

AUROTEK CORPORATION
PARENT COMPANY ONLY 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.

Independent Auditors' Report Translated from Chinese

To the Board of Directors and Shareholders of AUROTEK CORPORATION

Opinion

We have audited the accompanying parent company only balance sheets of AUROTEK CORPORATION (the “Company”) as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only 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 parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 parent company only financial statements section of our report. We are independent of the Company 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 Company’s 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only 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 Company’s 2023 parent company only financial statements are stated as follows:

Cutoff assertion for sales revenue

Description

Refer to Note 4(28) in the financial statements for the accounting policy on operating revenue, and Note 6(19) for the description of the account.

The Company'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(13) in the financial statements for the accounting policy of inventory valuation, Note 5 in the financial statements for the uncertainty of accounting estimates and assumptions of inventory valuation, and Note 6(5) in the financial statements for the description of the account of inventory.

The Company'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 Company is significant, the above process involves subjective judgments. Thus, we have listed the estimate of the allowance for inventory valuation loss of the Company 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 financial statements of certain subsidiaries included in the parent company only financial statements but 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. The balance of these investments accounted for under the equity method amounted to NTD 49,720 thousand and NTD 43,893 thousand, constituting 3% and 2% of total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income recognised from the aforementioned subsidiaries amounted to NTD 5,827 thousand and (NTD 4,259 thousand), constituting 3% and (3%) of the comprehensive income for the years then ended, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made the 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 Company'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 parent company only 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only 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 parent company only 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 parent company only 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 Parent Company Only Financial Statements Originally Issued in Chinese

AUROTEK CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			December 31, 2023		December 31, 2022	
Asset		Notes	Amount	%	Amount	%
Current asset						
1100	Cash and cash equivalents	6(1)	\$ 288,173	16	\$ 304,045	17
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	93,615	5	91,485	5
1150	Notes receivable, net	6(4)	12,902	1	16,449	1
1170	Accounts receivable, net	6(4)	156,804	9	231,469	13
1180	Accounts receivable - related parties, net	7	27,255	2	57,516	3
1200	Other receivables		2,401	-	5,954	-
130X	Inventories	6(5)	271,975	15	274,629	15
1410	Prepayments		2,682	-	5,559	-
11XX	Total current assets		855,981	48	987,225	54
Non-current assets						
1517	Financial assets measured at fair value through other comprehensive income - non-current	6(6) and 12	227,098	13	106,427	6
1550	Investment under equity method	6(7)	345,356	19	346,408	19
1600	Property, Plant and Equipment	6(8) and 8	223,517	13	228,125	12
1755	Right-of-use asset	6(9)	35	-	169	-
1760	Investment property, net	6(10) and 8	85,064	5	86,119	5
1840	Deferred income tax assets	6(25)	9,773	1	13,658	1
1990	Other non-current assets - others		26,715	1	46,835	3
15XX	Total non-current assets		917,558	52	827,741	46
1XXX	Total assets		\$ 1,773,539	100	\$ 1,814,966	100

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English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			December 31, 2023		December 31, 2022		
Liabilities and equity			Notes	Amount	%	Amount	%
Current liabilities							
2100	Short-term borrowings	6(11) and 8	\$	20,000	1	\$	-
2130	Contract liabilities - current	6(19)		202	-		100
2150	Notes payable			1,051	-		1,004
2170	Accounts payable			66,277	4		79,492
2180	Accounts payable - related parties	7		23,491	1		22,501
2200	Other payables	6(12)		62,153	4		90,416
2220	Other payables - related parties	7		98	-		26
2230	Current income tax liabilities			24,997	2		72,421
2250	Provisions - current	6(13) and 9(1)		6,905	-		7,638
2280	Lease liabilities - current			36	-		135
2399	Other current liabilities - Other			2,341	-		2,941
21XX	Total current liabilities			207,551	12		276,674
Non-current liabilities							
2570	Deferred income tax liabilities	6(25)		39,232	2		40,614
2600	Other non-current liabilities	6(14)		5,460	-		28,419
25XX	Total non-current liabilities			44,692	2		69,033
2XXX	Total liabilities			252,243	14		345,707
Equity							
	Share capital	6(15)					
3110	Common stock capital			827,897	47		827,897
	Capital surplus	6(16)					
3200	Capital surplus			92,855	5		92,855
	Retained earnings	6(17)					
3310	Legal reserve			184,451	10		162,787
3320	Special reserve			2,713	-		2,713
3350	Unappropriated retained earnings			243,435	14		330,945
	Other equity	6(18)					
3400	Other equity			169,945	10		52,062
3XXX	Total equity			1,521,296	86		1,469,259
	Significant contingent liabilities and unrecognized contractual commitments.	9					
	Significant events after the reporting period	11					
3X2X	Total liabilities and equity		\$	1,773,539	100	\$	1,814,966

The accompanying notes are an integral part of these parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION
PARENT COMPANY ONLY 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(19) and 7	\$ 704,257	100	\$ 1,395,126	100
5000 Operating cost	6(5)(14)(24) and 7	(469,546)	67	(949,963)	68
5900 Gross operating profit		234,711	33	445,163	32
Operating expenses	6(14)(24)				
6100 Selling expenses		(108,870)	15	(110,813)	8
6200 General and administrative expenses		(71,878)	10	(84,834)	6
6300 Research and development expenses		(32,750)	5	(48,590)	3
6450 Expected credit impairment (loss) gain	12	(217)	-	2,786	-
6000 Total operating expenses		(213,715)	30	(241,451)	17
6900 Operating profit		20,996	3	203,712	15
Non-operating income and expenses					
7100 Interest revenue	6(3)(20) and 7	13,645	2	4,466	-
7010 Other income	6(21) and 7	27,309	4	47,166	3
7020 Other gains and losses	6(2)(22)	(3,877)	-	35,027	3
7050 Financial costs	6(9)(11)				
	(23)	(115)	-	(399)	-
7070 Share of profit or loss of subsidiaries, affiliates and joint ventures accounted for using equity method		23,994	3	(3,922)	-
7000 Total non-operating income and expenses		60,956	9	82,338	6
7900 Profit before income tax		81,952	12	286,050	21
7950 Income tax expense	6(25)	(3,179)	1	(72,107)	5
8200 Net income for the year		\$ 78,773	11	\$ 213,943	16
Other comprehensive income (net amount)					
Items not reclassified into profit or loss					
8311 Remeasurement of defined benefit plan	6(14)	\$ 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)(18)	120,671	17	(61,455)	4
8349 Income tax related to items not subject to reclassification	6(25)	(1,100)	-	(673)	-
8310 Total of items not reclassified into profit or loss		125,073	18	(58,762)	4
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translation of financial statements of foreign operations	6(18)	(3,148)	-	3,129	-
8380 Share of other comprehensive income of affiliates and joint ventures under equity method - items that may be reclassified as income	6(18)	(319)	-	5,700	-
8399 Income tax related to items that may be reclassified	6(18)(25)	679	-	(1,759)	-
8360 Total items that may be reclassified subsequently to profit or loss		(2,788)	-	7,070	-
8300 Other comprehensive income (loss) for the year		\$ 122,285	18	(\$ 51,692)	4
8500 Total comprehensive income for the year		\$ 201,058	29	\$ 162,251	12
Earnings per Share					
9750 Basic earnings per share	6(26)	\$ 0.95		\$ 2.58	
9850 Diluted earnings per share		\$ 0.95		\$ 2.57	

The accompanying notes are an integral part of these parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

