

AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022

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

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of AUROTEK CORPORATION as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements" endorsed and issued into effect by the Financial Supervisory Commission. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, AUROTEK CORPORATION and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Company name: AUROTEK CORPORATION

Chairman: Cheng, Tien-Chong

March 14, 2024

Independent Auditors' Report Translated from Chinese

To the Board of Directors and Shareholders of AUROTEK CORPORATION

Opinion

We have audited the accompanying consolidated balance sheets of AUROTEK CORPORATION (the “Group”) as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the audit reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group’s 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Cutoff assertion for sales revenue

Description

Refer to Note 4(29) in the financial statements for the accounting policy on operating revenue, and Note 6(20) for the description of the account.

The Group's main business is the manufacturing, processing, and trading of various automation equipment and system parts and components. Sales revenue is recognized when the control of the product is transferred to the customer. Due to the huge volume of sales and the revenue process usually involving manual operations, it is potentially that the timing of revenue recognition is inappropriate. Thus, we have included the cutoff assertion for sales revenue as one of the key audit matters for the current year.

How our audit addressed the matter

Our audit procedures performed are as follows:

1. Understand and evaluate the internal control of the timing of revenue recognition, and perform internal control tests relevant to the cutoff assertion for sales revenue to verify the correctness of the timing of revenue recognition.
2. Perform cut-off test on the sales revenue for a certain period around the end of the financial statement period, check relevant documents such as shipping order, customer order and customs declaration, and confirm the revenue in the appropriate period.

Whether accounting estimates for inventory valuation are fair or not

Description

Refer to Note 4(14) in the consolidated financial statements for the accounting policy of inventory valuation, Note 5 in the consolidated financial statements for the uncertainty of accounting estimates and assumptions of inventory valuation, and Note 6(5) in the consolidated financial statements for the description of the account of inventory.

The Group's main business is the manufacturing, processing, and trading of various automation equipment and system parts and components. Due to the rapid changes in technology of inventory, the risk of inventory valuation loss or obsolescence is higher. As the amount of inventory of the Group is significant, the above process involves subjective judgments. Thus, we have listed the estimate of the allowance for inventory valuation loss of the Group as one of the key audit matters this year.

How our audit addressed the matter

Our audit procedures performed are as follows:

1. The policy of inventory valuation during the period of comparative financial statements is adopted consistently, and the rationality of the policy of the appropriation is assessed.
2. Evaluate the reasonableness of the estimated net realizable value of obsolete or damaged inventory identified by the management.
3. The basis of the sampling test for the market price of the net realizable value of individual inventories is consistent with the policy, and to confirm the correctness of the selling price and related calculations.
4. Confirm the correctness of the logic in the preparation of the statement, and conduct a sampling test on the valuation loss provided for the slow-moving inventories. Review the relevant documents and assess the adequacy of the provision for the allowance for inventory valuation loss.

Other matter – Reference to the audits of other auditors

We did not audit the consolidated financial statements of certain subsidiaries which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NTD 46,619 thousand and NTD 44,034 thousand, constituting 2.53% and 2.32% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the operating revenue amounted to NTD 3,384 thousand and NTD 3,426 thousand, constituting 0.34% and 0.19% of the consolidated operating revenue for the years then ended, respectively.

Other matter - Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of AUROTEK CORPORATION as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As a part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Sung-Tse Wang Chun-Yao Lin

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2024

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Asset			December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current asset						
1100	Cash and cash equivalents	6(1)	\$ 449,721	24	\$ 407,181	22
1110	Financial assets measured at fair value through profit or loss - current	6(2) and 12	174	-	119	-
1136	Financial assets at amortized cost - current	6(1)(3), 8 and 12	103,615	6	100,485	5
1150	Notes receivable, net	6(4)	22,584	1	42,206	2
1170	Accounts receivable, net	6(4)	242,580	13	363,209	19
1200	Other receivables		3,185	-	6,828	-
130X	Inventories	6(5)	355,058	19	375,230	20
1410	Prepayments		8,136	1	9,040	1
11XX	Total current assets		1,185,053	64	1,304,298	69
Non-current assets						
1517	Financial assets measured at fair value through other comprehensive income - non-current	6(6) and 12	227,098	12	106,427	6
1550	Investment under equity method	6(7)	64,920	3	63,311	3
1600	Property, Plant and Equipment	6(8) and 8	231,186	13	237,407	12
1755	Right-of-use asset	6(9)	2,929	-	24,936	1
1760	Investment property, net	6(10) and 8	85,064	5	86,119	5
1840	Deferred income tax assets	6(26)	17,662	1	20,699	1
1900	Other non-current assets	6(11)	31,705	2	51,780	3
15XX	Total non-current assets		660,564	36	590,679	31
1XXX	Total assets		\$ 1,845,617	100	\$ 1,894,977	100

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English Translation of Consolidated Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and equity		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(12) and 8	\$ 20,000	1	\$ -	-
2130	Contract liabilities - current	6(20)	11,543	1	2,949	-
2150	Notes payable		1,633	-	1,412	-
2170	Accounts payable		97,870	5	101,892	5
2180	Accounts payable - related parties	7	32,602	2	16,826	1
2200	Other payables	6(13)	74,024	4	116,319	6
2230	Current income tax liabilities		24,997	1	73,713	4
2250	Provisions - current	6(14) and 9	6,905	1	7,638	1
2280	Lease liabilities - current		1,356	-	18,269	1
2399	Other current liabilities - other		2,670	-	360	-
21XX	Total current liabilities		<u>273,600</u>	<u>15</u>	<u>339,378</u>	<u>18</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(26)	39,235	2	40,614	2
2580	Lease liabilities - non-current		623	-	30,769	2
2600	Other non-current liabilities		5,316	-	10,045	-
25XX	Total non-current liabilities		<u>45,174</u>	<u>2</u>	<u>81,428</u>	<u>4</u>
2XXX	Total liabilities		<u>318,774</u>	<u>17</u>	<u>420,806</u>	<u>22</u>
Equity attributable to owners of the parent						
	Share capital	6(16)				
3110	Common stock capital		827,897	45	827,897	44
	Capital surplus	6(17)				
3200	Capital surplus		92,855	5	92,855	5
	Retained earnings	6(18)				
3310	Legal reserve		184,451	10	162,787	9
3320	Special reserve		2,713	-	2,713	-
3350	Unappropriated retained earnings		243,435	14	330,945	18
	Other equity	6(19)				
3400	Other equity		169,945	9	52,062	2
31XX	Total equity attributable to owners of the parent		<u>1,521,296</u>	<u>83</u>	<u>1,469,259</u>	<u>78</u>
36XX	Non-controlling interest		<u>5,547</u>	<u>-</u>	<u>4,912</u>	<u>-</u>
3XXX	Total equity		<u>1,526,843</u>	<u>83</u>	<u>1,474,171</u>	<u>78</u>
	Significant contingent liabilities and unrecognized contractual commitments.	9				
	Significant events after the reporting period	11				
3X2X	Total liabilities and equity		<u>\$ 1,845,617</u>	<u>100</u>	<u>\$ 1,894,977</u>	<u>100</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

	Item	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	6(20) and 7	\$ 983,549	100	\$ 1,803,500	100
5000	Operating cost	6(5)(15) (25) and 7	(674,192)	(69)	(1,273,268)	(71)
5900	Gross operating profit		309,357	31	530,232	29
	Operating expenses	6(15)(25)				
6100	Selling expenses		(141,511)	(14)	(154,308)	(8)
6200	General and administrative expenses		(113,341)	(12)	(124,990)	(7)
6300	Research and development expenses		(37,209)	(4)	(48,590)	(3)
6450	Expected credit impairment gain	12	5,046	1	2,099	-
6000	Total operating expenses		(287,015)	(29)	(325,789)	(18)
6900	Operating profit		22,342	2	204,443	11
	Non-operating income and expenses					
7100	Interest revenue	6(3)(21)	14,857	2	3,963	-
7010	Other income	6(22) and 7	30,917	3	49,059	3
7020	Other gains and losses	6(2)(9) (23)	11,276	1	24,316	2
7050	Financial costs	6(9)(12) (24)	(278)	-	(1,375)	-
7060	Share of profit or loss of affiliated companies and joint ventures accounted for using the equity method	6(7)	5,314	1	2,484	-
7000	Total non-operating income and expenses		62,086	7	78,447	5
7900	Profit before income tax		84,428	9	282,890	16
7950	Income tax expense	6(26)	(5,020)	(1)	(69,449)	(4)
8200	Net income for the year		\$ 79,408	8	\$ 213,441	12

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English Translation of Consolidated Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Item		Notes	2023		2022			
			Amount	%	Amount	%		
Other comprehensive income (net)								
Items not reclassified into profit or loss								
8311	Remeasurement of defined benefit plan	6(15)	\$	5,502	1	\$	3,366	-
8316	Unrealized valuation gains or losses on investments in equity instruments measured at fair value through other comprehensive income	6(6), (19) and 12		120,671	12	(	61,455)	(3)
8349	Income tax related to items not subject to reclassification	6(26)	(	1,100)	-	(	673)	-
8310	Total of items not reclassified to profit or loss			125,073	13	(	58,762)	(3)
Items that may be reclassified subsequently to profit or loss								
8361	Financial statements translation differences of foreign operations	6(19)	(	3,148)	-		3,129	-
8370	Share of the other comprehensive income of associates and joint ventures accounted for using the equity method - Items that may be reclassified to profit or loss	6(7)(19)	(	319)	-		5,700	-
8399	Income tax related to items that may be reclassified	6(19) (26)		679	-	(	1,759)	-
8360	Total of items that may be reclassified subsequently to profit or loss		(	2,788)	-		7,070	-
8300	Other comprehensive income (net)		\$	122,285	13	(	\$ 51,692)	(3)
8500	Total comprehensive income for the year		\$	201,693	21	\$	161,749	9
Net profit attributable to:								
8610	Owner of the parent company		\$	78,773	8	\$	213,943	12
8620	Non-controlling interest			635	-	(	502)	-
			\$	79,408	8	\$	213,441	12
Total comprehensive income attributable to:								
8710	Owner of the parent company		\$	201,058	21	\$	162,251	9
8720	Non-controlling interest			635	-	(	502)	-
			\$	201,693	21	\$	161,749	9
Earnings per Share								
		6(27)						
9750	Basic earnings per share		\$		0.95	\$		2.58
9850	Diluted earnings per share		\$		0.95	\$		2.57

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent											Non-controlling interest	Total equity
		Capital surplus				Retained earnings			Other equity					
		Share capital- common stock	Issuance premium	Changes in net equity of affiliated companies and joint ventures under equity method	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total			
Notes														
2022														
Balance at January 1, 2022		\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 136,275	\$ 23,330	\$ 269,225	(\$ 19,591)	\$ 126,038	\$ 1,456,029	\$ 5,414	\$ 1,461,443	
Net income for the year		-	-	-	-	-	-	213,943	-	-	213,943	(502)	213,441	
Other comprehensive income in the current year		-	-	-	-	-	-	2,693	7,070	(61,455)	(51,692)	-	(51,692)	
Total comprehensive income for the year		-	-	-	-	-	-	216,636	7,070	(61,455)	162,251	(502)	161,749	
Earnings appropriation and distribution for 2021	6(18)													
Appropriation of legal reserve		-	-	-	-	26,512	-	(26,512)	-	-	-	-	-	
Reversal of special reserve		-	-	-	-	-	(20,617)	20,617	-	-	-	-	-	
Cash dividends		-	-	-	-	-	-	(149,021)	-	-	(149,021)	-	(149,021)	
Balance at December 31, 2022		\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 162,787	\$ 2,713	\$ 330,945	(\$ 12,521)	\$ 64,583	\$ 1,469,259	\$ 4,912	\$ 1,474,171	
2023														
Balance at January 1, 2023		\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 162,787	\$ 2,713	\$ 330,945	(\$ 12,521)	\$ 64,583	\$ 1,469,259	\$ 4,912	\$ 1,474,171	
Net income for the year		-	-	-	-	-	-	78,773	-	-	78,773	635	79,408	
Other comprehensive income in the current year		-	-	-	-	-	-	4,402	(2,788)	120,671	122,285	-	122,285	
Total comprehensive income for the year		-	-	-	-	-	-	83,175	(2,788)	120,671	201,058	635	201,693	
Earnings appropriation and distribution for 2022	6(18)													
Appropriation of legal reserve		-	-	-	-	21,664	-	(21,664)	-	-	-	-	-	
Cash dividends		-	-	-	-	-	-	(149,021)	-	-	(149,021)	-	(149,021)	
Balance at December 31, 2023		\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 184,451	\$ 2,713	\$ 243,435	(\$ 15,309)	\$ 185,254	\$ 1,521,296	\$ 5,547	\$ 1,526,843	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2023	2022
<u>Cash flow from operating activities</u>			
Net income before tax for the current year		\$ 84,428	\$ 282,890
Adjusted items			
Income and expenses			
Depreciation expense	6(8)(9)(10)(25)	25,618	28,903
Reversal gain of expected credit impairment	12	(5,046)	(2,099)
Interest expense	6(24)	278	1,375
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(23)	(55)	89
Losses from disposal of property, plant and equipment	6(23)	460	1,435
Gains and losses on sale and leaseback	6(9)(23)	(16,607)	-
Interest revenue	6(21)	(14,857)	(3,963)
Dividend income	6(22)	(20,426)	(17,096)
Share of profit of affiliated companies under equity method	6(7)	(5,314)	(2,484)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		19,524	24,544
Accounts receivable		119,572	125,172
Other receivables		3,643	(6,072)
Inventories		28,069	56,044
Prepayments		904	5,324
Net changes in liabilities related to operating activities			
Contract liabilities - current		8,594	(2,149)
Notes payable		222	602
Accounts payable		1,438	(46,157)
Accounts payable - related parties		4,991	(15,001)
Other payables		(42,295)	(6,695)
Provisions - current		(733)	(35,955)
Other current liabilities		2,310	(1,515)
Other non-current liabilities		(4,709)	(2,833)
Cash inflow generated from operations		190,009	384,359
Interest received		14,857	3,963
Dividends received		23,812	34,243
Interest paid		(278)	(1,375)
Income tax paid		(52,445)	(17,831)
Net cash inflow from operating activities		175,955	403,359

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English Translation of Consolidated Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2023	2022
<u>Cash flow from investing activities</u>			
(Increase) decrease in financial assets at amortized cost		(\$ 3,130)	\$ 64,754
Acquisition of property, plant and equipment	6(8)	(4,540)	(1,436)
Proceeds from the disposal of property, plant and equipment		1,031	2,623
Decrease (increase) of other non-current assets		20,216	(849)
Refundable deposits (listed as other non-current assets) (increase) decrease		(165)	34,544
Net cash inflow from investing activities		13,412	99,636
<u>Cash flow from financing activities</u>			
Increase (decrease) of short-term borrowings	6(28)	20,000	(164,000)
Repayment of long-term borrowings	6(28)	-	(1,000)
Distribution of cash dividends	6(18)	(149,021)	(149,021)
Lease principal repayment	6(28)	(19,024)	(17,594)
Increase in guarantee deposits received	6(28)	1,080	-
Net cash outflow from financing activities		(146,965)	(331,615)
Exchange rate effect		138	(2,540)
Increase in cash and cash equivalents in the current year		42,540	168,840
Opening balance of cash and cash equivalents		407,181	238,341
Closing balance of cash and cash equivalents		\$ 449,721	\$ 407,181

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION and Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

AUROTEK CORPORATION (hereinafter referred to as the "Company") was incorporated in the Republic of China. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are mainly engaged in the manufacturing, processing, trading of various automatic equipment and system parts, the manufacturing, processing, trading of various electronic product process equipment and industrial controllers, as well as automatic smoke exhaust system engineering, building structure vibration isolation system engineering, and distribution, quotation and procurement of related products from domestic and foreign manufacturers. The Company's shares have been traded at the Taipei Exchange since December 2002, and on the Taiwan Stock Exchange since December 31, 2007.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 14, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 "Disclosure of accounting policies"	January 1, 2023
Amendments to IAS 8 "Definition of accounting estimates"	January 1, 2023
Amendments to IAS 12 "Deferred tax related to assets and liabilities arising from a single transaction"	January 1, 2023
Amendments to IAS 12 "International tax reform - pillar two model rules"	May 23, 2023

The Group has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Group.

