

AUROTEK CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL REPORT
AND IINDEPENDENT AUDITOR’S REPORT
Year 2022 and Year 2021
(Stock Code: 6215)

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AUROTEK CO., LTD. AND ITS SUBSIDIARIES
Year 2022 and Year 2021 Consolidation. Financial Report and Auditor's Report
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AUROTEK CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

The entities that are required to be included in the combined financial statements of AUROTEK Co., Ltd. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 “ Consolidated Financial Statements” endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, AUROTEK Co., Ltd. And Subsidiaries do not prepare a separate set of combined financial statements.

It is hereby declared

AUROTEK CO., LTD.

Chairman: Tien-tsung Cheng

March 20, 2023

Independent Auditor's Report

(112) Tsai Shen Pao Tzu No. 22004922

AUROTEK CO., LTD. :

Audit Opinion

We have audited the consolidated balance sheet of AUROTEK CO., LTD. and its subsidiaries (collectively, the "AUROTEK Group") as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the notes to the consolidated financial statements, which include a summary of significant accounting policies, for the years then ended. Our audit has been completed.

In our opinion, based on our audit results and the audit report of other auditors (please refer to the Other Matters section), the consolidated financial statements present fairly, in all material respects, the financial position of AUROTEK Group as of December 31, 2022 and 2021, and its financial performance and cash flows for the year then ended in accordance with the Financial Reporting Standards for Securities Issuers and the International Financial Reporting Standards, Interpretations and Interpretive Guidance, which have been approved and issued by the Financial Supervisory Commission.

Basis for opinion

The auditor performed audit procedures in accordance with the Rules Governing the Audit and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards in the Republic of China. The auditor's responsibility with respect to the audit of the consolidated financial statements will be further explained in the section of the auditor's responsibility for the audit of the consolidated financial statements. The personnel of the firm to which the auditor belongs, who are subject to the independence requirements, have maintained independence from Aurotek Group in accordance with the Code of Ethics for Certified Public Accountants in the Republic of China and have fulfilled their other responsibilities under such 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 refer to those matters that, in the auditor's professional judgment, were of most significance in the audit of Aurotek Group's consolidated financial statements for the year ended December 31, 2022. These matters were addressed during the audit of the overall consolidated financial statements and in the formation of our opinion. We do not express our opinion on these matters separately.

The key audit matters for Aurotek Group's consolidated financial statements for the year ended December 31, 2022 are as follows:

Disclosure of the existence of the top ten sales revenue recipients

Explanation

Please refer to Note 4 (30) of the consolidated financial statements for accounting policies related to revenue and Note 6 (22) for descriptions of accounting items.

AUROTEK Group's primary business is the manufacturing, processing, and trading of various automated equipment and system components. In order to consolidate its market leadership position and expand and develop its customer base, a comparison of the top ten sales customers in 2022 and 2021 showed that there were fluctuations in the sales amounts of the main customers compared to the same period last year, resulting in an increase in the impact of the top ten new sales customers on revenue this year. We believe that the authenticity of the related sales transactions with the top ten new sales recipients for this period has a significant impact on the financial statements. Therefore, we have identified the existence of the top ten new sales revenue recipients for AUROTEK Group as one of the key audit matters for this 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

For accounting policies related to inventory valuation, please refer to Note 4(14) in the consolidated financial statements; for accounting estimates and assumptions related to inventory valuation, please refer to Note 5 in the consolidated financial statements; for inventory accounting items, please refer to Note 6(5) in the consolidated financial statements.

AUROTEK Group's main business is the manufacturing, processing, and trading of various automation equipment and system components. Due to the rapid technological changes in inventory, there is a higher risk of inventory write-downs or obsolescence. As inventory is a significant amount for AUROTEK Group, the above process involves subjective judgment, and therefore, the auditor's estimation of the provision for inventory write-downs is listed as one of the key audit matters for the current year.

Corresponding audit program

The main audit procedures performed by the auditor 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

Subsidiaries included in the consolidated financial statements of AUROTEK Group and investee companies accounted for by equity method, which have not been audited by the Company's auditor, but have been audited by other auditors. Therefore, with respect to the opinion expressed in the aforementioned consolidated financial statements, the relevant information disclosed in the financial statements of those companies and Note 13 is based on the audit report of other auditors. The total assets of these subsidiaries as of December 31, 2022 and 2021 were NT\$44,034 thousand and NT\$47,265 thousand, respectively, accounting for 2.32% and 2.23%, respectively, of the total assets of the consolidated financial statements; the operating revenues from January 1 to December 31, 2022 and 2021 were NT\$3,426 thousand and NT\$3,180 thousand, respectively, accounting for 0.19% and 0.16%, respectively, of the total operating revenues of the consolidated financial statements. The investment balance accounted for by equity method as of December 31, 2021 was NT\$11,061 thousand, accounting for 0.52% of the total assets of the consolidated financial statements; the share of profit and loss from the associated enterprises accounted for by equity method and the share of other comprehensive income from January 1 to December 31, 2021 were NT\$15,161 thousand, accounting for 4% of the total comprehensive income of the consolidated financial statements.

Other matters: The individual financial report

AUROTEK Group has prepared the individual financial statements for the years 2022 and 2023, and an audit report with an unqualified opinion and an explanatory paragraph issued by our auditors is available for reference.

The responsibility for the financial statements lies with the management and the governance units.

The responsibilities of management are to prepare appropriately stated consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities and with the International Financial Standards (IFRS), the international Accounting Standards (IASs), and the related interpretations and interpretative

bulletins endorsed by the Financial Supervisory Commission of the Republic of China. Management is also responsible for maintaining necessary internal control relevant to the preparation of the consolidated financial statements to ensure that the consolidated financial statements are free from material misstatement by fraud or error.

In preparing the consolidated financial statements, the management is also responsible for evaluating AUROTEK Group's ability to continue as a going concern, disclosing relevant events, and using the going concern basis of accounting unless the management intends to liquidate or discontinue operations of AUROTEK Group, or unless no other feasible alternatives exist except for liquidation or discontinuation of operations.

The governance units of AUROTEK Group, including the audit committee, are responsible for overseeing the financial reporting process.

Account's responsibilities for the audit of consolidated financial statements

The objectives of the accountants for auditing the consolidated financial statements are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from any material misstatement due to fraud or errors and to issue an Auditor's Report accordingly. Reasonable assurance refers to a high level of assurance, but there is no guarantee that an audit performed in accordance with the auditing standards of the Republic of China can detect any material misstatement from the consolidated financial statements. Misstatements may arise from fraud or errors. A misstated dollar amount, individually or in the aggregate, that could be reasonable predicted to influence the economic decision of the user of the consolidated 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 consolidated 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 one resulting from error, as 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 believe that such significant uncertainties exist, the auditor shall alert the financial statement users in the audit report to pay attention to the related

disclosures in the consolidated financial statements, or revise the audit opinion if such disclosures are inappropriate. 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 content of the consolidated financial statements, including the attached notes, and whether the consolidated financial statements represent the underlying transactions and events in a fair manner.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of individual entities within the Aurotek Group, and express an opinion on the consolidated financial statements. We are responsible for directing, supervising, and performing the audit of the group, and for forming an audit opinion on the consolidated financial statements.

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).

We determined the key audit matters for the audit of the Aurotek Group's consolidated financial statements for the year 2022 based on the matters communicated with the governance unit. 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 SungTse

Independent accountant

Lin Chun Yao

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. and Subsidiaries
Consolidated Balance Sheet
As of December 31, 2022 and 2021

Unit: NT\$ thousands

ASSETS		Notes	<u>As of December 31, 2022</u>		<u>As of December 31, 2021</u>	
			<u>A m o u n t</u>	<u>%</u>	<u>A m o u n t</u>	<u>%</u>
CURRENT ASSETS						
1100	Cash and Cash Equivalents	6(1)	\$ 407,181	22	\$ 238,341	11
1110	Financial assets at fair value through profit or loss - Current	6(2) and 12	119	-	208	-
1136	Financial assets at amortized cost - current, measured by the amortized cost method.	6(11)(3), 8 and 12	100,485	5	165,239	8
1150	Net amount of Notes receivable	6(4)	42,206	2	66,260	3
1170	Net accounts receivable	6(4)	363,209	19	478,284	23
1200	Other receivables		6,828	-	705	-
1210	Other accounts receivable - related parties	7	-	-	52	-
130X	Inventory	6(5)	375,230	20	432,126	20
1410	Advance payments		9,040	1	14,220	1
11XX	Total current assets		<u>1,304,298</u>	<u>69</u>	<u>1,395,435</u>	<u>66</u>
Non-current assets						
1517	Financial assets carried at fair value through other comprehensive income - non-current	6(6) and 12	106,427	6	167,882	8
1550	Acquisition of investments accounted for using the equity method	6(7)	63,311	3	72,274	3
1600	Property, plant, and equipment	6(8) and 8	237,407	12	254,189	12
1755	Right-of-use Assets	6(9)	24,936	1	31,127	2
1760	Net Investment Property	6(10) and 8	86,119	5	87,173	4
1840	Deferred tax assets	6.(28)	20,699	1	27,047	1
1900	Other non-current assets	6(11)(12) and 8	51,780	3	85,187	4
15XX	Total non-current assets		<u>590,679</u>	<u>31</u>	<u>724,879</u>	<u>34</u>
1XXX	Total assets		<u>\$ 1,894,977</u>	<u>100</u>	<u>\$ 2,120,314</u>	<u>100</u>

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AUROTEK Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
As of December 31, 2022 and 2021

Unit: NT\$ thousands

	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 borrowings	6(13)(30) and 8	\$ -	-	\$ 164,000	8
2130	Contractual liabilities - current	6(22)	2,949	-	5,098	-
2150	Notes payable		1,412	-	810	-
2170	Accounts payable		101,892	5	148,049	7
2180	Accounts payable - related parties	7	16,826	1	31,827	1
2200	Other payables	6(14)	116,319	6	123,014	6
2230	Current income tax payable		73,713	4	22,877	1
2250	Liability reserve - current	6(15) and 9	7,638	1	43,593	2
2280	Lease liabilities - current	6(9)(30)	18,269	1	16,470	1
2320	Long-term liabilities due within one year or one operating cycle	6(16)(30) and 8	-	-	1,000	-
2399	Other current liabilities - other		360	-	1,875	-
21XX	Total current liabilities		<u>339,378</u>	<u>18</u>	<u>558,613</u>	<u>26</u>
	Non-current liabilities					
2570	Deferred income tax liabilities	6(28)	40,614	2	44,634	2
2580	Lease liabilities - non-current	6(9)(30)	30,769	2	42,073	2
2600	Other non-current liabilities	6(30)	10,045	-	13,551	1
25XX	Total non-current liabilities		<u>81,428</u>	<u>4</u>	<u>100,258</u>	<u>5</u>
2XXX	Total liabilities		<u>420,806</u>	<u>22</u>	<u>658,871</u>	<u>31</u>
	Equity Attributable to Owners of the Parent					
	Share capital	6(18)				
3110	Share capital - common stock		827,897	44	827,897	39
	Capital surplus	6(19)				
3200	Capital surplus		92,855	5	92,855	4
	Retained earnings	6(20)				
3310	Legal reserve		162,787	9	136,275	7
3320	Special reserve		2,713	-	23,330	1
3,350	Unappropriated earnings		330,945	18	269,225	13
	Other equity	6(21)				
3400	Other equity		52,062	2	106,447	5
31XX	Total equity attributable to owners of parent		<u>1,469,259</u>	<u>78</u>	<u>1,456,029</u>	<u>69</u>
36XX	Non-Controlling Interest		4,912	-	5,414	-
3XXX	Total equity		<u>1,474,171</u>	<u>78</u>	<u>1,461,443</u>	<u>69</u>
	Significant or unrecorded liabilities from contractual commitments	9				
	Subsequent events of material importance	11				
3X2X	Total liabilities and equity		<u>\$ 1,894,977</u>	<u>100</u>	<u>\$ 2,120,314</u>	<u>100</u>