AUROTEK CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Capital surplus			Retained earnings			Other equity			
			Changes in net equity of affiliated companies and joint ventures under equity method					Financial statements translation differences of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Equity directly related to non-current assets held for sale	Total equity
Notes	Share capital-common stock	Issuance premium		Others	Legal reserve	Special reserve	Unappropriated retained earnings				
2022											
	\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 136,275	\$ 23,330	\$ 269,225	(\$ 19,591)	\$ 126,038	\$ -	\$ 1,456,029
	-	-	-	-	-	-	213,943	-	-	-	213,943
	-	-	-	-	-	-	2,693	7,070	(61,455)	-	(51,692)
	-	-	-	-	-	-	216,636	7,070	(61,455)	-	162,251
6(17)											
	-	-	-	-	26,512	-	(26,512)	-	-	-	-
	-	-	-	-	-	(20,617)	20,617	-	-	-	-
	-	-	-	-	-	-	(149,021)	-	-	-	(149,021)
	\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 162,787	\$ 2,713	\$ 330,945	(\$ 12,521)	\$ 64,583	\$ -	\$ 1,469,259
2023											
	\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 162,787	\$ 2,713	\$ 330,945	(\$ 12,521)	\$ 64,583	\$ -	\$ 1,469,259
	-	-	-	-	-	-	78,773	-	-	-	78,773
	-	-	-	-	-	-	4,402	(2,788)	120,671	-	122,285
	-	-	-	-	-	-	83,175	(2,788)	120,671	-	201,058
6(17)											
	-	-	-	-	21,664	-	(21,664)	-	-	-	-
	-	-	-	-	-	-	(149,021)	-	-	-	(149,021)
	\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 184,451	\$ 2,713	\$ 243,435	(\$ 15,309)	\$ 185,254	\$ -	\$ 1,521,296

The accompanying notes are an integral part of these parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

AUROTEK CORPORATION

PARENT COMPANY ONLY 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		\$ 81,952	\$ 286,050
Adjusted items			
Income/expenses that do not affect cash flow			
Depreciation expense	6(8)(9)(10)(24)	8,038	10,582
Expected credit impairment loss (reversal gain)	12	217 (	2,786)
Net value of financial assets measured at fair value through profit or loss	6(2)(22)	(55)	89
Gains from the disposal of property, plant and equipment	6(22)	(47)	-
Interest revenue	6(21)	(13,645 ) (	4,466)
Dividend income	6(21)	(20,426 ) (	17,096)
Interest expense	6(9)(11)(23)	115	399
Share of profit or loss of subsidiaries, affiliates and joint ventures accounted for using equity method		(23,994)	3,922
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		3,547	16,586
Accounts receivable		74,448	52,392
Accounts receivable - related parties		30,261	15,965
Other receivables		3,553 (	5,603)
Other receivables - related parties		-	73,118
Inventories		2,654 (	7,547)
Prepayments		2,877 (	2,200)
Net changes in liabilities related to operating activities			
Contract liabilities - current		102 (	140)
Notes payable		47	554
Accounts payable		(13,215 ) (	38,332)
Accounts payable - related parties		990 (	7,777)
Other payables		(28,263 ) (	11,876)
Other payables - related parties		72 (	99)
Provisions - current		(733 ) (	35,955)
Other current liabilities		(600)	1,520
Other non-current liabilities		(1,406 ) (	812)
Cash inflow generated from operations		106,489	326,488
Interest received		13,645	4,466
Dividends received	6(7)(21)	23,812	34,243
Interest paid		(115 ) (	399)
Income tax paid		(47,421) (15,406)
Net cash inflow from operating activities		96,410	349,392

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English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

AUROTEK CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
<u>Cash flow from investing activities</u>			
(Increase) decrease in financial assets at amortized cost		(\$ 2,130)	\$ 73,754
Proceeds from the disposal of property, plant and equipment		541	-
Acquisition of property, plant and equipment	6(8)	(2,735)	(1,436)
Decrease in refundable deposits (listed as other non-current assets - others)		-	34,587
Decrease of other non-current assets - others		284	622
Decrease in long-term receivables (listed as other non-current assets - others)		19,836	-
Net cash inflow from investing activities		<u>15,796</u>	<u>107,527</u>
<u>Cash flow from financing activities</u>			
Increase (decrease) of short-term borrowings	6(27)	20,000	(164,000)
Repayment of long-term borrowings	6(27)	-	(1,000)
Distribution of cash dividends	6(17)	(149,021)	(149,021)
Lease principal repayment	6(27)	(137)	(139)
Increase in guarantee deposits received	6(27)	1,080	-
Net cash outflow from financing activities		<u>(128,078)</u>	<u>(314,160)</u>
Increase (decrease) in cash and cash equivalents in the current year		(15,872)	142,759
Opening balance of cash and cash equivalents		304,045	161,286
Closing balance of cash and cash equivalents		<u>\$ 288,173</u>	<u>\$ 304,045</u>

The accompanying notes are an integral part of these parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
AUROTEK CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE 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 is 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 parent company only financial statements were authorised 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 Company has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Company.

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

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 Company's financial condition and financial performance based on the Company'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 Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

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

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional and 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 and associates 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 Company 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 Company 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.

(4) 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 Company 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 Company classifies all liabilities that do not meet the above conditions as non-current.

(5) 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.

(6) 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 Company adopts trade date accounting for financial assets measured at fair value through profit or loss that are customary transactions.
- C. The Company 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 Company recognizes dividend income in profit or loss.

(7) 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:
- The financial asset is held under the business model for the purpose of collecting contractual cash flow and selling.
 - 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 Company adopts trade date accounting for financial assets measured at fair value through other comprehensive income in accordance with transaction practices.
- C. The Company 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 Company recognizes dividend income in profit or loss.

(8) Financial assets at amortized cost

- A. Refers to those who meet the following conditions at the same time:
- The financial asset is held under the business model for the purpose of collecting contractual cash flow.
 - 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 Company adopts trade date accounting for financial assets measured at amortized cost in accordance with trading practices.
- C. The Company 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 Company 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.

(9) 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 Company measures them at the original invoice amount.
- C. The Company'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.

(10) Impairment of financial assets

On each balance sheet date, the Company 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.

(11) Derecognition of financial assets

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

(12) 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.

(13) 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 (allocated according to normal production capacity), but does not include 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.

(14) Investments accounted for under equity method - subsidiaries and associates

- A. Subsidiaries refer to individual entities (including structured individual entities) that the Company has the right to control. When the Company 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 Company controls the entity.
- B. The unrealized gains and losses arising from the transactions between the Company and the subsidiaries have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary to be consistent with the policies adopted by the Company.
- C. The Company recognizes the share of income after the acquisition of the subsidiaries as the current profit or loss, and the share of other comprehensive income after the acquisition is recognized as other comprehensive income. If the share of loss recognized by the Company in a subsidiary equals or exceeds the equity in the subsidiary, the Company continues to recognize

losses in proportion to its shareholding.

- D. Associates refer to all individual entities over which the Company has significant influence over but no control over them, and generally holds more than 20% of their voting shares directly or indirectly. The Company's investment in affiliated companies is accounted for using the equity method and is recognized at cost when acquired.
- E. The Company 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 Company's share of losses on any associate is equal to or exceeds its equity in the associate (including any other unsecured receivables), the Company will not recognize further losses, unless the Company incurs legal obligations, presumed obligations, or payment has been made on behalf of them.
- F. 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 Company recognizes all changes in equity as "capital reserve " in proportion to the shareholding ratio.
- G. The unrealized gains and losses arising from the transactions between the Company 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 Company.
- H. When the Company 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 Company. 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.
- I. In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

(15) 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 Company 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 Company 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
Machinery and equipment	3 years
Office equipment	2 years ~ 3 years
Other equipment	3 years

(16) 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 Company. 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 Company'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.

(17) 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.

(18) 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.

(19) Borrowings

- A. Refers to long-term and short-term borrowings from banks. The Company 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.

(20) 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 Company measures them at the original invoice amount.

(21) Derecognition of financial liabilities

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

(22) 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.

(23) 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.

(24) 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 Company 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.

(25) 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 Company 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 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 initial recognition of assets or liabilities in 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 Company 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.

(26) 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.

(27) Dividends

Dividends distributed to the Company'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.

(28) Revenue recognition

B. Sale of goods

- a. The Company 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 Company 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 Company 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 Company has an unconditional right to the contract price from that point on, and it only takes time to collect the consideration from the customer.

