

AUROTEK CO., LTD.
Individual Financial Statements and
Auditor's Report
Year 2022 and Year 2021
(Stock Code: 6215)

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AUROTEK CO., LTD.

Financial statements and auditor's reports of AUROTEK for the years
2022 and 2021.

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Independent Auditor' s Report

(2023) Tsai Shen Pao Tzu No. 22004786

AUROTEK CO., LTD. :

Audit Opinion

Balance Sheet of AUROTEK Co., Ltd. as of December 31, 2022 and 2021. Comprehensive Income Statement, Statement of Changes in Equity, and Statement of Cash Flows of AUROTEK Co., Ltd. for the period January 1, 2022 to December 31, 2022 and January 1, 2023 to December 31, 2023. Notes to AUROTEK Co., Ltd.' s Financial Statements, including a summary of significant accounting policies, have been audited by our accountant.

Based on our audit results and the audit reports of other auditors (refer to Other Matters section), in our opinion, the individual financial statements of Aurotek Corporation have been prepared in accordance with the Securities Issuance Company Financial Report Preparation Standards and are sufficient to present fairly the individual financial position of Aurotek Corporation as of December 31, 2022 and 2021, and the individual financial performance and cash flows for the years then ended.

Basis for opinion

Our responsibility under the aforementioned standards will be further explained in the Auditor' s Responsibility section of our audit report, in which we conducted our audit in accordance with the Regulations Governing the Audit Signatures of Certified Public Accountants and the Auditing Standards of the Republic of China. The personnel of our accounting firm who are subject to independence regulations have complied with the Code of Ethics for Professional Accountants in the Republic of China, maintained independence from Aurotek Corporation, and fulfilled other responsibilities stipulated by the Code. Based on our audit findings and the audit reports of other auditors, we believe that we have obtained sufficient and appropriate audit evidence to serve as the 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 Aurotek Corporation's individual financial statements For the year ended on December 31, 2022. These matters were addressed during the audit of the overall parent company only financial statements and in the formation of our opinion. We do not express our opinion on these matters separately.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of Aurotek Corporation's individual financial statements For the year ended on December 31, 2022.

Disclosure of the existence of the top ten sales revenue recipients

Explanation

Please refer to Note 4 (29) for the accounting policy related to operating revenue, and Note 6 (21) for explanations of accounting items.

AUROTEK Corporation's main business is the manufacturing and processing of various automation equipment and system components, as well as sales-related services. In order to solidify its market leadership position and expand its customer base, the company compared the top ten sales customers for the years 2022 and 2021, and found that there were changes in the sales amounts compared to the same period of the previous year. As a result, the impact of the top ten new sales customers on the company's operating revenue has increased. The existence of sales transactions related to the top ten new sales customers for this period is a significant factor that may affect the expression of financial statements. Therefore, the auditor has included the existence of revenue related to the top ten new sales customers of AUROTEK Corporation as one of the key audit matters for the current year.

Corresponding audit program

The main audit procedures performed by the auditor for the aforementioned aspects are as follows:

1. The evaluation and testing of the internal control process of sales transactions during the financial reporting period are carried out in

accordance with the internal control system established by the Company.

2. We examine information on the related industry background of the new top 10 sales targets to confirm the existence and reasonableness of their transactions.
3. We select a sample and verify the relevant documents, such as sales invoices, of the sales transactions of the new top 10 sales targets during the period to confirm the existence of the sales transactions.

Whether the accounting estimate of inventory valuation is reasonable.

Explanation

Please refer to Note 4(13), Note 5, and Note 6(5) of the financial statements for details on the accounting policies, estimates, assumptions, and explanations related to inventory valuation.

AUROTEK Inc. primarily engages in the manufacturing, processing, and trading of various automated equipment and system components. Due to the rapid technological changes in inventory, there is a higher risk of inventory write-downs or obsolescence. Due to the significant amount of inventory held by AUROTEK Co., Ltd., the above process involves subjective judgment. Therefore, the auditor has listed the estimation of the provision for inventory impairment loss of AUROTEK Co., Ltd. as one of the key audit matters for the year.

Corresponding audit program

The main audit procedures performed by the auditor for the aforementioned aspects are as follows:

1. Comparing the inventory valuation policy used during the financial statement period and evaluating the reasonableness of the provision policy.
2. Evaluating the reasonableness of the net realizable value estimates for individual obsolete or damaged inventory items identified by management
3. Sampling testing the market price of individual inventory net realizable value to ensure compliance with established policies and confirming the accuracy of selling prices and related calculations.
4. Confirming the correctness of the financial statement preparation logic and sampling testing the provision for inventory write-downs of stagnant

inventory, reviewing relevant documents, and evaluating the adequacy of the provision for inventory write-downs.

Other Matters – Mention of Other Auditor’s Audit

For the years ended December 31, 2022 and 2021, AUROTEK Inc. accounted for certain investments using the equity method. The related information disclosed in Note 13 on the financial statements, including the income/loss of the investees accounted for using the equity method, was evaluated and disclosed based on the evaluation of the financial statements audited by other auditors appointed by AUROTEK Inc. Our firm did not audit such financial statements. As of December 31, 2022 and 2021, the share of subsidiaries and associated companies recognized using the equity method in accordance with the financial statements audited by other auditors in 2022 and 2021 amounted to a loss of NT\$4.259 million and a profit of NT\$17.191 million, respectively, accounting for 3% and 5% of the comprehensive income, respectively. From January 1, 2022 to December 31, 2022 and from January 1, 2021 to December 31, 2021, the investment balance of the equity method recognized amounted to NT\$43.893 million and NT\$59.213 million, respectively, accounting for 2% and 4% of the total assets.

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

The responsibilities of management are to prepare appropriately stated parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Management is also responsible for maintaining necessary internal control relevant to the preparation of the parent company only financial statements to ensure that the parent company only financial statements are free from material misstatement by fraud or error.

In preparing the individual financial statements, the responsibility of the

management includes evaluating the ability of AUROTEK Co., Ltd. to continue operating, disclosing relevant matters, and adopting the going concern basis of accounting, unless the management intends to liquidate or cease operations of AUROTEK Co., Ltd., or unless there are no other feasible alternatives other than liquidation or cessation of operations.

The governing body of AUROTEK Co., Ltd. (including the audit committee) is responsible for overseeing the financial reporting process.

Account's responsibilities for the audit of parent company only financial statements

The objectives of accounts for auditing parent company only financial statements are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from any material misstatement due to fraud or error and to issue an Auditor's Report accordingly. It is reasonable assurance, which is a high level of assurance, but the audit work performed in accordance with the auditing standards of the Republic of China cannot guarantee the detection of material misstatements in the individual financial statements. Misstatements may arise from fraud or errors. A misstated dollar amount, individually or in the aggregate, that could be reasonably predicted to influence the economic decision of the user of the parent company only financial statements can be viewed as material.

In accordance with the auditing standards of the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also performed the following tasks:

1. We identified and assessed the risks of material misstatement of the parent company only financial statements, whether due to fraud or errors, designed and performed audit procedures according to those risks, and obtained audit evidence that can sufficiently and appropriately form the basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for the one resulting from error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain the necessary understanding of internal controls related to the audit, in order to design appropriate audit procedures at that time, but the purpose is not to express an opinion on the effectiveness of the internal controls of AUROTEK Group.
3. We evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and related disclosures made by management.
4. Based on the audit evidence obtained, conclude on the appropriateness of the use of the going concern basis of accounting by management and whether there is a significant uncertainty that may cast significant doubt on AUROTEK Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we will need to draw attention in our Auditor's Report to the related disclosures in the parent company only financial statements or to modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of this Auditor's Report. However, future events or conditions may lead AUROTEK Group to no longer have the ability to continue as a going concern.
5. We evaluated the overall presentation, structure and contents of the parent company only financial statements, including the attached notes, and whether the parent company on financial statements represent the underlying transactions and events in a fair manner.
6. Obtain sufficient and appropriate audit evidence for the financial information of the entities within AUROTEK Co., Ltd., to express an opinion on the individual financial statements. We are responsible for the direction, supervision, and performance of the audit of the parent company and are responsible for our audit opinion.

We have communicated with those charged with governance regarding the planned scope and the timing of the audit as well as material audit findings (including significant internal control shortcomings identified in the audit).

We have also provided those charged with governance the statement that the personnel of our accounting firm subject to the requirements of independence have complied with the requirements of independence of the code of professional ethics of certified public accountants of the Republic of China and communicate with those charged with governance relationships and other matters that may influence our independence (including related preventive measures).

From the matters communicated with the governing body, this auditor determined the key audit matters for the audit of the individual financial statements of AUROTEK Co., Ltd. for the year 2022. We described these matters in the Auditor's Report, unless the laws and regulations prohibit such disclosure or under rare condition that we decide not to communicate a given matter because the negative impact from such communication may override its public benefits under reasonable assumption.

P w C T a i w a n

Wang Songze

Independent accountant

Lin Junyao

Financial Supervisory Commission

Approval certificate No. : Chin Kuan Cheng Shen Tzu
No. 1110349013

Former Securities and Futures Bureau, Ministry of
Finance

Approved Visa Reference: (85) Tai Cai Zheng (6) No.
68702

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AUROTEK Co., Ltd.
Balance Sheet of the Entity
As of December 31, 2022 and 2021

Unit: NT\$1,000

ASSETS	Notes	As of December 31, 2022		As of December 31, 2021		
		A m o u n t	%	A m o u n t	%	
CURRENT ASSETS						
1100	Cash and Cash Equivalents	6(1)	\$ 304,045	17	\$ 161,286	8
1110	Financial assets at fair value	6(2) and 12				
	through profit or loss - Current		119	-	208	-
1136	Financial assets at amortized	6(1)(3), 8 and				
	cost - current, measured by the 12					
	amortized cost method.		91,485	5	165,239	8
1150	Notes receivable	6(4)	16,449	1	33,035	2
1170	Net accounts receivable	6(4)	231,469	13	282,755	14
1180	Accounts receivable - related	7				
	parties		57,516	3	73,481	4
1200	Detailed List of Other Payables		5,954	-	351	-
1210	Other accounts receivable -	7				
	related parties		-	-	73,118	4
130X	Inventory	6(5)	274,629	15	267,589	13
1410	Advance payments		5,559	-	3,359	-
11XX	CURRENT ASSETS		<u>987,225</u>	<u>54</u>	<u>1,060,421</u>	<u>53</u>
Non-current assets						
1517	Financial assets carried at fair	6(6) and 12				
	value through other					
	comprehensive income -					
	non-current		106,427	6	167,882	8
1550	Acquisition of investments	6(7)				
	accounted for using the equity					
	method		346,408	19	364,577	18
1600	Property, plant, and equipment	6(8) and 8	228,125	12	235,571	12
1755	Right-of-use Assets	6(9)	169	-	308	-

AUROTEK Co., Ltd.
Balance Sheet of the Entity
As of December 31, 2022 and 2021

Unit: NT\$1,000

1760	Net Investment Property	6(10) and 8	86,119	5	87,173	4
1840	Deferred tax assets	6(27)	13,658	1	23,003	1
1990	Other non-current assets - other 8		<u>46,835</u>	<u>3</u>	<u>80,364</u>	<u>4</u>
15XX	Total non-current assets		<u>827,741</u>	<u>46</u>	<u>958,878</u>	<u>47</u>
1XXX	Total assets		<u>\$ 1,814,966</u>	<u>100</u>	<u>\$ 2,019,299</u>	<u>100</u>

(Continued on next page)

AUROTEK Co., Ltd.
Balance Sheet of the Entity
As of December 31, 2022 and 2021

Unit: NT\$1,000

Liabilities and Equity	Notes	As of December 31, 2022		As of December 31, 2021		
		A m o u n t	%	A m o u n t	%	
Current Liabilities						
2100	Short term loans	6(12) and 8	\$ -	-	\$ 164,000	8
2130	Contractual liabilities - current	6(21)	100	-	240	-
2150	Notes payable		1,004	-	450	-
2170	Accounts payable		79,492	4	117,824	6
2180	Accounts payable - related parties	7	22,501	1	30,278	2
2200	Other payables	6(13)	90,416	5	102,292	5
2220	Other payables - related parties.	7	26	-	125	-
2230	Current income tax payable		72,421	4	19,297	1
2250	Liability reserve - current	6(14) and 9(1)	7,638	1	43,593	2
2280	Lease liabilities - current		135	-	139	-
2320	Long-term liabilities due within one year or one operating cycle	6(15) and 8	-	-	1,000	-
2399	Other current liabilities - other		2,941	-	1,421	-
21XX	Total current liabilities		<u>276,674</u>	<u>15</u>	<u>480,659</u>	<u>24</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(27)	40,614	2	44,623	2
2600	Other non-current liabilities	6(16)	28,419	2	37,988	2
25XX	Total non-current liabilities		<u>69,033</u>	<u>4</u>	<u>82,611</u>	<u>4</u>
2XXX	Total liabilities		<u>345,707</u>	<u>19</u>	<u>563,270</u>	<u>28</u>
Equity directly related to non-current assets held for sale.						
Non-current Assets						
	Share Capital	6(17)				
3110	Share capital - common stock		827,897	46	827,897	41
	Capital surplus	6(18)				
3200	Capital surplus		92,855	5	92,855	5
	Retained earnings	6(19)				
3310	Statutory earnings reserve		162,787	9	136,275	7
3320	Special surplus reserve		2,713	-	23,330	1

Please refer to notes of parent company only financial statements provided at the end, which is part of this parent company only financial report.

Chairman: : Tien-tsung Cheng

General Manager : Chun-Long Chu Accounting Manager : Lu Fang Cheng

AUROTEK Co., Ltd.
Balance Sheet of the Entity
As of December 31, 2022 and 2021

Unit: NT\$1,000

3,350	Retained earnings		330,945	18	269,225	13
	Other equity	6(20)				
3400	Other equity		<u>52,062</u>	<u>3</u>	<u>106,447</u>	<u>5</u>
3XXX	Total equity		<u>1,469,259</u>	<u>81</u>	<u>1,456,029</u>	<u>72</u>
	(9) Significant Contingent Liabilities and Unrecognized Contractual Commitments	9				
	Subsequent events of material importance	11				
3X2X	Total liabilities and equity		<u>\$ 1,814,966</u>	<u>100</u>	<u>\$ 2,019,299</u>	<u>100</u>

Please refer to notes of parent company only financial statements provided at the end, which is part of this parent company only financial report.

Chairman: : Tien-tsung Cheng

General Manager : Chun-Long Chu Accounting Manager : Lu Fang Cheng

AUROTEK Co., Ltd.
Income Statement of the Entity
For the year ended on December 31 and December 31, 2021

Unit: NT\$1,000
(except earnings per share of NT\$)

Item	Notes	Y e a r 2 0 2 2		Y e a r 2 0 2 1	
		A m o u n t	%	A m o u n t	%
4000 Revenue from operations	6(21) and 7	\$ 1,395,126	100	\$ 1,444,750	100
5000 Operating cost	6(5)(16) (27) and 7	(949,963)	(68)	(1,008,885)	(70)
5900 Operating gross profit		<u>445,163</u>	<u>32</u>	<u>435,865</u>	<u>30</u>
Operating expenses	6(16) (26)				
6100 Selling expenses		(110,813)	(8)	(117,099)	(8)
6200 Management expense		(84,834)	(6)	(86,366)	(6)
6300 Research and development expenses.		(48,590)	(3)	(55,375)	(4)
6450 Expected credit gain (loss)	12	<u>2,786</u>	<u>-</u>	<u>(1,221)</u>	<u>-</u>
6000 Total operating expenses		<u>(241,451)</u>	<u>(17)</u>	<u>(260,061)</u>	<u>(18)</u>
6900 Operating profit		<u>203,712</u>	<u>15</u>	<u>175,804</u>	<u>12</u>
Non-operating income and expenses					
7100 Interest income	6(3)(22) And 7	4,466	-	2,555	-
7010 Other income	6(23) and 7	47,166	3	13,317	1
7020 Other gains and losses	6(2)((24)	35,027	3	92,969	6
7050 Finance costs	6(9)(12) (25)	(399)	-	(3,261)	-
7070 Share of profit or loss of subsidiaries, associates, joint ventures accounted for using the equity method		<u>(3,922)</u>	<u>-</u>	<u>56,409</u>	<u>4</u>
7000 Total non-operating income and expenses		<u>82,338</u>	<u>6</u>	<u>161,989</u>	<u>11</u>
7900 Profit before tax		<u>286,050</u>	<u>21</u>	<u>337,793</u>	<u>23</u>
7950 Income tax expense	6(27)	<u>(72,107)</u>	<u>(5)</u>	<u>(72,774)</u>	<u>(5)</u>
8200 Net profit for the period		<u>\$ 213,943</u>	<u>16</u>	<u>\$ 265,019</u>	<u>18</u>
Other comprehensive income (net)					
Non-recurring items recognized directly in equity					
8311 Defined benefit plan - remeasurement amount	6(16)	\$ 3,366	-	\$ 125	-
8316 Unrealized gains and losses on equity instruments at fair value through other comprehensive income.	6(6)(20)	(61,455)	(4)	96,807	7
8349 Income tax related to items not reclassified to profit or loss	6(27)	<u>(673)</u>	<u>-</u>	<u>(25)</u>	<u>-</u>
8310 Total of Non-recurring items recognized directly in equity		<u>(58,762)</u>	<u>(4)</u>	<u>96,907</u>	<u>7</u>
Items may be subsequently reclassified to profit/loss					
8361 Exchange difference for conversion of financial statements of foreign operating institutions	6(20)	3,129	-	(3,605)	-
8365 Equity directly related to the non-current assets held for sale (or disposal group)	6(11)(20)	-	-	23,441	1
8380 Equity share in associates and joint ventures accounted for using equity method- items that may be reclassified to profit	6(20)	5,700	-	(4,762)	-

Please refer to notes of parent company only financial statements provided at the end, which is part of this parent company only financial report.

Chairman: : Cheng Tien Tsung

General Manager : Chu Chuan Lung Accounting Manager : Lu Fang Cheng

AUROTEK Co., Ltd.
Income Statement of the Entity
For the year ended on December 31 and December 31, 2021

Unit: NT\$1,000
(except earnings per share of NT\$)

	or loss				
8399	Income tax of items that may be reclassified	6(20) (27)	(1,759)	-	1,666 -
8360	Total of Items may be subsequently reclassified to profit/loss		7,070	-	16,740 1
8300	Net amount other comprehensive income (loss) after tax		(\$ 51,692)	(4)	\$ 113,647 8
8500	Total comprehensive income		\$ 162,251	12	\$ 378,666 26
	Earnings per share	6(28)			
9750	Basic earnings per share		\$ 2.58		\$ 3.20
9850	Diluted earnings per share		\$ 2.57		\$ 3.17

Please refer to notes of parent company only financial statements provided at the end, which is part of this parent company only financial report.