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

Chairman: Tien-tsung Cheng

General Manager : Chun-Long Chu

Accounting Manager : Lu Fang Cheng

AUROTEK Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the year ended December 31, 2022 and for the year ended January 1 to December 31, 2021

Unit: NT\$ thousands
(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(12) and 7	\$ 1,803,500	100	\$ 1,962,519	100
5000 Operating cost	6(5)(17)				
	(27) and 7	(1,273,268)	(71)	(1,401,207)	(71)
5900 Operating gross profit		<u>530,232</u>	<u>29</u>	<u>561,312</u>	<u>29</u>
Operating expenses	6(17)				
	(27)				
6100 Selling expenses		(154,308)	(8)	(163,120)	(8)
6200 Management expense		(124,990)	(7)	(125,421)	(7)
6300 Research and development expenses.		(48,590)	(3)	(55,374)	(3)
6450 Expected credit gain (loss)	12	<u>2,099</u>	<u>-</u>	<u>(6,481)</u>	<u>-</u>
6000 Total operating expenses		<u>(325,789)</u>	<u>(18)</u>	<u>(350,396)</u>	<u>(18)</u>
6900 Operating profit		<u>204,443</u>	<u>11</u>	<u>210,916</u>	<u>11</u>
Non-operating income and expenses					
7100 Interest income	6(3)(23)	3,963	-	1,338	-
7010 Other income	6(24), 7				
	And 9	49,059	3	15,450	1
7020 Other gains and losses	6(2)(22)				
	(25)	24,316	2	93,821	5
7050 Finance costs	6(9)(26)	(1,375)	-	(4,304)	-
7060 Share of profit or loss of associates and joint ventures accounted for using equity method	6(7)	<u>2,484</u>	<u>-</u>	<u>26,224</u>	<u>1</u>

AUROTEK Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the year ended December 31, 2022 and for the year ended January 1 to December 31, 2021
 Unit: NT\$ thousands
 (except earnings per share of NT\$)

7000	Total non-operating income				
	and expenses	78,447	5	132,529	7
7900	Profit before tax	282,890	16	343,445	18
7950	Income tax expense	6(28)	(4)	(78,180)	(4)
8200	Net profit for the period	<u>\$ 213,441</u>	<u>12</u>	<u>\$ 265,265</u>	<u>14</u>

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AUROTEK Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the year ended December 31, 2022 and for the year ended January 1 to December 31, 2021

Unit: NT\$ thousands
(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	%	
Other comprehensive income (net)						
Non-reclassified items recognized directly in equity						
8311	Defined benefit plan - remeasurement amount	6(17)	\$ 3,366	-	\$ 125	-
8316	Unrealized gains and losses on equity instruments at fair value through other comprehensive income.	6(6)(21) And 12	(61,455)	(3)	96,807	5
8349	Income tax related to items not reclassified to profit or loss	6(28)	(673)	-	(25)	-
8310	Total amount of items not reclassified to profit or loss		(58,762)	(3)	96,907	5
Items may be subsequently reclassified to profit/loss						
8361	Exchange difference on translation of foreign operations	6(21)	3,129	-	(3,605)	-
8365	Equity directly related to the non-current assets held for sale (or disposal group)	6(12) (21)	-	-	23,441	1
8370	Equity share in associates and joint ventures accounted for using equity method - items that may be reclassified to profit or loss	6(7)(21)	5,700	-	(4,762)	-
8399	Income tax of items that may be reclassified	6(21) (28)	(1,759)	-	1,666	-
8360	Total amount of items that may be reclassified to profit or loss in the future.		7,070	-	16,740	1
8300	Other comprehensive income (net)		(\$ 51,692)	(3)	\$ 113,647	6
8500	Total comprehensive income for the period		\$ 161,749	9	\$ 378,912	20
Net income attributable to						
8610	Owners of the parent company		\$ 213,943	12	\$ 265,019	14

Please refer to notes of consolidated financial statements provided at the end, which is part of the consolidated financial statements.

AUROTEK Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the year ended December 31, 2022 and for the year ended January 1 to December 31, 2021
 Unit: NT\$ thousands
 (except earnings per share of NT\$)

8620	Non-control equity	(	502)	-	246	-
		\$	213,441	12	\$	265,265
			<u> </u>	<u> </u>		<u> </u>
	Total comprehensive income					
	attributable to:					
8710	Owners of the parent company	\$	162,251	9	\$	378,666
8720	Non-control equity	(	502)	-	246	-
		\$	161,749	9	\$	378,912
			<u> </u>	<u> </u>		<u> </u>
	Earnings per share					
				6(29)		
9750	Basic earnings per share	\$		2.58	\$	3.20
9850	Diluted earnings per share	\$		2.57	\$	3.17
				<u> </u>		<u> </u>

Please refer to notes of consolidated financial statements provided at the end, which is part of the consolidated financial statements.

AUROTEK Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the year ended December 31, 2022 and for the year ended January 1 to December 31, 2021

Unit: NT\$ thousands

C o n s o l i d a t e d n e t i n c o m e a t t r i b u t e d t o s t o c k h o l d e r s o f t h e c o m p a n y

		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							
			Recognized by the equity method	Associated enterprises and joint ventures	Legal reserve	Special reserve	Retained earnings	Unrealized gains and losses on financial statements of foreign operations through comprehensive income	Equity related assets held for sale	Total	Non-Control Interest	Total equity		
Notes	Share capital - common stock	Share premium	Share equity	Others	Others	Others	Others	Others	Others	Others	Others	Others		
<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	\$ 5,168	\$ 1,123,926
	Net profit for the period	-	-	-	-	-	-	265,019	-	-	-	265,019	246	265,265
	Current Other Comprehensive Income	(6)(12)	-	-	-	-	-	100	(6,701)	96,807	23,441	113,647	-	113,647
	Total comprehensive income for the period	-	-	-	-	-	-	265,119	(6,701)	96,807	23,441	378,666	246	378,912
	Appropriation of earnings and distribution for the year 2020	6(20)	-	-	-	-	-	-	-	-	-	-	-	-
	Appropriation to legal reserve	-	-	-	-	1,077	-	(1,077)	-	-	-	-	-	-
	Appropriation to special earnings reserve	-	-	-	-	-	7,101	(7,101)	-	-	-	-	-	-
	Cash dividends paid	-	-	-	-	-	-	(41,395)	-	-	-	(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	\$ 5,414	\$ 1,461,443
<u>January 1, 2022 to September 30, 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	\$ 5,414	\$ 1,461,443
	Net profit for the period	-	-	-	-	-	-	213,943	-	-	-	213,943	(502)	213,441
	Current Other Comprehensive Income	-	-	-	-	-	-	2,693	7,070	(61,455)	-	(51,692)	-	(51,692)
	Total comprehensive income for this reporting period	-	-	-	-	-	-	216,636	7,070	(61,455)	-	162,251	(502)	161,749
	Appropriation of earnings and distribution for the year 2021	6(20)	-	-	-	-	-	-	-	-	-	-	-	-
	Appropriation to legal reserve	-	-	-	-	26,512	-	(26,512)	-	-	-	-	-	-
	Reversed Special earnings reserve	-	-	-	-	-	(20,617)	20,617	-	-	-	-	-	-
	Cash dividends paid	-	-	-	-	-	-	(149,021)	-	-	-	(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	\$ 4,912	\$ 1,474,171

Please refer to notes of consolidated financial statements provided at the end, which is part of the consolidated financial statements.

Chairman: Tien-tsung Cheng

General Manager : Chun-Long Chu

Accounting Manager : Lu Fang Cheng

AUROTEK Co., Ltd. and Subsidiaries
Consolidated Cash Flow Statements

For the year ended December 31, 2022 and for the year ended January 1 to December 31, 2021

Unit: NT\$ thousands

	Notes	January 1, 2022 to December 31,		January 1, 2021 to December 31,
<u>Cash flows from operating activities</u>				
Net profit for the period		\$ 282,890		\$ 343,445
Adjustment item				
Revenue, expense, and loss items				
Depreciation expenses	6(8)(9)(10)	(12)(27) 28,903		29,267
Expected credit loss	12	(2,099)		6,481
Interest expense	6(26)	1,375		4,304
Net loss (gain) from financial assets at fair value through profit or loss.	6(2)(25)	89	(	67)
Disposition loss of real estate, plant and equipment	6 (8)(12)	(25) 1,435		946
Interest income	6(23)	(3,963 )	(	1,338)
Disposal gain from investments	6(12)	(25) -	(	102,745)
Dividend income	6(24)	(17,096 )	(	5,822)
Share of profit of associates accounted for using equity method	6(7)	(2,484 )	(	26,224)
Changes in assets/liabilities related to operating activities				
Net changes in assets related to operating activities				
Notes receivable		24,544	(	21,632)
Accounts receivable		125,172	(	49,863)
Other receivables		(6,072 )	(	73)
Other accounts receivable - related parties		-		139
Inventory		56,044	(	105,848)
Advance payments		5,324	(	4,901)
Net changes in liabilities related to operating activities				
Contractual liabilities - current		(2,149 )	(	174)
Notes payable		602	(	264)
Accounts payable		(46,157)		15,095
Accounts payable - related parties		(15,001 )	(	527)
Other accounts payable		(6,695)		31,304
Liability reserve - current		(35,955)		2,469
Other current liabilities		(1,515 )	(	194)
Other non-current liabilities		(2,833 )	(	282)
Cash inflow generated from operations		384,359		113,496
Interests received		3,963		1,338
Dividends received		34,243		34,354
Interests paid		(1,375 )	(	4,304)
Income taxes paid		(17,831 )	(	34,500)

AUROTEK Co., Ltd. and Subsidiaries
Consolidated Cash Flow Statements
For the year ended December 31, 2022 and for the year ended January 1 to December 31, 2021
 Unit: NT\$ thousands

	Notes	January 1, 2022 to December 31,	January 1, 2021 to December 31,
Net cash inflow from operating activities		403,359	110,384

(Continued on next page)

AUROTEK Co., Ltd. and Subsidiaries
Consolidated Cash Flow Statements
For the year ended December 31, 2022 and for the year ended January 1 to December 31, 2021
Unit: NT\$ thousands

	<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		\$ 64,754	(\$ 164,464)
Purchase price of property, plant, and equipment acquired	6 (8)(12)	(1,436)	(1,567)
Proceeds from disposition of property, plants, and equipment	6 (8)(12)	2,623	590
Decrease (increase) in other non-current assets.		(849)	739
Cash inflows from disposal of subsidiaries (including cash and cash equivalents of non-current assets held for sale at the beginning of the period)	6(12)	-	392,658
Decrease (increase) in deposits paid for guarantee (presented as other non-current assets)		34,544	(3,350)
Increase in long-term receivables (listed as other non-current assets)	6(12)	-	(19,548)
Net cash inflows from investment activities		<u>99,636</u>	<u>205,058</u>
<u>Cash flows from financing activities</u>			
Short-term borrowings (decreased) increased.	6(30)	(164,000)	34,000
Repayment of long-term loans	6(30)	(1,000)	(265,200)
Cash dividends paid	6(20)	(149,021)	(41,395)
Principal repayment of lease liabilities	6(9)(30)	(17,594)	(13,052)
Net cash outflow from financing activities		(331,615)	(285,647)
Exchange rate affected amount		(2,540)	1,596
Net increase in cash and cash equivalents		168,840	31,391
Opening balance of cash and cash equivalents		<u>238,341</u>	<u>206,950</u>

Please refer to notes of consolidated financial statements provided at the end, which is part of the consolidated financial statements.