C. Engineering services

- a. The Company 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 Company 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 Company, it is recognized as a contract liability.
- b. The Company 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.

(29) 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.

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

The preparation of these parent company only financial statements requires management to make critical judgments in applying the Company'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

Valuation of inventories

Since inventories must be valued at the lower of cost or net realizable value, the Company must use judgment and estimate to determine the net realizable value of inventories on the balance sheet date. Due to the rapid changes in technology, the Company 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 valuation of the inventory is mainly based on the demand for products in a specific period of time in the future, so there may be significant changes.

On December 31, 2023, the book value of the Company's inventories amounted to NTD 271,975.

6. DETAILS OF MATERIAL ACCOUNTS

(1) Cash and cash equivalent

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	\$ 67	\$ 98
Checking accounts and demand deposit	91,978	156,274
Time deposit	196,128	147,673
	<u>\$ 288,173</u>	<u>\$ 304,045</u>

- A. The credit quality of the financial institutions with which the Company interacts is good, and the Company interacts with multiple financial institutions to diversify credit risks, and the possibility of default is expected to be very low.
- B. The Company's cash and cash equivalents of NTD 775 and NTD 31,485, respectively, as of December 31, 2023 and 2022 due to construction performance and borrowings pledged with restrictions, please refer to Note 8 for information on the pledged assets.
- C. The Company's time deposits without the cash equivalent nature amounted to \$93,615 and \$91,485 as of December 31, 2023 and 2022, respectively, and were presented as "financial assets at amortized cost".

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

Item	December 31, 2023	December 31, 2022
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	<u>\$ 55</u>	<u>(\$ 89)</u>

B. The Company 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

Item	December 31, 2023	December 31, 2022
Current items		
Time deposits with original maturity date of more than three months	\$ 92,840	\$ 60,000
Pledged time deposit	775	31,485
	<u>\$ 93,615</u>	<u>\$ 91,485</u>

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

	Years ended December 31,	
	2023	2022
Interest revenue	<u>\$ 1,851</u>	<u>\$ 1,243</u>

B. Without considering the collateral or other credit enhancements held, the financial assets measured at amortized cost that are most representative of the Company held in the period of December 31, 2023 and 2022, the maximum exposure amounts of credit risk are NTD 93,615 and NTD 91,485, 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 Company'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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	<u>\$ 12,902</u>	<u>\$ 16,449</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	<u>\$ 160,877</u>	<u>\$ 235,325</u>
Less: Loss allowance	<u>(4,073)</u>	<u>(3,856)</u>
	<u>\$ 156,804</u>	<u>\$ 231,469</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	<u>\$ 12,902</u>	<u>\$ 16,449</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	<u>\$ 149,015</u>	<u>\$ 209,822</u>
Within 90 days of overdue	6,520	22,396
Overdue for more than 91 days	5,342	3,107
	<u>\$ 160,877</u>	<u>\$ 235,325</u>

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

- C. The balances of accounts receivable and notes receivable on December 31, 2023 and 2022 were all generated from contracts with customers. The balance of accounts receivable and the loss allowance on contracts with customers on January 1, 2022 were NTD 287,717 and \$4,962, 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 Company as of December 31, 2023 and 2022 was NTD 12,902 and NTD 16,449, respectively; the maximum credit risk exposure amount on December 31, 2023 and 2022, representing the Company, was NTD 156,804 and NTD 231,469, respectively.
- E. The Company 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	\$ 62,200	(\$ 12,333)	\$ 49,867
Work in progress	19,580	(68)	19,512
Finished goods	24,010	(6,906)	17,104
Merchandise	192,619	(7,202)	185,417
Inventory in transit	75	-	75
	<u>\$ 298,484</u>	<u>(\$ 26,509)</u>	<u>\$ 271,975</u>

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 76,174	(\$ 17,938)	\$ 58,236
Work in progress	22,795	-	22,795
Finished goods	25,177	(4,230)	20,947
Merchandise	194,771	(22,120)	172,651
	<u>\$ 318,917</u>	<u>(\$ 44,288)</u>	<u>\$ 274,629</u>

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

	Years ended December 31,	
	2023	2022
Cost of goods sold	\$ 459,255	\$ 916,945
Other operating costs	28,070	33,018
Gain on reversal of inventories	(17,779)	-
	<u>\$ 469,546</u>	<u>\$ 949,963</u>

The Company sold inventories for which a loss allowance had been provided in 2023, resulting in a gain on reversal 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 Company 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	\$ 120,671	(\$ 61,455)

- C. Without considering the collateral or other credit enhancements held, the financial assets measured at fair value through other comprehensive income that can best represent the Company, and the maximum exposure amount of credit risk on December 31, 2023 and 2022 amounted to NTD 227,098 and NTD 106,427, respectively.
- D. The Company 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

	December 31, 2023	December 31, 2022
Subsidiary:		
TAIWAN OILES INDUSTRY CO., LTD.	\$ 49,720	\$ 43,893
AUROTEK INC.	8,113	12,965
Aurotek (Shanghai) Inc.	193,824	197,995
Kunshan Yichun Industrial Technology Co., Ltd.	28,779	28,244
Associate:		
PLENTY ISLAND (THAI) CO., LTD.	601	574
3e Yamaichi Electronics Co., Ltd.	30,030	31,629
KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	34,289	31,108
	<u>\$ 345,356</u>	<u>\$ 346,408</u>
	2023	2022
January 1	\$ 346,408	\$ 364,577
Share of investment income under equity method (Note)	5,801	(9,851)
Distribution of investment earnings under equity method	(3,386)	(17,147)
Other changes in equity	(3,467)	8,829
December 31	<u>\$ 345,356</u>	<u>\$ 346,408</u>

Note: It includes the unrealized sale leaseback gains (presented as other non-current liabilities) of the Company's subsidiary Yichun Industrial Technology (Kunshan) Co Ltd. which rents part of the plants of Aurotek Kunshan, subsequently amortized by the subsidiary's lease contract period and recognized as investment income under equity method. As of December 31, 2023, the balance of the aforementioned unrealized sale leaseback gain was NTD 143.

A. Subsidiary

For information on the Company's subsidiaries, please refer to Note 4(3) to the Company's 2023 consolidated financial statements.

B. Associate

The affiliates of the Company under equity method are individually insignificant, and their shares of the operating results are summarized as follows:

	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 Company holds 25% of the equity of PLENTY 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 Company's, indicating that the Company has no actual ability to dominate the relevant activities, so it is judged that the Company has no control over the company but only has a significant influence.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery equipment	Office equipment	Other equipment	Total
At January 1, 2023						
Cost	\$ 150,319	\$ 112,079	\$ 23,253	\$ 3,969	\$ 1,101	\$ 290,721
Accumulated depreciation	-	(41,344)	(18,688)	(2,021)	(543)	(62,596)
	<u>\$ 150,319</u>	<u>\$ 70,735</u>	<u>\$ 4,565</u>	<u>\$ 1,948</u>	<u>\$ 558</u>	<u>\$ 228,125</u>
<u>2023</u>						
January 1	\$ 150,319	\$ 70,735	\$ 4,565	\$ 1,948	\$ 558	\$ 228,125
Additions	-	-	707	1,585	443	2,735
Disposals	-	-	(494)	-	-	(494)
Depreciation expense	-	(2,297)	(2,974)	(1,367)	(211)	(6,849)
December 31	<u>\$ 150,319</u>	<u>\$ 68,438</u>	<u>\$ 1,804</u>	<u>\$ 2,166</u>	<u>\$ 790</u>	<u>\$ 223,517</u>
At December 31, 2023						
Cost	\$ 150,319	\$ 112,079	\$ 8,393	\$ 5,554	\$ 1,185	\$ 277,530
Accumulated depreciation	-	(43,641)	(6,589)	(3,388)	(395)	(54,013)
	<u>\$ 150,319</u>	<u>\$ 68,438</u>	<u>\$ 1,804</u>	<u>\$ 2,166</u>	<u>\$ 790</u>	<u>\$ 223,517</u>