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16 “Lease liability in a sale and leaseback”	January 1, 2024
Amendments to IAS 1, “Classification of liabilities as current or noncurrent”	January 1, 2024
Amendments to IAS 1 “Non-current liabilities with covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements”	January 1, 2024

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

(3) Effect of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28 " Sale or contribution of assets between an investor and its associate or joint venture "	To be determined by International Accounting
IFRS 17, "Insurance contracts"	January 1, 2023
Amendments to IFRS 17 “Insurance contracts”	January 1, 2023
Amendment to IFRS 17 “Initial application of IFRS 17 and IFRS 9 – comparative information”	January 1, 2023
Amendments to IAS 21 "Lack of exchangeability"	January 1, 2025

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- Financial assets measured at fair value through profit or loss (including derivatives).
 - Financial assets measured at fair value through other comprehensive income.
 - Defined benefit liabilities recognized at the net amount of the pension fund assets deducting the present value of the defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis for consolidation

- A. Basis for preparation of consolidated financial statements:
- The Group included all subsidiaries in the consolidated financial statements. Subsidiaries refer to individual entities (including structured individual entities) that the Group has the right to control. When the Group is exposed to or entitled to variable remuneration from participation in the entity and through the power over the entity having influence over the returns, the Group controls the entity. Subsidiaries are included in the consolidated financial statements from the date the Group acquires the control, and the consolidation is ceased from the date of loss of control.
 - Inter-company transactions, unrealized gains and losses have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary to be consistent with the policies adopted by the Group.
 - The components of profit or loss and other comprehensive income are attributed to the owners and non-controlling interests of the parent company; the total amount of comprehensive income is also attributed to the owners and non-controlling interests of the parent company, even if the resulting non-controlling interests incur balance.
 - If the change in the shareholding of the subsidiary does not result in the loss of control (transaction with non-controlling interests), it is treated as an equity transaction, which is regarded as a transaction with the owner. The difference between the adjusted amount of the non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity.
 - When the Group loses control of a subsidiary, the remaining investment in the former subsidiary is re-measured at fair value, and treated as the fair value of the initially recognized financial assets or the cost of the investment in affiliates or joint ventures initially. The difference between the fair value and the carrying amount and recognized in profit or loss. The accounting treatment of all amounts related to the subsidiary previously recognized in other comprehensive income shall be the same as the basis for the direct disposal of the relevant assets or liabilities by the Group. That is, if the profit or loss previously recognized as other comprehensive income will be reclassified as

profit or loss when the relevant assets or liabilities are disposed, the profit or loss will be reclassified from equity to profit or loss when the significant control over the subsidiary is lost.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor Name	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
AUROTEK CORPORATION	TAIWAN OILES INDUSTRY CO., LTD. (hereinafter referred to as "Taiwan Oiles")	Manufacturing and trading of self-lubricating bearings and components	90	90	
AUROTEK CORPORATION	Aurotek (Shanghai) Inc. (hereinafter referred to as "Aurotek Shanghai")	International trade, processing and assembly machinery, electronic board divider	100	100	
AUROTEK CORPORATION	AUROTEK INC.	Export trading of electronic machines and robotic arms	100	100	
AUROTEK CORPORATION	Kunshan Yichun Industrial Technology Co., Ltd. (Kunshan Yichun)	Production and sale of various electronic equipment and high-end architectural hardware Parts and accessories	100	100	

C. Subsidiaries not included in the consolidated financial statements: No such situation.

D. Different adjustment and treatment methods of subsidiaries during the accounting period: No such situation.

E. Material Restriction: No such situation.

F. Subsidiaries with non-controlling interests that are material to the Group: No such situation.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Transactions and balances in foreign currency

- a. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

- b. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- c. For the balance of non-monetary assets and liabilities denominated in foreign currencies that are measured at FVTPL, they are adjusted using the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment is recognized in the current profit or loss; if measured at fair value through other comprehensive income, the adjustment is valued according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment is recognized in other comprehensive income; if not measured at fair value, it is measured at the historical exchange rate on the initial transaction date.
- d. All foreign exchange gains and losses are reported in the "other gains and losses" of the income statement.

B. Translation of foreign operations

- a. The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- b. When the foreign operating institution to be partially disposed or sold is an associate, the exchange difference under other comprehensive income will be reclassified as part of the current profit or loss as the sale profit or loss on a pro rata basis. However, if the Group still retains part of the equity of the former associate, but has lost the significant influence on the overseas operation of the associate, it will be treated as a disposal of all the equity of the foreign operation.
- c. When a foreign operation that is partially disposed of or sold is a subsidiary, the accumulated exchange differences recognized in other comprehensive income are re-attributable to the non-controlling interests of the foreign operation on a pro rata basis. However, if the Group still retains part of the equity of the former subsidiary but has lost the control over the foreign operating institution, it will be treated as a disposal of all the equity of the foreign operating institution.

(5) Classification of current and non-current items

A. Assets that meet one of the following conditions are classified as current assets:

- a. The asset is expected to be realized, or intended to be sold or consumed in the normal business cycle.
- b. Mainly held for the purpose of trading.
- c. Expected to be realized within 12 months after the balance sheet date.
- d. Cash or cash equivalents, except for those to be exchanged or used to settle liabilities in at least 12 months after the balance sheet date.

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

B. Liabilities that meet one of the following conditions are classified as current liabilities:

- a. Expected to be settled in the normal business cycle.

- b. Mainly held for the purpose of trading.
- c. Expected to be settled within 12 months after the balance sheet date.
- d. The settlement period cannot be unconditionally deferred to at least 12 months after the balance sheet date. The terms of liabilities that may, at the option of the counterparty, result in settlement by issue of equity instruments does not affect its classification.

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

(6) Cash equivalents

Cash equivalent is a short-term investment with high liquidity that is readily convertible into known amounts of cash and is subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held to meet short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
- B. The Group adopts trade date accounting for financial assets measured at fair value through profit or loss that are customary transactions.
- C. The Group measures their fair value at the time of initial recognition, and the relevant transaction costs are recognized in profit or loss; subsequently, they are measured at fair value, and the profit or loss is recognized in profit or loss.
- D. When the right to receive dividends is established, the economic benefits related to the dividends are likely to inflow, and the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

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

- A. Refers to an irrevocable choice at the time of initial recognition to report changes in the fair value of equity instrument investments that are not held for trading in other comprehensive income; or debt instrument investments that meet the following conditions at the same time:
 - a. The financial asset is held under the business model for the purpose of collecting contractual cash flow and selling.
 - b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- B. The Group adopts trade date accounting for financial assets measured at fair value through other comprehensive income in accordance with transaction practices.
- C. The Group measures them at fair value plus transaction cost at the time of initial recognition, and subsequently at fair value:

Changes in the fair value of equity instruments are recognized in other comprehensive income. At the time of derecognition, the cumulative profits or losses previously recognized in other comprehensive income shall not be reclassified to profit or loss but transferred to retained earnings. When the right to receive dividends is established, the economic benefits related to the dividends are likely to inflow, and the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

(9) Financial assets at amortized cost

A. Refers to those who meet the following conditions at the same time:

- a. The financial asset is held under the business model for the purpose of collecting contractual cash flow.
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

B. The Group adopts trade date accounting for financial assets measured at amortized cost in accordance with trading practices.

C. The Group measures its fair value plus transaction cost at the time of initial recognition. Subsequently, the effective interest method is adopted to recognize interest income and impairment loss in the current period according to the amortization procedure, and at the time of derecognition, the loss is recognized in profit or loss.

D. The Group holds time deposits that do not qualify as cash equivalents. Due to the short holding period, the impact of discounting is not significant and is measured at the investment amount.

(10) Accounts and notes receivable

A. Refer to accounts and bills that, according to the contract, have the unconditional right to receive the amount of consideration exchanged for the transferred goods or services.

B. For short-term accounts and notes receivable with unpaid interest, as the discounting effect is insignificant, the Group measures them at the original invoice amount.

C. The Group's business model of accounts receivable from expected sale is to collect contractual cash flow and sell them. Subsequently, they are measured at fair value, and changes are recognized in other comprehensive income.

(11) Financial asset impairment

On each balance sheet date, the Group considers all reasonable and possible investments in debt instruments measured at fair value through other comprehensive income, financial assets measured at amortized cost including the accounts receivable of the significant financial components. If the credit risk has not increased significantly since the initial recognition, the loss allowance is measured at the 12-month expected credit loss amount; for credit risk that increased significantly after the initial recognition, the loss allowance is measured at the amount of lifetime expected credit losses; excluding the accounts receivable or contract assets that do not contain significant financial components, the loss allowance is measured at the amount of lifetime expected credit losses.

(12) Derecognition of financial assets

When the contractual right to receive the cash flow from the financial asset expires, the financial asset will be derecognized.

(13) Lease transactions with lessor

Lease income from operating leases, net of any incentives given to the lessee, is amortized and recognized in profit or loss in the current period in accordance with the straight-line method over the lease term.

(14) Inventories

Inventories are measured at the lower of cost or net realizable value, and the cost is determined in accordance with the weighted average method. The cost of finished goods and work-in-progress includes raw materials, direct labor, other direct costs, and production-related manufacturing expenses (amortized based on normal production capacity), excluding borrowing costs. When comparing whether the cost or the net realizable value is lower, the item-by-item comparison method is adopted. The net realizable value refers to the estimated selling price in the normal business process less the estimated costs that must be invested until completion and the estimated costs required to complete the sale balance.

(15) Investments accounted for under the equity method - associates

- A. Associates refer to all individual entities over which the Group has significant influence over but no control over them, and generally holds more than 20% of their voting shares directly or indirectly. The Group's investment in associates is accounted for using the equity method and recognized at cost when acquired.
- B. The Group recognizes the share of income after the acquisition of the associate as the current profit or loss, and the share of other comprehensive income after the acquisition is recognized as other comprehensive income. If the Group's share of losses on any associate is equal to or exceeds its equity in the associate (including any other unsecured receivables), the Group will not recognize further losses, unless the Group incurs legal obligations, presumed obligations, or payment has been made on behalf of them.
- C. When there is a change in equity other than profit and loss and other comprehensive income in the associate that does not affect the shareholding ratio of the associate, the Group recognizes all changes in equity as "capital reserve " in proportion to the shareholding ratio.
- D. The unrealized gains and losses arising from the transactions between the Group and the associates have been written off in proportion to the equity in the associates; unless there is evidence showing that the assets transferred in the transaction have been impaired, the unrealized losses are also written off. The accounting policies of the affiliated companies have been adjusted as necessary to be consistent with the policies adopted by the Group.
- E. When the Group disposes of an associate, if the significant influence on the associate is lost, the accounting treatment of all amounts related to the associate previously recognized in other comprehensive income shall be the same as the basis for the direct disposal of the relevant assets or liabilities by the Group. That is, if the profit or loss previously recognized as other comprehensive income will be reclassified as profit or loss when the relevant assets or liabilities are disposed, the profit or loss will be reclassified from equity to profit or loss when the significant influence on the affiliated company is lost. If there is still significant influence on the associate, only the amount previously recognized in other comprehensive income shall be transferred out according to the above method.

(16) Property, plant and equipment

- A. Property, plant, and equipment are recorded at acquisition cost, and the relevant interest during the acquisition and construction period is capitalized.
- B. The subsequent cost is included in the book value of the asset or recognized as an individual asset only when the future economic benefits related to the item are likely to flow into the

Group and the cost of the item can be reliably measured. The book value of the replaced part shall be derecognized. All other maintenance expenses are recognized in profit or loss for the period when incurred.

- C. Property, plant and equipment are subsequently measured at cost. Except for land, which is not depreciated, the depreciation is calculated using the straight-line method over the estimated useful years. Significant components of property, plant, and equipment are depreciated separately.
- D. The Group reviews the residual value, years of useful life and depreciation method of each asset at the end of each fiscal year. If the residual value and the expected value of useful years are different from the previous estimates, or if there is a significant change in the expected consumption pattern of the assets with future economic benefits, from the date of the change, it is treated in accordance with the provisions of IAS No. 8 "Accounting Policies, Changes in Accounting Estimates and Errors" for changes in accounting estimates. The useful lives of each asset are as follows:

Buildings	25 years ~ 50 years
Transportation equipment	5 years
Machinery and equipment	3 years ~ 5 years
Office equipment	2 years ~ 5 years
Other equipment	3 years ~ 5 years

(17) Leasing arrangements (lessee) — right-of-use assets/lease liabilities

- A. Lease assets are recognized as right-of-use assets and lease liabilities on the date they are available for use by the Group. When the lease contract is in the form of a short-term lease or a lease of a low-value target asset, the lease payments are recognized as expenses using the straight-line method over the lease period.
- B. Lease liabilities are recognized at the present value of the lease payments that have not been paid at the beginning of the lease at the discounted present value of the Group's incremental borrowing rate. Lease payments include fixed payments, less any lease incentives receivable. The interest expense is subsequently measured using the interest method and the amortized cost method, and the interest expense is provided during the lease term. When the lease period or lease payment changes other than contract modification, the lease liabilities will be reassessed and the right-of-use assets will be remeasured.
- C. The right-of-use asset is recognized at cost on the lease start date. Cost includes:
 - a. The initially measured amount of the lease liability; and
 - b. any initial direct costs incurred;

The subsequent measurement is based on the cost model, and the depreciation expense is appropriated when the useful life of the right-of-use asset expires or the lease term expires, whichever is earlier. When the lease liability is reassessed, the right-of-use asset adjusts any remeasurement of the lease liability.