Chairman: Tien-tsung Cheng General Manager : Chun-Long Chu Accounting Manager : Lu Fang Cheng

AUROTEK Co., Ltd. and Subsidiaries
Consolidated Cash Flow Statements
For the year ended December 31, 2022 and for the year ended January 1 to December 31, 2021
 Unit: NT\$ thousands

	Notes	January 1, 2022 to December 31,	January 1, 2021 to December 31,
Closing balance of cash and cash equivalents		\$ 407,181	\$ 238,341

Please refer to notes of consolidated financial statements provided at the end, which is part of the consolidated financial statements.

Chairman: Tien-tsung Cheng General Manager : Chun-Long Chu Accounting Manager : Lu Fang Cheng

AUROTEK CO., LTD. AND ITS SUBSIDIARIES
Notes for Consolidated Financial Statements
Year 2022 and Year 2021

Unit: NT\$ thousands
(Unless otherwise noted)

I. Company History

Aurotek Co.,Ltd.(hereinafter referred to as the "Company"), established in the Republic of China, and its subsidiaries (hereinafter collectively referred to as the "Group") mainly engage in the manufacturing, processing, and trading of various automation equipment and system components, the manufacturing, processing, and trading of various information electronic product process equipment and industrial controllers, as well as the engineering of automatic smoke exhaust systems, architectural structure isolation and vibration reduction system engineering, and the distribution, quotation, and procurement of 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 consolidated financial report has been approved and issued by the Board of Directors on March 16, 2023.

III. Application of new and revised 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>Newly Issued/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of International Accounting Standards Board's Issuance</u>
Amendments to International Financial Reporting Standard (IFRS) 3 "Definition of a Business" - Indexation of Conceptual Framework.	January 1, 2022
Amendments to International Accounting Standard (IAS) 16 "Property, Plant and Equipment" - Proceeds before Intended Use.	January 1, 2022
Amendments to International Accounting Standard (IAS) 37 "Provisions, Contingent Liabilities and Contingent Assets" - Costs of Fulfilling a Contract.	January 1, 2022
Annual Improvements to IFRSs, 2018-2020 cycle.	January 1, 2022

The Group has determined that the standards and interpretations above has no

material impact on the Group's financial conditions 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:

Newly Issued/Revised/Amended Standards and Interpretations	Effective Date of International Accounting Standards Board's Issuance
Amendment to International Accounting Standard (IAS) 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendment to International Accounting Standard (IAS) 8 "Definition of Accounting Estimates"	January 1, 2023
Amendment to International Accounting Standard (IAS) 12 "Deferred Tax related to Assets and Liabilities Arising from a Single Transaction with a Tax Basis"	January 1, 2023

The Group has determined that the standards and interpretations above has no material impact on the Group's financial conditions 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.

Newly Issued/Revised/Amended Standards and Interpretations	Effective Date of International Accounting Standards Board's Issuance
Revision of International Accounting Standard No. 10 and International Accounting Standard No. 28: "Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures"	Pending decision by the International Accounting Standards Board (IASB)
Revision of International Accounting Standard No. 16: "Leases - Lease Liabilities in a Sale and Leaseback"	January 1, 2024
Revision of International Accounting Standard No. 17: "Insurance Contracts"	January 1, 2023
Amendments to International Accounting Standard No. 17: "Insurance Contracts"	January 1, 2023
Revision of International Accounting Standard No. 17: "Initial Application of International Financial Reporting Standard 17 and International Financial Reporting Standard 9 - Comparative Information"	January 1, 2023
Revision of International Accounting Standard No. 1: "Classification of Liabilities as Current or Non-current"	January 1, 2024
Revision of International Accounting Standard No. 1: "Non-current Liabilities Due to Specific Contractual Obligations"	January 1, 2024

The Group has determined that the standards and interpretations above has no material impact on the Group's financial conditions and performance.

IV. Summary of Significant Accounting Policies

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

(i.) Compliance statement.

This consolidated financial report is prepared in accordance with the Financial Reports of Issuers of Securities Compilation Standards, as well as the International Financial Reporting Standards (IFRSs), interpretations and interpretations released and recognized by the Financial Supervisory Commission.

(ii.) Basis of Preparation

1. Aside from the following important items, this consolidated financial report is prepared based on the historical cost:
 - (1) Financial assets (including derivative instruments) measured at fair value through profit or loss using the fair value measurement.
 - (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. To prepare for financial reports in accordance with IFRSs, some important accounting estimations are required. When applying the Group's accounting policies, management also needs to make judgment, which

involves accounts of a high level of decision-making and complexity or accounts associated with material assumption and estimation. See refer to Not 5 attached.

(iii.) Basis of consolidation

1. Principles for consolidated financial report preparation

- (1) The Group incorporates all subsidiaries into the entities this consolidated financial report is prepared for. Preparation of financial statements in accordance with IFRSs requires the use of significant accounting estimates, and the application of the Group's accounting policies also requires management's judgement, which involves items of high judgement or complexity, or significant assumptions and estimates related to consolidated financial statements. Please refer to Note 5 for details. The subsidiary is included in the consolidated financial statements from the date control is obtained by the Group, and ceases to be consolidated from the date control is lost.
- (2) The transactions, balance, and unrealized profit or loss generated between the subsidiaries of the Group had been eliminated. Necessary adjustment of accounting policies of the subsidiaries has been made to be consistent with policies of the Group.
- (3) Profit or loss and other comprehensive income components are attributable to owners of the parent company and non-controlling interests. Comprehensive income is also attributable to owners of the parent company and non-controlling interests, even if this results in the non-controlling interests having a deficit balance.
- (4) If changes in the shareholding of a subsidiary do not lead to losing the control (transactions with non-controlling interests), they will be treated as equity transactions, i.e., transactions between shareholders. The difference between adjustment of non-controlling interests and the fair value of the consideration paid or received is directly recognized in equity.
- (5) When the Group loses its control over a subsidiary, the remaining investment of the previous subsidiary should be re-measured at the fair value and be treated as the fair value of the initially recognized financial asset or the cost of initially recognized invested associates or joint ventures. The difference between the fair value and the carrying amount is recognized in profit or loss. For all amounts of a subsidiary previously recognized in other comprehensive income, the accounting

treatment is based on the same principle as if the Group directly disposes the related assets or liabilities. That is, if the amount is previously recognized as a profit or loss of other comprehensive income, it should be reclassified as income when the related assets or liabilities are disposed. Moreover, when the Company loses the control over the subsidiary, such profit or loss shall be reclassified into income from equity.

2. Subsidiaries included in the consolidated financial report:

Name of Investment Company	Name of Subsidiary	Business Nature	Percentage of equity held (%)		Note
			December 31, 2022	December 31, 2021	
AUROTEK Corporation	Zi-Ruun Industrial Co., Ltd. (hereinafter referred to as "Zi-Ruun")	Manufacturing and selling of self-lubricating bearings and parts	90	90	
AUROTEK Corporation	AUROTEK Automation (Shanghai) Co., Ltd. (hereinafter referred to as "AUROTEK Shanghai")	International trade, assembly of machinery, and electronic board cutting machines	100	100	
AUROTEK Corporation	AUROTEK SINGAPORE PTE. LTD. (hereinafter referred to as "AUROTEK SINGAPORE")	Holding Company	–	–	Note
AUROTEK Corporation	AUROTEK INC.	Import and export of electronic machinery and robotic arms	100	100	
AUROTEK SINGAPORE	AUROTEK Technology (Kunshan) Co., Ltd. (hereinafter referred to as "AUROTEK Kunshan")	Production and sales of various electronic devices and high-end building hardware-related accessories	–	–	Note
AUROTEK Corporation	Kunshan Yi-Chun Industrial Technology Co., Ltd. (hereinafter referred to as "Kunshan Yi-Chun")	#	100	100	0

Note: As of May 2019, due to the decision made by the board of directors to sell equity, the related assets and liabilities have been reclassified as held for sale group and the transaction was completed in February 2021. Please refer to Note 6(12) for details.

3. There are no subsidiaries not included in the consolidated financial statements.
4. Adjustment and treatment of different accounting period of subsidiaries: None
5. There are no significant restrictions.
6. There are no subsidiaries with significant non-controlling interests in this Group.

(iv.) Foreign Currency Translation

Accounts listed in the financial report of each entity of the Group are based on the money (i.e., functional currency) of the primary economic environment

where the entity operates. This consolidated 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 entities and affiliated enterprises in the group with functional currency different from presentation currency shall translate their operating results and financial position into the presentation currency using the following method:
 - 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 Group 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 operation subsidiary, even if the Company still keeps partial equity of the former subsidiary, it is treated as disposing all equity of the foreign operation.

(v.) 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.

The Group classifies all assets not meeting the above asset criteria 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.

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

(vi.) Cash equivalents

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.

(vii.) Financial assets measured 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 Group uses trade day accounting for financial assets measured at fair value through profit or loss and satisfying the accounting practice.
3. The Group at initial recognition uses fair value measurement. Related transaction cost is recognized in profit or loss and subsequently measured at fair value. The gain or loss is 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 Group shall recognize the amount under profit or loss as dividend income.

(viii.) 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 Group adopts trade date accounting for financial assets measured at fair value through other comprehensive income in accordance with market practice.
3. The Group 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 Group shall recognize the amount under profit or loss as dividend income.

(ix.) 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. The Group adopts trade date accounting for financial assets measured at amortized cost in accordance with market practice.
3. The Group measures financial assets at fair value with transaction costs added at initial recognition and subsequently accounts for them using the effective interest method, with amortization throughout the holding period, recognition of impairment losses, and recognition of gains or losses upon derecognition in the income statement.
4. The Group 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.

(x.) 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 Group is for the purpose of collecting contractual cash flows and selling, subsequently measured at fair value with changes recognized in other comprehensive income.