	Land	Buildings and structures	Machinery equipment	Office equipment	Other equipment	Total
At January 1, 2022						
Cost	\$ 150,319	\$ 112,079	\$ 23,169	\$ 3,066	\$ 568	\$ 289,201
Accumulated depreciation	-	(39,046)	(13,260)	(946)	(378)	(53,630)
	<u>\$ 150,319</u>	<u>\$ 73,033</u>	<u>\$ 9,909</u>	<u>\$ 2,120</u>	<u>\$ 190</u>	<u>\$ 235,571</u>
<u>2022</u>						
January 1	\$ 150,319	\$ 73,033	\$ 9,909	\$ 2,120	\$ 190	\$ 235,571
Addition	-	-	-	903	533	1,436
Reclassified (Note)	-	-	507	-	-	507
Depreciation expense	-	(2,298)	(5,851)	(1,075)	(165)	(9,389)
December 31	<u>\$ 150,319</u>	<u>\$ 70,735</u>	<u>\$ 4,565</u>	<u>\$ 1,948</u>	<u>\$ 558</u>	<u>\$ 228,125</u>
At December 31, 2022						
Cost	\$ 150,319	\$ 112,079	\$ 23,253	\$ 3,969	\$ 1,101	\$ 290,721
Accumulated depreciation	-	(41,344)	(18,688)	(2,021)	(543)	(62,596)
	<u>\$ 150,319</u>	<u>\$ 70,735</u>	<u>\$ 4,565</u>	<u>\$ 1,948</u>	<u>\$ 558</u>	<u>\$ 228,125</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 8.

(9) Lease arrangements - lessee

- A. The underlying assets leased by the Company include buildings, machinery and equipment. The lease contract is usually for a period of 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
Machinery equipment	\$ 35	\$ 169

	Years ended December 31,	
	2023	2022
	Depreciation expense	Depreciation expense
Machinery equipment	\$ 134	\$ 139

- C. There were no additions to the Company's right-of-use assets in 2023 and 2022.
- 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	\$ 2	\$ 4
Expenses of short-term lease contracts	108	150
Expenses of low-value asset lease	41	6

- E. The total lease cash outflow of the Company in 2023 and 2022 was NTD 288 and NTD 299, 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 Company as of December 31, 2023 and 2022 was NTD 177,761 and NTD 172,901, respectively. The fair value above is based on the announced present value of the land of the real estate and the market transactions of similar objects in the vicinity obtained through price valuation.

C. The above investment property refers to the leasing of two properties 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 Company's pledge of investment properties as collateral.

(11) Short-term borrowings

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

December 31, 2022: None.

A. The interest expense 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.

(12) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses payable	\$ 27,642	\$ 38,330
Remuneration payable to employees, directors and supervisors	7,126	21,531
Payable commission	6,242	6,385
Payable expenses - others	18,366	23,027
Other payables	2,777	1,143
	<u>\$ 62,153</u>	<u>\$ 90,416</u>

(13) Provisions

	Warranty	Litigation	Total
Balance as of 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)
Balance as of December 31, 2023	<u>\$ 6,905</u>	<u>\$ -</u>	<u>\$ 6,905</u>
	Warranty	Litigation	Total
Balance as of January 1, 2022	\$ 9,005	\$ 34,588	\$ 43,593
Provisions increased in the current period	2,223	-	2,223
Provisions used in the current period	(3,590)	(12,910)	(16,500)
Unused amount reversed in this period	-	(21,678)	(21,678)
Balance as of December 31, 2022	<u>\$ 7,638</u>	<u>\$ -</u>	<u>\$ 7,638</u>

A. The provision for warranty liabilities of the Company 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).

(14) Pensions

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 on a monthly basis to the pension fund, 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:

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

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

	Present value of defined benefit	Obligation 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)
	(34,767)	25,410	(9,357)
Remeasurements:			
Gains on plan assets (excluding amounts included in interest income or expense)	-	151	151
Change in financial assumptions	(214)	-	(214)
Experience adjustments	5,565	-	5,565
	5,351	151	5,502
Pension fund contribution	-	427	427
Paid pension	-	-	-
Balance at December 31	(\$ 29,416)	\$ 25,988	(\$ 3,428)

	Present value of defined benefit	Obligation 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)
	(39,289)	26,231	(13,058)
Remeasurements:			
Gains 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)
	1,422	1,944	3,366
Pension fund contribution	-	455	455
Paid pension	3,546	(3,546)	-
Balance at December 31	(\$ 34,321)	\$ 25,084	(\$ 9,237)

- 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 has established a defined retirement allocation 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. In 2023 and 2022, the pension cost recognized by the Company in accordance with the above regulations was NTD 5,879 and NTD 5,714 respectively.

(15) 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.

(16) 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.

(17) 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 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 Company 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' meeting on June 9, 2023 and June 22, 2022, respectively, 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 directors' remuneration, please refer to Note 6(24).
- b. The aforementioned 2023 earnings distribution proposal has not yet been approved by the shareholders' meeting.

(18) 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	<u>\$ 64,583</u>	<u>(\$ 12,521)</u>	<u>\$ 52,062</u>

(19) Operating revenue

A. Breakdown of revenue from customer contracts

The Company's income comes from the provision of goods and services that are gradually transferred over time and at a certain point in time. The income can be divided into the following main product lines and geographical regions:

<u>Year ended December 31, 2023</u>	<u>Automation components</u>			<u>Automation equipment</u>				<u>Energy conservation and safety</u>	<u>Others</u>	
	<u>Mainland</u>			<u>Mainland</u>						
	<u>Taiwan</u>	<u>China</u>	<u>Others</u>	<u>Taiwan</u>	<u>China</u>	<u>Japan</u>	<u>Others</u>	<u>Taiwan</u>	<u>Taiwan</u>	<u>Total</u>
Revenue	<u>\$ 331,153</u>	<u>\$ 13,949</u>	<u>\$ 386</u>	<u>\$ 47,210</u>	<u>\$ 77,770</u>	<u>\$ 38,148</u>	<u>\$ 136,110</u>	<u>\$ 48,587</u>	<u>\$ 10,944</u>	<u>\$ 704,257</u>
Timing of revenue recognition										
Revenue recognized at a certain point in time	<u>\$ 331,153</u>	<u>\$ 13,949</u>	<u>\$ 386</u>	<u>\$ 47,210</u>	<u>\$ 77,770</u>	<u>\$ 38,148</u>	<u>\$ 136,110</u>	<u>\$ 48,587</u>	<u>\$ 10,944</u>	<u>\$ 704,257</u>

<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>Mainland</u>			<u>Mainland</u>						
	<u>Taiwan</u>	<u>China</u>	<u>Japan</u>	<u>Taiwan</u>	<u>China</u>	<u>Japan</u>	<u>Others</u>	<u>Taiwan</u>	<u>Taiwan</u>	<u>Total</u>
Revenue	<u>\$ 925,348</u>	<u>\$ 30,704</u>	<u>\$ 59</u>	<u>\$ 113,425</u>	<u>\$ 131,288</u>	<u>\$ 21,471</u>	<u>\$ 123,488</u>	<u>\$ 39,114</u>	<u>\$ 10,229</u>	<u>\$1,395,126</u>
Timing of revenue recognition										
Revenue recognized at a certain point in time	<u>\$ 925,348</u>	<u>\$ 30,704</u>	<u>\$ 59</u>	<u>\$ 113,425</u>	<u>\$ 131,288</u>	<u>\$ 21,471</u>	<u>\$ 123,488</u>	<u>\$ 39,114</u>	<u>\$ 10,229</u>	<u>\$1,395,126</u>

B. Contract liability

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

Tax of affiliated companies	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:			
Contract liabilities - advances from customers	\$ 202	\$ 100	\$ 240

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

	Years ended December 31,	
	2023	2022
Opening balance of contract liabilities		
recognized as income in current period		
Advance collections from customers	\$ 100	\$ 240

(20) Interest income

	Years ended December 31,	
	2023	2022
Interest on bank deposits	\$ 11,794	\$ 2,277
Interest income from financial assets at amortized cost	1,851	1,243
Other interest income (Note)	-	946
	<u>\$ 13,645</u>	<u>\$ 4,466</u>

Note: Please refer to Note 7(2) for details.