Chairman: : Cheng Tien Tsung

General Manager : Chu Chuan Lung Accounting Manager : Lu Fang Cheng

AUROTEK Co., Ltd.
Statement of Changes in Equity
For the year ended on December 31, 2022 and December 31, 2021

Unit: NT\$1,000

Notes	C a p i t a l s u r p l u s			R e t a i n e d e a r n i n g s			O t h e r e q u i t y			Total equity	
	Share capital - common stock	Additional paid-in capital in excess of par common stock	Gain or loss from difference between the acquisition/disposal price of subsidiary shares and the carrying amount.	Statutory earnings reserve	Special surplus reserve	Retained earnings	Exchange differences on translation of financial statements of foreign operations.	Unrealized gains or losses re-measuring equity related to instruments at fair value through other comprehensive income.	Equity directly related to non-current assets held for sale.		
<u>Year 2021</u>											
January 1, 2021 balance	\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 135,198	\$ 16,229	\$ 53,679	(\$ 12,890)	\$ 29,231	(\$ 23,441)	\$ 1,118,758
Net profit for the period	-	-	-	-	-	-	265,019	-	-	-	265,019
Current Other Comprehensive Income 6(11)	-	-	-	-	-	-	100	(6,701)	96,807	23,441	113,647
Total comprehensive income for the period	-	-	-	-	-	-	265,119	(6,701)	96,807	23,441	378,666
Appropriation of earnings and Distribution for the year 20206(19)											
Appropriation to legal reserve	-	-	-	-	1,077	-	(1,077)	-	-	-	-
Appropriation to special earnings reserve	-	-	-	-	-	7,101	(7,101)	-	-	-	-
Cash dividends	-	-	-	-	-	-	(41,395)	-	-	-	(41,395)
December 31, 2021 balance	\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 136,275	\$ 23,330	\$ 269,225	(\$ 19,591)	\$ 126,038	\$ -	\$ 1,456,029
<u>Year 2022</u>											
January 1, 2022 balance	\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 136,275	\$ 23,330	\$ 269,225	(\$ 19,591)	\$ 126,038	\$ -	\$ 1,456,029
Net profit for the period	-	-	-	-	-	-	213,943	-	-	-	213,943
Current Other Comprehensive Income	-	-	-	-	-	-	2,693	7,070	(61,455)	-	(51,692)
Total comprehensive income for the period	-	-	-	-	-	-	216,636	7,070	(61,455)	-	162,251
Appropriation of earnings and Distribution for the year 20216(19)											
Appropriation to legal reserve	-	-	-	-	26,512	-	(26,512)	-	-	-	-
Reversed Special earnings reserve	-	-	-	-	-	(20,617)	20,617	-	-	-	-
Cash dividends	-	-	-	-	-	-	(149,021)	-	-	-	(149,021)
December 31, 2022 balance	\$ 827,897	\$ 87,946	\$ 3,309	\$ 1,600	\$ 162,787	\$ 2,713	\$ 330,945	(\$ 12,521)	\$ 64,583	\$ -	\$ 1,469,259

Please refer to notes of parent company only financial statements provided at the end, which is part of this parent company only financial report.

Chairman: Hien-tsung Cheng

General Manager: Chun-Long Chu

Accounting Manager: Lu Fang Cheng

AUROTEK Co., Ltd.
Parent Company Only Cash Flow Statement
For the year ended on December 31, 2022 and December 31, 2021

Unit: NT\$1,000

	Notes	January 1, 2022 to December 31		January 1, 2021 to December 31,
<u>Cash flows from operating activities</u>				
Net profit before tax for the period		\$ 286,050		\$ 337,793
Adjustment item				
Revenue/expenses not affecting the cash flows				
Depreciation expenses	6(8)(9)(10) (26)	10,582		11,202
Expected credit loss	12	(2,786)		1,221
Net gains and losses from financial assets measured at fair value through profit or loss.	6(2)((24)	89	(	67)
Interest income	6(22)	(4,466 )	(	2,555)
Income-Dividend	6(23)	(17,096 )	(	5,822)
Interest expense	6(9)(12) (25)	399		3,261
Share of profit or loss of subsidiaries, associates, joint ventures accounted for using the equity method		3,922	(	56,409)
Disposal gain from investments	6(11) (24)	-	(	102,745)
Changes in assets/liabilities related to operating activities				
Net changes in assets related to operating activities				
Notes receivable		16,586	(	13,326)
Accounts receivable		52,392	(	32,964)
Accounts Receivable - Related Parties		15,965	(	61,096)
Other receivables		(5,603 )	(	351)
Other accounts receivable - related parties		73,118		48,374
Inventory		(7,547 )	(	68,309)
Advance payments		(2,200 )	(	1,079)
Net changes in liabilities related to operating activities				
Contractual liabilities - current		(140)		240
Notes payable		554	(	240)
Accounts payable		(38,332)		18,022
Accounts payable - related parties		(7,777)		13,533
Other payables		(11,876)		32,368
Accounts payable - related parties		(99 )	(	39)
Liability reserve - current		(35,955)		2,469
Other current liabilities		1,520		4,419
Other non-current liabilities		(812)		-
Cash inflow generated from operations		326,488		127,900
Interests received		4,466		2,555

AUROTEK Co., Ltd.
Parent Company Only Cash Flow Statement
For the year ended on December 31, 2022 and December 31, 2021

Unit: NT\$1,000

	<u>Notes</u>	<u>January 1, 2022 to December 31</u>	<u>January 1, 2021 to December 31,</u>
Dividends received	6(7)(23)	34,243	34,354
Interests paid		(399)	(3,277)
Income taxes paid		(15,406)	(27,150)
Net cash inflow from operating activities		<u>349,392</u>	<u>134,382</u>

(Continued on next page)

AUROTEK Co., Ltd.
Parent Company Only Cash Flow Statement
For the year ended on December 31, 2022 and December 31, 2021

Unit: NT\$1,000

	<u>Notes</u>	<u>January 1, 2022 to December 31</u>	<u>January 1, 2021 to December 31,</u>
<u>Cash flow from investing activities</u>			
Decrease (increase) in financial assets measured at amortized cost		\$ 73,754	(\$ 164,464)
Proceeds from disposal of non-current assets held for sale	6(11)	-	377,401
Purchase price of property, plant, and equipment acquired	6(8)	(1,436)	(219)
Decrease in deposits paid (listed under other non-current assets - other)		34,587	105
Increase in other non-current assets - other		622	878
Increase in long-term receivables (listed as other non-current assets- Other)	6(11)	-	(19,548)
Net cash inflows from investment activities		<u>107,527</u>	<u>194,153</u>
<u>Cash flows from financing activities</u>			
Decrease in short-term borrowings	6(29)	(164,000)	34,000
Repayment of long-term loans	6(29)	(1,000)	(265,200)
Cash dividends paid	6(19)	(149,021)	(41,395)
Principal repayment of lease liabilities	6(29)	(139)	(375)
Net cash outflow from financing activities		<u>(314,160)</u>	<u>(272,970)</u>
Increase in cash and cash equivalents for the current period		142,759	55,565
Opening balance of cash and cash equivalents		<u>161,286</u>	<u>105,721</u>

Please refer to notes of parent company only financial statements provided at the end, which is part of this parent company only financial report.

Chairman : Tien-tsung Cheng

General Manager : Chun-Long Chu

Accounting Manager : Lu Fang Cheng

AUROTEK Co., Ltd.
Parent Company Only Cash Flow Statement
For the year ended on December 31, 2022 and December 31, 2021

Unit: NT\$1,000

<u>Notes</u>	<u>January 1, 2022 to December 31</u>	<u>January 1, 2021 to December 31,</u>
Closing balance of cash and cash equivalents	<u>\$ 304,045</u>	<u>\$ 161,286</u>

Please refer to notes of parent company only financial statements provided at the end, which is part of this parent company only financial report.

Chairman : Tien-tsung Cheng

General Manager : Chun-Long Chu

Accounting Manager : Lu Fang
Cheng

AUROTEK Co., LTD.
Notes for Parent Company Only Financial Statements
Year 2022 and Year 2021

Unit: NT\$1,000
(Unless otherwise noted)

I. Company History

AUROTEK Co., Ltd. (hereinafter referred to as the "Company") is established in the Republic of China, mainly engaged in the manufacturing and trading of various automation equipment and system components, information electronic product process equipment, and industrial controllers, as well as the engineering of automatic smoke exhaust systems, building structure isolation and vibration control systems, and the quotation and procurement of related products from domestic and foreign manufacturers. The Company's stock has been listed and traded on the Taipei Exchange since December 2002, and was transferred to the Taiwan Stock Exchange on December 31, 2007.

II. Date and procedure of approval of the financial report

This parent company only financial report has been approved and issued by the Board of Directors on March 16, 2023.

III. Application of Newly Issued or Revised Accounting Standards and Interpretations

(I) The impact of the new and revised International Financial Reporting Standards approved and issued by the Financial Supervisory Commission (FSC) is adopted.

The following table lists the new, revised, and amended standards and interpretations of International Financial Reporting Standards approved and issued by the FSC that apply to 2022:

<u>New/revised/amended standards and interpretations</u>	<u>Effective date announced by the International Accounting Standards Board</u>
Revision to International Financial Reporting Standard No. 3 "Business Combinations – Conceptual Framework for Financial Reporting Index"	January 1, 2022

Amendment to International Accounting Standard 16 "Property, Plant and Equipment: Proceeds before Intended Use"	January 1, 2022
Amendment to International Accounting Standard 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022
Improvement in the annual periods of 2018-2020	January 1, 2022

The Company has evaluated the above standards and interpretations and determined that they have no significant impact on the Company's financial condition and performance.

(II) The impact of newly issued, amended or revised International Financial Reporting Standards that have not been approved by the Financial Supervisory Commission has not been adopted yet.

The following table summarizes the new, amended and revised standards and interpretations of International Financial Reporting Standards approved by the Financial Supervisory Commission applicable to the ROC in 2023:

<u>New/revised/amended standards and interpretations</u>	<u>Effective date announced by the International Accounting Standards Board</u>
Amendment to International Accounting Standard No. 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendment to International Accounting Standard No. 8 "Definition of Accounting Estimates"	January 1, 2023

New/revised/amended standards and interpretations Amendment to IAS 12 "Deferred Income Taxes Related to Assets and Liabilities Arising from a Single Transaction"	International Accounting Standards Board Effective date of issuance January 1, 2023
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The Company has evaluated the above standards and interpretations and determined that they have no significant impact on the Company's financial condition and performance.

(III) The impact of the international financial reporting standards that have been issued by the International Accounting Standards Board but not yet recognized by the Financial Supervisory Commission.

The following table summarizes the newly issued, revised, and amended international financial reporting standards and interpretations by the International Accounting Standards Board that have been issued but not yet adopted by the Financial Supervisory Commission.

<u>New/revised/amended standards and interpretations</u>	<u>Effective date announced by the International Accounting Standards Board</u>
Amendment to International Financial Reporting Standard 10 and International Accounting Standard 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IAS Board
Amendment to International Financial Reporting Standard 16 "Leases" regarding lease liabilities in sale-and-leaseback transactions	January 1, 2024
International Financial Reporting Standard 17 "Insurance Contracts"	January 1, 2023
International Financial Reporting Standard 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 "Insurance Contracts" - "First-time Application of IFRSs." IFRS 17 "Insurance Contracts" and IFRS 9 "Comparative Information"	January 1, 2023
Amendments to International Accounting Standard 1 "Presentation of Financial Statements" on the classification of liabilities as current or non-current	January 1, 2024
Amendment to International Accounting Standard (IAS) 1	January 1, 2024

"Non-current Liabilities with Contractual Maturities"

The Company has evaluated the above standards and interpretations and determined that they have no significant impact on the Company's financial condition and performance.

IV. Summary of Significant Accounting Policies

The major accounting policies adopted for preparing these parent company financial statements are described below. Unless otherwise specified, these policies are consistently applied in the entire period reported.

(XI) Compliance statement.

This parent company only financial report is prepared in accordance with Regulations Governing Preparation of Financial Reports by Securities Issuers.

(XII) Basis of preparation

1. Except for the following significant items, the financial statements of the entity are prepared on the historical cost basis:
 - (1) Financial assets and liabilities (including derivative instruments) measured at fair value through profit or loss.
 - (2) Financial assets measured at fair value through other comprehensive income using the fair value measurement.
 - (3) The net amount recognized for defined benefit assets reduced by the present value of defined benefit obligations recognized as defined benefit liabilities.
2. In accordance with the International Financial Reporting Standards (IFRSs) recognized and issued by the Financial Supervisory Commission, important accounting estimates are required to be used in the preparation of the financial statements. In the process of applying the Company's accounting policies, management also needs to exercise its judgement on items involving high levels of judgement or complexity, or significant assumptions and estimates for individual financial reporting. Please refer to Note 5 for details.

(III) Foreign Currency Translation

The items in the financial statements of the Company are measured using the functional currency of the primary economic environment

in which the Company operates. This parent company only financial report is presented in New Taiwanese Dollars (NT\$), which is the Company's functional and presentation currency.

1. Foreign currency transaction and balance

- (1) For foreign currency transactions, spot rate of exchange on the trading day or the measurement date is used for functional currency translation, and the resulting exchange differences are recognized in profit or loss
- (2) Foreign currency monetary assets and liabilities balance is adjusted based on the spot exchange rate on the balance sheet date, and the resulting exchange differences are recognized in profit or loss.
- (3) Foreign currency monetary assets and liabilities balance is measured at fair value through profit or loss and adjusted using the spot exchange rate on the balance sheet. The resulting exchange differences are recognized in profit or loss. For foreign currency monetary assets and liabilities balance that is measured at fair value through other comprehensive income, it is adjusted using the spot exchange rate on the balance sheet day. The resulting exchange differences are recognized in the account of other comprehensive income. As for those not measured at fair value, they are measured at the historical exchange rate on the initial transaction day.
- (4) All exchange gains and losses are reported in the "Other gains and losses" item on the income statement

2. Translation of foreign financial statements

- (1) All the company's entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. The assets and liabilities of each balance sheet presented are translated at the closing rate of that balance;
 - B. The income and expenses of each statement of comprehensive income are translated using the current average exchange rate;
 - C. Exchange differences generated from translation are recognized in other comprehensive income.
- (2) For the subsidiaries and related companies whose functional currency is different from the reporting currency, the operating

results and financial positions are converted into the reporting currency using the following method: any exchange differences arising from translation are reclassified proportionately to the gain or loss on disposal of the partially disposed or sold foreign operation under other comprehensive income. However, when the Company has lost significant influence over the foreign operation, which is a related company, even though the Group still holds some equity interest, the total equity interest in the foreign operation is disposed of.

- (3) When a foreign operation is partially disposed of or sold, it will be recognized in the accumulated exchange differences of other comprehensive income and reclassified to the non-controlling interests of that specific foreign operating entity. However, when the Company loses the control of a foreign operating subsidiary, even if the Company still keeps partial equity of this former subsidiary, it is treated as disposing all equity of this foreign operating subsidiary.

(IV) Classification of current and non-current assets and liabilities

1. Assets that meet one of the following criteria are classified as current assets:

- (1) The asset is expected to be realized during the normal operating cycle, or is intended to be sold or consumed.
- (2) Liabilities held primarily for transaction purposes;
- (3) The asset is expected to be realized within twelve months after the balance sheet date.
- (4) Cash or cash equivalents, except for those whose exchange or use for settlement of liabilities is restricted for at least twelve months after the balance sheet date.

All assets that do not meet the above conditions will be classified as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

- (1) expected to be settled within the normal operating cycle.
- (2) Liabilities held primarily for transaction purposes;
- (3) Liabilities that are to be paid off within 12 months after the balance sheet date.
- (4) cannot unconditionally defer the maturity date to at least twelve months after the balance sheet date. Liabilities that may be settled by issuing equity instruments at the option of

the counterparty do not affect their classification.

All liabilities that do not meet the above criteria are classified as non-current.

(V) Equivalent to cash

Cash equivalents refer to short-term and highly liquid investments that can be readily convertible to a known amount of cash and carry insignificant risk of changes in value. Time deposits that meet the above definition and are held to fulfill short-term cash commitments related to operations are classified as cash equivalents.

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

1. It refers to financial assets measured at amortized cost or at the fair value through other comprehensive income.
2. The Company uses trade date accounting for financial assets measured at fair value through profit or loss that meet customary trading criteria.
3. The Company initially measures financial assets at fair value plus transaction costs, and subsequently accounts for them using the effective interest method to amortize interest income over the expected life of the financial asset and recognize impairment losses. Any gains or losses on derecognition are recognized in profit or loss.
4. When the Company's right to receive dividends is established, economic benefits associated with the dividends may flow in, and when the amount of dividends can be reliably measured, The Company shall recognize the amount under profit or loss as dividend income.

(VII) Financial assets measured at fair value through other comprehensive income

1. It refers to the option of irrevocability at the original recognition that the fair value changes in equity instrument investments not held for transactions or liability instrument investments satisfying the following conditions:
 - (1) Financial assets held under the operating model with the purposes of collecting contract cash flow and for sales;
 - (2) Cash flows generated at specific dates by the contract terms and conditions of said financial assets and are fully used for paying the principals for outstanding principals.

2. The Company adopts settlement date accounting for financial assets that are measured at fair value through other comprehensive income and satisfying the transaction convention.
3. The Company at the initial recognition measures at fair value plus transaction costs. Afterward, it is measured at fair value. Changes in the fair value of equity instruments are recognized in other comprehensive income, and before the de-recognition, the accumulated interest or loss previously recognized in other comprehensive income should not be reclassified to income but to be transferred to retained earnings. When the Company's right to receive dividends is established, economic benefits associated with the dividends may flow in, and when the amount of dividends can be reliably measured, the Company shall recognize the amount under profit or loss as dividend income.

(VIII) Financial assets measured at amortized cost

1. Refers to financial assets that meet both of the following conditions:
 - (1) They are held under a business model whose objective is to hold assets to collect contractual cash flows.
 - (2) The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.
2. For financial assets measured at amortized cost that meet market conventions, the Company uses trade date accounting.
3. The company initially measures these financial assets at fair value, including transaction costs. Subsequently, the effective interest method is used to recognize interest income during the period the financial assets are held and to recognize impairment losses. Any gains or losses upon derecognition are recognized in profit or loss.

The Company holds term deposits that do not qualify as cash equivalents, which are measured at cost due to the short holding period and insignificant impact of discounting.

(IX) Accounts receivable and notes receivable

1. This term refers to accounts and notes granting an unconditional right to receive consideration in exchange for transferred goods or rendered services in accordance with the contract.
2. For short-term accounts receivable without interest payment, they are measured at the original invoice amount because of insignificant effect of discounting.
3. The operating model of the accounts receivable expected to be sold by The Company is for the purpose of collecting contractual cash flows and selling, subsequently measured at fair value with changes recognized in other comprehensive income.

(X) Financial Asset Impairment

On each balance sheet date, the Company evaluates debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost, including significant financial components of accounts receivable, based on all reasonable and supportable information, and measures the allowance for credit losses at 12-month expected credit losses for those for which credit risk has not increased significantly since initial recognition, and lifetime expected credit losses for those for which credit risk has increased significantly since initial recognition. For accounts receivable or contract assets without significant

financial components, the allowance for credit losses is measured at the lifetime expected credit losses.

(XI) Disposal of Financial Assets

When the Company's contractual rights to receive cash flows from a financial asset have expired, the financial asset is derecognized.

(XII) Lease transactions of the lessor.

Payments received under operating leases, net of any incentives given to the lessees, are recognized in profit or loss on a straight-line basis over the term of the lease.

(XIII) Inventory

Inventories are measured at the lower of cost and net realizable value, and the cost is determined by the weighted average method. The cost of finished goods and work in progress includes raw materials, direct labor, other direct costs, and manufacturing overhead allocated based on normal production capacity, but excludes borrowing costs. When comparing cost and net realizable value, the individual item approach is adopted. Net realizable value refers to the estimated selling price in the normal course of business less the estimated costs of completion and estimated costs necessary to make the sale.

(XIV) Non-current assets available for sale

When the carrying amount of a non-current asset (is mainly recovered through sale transactions instead of continuous use and is highly likely to be classified as assets available for sale upon sale and measured at either the carrying amount net of the cost to sell or fair value net of the cost to sell whichever is lower.

(XV) Investments accounted for using the equity method - subsidiaries and associates.