(xi.) Financial Asset Impairment

On each balance sheet date, the Group 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.

(xii.) Disposal of Financial Assets

When the Group's contractual rights to receive cash flows from financial assets have expired, the financial assets are derecognized.

(xiii.) 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.

(xiv.) 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 the lower of cost and net realizable value, the item-by-item comparison method is used. Net realizable value refers to the estimated selling price in the normal course of business, less the estimated costs of completion and the related variable selling expenses.

(xv.) 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.

(xvi.) Investments in Associates - Equity Method

1. Associates refer to entities in which the Group has significant influence but not control, generally achieved through direct or indirect ownership of 20% or more of the voting rights. Investments in associates by the Group are accounted for using the equity method and are recognized at cost on acquisition.
2. The Group's share of profits or losses of associates after the date of acquisition is recognized in the income statement, while the Group's share of other comprehensive income of associates after the date of acquisition is recognized in other comprehensive income. If the Group's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Group does not recognize any further losses unless it has a legal or constructive obligation, or has made payments on behalf of the associate.
3. 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 Group recognizes its share of the change in equity in "capital reserve".
4. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, unless evidence indicates that the transaction has impaired the asset transferred, in which case the unrealized loss is recognized. The accounting policies of associates have been adjusted where necessary to ensure consistency with the accounting policies of the Group.

When the Group 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 Group 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.

(xvii.) 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 Group and moreover, the cost of this item can be reliably measured. The carrying amount of the replaced part 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. At the end of each financial year, the Group reviews the residual values, useful lives and depreciation methods of each asset. If the expected values of residual values and useful lives are different from the previous estimates, or if there are significant changes in the expected consumption pattern of future economic benefits of the asset, the accounting estimates will be revised in accordance with International Accounting Standard No. 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. The useful lives of assets are listed below:

Property and building	20 year	~	50 year
Transportation equipment	3 year	~	5 year
Machinery and equipment	3 year	~	5 year
Office equipment	3 year	~	5 year
Other equipment	3 year	~	5 year

(xviii.) 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 Group 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 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.

(xix.) 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.

(xx.) Impairment of non-financial assets.

The Group estimates the recoverable amount for assets showing impairments at the balance sheet date, and when the recoverable amount of an asset is lower than the book value, it will be recognized in impairment loss. 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.

(xxi.) Borrowings

1. It refers to proceeds from long-term and short-term bank borrowings. The Group recognizes borrowings initially at fair value, net of transaction costs incurred, and subsequently any difference between the proceeds (net of transaction costs) and the redemption value is measured at amortized cost using the effective interest method and recognized as interest expense in profit or loss during the circulating period.
2. For setting up 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.

(xxii.) Accounts Payable 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, non-interest-bearing accounts and notes payable, they are measured at the original invoice amount because of insignificant discounting effect.

(xxiii.) Derecognition of financial liabilities

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

(xxiv.) 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.

(xxv.) 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.

(xxvi.) 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. Retirement benefits

(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 Group recognizes the expense when the offer of severance benefits is no longer revocable, or at the earlier of the recognition of 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.

(xxvii.) 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 Group calculates the current income tax using tax rates enacted or substantively enacted by the balance at the sheet date of the country generating the taxable income from operations. Management evaluates the status of income tax reporting in accordance with relevant income tax regulations and estimates income tax liabilities based on the expected tax payable to the tax authorities under applicable circumstances. 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 income tax, the balance sheet liability method is adopted, and it is recognized on temporary differences between the tax base 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. If the temporary differences arising from the investment in subsidiaries and affiliated enterprises can be controlled by the Group and it is highly probable that the temporary differences will not reverse in the foreseeable future, they shall not be recognized. 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.

xxviii.) 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.

(xxix.) Dividend distribution.

Dividends distributed to shareholders of the Company are recognized in the financial statements when approved by the shareholders' meeting. Cash dividends are recognized as liabilities while stock dividends are recognized as distributable stock dividends and transferred to common stock on the date of issuance.

(xxx.) 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 the Company has an unconditional right to payment at that point, with only the passage of time required before payment is due from the customer.

2. Engineering Services

- (1) The Group 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 Group 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 Group, it is recognized as a contract liability.

- (2) The Group 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.

(xxxii.) 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.

(xxxiii.) Operating Segment

Information from the Group's operations department and internal management reports provided to major operations decision makers are reported by a consistent approach. Major operations decision makers are responsible for distributing resources to operations department and evaluating their performance.

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

When preparing this consolidated financial report, the Group's management has applied its judgment on determining the accounting policies used and made accounting estimations and assumptions based on reasonable expectation of future events according to the conditions on the balance sheet date. These estimates and assumptions may differ from actual results and are continuously evaluated and adjusted, taking into account historical experience and other factors. 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

As inventory is valued at the lower of cost or net realizable value, The Group must exercise judgment and estimation to determine the net realizable value of inventory on the balance sheet date. Due to rapid technological changes, The Group 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. The valuation of the inventory may be significantly affected by fluctuations in the future net realizable value of the products.

As of December 31, 2022, the carrying amount of the inventory of the Company was \$375,230.

VI. Explanation of significant accounting items.

(i.) Cash and Cash Equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash	\$ 160	\$ 257
Checking and current deposits	259,348	181,633
Time deposits	147,673	56,451
	<u>\$ 407,181</u>	<u>\$ 238,341</u>

1. The Group places cash and deposits

with multiple reputable banks and financial institutions to disperse the 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, were properly reclassified due 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 \$100,485 and \$165,239, respectively, were presented under the account "Financial assets measured at amortized cost."

(ii.) Financial assets measured at fair value through profit or loss

Item	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current Assets:		
Financial Assets at Fair Value through Profit or Loss - Listed/OTC Company	\$ 1,150	\$ 1,150
Fair Value Adjustment	(1,031)	(942)
	<u>\$ 119</u>	<u>\$ 208</u>

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

	<u>2022 year</u>	<u>2021 year</u>
Fair value through profit or loss financial assets - equity instruments.	(\$ 89)	\$ 67

2. The Group 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>December 31, 2022</u>	<u>December 31, 2021</u>
Current Item:		
Original maturity more than 3 months fixed deposits	\$ 69,000	\$ -
Pledged fixed deposits	<u>31,485</u>	<u>165,239</u>
	<u>\$ 100,485</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>1,291</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 Group at December 31, 2022 and December 31, 2021 amounted to \$100,485 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 Group'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>
Accounts receivable	\$ <u>42,206</u>	\$ <u>66,260</u>
Accounts receivable	\$ 374,130	\$ 489,353
Less: Allowance for doubtful accounts	(<u>10,921</u>)	(<u>11,069</u>)
	\$ <u>363,209</u>	\$ <u>478,284</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not overdue	\$ <u>42,206</u>	\$ <u>66,260</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not overdue	\$ 328,834	\$ 428,231
Overdue within 90 days	37,877	51,467
More than 91 days overdue	7,419	9,655
	<u>\$ 374,130</u>	<u>\$ 489,353</u>

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

3. As of December 31, 2022, December 31, 2021, and January 1, 2021, the balances of accounts receivable and notes receivable were generated from customer contracts. As of January 1, 2021, the balances of accounts

receivable and the allowance for doubtful accounts related to customer contracts were \$454,115 and \$16,706, respectively.

4. Without considering the collateral or other credit enhancements held, the maximum exposure to credit risk for accounts receivable and notes receivable of the Company as of December 31, 2022 and 2021 were \$42,206 and \$66,260, respectively, while the maximum exposure to credit risk for accounts receivable was \$363,209 and \$478,284, 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

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

	December 31, 2021		
	Cost	Allowance for Impairment Losses	Book Value
Raw Materials	\$ 95,174	(\$ 21,329)	\$ 73,845
Work-in-Process	32,626	(65)	32,561
Finished goods	46,560	(8,952)	37,608
Product	317,930	(29,818)	288,112
	<u>\$ 492,290</u>	<u>(\$ 60,164)</u>	<u>\$ 432,126</u>

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

	Year 2022	Year 2021
Cost of goods sold	\$ 1,225,007	\$ 1,397,451
Other operating expenses	41,015	40,983
Loss (or reversal) of decline on inventory	7,246	(37,227)
	<u>\$ 1,273,268</u>	<u>\$ 1,401,207</u>

The Group experienced a reversal of write-down on inventory during the year 2021 as a result of the sale of inventory for which provisions for losses had

been previously made, leading to the recognition of inventory recovery gains.

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

Item	December 31, 2022	December 31, 2021
Non-current Item :		
Equity Instruments		
Unlisted Stocks	\$ 58,973	\$ 58,973
Valuation Adjustments	47,454	108,909
	\$ 106,427	\$ 167,882

1. The Group 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>		
Recognized in other comprehensive income as fair value changes	(\$ 61,455)	\$ 96,807
	(\$ 61,455)	\$ 96,807

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 Group on December 31, 2022 and 2021 was \$106,427 and \$167,882, respectively, representing the worst-case scenario.
4. The Group 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

1. Details of investment accounted for using the equity method are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
PLENTY ISLAND (THAI) CO., LTD.	\$ 574	\$ 11,061
KUNSHAN KYOWA UNIVERSAL JOINT CO.,LTD ("Kunshan Jiyuhe")	31,629	30,992
Sunny-Yi Electronics Co., Ltd.	31,108	30,221
	<u>\$ 63,311</u>	<u>\$ 72,274</u>

	<u>Year 2022</u>	<u>Year 2021</u>
January 1	\$ 72,274	\$ 79,344
Share of profit or loss from investments accounted for using the equity method.	2,484	26,224
Share of dividends from investments accounted for using the equity method.	(17,147)	(28,532)
Other changes in equity.	5,700	(4,762)
December 31	<u>\$ 63,311</u>	<u>\$ 72,274</u>

2. Associate

The summarized book values and shares of individual non-significant related party entities of the group are as follows:

As of December 31, 2022 and 2021, the total book values of individual non-significant related party entities of the group were \$63,311 and \$72,274, respectively.

	<u>Year 2022</u>	<u>Year 2021</u>
Continuing operations profit for the current period	\$ 33,930	\$ 103,666
Other comprehensive income (net of tax)	-	-
Total comprehensive income for the current period	<u>\$ 33,930</u>	<u>\$ 103,666</u>

3. The group holds a 25% equity interest in PLENTY ISLAND (THAI) CO., LTD., which makes the group the single largest shareholder. However, considering that the remaining 75% equity interest of PLENTY ISLAND (THAI) CO., LTD. is concentrated in other investors, who together hold voting rights that exceed those of the group, it indicates that the group does not have the actual ability to control the significant activities of the company. Therefore, the group has determined that it has significant influence but not control over the company.