(21) Other income

	Years ended December 31,	
	2023	2022
Rental income	\$ 5,105	\$ 4,982
Dividend income	20,426	17,096
Other income (Note)	1,778	25,088
	<u>\$ 27,309</u>	<u>\$ 47,166</u>

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

(22) Other gains and losses

	Years ended December 31,	
	2023	2022
Net value of financial assets at fair value through profit or loss	\$ 55	(\$ 89)
Foreign currency exchange gain (loss), net	(3,979)	35,116
Gains from the disposal of property, plant and equipment	47	-
	<u>(\$ 3,877)</u>	<u>\$ 35,027</u>

(23) Financial cost

	Years ended December 31,	
	2023	2022
Interest expense:		
Interest expense of bank borrowings	\$ 113	\$ 395
Interest expense of lease liabilities	2	4
	<u>\$ 115</u>	<u>\$ 399</u>

(24) Employee benefits and depreciation expenses

A. Employee benefits and depreciation expenses

a. Details are as follows:

By function By nature	Year ended December 31, 2023		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense			
Salary expenses	\$ 6,094	\$ 118,038	\$ 124,132
Labor and national health insurance expenses	738	11,670	12,408
Pension expense	304	5,695	5,999
Remuneration to directors	-	2,960	2,960
Other employee benefit expenses	337	4,999	5,336
Depreciation expense	162	7,876	8,038

By function By nature	Year ended December 31, 2022		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense			
Salary expenses	\$ 7,135	\$ 142,935	\$ 150,070
Labor and national health insurance expenses	706	11,520	12,226
Pension expense	346	5,684	6,030
Remuneration to directors	-	6,233	6,233
Other employee benefit expenses	391	5,487	5,878
Depreciation expense	381	10,201	10,582

- b. The number of employees for the current year and the previous year is 153 persons for both years, of which the number of directors who are not also employees is 4 and 5 persons, respectively.
- c. Companies whose stocks are listed on TWSE or OTC markets are required to disclose the following additional information:

- i. The average employee benefit expense for the current year was NTD 992; the average employee benefit expense for the previous year was NTD 1,178.
- ii. The average employee salary expense for the current year was NTD 833; the average employee salary expense for the previous year was NTD 1,006.
- iii. The average change in employee salary expense adjustment was -17.20 %.
- iv. The Company's remuneration policy is to measure the operational performance, achievement rate and contribution of the management team in response to future changes in the economic environment, and will not guide directors (including independent directors), managers and employees to engage in activities that exceed the company's risk in establishing the Company's remuneration system and risk behavior.
 - (i.) Remuneration to directors (including independent directors): including remuneration to directors and transportation allowances for the board of directors and their concurrent positions on functional committees. After considering the Company's operating performance and the general level of payment in the industry, recommendations are submitted to the Board of Directors for resolution after the Remuneration Committee approves.
 - (ii.) Managerial officers' remuneration: including fixed salary, additional, allowance, bonus and subsidy, taking into account job duties, business performance, code of conduct and future risks into the evaluation criteria, in addition to reference to the industry standard and the Company's past operating performance, the payment criteria, structure and system will also be reviewed and adjusted in a timely manner depending on the actual operating conditions and changes in relevant laws and regulations. The Company's Remuneration Committee also regularly evaluates managerial officers' remuneration and submits its recommendations to the Board of Directors for discussion.
 - (iii.) Employee remuneration: including salary, allowance, meal allowance, bonus and welfare subsidy. Salary standards are set in consideration of market standard, job position and competency level; bonus distribution principle is set based on performance evaluation and contribution, and incentives are provided in a timely manner with satisfactory results.

B. Compensation to employees and remuneration to directors and supervisors

- 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' and supervisors' 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' and supervisors' 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 and supervisors' remuneration as resolved by the Board of Directors are consistent with the amounts recognized in the 2022 financial statements.
 Information on employees' and directors' and supervisors' remuneration approved by the Company's board of directors is available on the MOPS.

(25) 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	\$ 10,451	\$ 63,970
Imposition on undistributed earnings	2,297	5,510
Overestimated income tax in previous years	(11,651)	(277)
Total income tax for the current period	1,097	69,203
Deferred income tax:		
The origin and reversal of the temporary difference	2,082	2,904
Income tax expense	\$ 3,179	\$ 72,107

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 obligation	(1,100)	(673)
	(\$ 421)	(\$ 2,432)

B. Relationship between income tax expenses and accounting profit:

	Years ended December 31,	
	2023	2022
Income tax on net profit before tax calculated at statutory tax rate (Note)	\$ 16,390	\$ 57,210
Income tax effects of excluded items in accordance with the Tax Law	(5,939)	6,760
Assessment of realizability of deferred income tax assets	2,082	2,904
Imposition on undistributed earnings	2,297	5,510
Overestimated amount of income tax in previous years	(11,651)	(277)
income tax expense	\$ 3,179	\$ 72,107

Note: The basis for the applicable tax rate is the tax rate applicable to the R.O.C. income.

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

	Year 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	\$ 8,858 (	\$ 3,556)	\$ -	\$ 5,302
Pension liabilities	1,848 (	62)	(1,100)	686
Unrealized exchange losses	-	580	-	580
Expected credit impairment loss	153	314	-	467
Others	2,799 (	61)	-	2,738
Subtotal	<u>13,658</u>	<u>(2,785)</u>	<u>(1,100)</u>	<u>9,773</u>
-Deferred income tax liabilities:				
Temporary difference:				
Exchange differences on foreign operations	(1,712)	-	679 (	1,033)
Unrealized exchange gain	(1,106)	1,106	-	-
Investment income under equity method	(37,796)	(403)	-	(38,199)
Subtotal	<u>(40,614)</u>	<u>703</u>	<u>679</u>	<u>(39,232)</u>
Total	<u>(\$ 26,956)</u>	<u>(\$ 2,082)</u>	<u>(\$ 421)</u>	<u>(\$ 29,459)</u>

Year 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	\$ 8,858	\$ -	\$ -	\$ 8,858
Pension liabilities	2,549	(28)	(673)	1,848
Unrealized contingent liabilities	6,917	(6,917)	-	-
Unrealized exchange losses	417	(417)	-	-
Expected credit impairment loss	1,225	(1,072)	-	153
Others	3,037	(238)	-	2,799
Subtotal	<u>23,003</u>	<u>(8,672)</u>	<u>(673)</u>	<u>13,658</u>
-Deferred income tax liabilities:				
Temporary difference:				
Exchange differences on foreign operations	47	-	(1,759)	(1,712)
Unrealized exchange gain	-	(1,106)	-	(1,106)
Investment income under equity method	(44,670)	6,874	-	(37,796)
Subtotal	<u>(44,623)</u>	<u>5,768</u>	<u>(1,759)</u>	<u>(40,614)</u>
Total	<u>(\$ 21,620)</u>	<u>(\$ 2,904)</u>	<u>(\$ 2,432)</u>	<u>(\$ 26,956)</u>

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

(26) Earnings per share

Year 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 for the period	\$ 78,773	82,790	<u>\$ 0.95</u>
<u>Diluted earnings per share</u>			
Effect of the potential dilutive ordinary shares on employee compensation	-	341	
Effect of net income for the period plus potential common shares	<u>\$ 78,773</u>	<u>83,131</u>	<u>\$ 0.95</u>

Year 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 for the period	\$ 213,943	82,790	<u>\$ 2.58</u>
<u>Diluted earnings per share</u>			
Effect of the potential dilutive ordinary shares on employee compensation	-	588	
Effect of net income for the period plus potential common shares	<u>\$ 213,943</u>	<u>83,378</u>	<u>\$ 2.57</u>

(27) 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	\$ -	\$ -	\$ 173	\$ 808	\$ 981
Changes in financing cash flow	20,000	-	(137)	1,080	20,943
At December 31, 2023	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 36</u>	<u>\$ 1,888</u>	<u>\$ 21,924</u>
	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received (Note)	Total liabilities from financing activities
At January 1, 2022	\$ 164,000	\$ 1,000	\$ 312	\$ 808	\$ 166,120
Changes in financing cash flow	(164,000)	(1,000)	(139)	-	(165,139)
At December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173</u>	<u>\$ 808</u>	<u>\$ 981</u>

Note: Listed as "other non-current liabilities."