(18) Investment property

Investment property is recognized at acquisition cost, and the cost model is adopted for subsequent measurement. Except for land, depreciation is made on a straight-line method according to the estimated service life, and the service life is 50 years.

(19) Impairment of non-financial assets

On the balance sheet date, the recoverable amount of assets with signs of impairment is estimated. When the recoverable amount is lower than the book value, the impairment loss is recognized. The recoverable amount is the fair value of an asset less the cost of disposal or its value in use, whichever is higher. When the impairment loss of assets recognized in prior years does not exist or decreases, the impairment loss is reversed. However, the increase in book value of the asset due to the reversal of impairment loss shall not exceed the amount of the depreciation or amortization if the impairment loss was not recognized for the asset and subsequent book value.

(20) Borrowings

A. Refers to long-term and short-term borrowings from banks. The Group measures their fair values less transaction costs at the time of initial recognition, and subsequently, for any difference between the price after deducting transaction costs and the redemption value, the effective interest method is used to recognize interest expenses in the outstanding period according to the amortization procedure in profit or loss.

B. When it is very likely to withdraw the expenses paid for the establishment of the borrowing limit, in part or in whole, the expenses are recognized as the transaction cost of the borrowing, deferred and recognized as the effective interest rate adjustment when the borrowing occurs; when it is unlikely that the expenses will be withdrawn, in part or in whole, the expenses are recognized as prepayments and amortized over the period to which the quota is related.

(21) Accounts payable and notes payable

A. Refers to debts incurred from the purchase of raw materials, commodities or labor services, and notes payable due to business and non-business reasons.

B. For short-term accounts and notes payable with unpaid interest, as the discounting effect is insignificant, the Group measures them based on the original invoice amount.

(22) Derecognition of financial liabilities

The Group derecognizes financial liabilities when the contractual obligations are fulfilled, cancelled or expired.

(23) Offsetting of financial instruments

Financial assets and financial liabilities can only be offset when there is a legally enforceable right to offset the recognized amounts of financial assets and liabilities, and the intention is to settle on a net basis or to realize assets and settle liabilities at the same time. In the balance sheet, it is presented in net amount.

(24) Provisions

The provisions (for warranty liabilities and litigation provisions) are recognized when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. The provisions are measured based on the best estimated present value of the expenditure required to settle the obligation on the balance sheet date. The discount rate is based on the pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the liability. The amortized discount is

recognized as interest expense. No future operating losses shall be recognized as provisions.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured by the non-discounted amount expected to be paid, and are recognized as expenses when the related services are provided.

B. Pension

a. Defined contribution plans

For the defined contribution plan, it is the amount that should be contributed to the pension fund is recognized as the current pension cost on an accrual basis. Prepaid allocations are recognized as assets within the scope of refundable cash or reduction of future payments.

b. Defined benefit plan

- i. The net obligation under the defined benefit plan is discounted based on the future benefit amount earned by employees in the current period or in the past, and the present value of the defined benefit obligation on the balance sheet date less the fair value of the planned assets. The net defined benefit obligation is calculated by the actuary using the projected unit benefit method every year. The discount rate is determined with reference to the market yield rate of the high-quality corporate bonds on the balance sheet date that are consistent with the currency and period; for countries without a deep market, the market yield rate of government bonds (on the balance sheet date) is used.
- ii. The remeasurement arising from the defined benefit plan is recognized in other comprehensive income in the period in which it occurs, and is expressed in the retained earnings.
- iii. Expenses related to the service cost in the previous period are immediately recognized in profit or loss.

C. Termination benefits

The termination benefits are for employees who terminate their employment before the normal retirement date or when the employees decide to accept the Company's offer of benefits in exchange for the termination of employment. The Group will state the benefits as expenses when the offer of benefits cannot be withdrawn or the related reorganization costs are stated, whichever earlier. Benefits that are not expected to be settled in full in 12 months after the balance sheet date should be discounted.

D. Compensation to employees and remuneration to directors

Employees' remuneration and directors' remuneration are recognized as expenses and liabilities when they have legal or constructive obligations and the amount can be reasonably estimated. If there is a discrepancy between the actual distributed amount and the estimated amount, it will be treated as a change in accounting estimate. If the employee's remuneration is paid in shares, the number of shares is calculated based on the closing price on the day before the date of the resolution of the board of directors.

(26) Income tax

- A. Income tax expense includes current and deferred income tax. Income tax is recognized in profit or loss, except for items that are recognized in other comprehensive income or directly

in equity, respectively.

- B. The Group calculates the income tax for the current period in accordance with the tax rate that has been enacted or substantially enacted in the countries where the Group is operating and generating taxable income on the balance sheet date. The management regularly evaluates the status of income tax filings in accordance with the applicable income tax related laws and regulations, and, if applicable, the estimated income tax liabilities based on the tax expected to be paid to the taxing authorities. Undistributed earnings are subject to additional income tax in accordance with the income tax law. The undistributed earnings income tax expense is recognized based on the actual distribution of earnings once the earnings distribution proposal is passed at the shareholders' meeting in the year following the year in which the earnings are generated.
- C. Deferred income tax is recognized based on the temporary differences between the tax bases of assets and liabilities and their carrying amounts on the consolidated balance sheet using the balance sheet method. The deferred income tax liabilities arising from the initially recognized goodwill shall not be recognized. If the deferred income tax is derived from the transaction (excluding business combination) on the initial recognition of assets or liabilities, and the transaction does not affect accounting profits or taxable income (taxable losses) at the time of the transaction and does not generate equivalent taxable and deductible temporary differences, they are not to be recognized. For the temporary difference generated by the investment in subsidiaries and affiliated companies, if the Group can control the time point of the temporary difference reversal, and the temporary difference is very likely not to be reversed in the foreseeable future, it shall not be recognized. Deferred income tax is based on the tax rate (and tax law) that has been enacted or substantially enacted at the balance sheet date and that is expected to apply when the related deferred income tax assets are realized or deferred income tax liabilities are settled.
- D. Deferred income tax assets are recognized within the scope of temporary differences that are likely to be used to offset future taxable income, and the unrecognized and recognized deferred income tax assets are reassessed at each balance sheet date.
- E. When there is a legally enforceable right to offset the amount of current income tax assets and liabilities recognized, and there is an intention to settle on a net basis or realize the assets and settle the liabilities at the same time, offset the current income tax assets and liabilities; when there is a legally enforceable right to offset current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are levied by the same taxation authority, the same taxable entity, or different taxable entities and each entity intends to repay on the basis of the net amount or to realize assets and repay liabilities at the same time, the deferred income tax assets and liabilities are offset.
- F. Unused income tax deductions arising from the purchase of equipment or technology, and R&D expenditures are recognized as deferred income tax asset, to the extent that it is probable that there will be future taxable income against which the unused income tax can offset.

(27) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or share options, net of income tax, are recognized in equity as a deduction of the consideration.

(28) Dividends

Dividends distributed to the Group's shareholders are recognized in the financial statements when the shareholders' meeting resolves to distribute dividends. Cash dividends are recognized as liabilities, and stock dividends are recognized as stock dividends to be distributed and

transferred to common shares on the record date of issuance of new shares.

(29) Revenue recognition

A. Sale of goods

- a. The Group manufactures and sells various automation equipment and system components. Revenue from sales is recognized when the control of the product is transferred to the customer. That is, when the product is delivered to the customer, the customer has discretion over the benefits of product sales, and when there are no outstanding performance obligations by the Group that may affect the customer's acceptance of the product. When the product is transported to the designated location, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the product in accordance with the sales contract, or there is objective evidence to prove that all acceptance criteria have been met.
- b. The Group provides standard warranty for some of the products sold, and is obligated to repair any defective products. The provisions are recognized at the time of sales.
- c. Accounts receivable are recognized when the goods are delivered to the customer, as the Group has an unconditional right to the contract price from that point on, and it only takes time to collect the consideration from the customer.

B. Engineering services

- a. The Group provides services related to the installation of smoke exhaust systems and blinds. Labor service income is recognized as income during the financial reporting period when the service is provided to the customer. Revenue from fixed price contracts is recognized based on the proportion of services actually provided as a percentage of the total services to be provided as of the balance sheet date. The proportion of completed services is determined based on the actual costs to be accounted for in the estimated total costs. The customer pays the contractual price in accordance with the agreed payment schedule. When the services provided by the Group exceed the payables of the customer, it is recognized as a contract asset; if the payables from the customer exceeds the services provided by the Group, it is recognized as a contract liability.
- b. The Group makes revisions to the estimates of income, cost and degree of completion as the circumstances change. Any increase or decrease in estimated revenue or cost resulting from a change in estimate is reflected in profit or loss in the period in which the result of the revision is known by the management.

(30) Government subsidies

Government subsidies are recognized at fair value when it is reasonably certain that the enterprise will comply with the conditions attached to the government subsidies and the subsidies will be received. If the nature of the government subsidies is to compensate the expenses incurred by the Company, the government subsidies shall be recognized as current profit or loss on a systematic basis in the period in which the relevant expenses are incurred.

(31) Operation segments

The information of the Group's operating segments is reported in a consistent manner with the internal management reports provided to major operational decision makers. The chief operational decision-makers are responsible for allocating resources to operating segments and evaluating their performance.

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

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Critical accounting estimates and assumptions

Since inventories must be valued at the lower of cost or net realizable value, the Group must exercise judgment and estimate to determine the net realizable value of inventories on the balance sheet date. Due to the rapid changes in technology, the Group evaluates the amount of inventories due to normal wear and tear, obsolete or no market sales value on the balance sheet date, and writes down the cost of inventories to the net realizable value. The evaluation of the inventory may change significantly due to the fluctuation of the net realizable value of the product in the future.

On December 31, 2023, the book value of the Group's inventories amounted to NTD 355,058.

6. DETAILS OF MATERIAL ACCOUNTS

(1) Cash and cash equivalent

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 175	\$ 160
Checking accounts and demand deposit	253,418	259,348
Time deposit	196,128	147,673
	<u>\$ 449,721</u>	<u>\$ 407,181</u>

- A. The credit quality of the financial institutions with which the Group interacts is good, and the Group interacts with multiple financial institutions to diversify credit risks, and the possibility of default is expected to be very low.
- B. As of December 31, 2023 and 2022, the Group's cash and cash equivalents due to construction performance and borrowings pledged for restrictions of NTD 775 and NTD 31,485, respectively, have been reclassified where appropriate. Please refer to Note 8 for information on related pledged assets.
- C. The Group's time deposits that do not qualify as cash equivalents as of December 31, 2023 and 2022 were NTD 103,615 and NTD 100,485, respectively, listed in the "financial assets at amortized cost" account.

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

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 1,150	\$1,150
Valuation adjustment	(976)	(1,031)
	<u>\$ 174</u>	<u>\$ 119</u>

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 55	(\$ 89)

B. The Group does not pledge financial assets measured at fair value through profit or loss.

C. Please refer to Note 12(2) for market risk information of financial assets measured at fair value through profit or loss.

(3) Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Current items		
Time deposits with original maturity date of more than three months	\$ 102,840	\$ 69,000
Pledged time deposit	775	31,485
	<u>\$ 103,615</u>	<u>\$ 100,485</u>

A. The breakdown of financial assets measured at amortized cost recognized in profit or loss is as follows:

	Years ended December 31,	
	2023	2022
Interest revenue	\$ 1,939	\$ 1,291

B. Without considering the collateral or other credit enhancements held, the financial assets measured at amortized cost that are most representative of the Group held in the period of December 31, 2023 and 2022, the maximum exposure amounts of credit risk are NTD 103,615 and NTD 100,485, respectively.

C. Please refer to Note 8 for the Company's financial assets measured at amortized cost as collaterals.

D. Please refer to Note 12(2) for the credit risk information of financial assets measured at amortized cost. The counterparties of the Group's investment in certificates of deposit are financial institutions with good credit quality, and the possibility of default is expected to be very low.

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	<u>\$ 22,584</u>	<u>\$ 42,206</u>
Accounts receivable	\$ 248,399	\$ 374,130
Less: Loss allowance	(5,819)	(10,921)
	<u>\$ 242,580</u>	<u>\$ 363,209</u>

A. The aging analysis of notes receivable is as follows:

	December 31, 2023	December 31, 2022
Not past due	\$ 22,584	\$ 42,206

B. The aging analysis of accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Not past due	\$ 226,137	\$ 328,834
Within 90 days of overdue	16,297	37,877
Overdue for more than 91 days	5,965	7,419
	\$ 248,399	\$ 374,130

The above is an aging analysis based on the number of overdue days.

C. The balance of accounts receivable and notes receivable on December 31, 2023, December 31, 2022, and January 1, 2022 were all generated from contracts with customers. The balance and allowance for losses of receivables amounted from contracts with customers on January 1, 2022 to NTD 555,613 and NTD 11,069, respectively.

D. Without considering the collateral or other credit enhancements held, the maximum exposure amount that best represents the credit risk of the notes receivable of the Group as of December 31, 2023 and 2022 are as follows: NTD 22,584 and NTD 42,206; the maximum exposure amount that best represents the credit risk of the accounts receivable of the Group as of December 31, 2023 and 2022 was NTD 242,580 and NTD 363,209, respectively.

E. The Group records accounts receivable without any collateral.

F. For credit risk information on notes and accounts receivable, please refer to Note 12(2).

(5) Inventories

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 74,706	(\$ 17,549)	\$ 57,157
Work in progress	27,386	(70)	27,316
Finished goods	39,323	(13,472)	25,851
Merchandise	260,176	(15,517)	244,659
Inventory in transit	75	-	75
	\$ 401,666	(\$ 46,608)	\$ 355,058

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 94,947	(\$ 24,700)	\$ 70,247
Work in progress	28,435	(16)	28,419
Finished goods	41,536	(11,906)	29,630
Merchandise	277,722	(30,788)	246,934
	\$ 442,640	(\$ 67,410)	\$ 375,230

Cost of inventories recognized as expense losses by the Group in the current period:

	Years ended December 31,	
	2023	2022
Cost of goods sold	\$ 647,368	\$ 1,225,007
Other operating costs	47,626	41,015
Loss (gain on reversal) on decline in value of inventories	(20,802)	7,246
	<u>\$ 674,192</u>	<u>\$ 1,273,268</u>

The Group sold inventory for which loss allowance was made in 2023, resulting in a recovery of inventories.