1. Subsidiaries refer to entities controlled by the Company (including structure entities). When the Company is exposed to variable rewards from participating in that entity or entitled to rights to said variable rewards and the Company has the power and ability to affect said rewards of that entity, the Company controls said entity.

2. The unrealized profit or loss generated from transactions between the Company and the subsidiary has been eliminated. Necessary adjustment of accounting policies of the subsidiary has been made so it is consistent with policies of the Company.
3. The Company recognizes the share of profit or loss after acquiring the subsidiary in profit or loss, and as for the share of other comprehensive income after the acquisition, it is recognized in other comprehensive income. If the Company's recognized share of impairments of a subsidiary is equal to or more than its equity of the subsidiary, the Company shall continue to recognize the loss in proportion to the Company's percentage of ownership in the subsidiary.
4. Affiliated enterprises refer to entities the Company has material effects but without control. In general, the term refers to entities which the Group holds directly or indirectly more than 20% of voting shares. Investments in associates by The Company are accounted for using the equity method and are recognized at cost on acquisition.
5. The Company recognizes the share of profit or loss after acquiring an affiliated enterprise in profit or loss, and as for the share of other consolidated profit or loss after the acquisition, it is recognized in other consolidated profit or loss. If The Company's share of loss of any associate becomes equal to or greater than the its equity of that associate (including other unsecured accounts receivable), the Group will not recognize any further loss, unless a legal obligation or constructive obligation arise for the Company or if the Company has made payment for the associate.
6. When an associate undergoes a change in equity other than through profit or loss or other comprehensive income, and this change does not affect the Group's ownership interest, the Company recognizes its share of the change in equity in "capital reserve".
7. The unrealized profit or loss arise from transaction between the Company and the affiliated enterprises have been discharged according to the percent equity of affiliated enterprises. Unless evidence shows that the assets transferred by said transaction have been impaired, unrealized losses will be

discharged, too. Necessary adjustment of accounting policies of the affiliated enterprises has been made so it is consistent with policies of the Company.

8. When the Company disposes of an associate and loses significant influence over it, all amounts previously recognized in other comprehensive income related to that associate will be accounted for in the same way as if the Group had directly disposed of the relevant assets or liabilities, that is, any previously recognized gains or losses in other comprehensive income will be reclassified to profit or loss upon disposal of the relevant assets or liabilities. This applies only if the loss of significant influence over the associate is the reason for the disposal. If the Company still has significant influence over the associate, the amount previously recognized in other comprehensive income will be reclassified proportionally in accordance with the above method.
9. In accordance with the Regulations Governing Preparation of Financial Reports by Securities Issuers, the profit or loss and other comprehensive income of the parent company only financial report should be the same as the share of the profit or loss and other comprehensive income belonging to the owner of the parent company in the consolidated financial report. The owner's equity in the parent company only financial report, should be the same as the equity belonging to the owner of the parent company in the consolidated financial report.

(XVI) Property, plant, and equipment

1. Real estate, plants, and equipment are recorded at cost and capitalized with related interest expenses incurred during the acquisition or construction period.
2. Subsequent cost may become a carrying amount of the assets or be recognized as a single asset only if future economic benefits associated with this item may flow into the Company, and the cost of this item can be reliably measured. The carrying amount of the reset portion should be derecognized. All other maintenance expenses are recognized in the statement of profit or loss when incurred.
3. Property, plants, and equipment are measured subsequently using the cost model. Except land, which does not depreciate, all others are depreciated by the straight-line method according to the estimated useful lives. If any component of

property, plant and equipment is significant, it will be depreciated separately.

4. The Company reviews each asset' s residual value, useful life, and depreciation method at the end of each fiscal year, and if the expected residual value and useful lives are different from the previous estimation or if the expected consumption type of future economic benefits of a given asset has any material change, the stipulation on changes in accounting estimates from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is adopted for treatment. The estimated useful lives of each asset are as follows:

Buildings and structures	25 Years	~	50 Years
Machinery and equipment			3 Years
Office equipment			3 Years
Other equipment			3 Years

(XVII) Lessee' s Lease Transactions - Right-of-use Assets/Lease Liabilities

1. The lease assets are recognized as right-of-use assets and lease liabilities on the date when they are available for the company to use. When the lease contract is a short-term lease or the lease involves low-value assets, the lease payments are recognized as expenses on a straight-line basis over the lease term.
2. Lease liabilities are recognized at the present value of the remaining lease payments on the Company lease commencement date, using the incremental borrowing rate of the Company. Lease payments include fixed payments, less any lease incentives receivable.

Subsequent to initial recognition, the assets are measured using the interest method and amortized cost method, and interest expense is accrued over the lease term. When a lease term or lease payment is modified without being accounted for as a lease modification, the lease liabilities are remeasured, and the right-of-use assets are adjusted accordingly.

3. The right-of-use asset is recognized at cost on the lease commencement date, which includes:

- (1) The original carrying amount of lease liabilities; and
 - (2) Any initial direct costs incurred;
- Subsequently measured using the cost model, depreciation expense shall be recognized when the useful life of the right-of-use asset or the lease term, whichever is earlier, expires. When lease liabilities are remeasured, any re-measurement amount of the lease liability shall adjust the right-of-use asset.

(XVIII) Investment properties

Investment properties are recognized by the acquisition cost and subsequently measured by the cost model. Except lands, depreciation is appropriated using the straight-line method according to the estimated useful years, and the maximum useful years are 50 years.

(XIX) Impairment of non-financial assets.

For assets with indications of impairment as of the balance sheet date, the recoverable amount is estimated, and an impairment loss is recognized when the recoverable amount is less than the carrying amount. The recoverable amount refers to the higher of an asset's fair value less disposal costs and its value in use. When the conditions for the recognition of asset impairment losses in previous years no longer exist or have decreased, impairment losses are reversed. However, the increase in the carrying amount of assets resulting from the reversal of impairment losses shall not exceed the carrying amount of the asset that would have been determined had no impairment loss been recognized in prior years, less depreciation or amortization.

(XX) Borrowings

1. It refers to proceeds from long-term and short-term bank borrowings. At initial recognition, borrowing costs are measured at fair value less transaction costs, and subsequently, any difference between the redemption value and the price paid, less transaction costs, is recognized as interest expense using the effective interest method over the period of the borrowing.
2. The expenses paid for the amount of loans, if there is a good possibility of drawing part or all of the amount, then the

expenses are recognized as the transaction cost of loans and is deferred to the occurrence of the use of the loans to be recognized as adjustment of effective interest rates. If it is unlikely to draw part or all of the amount, it should be recognized as prepayments of the expenses and be amortized during the period related to the amount.

(XXI) Accounts and notes payable

1. Accounts and notes payable are liabilities for purchases of raw materials, goods or services resulting from operating and non-operating activities.
2. For short-term accounts receivable without interest payment, they are measured at the original invoice amount because of insignificant effect of discounting.

(XXII) Derecognition of financial liabilities

At the time of performance, termination or expiration of a contract, the Company only recognizes financial liabilities, unless otherwise specified in the contract.

(XXIII) Offset of financial assets and liabilities

Financial assets and liabilities can be offset only if there is the legally enforceable right to do so and the intent is to settle on a net basis or to realize the asset and settle the liability simultaneously, and the net amount has to be stated in the balance sheet.

(XXIV) Liability reserve

Liabilities for provisions (including warranty liabilities and litigation provisions) are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the obligation can be made. The measurement of liability reserve uses the best estimated current value of the expense for paying the liability on the balance sheet date, and for the discount rate, the Company uses the pre-tax discount rate of current market assessments of the time value of money and liability specific risks, and amortized discounts are recognized in interest expenses. Future operating losses cannot be recognized in liability reserve.

(XXV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the expected non-discounted amount to be paid and recognized as an expense when the related services are provided.

2. Pensions

(1) Defined Benefit Plan

For defined contribution plans, the contribution amounts for pension are recognized in the current pension expense when they are due on the accrual basis. Prepaid contributions are recognized as assets to the extent of refundable cash or reduction in future payment.

(2) Defined benefit plan.

A. The net obligation of the welfare plan is determined by discounting the future welfare benefits earned by employees in the current or past service periods, and deducting the fair value of plan assets from the present value of the determined benefit obligation as of the balance sheet date. The net obligation of the welfare plan is calculated annually by the actuary using the projected unit credit method, and the discount rate is determined by the market yield of high-quality corporate bonds that are denominated in the currency and have a term consistent with the plan as of the balance sheet date; in countries where there is no deep market for

high-quality corporate bonds, the market yield of government bonds (as of the balance sheet date) is used instead.

B. The remeasurement of the welfare plan resulting from plan amendments, curtailments or settlements is recognized in other comprehensive income in the current period and is presented in retained earnings.

C. The related expenses of past service costs are recognized immediately in profit or loss.

3. Resignation pay

The benefits provided for employees upon termination of employment prior to the normal retirement date or upon the acceptance of a company's invitation for a benefit in exchange for the termination of employment shall be recognized as a liability. The Company shall recognize the expenses when it is no longer able to revoke the offer of termination benefits or at the earlier of recognition of related restructuring costs. The benefits that are not expected to be settled in full within 12 months after the balance sheet date shall be discounted.

4. Employee and Director Compensation

Employee and director compensation shall be recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be reasonably estimated. Any difference between the actual distribution amount and the estimated amount shall be handled according to accounting estimates. For stock distribution as employee remunerations, the closing price of the day prior to the resolution of the Board of Directors shall be the basis for calculating the number of shares.

(XXVI) Income tax

1. Income tax expense includes current and deferred income tax. Except for income taxes related to items included in other comprehensive income or directly included in equity, income tax is recognized in profit or loss.
2. The Company calculates the current income tax using tax rates enacted or

substantively enacted by the balance sheet date of the country generating the taxable income from operations. Management periodically evaluates the condition of income tax filing in accordance with appropriate income tax related laws and regulations and if applicable shall estimate income tax liabilities based on the expected tax payments to the tax authorities. Tax on undistributed earnings levied under the income tax law shall be recognized as an expense for undistributed earnings after the next year following the year in which the earnings were generated upon approval of the dividend distribution at the shareholder meeting.

3. For deferred tax, the balance sheet liability method is adopted, and it is recognized using the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred income tax liabilities generated from the initial recognition of goodwill are not recognized. Moreover, deferred income tax is not recognized if it is originated from the initial recognition of assets or liabilities in transactions (business merger excluded) and neither accounting profits nor taxable income (or tax losses) is affected at the time of the transaction. For temporary differences generated from investing in subsidiaries and associates, they are not recognized if the Company is capable of controlling the time point of reversal of the temporary differences and the temporary differences may not be reversed in the foreseeable future. Deferred income tax is based on the tax rates (and laws) that are expected to be applied when the related deferred income tax assets are realized or the deferred income tax liabilities are settled, using the tax rates already enacted or substantively enacted on the balance sheet date.
4. Deferred tax assets are recognized to the extent when they are highly likely to be used to offset future taxable income, and unrecognized and already recognized deferred income tax assets should be re-evaluated on each balance sheet date.

5. Recognized income tax assets and liabilities of the reporting period are offset only if there is the legally enforceable right to do so and the intent is to settle on a net basis or to realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset only if there is the legally enforceable right to do so and the deferred income tax assets and liabilities related to income taxes are levied by the same taxation authority on either the same taxable entity or different taxable entities, but each entity intends to either settle on a net basis or to realize the assets and settle the liabilities simultaneously.
6. The unused portion of the deferred income tax that arises from the acquisition of equipment or technology, Research and development expenses, etc. shall be recognized as a deferred income tax asset within the scope of the future taxable income that is highly likely to be available for offsetting the unused deferred income tax.

(XXVII) Share Capital

Common stocks are classified as equity. The increased cost directly attributable to the issuance of new shares or stock options, net of income tax, is recognized as a deduction from equity.

(XXVIII) Dividend distribution.

Dividends distribution among the Company's shareholders are recognized in the financial report when the Company's shareholders' meeting resolved that dividends are to be paid; cash dividend distribution is recognized as liabilities, while share dividend distribution is recognized as stock dividend to be distributed and be converted to common stock on the base day of issuance of new stock.

(XXIX) Revenue recognition

1. Product Sales

- (1) The Company manufactures and sells various types of automated equipment and system components. Revenue from sales is recognized when control over the products is transferred to the customer, which occurs when the products are delivered to the customer and the customer has the discretion over the benefits of the product. The Company has no outstanding performance obligations that could affect the customer's acceptance of the product. When the products are shipped to the designated location,

the risks of obsolescence, deterioration, and loss have been transferred to the customer, and the delivery occurs when the customer accepts the product according to the sales contract or when there is objective evidence that all acceptance criteria have been met.

- (2) The Company provides standard warranties for some of the products sold and is responsible for repairing any defects in the products. A liability reserve is recognized at the time of sale.
- (3) Accounts receivable are recognized when the products are delivered to the customer, as at that point, the Company has an unconditional right to receive payment at the contract price, and only the passage of time is required for the customer to remit payment)

2. Engineering Services

- (1) The Company provides installation services for smoke exhaust systems and blinds. Service revenue is recognized as income during the financial reporting period in which the services are provided to customers. Revenue from fixed-price contracts is recognized based on the proportion of services actually provided as of the balance sheet date to the total services to be provided, and the degree of completion of the services is determined based on the actual costs incurred as a percentage of the estimated total costs. Contract price is paid by the customer according to the agreed payment schedule. When the Company has provided services exceeding the amount payable by the customer, it is recognized as a contract asset. If the amount payable by the customer exceeds the services provided by the Company, it is recognized as a contract liability.
- (2) The Company adjusts estimates of revenue, costs, and completion status as circumstances warrant. Any increase or decrease in estimated revenue or costs due to estimation changes is reflected in the income statement during the period in which the management becomes aware of the situation that led to the revision.

(XXX) Government Grants

Government grants are recognized at fair value when it is probable that the enterprise will comply with the conditions attached to the grants and the grants will be received. If the nature of the

government grant is to compensate for expenses incurred by the Company, the government grant will be recognized as The Company loss in the period in which the related expenses are incurred on a systematic basis.

V. Critical accounting judgments, estimates and key sources of assumption uncertainty

When preparing this parent company only financial report, the Company's management has applied its judgment on determining the accounting policies used and made accounting estimates and assumptions based on reasonable expectation of future events according to the conditions at the balance sheet date. Material accounting estimates and assumptions may be significantly different from the actual results, and therefore, experiences and other factors are continuously evaluated and adjusted. These estimations and assumptions expose the carrying amounts of assets and liabilities to the risk of material adjustment in the next fiscal year. Uncertainty of material accounting judgments, estimates, and assumptions are described below:

Material accounting estimates and assumptions

Inventory evaluation

Because inventories are evaluated using the cost or the net realizable value whichever is lower, the Company has to apply judgment and estimation to determine the net realizable value of inventories at the balance sheet date. Due to rapid technological changes, the Company evaluates the amount of inventory on the balance sheet date that is subject to normal wear and tear, obsolescence, or lack of market sales value and reduces the inventory cost to the net realizable value. This inventory valuation is primarily based on the estimation of product demand within a specific future period, which may result in significant changes.

As of December 31, 2022, Inventory of the Company amounted to \$274,629.

VI. Explanation of significant accounting items.

(I) Cash and Cash Equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash	\$ 98	\$ 147
Checking deposits and demand deposits	156,274	104,688
Time Deposits	<u>147,673</u>	<u>56,451</u>
	<u>\$ 304,045</u>	<u>\$ 161,286</u>

1. The Company places cash and deposits with multiple reputable banks and financial institutions to disperse credit risk, and therefore, the probability of occurrence of default is very low.
2. The cash and cash equivalents of The Company as of December 31, 2022 and December 31, 2021 of \$31,485 and \$165,239, respectively to the restricted use for project completion and loan collateral purposes. Please refer to Note 8 for related pledge asset information.
3. The term deposits that do not qualify as cash equivalents of The Company as of December 31, 2022 and December 31, 2021 of \$91,485 and \$165,239, respectively, were presented under the account "Financial assets measured at amortized cost."

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

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current Item:		
Financial assets at fair value through profit or loss		
Listed company stocks and OTC company stocks	\$ 1,150	\$ 1,150
Adjustments on valuation	<u>(1,031)</u>	<u>(942)</u>
	<u>\$ 119</u>	<u>\$ 208</u>

1. The details of financial assets measured at fair value through profit or loss are as follows:

	<u>Year 2022</u>	<u>Year 2021</u>
Financial assets at fair value through profit or loss		
Equity instruments	<u>(\$ 89)</u>	<u>\$ 67</u>

2. The Company has not pledged financial assets measured at fair value through profit or loss.
3. Please refer to Note 12(2) for market risk information on financial assets measured at fair value through profit or loss.

(III) Financial assets measured at amortized cost

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current Item:		
Time deposits with original maturities over three months.	\$ 60,000	\$ -
Pledged certificate deposit	<u>31,485</u>	<u>165,239</u>
	<u>\$ 91,485</u>	<u>\$ 165,239</u>

1. Details of financial assets measured at amortized cost recognized in profit or loss are as follows:

	<u>Year 2022</u>	<u>Year 2021</u>
Interest income	<u>\$ 1,243</u>	<u>\$ 590</u>

2. Without considering any collateral or other credit enhancements held, the maximum exposure to credit risk of financial assets measured at amortized cost that best represent The Company at December 31, 2022 and December 31, 2021 amounted to \$91,485 and \$165,239, respectively.
3. Please refer to Note 8 for information regarding financial assets measured at amortized cost provided as collateral.
4. Please refer to Note 12(2) for information regarding credit risk of financial assets measured at amortized cost. The Company's investments in time deposits are with financial institutions of good credit quality and are expected to have low credit risk of default.

(IV) Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	<u>\$ 16,449</u>	<u>\$ 33,035</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	\$ 235,325	\$ 287,717
Less: Allowance for Doubtful Accounts	<u>(3,856)</u>	<u>(4,962)</u>
	<u>\$ 231,469</u>	<u>\$ 282,755</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not past due	<u>\$ 16,449</u>	<u>\$ 33,035</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not past due	\$ 209,822	\$ 268,270
Up to 90 days past due	22,396	19,267
Past due for more than 91 days	<u>3,107</u>	<u>180</u>
	<u>\$ 235,325</u>	<u>\$ 287,717</u>

The aging analysis is based on the number of days past due.

3. The accounts receivable and notes receivable balances as of December 31, 2022 and 2021 were generated from customer contracts. As of January 1, 2021, the accounts receivable balance and allowance for doubtful accounts related to customer contracts were \$254,753 and \$3,741, respectively.

4. Without considering any collateral or other credit enhancements, the maximum credit risk exposure for the Company's notes receivable as of December 31, 2022 and December 31, 2021 were \$16,449 and \$33,035, respectively. The maximum credit risk exposure for the Company's accounts receivable as of December 31, 2022 and December 31, 2021 were \$231,469 and \$282,755, respectively.

5. The Company did not hold any collateral for accounts receivable.

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

(V) Inventory

		<u>December 31, 2022</u>		<u>December 31, 2021</u>
	<u>Cost</u>	<u>Allowance for Impairment</u>		<u>Book Value</u>
		<u>Losses</u>		
Raw Materials	\$ 76,174	(\$ 17,938)	\$	58,236
Work-in-Process	22,795	-		22,795
Finished goods	25,177	(4,230)		20,947
Product	<u>194,771</u>	<u>(22,120)</u>		<u>172,651</u>
	<u>\$ 318,917</u>	<u>(\$ 44,288)</u>	<u>\$</u>	<u>274,629</u>

	<u>December 31, 2021</u>		<u>December 31, 2021</u>
	<u>Cost</u>	<u>Allowance for Impairment</u>	<u>Book Value</u>

			<u>Losses</u>			
Raw Materials	\$	71,554	(\$	17,938)	\$	53,616
Work-in-Process		24,268		-		24,268
Finished goods		24,864	(	4,230)		20,634
Product		191,191	(	22,120)		169,071
	\$	<u>311,877</u>	(\$	<u>44,288</u>)	\$	<u>267,589</u>

The inventory cost recognized by the Company as expenses for the current period is:

	<u>Year 2022</u>	<u>Year 2021</u>
Cost of sales	\$ 916,945	\$ 1,018,516
Other operating costs	33,018	31,456
Benefit from inventory recovery	-	(41,087)
	<u>\$ 949,963</u>	<u>\$ 1,008,885</u>

The Company realized a benefit from inventory recovery in the year 2021, as a result of selling inventory that had previously been provided for as a loss.