7. RELATED PARTY TRANSACTIONS

(1) Names and relationships of related parties

<u>Name of related party</u>	<u>Relationship with the Company</u>
TAIWAN OILES INDUSTRY CO., LTD. (TAIWAN OILES)	Subsidiary of the Company
AUROTEK INC. (Aurotek Japan)	Subsidiary of the Company
Aurotek (Shanghai) Inc. (Aurotek Shanghai)	Subsidiary of the Company
Kunshan Yichun Industrial Technology Co., Ltd. (Kunshan Yichun)	Subsidiary of the Company
KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD. (KUNSHAN KYOWA)	Associate of the Company
PLENTY ISLAND (THAI) CO., LTD. (PLENTY ISLAND)	Associate of the Company
3e Yamaichi Electronics Co., Ltd. (3e Yamaichi Electronics)	Associate of the Company

(2) Significant transactions and balances with related parties

A. Operating revenue

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Sale of goods:		
Subsidiary	\$ 62,575	\$ 97,877
Associate	-	1,083
	<u>\$ 62,575</u>	<u>\$ 98,960</u>

If there are purchase and sales transactions between the Company 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

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Product purchase:		
Subsidiary	\$ 52,279	\$ 64,878
Purchase of labor services:	15,846	22,715
Subsidiary	<u>\$ 68,125</u>	<u>\$ 87,593</u>

The Company's purchase price to related parties is determined with reference to the market price. The payment term is based on the monthly settlement of approximately 180 days. The general supplier's payment term is on the basis of payment within 90 to 180 days of the monthly settlement.

C. Receivables from related parties

Accounts receivable:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Aurotek Shanghai	\$ 20,827	\$ 41,225
Subsidiary	<u>6,428</u>	<u>16,291</u>
	<u>\$ 27,255</u>	<u>\$ 57,516</u>

D. Payables to related parties

Accounts payable:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
TAIWAN OILES	\$ 20,046	\$ 15,856
Subsidiary	<u>3,445</u>	<u>6,645</u>
	<u>\$ 23,491</u>	<u>\$ 22,501</u>

Other payables:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
TAIWAN OILES (Note 1)	<u>\$ 98</u>	<u>\$ 26</u>

Note 1: Maintenance cost.

E. Other income

- a. The Company's consulting service income from 2023 and 2022 for TAIWAN OILES were NTD 682 and NTD 1,274, respectively.
- b. Interest revenue

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Aurotek Shanghai	<u>\$ -</u>	<u>\$ 946</u>

(3) Key management personnel

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Salary and other short-term employee benefits	\$ 21,532	\$ 22,666
Post-employment benefits	<u>531</u>	<u>361</u>
	<u>\$ 22,063</u>	<u>\$ 23,027</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value		Pledged purpose
	December 31, 2023	December 31, 2022	
Time deposits (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
	<u>\$ 293,817</u>	<u>\$ 327,612</u>	

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 Company should pay \$8,164 and interest of \$4,746, totaling \$12,910; the difference from the original estimate of \$21,678 in the "debt reserve" of \$34,588 was recognized in the "other income" of the non-operating income in the second quarter of 2022. The Company has recovered all litigation guarantees of \$34,588 (originally listed as "refundable deposits") in June 2022.

(2) Commitments

- As of December 31, 2023 and 2022, the amount of the guarantee notes issued by the Company for construction performance guarantees was NTD 10,790 and NTD 10,826, respectively.
- As of December 31, 2023 and 2022, the customs deposit payable by the Company jointly guaranteed by the bank for the letter of guarantee issued are both \$1,000.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- Earnings appropriation for 2023: Please refer to the description in Note 6(17)6.
- 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 Company's capital management is to ensure the continued operation of the Company, maintain the optimal capital structure to reduce the cost of capital, and provide returns for shareholders. To maintain or adjust the capital structure, the Company 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	<u>\$ 174</u>	<u>\$ 119</u>
Financial assets measured at fair value through other comprehensive income		
Selecting designated investments in equity instruments	<u>\$ 227,098</u>	<u>\$ 106,427</u>
Financial assets measured at amortized cost - current		
Cash and cash equivalents	\$ 288,173	\$ 304,045
Financial assets measured at amortized cost	93,615	91,485
Notes receivable	12,902	16,449
Accounts receivable (including related party)	184,059	288,985
Other receivables (including related parties)	2,401	5,954
Refundable deposits (listed as other non-current assets)	<u>125</u>	<u>125</u>
	<u>\$ 581,275</u>	<u>\$ 707,043</u>
<u>Financial liability</u>		
Financial liabilities measured at amortized cost		
Short-term borrowings	\$ 20,000	\$ -
Notes payable	1,051	1,004
Accounts payable (including related parties)	89,768	101,993
Other payables (including related parties)	62,251	90,442
Guarantee deposits received (stated as other non-current liabilities)	<u>1,888</u>	<u>808</u>
	<u>\$ 174,958</u>	<u>\$ 194,247</u>
Lease liabilities (including current and non-current)	<u>\$ 36</u>	<u>\$ 173</u>

B. Risk management policy

- a. The Company'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 Company's overall risk management policy focuses on the unpredictable events in the financial market and seeks to reduce the potential adverse effects on the Company's financial position and financial performance.
- b. Risk management is carried out by the Company's Finance Department in accordance with the policies approved by the Board of Directors. The Company's Finance Department works closely with various operating units within the Company 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 Company operates as a multinational company and is therefore exposed to the exchange rate risk arising from transactions with functional currencies different from the Company's, which are mainly USD, JPY, RMB and THB. The relevant exchange rate risk comes from future commercial transactions and recognized assets and liabilities.
- ii. The Company's management has formulated policies that require companies within the Company to manage the exchange rate risk relative to their functional currency.
- iii. The Company's business involves certain non-functional currencies (the Company's functional currency is NTD), and therefore subject to exchange rate fluctuations, the assets and liabilities denominated in foreign currencies with significant exchange rate fluctuations are as follows:

(Foreign currency: functional currency)	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 12,905	30.71	\$ 396,248
JPY: NTD	73,814	0.2172	16,032
CNY: NTD	5,019	4.3780	21,973
<u>Non-monetary items</u>			
CNY: NTD	\$ 58,678	4.3780	\$ 256,892
Thai Baht: NTD	667	0.9017	601
JPY: NTD	37,353	0.2172	8,113
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD	\$ 192	30.71	\$ 5,895
JPY: NTD	15,996	0.2172	3,474
RMB: NTD	1,414	4.3780	6,190