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

Item	December 31, 2023	December 31, 2022
Non-current items		
Equity instrument		
Non-listed stocks	\$ 58,973	\$ 58,973
Valuation adjustment	168,125	47,454
	<u>\$ 227,098</u>	<u>\$ 106,427</u>

A. The Group chose to classify the financial assets measured at cost that are strategic investments as financial assets measured at fair value through other comprehensive income. The fair values of these investments as of December 31, 2023 and 2022 were NTD 227,098 and NTD 106,427.

B. The breakdown of financial assets measured at fair value through other comprehensive income recognized in comprehensive profit or loss is as follows:

	Years ended December 31,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	<u>\$ 120,671</u>	<u>(\$ 61,455)</u>

C. Without considering the collateral or other credit enhancements held, the financial assets measured at fair value through other comprehensive income that best represent the Group held on December 31, 2023 and 2022, the maximum exposure amounts of credit risk are NTD 227,098 and NTD 106,427 respectively.

D. The Group does not pledge financial assets measured at fair value through other comprehensive income.

E. Please refer to Note 12(3) for market risk information of financial assets measured at fair value through other comprehensive income.

(7) Investment accounted for under equity method

A. The details of investment under equity method are as follows:

	December 31, 2023	December 31, 2022
PLENTY ISLAND (THAI)CO., LTD.	\$ 601	\$ 574
KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	34,289	31,629
3e Yamaichi Electronics Co., Ltd.	30,030	31,108
	<u>\$ 64,920</u>	<u>\$ 63,311</u>

	Years ended December 31,	
	2023	2022
January 1	\$ 63,311	\$ 72,274
Share of investment income accounted for using equity method	5,314	2,484
Distribution of investment earnings under equity method	(3,386)	(17,147)
Other changes in equity	(319)	5,700
December 31	<u>\$ 64,920</u>	<u>\$ 63,311</u>

B. Associate

The book value of the non-significant affiliates of the Group and their share of the operating results are summarized as follows:

As of December 31, 2023 and 2022, the total book value of the individual non-significant affiliates of the Group was NTD 64,920 and NTD 63,311, respectively.

	Years ended December 31,	
	2023	2022
Net income from continuing operations	\$ 19,536	\$ 33,930
Other comprehensive income (net amount after tax)	-	-
Current comprehensive income - net	<u>\$ 19,536</u>	<u>\$ 33,930</u>

C. The Group holds 25% of the equity of PIENTY ISLAND (THAI) CO., LTD. and is the single largest shareholder of the Company. The remaining 75% of the shares are concentrated in other investors. The number of votes for the holders of other voting rights acting together has exceeded the Group's, indicating that the Group has no actual ability to dominate the relevant activities, so it is judged that the Group has no control over the company but only has a significant influence.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery equipment			Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
			Self-use	Available for lease	Subtotal					
At January 1, 2023										
Cost	\$ 150,319	\$ 112,079	\$ 24,888	\$ 1,247	\$ 26,135	\$ 3,214	\$ 5,468	\$ 17,062	\$ -	\$ 314,277
Accumulated depreciation	- (41,344)	(19,667)	(1,019)	(20,686)	(1,880)	(3,404)	(9,556)	- (76,870)		
	<u>\$ 150,319</u>	<u>\$ 70,735</u>	<u>\$ 5,221</u>	<u>\$ 228</u>	<u>\$ 5,449</u>	<u>\$ 1,334</u>	<u>\$ 2,064</u>	<u>\$ 7,506</u>	<u>\$ -</u>	<u>\$ 237,407</u>
<u>2023</u>										
January 1	\$ 150,319	\$ 70,735	\$ 5,221	\$ 228	\$ 5,449	\$ 1,334	\$ 2,064	\$ 7,506	\$ -	\$ 237,407
Additions	-	-	707	-	707	-	1,587	784	1,462	4,540
Disposals	-	-	(495)	-	(495)	-	(27)	(49)	-	(571)
Reclassifications (Note)	-	-	-	-	-	-	-	123	-	123
Depreciation expense	- (2,297)	(3,204)	(228)	(3,432)	(633)	(1,378)	(2,515)	- (10,255)		
Exchange rate effect	- (22)	(22)	(7)	(1)	(28)	-	-	-		
December 31	<u>\$ 150,319</u>	<u>\$ 68,438</u>	<u>\$ 2,207</u>	<u>\$ -</u>	<u>\$ 2,207</u>	<u>\$ 694</u>	<u>(\$ 2,245)</u>	<u>\$ 5,821</u>	<u>\$ 1,462</u>	<u>\$ 231,186</u>
At December 31, 2023										
Cost	\$ 150,319	\$ 112,079	\$ 9,548	\$ -	\$ 9,548	\$ 2,969	\$ 6,714	\$ 17,369	\$ 1,462	\$ 300,460
Accumulated depreciation	- (43,641)	(7,341)	- (7,341)	(2,275)	(4,469)	(11,548)	- (69,274)			
	<u>\$ 150,319</u>	<u>\$ 68,438</u>	<u>\$ 2,207</u>	<u>\$ -</u>	<u>\$ 2,207</u>	<u>\$ 694</u>	<u>\$ 2,245</u>	<u>\$ 5,821</u>	<u>\$ 1,462</u>	<u>\$ 231,186</u>

	Land	Buildings and structures	Machinery equipment			Transportation equipment	Office equipment	Other equipment	Total
			Self-use	Available for lease	Subtotal				
At January 1, 2022									
Cost	\$ 150,319	\$ 112,079	\$ 25,895	\$ 10,157	\$ 36,052	\$ 3,167	\$ 4,690	\$ 20,219	\$ 326,526
Accumulated depreciation	-	(39,046)	(15,080)	(7,625)	(22,705)	(1,190)	(2,413)	(6,983)	(72,337)
	<u>\$ 150,319</u>	<u>\$ 73,033</u>	<u>\$ 10,815</u>	<u>\$ 2,532</u>	<u>\$ 13,347</u>	<u>\$ 1,977</u>	<u>\$ 2,277</u>	<u>\$ 13,236</u>	<u>\$ 254,189</u>
2022									
January 1	\$ 150,319	\$ 73,033	\$ 10,815	\$ 2,532	\$ 13,347	\$ 1,977	\$ 2,277	\$ 13,236	\$ 254,189
Additions	-	-	-	-	-	-	903	533	1,436
Disposals	-	-	(840)	-	(840)	-	(13)	(3,205)	(4,058)
Reclassifications (Note)	-	-	2,019	-	2,019	-	-	-	2,019
Depreciation expense	-	(2,298)	(6,773)	(2,348)	(9,121)	(675)	(1,106)	(3,210)	(16,410)
Exchange rate effect	-	-	-	44	44	32	3	152	231
December 31	<u>\$ 150,319</u>	<u>\$ 70,735</u>	<u>\$ 5,221</u>	<u>\$ 228</u>	<u>\$ 5,449</u>	<u>\$ 1,334</u>	<u>\$ 2,064</u>	<u>\$ 7,506</u>	<u>\$ 237,407</u>
At December 31, 2022									
Cost	\$ 150,319	\$ 112,079	\$ 24,888	\$ 1,247	\$ 26,135	\$ 3,214	\$ 5,468	\$ 17,062	\$ 314,277
Accumulated depreciation	-	(41,344)	(19,667)	(1,019)	(20,686)	(1,880)	(3,404)	(9,556)	(76,870)
	<u>\$ 150,319</u>	<u>\$ 70,735</u>	<u>\$ 5,221</u>	<u>\$ 228</u>	<u>\$ 5,449</u>	<u>\$ 1,334</u>	<u>\$ 2,064</u>	<u>\$ 7,506</u>	<u>\$ 237,407</u>

Note: Mainly refers to the inventory transferred in.

A. The Company has no capitalization of interest.

B. For information on property, plant and equipment as collateral, please refer to the descriptions in Note VIII.

(9) Lease arrangements - lessee

A. The underlying assets leased by the Group include land use rights, buildings, machinery and equipment, business vehicles, and multi-function devices. The lease contract terms usually range from 1 to 5 years. Lease contracts are negotiated separately and include various terms and conditions without other restrictions.

B. The book value of the right-of-use assets and the information of depreciation expense recognized are as follows:

	December 31, 2023	December 31, 2022
	Book value	Book value
Right-of-use assets:		
Buildings	\$ 2,519	\$ 24,271
Machinery equipment	35	169
Transportation equipment	375	496
	<u>\$ 2,929</u>	<u>\$ 24,936</u>

	Years ended December 31,	
	2023	2022
	Depreciation expense	Depreciation expense
Buildings	\$ 13,983	\$ 10,948
Machinery equipment	134	174
Transportation equipment	191	317
	<u>\$ 14,308</u>	<u>\$ 11,439</u>

C. The increase in the Group's right-of-use assets for 2023 and 2022 were NTD 1,313 and NTD 8,003, respectively.

D. The information of profit and loss items related to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
<u>Items affecting current profit or loss</u>		
Interest expense of lease liabilities	\$ 165	\$ 906
Expenses of short-term lease contracts	841	883
Expenses of low-value asset lease	153	87
Gains and losses from sale and leaseback transactions (Note)	16,607	-

Note: The Group rented buildings for operations in the first quarter of 2021. The lease term is 3 years. Based on the evaluation of the exercise of the extension option, the term was extended to 5 years. However, after evaluation in 2023, it decided not to extend the option. Therefore, the lease contract was re-evaluated, and the right-of-use assets and lease liabilities were reduced at the same time, and the related difference was recognized in profit or loss.

E. The Group's total lease cash outflow for 2023 and 2022 amounted to NTD 20,183 and NTD 19,470, respectively.

(10) Investment property

	Land	Buildings	Total
At January 1, 2023			
Cost	\$ 51,933	\$ 53,782	\$ 105,715
Accumulated depreciation	-	(19,596)	(19,596)
	<u>\$ 51,933</u>	<u>\$ 34,186</u>	<u>\$ 86,119</u>
<u>2023</u>			
January 1	\$ 51,933	\$ 34,186	\$ 86,119
depreciation expense	-	(1,055)	(1,055)
December 31	<u>\$ 51,933</u>	<u>\$ 33,131</u>	<u>\$ 85,064</u>
At December 31, 2023			
Cost	\$ 51,933	\$ 53,782	\$ 105,715
Accumulated depreciation	-	(20,651)	(20,651)
	<u>\$ 51,933</u>	<u>\$ 33,131</u>	<u>\$ 85,064</u>
	Land	Buildings	Total
At January 1, 2022			
Cost	\$ 51,933	\$ 53,782	\$ 105,715
Accumulated depreciation	-	(18,542)	(18,542)
	<u>\$ 51,933</u>	<u>\$ 35,240</u>	<u>\$ 87,173</u>
<u>2022</u>			
January 1	\$ 51,933	\$ 35,240	\$ 87,173
depreciation expense	-	(1,054)	(1,054)
December 31	<u>\$ 51,933</u>	<u>\$ 34,186</u>	<u>\$ 86,119</u>
At December 31, 2022			
Cost	\$ 51,933	\$ 53,782	\$ 105,715
Accumulated depreciation	-	(19,596)	(19,596)
	<u>\$ 51,933</u>	<u>\$ 34,186</u>	<u>\$ 86,119</u>

A. Rental income and direct operating expenses of investment property:

	Years ended December 31,	
	2023	2022
Rent income from investment property	<u>\$ 5,002</u>	<u>\$ 4,843</u>
Direct operating expenses incurred by investment property that generates rental income in the current period	<u>\$ 1,055</u>	<u>\$ 1,054</u>

B. The fair value of the investment property held by the Group as of December 31, 2023 and 2022 was NTD 177,761 and NTD 172,901, respectively. The fair value disclosed is based on the present value of the land of the real estate and the market of similar objects in the vicinity estimated at the transaction price.

C. The investment properties referred to above are two leases of premises and land on Zhouzi Street, Neihu District. The lease terms are from January 15, 2019 to March 31, 2024 and from August 1, 2022 to July 31, 2024, respectively.

D. Please refer to Note 8 for the Group's pledge of investment properties as collateral.

(11) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refundable deposits	\$ 5,001	\$ 4,863
Other assets - others	26,704	27,081
Long-term receivables (Note)	-	19,836
	<u>\$ 31,705</u>	<u>\$ 51,780</u>

Note: The remaining balance of RMB 4,500 thousand in the case of the Group's subsidiary completed in February 2021 has been paid to the transferee, SUNJADE HOLDINGS (HONG KONG) LIMITED, with respect to the construction in progress, the proposed new construction will be recovered after obtaining the real estate title certificate.

(12) Short-term borrowings

<u>Nature of loan</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Credit loans	<u>\$ 20,000</u>	1.70%	None

December 31, 2022: None.

A. The interest expenses recognized in profit or loss in 2023 and 2022 were NTD 113 and NTD 395, respectively.

B. Please refer to Note 8 for guarantee details.

(13) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonuses payable	\$ 35,855	\$ 50,856
Remuneration payable to employees, directors and supervisors	7,126	21,531
Payable commission	6,242	6,385
Payable expenses - others	19,941	29,147
Other payables	<u>4,860</u>	<u>8,400</u>
	<u>\$ 74,024</u>	<u>\$ 116,319</u>

(14) Provisions

	<u>Warranty</u>	<u>Litigation</u>	<u>Total</u>
January 1, 2023	\$ 7,638	\$ -	\$ 7,638
Provisions increased in the current period	3,510	-	3,510
Provisions used in the current period	(4,243)	-	(4,243)
December 31, 2023	<u>\$ 6,905</u>	<u>\$ -</u>	<u>\$ 6,905</u>

	Warranty	Litigation	Total
January 1, 2022	\$ 9,005	\$ 34,588	\$ 43,593
Provisions increased in the current period	2,223	-	2,223
Provisions increased in the current period	(3,590)	(12,910)	(16,500)
Provisions increased in the current period	-	(21,678)	(21,678)
December 31, 2022	<u>\$ 7,638</u>	<u>\$ -</u>	<u>\$ 7,638</u>

A. The provision for warranty liabilities of the Group is mainly related to the sales of self-made products and is estimated based on the historical warranty data of the products.