(viii.) Property, plant, and equipmentMachinery and Equipment

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

Note: Mainly the transfer of inventory

Machinery and Equipment

	Land	Buildings and Structures	For own use	For lease	Subtotal	Transportation Equipment	Office Equipment	Other Equipment	Total
January 1, 2021									
Cost	\$ 150,319	\$ 112,079	\$ 28,929	\$ 10,235	\$ 39,164	5,561	6,700	12,379	326,202
Accumulated Depreciation	-	(36,749)	(11,696)	(4,437)	(16,133)	(4,060)	(3,797)	(5,887)	(66,626)
	<u>\$ 150,319</u>	<u>\$ 75,330</u>	<u>\$ 17,233</u>	<u>\$ 5,798</u>	<u>\$ 23,031</u>	<u>1,501</u>	<u>2,903</u>	<u>6,492</u>	<u>259,576</u>
January 1, 2021	\$ 150,319	\$ 75,330	\$ 17,233	\$ 5,798	\$ 23,031	1,501	2,903	6,492	259,576
Additions	-	-	-	-	-	1,348	219	-	1,567
Disposals	-	-	(208)	-	(208)	(121)	(10)	(1,197)	(1,536)
Reclassifications (Note)	-	-	719	-	719	-	-	9,897	10,616
Depreciation Expense	-	(2,297)	(6,919)	(3,220)	(10,139)	(742)	(832)	(1,947)	(15,957)
Foreign Exchange Impact	-	-	(10)	(46)	(56)	(9)	(3)	(9)	(77)
December 31	<u>\$ 150,319</u>	<u>\$ 73,033</u>	<u>\$ 10,815</u>	<u>\$ 2,532</u>	<u>\$ 13,347</u>	<u>1,977</u>	<u>2,277</u>	<u>13,236</u>	<u>254,189</u>
December 31, 2021									
Cost	\$ 150,319	\$ 112,079	\$ 25,895	\$ 10,157	\$ 36,052	3,167	4,690	20,219	326,526
Accumulated Depreciation	-	(39,046)	(15,080)	(7,625)	(22,705)	(1,190)	(2,413)	(6,983)	(72,337)
	<u>\$ 150,319</u>	<u>\$ 73,033</u>	<u>\$ 10,815</u>	<u>\$ 2,532</u>	<u>\$ 13,347</u>	<u>1,977</u>	<u>2,277</u>	<u>13,236</u>	<u>254,189</u>

Note: Mainly the transfer of inventory

1. There is no capitalization of interest by the Company.

2. For information regarding collateral provided by real estate, plant, and equipment, please refer to Note 8.

(ix.) Lease transactions - lessee

The leased assets of the group include land use rights, buildings, machinery and equipment, official cars, and multifunctional office machines. The lease terms typically range from 1 to 50 years. The lease contracts are individually negotiated and contain various terms and conditions without any additional restrictions.

The book value of right-of-use assets and lease liabilities and the depreciation expense recognized are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Book value</u>	<u>Book value</u>
Usage Rights Assets:		
Buildings	\$ 24,271	\$ 30,443
Machinery and equipment	169	345
Transportation equipment	496	339
	<u>\$ 24,936</u>	<u>\$ 31,127</u>

	<u>Year 2022</u>	<u>Year 2021</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Buildings	\$ 10,948	\$ 10,331
Machinery and equipment	174	197
Transportation equipment	317	346
	<u>\$ 11,439</u>	<u>\$ 10,874</u>

3. The Group added \$8,003 and \$37,725 of right-of-use assets in 2022 and 2021, respectively.
4. The following information pertains to profit or loss items related to lease contracts:

	<u>Year 2022</u>	<u>Year 2021</u>
Items affecting current period income statement:		
Interest expense on lease liabilities	\$ 906	\$ 1,051
Expenses related to short-term lease contracts	883	765
Expenses related to leases of low-value assets	87	24

5. The Group's cash outflows from leasing activities were \$19,470 and \$14,892 for the years ended December 31, 2022 and 2021, 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	–	(18,542)	(18,542)
	<u>\$ 51,933</u>	<u>\$ 35,240</u>	<u>\$ 87,173</u>
January 1, 2022	\$ 51,933	\$ 35,240	\$ 87,173
Depreciation Expense	–	(1,054)	(1,054)
December 31	<u>\$ 51,933</u>	<u>\$ 34,186</u>	<u>\$ 86,119</u>
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>
January 1, 2021	\$ 51,933	\$ 36,294	\$ 88,227
Depreciation Expense	–	(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>
Rental income from investment properties	\$ 4,843	\$ 4,755
Direct operating expenses incurred by investment properties generating rental income in the current period	\$ 1,054	\$ 1,054

2. The fair values of the Group'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 are two properties located on Zhouzi Street, Neihu District. The lease terms are from January 15, 2019 to March 31, 2024 and from June 1, 2019 to July 31, 2024, respectively.
4. Please refer to Note 8 for details of the Group's investment properties provided as collateral for pledge.

(xi.) Other non-current assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deposits received (Note 1)	\$ 4,863	\$ 39,407
Other assets - other	27,081	26,232
Long-term receivables (Note 2)	19,836	19,548
	<u>\$ 51,780</u>	<u>\$ 85,187</u>

Note 1: As of December 31, 2021, \$34,588 of the deposit is a litigation guarantee deposit. Please refer to Notes 8 and 9(1) for information on other non-current assets provided as collateral.

Note 2: The remaining payment for the sale of non-current assets held for sale, which has not been received due to contractual obligations, please refer to Note 6(12) for details.

(xii.) Non-current assets held for sale/Discontinued operations

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 revised price for the equity transfer is RMB 9.7million (equivalent to USD), and the purchase price adjustment amount was 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 4,500,000 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 gain/loss adjustment	<u>\$ 23,441</u>

The equity directly associated with non-current assets held for sale is realized upon the disposal of such assets.

4. The profit/loss of related discontinued operations of the Company in February 2021 is as follows:

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

Note 1: Including the remaining payment receivable of \$19,836 (listed under other non-current assets), 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 subsidiary amounted to \$94,126.

Note 3: Please refer to Note 6(21) in the accompanying notes.

Note 4: The unrealized sale-and-leaseback gain generated by the Group's leasing of part of Aurotek Kunshan factory buildings will be treated as a deduction from the right-of-use assets and will be amortized to offset the depreciation expense of the right-of-use assets during the lease term.

5. Supplementary information on cash flows related to the disposal of non-current assets held for sale:

	<u>Year 2021</u>
Property, plant and equipment	
Beginning balance of the period	\$ 207,816
Disposal of property, plant and equipment	(206,813)
Depreciation expenses	(1,334)
Impact of exchange rate	331
Ending balance of the period	<u>\$ -</u>
	<u>Year 2021</u>
Right-of-use assets	
Beginning balance of the period	\$ 21,007
Depreciation expenses	(48)
Impact of exchange rate	33
Sale of right-of-use assets	(20,992)
Ending balance of the period	<u>\$ -</u>

6. Supplementary information on cash inflows from the disposal of subsidiaries:

	Year 2021
Cash and cash equivalents received for the current period	\$ 377,401
Less: cash and cash equivalents balance from disposal	(94,126)
	283,275
Cash and cash equivalents of non-current assets held for sale at the beginning of the period	109,383
	\$ 392,658

(xiii.) Short-term borrowings

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

<u>Borrowing nature</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
Unsecured borrowings	24,000	1.05%~1.1%	None
	\$ 164,000		

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.

(xiv.) Other accounts payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accrued salaries and bonuses	\$ 50,856	\$ 54,822
Accrued employee and director remuneration	21,531	25,425
Accrued commission payable	6,385	6,385
Accrued expenses - others	29,147	32,291
Other payables	8,400	4,091
	\$ 116,319	\$ 123,014

(xv.) Liability reserve

	<u>Warranty</u>	<u>Litigation</u>	<u>Total</u>
January 1, 2022	\$ 9,005	\$ 34,588	\$ 43,593
Provision for liabilities added during the period	2,223	-	2,223
Provision for liabilities used during the period	(3,590)	(12,910)	(16,500)
Provision for liabilities reversed during the period	-	(21,678)	(21,678)
December 31, 2022	\$ 7,638	\$ -	\$ 7,638
	<u>Warranty</u>	<u>Litigation</u>	<u>Total</u>
January 1, 2021	\$ 6,536	\$ 34,588	\$ 41,124
Provision for liabilities added during the period	6,788	-	6,788
Provision for liabilities used during the period	(4,319)	-	(4,319)
December 31, 2021	\$ 9,005	\$ 34,588	\$ 43,593

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

(xvi.) Long-term borrowings

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

1. In 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. The aforementioned borrowing was fully repaid ahead of schedule on November 12, 2021.
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 Group 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 of the principal at maturity. The aforementioned loan was fully repaid in advance in October of 2020. Following that, the Group signed a new loan agreement with the Taiwan SME Bank North Sanchong Branch for a total

borrowing of \$50,000. The loan period is from October 2020 to November 2023, with monthly interest payments and a one-time repayment of the principal at maturity. The previous loan was fully repaid ahead of schedule in April 2021.

4. Please refer to Note 8 for information on the collateral situation.
5. Details of unused loan facilities of the Group are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
One year or less to maturity	<u>\$ 1,040,000</u>	<u>\$ 836,000</u>

Please refer to Note 12(2) 3. (3) for the Group's liquidity risk.

(xvii.) 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:

	December 31, 2022	December 31, 2021
Determination of present value of welfare obligations	(\$ 34,321)	(\$ 38,791)
Fair value of plan assets	<u>25,084</u>	<u>26,049</u>
Net defined benefit liability (listed under "other non-current liabilities" in the balance sheet)	(\$ 9,237)	(\$ 12,742)

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

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Year 2022			
Balance of January 1	(\$ 38,791)	\$ 26,049	(\$ 12,742)
Service cost of the period	(227)	-	(227)
Interest (expense) income	(271)	182	(89)
	<u>(39,289)</u>	<u>26,231</u>	<u>(13,058)</u>
Remeasurement amount			
Excluded amount relating to plan asset loss, including interest income or expense	-	1,944	1,944
Financial assumption change	1,780	-	1,780
Experience adjustment	(358)	-	(358)
	<u>1,422</u>	<u>1,944</u>	<u>3,366</u>
Retirement benefit obligation	-	455	455
Retirement benefit paid	3,546	(3,546)	-
Balance as of December 31	<u>(\$ 34,321)</u>	<u>\$ 25,084</u>	<u>(\$ 9,237)</u>
Year 2021			
Balance of January 1	(\$ 38,167)	\$ 25,118	(\$ 13,049)
Service cost of the period	(257)	-	(257)
Interest (expense) income	(114)	75	(39)
	<u>(38,538)</u>	<u>25,193</u>	<u>(13,345)</u>
Remeasurement amount			
Excluded amount relating to plan asset loss, including interest income or expense	-	378	378
Impact of demographic assumptions changes.	(29)	-	(29)
Financial assumption change	1,283	-	1,283
Experience adjustment	(1,507)	-	(1,507)
	<u>(253)</u>	<u>378</u>	<u>125</u>
Retirement benefit obligation	-	478	478
Balance as of December 31	<u>(\$ 38,791)</u>	<u>\$ 26,049</u>	<u>(\$ 12,472)</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 growth rate	2.25%	2.25%

The assumption regarding future mortality rates is based on the Taiwan life insurance industry's sixth experience mortality table, and the impact of changes in the main actuarial assumptions used on the determination of the present value of the benefit obligations is analyzed as follows:

	<u>Discount Rate</u>		<u>Future Salary Increase Rate</u>	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2022				
Impact of the Determined				
Benefit Obligation	(\$ 704)	\$ 726	\$ 632	\$ 616
Present Value				
	<u>Discount Rate</u>		<u>Future Salary Increase Rate</u>	

	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2021				
Impact of the Determined Benefit Obligation	(\$ 751)	\$ 776	\$ 666	(\$ 649)
Present Value				

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) Since July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution retirement plan in accordance with the "Labor Standards Act," applicable to employees of Taiwanese nationality. 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) A subsidiary of the Group registered in the People's Republic of China follows the pension insurance system stipulated by the Chinese government, which requires a certain percentage of monthly contributions to be made based on the total amount of employee salaries. The retirement benefits of each employee are arranged and

managed by the government, and apart from monthly contributions, there are no further obligations.