(VI) Financial assets measured at fair value through other comprehensive income

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Equity instruments		
Unlisted stocks and non-emerging stocks	\$ 58,973	\$ 58,973
Valuation Adjustment	<u>47,454</u>	<u>108,909</u>
	<u>\$ 106,427</u>	<u>\$ 167,882</u>

1. The Company chose to classify its financial assets measured at cost and belonging to strategic investments as financial assets measured at fair value through other comprehensive income. The fair values of these investments on December 31, 2022 and 2021 were \$106,427 and \$167,882, respectively.
2. The details of financial assets measured at fair value through other comprehensive income recognized in comprehensive income are as follows:

	<u>Year 2022</u>	<u>Year 2021</u>
<u>Equity instruments measured at fair value through other comprehensive income</u>		
Recognition of fair value changes recorded in other comprehensive income(loss).	<u>(\$ 61,455)</u>	<u>\$ 96,807</u>

3. Without considering any collateral or other credit enhancements, the maximum exposure to credit risk of the financial assets measured at fair value through other comprehensive income held by the Company on December 31, 2022 and 2021 was \$106,427 and \$167,882, respectively, representing the worst-case scenario.
4. The Company did not pledge any financial assets measured at fair value through other comprehensive income as collateral.
5. For information on market risk related to financial assets measured at fair value through other comprehensive income, please refer to Note 12(3).

(VII) Acquisition of investments accounted for using the equity method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary		
OILES Industrial Co., Ltd.	\$ 43,893	\$ 48,152
AUROTEK INC.	12,965	12,847
AUROTEK Automation (Shanghai) Co., Ltd.	197,995	202,939
Kunshan Yi-Chun Industrial Technology Co., Ltd.	28,244	28,365
Associated enterprises		
PLENTY ISLAND (THAI) CO., LTD.	574	11,061
3e Yamaichi Electronics Co., Ltd.	31,629	30,221
KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	31,108	30,992
	<u>\$ 346,408</u>	<u>\$ 364,577</u>

	<u>Year 2022</u>	<u>Year 2021</u>
January 1	\$364,577	\$348,539
Share of investment income accounted for using the equity method(Note)	(9,851)	56,409
Distribution of investment earnings under the equity method.	(17,147)	(28,532)
Loss on non-current assets held for sale investment.	-	(3,472)
Changes in other equity	<u>8,829</u>	<u>(8,367)</u>
December 31	<u>\$346,408</u>	<u>\$364,577</u>

Note: Including the amortization of unrealized post-sale leaseback gains of subsidiaries. Please refer to Note 6(11) for details.

1. Subsidiary

For information regarding the subsidiary companies of our company, please refer to Note 4(3) of our consolidated financial statements for the year 2022.

2. Associate

The Company's equity method investments in affiliated companies are individually immaterial. The Company's share of the results of operations of these investments is summarized as follows:

	<u>Year 2022</u>	<u>Year 2021</u>
Net income from continuing operations for this year	\$ 33,930	\$ 103,666
Other comprehensive income (net of income tax)	<u> -</u>	<u> -</u>
Net income/(loss) for the period	<u>\$ 33,930</u>	<u>\$ 103,666</u>

3. The Company holds a 25% equity interest in PLENTY ISLAND (THAI) CO., LTD., and is its largest single shareholder. However, considering that the remaining 75% equity interest in PLENTY ISLAND (THAI) CO., LTD. is concentrated in other third-party investors, and the combined voting power of these investors is greater than that of the Company, indicating that the Company has no actual ability to control the relevant activities. Therefore, it is determined that the Company does not have control over PLENTY ISLAND (THAI) CO., LTD., but has significant influence.

(VIII) Property, plant, and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>	
January 1, 2022							
Cost	\$ 150,319	\$ 112,079	\$ 23,169	\$ 3,066	\$ 568	\$ 289,201	
Accumulated depreciation	<u>-</u>	<u>(39,046)</u>	<u>(13,260)</u>	<u>(946)</u>	<u>(378)</u>	<u>(53,630)</u>	
	<u>\$ 150,319</u>	<u>\$ 73,033</u>	<u>\$ 9,909</u>	<u>\$ 2,120</u>	<u>\$ 190</u>	<u>\$ 235,571</u>	
<u>Year 2022</u>							
January 1	\$ 150,319	\$ 73,033	\$ 9,909	\$ 2,120	\$ 190	\$ 235,571	
Addition	-	-	-	903	533	1,436	
Reclassification	-	-	507	-	-	507	
Depreciation expenses	<u>-</u>	<u>(2,298)</u>	<u>(5,851)</u>	<u>(1,075)</u>	<u>(165)</u>	<u>(9,389)</u>	
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>	
December 31, 2022							
Cost	\$ 150,319	\$ 112,079	\$ 23,253	\$ 2,042	\$ 1,101	\$ 288,794	
Accumulated depreciation	<u>-</u>	<u>(41,344)</u>	<u>(18,688)</u>	<u>(94)</u>	<u>(543)</u>	<u>(60,669)</u>	
	<u>\$ 150,319</u>	<u>\$ 70,735</u>	<u>\$ 4,565</u>	<u>\$ 1,948</u>	<u>\$ 558</u>	<u>\$ 228,125</u>	
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation Equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
January 1, 2021							

Cost	\$ 150,319	\$ 112,079	\$ 24,894	\$ 2,510	\$ 4,773	\$ 568	\$ 295,143
Accumulated depreciation	<u>-</u>	<u>(36,750)</u>	<u>(9,344)</u>	<u>(2,335)</u>	<u>(2,074)</u>	<u>(236)</u>	<u>(50,739)</u>
	<u>\$ 150,319</u>	<u>\$ 75,329</u>	<u>\$ 15,550</u>	<u>\$ 175</u>	<u>\$ 2,699</u>	<u>\$ 332</u>	<u>\$ 244,404</u>
<u>Year 2021</u>							
January 1	\$ 150,319	\$ 75,329	\$ 15,550	\$ 175	\$ 2,699	\$ 332	\$ 244,404
Addition	-	-	-	-	219	-	219
Reclassification	-	-	719	-	-	-	719
Depreciation expenses	<u>-</u>	<u>(2,296)</u>	<u>(6,360)</u>	<u>(175)</u>	<u>(798)</u>	<u>(142)</u>	<u>(9,771)</u>
December 31	<u>\$ 150,319</u>	<u>\$ 73,033</u>	<u>\$ 9,909</u>	<u>\$ -</u>	<u>\$ 2,120</u>	<u>\$ 190</u>	<u>\$ 235,571</u>
 December 31, 2021							
Cost	\$ 150,319	\$ 112,079	\$ 23,169	\$ -	\$ 3,066	\$ 568	\$ 289,201
Accumulated depreciation	<u>-</u>	<u>(39,046)</u>	<u>(13,260)</u>	<u>-</u>	<u>(946)</u>	<u>(378)</u>	<u>(53,630)</u>
	<u>\$ 150,319</u>	<u>\$ 73,033</u>	<u>\$ 9,909</u>	<u>\$ -</u>	<u>\$ 2,120</u>	<u>\$ 190</u>	<u>\$ 235,571</u>

Note: Mainly due to inventory transfer.

1. The company has no capitalization of interest.
2. For information on the collateral of real estate, factory buildings, and equipment provided as security, please refer to Note 8.

(IX) Lease transactions - lessee

1. The leased assets of the Company include buildings and machinery and equipment, with lease terms typically ranging from 1 to 5 years. The lease contracts are individually negotiated and contain various terms and audits conditions without any additional restrictions.
2. The book value of the right-of-use assets and the related depreciation expense are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Book Value</u>	<u>Book Value</u>
Machinery and equipment	\$ <u>169</u>	\$ <u>308</u>

	<u>Year 2022</u>	<u>Year 2021</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Houses	\$ -	\$ 238
Machinery and equipment	<u>139</u>	<u>139</u>
	<u>\$ 139</u>	<u>\$ 377</u>

3. The Company did not add any right-of-use assets in 2022 and 2021.
4. The following information pertains to profit or loss items related to lease contracts:

	<u>Year 2022</u>	<u>Year 2021</u>
<u>Items affecting current profit and loss</u>		
Interest expense on lease liabilities.	\$ 4	\$ 8
Expense related to short-term lease contracts.	150	43
Expenses for low-value asset leasing	6	24

4. The total cash outflows for leasing in fiscal year 2022 and 2021 were \$299 and \$450, respectively.

(X) Investment properties

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
January 1, 2022			
Cost	\$ 51,933	\$ 53,782	\$ 105,715
Accumulated depreciation	-	<u>(18,542)</u>	<u>(18,542)</u>
	<u>\$ 51,933</u>	<u>\$ 35,240</u>	<u>\$ 87,173</u>

Year 2022

January 1	\$	51,933	\$	35,240	\$	87,173
Depreciation expenses		=	(	1,054)	(	1,054)
December 31	\$	<u>51,933</u>	\$	<u>34,186</u>	\$	<u>86,119</u>

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>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>			
January 1, 2021						
Cost	\$	51,933	\$	53,782	\$	105,715
Accumulated depreciation		=	(	17,488)	(	17,488)
	\$	<u>51,933</u>	\$	<u>36,294</u>	\$	<u>88,227</u>

Year 2021

January 1	\$	51,933	\$	36,294	\$	88,227
Depreciation expenses		=	(	1,054)	(	1,054)
December 31	\$	<u>51,933</u>	\$	<u>35,240</u>	\$	<u>87,173</u>

December 31, 2021

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>

1. Rent income from investment property and direct operating expenses

	<u>Year 2022</u>	<u>Year 2021</u>		
Rent income from investment property	\$	<u>4,843</u>	\$	<u>4,755</u>
Expenses incurred from operating investment properties generating rental income in the current period. Direct operating expenses generated by investment property for receipt of lease income of the period	\$	<u>1,054</u>	\$	<u>1,054</u>

2. The fair values of The Company's investment properties as of December 31, 2022 and 2021 were \$172,901 and \$202,441, respectively. The fair values were determined based on the land appraisal value of the properties and the market transaction prices of similar properties

in nearby areas.

3. The investment properties mentioned above are two properties located on Zhouzi Street, Neihu District, which are leased out. The lease terms are from January 15, 2019 to March 31, 2024 and from August 1, 2022 to July 31, 2024, respectively.
4. Please refer to Note 8 for details of The Company's investment properties provided as collateral for pledge.

(XI) Non-current assets available for sale

1. In May 2019, the Company's board of directors resolved to sell 100% equity interest in AUROTEK SINGAPORE PTE. LTD. and indirectly transfer 100% equity interest in AUROTEK SINGAPORE PTE. LTD.'s subsidiary, Hechun Technology (Kunshan) Co., Ltd. (hereinafter referred to as "Hechun Kunshan"). Subsequently, transfer agreements and related supplementary agreements were signed with S.Y. International Holding Limited (Hong Kong) in June 2019 and November 2020, respectively. The equity transfer price has been revised to US dollars equivalent to RMB 9.7 million, and the purchase price adjustment amount has been finalized as the final purchase price. The transaction was completed in February 2021.
2. The first installment of the transaction was received in December 2019, approximately \$96,018 (RMB 22.4 million, listed under "Other current liabilities"), and the second installment of approximately \$283,275 (RMB 70.1 million) and a purchase price adjustment of \$94,126 (RMB 23.293 million) were received in February 2021. The transaction was completed in February 2021. The remaining payment of approximately \$19,836 (The equivalent value of RMB 4.5 million in US dollars, listed under "Other non-current assets") will be paid after the transferee obtains property rights certificates for all construction in progress and planned new projects on the subject site.
3. The cumulative income or expenses related to non-current assets held for sale recognized in other comprehensive income are directly related to the equity of non-current assets held for sale that have been disposed of:

	<u>Year 2021</u>
Foreign exchange transaction adjustments	<u>\$ 23,411</u>

The equity related to the non-current assets held for sale is realized upon disposal of the non-current assets held for sale.

4. The profit from the disposal of the subsidiary completed in February of the 110th year of the Republic of China is as follows:

Total consideration of the transaction (Note 1)	\$ 493,255
Total cost of the sale (including related advisory fees) (Note(2)	338,106)
Equity directly related to the non-current assets held for sale((Note 3)	22,941)
Unrealized gain on sale-and-leaseback transactions (Note 4)	(29,657)
Number of Exchange Rate Effects	<u>194</u>
Gain on disposal	<u>\$ 102,745</u>

Note 1: Including the remaining payment receivable of \$ 19,836 (listed under other non-current assets- Other), please refer to the description in the aforementioned item 2 for the details of the total consideration.

Note 2: The cash and cash equivalents of the subsidiary amounted to \$94,126.

Note 3: Please refer to Note 6(20) in the accompanying notes.

Note 4: The unrealized sale-leaseback gain (listed under Other Non-Current Liabilities) is generated from the lease of certain factory buildings by Kunshan Yichun Industrial Co., Ltd., a subsidiary of the Company. It will be amortized and recognized as investment income under the equity method during the lease term of the subsidiary. As of December 31, 2022, the balance of the unrealized sale-leaseback gain was \$18,336.

(XII) Short term loans

As of December 31, 2022 : No such event occurred.

<u>Nature of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 140,000	0.85%~0.96%	Time Deposits
Credit Loan	<u>24,000</u>	1.05%~1.1%	None
	<u>\$ 164,000</u>		

1. Interest expenses recognized in the income statement for the years

2022 and 2021 were \$395 and \$1,438, respectively.

2. Please refer to Note 8 for details of the guarantees.

(XIII) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accrued salaries and bonuses	\$ 38,330	\$ 42,223
Accrued employee and director remuneration	21,531	25,425
Accrued commission payable	6,385	6,385
Accrued Expenses - Other.	23,027	27,386
Other accounts payable	1,143	873
	<u>\$ 90,416</u>	<u>\$ 102,292</u>

(XIV) Liability reserve

	<u>Warranty</u>	<u>Litigation</u>	<u>Total</u>
January 1, 2022 balance	\$ 9,005	\$ 34,588	\$ 43,593
Current Added Liability Reserve	2,223	-	2,223
Current Liability reserves (The unused amount of turnover in the current period.	(3,590)	(12,910)	(16,500)
	<u>-</u>	<u>(21,678)</u>	<u>(21,678)</u>
December 31, 2022 balance	<u>\$ 7,638</u>	<u>\$ -</u>	<u>\$ 7,638</u>

	<u>Warranty</u>	<u>Litigation</u>	<u>Total</u>
January 1, 2021 balance	\$ 6,536	\$ 34,588	\$ 41,124
Current Added Liability Reserve	6,788	-	6,788
Current Liability reserves	(4,319)	-	(4,319)
December 31, 2021 balance	<u>\$ 9,005</u>	<u>\$ 34,588</u>	<u>\$ 43,593</u>

1. The warranty liability reserve of the Company mainly relates to the sales of self-manufactured products and is estimated based on historical warranty data of the products.

2. Regarding the provision for litigation, please refer to Note 9(I) for details.

(XV) Long-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Long-term bank loan		
Credit Loan	\$ -	\$ 1,000
Less: Long-term loans due within one year	<u>-</u>	<u>(1,000)</u>
	<u>\$ -</u>	<u>\$ -</u>
Interest rate range	-	1.42%

1. The Company January 2019, the Company signed a financing credit agreement with E. SUN Bank, with a total borrowing amount of \$70,000. The Company borrowed \$50,000 and \$20,000 in January and March 2019, respectively, with borrowing periods from January 2019 to January 2022 and from March 2019 to January 2022. The Company agreed to repay \$4,000 every six months and repay \$50,000 upon maturity. As of December 31, 2021, it has been fully prepaid.
2. In November 2016, the Company signed a financing credit agreement with Taiwan Cooperative Bank, with a total borrowing amount of \$228,200. The borrowing period was from November 2016 to May 2020, with monthly interest payments and principal repayments in seven installments. The first six installments were \$35,000 each, and the remaining balance was repaid in the final installment. The aforementioned borrowing was fully repaid ahead of schedule in May 2019. Subsequently, the Company signed a new borrowing agreement with a total amount of \$268,200 and received \$233,200 in May 2019. The borrowing period is from May 2019 to November 2023. The Company agreed to repay \$25,000 every six months and repay \$33,200 upon maturity. The aforementioned borrowing was fully repaid ahead of schedule in installments as of May 13, 2022.
3. The Company signed a financing and credit agreement with Taiwan Business Bank, Bei-San-Chong Branch in October 2018, with a borrowing amount of \$50,000. The aforementioned loan has been fully repaid in October 2019, and a new borrowing agreement has been signed with a total amount of \$50,000. The loan period is from October 2019 to October 2022, with monthly interest and a one-time repayment the principal at maturity. The aforementioned loan was fully repaid in advance in October of 2020. Subsequently, the company entered into a new loan agreement for a total borrowing

amount of \$50,000. The borrowing period is from October 2020 to November 2023, with monthly interest added as agreed with the bank, and the principal is to be fully repaid in a lump sum upon maturity. The previous loan was fully repaid ahead of schedule in April 2021.

4. Please refer to Note 8 for details of the guarantees.
5. Details of the unused loan facilities of the Company are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Portion due within one year	<u>\$ 1,040,000</u>	<u>\$ 836,000</u>

Please refer to Note 12(2) 3. (3) for the liquidity risk of the Company.

(XVI) Retirement benefits

1. (1) The Company has established a defined benefit retirement plan in accordance with the Labor Standards Act, which applies to the service period of all regular employees before the implementation of the Labor Pension Act on July 1, 2005, and the subsequent service period of employees who choose to continue to be subject to the Labor Standards Act. For employees who meet the retirement conditions, the payment of retirement benefits is calculated based on their service period and the average salary of the last 6 months before retirement. For the service period of 15 years or less, two times the basic wage is granted for every one year of service. For the service period exceeding 15 years, one times the basic wage is granted for every one year of service, but the maximum cumulative amount is limited to 45 times the basic wage. The Company sets aside 2% of the total monthly salary as the retirement fund, which is deposited in a special account in the name of the Labor Retirement Reserve Supervisory Committee at Taiwan Bank. In addition, before the end of each fiscal year, the Company estimates the balance of the aforementioned labor retirement reserve fund. If the balance is insufficient to pay the retirement benefits of the estimated eligible employees for the next fiscal year based on the above calculation, the Company will make up the difference in a lump sum by the end of March of the following year.