December 31, 2022			
(Foreign currency: functional currency)	Foreign currency	Exchange rate	Book value
	amount (in thousands)		(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 9,161	30.71	\$ 281,334
JPY: NTD	85,323	0.2324	19,829
CNY: NTD	11,468	4.4080	50,551
<u>Non-monetary items</u>			
CNY: NTD	\$ 58,382	4.4080	\$ 257,347
Thai Baht: NTD	642	0.8941	574
JPY: NTD	55,787	0.2324	12,965
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD	\$ 378	30.71	\$ 11,608
JPY: NTD	30,711	0.2324	7,137
RMB: NTD	1,967	4.4080	8,671
iv.	The unrealized exchange gains and losses of the Company's monetary items due to exchange rate fluctuations are described as follows:		
<u>Year ended December 31, 2023</u>			
<u>Exchange gain or loss</u>			
(Foreign currency: functional currency)	Foreign currency	Exchange rate	Book value
	amount (in thousands)		
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD		30.71	(\$ 3,080)
JPY: NTD		0.2172	126
CNY: NTD		4.3780	51
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD		30.71	(\$ 83)
JPY: NTD		0.2172	4
RMB: NTD		4.3780	49

Year ended December 31, 2022			
Exchange gain or loss			
Foreign currency			
(Foreign currency: functional currency)	amount (in thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD		30.71	\$ 248
JPY: NTD		0.2324	4,365
CNY: NTD		4.4080	79
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD		30.71	(\$ 129)
JPY: NTD		0.2324	(320)
RMB: NTD		4.4080	70

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

Year ended December 31, 2023				
Sensitivity analysis				
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$ 3,962	\$	-
JPY: NTD	1%	160		-
CNY: NTD	1%	220		-
<u>Financial liability</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$ 59	\$	-
JPY: NTD	1%	35		-
RMB: NTD	1%	62		-
Year ended December 31, 2022				
Sensitivity analysis				
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$ 2,813	\$	-
JPY: NTD	1%	198		-
CNY: NTD	1%	506		-
<u>Financial liability</u>				
USD: NTD	1%	\$ 116	\$	-
JPY: NTD	1%	71		-
RMB: NTD	1%	87		-

Price risk

- i. The Company'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 Company will diversify its investment portfolio, and the diversification method is based on the limit set by the Company.
- ii. The Company mainly invests in equity instruments issued by domestic companies. The prices of these 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, respectively.

Cash flow and fair value interest rate risk

- i. The Company's interest rate risk mainly comes from the long-term borrowings with floating interest rates, which expose the Company to cash flow interest rate risk. In 2023 and 2022, the Company's borrowings with floating interest rates were mainly denominated in NTD.
 - ii. The Company's borrowings are measured at amortized cost. According to the contract, the interest rate is priced again every year. Therefore, the Company is exposed to the risk of future changes in market interest rates.
 - iii. When the NTD borrowing interest rate increases or decreases by 1%, and all other factors remain unchanged, the net income after tax in 2023 and 2022 would decrease or increase by NTD 160 and NTD 0, respectively, mainly due to the floating interest rate borrowings resulting in interest expense due to the change thereupon.
- b. Credit risk
- i. The Company'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 Company has established credit risk management from the corporate 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 Company 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 Company'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 Company 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 Company 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 Company 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 Company 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 Company had gone through the recourse process to reclassify as a non-performing loan and provided an allowance in full was both \$0.
 - viii. The expected loss rate of customers in the credit group was 0.2%. The total book value of accounts receivable as of December 31, 2023 and 2022 was NTD 27,255 and NTD 57,516, respectively. The loss allowance was \$0 for both years ended.

- ix. The Company 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%	\$ 161,917	\$ 3,955
Within 90 days of overdue	0.01%~0.04%	6,520	65
Overdue for more than 91 days	0.04%~100%	5,342	53
		<u>\$ 173,779</u>	<u>\$ 4,073</u>
At December 31, 2022	Expected loss rate	Total book value	Loss allowance
Not past due	0.01%	\$ 226,271	\$ 3,605
Within 90 days of overdue	0.02%~0.07%	22,396	224
Overdue for more than 91 days	0.10%~100%	3,107	48
		<u>\$ 251,774</u>	<u>\$ 3,877</u>

- x. The Company's simplified statement of changes in the allowance for accounts receivable and contract assets is as follows:

	2023	2022
	Accounts receivable	Accounts receivable
At January 1	\$ 3,856	\$ 4,962
Provision of impairment loss	217	-
Reversal of impairment loss	- (1,106)	
At December 31	<u>\$ 4,073</u>	<u>\$ 3,856</u>

Among the losses provided in 2023 and 2022, the impairment loss (reversal gain) of receivables arising from contracts with customers was \$ 217 and (\$ 1,106), respectively.

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

	December 31, 2023		
	By duration		
	By 12 months	Credit risk has increased significantly	Credit-impaired
Financial assets at amortized cost			Total
Group 1	\$ 93,615	\$ -	\$ -
	<u>\$ 93,615</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022				
	By 12 months	By duration		Total
		Credit risk has increased significantly	Credit-impaired	
Financial assets at amortized cost				
Group 1	\$ 91,485	\$ -	\$ -	\$ 91,485

Group 1: Time deposits earning fixed interest.

c. Liquidity risk

- i. Cash flow forecasting is carried out by each operating entity within the Company and compiled by the Company's Finance Department. The Finance Department of the Company monitors the forecast of the Company'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 Company from breaching the relevant loan limits or terms.
- ii. The following table shows the Company'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:

December 31, 2023	Less than 1 year	Between 1 and 2 years	Total
Short-term borrowings	\$ 20,000	\$ -	\$ 20,000
Notes payable	1,051	-	1,051
Accounts payable (including related parties)	89,768	-	89,768
Other payables (including related parties)	62,251	-	62,251
Lease liabilities	37	-	37

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	Between 1 and 2 years	Total
Notes payable	\$ 1,004	\$ -	\$ 1,004
Accounts payable (including related parties)	101,993	-	101,993
Other payables (including related parties)	90,442	-	90,442
Lease liabilities	138	37	175

(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 a market with sufficient frequency and volume of transactions to provide pricing information on an ongoing basis. The fair values of the Company's investments in listed stocks belong to.

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 Company'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 Company 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 Company'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>Repetitive fair value</u>				
Financial assets measured at fair value through profit or loss				
Equity securities	\$ 174	\$ -	\$ -	\$ 174
Financial assets measured at fair value through other comprehensive income				
Equity instrument	-	-	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>Repetitive fair value</u>				
Financial assets measured at fair value through profit or loss				
Equity securities	\$ 119	\$ -	\$ -	\$ 119
Financial assets measured at fair value through other comprehensive income				
Equity instrument	-	-	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 Company to measure fair value are as follows:
- Where the Company uses 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 Company 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 Company'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
Profit or loss recognized in profit or loss		
Listed as unrealized valuation gains or losses on investments in equity instruments measured at fair value through other comprehensive income	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 Company 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)
			\$ 24,981	(\$ 24,981)
		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)
			\$ 11,707	(\$ 11,707)

13. SUPPLEMENTARY DISCLOSURES

(1) Information on significant transactions

- Loaning of funds to others: Please refer to Attachment 1.
- Endorsements/guarantees provided for others: none.
- Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Please refer to Table 2.
- Accumulated purchase or sale of the same securities reaching NTD 300 million or more, or 20% of the paid-in capital: None.
- Acquisition of real estate for an amount over NTD 300 million or 20% of the paid-in capital: None.
- 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

Not applicable.

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, paragraph 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	Investment 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	Footnote
					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.

Table 6

AUROTEK CORPORATION
Major shareholders information
December 31, 2023

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.