B. For the details of changes in the reserve for litigation, please refer to Note 9 (1).

(15) Pension

A. a. In accordance with the provisions of the "Labor Standards Act", the Company has established retirement benefits regulations which is applicable to the service years of all formal employees before the implementations of the Labor Pension Act on July 1, 2005, and to employees who chose to continue to adopt the Labor Standards Act after the implementation of the Labor Pension Act. For employees who are eligible for retirement, the pension payment is based on the years of service and the average salary of 6 months prior to retirement. Two base figures are given for each full year of service within 15 years (inclusive), and one base figures are given for each full year of service beyond 15 years, but the accumulation is limited to 45 bases. The Company contributes 2% of the total salary to the pension fund on a monthly basis, which is deposited with the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. Before the end of each year, the Company estimates the balance of the special account for the labor pension fund mentioned in the preceding paragraph. If the balance is insufficient to pay the pension amount for the workers who meet the retirement conditions in the following year, the difference shall be appropriated by the Company before the end of March.

b. The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 29,416)	(\$ 34,321)
Fair value of plan assets	<u>25,988</u>	<u>25,084</u>
Net defined benefit liabilities (shown as other non-current liabilities)	<u>(\$ 3,428)</u>	<u>(\$ 9,237)</u>

c. Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2023			
Balance at January 1	(\$ 34,321)	\$ 25,084	(\$ 9,237)
Interest (expense) income	(446)	326	(120)
	<u>(34,767)</u>	<u>25,410</u>	<u>(9,357)</u>
Remeasurements:			
Losses on plan assets (excluding amounts included in interest income or expense)	-	151	151
Change in financial assumptions	(214)	-	(214)
Experience adjustments	<u>5,565</u>	<u>-</u>	<u>5,565</u>
	<u>5,351</u>	<u>151</u>	<u>5,502</u>
Pension fund contribution	-	427	427
Paid pension	-	-	-
Balance at December 31	<u>(\$ 29,416)</u>	<u>\$ 25,988</u>	<u>(\$ 3,428)</u>

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2022			
Balance at January 1	(\$ 38,791)	\$ 26,049	(\$ 12,742)
Current service cost	(227)	-	(227)
Interest (expense) income	(271)	182	(89)
	<u>(39,289)</u>	<u>26,231</u>	<u>(13,058)</u>
Remeasurement:			
Losses on plan assets (excluding amounts included in interest income or expense)	-	1,944	1,944
Change in financial assumptions	1,780	-	1,780
Experience adjustments	(358)	-	(358)
	<u>1,422</u>	<u>1,944</u>	<u>3,366</u>
Pension fund contribution	-	455	455
Paid pension	3,546	(3,546)	-
Balance at December 31	<u>(\$ 34,321)</u>	<u>\$ 25,084</u>	<u>(\$ 9,237)</u>

- d. The fund assets of the Company's defined benefit pension plan are based on the scope of the proportion and amount of the entrusted business items established in the annual investment and utilization plan of the Bank of Taiwan. The Company has processed the entrusted management according to Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (that is, deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products, and more) which the related utilization situation is supervised by the Labor Pension Fund Supervisory Committee. For the use of the Fund, the minimum income distributed in the annual final accounts shall not be less than the income calculated based on the two-year time deposit interest rate of the local bank; if there is any deficiency, the Treasury shall make up for it after approval by the competent authority. Since the Company has no right to participate in the operation and management of the fund, it is impossible for the Company to disclose the classification of the fair value of plan assets in accordance with IAS 19 Paragraph 142. For the fair value of the total assets of the fund as of December 31, 2023 and 2022, please refer to the labor pension fund utilization report announced by the government of each year.

- e. The actuarial assumptions related to the pension fund are summarized as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.20%	1.30%
Future salary increases rate	2.25%	2.25%

The assumption of future mortality rate is based on the 6th Taiwan Life Insurance Industry Experience Tables.

The analysis of the impact on the present value of defined benefit obligation due to the change of the main actuarial assumptions is as follows:

	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 529)	\$ 545	\$ 465	(\$ 454)

	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 704)	\$ 726	\$ 632	(\$ 616)

The above sensitivity analysis analyzes the impact of changes in a single assumption with other assumptions remaining unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities on the balance sheet. The methods and assumptions used in the preparation of the sensitivity analysis of the current period are the same as those used in the previous period.

- f. The Company expects to contribute NTD 525 to the pension plan in 2024.
- g. As of December 31, 2023, the average duration of the pension plan was 8 years.
- B. a. Since July 1, 2005, the Company and its domestic subsidiaries have established a defined retirement contribution in accordance with the "Labor Pension Act", which is applicable to employees of Taiwan nationality. For the employees who choose to apply the labor pension system stipulated in the "Labor Pension Act", the Company contributes 6% of the monthly salary to the employee's individual account with the Labor Insurance Bureau, and the employee's pension is paid in accordance with the employee's individual pension. The amount of accumulated income and segregated account is withdrawn as monthly pension or lump sum.
- b. The Group's subsidiaries registered in the People's Republic of China are in accordance with the endowment insurance system stipulated by the government of the People's Republic of China. Each month, a certain percentage of the total salary of the local employees is contributed to the endowment insurance. The pension of each employee is managed and arranged by the government. Other than the monthly appropriation, the Company has no other obligations.

- c. In 2023 and 2022, the pension cost recognized by the Group in accordance with the above regulations was NTD 8,145 and NTD 8,677, respectively.

(16) Share capital

- A. As of December 31, 2023, the Company's authorized capital was NTD 1,500,000 divided into 150,000 thousand shares (including 10,000 thousand shares of employee share option), and the paid-in capital was NTD 827,897 for each with a face value of NTD 10 per share. Payment for the issued shares of the Company has been received.
- B. The number of common shares of the Company outstanding at the beginning and end of the period were both 82,790 thousand shares.

(17) Capital surplus

In accordance with the provisions of the Company Act, the premium from the issuance of shares in excess of the par value and the capital reserve from the receipt of gifts may be used to make up for losses. When the Company has no accumulated losses, new shares or cash are issued or paid in proportion to the original shares of the shareholders. In addition, according to the relevant provisions of the Securities and Exchange Act, when the capital reserve above is appropriated to capital, its total amount each year shall not exceed 10% of the paid-in capital. A company shall not use the capital reserve to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

(18) Retained earnings

- A. If the Company has earnings in the annual final accounting, it shall pay tax in accordance with the law and make up for the accumulated losses, and then set aside 10% of the earnings as a legal reserve. However, when the legal reserve has reached the amount of the Company's paid-in capital, such appropriation may not be provided; for the rest, the special reserve shall be set aside or reversed in accordance with the laws and regulations. If there is any remaining balance, the remaining earnings shall be retained or distributed together with the accumulated undistributed earnings, and the Board of Directors shall propose a proposal for earnings distribution and submit it to the shareholders' meeting for resolution.
- B. The Company's dividend policy is as follows: To meet the current and future development plans, taking into account the investment environment, capital requirements, and the interests of shareholders, the Company will allocate no less than 10% of the distributable earnings as dividends to shareholders each year, which may be distributed in the form of cash or shares, and the cash dividends shall not be less than 20% of the total dividends.
- C. The legal reserve may not be used except to make up for the Company's losses and issuing new shares or cash in proportion to the original number of shares held by shareholders. However, if new shares or cash are issued, the amount of the reserve exceeding 25% of the paid-in capital shall be limited.
- D. a. When the Company distributes earnings, the special reserve shall be set aside for the debit balance of other equity items on the balance sheet date of the current year according to laws and regulations. When the debit balance of other equity items is subsequently reversed, the amount of the reversal may be included in the distributable earnings.

- b. The special reserve amounted to \$2,713 as of December 31, 2023 and 2022 for both. This is the first time that the Group has adopted IFRSs to recognize that the cumulative translation difference generated by the foreign operation is zero, and to recognize an adjustment and the special reserve in the same amount. When the Company uses, disposes or reclassifies the relevant assets later, the proportion of the original special reserve may be reversed for distribution earnings.

E. The 2022 and 2021 earnings distribution proposals of the Company were approved by the shareholders' meetings on June 9, 2023 and June 22, 2022, as follows:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 21,664		\$ 26,512	
Reversal of special reserve	-		(20,617)	
Cash dividends	149,021	\$ 1.80	149,021	\$ 1.80
	<u>\$ 170,685</u>		<u>\$ 154,916</u>	

Please visit the "MOPS" of the Taiwan Stock Exchange for the 2022 and 2021 earnings distributions approved by the Company's Board of Directors and at shareholders' meetings.

F. The 2023 earnings distribution of the Company was proposed by the Board of Directors on March 14, 2024 as follows:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 8,317	
Cash dividends	82,790	\$ 1.00
	<u>\$ 91,107</u>	

- a. For information on employees' remuneration and remuneration to directors and supervisors, please refer to Note 6(25).
- b. The aforementioned 2023 earnings distribution proposal has not yet been approved by the shareholders' meeting.

(19) Other equity items

	2023		
	Unrealized valuation gains/losses	Translation of foreign currency	Total
January 1	\$ 64,583	(\$ 12,521)	\$ 52,062
Valuation adjustment	120,671	-	120,671
Foreign exchange difference:			
- Group	- (	3,148)	(3,148)
- Group's taxable income	-	629	629
- Affiliated companies	- (	319)	(319)
- Tax of affiliated companies	-	50	50
December 31	<u>\$ 185,254</u>	<u>(\$ 15,309)</u>	<u>\$ 169,945</u>

	2022		
	Unrealized valuation gains/losses	Translation of foreign currency	Total
January 1	\$ 126,038	(\$ 19,591)	\$ 106,447
Valuation adjustment	(61,455)	-	(61,455)
Foreign exchange difference:			
- Group	-	3,129	3,129
- Group's taxable income	-	(626)	(626)
- Affiliated companies	-	5,700	5,700
- Tax of affiliated companies	-	(1,133)	(1,133)
December 31	\$ 64,583	(\$ 12,521)	\$ 52,062

(20) Operating revenue

A. Breakdown of revenue from customer contracts

The Group's revenue comes from the provision of goods and services, which can be divided into the following main product lines and geographical regions:

Year ended December 31, 2023	Automation components				Automation equipment				Energy conservation and safety	Others	Total
	Taiwan	Mainland China	Japan	Others	Taiwan	Mainland China	Japan	Others	Taiwan	Taiwan	
External income	\$ 331,130	\$ 126,261	\$ 22,796	\$ 386	\$ 47,947	\$ 214,229	\$23,806	\$153,353	\$48,587	\$ 15,054	\$ 983,549
Timing of revenue recognition											
Revenue recognized at a certain point in time	\$ 331,130	\$ 126,261	\$ 22,796	\$ 386	\$ 47,947	\$ 214,229	\$23,806	\$153,353	\$48,587	\$ 15,054	\$ 983,549
Year ended December 31, 2022	Automation components				Automation equipment				Energy conservation and safety	Others	Total
	Taiwan	Mainland China	Japan	Others	Taiwan	Mainland China	Japan	Others	Taiwan	Taiwan	
External income	\$ 925,288	\$ 296,612	\$ 9,960	\$ 4,746	\$ 116,915	\$ 247,005	\$18,645	\$131,560	\$39,115	\$ 13,654	\$ 1,803,500
Timing of revenue recognition											
Revenue recognized at a certain point in time	\$ 925,288	\$ 296,612	\$ 9,960	\$ 4,746	\$ 116,915	\$ 247,005	\$18,645	\$131,560	\$39,115	\$ 13,654	\$ 1,803,500

B. Contract assets and liabilities

- a. The contractual liabilities related to the customer contract revenue recognized by the Group are as follows:

Contract liabilities:	December 31, 2023	December 31, 2022	January 1, 2022
Advance collections from customers	\$ 11,543	\$ 2,949	\$ 5,098

- b. Revenue recognized in current period of contract liabilities at the beginning of the period

	Years ended December 31,	
	2023	2022
<u>Opening balance of contract liabilities recognized as income in current period</u>		
Advance collections from customers	\$ 2,949	\$ 5,098

(21) Interest income

	Years ended December 31,	
	2023	2022
Interest on bank deposits	\$ 12,918	\$ 2,672
Interest income from financial assets at amortized cost	1,939	1,291
	<u>\$ 14,857</u>	<u>\$ 3,963</u>

(22) Other income

	Years ended December 31,	
	2023	2022
Rental income	\$ 7,336	\$ 6,024
Dividend income	20,426	17,096
Government grant income	325	1,073
Other income (Note)	2,830	24,866
	<u>\$ 30,917</u>	<u>\$ 49,059</u>

Note: Please refer to Note 9(1) for NTD 21,678 in the amount recognized in 2022.

(23) Other gains and losses

	Years ended December 31,	
	2023	2022
Net gain (loss) on financial assets at fair value through profit or loss	\$ 55	(\$ 89)
Foreign currency exchange gain (loss), net	(4,036)	26,113
Losses from disposal of property, plant and equipment	(460)	(1,435)
Gain on sale and leaseback transfer of right (Note)	16,607	-
Other losses	(890)	(273)
	<u>\$ 11,276</u>	<u>\$ 24,316</u>

Note: Please refer to Note 6(9) for details.

(24) Financial costs

	Years ended December 31,	
	2023	2022
Interest expense		
Interest expense of bank borrowings	\$ 113	\$ 469
Interest expense of lease liabilities	165	906
	<u>\$ 278</u>	<u>\$ 1,375</u>

(25) Employee benefits and depreciation expenses

A. Employee benefits and depreciation expenses

By function	Year ended December 31, 2023		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense			
Salary expenses	\$ 15,791	\$ 154,466	\$ 170,257
Labor and national health insurance expenses	1,635	13,549	15,184
Pension expense	906	7,359	8,265
Other employee expenses	999	7,437	8,436
Depreciation expense	3,195	22,423	25,618

By function	Year ended December 31, 2022		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense			
Salary expenses	\$ 18,825	\$ 188,793	\$ 207,618
Labor and national health insurance expenses	1,573	13,751	15,324
Pension expense	968	8,025	8,993
Other employee expenses	1,302	8,233	9,535
Depreciation expense	3,410	25,493	28,903

B. Compensation to employees and remuneration to directors

- a. Pursuant to the Company's Articles of Incorporation, if the Company makes a profit in the year, after deducting accumulated losses, it shall allocate no less than 5% as employees' remuneration, and no more than 5% as directors' remuneration.
- b. The Company's estimated employees' remuneration for 2023 and 2022 are NTD 4,454 and NTD 15,379, respectively; the estimated amounts of directors' remuneration are NTD 2,672 and NTD 6,152, respectively, and the aforementioned amounts are accounted for as salary expenses.
For 2023, the profit is estimated at 5% and 3%, respectively, based on the profit status as of the current period. The 2022 employees' remuneration and director remuneration as resolved by the Board of Directors are consistent with the amounts recognized in the 2022 financial statements.
Information on employees' and directors' remuneration approved by the Company's board of directors is available on the MOPS.