(2) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value defined benefit obligation	(\$ 34,321)	(\$ 38,791)
Fair value of plan assets	<u>25,084</u>	<u>26,049</u>
Net defined benefit liability (presented under 「 other non-current liabilities 」)	<u>(\$ 9,237)</u>	<u>(\$ 12,742)</u>

(3) The changes in net defined benefit liability are as follows:

	<u>Present value defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
Year 2022			
January 1 balance	(\$ 38,791)	\$ 26,049	(\$ 12,742)
Current service costs	(227)	-	(227)
Interest income (expense)	<u>(271)</u>	<u>182</u>	<u>(89)</u>
	<u>(39,289)</u>	<u>26,231</u>	<u>(13,058)</u>
Remeasurement amount:			
Projected gains from assets (excluding amounts included in interest income or expense).	-	1,944	1,944
Sensitivity of financial assumptions	1,780	-	1,780
Experience adjustment	<u>(358)</u>	<u>-</u>	<u>(358)</u>
	<u>1,422</u>	<u>1,944</u>	<u>3,366</u>
Provision for retirement benefits	-	455	455
Pension	<u>3,546</u>	<u>(3,546)</u>	<u>-</u>
December 31 Balance	<u>(\$ 34,321)</u>	<u>\$ 25,084</u>	<u>(\$ 9,237)</u>

	<u>Present value defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
Year 2021			
January 1 balance	(\$ 38,167)	\$ 25,118	(\$ 13,049)
Current service costs	(257)	-	(257)
Interest income (expense)	(114)	75	(39)
	<u>(38,538)</u>	<u>25,193</u>	<u>(13,345)</u>
Remeasurement amount:			
Projected gains from assets (excluding amounts included in interest income or expense).	-	378	378
Sensitivity of demographic assumptions.	(29)	-	(29)
Sensitivity of financial assumptions	1,283	-	1,283
Experience adjustment	(1,507)	-	(1,507)
	<u>(253)</u>	<u>378</u>	<u>125</u>
Provision for retirement benefits	-	478	478
December 31 Balance	<u><u>(\$ 38,791)</u></u>	<u><u>\$ 26,049</u></u>	<u><u>(\$ 12,742)</u></u>

(4) The assets of the company's defined benefit retirement plan fund are entrusted to Taiwan Bank for investment and management in accordance with the investment and utilization plan commissioned by the fund annually, based on the ratio and amount range of the entrusted operating items stipulated in Article 6 of the Regulations Governing the Receipt, Safekeeping and Utilization of Funds of Labor Pension Funds (i.e., deposits in domestic and foreign financial institutions, investment in domestic and foreign listed, OTC, or private equity securities, and investment in securitized commodities of domestic and foreign real estate securities, etc.). The relevant utilization is supervised by the Labor Pension Fund Supervisory Committee. The minimum return on investment distributed annually for the fund shall not be lower than the return calculated based on the two-year fixed deposit interest rate of the local bank. If it

is insufficient, it shall be supplemented by the national treasury after approval by the competent authority. As the company has no authority to participate in the operation and management of the fund, it is unable to disclose the classification of fair value of plan assets as required by Paragraph 142 of International Accounting Standard No. 19. The fair value of the total assets of the fund on December 31, 2022 and 2021 is composed of the government's annual reports on the utilization of labor pension funds.

(5) The summarized actuarial assumptions regarding retirement benefits are as follows:

	<u>Year 2022</u>	<u>Year 2021</u>
Discount rate	1.30%	0.70%
Future salary increase rate	2.25%	2.25%

The assumption for future mortality is based on the Sixth Taiwan Life Table for Life Insurance Industry.

The following is an analysis of the impact on the present value of the defined benefit obligation due to changes in the major actuarial assumptions adopted:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase of</u>	<u>Decrease of</u>	<u>Increase of</u>	<u>Decrease of</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
December 31, 2022				
Impact on the present value of the defined benefit obligation.	<u>(\$ 704)</u>	<u>\$ 726</u>	<u>\$ 632</u>	<u>(\$ 616)</u>

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase of</u>	<u>Decrease of</u>	<u>Increase of</u>	<u>Decrease of</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
December 31, 2021				
Impact on the present value of the defined benefit obligation.	<u>(\$ 751)</u>	<u>\$ 776</u>	<u>\$ 666</u>	<u>(\$ 649)</u>

The sensitivity analysis above examines the impact of a single assumption change while holding other assumptions constant. In practice, many assumption changes may be interrelated. The sensitivity analysis is consistent with the method used to

calculate the net retirement benefit liability in the balance sheet. The method and assumptions used in this period's sensitivity analysis are the same as those used in the previous period.

- (6) The provision for retirement benefits expected to be paid by the company in the year 2023 is \$419.
 - (7) As of December 31, 2022, the average remaining service period for the retirement plan is 9 years.
- 2.(1) In accordance with the Labor Pension Act, the Company set up the defined contribution plan for retirement for employees who are the citizens of ROC starting from July 1, 2005. For the portion of the retirement plan that is subject to the Labor Pension Act, the Company contributes 6% of the employees' salaries to the individual accounts of the employees with the Bureau of Labor Insurance. The payment of retirement benefits to the employees will be made in the form of monthly annuity payments or lump sum payments, depending on the accumulated amount in the employees' individual accounts.

(2) For the years ended December 31, 2022 and 2021, the Company recognized retirement benefit costs of \$5,714 and \$5,653, respectively, in accordance with the above retirement plan.

(XVII) Share Capital

1. As of December 31, 2022, the authorized capital of the company was \$1,500,000, divided into 150,000,000 shares (including 10,000,000 shares that can be subscribed through employee stock option certificates), and the paid-in capital was \$827,897, with a par value of \$10 per share. The subscription proceeds of the issued shares have all been received.
2. The number of outstanding common shares of the company at the beginning and end of the period was both 82,790,000 shares.

(XVIII) Capital surplus

According to the Company Law, the capital surplus from the issuance of shares exceeding the face value and the capital reserve from the receipt of gifts can be used to issue new shares or cash, in proportion to the original shareholders' shares, except for compensating for losses when there are no accumulated losses in the company. In addition, according to the relevant provisions of the Securities and Exchange Act, when the capital reserve is allocated to the capital, the total amount shall not exceed 10% of the paid-in capital each year. When there is still insufficient capital to offset capital losses using the surplus of earnings reserves, it cannot be supplemented with capital reserves.

(XIX) Retained earnings

1. In the event of a profit in the annual financial statements of the company, after payment of taxes and donations and offsetting accumulated losses, ten percent of the profit shall be appropriated as legal reserve, provided that the legal reserve has not exceeded the paid-in capital of the company. The remaining profits shall be appropriated or reversed according to legal requirements. If there is any balance left, the board of directors shall propose a profit distribution plan for approval by the shareholders' meeting to retain or distribute it.
2. The dividend policy of the Company is as follows: In order to align with current and future development plans, consider investment environment and capital needs, as well as take into account factors such as shareholder interests, each year at least 10% of

distributable earnings shall be appropriated for distribution to shareholders as dividends. The dividends may be distributed in cash or stock, and the cash dividends shall be no less than 20% of the total dividend amount.

3. The statutory surplus reserve can only be used to offset company losses or issue new shares or cash in proportion to the original shareholders' shares, and the amount of such shares or cash shall not exceed 25% of the surplus reserve amount exceeding 25% of the paid-in capital.
4. (1) When distributing profits, the Company must first allocate to the special surplus reserve account on the debit side of other equity items as of the balance sheet date of the current year in accordance with the laws and regulations before the profits can be distributed. Subsequently, when the balance of the other equity items on the debit side is reversed, the amount of reversal can be included in the distributable profits.
- (2) As of December 31, 2022 and December 31, 2021, the balance of special surplus reserves was \$2,713 and \$23,330, respectively. The special surplus reserve is the amount recognized by the Company for the first time using IFRSs, choosing to recognize the accumulated translation differences generated by foreign operating entities as zero. The adjustment amount was provided as a special surplus reserve in accordance with the Financial Supervisory Commission's letter No. 1010012865 issued on April 6, 2012. Subsequently, when the Company uses, disposes of, or reclassifies related assets, it may reverse the proportion of the originally provided special reserve for surplus earnings and distribute the earnings.

5. On June 22, 2022 and August 4, 2021, the Company's shareholders approved the profit distribution plans for the fiscal years 2021 and 2020 as follows:

	<u>Year 2021</u>		<u>Year 2020</u>	
	<u>Amount</u>	<u>Cash dividend per share Dividend (NTD)</u>	<u>Amount</u>	<u>Cash dividend per share Dividend (NTD)</u>
Appropriation to legal reserve	\$ 26,512		\$ 1,077	
(reversed) Special earnings reserve	(20,617)		7,101	
Distribution of Cash dividends to shareholders	<u>149,021</u>	\$ 1.80	<u>41,395</u>	\$ 0.50
	<u>\$ 154,916</u>		<u>\$49,573</u>	

Please refer to the "Public Information Observation Station" of the Taiwan Stock Exchange for information on the earnings distribution approved by the board of directors and shareholders' meetings of the Company for the 2021 and 2020 fiscal years.

6. The proposed earnings distribution for the 2022 fiscal year by the board of directors of the Company was made on March 16, 2023 :

	<u>Year 2022</u>	
	<u>Amount Dividend (NTD)</u>	<u>Cash dividend per share</u>
Appropriation to legal reserve	\$ 21,664	
Distribution of Cash dividends to shareholders	<u>149,021</u>	\$ 1.80
	<u>\$ 170,685</u>	

(1) For information on employee compensation and director remuneration, please refer to Note 6 (26).

(2) The aforementioned earnings distribution proposal for the 2022 fiscal year has not yet been approved by the shareholders' meeting.

(XX) Other equity items

	<u>Year 2022</u>			
	<u>Unrealized</u>	<u>Foreign</u>	<u>Equity related</u>	
	<u>gain/loss on</u>	<u>Currency</u>	<u>to assets held</u>	
	<u>valuation</u>	<u>Translation</u>	<u>for sale</u>	<u>Total</u>
	<u>Preparation of</u>			
	<u>funding.</u>			
January 1	\$ 126,038	(\$ 19,591)	\$ -	\$ 106,447
Adjustments on	(61,455)	-	-	(61,455)
valuation				
Foreign currency				
translation				
differences:				
- Group	-	3,129	-	3,129
- The amount of	-	(626)	-	(626)
taxes for the group				
Associated	-	5,700	-	5,700
enterprises				
Tax amount related	-	(1,133)	-	(1,133)
to affiliated				
companies.				
December 31	<u>\$ 64,583</u>	<u>(\$ 12,521)</u>	<u>\$ -</u>	<u>\$ 52,062</u>

	<u>Year 2021</u>			
	<u>Unrealized</u>	<u>Foreign</u>	<u>Equity related to</u>	
	<u>gain/loss on</u>	<u>Currency</u>	<u>assets held for</u>	
	<u>valuation</u>	<u>Translation</u>	<u>sale</u>	<u>Total</u>
	<u>Preparation of</u>			
	<u>funding.</u>			
January 1	\$ 29,231	(\$ 12,890)	(\$ 23,441)	(\$ 7,100)
Adjustments on	96,807	-	-	96,807
valuation				
Foreign currency				
translation				
differences:				
- Group	-	(3,605)	500	(3,105)
- The amount of taxes	-	721	-	721
for the group				
-Associated	-	(4,762)	-	(4,762)
enterprises				
-Tax amount related	-	945	-	945
to affiliated				
companies.				

-Reclassified to
equity related to
assets held for sale

(Note)	<u>-</u>	<u>-</u>	<u>22,941</u>	<u>22,941</u>
December 31	<u>\$ 126,038</u>	<u>(\$ 19,591)</u>	<u>\$ -</u>	<u>\$ 106,447</u>

Note: Please refer to Note 6(11) for further explanation on equity related to assets held for sale.

(XXI) Revenue from operations

1. Details of customer contract revenue

Our company's revenue is derived from providing goods and services that are gradually transferred over time or transferred at a specific point in time. Revenue can be divided into the following main product lines and geographic regions:

<u>Year 2022</u>	<u>Automation components</u>			<u>Automation equipment</u>				<u>Energy-savin</u>	<u>Others</u>	<u>Total</u>
	<u>Taiwan</u>	<u>Mainland China</u>	<u>Japan</u>	<u>Taiwan</u>	<u>Mainland China</u>	<u>Japan</u>	<u>Others</u>	<u>g and safety</u>	<u>Taiwan</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>
Revenue recognition point										
Revenue recognized at a 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>
<u>Year 2021</u>	<u>Automation components</u>			<u>Automation equipment</u>				<u>Energy-savin</u>	<u>Others</u>	<u>Total</u>
	<u>Taiwan</u>	<u>Mainland China</u>	<u>Japan</u>	<u>Taiwan</u>	<u>Mainland China</u>	<u>Japan</u>	<u>Others</u>	<u>g and safety</u>	<u>Taiwan</u>	
Revenue	<u>\$ 951,584</u>	<u>\$ 70,519</u>	<u>\$ 236</u>	<u>\$ 88,861</u>	<u>\$ 129,598</u>	<u>\$ 33,211</u>	<u>\$ 126,901</u>	<u>\$ 34,191</u>	<u>\$ 9,649</u>	<u>\$ 1,444,750</u>
Revenue recognition point										
Revenue recognized at a point in time	<u>\$ 951,584</u>	<u>\$ 70,519</u>	<u>\$ 236</u>	<u>\$ 88,861</u>	<u>\$ 129,598</u>	<u>\$ 33,211</u>	<u>\$ 126,901</u>	<u>\$ 34,191</u>	<u>\$ 9,649</u>	<u>\$ 1,444,750</u>

2. Contractual liabilities

(1) The Company has recognized the following contractual liabilities related to revenue from contracts with customers:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contractual liabilities:			
Contract Liabilities	<u>\$ 100</u>	<u>\$ 240</u>	<u>\$ -</u>
- Advances from Customers			

(2) Contract liabilities at the beginning of the period and revenue recognized in the current period.

	<u>Year 2022</u>	<u>Year 2021</u>
<u>Beginning balance of contract liabilities</u>		
<u>recognized as revenue in the current period</u>		
Advances from Customers	<u>\$ 240</u>	<u>\$ -</u>

(XXII) Interest income

	<u>Year 2022</u>	<u>Year 2021</u>
Bank deposit interest	\$ 2,277	\$ 322
Interest income on financial assets measured at amortized cost	1,243	590
Other interest income (note)	<u>946</u>	<u>1,643</u>
	<u>\$ 4,466</u>	<u>\$ 2,555</u>

Note : Please refer to Note 7(2) for an explanation.

(XXIII) Other income

	<u>Year 2022</u>	<u>Year 2021</u>
Rental income	\$ 4,982	\$ 4,915
Income-Dividend	17,096	5,822
Other income(Note)	<u>25,088</u>	<u>2,580</u>
	<u>\$ 47,166</u>	<u>\$ 13,317</u>

Note: Please refer to Note 9(1) for an explanation of the \$21,678 in the 2022 fiscal year

(XXIV) Other gains and losses

	<u>Year 2022</u>	<u>Year 2021</u>
Net (loss) gain on financial assets at fair value through profit or loss	(\$ 89)	\$ 67
Net foreign exchange gains (losses)	35,116	(9,843)
Disposal gain from investments(Note)	<u>-</u>	<u>102,745</u>
	<u>\$ 35,027</u>	<u>\$ 92,969</u>

Note: Please refer to Note 6(11) for an explanation.

(XXV) Finance costs

	<u>Year 2022</u>	<u>Year 2021</u>
Interest expense		
Interest expense on bank borrowings	\$ 395	\$ 3,253
Interest expense on lease liabilities	<u>4</u>	<u>8</u>
Interest	<u>\$ 399</u>	<u>\$ 3,261</u>

(XXVI) Employee benefits and depreciation expenses.

1. Employee benefits and depreciation expenses.

(1) Details are as follows:

Functional Classification		Year 2022	
Nature Classification	Expenses classified as Cost of Goods Sold	Expenses classified as Operating Expenses	Total
Employee benefits expenses			
Salary expense	\$ 7,135	\$ 142,935	\$ 150,070
Health and labor insurance expense	706	11,520	12,226
Pension expense	346	5,684	6,030
Director remuneration	-	6,233	6,233
Other Employee benefit expense	391	5,487	5,878
Depreciation expenses	381	10,201	10,582

Functional Classification	Year 2021		
Nature Classification	Expenses classified as Cost of Goods Sold	Expenses classified as Operating Expenses	Total
Employee benefits expenses			
Salary expense	\$ 7,028	\$ 150,042	\$ 157,070
Health and labor insurance expense	612	11,189	11,801
Pension expense	272	5,677	5,949
Director remuneration	-	7,369	7,369
Other Employee benefit expense	409	5,561	5,970
Depreciation expenses	372	10,830	11,202

(2) The number of employees for the current and prior years were 153 and 154, respectively, and all directors who are not concurrent employees were 5.

(3) Companies whose stocks are listed on the securities exchange or traded on the over-the-counter market should disclose the following information:

A. The average employee benefit expenses for the current year was \$1,178, and for the prior year was \$1,211.

B. The average employee salary expense for the current year was \$1,006, while the previous year was \$1,052.

C. The adjustment to the average employee salary expense was -4.37%.

D. Our company's compensation policy is designed to adapt to future economic changes, measure the operational performance, achievement, and contribution of the management team, and prevent directors (including independent directors), managers, and employees from engaging in risk-taking behavior to pursue compensation. We have established a compensation system accordingly.

(A) Director (including independent director) remuneration: including director's remuneration and transportation expenses for their concurrent

functional committee duties. After considering our company's operational performance and industry norms, the proposed compensation will be submitted to the board of directors for approval after being reviewed and approved by the compensation committee.

(B) Manager's compensation: including fixed salary, bonuses, allowances, and subsidies. We will take into account job responsibilities, operational performance, behavior standards, and future risks in our evaluation criteria. In addition to referencing relevant industry norms and past company performance, we will review and adjust the payment standards, structure, and system according to the actual operating conditions and related laws and regulations in a timely manner. Our company's compensation committee evaluates the salaries and compensation of executives regularly, and submits proposals to the board of directors for discussion.

(C) Employee compensation includes base salary, allowances, meals, bonuses, and welfare subsidies. We consider market standards, job positions, and competency to establish compensation standards. We set bonus distribution principles based on performance evaluations and contributions and provide timely and effective incentives.

2. Employee compensation and director and supervisor remuneration

(1) Pursuant to the Company's articles of incorporation, if the Company generates profits for the fiscal year after deducting accumulated losses, it shall set aside employee compensation not less than 5% and director and supervisor compensation not more than 5%.

(2) The estimated amounts of employee compensation for the fiscal years 2022 and 2021 were NT\$15,379 and NT\$18,161,

respectively, and the estimated amounts of director and supervisor compensation were NT\$6,152 and NT\$7,264, respectively. The aforementioned amounts were recorded in the salary expense account.

The estimated amounts for the fiscal years 2022 were based on the profit status end of the respective periods, and were estimated at 5% and 2%, respectively.

The 2021 employee compensation and directors and supervisors and resolved by the Board of Directors are consistent with the amount recognized in the 2021 financial report.

Information regarding employee compensation and director and supervisor compensation approved by the Company's Board of Directors can be obtained from the Public Information Observation System.

(XXVII) Income tax

1. Income tax expenses

(1) Components of income tax expense:

	<u>Year 2022</u>	<u>Year 2021</u>
Current income tax:		
Income Tax Resulting from Current Operations	\$ 63,970	\$ 34,642
Tax on unappropriated earnings	5,510	-
Overestimation of prior year income tax	<u>(277)</u>	<u>(12,898)</u>
Total Current Income Tax	69,203	21,744
Deferred Income Tax:		
Origination and reversal of temporary differences	<u>2,904</u>	<u>51,030</u>
Income tax expense	<u>\$ 72,107</u>	<u>\$ 72,774</u>

(2) Amount of income tax related to other comprehensive income:

	<u>Year 2022</u>	<u>Year 2021</u>
Exchange differences on translation of foreign financial statements	(\$ 626)	\$ 721
Associated Company Other Comprehensive Income Share	(1,133)	945
Defined Benefit Obligation Remesurement Amount	<u>(673)</u>	<u>(25)</u>
	<u>(\$ 2,432)</u>	<u>\$ 1,641</u>

2. Relationship between Income Tax Expense and Accounting Profit:

	<u>Year 2022</u>	<u>Year 2021</u>
Income Tax Calculated on Pre-tax Income using Statutory Tax Rate(Note)	\$ 57,210	\$ 67,559
Income tax effects of excluded items according to tax laws	6,760	4,681
Impact of investment tax credits on income tax	-	(800)
Changes in reliability assessment of	2,904	14,232

deferred tax assets		
Tax on unappropriated earnings	5,510	-
Overestimated income tax of previous years.	(277)	(12,898)
Income tax expense	<u>\$ 72,107</u>	<u>\$ 72,774</u>

Note: The basis for applying tax rates is calculated based on the tax rates applicable to income in the Republic of China.