- (3) In 2022 and 2021, the retirement benefits recognized by the Group in accordance with the aforementioned pension scheme were \$8,677 and \$8,142, respectively.

(xviii.) 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.

(xix.) 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.

(xx.) 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: to match the current and future development plans, consider the investment environment,

capital needs, and shareholder interests, etc., and allocate dividends not less than ten percent of the distributable profits each year, which can be distributed in cash or stock. The cash dividend shall not be less than twenty percent of the total dividends.

3. The statutory surplus reserve may not be utilized except for offsetting the company's losses or issuing new shares or cash dividends in proportion to the shareholders' original shareholding. However, in the case of issuing new shares or cash dividends, the surplus reserve can only be used up to an amount exceeding 25% of the paid-in capital.
4. (1) The Company shall first set aside a special reserve from the debit balance on the "other equity" item at the balance sheet date before distributing earnings, and later when this debit balance on the "other equity" item is reversed, the reversed amount can be included in distributable earnings.

(2) As of December 31, 2022 and 2021, the special reserve for surplus earnings of the Company amounted to \$2,713 and \$23,330, respectively. This is the first time that the Group has chosen to recognize the cumulative translation differences arising from the overseas operation entities as zero in accordance with the IFRSs. The adjustment amount was transferred to the special reserve for surplus earnings in accordance with the letter issued by the Financial Supervisory Commission on April 6, 2012, with reference number 1010012865. 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:

	Year 2021		Year 2020	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Appropriation to legal reserve	\$ 26,512		\$ 1,077	
Appropriation to special reserve	(20,617)		7,101	
Distribution of cash dividends to shareholders	149,021	\$ 1.80	41,395	\$ 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 2022 and 2021 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 :

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

(1) For information on employee and director compensation, please refer to Note 6(27).

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

(xxi.) Other equity items

	Year 2022			
	Unrealized gains and losses on valuation	Foreign currency translation	Equity related to assets held for sale	Total
January 1	\$ 126,038	(\$ 19,591)	\$ -	\$ 106,447
Evaluation adjustment	(61,455)	-	-	(61,455)
Foreign exchange translation differences:				
- Consolidated	-	3,129	-	3,129
- Tax amount of the consolidated group	-	(626)	-	(626)
- Related companies	-	5,700	-	5,700
- Tax amount of related companies	-	(1,133)	-	(1,133)
December 31	\$ 64,583	(\$ 12,521)	\$ -	\$ 52,062

	Year 2021			
	Unrealized gains and losses on valuation	Foreign currency translation	Equity related to assets held for sale	Total
January 1	\$ 29,231	(\$ 12,890)	(\$ 23,441)	\$ 7,100
Evaluation adjustment	96,807	-	-	(96,807)
Foreign exchange translation differences:				
- Consolidated	-	(3,605)	500	(3,105)
- Tax amount of the consolidated group	-	721	-	721
- Related companies	-	(4,762)	-	(4,762)
- Tax amount of related companies	-	945	-	945

Effect on equity of disposal of subsidiary	-	-	22,941	22,941
December 31	<u>\$ 126,038</u>	<u>(\$ 19,591)</u>	<u>\$ -</u>	<u>\$ 106,447</u>

Revenue from operations

1. Details of customer contract revenue

The Group's revenue is mainly from the following lines of products and regions: The Group's revenue is derived from the provision of goods and services and can be classified into the following main product lines and geographic regions:

Year 2022	Automated Components				Automated Equipment				Energy-saving and Safety	Other	Total
	Taiwan	Mainland China	Japan	Other	Taiwan	Mainland China	Japan	Other	Taiwan	Taiwan	
External Revenue	\$ 925,288	\$ 296,612	\$ 9,960	\$ 4,746	\$ 116,915	\$ 247,005	\$ 18,645	\$ 131,560	\$ 39,115	\$ 13,654	\$ 1,803,500
Recognition Timing of Revenue											
Revenue Recognized at a Certain Point in Time	\$ 925,288	296,612	\$ 9,960	\$ 4,746	# 116,915	\$ 247,005	\$ 18,645	\$ 131,560	\$ 39,115	\$ 13,654	\$ 1,803,500
Year 2021	Automated Components				Automated Equipment				Energy-saving and Safety	Other	Total
	Taiwan	Mainland China	Japan	Other	Taiwan	Mainland China	Japan	Other	Taiwan	Taiwan	
External Revenue	\$ 951,498	\$ 409,645	\$ 13,852	\$ 81	\$ 90,859	\$ 281,950	\$ 21,245	\$ 146,369	\$ 34,191	\$ 12,829	\$ 1,962,519
Recognition Timing of Revenue											

Revenue Recognized at a Certain Point in Time	\$ 951,498	\$ 409,645	\$ 13,852	\$ 81	\$ 90,859	\$ 281,950	\$ 21,245	\$ 146,369	\$ 34,191	\$ 12,829	1,962,519
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2. Contract assets and contract liabilities

(1) The contract liabilities related to customer contract revenue recognized by the Group are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract Liabilities:			
Advance Customer Payments	\$ 2,949	\$ 5,098	\$ 5,272

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

	<u>Year 2022</u>	<u>Year 2021</u>
Contract Liabilities Beginning Balance		
Recognized Revenue of the Current Period:		
Advance Customer Payments	\$ 5,098	\$ 5,050

(xxiii.) Interest income

	<u>Year 2021</u>	<u>Year 2021</u>
Bank Deposit Interest:	\$ 2,672	\$ 748
Interest Income from Financial Assets Measured at Amortized Cost	1,291	590
	<u>\$ 3,963</u>	<u>\$ 1,338</u>

(xxiv.) Other income

	<u>Year 2022</u>	<u>Year 2021</u>
Rental Income	\$ 6,024	\$ 7,254
Dividend Income	17,096	5,822
Government Subsidies	1,073	290
Other Income (Note)	<u>24,866</u>	<u>2,084</u>
	<u>\$ 49,059</u>	<u>\$ 15,450</u>

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

(xxv.) Other gains and losses

	<u>Year 2022</u>	<u>Year 2021</u>
Financial assets at fair value through profit or loss	(89)	67
Net (loss) gain		
Net foreign exchange gain (loss)	26,113	(7,710)
Loss on disposal of property, plant and equipment	(1,435)	(946)
Gain on disposal of investment (Note)	-	102,745
Other losses	(273)	(335)
	<u>\$24,316</u>	<u>\$93,821</u>

Note: Please refer to Note 6(12) for an explanation.

(xxvi.) Finance costs

	<u>Year 2022</u>	<u>Year 2021</u>
Interest Expense		
Interest Expense on Bank Borrowings	\$ 469	\$ 3,253
Interest Expense on Lease Liabilities	906	1,051
	<u>\$ 1,375</u>	<u>\$ 4,304</u>

(xxvii.) Employee benefits and depreciation expenses.

1. Employee benefits and depreciation expenses.

By Function By Nature	Year 2022		
	Included in Cost of Sales	Included in Operating Expenses	Total
Employee Benefits Expense			
Salaries and Wages Expense	\$ 18,825	\$ 188,793	\$ 207,618
Labor and health insurance expenses.	1,573	13,751	15,324
Retirement benefits expenses.	968	8,025	8,993
Other employee expenses.	1,302	8,233	9,535

Depreciation expenses.	3,410	25,493	28,903
By Function	Year 2021		
By Nature	Included in Cost of Sales	Included in Operating Expenses	Total
Employee Benefits Expense			
Salaries and Wages Expense	\$ 18,396	\$ 190,737	\$ 209,133
Labor and health insurance expenses.	1,414	13,136	14,550
Retirement benefits expenses.	972	7,466	8,438
Other employee expenses.	1,463	8,572	10,035
Depreciation expenses.	5,117	24,150	29,267

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 and 2021 were based on the profit status as of the end of the respective periods, and were estimated at 5% and 2%, respectively.

The amounts of employee compensation and director and supervisor compensation for the fiscal year 2021, determined by the Board of Directors, are consistent with the amounts recognized in the

financial report for the fiscal year 2021.

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.

(xxviii.) 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 on current income	\$ 64,214	\$ 39,071
Additional tax on undistributed earnings	5,621	-
Overprovision of income tax in prior years	(277)	(12,898)
Total amount of current income tax	69,558	26,173
Deferred income tax:		
Origination and reversal of temporary differences	(104)	51,982
Exchange differences	(5)	25
Income tax expense	<u>\$ 69,449</u>	<u>\$ 78,180</u>

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

	<u>Year 2022</u>	<u>Year 2021</u>
Foreign exchange differences arising from foreign operations	(\$ 626)	\$ 721
Other comprehensive income (loss) attributable to equity holders of the parent from investments in associates	(1,133)	945
Remeasurements of defined benefit plans	(673)	(25)
	<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 at statutory tax rate on pretax income	\$ 57,343	\$ 73,350
(Note)		
Income tax impact of items excluded by tax laws and regulations	6,658	4,400
Income tax impact of investment tax credits	-	(800)

Changes in the realizability of deferred income tax assets	104	14,128
Additional tax on undistributed earnings	5,621	-
Prior year overprovision of income tax	<u>(277)</u>	<u>(12,898)</u>
Income tax expense	<u>\$ 69,449</u>	<u>\$ 78,180</u>

Note: The basis of applicable tax rates is calculated using the income tax rate of the related country.