(26) Income tax

A. income tax expense

- a. Components of income tax expense:

		Years ended December 31,	
		2023	2022
Current income tax:			
Income tax arising from current income	\$	10,301	\$ 64,214
Imposition on undistributed earnings		2,297	5,621
Overestimated income tax in previous years	(	8,815)	(277)
Total income tax for the current period		3,783	69,558
Deferred income tax:			
The origin and reversal of the temporary difference		1,237	(104)
Exchange rate effect		-	(5)
Income tax expense	\$	5,020	\$ 69,449

b. Amount of income tax related to other comprehensive income:

	Years ended December 31,	
	2023	2022
Difference on translation of foreign operations	\$ 629	(\$ 626)
Share of other comprehensive income of affiliated companies	50	(1,133)
Remeasurement of defined benefit plan	(1,100)	(673)
	<u>(\$ 421)</u>	<u>(\$ 2,432)</u>

B. Relationship between income tax expense and accounting profit:

	Years ended December 31,	
	2023	2022
Income tax on net profit before tax calculated at statutory tax rate (Note)	\$ 23,433	\$ 57,343
Income tax effects of excluded items in accordance with the Tax Law	(10,658)	6,658
Assessment of realizability of deferred income tax assets	(1,237)	104
Imposition on undistributed earnings	2,297	5,621
Overestimated amount of income tax in previous years	(8,815)	(277)
income tax expense	<u>\$ 5,020</u>	<u>\$ 69,449</u>

Note: The basis of the applicable tax rate is the tax rate applicable to the income in the relevant countries.

C. The amount of each deferred income tax asset or liability arising from the temporary difference is as follows:

Years ended December 31, 2023				
	January 1	Recognized in profit or loss	Recognized in other comprehensive net income	December 31
- Deferred income tax assets:				
Temporary difference:				
Allowance for inventory obsolescence	\$ 12,575	(\$ 2,963)	\$ -	\$ 9,612
Pension liabilities	1,848	(62)	(1,100)	686
Unrealized exchange losses	-	581	-	581
Expected credit impairment loss	3,006	2,032	-	5,038
Others	3,270	(1,525)	-	1,745
Subtotal	<u>20,699</u>	<u>(1,937)</u>	<u>(1,100)</u>	<u>17,662</u>
-Deferred income tax liabilities:				
Temporary difference:				
Exchange differences on foreign operations	(1,712)	-	679	(1,033)
Unrealized exchange gain	(1,106)	1,103	-	(3)
Investment income under equity method	(37,796)	(403)	-	(38,199)
Subtotal	<u>(40,614)</u>	<u>700</u>	<u>679</u>	<u>(39,235)</u>
Total	<u>(\$ 19,915)</u>	<u>(\$ 1,237)</u>	<u>(\$ 421)</u>	<u>(\$ 21,573)</u>

Years ended December 31, 2022				
	January 1	Recognized in profit or loss	Recognized in other comprehensive net income	December 31
- Deferred income tax assets:				
Temporary difference:				
Allowance for inventory obsolescence	\$ 11,150	\$ 1,425	\$ -	\$ 12,575
Pension liabilities	2,549	(28)	(673)	1,848
Unrealized contingent liabilities	6,917	(6,917)	-	-
Unrealized exchange losses	417	(417)	-	-
Expected credit impairment loss	2,744	262	-	3,006
Others	3,270	-	-	3,270
Subtotal	<u>27,047</u>	<u>(5,675)</u>	<u>(673)</u>	<u>20,699</u>
-Deferred income tax liabilities:				
Temporary difference:				
Exchange differences on foreign operations	47	-	(1,759)	(1,712)
Unrealized exchange gain	(11)	(1,095)	-	(1,106)
Investment income under equity method	(44,670)	6,874	-	(37,796)
Subtotal	<u>(44,634)</u>	<u>5,779</u>	<u>(1,759)</u>	<u>(40,614)</u>
Total	<u>(\$ 17,587)</u>	<u>\$ 104</u>	<u>(\$ 2,432)</u>	<u>\$ 19,915</u>

D. The Company's profit-seeking business income tax has been approved by the tax authorities up to 2020.

(27) Earnings per share

Years ended December 31, 2023			
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per Share (in dollars)
<u>Basic earnings per share</u>			
Net income attributable to the parent company	\$ 78,773	82,790	\$ 0.95
<u>Dividend earnings per share</u>			
Effect of the potential dilutive ordinary shares on employee compensation	-	341	
Effect of net income attributable to the parent company for the period plus potential common shares	\$ 78,773	83,131	\$ 0.95
Years ended December 31, 2022			
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per Share (in dollars)
<u>Basic earnings per share:</u>			
Net income attributable to the parent company	\$ 213,943	82,790	\$ 2.58
<u>Diluted earnings per share</u>			
Effect of the potential dilutive ordinary shares on employee compensation	-	588	
Effect of net income attributable to the parent company for the period plus potential common shares	\$ 213,943	83,378	\$ 2.57

(28) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received (Note)	Total liabilities from financing activities
At January 1, 2023	\$ -	\$ -	\$ 49,038	\$ 808	\$ 49,846
Changes in financing cash flow	20,000	-	(19,024)	1,080	2,056
Other non-cash changes	-	-	(26,173)	-	(26,173)
The Effects of Changes in Foreign Exchange Rates	-	-	(1,862)	-	(1,862)
At December 31, 2023	\$ 20,000	\$ -	\$ 1,979	\$ 1,888	\$ 23,867

	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received (Note)	Total liabilities from financing activities
At January 1, 2022	\$ 164,000	\$ 1,000	\$ 58,543	\$ 808	\$ 224,351
Changes in financing cash flow	(164,000)	(1,000)	(17,594)	-	(182,594)
Other non-cash changes	-	-	8,003	-	8,003
The Effects of Changes in Foreign Exchange Rates	-	-	86	-	86
At December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,038</u>	<u>\$ 808</u>	<u>\$ 49,846</u>

Note: Listed "other non-current liabilities" in the table.

7. RELATED PARTY TRANSACTIONS

(1) Names and relationships of related parties

Name of related party	Relationship with the Group
KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD. ("KUNSHAN KYOWA UNIVERSAL ")	Associate of the Company
PLENTY ISLAND (THAI) CO., LTD. ("PLENTY ISLAND")	Associate of the Company

(2) Significant transactions and balances with related parties

A. Operating revenue

	Years ended December 31,	
	2023	2022
Sale of goods:		
PLENTY ISLAND	<u>\$ -</u>	<u>\$ 1,083</u>

If there are purchase and sales transactions between the Group and the related party, the payments shall be collected according to the payment terms. The credit policy is open on account of about 180 days. For general customers, the credit policy is open on the basis of net 90 days to 180 days for collection within these days.

B. Purchase of goods

	Years ended December 31,	
	2023	2022
Purchase of goods:		
KUNSHAN KYOWA UNIVERSAL	<u>\$ 76,117</u>	<u>\$ 48,965</u>

The Group determines the purchase price to related parties with reference to the market price and the payment term is based on O/A 180 days. The payment term for general customer is made on the basis of O/A 90-180 days.

C. Payables to related parties

	December 31, 2023	December 31, 2022
Accounts payable:		
KUNSHAN KYOWA UNIVERSAL	\$ 32,602	\$ 16,826

D. Rental income

	Years ended December 31,	
	2023	2022
KUNSHAN KYOWA UNIVERSAL	\$ 2,231	\$ 2,909

(3) Key management personnel

	Years ended December 31,	
	2023	2022
Salary and other short-term employee benefits	\$ 22,924	\$ 22,666
Post-employment benefits	531	361
	\$ 23,455	\$ 23,027

8. PLEDGED ASSETS

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

Pledged assets	Book value		Pledged purpose
	December 31, 2023	December 31, 2022	
Time deposit (shown as financial assets at amortized cost)	\$ 775	\$ 31,485	Amount of short-term borrowings and construction performance guarantee
Property, Plant and Equipment	207,978	210,008	Amount of short-term and long-term borrowings
Investment Property	85,064	86,119	Amount of short-term borrowings
	\$ 293,817	\$ 327,612	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

There was a dispute over the performance of the food supply contract between the Company and Company A. Company A claimed the Company to compensate the loss related to the termination of the contract. In May 2022, the Supreme Court rejected both parties' appeals. The payment to Company A of \$8,164 and interest of \$4,746, totaling \$12,910; the difference of \$21,678 from the estimated "provisions" of \$34,588 was recognized in 2022 Q2 under "other income" of "operating revenue". The Company has recovered all litigation guarantees of \$34,588 (originally listed as "refundable deposits") in June 2022.

(2) Commitments

A. As of December 31, 2023 and 2022, the amount of the guarantee notes issued by the Group for construction performance guarantees was NTD 10,790 and NTD 10,826, respectively.

B. As of December 31, 2023 and 2022, the customs deposit payable by the Group is the amount of the letter of guarantee issued by the bank together with the guarantee of \$1,000.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) Earnings appropriation for 2023: Please refer to the description in Note 6(18)6.
- (2) The Company's subsidiary AUROTEK INC. was liquidated upon resolution of the shareholders' meeting on January 31, 2024, and the dissolution and liquidation procedures were completed on February 5, 2024.

12. OTHERS

(1) Capital management

The goal of the Group's capital management is to ensure the continued operation of the Group, maintain the optimal capital structure to reduce the cost of capital, and provide returns for shareholders. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce liabilities.

(2) Financial instruments

A. Type of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial asset</u>		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 174	\$ 119
Financial assets measured at fair value through other comprehensive income		
Financial assets measured		
Selecting designated investments in equity instruments	\$ 227,098	\$ 106,427
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 449,721	\$ 407,181
Financial assets measured at amortized cost	103,615	100,485
Notes receivable	22,584	42,206
Accounts receivable (including related party)	242,580	363,209
Other receivables (including related parties)	3,185	6,828
Long-term receivables (stated as other non-current assets)	-	19,836
Refundable deposits (accounted for in other non-current assets)	5,001	4,863
	<u>\$ 826,686</u>	<u>\$ 944,608</u>

Financial liability

Financial liabilities measured at amortized cost

Short-term borrowings	\$	20,000	\$	-
Notes payable		1,633		1,412
Accounts payable (including related parties)		130,472		118,718
Other payables		74,024		116,319
Guarantee deposits received (recognized in other non-current liabilities)		1,888		808
	\$	228,017	\$	237,257
Lease liabilities (including current and non-current)	\$	1,979	\$	49,038

B. Risk management policy

- a. The Group's daily operations are affected by a number of financial risks, including market risks (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictable events in the financial market and seeks to reduce the potential adverse effects on the Group's financial position and financial performance.
- b. Risk management is carried out by the Group's Finance Department in accordance with the policies approved by the Board of Directors. The Finance Department of the Group works closely with the Group's operating units to identify, evaluate and avoid financial risks. The Board of Directors has written principles for overall risk management, and also provides written policies for specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus working capital.

C. Nature and extent of significant financial risk

a. Market risk

Foreign exchange risk

- i. The Group operates as a multinational company and is therefore exposed to the exchange rate risk arising from transactions with the functional currency of the Company and its subsidiaries, which are mainly USD, RMB, Japanese Yen, and Thai Baht. The relevant exchange rate risk comes from future commercial transactions and recognized assets and liabilities.
- ii. The Group's management has formulated policies that require companies within the Group to manage the exchange rate risk relative to their functional currency.
- iii. The Group's business involves certain non-functional currencies (the functional currency of the Company and some subsidiaries is NTD, and the functional currency of some subsidiaries is RMB and JPY). Therefore, it is subject to the impact of exchange rate fluctuations, with significant exchange rate fluctuations. Information on assets and liabilities denominated in foreign currencies affected is as follows:

December 31, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD: NTD	\$ 12,489	30.71	\$ 383,537
JPY: NTD	65,105	0.2172	14,141
CNY: NTD	2,290	4.3780	10,026
USD: CNY	464	7.0963	3,293
<u>Non-monetary items</u>			
CNY: NTD	\$ 7,832	4.3780	\$ 34,289
Thai Baht: NTD	667	0.9017	601
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD	\$ 176	30.71	\$ 5,405
JPY: NTD	18,214	0.2172	3,956
CNY: NTD	765	4.3780	3,349
USD: CNY	266	7.0963	1,888

December 31, 2022			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD: NTD	\$ 8,850	30.71	\$ 271,784
JPY: NTD	46,382	0.2324	10,779
CNY: NTD	8,084	4.4080	35,634
<u>Non-monetary items</u>			
CNY: NTD	\$ 7,057	4.4080	\$ 31,108
Thai Baht: NTD	642	0.8941	574
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD	\$ 484	30.71	\$ 14,864
JPY: NTD	30,620	0.2324	7,116
CNY: NTD	605	4.4080	2,667

- iv. The unrealized exchange gains and losses of the Group's monetary items due to exchange rate fluctuations are described as follows:

Year ended December 31, 2023			
Exchange gain or loss			
Foreign currency amount			
(in thousands)	Exchange rate		Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	30.71	(\$	2,795)
JPY: NTD	0.2172		73
CNY: NTD	4.3780		59
USD: CNY	7.0963	(	65)
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD	30.71	(\$	107)
JPY: NTD	0.2172		3
CNY: NTD	4.3780		12
USD: CNY	7.0963		29

Year ended December 31, 2022			
Exchange gain or loss			
Foreign currency amount			
(in thousands)	Exchange rate		Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	30.71	\$	2,489
JPY: NTD	0.2324		15
CNY: NTD	4.4080		217
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD	30.71	\$	1,915
JPY: NTD	0.2324		93
CNY: NTD	4.4080		76

- v. The risk analysis of the Group's foreign currency market due to significant exchange rate fluctuations is as follows:

	Year ended December 31, 2023			
	Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$ 3,835	\$	-
JPY: NTD	1%	141		-
CNY: NTD	1%	100		-
USD: CNY	1%	33		-
<u>Financial liability</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$ 54	\$	-
JPY: NTD	1%	40		-
CNY: NTD	1%	33		-
USD: CNY	1%	19		-

	Year ended December 31, 2022			
	Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$ 2,718	\$	-
JPY: NTD	1%	108		-
CNY: NTD	1%	356		-
<u>Financial liability</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$ 149	\$	-
JPY: NTD	1%	71		-