3. The amounts of deferred income tax assets or liabilities resulting from temporary differences are as follows:

	<u>Year 2022</u>			
	<u>January 1</u>	<u>Recognized in income statement</u>	<u>Recognized in Other Comprehensive Income</u>	<u>December 31</u>
-Deferred tax assets				
Temporary				
difference:				
Unrealized				
inventory loss.	\$ 8,858	\$ -	\$ -	\$ 8,858
Accrued pension				
liability.	2,549	(28)	(673)	1,848
Unrealized or				
contingent				
liabilities	6,917	(6,917)	-	-
Unrealized				
exchange losses	417	(417)	-	-
Expected credit				
loss	1,225	(1,072)	-	153
Others	<u>3,037</u>	<u>(238)</u>	<u>-</u>	<u>2,799</u>
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				
translation of				
foreign financial				
statements	47	-	(1,759)	(1,712)
Unrealized				
exchange gain	-	(1,106)	-	(1,106)
Equity method				
investment income.	<u>(44,670)</u>	<u>6,874</u>	<u>-</u>	<u>(37,796)</u>
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>

		<u>Year 2021</u>		
		<u>Recognized in</u>	<u>Recognized in</u>	
	<u>January 1</u>	<u>income</u>	<u>Other</u>	<u>December 31</u>
		<u>statement</u>	<u>Comprehensive</u>	
			<u>Income</u>	
-Deferred tax assets				
Temporary difference:				
Unrealized inventory				
loss.	\$ 17,075	(\$ 8,217)	\$ -	\$ 8,858
Accrued pension				
liability.	2,610	(36)	(25)	2,549
Unrealized or				
contingent liabilities	6,917	-	-	6,917
Unrealized exchange				
loss	133	284	-	417
Expected credit loss	1,133	92	-	1,225
Others	<u>2,548</u>	<u>489</u>	<u>-</u>	<u>3,037</u>
Subtotal	<u>30,416</u>	<u>(7,388)</u>	<u>(25)</u>	<u>23,003</u>
-Deferred income tax				
liabilities				
Temporary difference:				
Exchange differences				
on translation of foreign				
financial statements	(1,619)	-	1,666	47
Unrealized exchange				
gains	(1,028)	1,028	-	-
Equity method				
investment income.	<u>-</u>	<u>(44,670)</u>	<u>-</u>	<u>(44,670)</u>
Subtotal	<u>(2,647)</u>	<u>(43,642)</u>	<u>1,666</u>	<u>(44,623)</u>
Total	<u>\$27,769</u>	<u>(\$51,030)</u>	<u>\$ 1,641</u>	<u>(\$21,620)</u>

4. Income tax of the Company has been assessed and determined by the tax authorities up to the year 2020.

(XXVIII) Earnings per share

		<u>Year 2022</u>	
		Weighted average number of outstanding shares	Earnings per share
		<u>Number of outstanding shares (in thousands)</u>	<u>(TWD)</u>
<u>Basic earnings per share</u>	<u>Amount after tax</u>		
Net profit for the period	\$ 213,943	82,790	<u>\$ 2.58</u>
<u>Diluted earnings per share</u>			
The impact of potential ordinary shares with dilutive effect			
Employee compensation	-	588	
Earnings per share (EPS) Diluted	<u>\$ 213,943</u>	<u>83,378</u>	<u>\$ 2.57</u>

		<u>Year 2021</u>	
		Weighted average number of outstanding shares	Earnings per share
		<u>Number of outstanding shares (in thousands)</u>	<u>(TWD)</u>
<u>Basic earnings per share</u>	<u>Amount after tax</u>		
Net profit for the period	\$ 265,019	82,790	<u>\$ 3.20</u>
<u>Diluted earnings per share</u>			
The impact of potential ordinary shares with dilutive effect			
Employee compensation	-	882	
Earnings per share (EPS) Diluted	<u>\$ 265,019</u>	<u>83,672</u>	<u>\$ 3.17</u>

(XXIX) Changes in liabilities from fundraising activities

	<u>Short term loans</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Guarantee deposits received(Note)</u>	<u>Total liabilities from financing activities</u>
January 1, 2022	\$ 164,000	\$ 1,000	\$ 312	\$ 808	\$ 166,120
Changes in cash flows from fundraising activities	<u>(164,000)</u>	<u>(1,000)</u>	<u>(139)</u>	<u>-</u>	<u>(165,139)</u>
December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173</u>	<u>\$ 808</u>	<u>\$ 981</u>

	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received (Note)	Total liabilities from financing activities
January 1, 2021	\$130,000	\$ 266,200	\$ 687	\$ 808	\$ 397,695
Changes in financing cash flows	<u>34,000</u>	<u>(265,200)</u>	<u>(375)</u>	=	<u>(231,575)</u>
December 31, 2021	<u>\$164,000</u>	<u>\$ 1,000</u>	<u>\$ 312</u>	<u>\$ 808</u>	<u>\$ 166,120</u>

The "Other Non-Current Liabilities" account is listed in the table.

VII. Related Party Transactions

(I) Names of related parties and relationships

<u>Names of related parties</u>	<u>Relationship with the Company</u>
OILES Industrial Co., Ltd. (OILES)	The Company's subsidiary
AUROTEK INC. (AUROTEK Japan)	The Company's subsidiary
AUROTEK Automation (Shanghai) Co., Ltd. (AUROTEK Shanghai)	The Company's subsidiary
Kunshan Yi-Chun Industrial Technology Co., Ltd. (Kunshan Yi-Chun)	The Company's subsidiary
AUROTEK SINGAPORE PTE. LTD. (AUROTEK SINGAPORE)	The Company's subsidiary
AUROTEK (Kunshan) Co., Ltd. (AUROTEK Kunshan)	Subsidiary Company of the Company's Subsidiary
KUNSHAN KYOWA UNIVERSAL JOINT CO., LTD.	Affiliated enterprise of the Company.
PLENTY ISLAND (THAI) CO., LTD. (THAI AUROTEK)	Affiliated enterprise of the Company.
Sunrex Technology Corp. (Sunrex Technology)	Affiliated enterprise of the Company.

(II) Significant transactions with related parties

1. Revenue from operations

	<u>Year 2022</u>	<u>Year 2021</u>
Sales of goods:		

Subsidiary	\$	97,877	\$	147,215
Associated enterprises		<u>1,083</u>		<u>11,908</u>
	\$	<u>98,960</u>	\$	<u>159,123</u>

The sales and payment terms between the Company related and parties are based on the agreement of both parties for each purchase and sale transaction. The credit policy for related parties is around 180 days for monthly settlement, while the credit policy for general customers is within 90 to 180 days for monthly settlement.

2. Purchase

	<u>Year 2022</u>	<u>Year 2021</u>
Product purchase:		
Subsidiary	\$ 64,878	\$ 59,791
Associated enterprises	-	106
Purchases of labor services:		
Subsidiary	<u>22,715</u>	<u>14,126</u>
	<u>\$ 87,593</u>	<u>\$ 74,023</u>

The prices for purchases from related parties by the Company are determined with reference to market prices. The payment terms are usually around 180 days after the end of the month. The payment terms for general suppliers are usually around 90 to 180 days after the end of the month.

3. Receivables from Related Parties

Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
AUROTEK Shanghai	\$ 41,225	\$ 43,931
Subsidiary	<u>16,291</u>	<u>29,550</u>
	<u>\$ 57,516</u>	<u>\$ 73,481</u>

4. Amount of payables to related parties

Accounts payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
OILES	\$ 15,856	\$ 24,559
Subsidiary	<u>6,645</u>	<u>5,719</u>
	<u>\$ 22,501</u>	<u>\$ 30,278</u>

Other accounts payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
OILES(Note 1)	<u>\$ 26</u>	<u>\$ 125</u>

Note 1: Refers to maintenance cost.

5. Other Revenue

The additions to the right-of-use assets of the OILES Company in the fiscal years 2022 and 2021 were \$1,274 and \$1,380, respectively.

6. Loans to Related Parties (included in "Other Receivables-Related Parties")

A. Ending balance.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
AUROTEK Shanghai(Note 2)	<u>\$ -</u>	<u>\$ 73,118</u>

Note 2: Refers to the amount of funds loaned and accounts receivable that have exceeded the credit period and have been transferred to "accounts receivable - related parties" and recognized the corresponding receivable interest (calculated at an interest rate of 5%). The loan condition is that the amount is repaid within one year after the loan.

B. Interest income

	<u>Year 2022</u>	<u>Year 2021</u>
AUROTEK Shanghai	<u>\$ 946</u>	<u>\$ 1,643</u>

(III) Information on compensation of key management personnel

	<u>Year 2022</u>	<u>Year 2021</u>
Compensation and other short-term employee benefits	\$ 22,666	\$ 15,527

Post-retirement benefits	361	291
	<u>\$ 23,027</u>	<u>\$ 15,818</u>

VIII. Collateralized assets

Details of assets pledged by the Company are as follows:

<u>Asset items</u>	<u>Carrying amount</u>		<u>Purpose of the collateral</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Pledged time deposits (financial assets measured at amortized cost)	\$ 31,485	\$ 165,239	Engineering performance bonds and short-term borrowings.
Property, plant, and equipment	210,008	212,036	Long-term borrowings
Investment properties	86,119	87,173	"
Deposits as guarantee (listed under other non-current assets).	-	34,588	Legal dispute collateral deposit
	<u>\$ 327,612</u>	<u>\$ 499,036</u>	

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingencies

The Company and Company A have a performance dispute regarding the supply contract for the agreed product between both parties. Company A requested compensation for contract termination losses from the Company. The Taipei District Court ruled in the first instance in April 2016, the Company should compensate the company for \$10,727. Both parties appealed the verdict. In the second instance ruling by the Taiwan High Court in February 2018, the Company was ordered to compensate the company a total of \$34,588. The Company estimated the loss based on the second-instance ruling and recorded it in the account (recorded in the "liability provision"). The Company appealed to the third instance against the judgment and, after being remanded for retrial, the Taiwan High Court rendered a first-instance judgment in October 2020 that the Company should compensate the other company a total of \$8,164. Both parties appealed again and the Supreme Court rejected their appeals and made the judgment final and conclusive in May 2022. The Company is required to pay Company A \$8,164, plus interest of \$4,746 calculated at an annual rate of 5% from November 5, 2010 until the date of settlement,

for a total of \$12,910. The difference of \$21,678 between the estimated "liability reserve" and \$34,588 is recognized as "other income" in non-operating income in the second quarter of 2022. The Company has fully received the litigation guarantee deposit of \$34,588 (originally listed under "deposits received for guarantees") in June 2022.

(II) Commitments

1. As of December 31, 2022 and 2021, the amounts of promissory notes issued by the Company for performance bonds were \$10,826 and \$10,135, respectively
2. As of December 31, 2022 and 2021, the amount of bank guarantees for customs duty deposits that the Company was required to pay jointly and severally with the banks was \$1,000 for each year.

X. Significant Losses from Disasters

None

XI. Subsequent events of material importance

FY 2022 Profit Distribution Plan: Please refer to Note 6(19) for details.

XII. Others

(I) Capital management

The Company's capital management objective is to ensure the Company's continued operation, maintain an optimal capital structure to reduce funding costs, and provide returns to 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 debt.

(II) Financial Instruments

1. Categories of Financial Instrument

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial Assets</u>		
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss	\$ <u>119</u>	\$ <u>208</u>
Financial assets measured at fair value through other comprehensive income		

Selecting designated equity instrument investment	<u>\$ 106,427</u>	<u>\$ 167,882</u>
Financial assets at amortized cost - current, measured by the amortized cost method.		
Cash and Cash Equivalents	\$ 304,045	\$ 161,286
Financial Assets Measured at Amortized Cost	91,485	165,239
Notes receivable	16,449	33,035
Accounts Receivable(including related parties)	288,985	356,236
Other accounts receivable(including related parties)	5,954	73,469
Deposits for guarantees	135	34,722
	<u>\$ 707,053</u>	<u>\$ 823,987</u>
<u>Financial Liabilities</u>		
Financial liabilities measured at amortized cost		
Short term loans	\$ -	\$ 164,000
Notes payable	1,004	450
Accounts payable (including related parties')	101,993	148,102
Accounts payable (including related parties')	90,442	102,417
Long-term borrowings (including those due within one year or operating cycle)	-	1,000
Deposits received as guarantees (listed under other non-current liabilities)	808	808
	<u>\$ 194,247</u>	<u>\$ 416,777</u>
Lease liabilities (including both current and non-current portions)	<u>\$ 173</u>	<u>\$ 312</u>

2. Risk management policies

- (1) Our company's daily operations are exposed to various financial risks, including market risks (including foreign exchange risk, interest rate risk, and price risk), credit risk, and liquidity risk. The Company's overall risk management policies are focused on unpredictable matters of the financial market and the search for measures reducing their underlying adverse effects on the Company's financial condition and performance.

(2) The risk management work is carried out by the finance department of our company in accordance with the policies approved by the board of directors. The Company's finance department closely collaborates with all operating departments for identifying, evaluating, and avoiding financial risk. Our Board of Directors has established written principles for overall risk management, and provides written policies for specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of remaining liquid funds.

3. Nature and degree of significant financial risks.

(1) Market risk

Exchange rate risk

- A. As a multinational corporation, the Company is exposed to exchange rate risk resulting from transactions denominated in currencies other than its functional currency, which are mainly the US dollar, Japanese yen, Chinese renminbi, and Thai baht. Related currency risk comes from future business transactions and recognized assets and liabilities.
- B. The Company's management has established policies that define the foreign exchange risk for each subsidiary relative to its functional currency.
- C. Our company's business involves several non-functional currencies (the functional currency of our company is the New Taiwan Dollar), so it is affected by exchange rate fluctuations. The information on significant foreign currency assets and liabilities impacted by significant exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	<u>December 31, 2022</u>		
	<u>Foreign currency</u> <u>(thousands of NT</u> <u>dollars)</u>	<u>Exchange rate</u>	<u>Book Value</u> <u>(NT dollars)</u>
<u>Financial Assets</u>			
<u>Monetary items</u>			
US dollars: NT dollars	\$ 9,161	30.71	\$ 281,334
Japanese Yen: NT dollars	85,323	0.2324	19,829
Chinese Renminbi: New Taiwan Dollar	11,468	4.4080	50,551

<u>Non-Monetary Items</u>			
Renminbi: NT dollars	\$ 58,382	4.4080	\$ 257,347
Thai Baht: NT dollars	642	0.8941	574
Japanese Yen: NT dollars	55,787	0.2324	12,965
<u>Financial liabilities</u>			
<u>Monetary items</u>			
US dollars: NT dollars	\$ 378	30.71	\$ 11,608
Japanese Yen: NT dollars	30,711	0.2324	7,137
Renminbi: NT dollars	1,967	4.4080	8,671

(Foreign currency: functional currency)	<u>December 31, 2021</u>		
	<u>Foreign currency (thousands of NT dollars)</u>	<u>Exchange rate</u>	<u>Book Value_ (NT dollars)</u>
<u>Financial Assets</u>			
<u>Monetary items</u>			
US dollars: NT dollars	\$ 14,687	27.68	\$ 406,536
Renminbi: NT dollars	99,493	0.2405	23,928
Japanese Yen: NT dollars	11,847	4.3440	51,463
<u>Non-Monetary Items</u>			
Renminbi: NT dollars	\$ 60,381	4.3440	\$ 262,296
Thai Baht: NT dollars	13,251	0.8347	11,061
Japanese Yen: NT dollars	53,418	0.2405	12,847
<u>Financial liabilities</u>			
<u>Monetary items</u>			
US dollars: NT dollars	\$ 300	27.68	\$ 8,304
Japanese Yen: NT dollars	1,132	4.3440	4,917

D. The unrealized exchange gain/loss of the Company's currency items due to exchange rate volatility is presented below:

	<u>Year 2022</u>		
	<u>Exchange gain or loss</u>		
(Foreign currency: functional currency)	<u>Foreign currency</u> <u>(thousands of NT</u> <u>dollars)</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial Assets</u>			
<u>Monetary items</u>			
US dollars: NT dollars		30.71	\$ 248
Japanese Yen: NT dollars		0.2324	4,365
Renminbi: NT dollars		4.4080	79
<u>Financial liabilities</u>			
<u>Monetary items</u>			
US dollars: NT dollars		30.71	(\$ 129)
Japanese Yen: NT dollars		0.2324	(320)
Renminbi: NT dollars		4.4080	70

	<u>Year 2021</u>		
	<u>Exchange gain or loss</u>		
(Foreign currency: functional currency)	<u>Foreign currency</u> <u>(thousands of NT</u> <u>dollars)</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial Assets</u>			
<u>Monetary items</u>			
US dollars: NT dollars		27.68	(\$ 2,476)
Japanese Yen: NT dollars		0.2405	(481)
Renminbi: NT dollars		4.3440	174

	<u>Year 2021</u>	
	<u>Exchange gain or loss</u>	
(Foreign currency: functional currency)	<u>Foreign currency</u>	
	<u>(thousands of NT dollars)</u>	<u>Exchange rate</u>
<u>Carrying amount</u>		
<u>Financial liabilities</u>		
<u>Monetary items</u>		
US dollars: NT dollars	27.68	\$ 385
Japanese Yen: NT dollars	0.2405	260
Renminbi: NT dollars	4.3440	36

E. The following is an analysis of the foreign exchange market risk significantly impacted by exchange rate fluctuations:

	<u>Year 2022</u>		
	<u>Sensitivity analysis</u>		
		<u>Impact on profit</u>	<u>Effect on Other</u>
(Foreign currency: functional currency)	<u>Change in rate</u>	<u>and loss</u>	<u>Comprehensive</u>
<u>Financial assets</u>			<u>Income</u>
<u>Monetary items</u>			
US dollars: NT dollars	1%	2,813	\$ -
Japanese Yen: NT dollars	1%	198	-
Renminbi: NT dollars	1%	506	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
US dollars: NT dollars	1%	\$ 116	-
Japanese Yen: NT dollars	1%	71-	
Renminbi: NT dollars	1%	87-	

	<u>Change in rate</u>	<u>Year 2021</u>	
		<u>Sensitivity analysis</u>	<u>Effect on Other</u>
(Foreign currency: functional currency)		<u>Impact on profit and</u>	<u>Comprehensive</u>
		<u>loss</u>	<u>Income</u>
<u>Financial Assets</u>			
<u>Monetary items</u>			
US dollars: NT dollars	1%	\$ 4,065 \$	-
Japanese Yen: NT dollars	1%	239	-
Renminbi: NT dollars	1%	515	-
<u>Financial liabilities</u>			
US dollars: NT dollars	1%	\$ 83 \$	-
Japanese Yen: NT dollars	1%	97	-
Renminbi: NT dollars	1%	49	-

Price Risk

- A. The Company is exposed to price risk of equity instruments, which are financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. For the price risk of equity investments in management equity tools, the Company diversifies its investment portfolio according to the limits set by the Company.
- B. The Company mainly invests in equity instruments issued by domestic companies, and the price of such equity instruments will be affected by the uncertainty of the future value of the investment targets. If the price of these equity instruments increases or decreases by 1% while all other factors remain unchanged, the after-tax net profit for the years 2022 and 2021 will respectively increase or decrease by \$1 and \$2 due to the benefits or losses from equity instruments measured at fair value through profit or loss. Additionally, the other comprehensive income for the years 2022 and 2021 will respectively increase or decrease by \$851 and \$1,343 due to the benefits or losses from equity investments classified as measured at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- A. The interest rate risk of the Company mainly arises from long-term borrowings issued at floating interest rates, which expose the Company to cash flow interest rate risk. During the years ended December 31, 2022 and 2021, the Company's borrowings issued at floating interest rates were primarily denominated in New Taiwan Dollars.
- B. The Company's loans are measured at amortized cost and the interest rates are re-set each year according to the contract. Therefore, the Company is exposed to the risk of future market interest rate changes.
- C. If the interest rate of New Taiwan Dollar borrowings increases or decreases by 1% while all other factors remain constant, the net income after tax for the years ended December 31, 2022 and 2021 will decrease or increase by \$0

and \$1,069, respectively, primarily due to the fluctuation of interest expense resulting from the floating rate borrowings.