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

	<u>Year 2022</u>			
	<u>January 1st</u>	<u>Recognized in profit</u> <u>or loss</u>	<u>Recognized under other</u> <u>Comprehensive income</u>	<u>December 31st</u>
Deferred tax assets:				
Temporary differences:				
Provision for unrealized inventory loss	\$11,150	\$ 1,425	\$ -	\$12,575
Accrued retirement benefit liabilities	2,549	(28)	(673)	1,848
Unrealized or contingent liabilities	6,917	(6,917)	-	-
Unrealized exchange losses	417	(417)	-	-
Expected credit loss provisions	2,744	262	-	3,006
Other	<u>3,270</u>	<u>-</u>	<u>-</u>	<u>3,270</u>
Subtotal	<u>27,047</u>	<u>(5,675)</u>	<u>(673)</u>	<u>20,699</u>
-Deferred income tax liabilities:				
Temporary differences:				
Foreign exchange differences arising from overseas operations	47	-	(1,759)	(1,712)
Unrealized foreign exchange gains	(11)	(1,095)	-	(1,106)
Equity method	<u>(44,670)</u>	<u>6,874</u>	<u>-</u>	<u>(37,796)</u>

investment gains				
Subtotal	(44,634)	5,779	(1,759)	(40,614)
Total	(\$17,587)	\$ 104	(\$ 2,432)	(\$19,915)

	Year 2021			
	<u>Recognized in profit</u>		Recognized under other	
	<u>January 1st</u>	<u>or loss</u>	<u>Comprehensive income</u>	<u>December 31st</u>
Deferred tax assets:				
Temporary differences:				
Provision for				
unrealized inventory loss	\$18,594	(\$ 7,444)	\$ -	\$11,150
Accrued retirement				
benefit liabilities	2,610	(36)	(25)	2,549
Unrealized or				
contingent liabilities	6,917	-	-	6,917
Unrealized exchange				
losses	136	281	-	417
Expected credit loss				
provisions	4,222	(1,478)	-	2,744
Other	2,732	538	-	3,270
Tax loss	<u>190</u>	<u>(190)</u>	<u>-</u>	<u>-</u>
Subtotal	<u>35,401</u>	<u>(8,329)</u>	<u>(25)</u>	<u>27,047</u>
-Deferred income tax				
liabilities:				
Temporary differences:				
Foreign exchange				
differences arising from				
overseas operations	(1,619)	-	1,666	47
Unrealized foreign				
exchange gains	(1,028)	1,017	-	(11)
Equity method				
investment gains	<u>-</u>	<u>(44,670)</u>	<u>-</u>	<u>(44,670)</u>
Subtotal	<u>(2,647)</u>	<u>(43,653)</u>	<u>1,666</u>	<u>(44,634)</u>
Total	<u>\$32,754</u>	<u>(\$ 51,982)</u>	<u>\$ 1,641</u>	<u>(\$17,587)</u>

4. Income tax of the Company has been assessed and

determined by the tax authorities up to the year 2020.

(xxix.) Earnings per share

	<u>Year 2022</u>		
		Weighted average shares outstanding	Earnings per share
	<u>Amount after tax</u>	<u>Shares outstanding</u> (thousand shares)	<u>(NTD)</u>
<u>Basic earnings per share</u>			
Net income attributable to the parent company for the current period	\$213,943	82,790	<u>\$ 2.58</u>
<u>Diluted Earnings Per Share</u>			
Impact of Dilutive Potential Common Shares			
Employee Compensation	<u>-</u>	<u>588</u>	
Net income attributable to the parent company for the current period			
Diluted earnings per share including potential common shares impact.	<u>\$213,943</u>	<u>83,378</u>	<u>\$ 2.57</u>

	<u>Year 2021</u>		
		Weighted average shares outstanding	Earnings per share
	<u>Amount after tax</u>	<u>Shares outstanding</u> (thousand shares)	<u>(NTD)</u>
<u>Basic earnings per share</u>			
Net income attributable to the parent company for the current period	\$265,019	82,790	<u>\$ 3.20</u>
<u>Diluted Earnings Per Share</u>			
Impact of Dilutive Potential Common Shares			
Employee Compensation	<u>-</u>	<u>882</u>	
Net income attributable to the parent			

company for the current period

Diluted earnings per share
including potential common shares
impact.

\$265,019

83,672

\$ 3.17

(xxx.) Changes in liabilities from fundraising activities

	<u>Short-term</u> <u>borrowings</u>	<u>Long-term</u> <u>borrowings</u>	<u>Lease</u> <u>liabilities</u>	Deposits received as guarantee <u>(Note)</u>	Proceeds from financing activities <u>Total amount of</u> <u>liabilities</u>
As of January 1, 2022	\$164,000	\$ 1,000	\$58,543	\$ 808	\$ 224,351
Changes in financing cash flows	(164,000)	(1,000)	(17,594)	-	(182,594)
Other non-cash changes	-	-	8,003	-	8,003
Impact of exchange rate fluctuations	-	-	86	-	86
December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$49,038</u>	<u>\$ 808</u>	<u>\$ 49,846</u>

	<u>Short-term</u> <u>borrowings</u>	<u>Long-term</u> <u>borrowings</u>	<u>Lease</u> <u>liabilities</u>	Deposits received as guarantee <u>(Note)</u>	Proceeds from financing activities <u>Total amount of</u> <u>liabilities</u>
January 1, 2021	\$130,000	\$266,200	\$ 9,693	\$ 808	\$ 406,701
Changes in financing cash flows	34,000	(265,200)	(13,052)	-	(244,252)
Other non-cash changes	-	-	61,990	-	61,990
Impact of exchange rate fluctuations	-	-	(88)	-	(88)
December 31, 2021	<u>\$164,000</u>	<u>\$ 1,000</u>	<u>\$58,543</u>	<u>\$ 808</u>	<u>\$ 224,351</u>

VII. Transactions with related parties

(i.) Names of related parties and relationships

<u>Related party name</u>	<u>Relationship with the Company</u>
KUNSHAN KYOWA UNIVERSAL JOINT CO.,LTD. ("Kunshan Jiyuhe")	Subsidiaries of the Company
PLENTY ISLAND (THAI) CO., LTD.(「THAI AUROTEK」)	Subsidiaries of the Company

(ii.) Significant transactions with related parties

1. Revenue from operations

	<u>Year 2022</u>	<u>Year 2021</u>
Sales of Goods:		
Related Companies	<u>\$ 1,083</u>	<u>\$ 11,908</u>

The sales and payment terms between the Group and related 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>
Purchase of goods:		
Related Companies	<u>\$ 48,965</u>	<u>\$ 84,527</u>

The purchase price for the Group's related parties is determined based on market prices, and the payment terms are around 180 days for monthly settlement. The payment terms for general customers are within 90 to 180 days for monthly settlement.

3. Other receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Related Companies	<u>\$ -</u>	<u>\$ 52</u>

4. Amount of payables to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
Kunshan Jiyuho	<u>\$ 16,826</u>	<u>\$ 31,827</u>

5. Rental revenue

	<u>Year 2022</u>	<u>Year 2021</u>
Kunshan Jiyuho	<u>\$ 2,909</u>	<u>\$ 2,339</u>

(iii.) Information on compensation of key management personnel

	<u>Year 2022</u>	<u>Year 2021</u>
Salary and other short-term employee benefits	\$ 22,666	\$ 15,527
Post-employment benefits	<u>361</u>	<u>291</u>
	<u>\$ 23,027</u>	<u>\$ 15,818</u>

VIII. Collateralized assets

The Group's collateralized assets are listed below:

<u>Asset Items</u>	<u>Book Value</u>		<u>Collateral Use</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
	\$ 31,485	\$ 165,239	Short-term Loans, Project Performance Bonds, and Guarantees
Pledged Time Deposit (Financial Assets Measured at Amortized Cost)			Long-term borrowings
Real Estate, Plant and Equipment	210,008	212,036	
Investment Properties	86,119	87,173"	
Deposits for guarantees (Note)			Legal proceedings Collateral deposits
(List other non-current assets)	<u>-</u>	<u>34,588</u>	
	<u>\$ 327,612</u>	<u>\$ 499,036</u>	

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

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 amount of performance guarantee notes opened by the Group for engineering contracts is \$10,826 and \$10,135, respectively.
2. As of December 31, 2022 and 2021, the amount of customs duty guarantees that the Group should pay, which is guaranteed by a joint guarantee letter from a bank, is both \$1,000.

X. Significant Losses from Disasters

None

XI. Subsequent events of material importance

For the year 2022, please refer to Note 6(20) 6. for details on the profit distribution plan.

XII. Others

1.Capital management

The Group's capital management objectives are to secure the Company's ability to continue as a going concern, maintain the optimal capital structure for reducing the cost of capital, and to provide returns to our shareholders. To maintain or adjust the capital structure, the Group may adjust the amount of Dividend paid to shareholders, return capital to shareholders, or issue new shares or sell assets to reduce the liabilities.

2.Financial Instruments

1. Types of financial instruments

	<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		
- Designated as held for trading	\$ 119	\$ 208
Financial assets at fair value through other comprehensive income		
Equity instruments designated at fair value through profit or loss	\$ 106,427	\$ 167,882
Financial assets measured at amortized cost		
Cash and cash equivalents.	\$ 407,181	\$ 238,341
Financial assets measured at amortized cost	100,485	165,239
Accounts receivable	42,206	66,260
Accounts receivable (including related parties).	363,209	478,284
Other receivables (including related	6,828	757

parties)		
Long-term receivables (listed under other non-current assets).	19,836	19,548
Deposit for guarantee (listed under other non-current assets)	<u>4,863</u>	<u>39,407</u>
	<u>\$ 944,608</u>	<u>\$ 1,007,836</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>

Financial liabilities

Financial liabilities measured at amortized cost

Short-term borrowings	\$ -	\$164,000
Notes payable	1,412	810
Accounts payable (including related parties)	118,718	179,876
Other payables	116,319	123,014
Long-term loans (including those due within one year or operating cycle)	-	1,000
Deposits Received (Reported as Other Non-Current Liabilities)	808	808
	<u>\$237,257</u>	<u>\$469,508</u>
Lease Liabilities (Including Current and Non-Current Portion)	<u>\$49,038</u>	<u>\$58,543</u>

2. Risk management policies

- (1) The Group's regular operations are affected by multiple financial risks, including market risk (including the foreign exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk. The overall risk management policy of the Group focuses on unpredictable events in the financial markets and seeks to reduce potential adverse effects

on the financial condition and performance of the Group.

(2) The risk management work is executed by the Finance Department of the Group in accordance with the policies approved by the Board of Directors. The Finance Department of the Group works closely with the operating units of the Group to identify, assess and mitigate financial risks. 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. The Group operates internationally and is subject to exchange rate risk arising from transactions denominated in currencies other than the functional currencies of the Group and its subsidiaries, mainly including the US dollar, Chinese yuan, Japanese yen, and Thai baht. The related exchange rate risk arises from future business transactions and recognized assets and liabilities.

B. The Group's management has set policies requiring the Group to manage the foreign exchange rate risk related to its functional currency.

