islands	Investment	343,957	313,522	0.8	100 %	32,200	(2,404)	(2,404)	Note 3
〃	AG Neovo B.V	Netherlands	Sales of LCD monitors	187,013	187,013	4.8	100 %	194,674	(1,931)	(1,931)	〃
〃	AG Neovo Investment	British Virgin Islands	Investment	14,796	14,796	0.5	100 %	3,633	(1,644)	(1,644)	〃
〃	Taiwan Biophotonic Corporation	Taiwan	Research and development, manufacture and sale of medical equipment and health care products	92,327	92,327	10,094	35 %	10,312	(24,838)	(8,624)	Note 4
AG Neovo International (formerly named as GMF)	AG Neovo USA	U.S.A.	Sales of LCD monitors and medical equipment	95,250 (US$3,000)	63,500 (US$2,000)	702	100 %	29,054 (US$(915))	(4,013) (US$(137))	Recognized by shareholding percentage by AG Neovo International	Note 3

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rates of USD31.75 at reporting date.
Note 2: The amounts in New Taiwan Dollars were translated at the exchange rates of USD29.3285 based on the average exchange rate at reporting date.
Note 3: The left transactions have been eliminated in the preparation of the consolidated financial statements.
Note 4: Transactions since the acquisition of control have been eliminated in the preparation of the consolidated financial statements.

(c) Information on investment in mainland China:

(i) The related information on investees in Mainland China:

(In Thousands of New Taiwan Dollars/foreign currencies and thousand units)

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 2)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022 (Note 2)	Investment: Outflow	Investment: Inflow	Accumulated outflow of investment from Taiwan as of September 30, 2022 (Note 2)	Net income (loss) of the investee company (Note 3)	Percentage of ownership	Investment income (loss) recognized (Notes 3 and 5)	Carrying value as of September 30, 2022 (Note 2)	Accumulated remittance of earnings as of September 30, 2022
AG Neovo (Shanghai)	Sales of LCD monitors	15,875 (US$500)	Note 1	15,875 (US$500)	-	-	15,875 (US$500)	(1,610) (US$(55))	100%	(1,610) (US$(55))	4,046 (US$127)	-

(ii) Upper limit on investment in Mainland China:

(In Thousands of New Taiwan Dollars and foreign currencies)

Accumulated Investment in Mainland China as of September 30, 2022 (Notes 2 and 4)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 2 and 4)	Upper Limit on Investment
128,143 (US$4,036)	128,143 (US$4,036)	251,861

Note 1 : Indirect investment in Mainland China through companies registered in the third region.
Note 2 : The amounts in New Taiwan Dollars were translated at the exchange rates of USD31.75 at reporting date.
Note 3 : The amounts in New Taiwan Dollars were translated at the exchange rates of USD29.3285 based on the average exchange rate at reporting date.
Note 4 : Including the withdrawn amount of investment from the Shanghai CIMC Baowell Industries Co., Ltd.
Note 5 : It was recognized on the financial statement prepared by the investee company, but not reviewed by independent auditors.

(iii) Significant transactions: None.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
CTBC in custody for Top Group Holdings, Ltd.	8,086,294	14.82 %
David Pi	3,502,541	6.42 %
Associated Industries China, Inc. (Treasury shares)	2,760,000	5.06 %

(14) Segment information:

The Group's operating segment information and reconciliation are as follows:

	For the three months ended September 30, 2022					
	Europe	**America**	**Taiwan**	**Others**	**Adjustment & Elimination**	**Total**
Revenue						
Revenue from external customers	$ 121,408	18,584	4,023	2,653	-	146,668
Revenue from segments	6,243	-	78,646	68	(84,957)	-
	$ 127,651	**18,584**	**82,669**	**2,721**	**(84,957)**	**146,668**
Reportable segment profit (loss)	**$ 81**	**(1,080)**	**643**	**(7,558)**	**4,840**	**(3,074)**

	For the three months ended September 30, 2021					
	Europe	**America**	**Taiwan**	**Others**	**Adjustment & Elimination**	**Total**
Revenue						
Revenue from external customers	$ 121,897	14,341	3,551	500	-	140,289
Revenue from segments	-	(6)	73,179	-	(73,173)	-
	$ 121,897	**14,335**	**76,730**	**500**	**(73,173)**	**140,289**
Reportable segment profit (loss)	**$ 1,706**	**6**	**337**	**(873)**	**999**	**2,175**

	For the nine months ended September 30, 2022					
	Europe	**America**	**Taiwan**	**Others**	**Adjustment & Elimination**	**Total**
Revenue						
Revenue from external customers	$ 371,982	64,794	13,658	5,777	-	456,211
Revenue from segments	13,558	-	263,886	68	(277,512)	-
	$ 385,540	**64,794**	**277,544**	**5,845**	**(277,512)**	**456,211**
Reportable segment profit (loss)	**$ (183)**	**(2,381)**	**(6,721)**	**(13,959)**	**11,046**	**(12,198)**

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	For the nine months ended September 30, 2021					
	Europe	America	Taiwan	Others	Adjustment & Elimination	Total
Revenue						
Revenue from external customers	$ 389,969	39,856	9,445	5,704	-	444,974
Revenue from segments	850	1,728	242,925	-	(245,503)	-
	$ 390,819	**41,584**	**252,370**	**5,704**	**(245,503)**	**444,974**
Reportable segment profit (loss)	**$ 8,507**	**(459)**	**6,577**	**(1,892)**	**(2,048)**	**10,685**