Price risk

- i. The Group's equity instrument exposed to price risk is accounted for in the financial assets measured at fair value through profit or loss and the financial assets measured at fair value through other comprehensive profit or loss. To manage the price risk of equity instrument investment, the Group will diversify its investment portfolio, and the diversification method is based on the limit set by the Group.
- ii. The Group mainly invests in equity instruments issued by domestic companies. The price of such equity instruments will be affected by the uncertainty of the future value of the investment target. If the price of these equity instruments rises or falls by 1%, and all other factors remain unchanged, the net profit after tax for 2023 and 2022 increased or decreased by \$1 and \$1, respectively, due to the profit or loss of equity instruments at fair value

through profit or loss. The other comprehensive income in 2023 and 2022 increased or decreased due to profit or loss of equity investments measured at fair value through other comprehensive income was \$1,817 and \$851.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk mainly comes from the long-term borrowings with floating interest rates, which expose the Group to cash flow interest rate risk. In 2023 and 2022, the Group's borrowings with floating interest rates were mainly denominated in NTD.
 - ii. The Group's borrowings are measured at amortized cost. According to the contract, the interest rate is priced again every year. Therefore, the Group is exposed to the risk of future changes in market interest rates.
 - iii. If the NTD borrowing rate increases or decreases by 1%, and all other factors remain unchanged, the net income after tax for 2023 and 2022 will decrease or increase, by \$160 and \$0, respectively, mainly due to the change in interest expense due to borrowings with floating interest rates.
- b. Credit risk
- i. The Group's credit risk is the risk of financial loss due to the failure of customers or counterparties of financial instruments to fulfill contractual obligations, mainly from the inability of the counterparties to repay the accounts receivable based on the collection terms and classification as the contractual cash flow of debt instrument investment measured at amortized cost.
 - ii. The Group establishes credit risk management from the group perspective. For banks and financial institutions, only institutions with good credit rating can be accepted as counterparties. According to the internal credit policy, management and credit risk analysis must be conducted on each operating entity within the Group and each new customer before proposing terms and conditions for payment and delivery. The internal risk control evaluates customers' credit quality by considering their financial status, past experience and other factors. The limits of individual risks are set by the management based on internal or external ratings, and the use of credit lines is regularly monitored.
 - iii. Based on the Group's past experience and industry characteristics, a default is deemed to have occurred when the contract amount is overdue for more than 120 days according to the agreed payment terms.
 - iv. The Group adopts the assumptions provided in IFRS 9 as the basis for judging whether the credit risk of financial instruments has increased significantly since the initial recognition: When the contract amount is overdue for more than 90 days according to the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the initial recognition.
 - v. The indicators used by the Group to determine that the debt instrument investment is subject to credit impairment are as follows:
 - (i.) The issuer is in major financial difficulty, or the possibility of bankruptcy or other financial reorganization greatly increases;
 - (ii.) The issuer disappears from the active market for the financial assets due to financial difficulties;
 - (iii.) The issuer delays or fails to repay the interest or principal;
 - (iv.) Unfavorable changes in national or regional economic conditions that result in the issuer's default.
 - vi. The Group classifies the accounts receivable and contract assets of customers according to the characteristics of the customer types, and estimates the expected credit losses based on the allowance matrix and the loss rate method in a simplified manner.
 - vii. For the receivables for which the recoverable amount cannot be reasonably expected, the Group will continue to carry out the legal proceedings of recourse to preserve the claims. As of December 31, 2023 and 2022, the amount for which the Group had gone through the

recourse process to reclassify as a non-performing loan and provided an allowance in full was both \$0.

- viii. The Group takes into account the future outlook of the global economy and adjusts the loss rate based on historical and current information in a specific period to estimate the loss allowance for receivables and contract assets. As of December 31, 2023 and 2022, the reserve matrix and loss ratio method are as follows:

At December 31, 2023	Expected loss rate	Total book value	Loss allowance
Not past due	0.01%	\$ 248,721	(\$ 5,525)
Within 90 days of overdue	0.01%~0.04%	16,297	(101)
Overdue for more than 90 days	0.04%~100%	5,965	(193)
		<u>\$ 270,983</u>	<u>(\$ 5,819)</u>
At December 31, 2022	Expected loss rate	Total book value	Loss allowance
Not past due	0.01%	\$ 371,040	(\$ 10,468)
Within 90 days of overdue	0.02%~0.07%	37,877	(379)
Overdue for more than 91 days	0.10%~100%	7,419	(74)
		<u>\$ 416,336</u>	<u>(\$ 10,921)</u>

- ix. The simplified statement of changes in the allowance for accounts receivable and contract assets of the Group is as follows:

	2023		
	Accounts receivable		
	Individual assessment	Group assessment	Total
At January 1	\$ -	\$ 10,921	\$ 10,921
Reversal of impairment loss	-	(5,046)	(5,046)
Exchange rate effect	-	(56)	(56)
At December 31	<u>\$ -</u>	<u>\$ 5,819</u>	<u>\$ 5,819</u>
	2022		
	Accounts receivable		
	Individual assessment	Group assessment	Total
At January 1	\$ -	\$ 11,069	\$ 11,069
Reversal of impairment loss	-	(419)	(419)
Exchange rate effect	-	271	271
At December 31	<u>\$ -</u>	<u>\$ 10,921</u>	<u>\$ 10,921</u>

Among the losses recognized in 2023 and 2022, the reversal gains recognized from the receivables arising from contracts with customers were (\$ 5,046) and (\$419), respectively.

- x. The Group booked the debt instrument investment at amortized cost, and the credit risk rating level information is as follows:

December 31, 2023				
	By 12 months	By duration		Total
		Credit risk has increased significantly	Credit-impaired	
Financial assets at amortized cost Group 1	\$ 103,615	\$ -	\$ -	\$ 103,615
December 31, 2022				
	By 12 months	By duration		Total
		Credit risk has increased significantly	Credit-impaired	
Financial assets at amortized cost Group 1	\$ 100,485	\$ -	\$ -	\$ 100,485
Group 1: Time deposits earning fixed interest.				

c. Liquidity risk

- Cash flow forecasting is carried out by each operating entity within the Group and compiled by the Group's Finance Department. The Finance Department of the Group monitors the forecast of the Group's working capital ensuring that it has sufficient funds to meet operating needs, and maintains a sufficient undrawn commitment line at all times to prevent the Group from breaching the relevant loan limits or terms.
- The following table shows the Group's non-derivative financial liabilities and derivative financial liabilities settled on a net or gross basis, grouped by maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flow amount disclosed in the following table is the undiscounted amount.

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
December 31, 2023				
Notes payable	\$ 1,633	\$ -	\$ -	\$ 1,633
Accounts payable (including related parties)	130,472	-	-	130,472
Other payables	74,024	-	-	74,024
Lease liabilities	1,376	447	183	2,006

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Notes payable	\$ 1,412	\$ -	\$ -	\$ 1,412
Accounts payable (including related parties)	118,718	-	-	118,718
Other payables	116,319	-	-	116,319
Lease liabilities	18,918	14,898	16,317	50,133

(3) Fair value information

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

Level 1: The quoted price (unadjusted) is available to the enterprise in an active market for the same assets or liabilities on the measurement date. An active market refers to assets or liabilities with sufficient frequency and quantity to be traded in such a manner that the fair value of the investment in stocks continues.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in financial bonds falls in this category.

Level 3: Unobservable inputs for the asset or liability. All the equity instruments invested by the Group for which there is no active market belong to this category.

B. Financial instruments not measured at fair value

In addition to financial assets measured at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables, their carrying amount is the reasonable approximation to the fair value.

C. The financial instruments measured at fair value are classified according to the nature, characteristics, risks and fair value levels of the assets and liabilities. The relevant information is as follows:

a. The Group's assets and liabilities are classified according to the nature. The relevant information is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Asset				
<u>Repeated fair value</u>				
Financial assets and equity securities measured at fair value through profit or loss	\$ 174	\$ -	\$ -	\$ 174
Equity instruments of financial assets measured at fair value through other comprehensive income	-	-	227,098	227,098
	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ 227,098</u>	<u>\$ 227,272</u>
December 31, 2022	Level 1	Level 2	Level 3	Total
Asset				
<u>Repeated fair value</u>				
Financial assets and equity securities measured at fair value through profit or loss	\$ 119	\$ -	\$ -	\$ 119
Equity instruments of financial assets measured at fair value through other comprehensive income	-	-	106,427	106,427
	<u>\$ 119</u>	<u>\$ -</u>	<u>\$ 106,427</u>	<u>\$ 106,546</u>

- b. The methods and assumptions used by the Group to measure fair value are as follows:
- The Group adopts market quotation as the input value of fair value (i.e. Level 1): For the stocks of TWSE/TPEX listed companies, the closing price is used.
 - Except for the above-mentioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained through valuation technique or by referring to the quotations of the counterparties. The fair value obtained through the valuation technique can be based on the current fair value of other financial instruments with similar substantially similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including the application of models with market information available on the consolidated balance sheet date calculated (such as the reference yield curve of the Taipei Exchange, and the average Reuters commercial paper interest rate quoted).
 - The Group incorporates the credit risk valuation adjustment into the calculation of the fair value of financial instruments and non-financial instruments to reflect the counterparty credit risk and the Group's credit quality.

D. There was no transfer between Level 1 and Level 2 in 2023 and 2022.

E. The following table shows the changes in Level 3 in 2023 and 2022:

	2023	2022
	Equity instrument	Equity instrument
At January 1	\$ 106,427	\$ 167,882
Unrealized gains or losses on investments in equity instruments measured at fair value through profit or loss	120,671 (	61,455)
At December 31	\$ 227,098	\$ 106,427

F. There was no transfer in or out of Level 3 in 2023 and 2022.

G. For the valuation process of the Company's fair value classified as Level 3, the finance and accounting department is responsible for independent verification of the fair value of financial instruments, and uses independent source data to make the valuation results close to the market status, and confirm that the data sources are independent, reliable, and related to other resources. The Company regularly calibrates the valuation model, updates the input value and data required for the valuation model, and any other necessary fair value adjustments to ensure that the valuation results are reasonable.

H. The quantitative information of the significant unobservable input value of the valuation model used in the Level 3 fair value measurement and the sensitivity analysis of the significant unobservable input value changes are as follows:

	Fair value on December 31, 2023	Valuation technique	Unobservable significant input	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed stocks	\$ 227,098	Comparable Public Company Act	Price-earnings ratio multiples, enterprise value multiples	Not applicable.	The higher the multiplier and the control premium, the higher the fair value;
	Fair value on December 31, 2022	Valuation technique	Unobservable significant input	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed stocks	\$ 106,427	Comparable Public Company Act	Price-earnings ratio multiples, enterprise value multiples	Not applicable.	The higher the multiplier and the control premium, the higher the fair value;

I. The Group carefully selects the valuation model and valuation parameters; however, different valuation models or parameters may result in different valuation results. For the financial assets and financial liabilities classified as Level 3, if the valuation parameters change, the impact on the current profit and loss or other comprehensive income is as follows:

			December 31, 2023	
			Recognized in other comprehensive income	
	inputs	Changes	Favorable change	Unfavorable change
Financial asset				
Equity instrument	Stock price	±10%	\$ 22,710	(\$ 22,710)
	Discount for liquidity	±1%	2,271	(2,271)
			<u>\$ 24,981</u>	<u>(\$ 24,981)</u>
			December 31, 2022	
			Recognized in other comprehensive income	
	inputs	Changes	Favorable change	Unfavorable change
Financial asset				
Equity instrument	Stock price	±10%	\$ 10,643	(\$ 10,643)
	Discount for liquidity	±1%	1,064	(1,064)
			<u>\$ 11,707</u>	<u>(\$ 11,707)</u>

13. SUPPLEMENTARY DISCLOSURES

(1) Information on significant transactions

- A. Loaning of funds to others: Please refer to Attachment 1.
- B. Endorsements/guarantees provided for others: None.
- C. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Please refer to Table 2.
- D. Accumulated purchase or sale of the same securities reaching NTD 300 million or more, or 20% of the paid-in capital: None.
- E. Acquisition of real estate for an amount over NTD 300 million or 20% of the paid-in capital: None.
- F. Disposal of real estate for an amount over NTD 300 million or 20% of the paid-in capital: None.
- G. Total purchases from or sales to related parties amounting to at least NTD 100 million or 20% of the paid-in capital: None.
- H. The receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital: None.
- I. Engagement in derivative transactions: None.
- J. Business relationships and important transactions between the parent company and its subsidiaries and among subsidiaries: Please refer to Table 3 for details.

(2) Information on investees

The name and location of the investee company and other relevant information (excluding mainland China investee companies): Please refer to Table 4.

(3) Mainland China Investment Information

- A. Basic information: Please refer to Table 5.
- B. Significant transactions with investee companies in Mainland China directly or indirectly through enterprises in a third region: Please refer to Table 3.

(4) Information of major shareholders

Information on major shareholders: Please refer to Table 6.

14. OPERATING SEGMENT INFORMATION

(1) General information

For the management purpose, the Group divides the operating units according to different product categories, and identifies the departments that should be reported according to this model. The Group has the following three reportable segments:

- A. Automation components operating unit: It is responsible for the management of automation products within the Group, and the development, research and development, production, sales and technical support of new products, electronic components and modules.
- B. Automation equipment operating unit: Responsible for the development, research and development, production, sales and technical support of automation equipment, optical communication products, photonic crystal technology and optoelectronic component applications.
- C. Energy-saving and safety operating unit: responsible for the development, research and development, production, sales and technical support of energy-saving and safety products within the Group.

(2) Measuring segment information

The management of the Group monitors the operating results of their operating units individually to make decisions on resource allocation and performance evaluation. The performance of an operating unit is evaluated based on the profit or loss before tax of each operating unit, which excludes the impact of non-recurring income and expenditure of the operating unit and is consistent with the profit and loss in the Group's consolidated financial statements.