AUROTEK CORPORATION

Cash and cash equivalents

December 31, 2023

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

Statement 1

Item	Summary				Amount
Cash on hand and revolving funds					
Cash on hand					\$ 34
Working capital					33
					<u>67</u>
Bank Deposit:					
Check deposit - NTD					650
Time deposit - NTD					-
- USD deposits	USD	6,099,902.81, exchange rate	30.71		187,298
-RMB deposit	RMB	2,016,962.44, exchange rate	4.3780		8,830
Demand deposits - NTD deposits					29,600
- USD deposits	USD	1,454,187.82, exchange rate	30.71		44,651
- Euro deposits	Euro	64,663.09, exchange rate	33.98		2,196
- Japanese Yen deposits	JPY	63,010,709, exchange rate	0.2172		13,686
-RMB deposit	RMB	273,014.25, exchange rate	4.3780		1,195
					<u>288,106</u>
					<u>\$ 288,173</u>

AUROTEK CORPORATION
Financial assets at amortized cost - current
December 31, 2023

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

Statement 2

Name	Summary	Interest rate	Book value	Accumulated impairment
Time deposit - NTD	NTD 775 thousand	1.565%	\$ 775	\$ -
Time deposits - USD	USD 3,024 thousand, exchange rate 30.71	5.40%~5.75%	92,840	-
			<u>\$ 93,615</u>	<u>\$ -</u>

AUROTEK CORPORATION

Accounts receivable, net

December 31, 2023

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

Statement 3

<u>Customers Name</u>	<u>Amount</u>	<u>Note</u>
Non-related party:		
SG-0026	\$ 21,917	
US-0015	9,271	
		The balance of each sporadic customer did not exceed 5% of the balance of the account
Others	<u>129,688</u>	
	160,876	
Less: Loss allowance	(<u>4,072</u>)	
	<u>\$ 156,804</u>	

AUROTEK CORPORATION

Inventories

December 31, 2023

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

Statement 4

Item	Amount		Note
	Cost	Net realizable value	
Raw materials	\$ 62,200	\$ 54,456	Raw materials are valued at the net realizable value at replacement cost. Work-in-progress, finished goods, and commodities are valued at the net realizable value.
Work in progress	19,580	33,895	
Finished good	24,010	30,471	
Merchandise	192,619	259,067	
Commodities in transit	75	75	
	298,484	\$ 377,964	
Less: Allowance for inventory devaluation losses	(26,509)		
	<u>\$ 271,975</u>		

AUROTEK CORPORATION
Financial assets at fair value through other comprehensive income - non-current
From January 1, 2023 to December 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Name	Balance - beginning		Increase (decrease) in current period		Balance - ending			Guarantee or pledge
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Shareholding ratio (%)	Amount	
SHANGHAI OILES BEARING INC	-	\$ 23,337	-	(\$ 4,794)	-	10.00%	\$ 18,543	None
OILES (THAILAND) CO., LTD.	156	80,812	-	124,503	156	15.00%	205,315	"
Career Consulting Co., Ltd.	403	2,278	-	962	403	2.58%	3,240	"
OURS TECHNOLOGY INC.	8	-	-	-	8	0.14%	-	"
Wisilica Inc.	385	-	-	-	385	2.73%	-	"
		<u>\$ 106,427</u>		<u>\$ 120,671</u>			<u>\$ 227,098</u>	

AUROTEK CORPORATION
Changes in investments accounted for using the equity method
Year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Name	Balance - beginning		Increase in current period (Note 1)		Decrease in current period (Note 2)		Balance - ending				
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Shareholding ratio (%)	Amount	Net value of equity	Guarantee or pledge
TAIWAN OILES INDUSTRY CO., LTD.	-	\$ 43,893	-	\$5,827	-	\$ -	-	90%	\$ 49,720	\$ 50,604	None
AUROTEK INC.	2,599 (shares)	12,965	-	-	-	(4,852)	2,599 (shares)	100%	8,113	11,837	"
Aurotek (Shanghai) Inc. Kunshan Yichun Industrial Technology Co., Ltd.	-	197,995	-	-	-	(4,171)	-	100%	193,824	197,218	"
PLENTY ISLAND (THAI) CO., LTD.	-	28,244	-	535	-	-	-	100%	28,779	30,014	"
3e Yamaichi Electronics Co., Ltd.	-	574	-	27	-	-	-	25%	601	3,202	"
KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	-	31,629	-	888	-	(2,487)	-	19%	30,030	30,030	"
	-	31,108	-	4,426	-	(1,245)	-	30%	34,289	34,289	"
		<u>\$ 346,408</u>		<u>\$ 11,703</u>		<u>(\$ 12,755)</u>			<u>\$ 345,356</u>	<u>\$ 357,194</u>	

Note 1: The increase in the current period includes the share of profit or loss of subsidiaries, affiliates, and joint ventures recognized under the equity method; the share of other comprehensive income of subsidiaries, affiliates, and joint ventures recognized under the equity method; exchange differences on translation of financial statements of foreign operations.

Note 2: The decrease amount in the current period includes the share of profit or loss of subsidiaries, affiliates and joint ventures recognized under the equity method; the share of other comprehensive income of subsidiaries, affiliates and joint ventures recognized under the equity method, and the receipt of cash dividends.

AUROTEK CORPORATION

Accounts payable

December 31, 2023

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

Statement 7

<u>Vendor Name</u>	<u>Amount</u>	<u>Note</u>
Non-related party:		
71-1052	\$ 4,448	
71-0037	3,812	
71-0661	3,761	
Others	<u>54,256</u>	The balance of each sporadic supplier did not exceed 5% of the balance of this account.
	<u>\$ 66,277</u>	

AUROTEK CORPORATION
Operating revenue
From January 1, 2023 to December 31, 2023
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Item	Amount	Note
Automated system business	\$ 644,726	
Safety device system business	48,587	
Others	10,944	
	<u>\$ 704,257</u>	

AUROTEK CORPORATION

Operating cost

Year ended December 31, 2023

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

Statement 9

Item	Summary	Amount
Raw materials, beginning of period		\$ 76,174
Add: Materials purchased		158,920
Commodities transferred to raw materials		79,905
Work in process transferred to raw materials		2,782
Finished products transferred to raw materials		59,694
Less: Ending raw materials	(	62,200)
Transferred to operating expenses	(	2,574)
Transferred to other operating costs	(	427)
Raw materials transferred to commodities	(	77,503)
Consumption of raw materials in current period		234,771
Direct labour		2,332
Production overheads		12,835
Manufacturing cost		249,938
Add: Work in process at beginning of period		22,795
Less: Work-in-progress at end of period	(	19,580)
Work in process transferred to raw materials	(	2,782)
Work in process transferred to commodities	(	56,681)
Work in process transferred to cost of goods sold	(	8)
Cost of finished goods		193,682
Add: Finished goods at beginning of period		25,177
Purchases in current period		36,985
Operating expenses transferred to cost of goods sold		1,021
Others		59
Less: Finished goods at end of period	(	24,010)
Finished products transferred to raw materials	(	59,694)
Finished products transferred to commodities	(	5,219)
Finished products transferred to operating expenses	(	835)
Cost of production and sales		167,166
Add: Opening merchandise		194,771
Current purchases		238,443
Raw materials transferred to commodities		77,503
Work in process transferred to commodities		56,681
Finished products transferred to commodities		5,219
Work in process transferred to cost of goods sold		8
Less: Ending commodities	(	192,694)
Commodities transferred to raw materials	(	79,905)
Transferred to other operating costs	(	5,684)
Transferred to operating expenses	(	2,096)
Others	(	157)
Cost of purchases and sales		292,089
Cost of sales		459,255
Other operating costs		28,070
Recovery profit	(	17,779)
	\$	469,546

AUROTEK CORPORATION
Production overheads
Year ended December 31, 2023

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

Statement 10

<u>Item</u>	<u>Amount</u>	<u>Note</u>
Processing Expenses	\$ 6,460	
Indirect labor	3,583	
Others Expenses	<u>2,792</u>	
	<u>\$ 12,835</u>	

AUROTEK CORPORATION

Operating expenses

Year ended December 31, 2023

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

Statement 11

Item	Selling expenses	General and administrative expenses	Research and development expenses	Total
Wages and salaries	\$ 65,196	\$ 36,246	\$ 19,556	\$ 120,998
Depreciation and depletion	1,185	4,006	2,685	7,876
Labor service expense	2,528	5,251	75	7,854
Development expense	30	-	4,292	4,322
Insurance premium	7,280	3,868	2,159	13,307
Other expenses	32,651	22,507	3,983	59,141
	<u>\$ 108,870</u>	<u>\$ 71,878</u>	<u>\$ 32,750</u>	<u>\$ 213,498</u>