(2) Credit Risk

- A. The credit risk of The Company arises from the risk of financial loss due to customers or counterparties of financial instruments failing to fulfill contractual obligations, mainly from the non-payment The Company contractual cash flows of debt instruments measured at amortized cost.
- B. The Company manages credit risk from a corporate perspective. Only institutions with a good credit rating are acceptable as trading partners for banks and financial institutions with whom the Group deals. According to the internal credit policy established by the company, each operating unit within the company and each new customer must be managed and undergo credit risk analysis before the terms and conditions of payment and delivery are determined. The internal risk control is evaluated by considering the financial condition, past experience, and other factors to assess the credit quality of customers. The limit for individual risks is established by the management level according to internal or external ratings and regularly monitors the use of credit limits.
- C. The Company considers a default to have occurred when payment terms under the contract are overdue by more than 120 days, based on past historical experience and industry characteristics.

D. The Company adopts the assumptions provided by IFRS 9 as a basis for judging whether there is a significant increase in credit risk for financial instruments since their initial recognition:

When the contract terms are overdue for more than 90 days, it is considered that the credit risk of financial assets has significantly increased since their initial recognition.

E. The indicators used by the Company to determine the credit impairment of debt instrument investments are as follows:

(A) The issuer experiences significant financial difficulties or is highly likely to enter bankruptcy or other financial restructuring;

(B) The issuer's financial difficulties cause the market for the financial asset to become illiquid;

(C) The issuer delays or fails to pay interest or principal;

(D) Changes in the national or regional economic situation adversely affect the issuer's default-related circumstances.

F. The Company classifies accounts receivable and contract assets by customer type characteristics and uses a simplified approach to prepare matrices and estimate expected credit losses based on the loss rate method.

G. For accounts receivable where the recoverable amount cannot be reasonably estimated, The Company continues to pursue legal proceedings to preserve its rights. As of December 31, 2022 and 2021, the Company has classified the amounts in arrears after the collection process as overdue receivables and fully provided for reserves. The amounts provided for are \$0 and \$1,680, respectively, and are listed under other non-current assets - other.

H. The expected loss rate for customers in the excellent credit group is 0.2%. As of December 31, 2022 and 2021 respectively, the total book value of accounts receivable for the Company's excellent credit group customers is \$57,516 and \$73,481. The Company's allowance for losses was

\$0 as of December 31, 2022 and 2021.

I. The Company incorporates forward-looking considerations of the global economic outlook to adjust the established loss rates based on historical and current information over specific periods, in order to estimate the allowance for doubtful accounts and contract assets. The reserve matrix and loss rate method as of December 31, 2022 and 2021 are as follows:

<u>December 31, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0.01%	\$ 226,271	\$ 3,605
Up to 90 days past due	0.02%~0.07%	22,396	224
Past due for more than 91 days	0.10%~100%	<u>3,107</u>	<u>48</u>
		<u>\$ 251,774</u>	<u>\$ 3,877</u>

<u>December 31, 2021</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0.01%	\$ 301,305	\$ 4,764
Up to 90 days past due	0.02%~0.12%	19,267	18
Past due for more than 365 days	100.00%	<u>180</u>	<u>180</u>
		<u>\$ 320,752</u>	<u>\$ 4,962</u>

J. The summary of changes in the allowance for doubtful accounts and contract assets using the simplified method is presented as follows:

	<u>Year 2022</u>	<u>Year 2021</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
January 1	\$ 4,962	\$ 3,741
Reversal of impairment loss	-	1,221
Impairment Loss Reversal	<u>(1,106)</u>	<u>-</u>
December 31	<u>\$ 3,856</u>	<u>\$ 4,962</u>

The impairment (reversal) losses of accounts receivable (taking into account the amount of \$1,680 of collection from the written-off receivables) recognized from customer contracts For the year ended on December 31, 2022 and 2021 were (\$1,106) and \$1,221, respectively.

K. The credit rating information of the debt instrument investments recorded at amortized cost by the Company is as follows:

December 31, 2022

	<u>classified by</u>	<u>According to the remaining maturity</u>		<u>Total</u>
	<u>12 months.</u>	<u>Those with significant</u>	<u>Those with credit</u>	
		<u>increase in credit</u>	<u>impairment</u>	
		<u>risk</u>	<u>impairment</u>	<u>Total</u>
Financial assets measured at amortized cost				
Group 1	<u>\$ 91,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,485</u>

December 31, 2021

	<u>classified by 12</u>	<u>According to the remaining maturity</u>		<u>Total</u>
	<u>months.</u>	<u>Those with</u>	<u>Those with credit</u>	
		<u>significant</u>	<u>impairment</u>	
		<u>increase in credit</u>	<u>impairment</u>	<u>Total</u>
		<u>risk</u>	<u>impairment</u>	
Financial assets measured at amortized cost				
Group 1	<u>\$ 165,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,239</u>

Group 1: primarily fixed-term deposits for earning fixed interest.

(3) Liquidity risk

A. Cash flows forecasts are performed by each operating entity of the Company and summarized by the finance department of the Company. The finance department of the company monitors the forecast of the company's working capital requirements to ensure that there are sufficient funds to support its operational needs and maintain adequate unused borrowing commitments at all times so that the company does not violate the relevant borrowing limits or terms.

B. The table below shows the non-derivative financial liabilities and derivative financial liabilities settled net or gross, grouped by relevant maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The following table discloses the amount of contractual cash flows that is non-discounting.

Non-derivative financial liabilities:

December 31, 2022	<u>Within 1 year</u>	<u>1 - 2 years</u>	<u>2 - 5 years</u>	<u>Total</u>
Notes payable	\$ 1,004	\$ -	\$ -	\$ 1,004
Accounts payable (including related parties')	101,993	-	-	101,993
Accounts payable (including related parties')	90,442	-	-	90,442
Lease liabilities	138	37	-	175

Non-derivative financial liabilities:

December 31, 2021	<u>Within 1 year</u>	<u>1 - 2 years</u>	<u>2 - 5 years</u>	<u>Total</u>
Short term loans	\$ 164,327	\$ -	\$ -	\$ 164,327
Notes payable	1,004	-	-	1,004
Accounts payable (including related parties')	101,993	-	-	101,993

Accounts payable (including related parties')	102,417	-	-	102,417
Lease liabilities	143	137	37	317
Long-term Borrowings (Including those due within one year)	1,002	-	-	1,002

(一) Fair value information

1. The various levels of valuation techniques adopted for measuring fair value of financial and non-financial instruments are defined below:

Level 1: The quoted prices (unadjusted) in an active market for identical assets or liabilities that the entity can obtain at the measurement date. An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair values of the listed and OTC stock investments held by the Company are all included.

Level 2: It refers to direct or indirect observable inputs of assets or liabilities, except quoted prices included etc. 1. The fair values of the financial bond investments held by the Company are all included.

Level 3: Unobservable inputs of assets or liabilities. The equity instrument investments without active market held by the Company are all included.

2. Financial instruments not measured at fair value

Except for financial assets measured at amortized cost and long-term loans (including those due within one year or one operating cycle), the carrying amounts of cash and cash equivalents, accounts receivable, notes receivable, other receivables, short-term borrowings, accounts payable, and other payables are reasonable approximations of fair value.

3. For financial instruments measured at fair value, the Company classifies them based on the nature, characteristics, and risks of assets and liabilities, as well as the level of fair value. The relevant information is as follows:

(1) The Company classifies assets and liabilities by their nature.

Related information is presented below:

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities.	\$ 119	\$ -	\$ -	\$ 119
Financial assets measured at fair value through other comprehensive income				
Equity instruments	<u>-</u>	<u>-</u>	<u>106,427</u>	<u>106,427</u>
	<u>\$ 119</u>	<u>\$ -</u>	<u>\$ 106,427</u>	<u>\$ 106,546</u>
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities.	\$ 208	\$ -	\$ -	\$ 208
Financial assets measured at fair value through other comprehensive income				
Equity instruments	<u>-</u>	<u>-</u>	<u>167,882</u>	<u>167,882</u>
	<u>\$ 208</u>	<u>\$ -</u>	<u>\$ 167,882</u>	<u>\$ 168,090</u>

(2) Methods and assumptions used to measure fair value by the Company are described as follows:

- A. The Company adopts market quotes as the fair value input (i.e. Level 1) for listed (OTC) company stocks based on closing prices.
- B. For financial instruments that are not of active markets, their fair value is obtained by rating technology or referring to the quoted price of trading counterparties. The fair value obtained through valuation techniques can refer to the current fair value of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method, or other valuation techniques, including models calculated using market information available on the date of the

consolidated balance sheet (e.g. OTC center reference dividend yield curve, Reuters commercial paper average quote rate).

- C. The Company adjusts credit risk evaluation in considering the fair value calculation of financial instruments and non-financial instruments to reflect counterparty credit risk and the credit quality of The Company respectively.
4. There were no transfers between Level 1 and Level 2 for fiscal years 2022 and 2021.
5. The following table shows changes in Level 3 for fiscal years 2022 and 2021 :

	<u>Year 2022</u>	<u>Year 2021</u>
	<u>Equity instruments</u>	<u>Equity instruments</u>
January 1	\$ 167,882	\$ 71,075
Recognition of gains or losses included in the income statement		
Unrealized gains and losses on equity instruments at fair value through other comprehensive income.	(61,455)	96,807
December 31	<u>\$ 106,427</u>	<u>\$ 167,882</u>

6. There were no transfers in or out of Level 3 for fiscal years 2022 and 2021.
7. The evaluation process for fair value classified as Level 3 is conducted by the finance department to perform independent fair value verification of financial instruments, using independent source data to make evaluation results more closely aligned with market conditions, confirming that the data source is independent, reliable, consistent with other resources, and represents executable prices. In addition, the evaluation model is regularly calibrated and updated with necessary fair value adjustments to ensure that the evaluation results are reasonable.
8. The quantitative information on significant unobservable inputs used in valuation models for items measured at fair value classified as Level 3 and sensitivity analysis of significant unobservable input value changes are as follows:

December 31, 2022				
<u>Fair value</u>	<u>Evaluation</u>	<u>Significant</u>	<u>Range</u>	<u>Relationship</u>
	<u>technology</u>	<u>unobservable</u>	<u>(weighted</u>	<u>between inputs</u>

		<u>inputs</u>	<u>average)</u>	<u>and fair value</u>
Non-derivative equity instruments:				
Equity securities of non-listed/non-publicly traded companies.	\$ 106,427	Comparable to the laws for listed companies	Price-to-earnings multiple and price-to-book multiple	Not applicable multiples and control premium, the higher the fair value;
December 31, 2021				
<u>Fair value</u>	<u>Evaluation technology</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Non-derivative equity instruments:				
Equity securities of non-listed/non-publicly traded companies.	\$ 167,882	Comparable to the laws for listed companies	Price-to-earnings multiple and price-to-book multiple	Not applicable multiples and control premium, the higher the fair value;

9. The Company has carefully assessed the chosen valuation model and valuation parameters. However, the use of different valuation models or parameters may result in different valuation results. For financial assets and financial liabilities classified as Level 3, if the valuation parameters change, the impact on current profit or other comprehensive income is as follows:

		<u>December 31, 2022</u>		
		<u>Recognized in other comprehensive income (loss)</u>		
	<u>input value</u>	<u>Percentage of Change %</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial Assets				
Equity instruments	Stock price	±10%	\$ 10,643	(\$ 10,643)
	The liquidity discount.	±1%	1,064	(1,064)
			<u>\$ 11,707</u>	<u>(\$ 11,707)</u>

		<u>December 31, 2021</u>	
		<u>Recognized in other comprehensive</u>	
		<u>income (loss)</u>	
	<u>input value</u>	<u>Percentage</u>	
		<u>of Change %</u>	
			<u>Favorable change</u> <u>Unfavorable change</u>
Financial Assets			
Equity instruments	Stock price	±10%	\$ 16,788 (\$ 16,788)
	The liquidity discount.	±1%	<u> 1,679</u> (<u> 1,679</u>)
			<u>\$ 18,467</u> (<u>\$ 18,467</u>)

XIII. Supplementary disclosure

(I) Information related to material transactions

1. Financing provided: See Table 1 attached.
2. Endorsements or guarantees for others: See Table 2 attached.
3. Marketable securities held period end (excluding investments in subsidiaries, associates, and joint ventures): See Table 3 attached.
4. Accumulated amount of NT\$ 300 million or paid-in capital of more than 20% in the purchase or sale of the same marketable securities: See Table 4 for attached details.
5. Acquisition of real estate reaches NT\$300 million or 20% of the paid-in capital: Not applicable.
6. Disposal of real estate reaches NT\$300 million or 20% of the paid-in capital: Not applicable.
7. The amount of purchase and sale with related parties up to NT\$ 100 million or more than 20% of the paid-in capital: See Table 5 for details.
8. Receivables from related parties reach NT\$100 million or 20% of the paid-in capital: Not applicable.
9. Engage in derivative transactions: Not applicable.
10. Business relationships and significant transactions between

the parent company, subsidiaries, and each subsidiary, as well as the amount involved: Please refer to Table 6 for details.

(II) Re-investment related information

The investee's name, location, and other related information (excluding investees in mainland China): See Table 7.

(III) Investment in mainland China

1. Basic information: Please refer to Table 8 for details.

2. Significant transaction events that occurred through direct or indirect investments in mainland China by the invested companies through third-party companies: Please refer to Table 6 for details.

(IV) Major Shareholder Information

Major Shareholder Information: Please refer to Table 9.

XIV. Operating Segment information

Not applicable

AUROTEK CO., LTD.
Cash and Cash Equivalents
As of December 31, 2022

Detailed List 1

Unit: NT\$1,000

Item	Summary	Amount
Cash in treasury and working funds		
Cash in Treasury		\$ 65
Working capital		33
		98
Bank deposit		
Check deposits - NT dollars		670
Time Deposits - NT dollars		20,000
Time Deposits - US dollars	US \$ 4,013,849.42, converted at a rate of approximately 30.71	123,265
Time deposit - Renminbi deposit	Renminbi \$1,000,000, exchange rate approximately 4,408	4,408
Demand deposits: in NT dollars		103,745
- US dollar deposits.	US dollar\$1,424,575.92, exchange rate approximately 30.71	43,749
-Euro Deposit	Euro \$1,154.56, exchange rate approximately 32.72	38
-Japanese Yen Deposit	Japanese Yen\$25,175,311, exchange rate approximately 0.2324	5,851
-RMB Deposit	RMB \$504,166.13, exchange rate approximately 4.408	2,221
		303,947
		\$ 304,045

AUROTEK CO., LTD.

Financial assets at amortized cost - current, measured by the amortized cost method.

As of December 31, 2022

Detailed List 2

Unit: NT\$1,000

Name	Summary	Interest Rate	Carrying amount	Accumulated impairment losses
Time Deposits - NT dollars	NTD 60,775 thousand	1.07%~1.21%	\$ 60,775	\$ -
Time Deposits deposits— US dollars	US Dollar 1,000 thousand dollars, Exchange rate 30.71	2.90%	<u>30,710</u>	<u>-</u>
			<u>91,485</u>	<u>\$ -</u>

AUROTEK CO., LTD.
Net accounts receivable
As of December 31, 2022

Detailed List 3

Unit: NT\$1,000

Customer Name	Amount	Note
Non-related party:		
IE-0003	\$ 21,840	
41-0004	16,129	
71-2788	14,281	
Others	<u>183,075</u>	Each miscellaneous customer balance did not exceed 5% of the balance of this account.
	235,325	
Less: Allowance for Doubtful Accounts	(<u>3,856</u>)	
	<u>\$ 231,469</u>	

AUROTEK CO., LTD.
Inventory
As of December 31, 2022

Detailed List 4

Unit: NT\$1,000

<u>Item</u>	<u>Amount</u>		<u>Note</u>
	<u>Cost</u>	<u>Net realizable value</u>	
Raw materials	\$ 76,174	\$ 75,971	The raw materials are valued at the net realizable value based on the cost of reset, while work in process, finished goods, and commodities are valued at the net realizable value.
Work in process	22,795	34,002	
Finished goods	25,177	56,280	
Commodities	<u>194,771</u>	<u>317,726</u>	
	318,917	<u>\$ 483,979</u>	
Less: Allowance for inventory valuation losses	<u>(44,288)</u>		
	<u>\$ 274,629</u>		

AUROTEK CO., LTD.

Financial assets carried at fair value through other comprehensive income - non-current
January 1, 2022 to December 31, 2022

Detailed List 5

Unit: NT\$1,000

<u>Name</u>	<u>Beginning balance of the period</u>		<u>Increase (decrease) of the current period</u>		<u>Ending balance of the period</u>			<u>Guarantee provision or pledge condition</u>
	<u>Number of shares (1000 shares)</u>	<u>Amount</u>	<u>Number of shares (1000 shares)</u>	<u>Amount</u>	<u>Number of shares (1000 shares)</u>	<u>Shareholding(%)</u>	<u>Amount</u>	
Shanghai OILES Bearing Co., Ltd.	-	\$ 53,728	-	(\$ 30,391)	-	10.00%	\$ 23,337	None
OILES (THAILAND) CO., LTD.	156	112,053	-	(31,241)	156	15.00%	80,812	"
Employment Information Company	403	2,101	-	177	403	2.58%	2,278	"
Hanbang Technology Co., Ltd.	8	-	-	-	8	0.14%	-	"
Wisilica Inc.	385	-	-	-	385	2.73%	-	"
		<u>\$167,882</u>		<u>(\$ 61,455)</u>			<u>\$106,427</u>	

AUROTEK CO., LTD.

Acquisition of investments accounted for using the equity method changes

Year 2022

Detailed List 6

Unit: NT\$1,000

<u>Name</u>	<u>Beginning balance of the period</u>		<u>Current Period Increase (Note 1)</u>		<u>Current Period Decrease (Note 2)</u>		<u>Ending balance of the period</u>		<u>Shareholder s' equity</u>	<u>Guarantee provision or pledge situation.</u>	
	<u>Number of shares (1000 shares)</u>	<u>Amount</u>	<u>Number of shares (1000 shares)</u>	<u>Amount</u>	<u>Number of shares (1000 shares)</u>	<u>Amount</u>	<u>Number of shares (1000 shares)</u>	<u>Shareholding (%)</u>			
OILES Industrial Co., Ltd.	-	\$ 48,152	-	-	-	(\$ 4,259)	-	90%	\$ 43,893	\$ 44,204	None
AUROTEK INC.	2,599 (shares)	12,847	-	512	-	(394)	2,599 (shares)	100%	12,965	14,524	"
AUROTEK Automation (Shanghai) Co., Ltd.	-	202,939	-	3,069	-	(8,013)	-	100%	197,995	203,397	"
Kunshan Yi-Chun Industrial Technology Co., Ltd.	-	28,365	-	454	-	(575)	-	100%	28,244	30,052	"
PLENTY ISLAND (THAI) CO., LTD.	-	11,061	-	5,210	-	(15,697)	-	25%	574	3,175	"
Shanyi	-	30,221	-	2,615	-	(1,207)	-	19%	31,629	31,630	"

AUROTEK CO., LTD.