(3) Segment Information

The information of the segments to be provided to the chief operating decision-maker is as follows:

Year ended December 31, 2023	Automation components	Automation equipment	Energy conservation and safety	Others	Adjustment and elimination	Total
External income	\$ 480,573	\$ 439,335	\$ 48,587	\$ 15,054	\$ -	\$ 983,549
Internal department revenue	19,394	139,121	38,084	93	(196,692)	-
Segment revenue	\$ 499,967	\$ 578,456	\$ 86,671	\$ 15,147	(\$ 196,692)	\$ 983,549
segment profit or loss	\$ 35,134	\$ 16,502	\$ 10,013	\$ 22,747	\$ 32	\$ 84,428
Segment income includes:						
Depreciation and amortization						\$ 25,618
Interest revenue						\$ 14,857
Interest expense						\$ 278
Investment gains and losses under equity method						\$ 5,314

<u>Year ended December 31, 2022</u>	<u>Automation components</u>	<u>Automation equipment</u>	<u>Energy conservation and safety</u>	<u>Others</u>	<u>Adjustment and elimination</u>	<u>Total</u>
External income	\$ 1,236,606	\$ 514,125	\$ 39,115	\$ 13,654	\$ -	\$ 1,803,500
Internal department revenue	56,763	168,616	30,655	115	(256,149)	-
Segment revenue	<u>\$ 1,293,369</u>	<u>\$ 682,741</u>	<u>\$ 69,770</u>	<u>\$ 13,769</u>	<u>(\$ 256,149)</u>	<u>\$ 1,803,500</u>
segment profit or loss	<u>\$ 228,987</u>	<u>\$ 113,561</u>	<u>(\$ 3,754)</u>	<u>(\$ 73,366)</u>	<u>\$ 17,462</u>	<u>\$ 282,890</u>
Segment income includes:						
Depreciation and amortization						<u>\$ 28,903</u>
Interest revenue						<u>\$ 3,963</u>
Interest expense						<u>\$ 1,375</u>
Investment gains and losses under equity method						<u>\$ 2,484</u>

(4) Adjustment information of segment profit and loss

There is no difference between the statements provided to the chief operating decision maker for the department's operating decisions and the segment income statements, so no adjustment is required.

(5) Information by product

The breakdown of the income balance is as follows:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Revenue from automation components	\$ 480,573	\$ 1,236,606
Automation equipment revenue	439,335	514,125
Revenue from energy conservation and safety	48,587	39,115
Others	<u>15,054</u>	<u>13,654</u>
	<u>\$ 983,549</u>	<u>\$ 1,803,500</u>

(6) Information by region

Information of the Group by location in 2023 and 2022 is as follows:

	<u>Years ended December 31,</u>			
	<u>2023</u>		<u>2022</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 442,718	\$ 337,299	\$ 1,094,972	\$ 365,558
Mainland China	340,490	7,349	543,617	27,401
Japan	46,602	1,234	28,605	2,420
Others	<u>153,739</u>	<u>-</u>	<u>136,306</u>	<u>-</u>
	<u>\$ 983,549</u>	<u>\$ 345,882</u>	<u>\$ 1,803,500</u>	<u>\$ 395,379</u>

(7) Information of important customers

Information on the Group's major customers accounting for more than 10% of the consolidated revenue in 2023 and 2022 is as follows: 2023: None.

	Year ended December 31, 2022	
	Revenue	Segment
71-0937	<u>\$ 322,378</u>	<u>Taiwan</u>

AUROTEK CORPORATION
Loans to others
Year ended December 31, 2023
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 1

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Related party	Maximum amount in the current period (Note 3)	Closing balance (Note 8)	The actual amount drawn down	Interest rate range	Nature of loan (Note 4)	Transactio n amount (Note 5)	Reasons for the necessity of short-term financing (Note 6)	Allowance for bad debt	Collateral Name Value	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
0	AUROTEK CORPORATION	Aurotek (Shanghai) Inc.	Other receivables - related parties	Y	\$ 46,125	\$ -	\$ -	\$ -	2	\$ -	Operating turnover	\$ -	\$ -	\$ 304,259	\$ 608,518	-

Note 1: The description in the number column is as follows:

- (1) Fill in "0" for the issuer.
- (2) The investee companies are numbered sequentially from 1 based on each company.

Note 2: If the receivables from associates, receivables from related parties, transactions with shareholders, prepayments, temporary payments, and so on are all of the nature of a loan, this column is required.

Note 3: The maximum balance of loans to others in the current year is disclosed by multiplying the original foreign currency by the exchange rate on the balance sheet date.

Note 4: The entry method for the loaning of funds is as follows:

- (1) If there are business dealings, enter "1"
- (2) Please fill in 2 if there is a need for short-term financing.

Note 5: If the nature of the loaning of funds is for business transactions, the business transaction amount shall be filled in. The business transaction amount refers to the business transaction amount between the lending company and the borrower in the most recent year.

Note 6: If the nature of the loan is in need of short-term financing, the reason for the need for the loan and the use of the fund by the borrower should be specified, such as repayment of loan, purchase of equipment, business turnover, and others.

Note 7: The limits of loans to individual borrowers are as follows:

- (1) Aurotek- to business associates, the individual amount of loan shall not exceed the amount lent by the Company and the purchase or sale amount by the Company as of the date of loan in the most recent year or the current year, whichever is higher; where short-term financing is necessary, the individual amount of loan shall not exceed 20% of the net worth of the Company's most recent financial statements audited or reviewed by a CPA.
- (2) Aurotek Shanghai - For any short-term financing arrangement, the individual loan amount shall not exceed 20% of the net worth on the most recent financial statements of the Company that has been audited or certified by a CPA.

The total limit of loans is as follows:

- (1) Aurotek - The total amount of funds loaned to others shall not exceed 40% of the net worth of the Company's most recent financial report audited and certified or reviewed by a CPA.
- (2) Aurotek Shanghai - The total amount of funds loaned to others shall not exceed 40% of the Company's net worth as stated in the most recent audited or reviewed financial report.

Note 8: If the public company submits the loaning of funds to the board of directors for the resolution of the board of directors on a case-by-case basis in accordance with Article 14-1 of the Guidelines for Handling Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount resolved by the board of directors shall be included in the announcement balance even though the funds have not yet been appropriated. However, for subsequent repayments, the balance after repayment shall be disclosed to reflect the risk adjustment. If the public company has authorized the chairperson to make loans in installments or revolving drawdowns over a certain quota and within a one-year period through a resolution of the board of directors pursuant to Article 14, paragraph 2 of the Regulations, the amount of funds for loans approved by the board of directors shall still be used as the balance in the announcement and report. Although the funds are repaid subsequently, the balance may still be loaned again based on the amount of loaning funds approved by the board of directors.

AUROTEK CORPORATION
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
January 1 to December 31, 2023
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 2

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As at December 31, 2023				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
AUROTEK CORPORATION	SHANGHAI OILES BEARING INC	None	Financial assets measured at fair value through other comprehensive income - non-current	-	\$ 18,543	10	\$ 18,543	None
AUROTEK CORPORATION	OILES (THAILAND) CO., LTD.	None	Financial assets measured at fair value through other comprehensive income - non-current	156,000	205,315	15	205,315	None
AUROTEK CORPORATION	Career Consulting Co., Ltd.	None	Financial assets measured at fair value through other comprehensive income - non-current	403,055	3,240	2.58	3,240	None
AUROTEK CORPORATION	OURS TECHNOLOGY INC.	None	Financial assets measured at fair value through other comprehensive income - non-current	8,186	-	0.14	-	None
AUROTEK CORPORATION	WiSilica Inc.	None	Financial assets measured at fair value through other comprehensive income - non-current	384,615	-	2.73	-	None
AUROTEK CORPORATION	TEKCORE CO., LTD	None	Financial assets measured at fair value through profit or loss - current	9,412	174	-	174	None

Note 1: Marketable securities mentioned in this table refer to stocks, bonds, beneficiary certificates and marketable securities derived from the above items that fall within the scope of IAS 39 "Financial Instruments: Recognition and Measurement."

Note 2: If the securities issuer is not a related party, this column can be omitted.

Note 3: If the book value is measured at fair value, please fill in the book value balance after adjustment for fair value valuation and deducted the accumulated impairment; if not measured at fair value, please fill in the book value balance after taking the original acquisition cost or cost after amortization deducting the accumulated impairment loss in the carrying amount column.

Note 4: The number of marketable securities provided as guarantee or pledge, the amount of guarantee or pledge, and the use restriction should be indicated in the remarks column if the marketable securities have restricted users due to providing guarantees, pledged loans, or other agreements.

AUROTEK CORPORATION
Significant inter-company transactions during the reporting period
From January 1 to December 31, 2023
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 3

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transactions with each other			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	AUROTEK CORPORATION	Aurotek (Shanghai) Inc.	1	Sale of goods	\$ 35,200	Note 1	4%
0	AUROTEK CORPORATION	Aurotek (Shanghai) Inc.	1	Accounts receivable	20,827	Note 1	1%
0	AUROTEK CORPORATION	AUROTEK INC.	1	Sale of goods	19,503	Note 1	2%
0	AUROTEK CORPORATION	TAIWAN OILES INDUSTRY CO., LTD.	1	Purchase of goods	47,278	Note 2	5%
0	AUROTEK CORPORATION	TAIWAN OILES INDUSTRY CO., LTD.	1	Accounts payable	20,046	Note 2	1%
1	Aurotek (Shanghai) Inc.	KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	3	Purchase of goods	76,117	Note 2	8%
1	Aurotek (Shanghai) Inc.	KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	3	Accounts payable	32,602	Note 2	2%
1	Aurotek (Shanghai) Inc.	Kunshan Yichun Industrial Technology Co., Ltd.	3	Purchase of goods	51,995	Note 2	5%
1	Aurotek (Shanghai) Inc.	Kunshan Yichun Industrial Technology Co., Ltd.	3	Labor service expense	13,916	Note 2	1%

Note 1: If there are purchase and sales transactions between the Group and the related party, the payments shall be collected according to the payment terms. The credit policy is open on account of about 180 days. For general customers, the credit policy is open on the basis of net 90 days to 180 days for collection within these days.

Note 2: The Group determines the purchase price to related parties with reference to the market price and the payment term is based on O/A 180 days. The payment terms for general customers is made on the basis of within O/A 90-180 days.

Note 3: Loans and receivables

Note 1: Information on business transactions between the parent company and its subsidiaries should be marked in the numbered column respectively. The number should be filled in as follows:

- (1) For the parent company, "0".
- (2) Subsidiaries are numbered sequentially starting from 1 according to the company type.

Note 2: There are three types of relationship with traders as follows, and it suffices to indicate the type:

- (1) Parent company to subsidiary
- (2) Subsidiary to parent company
- (3) Subsidiary to subsidiary

Note 3: For the calculation of the ratio of the transaction amount to the consolidated total revenue or total assets, in the case of assets and liabilities, it is calculated as the closing balance to the consolidated total assets; for the profit and loss item, it is calculated as the cumulative amount to the consolidated total operating revenue. The amount of individual transaction is less than 1% of the total revenue or total assets and will not be disclosed.

AUROTEK CORPORATION
The name and location of the investee company and other relevant information (excluding mainland China investee companies)
From January 1 to December 31, 2023
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 4

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Investee's profit and loss for the current period	Investment gains and losses recognized in the current period	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
AUROTEK CORPORATION	TAIWAN OILES INDUSTRY CO., LTD.	Taiwan	Manufacturing and trading of self-lubricating bearings and components	\$ 39,793	\$ 39,793	2,700,000	90	\$ 49,720	\$ 6,358	\$ 5,827	Subsidiary of the Company
AUROTEK CORPORATION	AUROTEK INC.	Japan	Export trading of electronic machines and robotic arms	37,226	37,226	2,599	100	8,113	(1,768)	(3,934)	Subsidiary of the Company
AUROTEK CORPORATION	PLENTY ISLAND (THAI) CO., LTD.	Thailand	Trading of self-lubricating bearings and parts	2,203	2,203	25,000	25	601	-	-	-
AUROTEK CORPORATION	3e Yamaichi Electronics Co., Ltd.	Taiwan	Sale of electronic components	24,130	24,130	2,413,000	19	30,030	4,779	888	-

AUROTEK CORPORATION
Mainland China Investment Information - Basic Information
January 1 to December 31, 2023
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 5

Investee in Mainland China	Main business activities	Paid-in capital	Investme nt method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as at January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2023	Net income (loss) of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)%	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as at December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as at December 31, 2023	Footnot e
					Remitted to Mainland China	Remitted back to Taiwan							
Aurotek (Shanghai) Inc.	International trade, processing and assembly machinery, electronic board divider	\$ 46,592	1	\$ 46,592	\$ -	\$ -	\$ 46,592	(\$ 3,935)	100	(\$ 1,926)	\$ 193,824	\$ -	Note 2(2)B
SHANGHAI OILES BEARING INC	Production and sale of precision bearings and self- lubricating bearings of various specifications	97,161	1	10,402	-	-	10,402	-	10	-	18,543	11,933	Note 4
KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	Production and sale of couplings and auto parts	67,072	1	20,121	-	-	20,121	14,757	30	4,426	34,289	5,845	Note 2(2)C
Kunshan Yichun Industrial Technology Co., Ltd.	Production and sale of various electronic equipment and high-end construction hardware and other related parts	14,983	1	14,983	-	-	14,983	(53)	100	520	28,779	-	Note 2(2)B
Company name	Accumulated amount remitted from Taiwan to Mainland China as at December 31, 2023	Investment amount approved by the Investment Department of Ministry of Economic Affairs (MOEA)	Ceiling of investments in Mainland China imposed by the Investment Department of MOEA										
AUROTEK CORPORATION and Subsidiaries	\$ 92,098	\$ 92,098	\$ 912,778										

Note 1: Investment methods are divided into the following three types. It is sufficient to indicate the type of investment:

- (1) Direct investment in Mainland China.
- (2) Reinvest in Mainland China through a company in a third region.
- (3) Other methods.

Note 2: Columns of investment gains and losses recognized in the current period:

- (1) If there is no investment profit or loss in the preparation process, it should be specified
- (2) The basis for recognition of investment gains and losses are divided into the following three types, which should be specified
 - A. Financial statements audited by an international CPA firm that has partnered with a ROC CPA firm.
 - B. Financial statements audited by the parent company's CPAs in Taiwan.
 - C. Others

Note 3: Relevant figures in this table should be presented in New Taiwan Dollars.

Note 4: Recognized in the "financial assets measured at fair value through other comprehensive income - non-current" account.

AUROTEK CORPORATION
Major shareholders information
December 31, 2023

Table 6

Name of major shareholder	Share	
	Number of shares held	Ownership (%)
Aurotek Marketing Consultant Corporation	14,203,423	17.15
Cheng-Ping Fu	6,200,000	7.48
BODUN CONSTRUCTION CO., LTD.	4,686,000	5.66
Oiles Corporation of Japan	4,295,111	5.18

Note 1: The information on major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation based on the last business day of each quarter on shareholders holding ordinary shares and special shares (including treasury shares) of the Company who have completed the Dematerialized Registration/Delivery have reached 5% and above. The share capital reported in the financial report and the actual number of shares that have completed the Dematerialized Registration/Delivery may be different due to different calculation bases.

Note 2: If the information above is related to the shareholder's delivery of shares to the trust, it will be disclosed based on the individual accounts of the trustor established by the trustee. As for the insider declaration of more than 10% shareholding in accordance with the Securities and Exchange Act, the shareholding includes the shares held by the owner and the shares entrusted to the trust for which the person has the right to use the trust property. For information on insider declaration of equity, please refer to Market Observation Post System.