Acquisition of investments accounted for using the equity method changes

Year 2022

Detailed List 6

Unit: NT\$1,000

Electronics Co.,
Ltd.

Kunshan Jiyuhe

Precision
Components Co.,

Ltd.

	-	<u>30,992</u>	-	<u>2,686</u>	-	<u>(2,570)</u>	-	30%	<u>31,108</u>	<u>31,107</u>	"
		<u>\$364,577</u>		<u>\$14,546</u>		<u>(\$ 32,715)</u>			<u>\$ 346,408</u>	<u>\$358,089</u>	

Note 1: The increase amount in this period includes the share of net income recognized using equity method from subsidiaries, associated companies, and joint ventures, other comprehensive income from subsidiaries, associated companies, and joint ventures recognized using equity method, and foreign exchange differences arising from the translation of financial statements of foreign operations.

Note 2: The decrease amount in this period includes the share of net income recognized using equity method from subsidiaries, associated companies, and joint ventures, other comprehensive income from subsidiaries, associated companies, and joint ventures recognized using equity method, foreign exchange differences arising from the translation of financial statements of foreign operations, and cash dividends received.

AUROTEK CO., LTD.
Accounts payable
As of December 31, 2022

Detailed List 7

Unit: NT\$1,000

Manufacturer's name.	Amount	Remarks
Non-related party:		
71-1052	\$ 6,029	
71-0037	5,645	
71-0930	5,331	
71-0661	5,319	
71-0344	4,494	
Others	<u>52,674</u>	Each miscellaneous Supplier. balance did not exceed 5% of the balance of this account.
	<u>\$ 79,492</u>	

AUROTEK CO., LTD.
Revenue from operations
January 1, 2022 to December 31, 2022

Detailed List 8

Unit: NT\$1,000

Item	Amount	Note
Automated system business	\$ 1,345,783	
Safety device system business.	39,114	
Others	<u>10,229</u>	
	<u>\$ 1,395,126</u>	

AUROTEK CO., LTD.
Operating cost
Year 2022

Detailed List 9

Unit: NT\$1,000

Item	Summary	Amount
Beginning Inventory of Raw Materials		\$ 71,554
Additions: Materials Purchased in the Period		264,055
Raw Materials Transferred from Merchandise		153,551
Raw Materials Transferred from Work in Process		14,608
Raw Materials Transferred from Finished Goods		50,972
Deductions: Ending Inventory of Raw Materials		(76,174)
Transfer to operating expenses		(4,908)
Raw Materials Transferred to Merchandise		(120,097)
Others		<u>(918)</u>
Materials consumed in current period		352,643
Direct Labor		2,129
Manufacturing Expenses		18,463
Manufacturing Expenses transferred to operating expenses		<u>(128)</u>
Manufacturing Costs		373,107
Add: Work-in-progress at beginning of period		24,268
Less: Work-in-progress at end of period		(22,795)
Raw Materials Transferred from Work in Process		(14,608)
Transferred from Work in Process to Finished Goods		(112,451)
Transferred from Work in Process to Cost of Goods Sold		<u>(43)</u>
Finished Goods Inventory		247,478
Add: Beginning finished goods		24,864
Purchases during the period		21,392
Less: Ending finished goods		(25,177)
Raw Materials Transferred from Finished Goods		<u>(50,972)</u>
Cost of sales		<u>217,585</u>
Plus: Beginning Commodities		191,191
Purchases during the period		636,274
Raw Materials Transferred to Merchandise		120,097
Transferred from Work in Process to Finished Goods		112,451
Less: Ending Commodities		(194,771)
Raw Materials Transferred from Merchandise		(153,551)
Transfer to Other operating costs		(3,423)
Transfer to Other operating expenses		(3,906)
Transferred from Work in Process to Cost of Goods Sold		43
Others		<u>(5,045)</u>
Cost of Goods Sold		<u>699,360</u>
Cost of sales		916,945
Other operating costs		<u>33,018</u>
		<u>\$ 949,963</u>

AUROTEK CO., LTD.
Manufacturing Expenses
Year 2022

Detailed List 10

Unit: NT\$1,000

Item	Amount	Note
Direct labor cost	\$ 10,639	
Indirect labor cost	4,399	
Other expenses	<u>3,425</u>	
	<u>\$ 18,463</u>	

AUROTEK CO., LTD.
Operating expenses
Year 2022

Detailed List 11

Unit: NT\$1,000

<u>Item</u>	<u>Selling</u> <u>expenses</u>	<u>Administrative</u> <u>and general</u> <u>expenses</u>	<u>Research and</u> <u>development expenses</u>	<u>Total</u>
Salary and wage expense	\$ 69,823	\$ 53,229	\$ 26,116	\$ 149,168
Depreciation & Depletion	1,739	3,644	4,819	10,202
Labor costs	2,286	7,525	139	9,950
Development expenses	-	-	11,134	11,134
Insurance expenses	6,477	4,407	2,374	13,258
Other expense	30,488	16,029	4,008	50,525
	<u>\$ 110,813</u>	<u>\$ 84,834</u>	<u>\$ 48,590</u>	<u>\$ 244,237</u>

AUROTEK CO., LTD.
Loans to others
January 1 to December 31, 2022

Table 1

Unit: NT\$1,000
(Unless otherwise noted)

Number (Note 1)	Company Providing the Loan	Borrower	Transaction related item (Note 2)	A or not	This period's maximum amount (Note 3)	Closing balance (Note 8)	Actual Dealing Amount	Interest rate range	Nature of funding provided (Note 4)	Amounts of business transactions (Note 5)	Reasons for short-term funding requirements (Note 6)	Provision for bad debts	Collateral		Limit of funding provided to individual parties (Note 7)	Total limit of funding provided (Note 7)	Remarks
													Name	Value			
	AUROTEK CO., LTD.		Other	Y	\$ 111,125	\$ 46,065	\$ -	-	2	\$ -	Operational needs	\$ -	-	\$ -	\$ 293,852	\$ 587,704	-
0	AUROTEK CO., LTD.		Automation accounts (Shanghai) receivable - Co., Ltd. related parties														
	AUROTEK CO., LTD.		Other	Y	38,709	-	-	-	1	102,826	Business Dealings	-	-	-	70,694	587,704	-
0	AUROTEK CO., LTD.		Automation accounts (Shanghai) receivable - Co., Ltd. related parties														

Note 1: See the footnotes below:

(1) Issuer fill in 0.

(2) Invested companies are numbered sequentially by company type, starting from Arabic numeral 1.

Note 2: Items such as "accounts receivable from related parties," "amounts due from related parties," "related party transactions," "prepaid expenses," "temporary advances," etc., that belong to the nature of loans granted, should be filled in this field.

Note 3: The maximum amount of funds lent to others during the year is calculated by multiplying the original foreign currency disclosed by the exchange rate on the balance sheet date.

Note 4: The method of filling in the nature of funds lent is as follows:

(1) Fill in 1 if there is business dealings.

(2) Fill in 2 if there is a short-term need for funds.

Note 5: If the nature of the funds lent is related to business dealings, the amount of business dealings should be filled in. The amount of business dealings refers to the amount of business dealings between the company lending the funds and the borrower in the most recent fiscal year.

Note 6: If the nature of the funds lent is related to the short-term need for funds, the reason for the necessary loan and the use of funds by the borrower should be specifically explained, such as repayment of loans, purchase of equipment, turnover of business operations, etc.

Note 7: The lending limit for individual borrowers is as follows:

(1) AUROTEK - For those with business transactions, the individual loan amount shall not exceed the higher of the purchase or sales amount between AUROTEK and the borrower in the most recent fiscal year or as of the time of the loan.

For those with a short-term need for liquidity, the individual loan amount shall not exceed 20% of the net worth of AUROTEK as audited or reviewed by an accountant in the most recent period.

(2) AUROTEK Shanghai - For those with a short-term need for liquidity, the individual loan amount shall not exceed 20% of the net worth of AUROTEK Shanghai as audited or reviewed by an accountant in the most recent period.

Capital Loan and Total established by The following:

(1) AUROTEK- The total amount of funds loaned to others shall not exceed 40% of the net worth verified or audited by the company's accountant in the most recent financial report.

(2) AUROTEK Shanghai- The total amount of funds loaned to others shall not exceed 40% of the net worth verified or audited by the company's accountant in the most recent financial report.

Note 8: If a publicly traded company processes individual funding loans by board resolution under Article 14, Paragraph 1 of the Guidelines for Handling Funding Loans and Endorsement Guarantees by Public Companies, and the funds have not yet been disbursed, the amount approved by the board should still be included in the disclosed balance to expose the associated risks

If said funds are repaid later, the balance after the repayment should be disclosed to reflect the adjusted risk. If a publicly listed company decide to authorize the Chairperson of the Board, resolved at the Board of Directors, to have the funds for lending that are within the specific amount authorized in installment or revolver within one year,

it is the balance of the amount of loans to others approved at the Board of Directors that should be announced and filed. Said loans to others may be repaid later, but because lending may be authorized again, use the amount of loans to others approved by the Board of Directors as the balance announced and reported.

AUROTEK CO., LTD.

Statement of year-end holdings of marketable securities (excluding investments in subsidiaries, affiliated companies, and jointly controlled entities)

January 1 to December 31, 2022

Table 2

Unit: NT\$1,000

(Unless otherwise noted)

AUROTEK CO., LTD.	Held Companies	Type and Name of Securities Held (Note 1)	Relationship with Issuer of Securities Held (Note 2)	Accounting Item	Number of shares	End of period		Fair value	Note (Note 4)
						Carrying amount (Note 3)	Shareholding(%)		
AUROTEK CO., LTD.		Shanghai OILES Bearing Co., Ltd.	None	Financial assets carried at fair value through other comprehensive income - non-current	-	\$ 23,337	10	\$ 23,337	None
AUROTEK CO., LTD.		OILES (THAILAND) CO., LTD.	None	Financial assets carried at fair value through other comprehensive income - non-current	156,000	80,812	15	80,812	None
AUROTEK CO., LTD.		Job Information and Technology Co., Ltd.	None	Financial assets carried at fair value through other comprehensive income - non-current	403,055	2,278	2.58	2,278	None
AUROTEK CO., LTD.		Hanbang Technology Co., Ltd.	None	Financial assets carried at fair value through other comprehensive income - non-current	8,186	-	0.14	-	None
AUROTEK CO., LTD.		Wisilica Inc.	None	Financial assets carried at fair value through other comprehensive income - non-current	384,615	-	2.73	-	None
AUROTEK CO., LTD.		Taigi Optoelectronics Corporation	None	Financial assets at fair value through profit or loss - Current	9,412	119	-	119	None

Note 1: Securities referred to in this table refer to stocks, bonds, beneficiary certificates, and securities derived from the above items within the scope of International Accounting Standard No. 39 "Financial Instruments: Recognition and Measurement".

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

Note 3: For securities measured at fair value, the "book value" column should be filled in with the book balance adjusted for fair value assessment adjustments and cumulative impairment deductions. For securities not measured at fair value, the "book value" column should be filled in with the book balance after deducting the original acquisition cost or amortized cost and cumulative impairment deductions.

Note 4: If the listed securities are restricted from use due to collateral, pledged loans, or other contractual arrangements, the number of shares of collateral or pledge, the amount of collateral or pledge, and the restricted use should be noted in the Remarks column.

AUROTEK CO., LTD.

Business relations and material transactions and amounts between the parent company and its subsidiaries and among the subsidiaries

January 1 to December 31, 2022

Table 3

Unit: NT\$1,000

(Unless otherwise noted)

Number(Note 1)	Name of transaction party	Counterparty	Relationship with counterparty (Note 2)	Account	Details of transactions		Ratio to total revenue or total assets of the consolidated company (Note 3)
					Amount	Transaction terms	
0	AUROTEK CO., LTD.	AUROTEK Automation (Shanghai) Co., Ltd.	1	Sales	\$ 70,694	Note 1	4%
0	AUROTEK CO., LTD.	AUROTEK Automation (Shanghai) Co., Ltd.	1	Accounts receivable	41,225	Note 1	2%
0	AUROTEK CO., LTD.	OILES Industrial Co., Ltd.	1	Purchase	46,437	Note 2	3%
1	AUROTEK Automation (Shanghai) Co., Ltd.	Kunshan Jiyuhe Precision Components Co., Ltd.	3	Purchase	48,965	Note 2	3%
1	AUROTEK Automation (Shanghai) Co., Ltd.	Kunshan Yi-Chun Industrial Technology Co., Ltd.	3	Purchase	53,993	Note 2	3%

Note 1: The sales and payment terms between the Group and related parties are based on their trade transactions. The credit policy for related parties is about 180 days after the end of the month, while the credit policy for general customers is within 90 to 180 days after the end of the month for payment.

Note 2: The purchase price of goods purchased from related parties by the Group is determined by reference to market prices, and payment terms are set at around 180 days after the end of the month. Payment terms for general customers are within 90 to 180 days after the end of the month.

Note 3: Refers to amounts receivable from loans to others.

Note 1: Information about the business transactions between the parent company and the subsidiary company shall be indicated in the number column respectively. The number shall be entered as follows:

1. Enter 0 for parent company.
2. For the subsidiaries, they are coded starting from 1 based on the company.

Note 2: There are three types of relationships with a trader, just mark the category:

1. Parent company vs subsidiary company.
2. Subsidiary company vs parent company.
3. Subsidiary company vs subsidiary company

Note 3: Regarding the ratio of transaction amount to consolidated total operating revenues or total assets, it is computed based on the closing balance to consolidated total assets for balance sheet accounts, and as for income statement accounts, it is based on accumulated amount to consolidated total operating revenue.

Transactions with individual amounts less than 1% of total revenue or total assets are not disclosed.

AUROTEK CO., LTD.

The investee's name, location, and other related information (excluding investees in mainland China)

January 1 to December 31, 2022

Table 4

Unit: NT\$1,000
(Unless otherwise noted)

Name of Investment Company	Name of Investee	Location	Primary business items	Original Investment Amount		End-of-Period Holdings			Investee's Net Comprehensive income for the Period	Investment Comprehensive income Recognized in this		Remarks
				Ending of this reporting period	As of the end of last year	Number of shares	Ratio %	Carrying amount		Period	Period	
AUROTEK CO., LTD.	OILES Industrial Co.,Ltd.	Taiwan	OILES Manufacturing, buying and selling of bearings and related components.	\$ 39,793	\$ 39,793	2,700,000	90	\$ 43,893	(\$ 5,022)	(\$ 4,259)	The Company's subsidiary	
AUROTEK CO., LTD.	AUROTEK INC.	Japan	Export and import of electronic machinery and mechanical arms.	37,226	37,226	2,599	100	12,965	512	512	The Company's subsidiary	
AUROTEK CO., LTD.	PLENTY ISLAND (THAI) CO., LTD.	Thailand	OILES selling of bearings and related components.	2,203	2,203	25,000	25	574	(12,705)	(2,327)	-	
AUROTEK CO., LTD.	Shanyi Electronics Co., Ltd.	Taiwan	Sales of electronic components.	24,130	24,130	2,413,000	19	31,629	13,764	2,573	-	

AUROTEK CO., LTD.

Basic information of investment in Mainland China

January 1 to December 31, 2022

Table 5

Unit: NT\$1,000

(Unless otherwise noted)

Investee in mainland China	Primary business items	Paid-in capital	Investment method (Note 1)	Beginning accumulated investment amount exported from Taiwan for the current period.	Investment amount remitted outward or recovered this period		Ending accumulated investment amount exported from Taiwan for the current period.	Investee's Net Comprehensive income) for the Period	Percentage of shareholding in companies directly or indirectly invested by the Company (%)	Investment gain or loss recognized in the current period	Investment carrying amount at the end of the period	Investment proceeds repatriated as of the end of the current period	Remarks
					Remitted out	Recovered							
AUROTEK Automation (Shanghai) Co., Ltd.	International trade, processing and assembling machinery, electronic PCB separating machine.	\$46,592	1	\$46,592	\$ -	\$ -	\$46,592	(\$6,282)	100	(\$8,013)	\$197,995	\$ -	Notes 2(2)B
Shanghai OILES Bearing Co., Ltd.	Production and sales of various specifications of precision bearings and self-lubricating bearings.	97,161	1	10,402	-	-	10,402	-	10	-	23,337	10,303	Note 4
Kunshan Jiyuhe Precision Components Co., Ltd.	Production and sales of couplings and automotive parts.	67,072	1	20,121	-	-	20,121	7,461	30	2,238	31,108	4,872	Note 2 (2)C
Kunshan Yi-Chun Industrial Technology Co., Ltd.	Production and sales of various electronic specialty equipment and high-end architectural hardware and related accessories.	14,983	1	14,983	-	-	14,983	(987)	100	(575)	28,244	-	Notes 2(2)B
<u>Company name</u>	<u>Period end accumulated investment amount remitted from Taiwan to mainland China</u>	<u>Investment amount approved by Investment Commission of the Ministry of Economic Affairs (MOEAIC)</u>	<u>It is in accordance with the quota stipulated by the Investment Commission of the Ministry of Economic Affairs (MOEAIC) for investment in mainland China.</u>										
AUROTEK CO., LTD. and ITS SUBSIDIARIES	\$92,098	\$92,098	\$881,555										

Note 1: There are three types of investment methods, and it is required to specify the type.

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

Note 2: For the amount recognized in the space for investment income:

- (1) Please note if the investment is still under preparation that there is no investment profit and loss.
- (2) There are three bases for investment profit and loss recognition, and they should be noted as follows
 - A. Financial statements audited by an international accounting firm that has a cooperative relationship with a Taiwanese accounting firm.
 - B. Financial statements audited by the signing accountant of the Taiwanese parent company.
 - C. Others

Note 3: Numbers shown in this table are in NTD.

Note 4: "Financial assets at fair value through other comprehensive income - non-current" is presented in the financial statements.

AUROTEK CO., LTD.
Major Shareholder Information
As of December 31, 2022

Table 6

Major Shareholder Name	Shares	
	Number of Shares Held	Shareholding(%)
AUROTEK Marketing Management CO., LTD.	14,203,423	17.16
Baodun Construction Co., Ltd	4,777,000	5.77
The Japanese company "OILES Industrial Co., Ltd."	4,295,111	5.19

Note 1: The information of major shareholders in this table refers to the information calculated by the company on the last business day at the end of each quarter of the total number of common shares and special shares held by the company which have been delivered without physical registration (including treasury stocks) by the shareholders.

The number of shares recorded in the company's financial report and the actual number of shares completed without physical registration delivery may differ due to differences in calculation bases or other reasons.

Note 2: If the above data belongs to shareholders who have transferred their shares to a trust, the information will be disclosed separately for each trust account opened by the trustee. As for the stock ownership declaration made by a shareholder who holds more than 10% of the shares of an insider pursuant to the Securities and Exchange Act, his stock ownership includes his own stock ownership plus the shares he has entrusted to the trust and has the right to use the trust property, etc. Please refer to the Market Observation Post System for insider equity filing information.

The holdings include my own shares and the shares held in trust with the power to exercise decision-making rights over the trust property. For information on the declaration of equity by insiders, please refer to the Public Information Observation Station.