C. The business activities of the Group involve several non-functional currencies (the functional currencies of the Company and some subsidiaries are New Taiwan dollars, and the functional currencies of some subsidiaries are Chinese yuan and Japanese yen), thus being subject to the impact of exchange rate fluctuations. The significant foreign currency assets and liability information affected by significant exchange rate fluctuations are as follows:

				<u>December 31, 2022</u>		
						Book value
				<u>Foreign currency (in</u>	<u>Exchange rate</u>	<u>(NT dollars)</u>
				<u>thousands of dollars)</u>		
Foreign currency: functional currency						
<u>Financial Assets</u>						
<u>Monetary items</u>						
US dollar: NT dollar	\$	8,850		30.71	\$	271,784
Japanese yen: NT dollar		46,382		0.2324		10,779
RMB: NT dollar		8,084		4.4080		35,634
<u>Non-monetary items</u>						
RMB: NT dollar	\$	7,057		4.4080	\$	31,108
THB: NT dollar		642		0.8941		574
<u>Financial liabilities</u>						
<u>Monetary items</u>						
US dollar: NT dollar	\$	484		30.71	\$	14,864
Japanese yen: NT dollar		30,620		0.2324		7,116
RMB: NT dollar		605		4.4080		2,667
				<u>December 31, 2021</u>		
						Book value
				<u>Foreign currency (in</u>	<u>Exchange rate</u>	<u>(NT dollars)</u>
				<u>thousands of dollars)</u>		
Foreign currency: functional currency						

Financial Assets

Monetary items

US dollar: NT dollar	\$ 11,973	27.68	\$ 331,413
Japanese yen: NT dollar	28,920	0.2405	6,955
RMB: NT dollar	11,700	4.3440	50,825

Non-monetary items

RMB: NT dollar	\$ 7,134	4.3440	\$ 30,992
THB: NT dollar	13,251	0.8347	11,061

Financial liabilities

Monetary items

US dollar: NT dollar	\$ 290	27.68	\$ 8,027
Japanese yen: NT dollar	43,380	0.2405	10,433
RMB: NT dollar	101	4.3440	439

D. Explanation of unrealized foreign exchange losses/gains on monetary items of this group due to significant impact of exchange rate fluctuations:

Year 2022

Foreign exchange gain or loss

Foreign currency (in thousands of dollars) Exchange rate Book value

Foreign currency: functional currency

Financial Assets

Monetary items

US dollar: NT dollar	30.71	\$ 2,489
Japanese yen: NT dollar	0.2324	15
RMB: NT dollar	4.4080	217

Financial liabilities

Monetary items

US dollar: NT dollar	30.71	\$ 1,915
Japanese yen: NT dollar	0.2324	93
RMB: NT dollar	4.4080	76

Year 2021

Realized/Unrealized foreign exchange gains/losses

Foreign currency (in Exchange rate Book value

thousands of dollars)

Foreign currency: functional currency

Financial Assets

Monetary items

US dollar: NT dollar	27.68	(\$	1,674)
Japanese yen: NT dollar	0.2405	(	57)
RMB: NT dollar	4.3440		168

Financial liabilities

Monetary items

Japanese yen: NT dollar	27.68	\$	381
US dollar: NT dollar	0.2405		308
RMB: NT dollar	4.3440		5

Year 2022

Sensitivity analysis

	<u>Range of</u>	<u>Impact on</u>	<u>Impact on others</u>
	<u>variation</u>	<u>profit/loss</u>	<u>Comprehensive</u>
			<u>income</u>
Foreign currency: functional currency			
<u>Financial Assets</u>			
<u>Monetary items</u>			
US dollar: NT dollar	1%	\$ 2,718	\$ -
Japanese yen: NT dollar	1%	108	-
RMB: NT dollar	1%	356	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
US dollar: NT dollar	1%	\$ 149	\$ -
Japanese yen: NT dollar	1%	71	-

E. The analysis of foreign exchange market risk in this Group due to significant impact from exchange rate fluctuations is as follows:

		<u>Year 2021</u>		
		<u>Sensitivity analysis</u>		
		<u>Range of</u>	<u>Impact on</u>	<u>Impact on others</u>
		<u>variation</u>	<u>profit/loss</u>	<u>Comprehensive</u>
				<u>income</u>
Foreign currency: functional currency				
<u>Financial Assets</u>				
<u>Monetary items</u>				
US dollar: NT dollar	1%	\$	3,314	\$ -
Japanese yen: NT dollar	1%		70	-
RMB: NT dollar	1%		508	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
US dollar: NT dollar	1%	\$	80	\$ -
Japanese yen: NT dollar	1%		104	-
RMB: NT dollar	1%		4	-

Price Risk

- A. This Group 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. In managing the price risk of equity instruments investment, this Group diversifies its investment portfolio according to the limits set by this Group.
- B. This Group mainly invests in equity instruments issued by domestic companies, and the price of these equity instruments may 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 this Group mainly arises from long-term borrowings issued at floating rates, exposing the Group to cash flow interest rate risk. In the years 2022 and 2021, the borrowings issued at floating rates by this Group are mainly denominated in New Taiwan Dollar and Renminbi.
- B. The Group's loans are measured at amortized cost and the interest rates are re-set each year according to the contract. Therefore, the Group is exposed to the risk of future market interest rate changes.
- C. In the event that the interest rates for New Taiwan Dollars and Renminbi loans increase or decrease by 1%, while all other factors remain constant, the net profit after tax for the years 2022 and 2021 will decrease by \$0 and increase by \$1,069, respectively, mainly due to the fluctuation in interest expenses caused by floating-rate loans.

(2) Credit Risk

- A. The credit risk of the Group 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 of receivables according to payment terms and the contractual cash flows of debt instruments measured at amortized cost.
- B. The Group establishes credit risk management from the Group's 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, each operating unit within the Group must conduct credit risk analysis and management before setting payment and delivery terms and conditions for new customers. 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. Based on past historical experience and industry characteristics, the Group considers that default has occurred when contract terms are overdue for more than 120 days.

D. The Group 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 Group 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 Group 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 Group continues to pursue legal proceedings to preserve its rights. As of December 31, 2022 and 2021, the Group has transferred the collection amounts through collection procedures and fully provided for bad debt reserves. The amounts were \$0 and \$1,680, respectively, and listed under other non-current assets.

H. (1) The Group adjusts the provision for doubtful accounts and contract assets based on the forward-looking consideration of the global economic environment by using specific period historical and current information to establish the loss rates. The provision matrix and loss rate method as of December 31, 2022 and 2021 are as follows:

<u>December 31,</u> <u>2022</u>	<u>Expected loss</u> <u>rate</u>	<u>Total book</u> <u>value</u>	<u>Allowance for doubtful</u> <u>accounts</u>
Not past due	0.01%	\$ 371,040	(\$ 10,468)
Past due 1-90 days	0.02%~0.07%	37,877	(379)
Past due over 91 days	0.1%~100%	<u>7,419</u>	<u>(74)</u>
		<u>\$ 416,336</u>	<u>(\$ 10,921)</u>
 <u>December 31,</u> <u>2021</u>	 <u>Expected loss</u> <u>rate</u>	 <u>Total book</u> <u>value</u>	 <u>Allowance for doubtful</u> <u>accounts</u>
Not past due	0.03%~0.2%	\$ 494,491	(\$ 4,078)
Past due 1-90 days	0.02%~5.2%	51,467	(2,617)
Past due over 91 days	0.13%~100%	<u>9,655</u>	<u>(4,374)</u>
		<u>\$ 555,613</u>	<u>(\$ 11,069)</u>

(2) Based on historical experience, the Group uses individual evaluation to calculate expected credit losses for customers with higher credit risks. The balance of accounts receivable and the provision for bad debts as of December 31, 2022 and 2021 were both \$0.

I. The table of changes in the provision for bad debts of accounts receivable and contract assets using the simplified method is as follows:

	<u>Year 2022</u>		
	<u>Accounts Receivable</u>		
	<u>Individual Assessment</u>	<u>Collective Assessment</u>	<u>Total</u>
January 1st	\$ -	\$ 11,069	\$ 11,069
Reversal of Impairment Losses	-	(419)	(419)
Exchange differences	-	271	271
	<u>\$ -</u>	<u>\$ 10,921</u>	<u>\$ 10,921</u>

	<u>Year 2021</u>		
	<u>Accounts Receivable</u>		
	<u>Individual Assessment</u>	<u>Collective Assessment</u>	<u>Total</u>
January 1st	\$ 12,356	\$ 4,350	\$ 16,706
Provision for Impairment Losses	-	6,481	6,481
Reversal of Impairment Losses	(12,255)	-	(12,255)
Exchange differences	(101)	238	137
December 31st	<u>\$ -</u>	<u>\$ 11,069</u>	<u>\$ 11,069</u>

The impairment loss reversed from the provision recognized for accounts receivable generated from customer contracts (considering the amount of collection amounts recovered through write-off of bad debts, \$1,680) in 2022 and 2021 were \$2,099 and \$5,774, respectively.

J. The debt instrument investments measured at

amortized cost are recorded by the Group, and the credit rating information is as follows:

	<u>December 31, 2022</u>			
	<u>Lifetime expected</u>			
		Credit risk	Credit-impaired	
		<u>Significant increase</u>	<u>Impairment</u>	<u>Total</u>
Financial assets measured at amortized cost				
Group 1	<u>\$100,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$100,485</u>

	<u>December 31, 2021</u>			
	<u>Lifetime expected</u>			
		Credit risk	Credit-impaired	
		<u>Significant increase</u>	<u>Impairment</u>	<u>Total</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 Group. The Group's finance department monitors the forecast of the Group's liquidity needs, ensuring that there are sufficient funds to support operational needs and maintaining sufficient unused borrowing commitments at all times to prevent the Group from violating relevant borrowing limits or terms.

B. The following table shows the non-derivative financial liabilities and derivative financial liabilities settled net or in total, grouped by relevant maturity dates. 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>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Total</u>
Notes payable	\$ 1,412	\$ -	\$ -	\$ 1,412
Accounts payable (including related parties)	118,718	-	-	118,718
Other payables	116,319	-	-	116,319
Lease liabilities	18,918	14,898	16,317	50,133

Non-derivative financial liabilities:

December 31, 2021	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Total</u>
Short-term borrowings	\$164,327	\$ -	\$ -	\$164,327
Notes payable	810	-	-	810
Account payable (include related persons)	179,876	-	-	179,876
Other payables	123,014	-	-	123,014
Lease liabilities	16,528	16,110	27,719	60,357
Long-term borrowings (including those due within one year)	1,002	-	-	1,002

(I) 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: Quoted prices (unadjusted) in active markets for identical assets or liabilities that

the entity can access at the measurement date. Active market refers to assets or liabilities that are traded with sufficient frequency and volume, and are valued at fair value in the

continuous stock investment.

Level 2: It refers to direct or indirect observable inputs of assets or liabilities, except quoted prices included in Level 1. The fair value of the financial bonds invested by the Group is included.

Level 3: Unobservable inputs of assets or liabilities. The Group's investments in equity instruments without active markets are also 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 Group 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 Group 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>Fair value measured using</u>				
<u>observable market data</u>				
Financial assets measured at				
fair value through profit or				
loss				
Equity securities	\$ 119	\$ -	\$ -	\$ 119
Financial assets 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>Fair value measured using</u>				
<u>observable market data</u>				
Financial assets measured at				
fair value through profit or				
loss				
Equity securities	\$ 208	\$ -	\$ -	\$ 208
Financial assets 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) The methods and assumptions adopted by the Group for fair value measurement are described below:

A. The Group 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 Group 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 Group 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 1st	\$ 167,882	\$ 71,075
Recognized in profit or loss as gains or losses.		
Accounted for unrealized gains or losses on equity investments measured at fair value through other comprehensive income.	(61,455)	96,807
December 31st	<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	Materiality	Range	Input and
<u>fair value</u>	<u>Valuation</u>	<u>Observed</u>	<u>Fair value</u>
	<u>techniques</u>	<u>inputs</u>	<u>(Weighted average)hierarchy</u>
Non-derivative equity instruments:			
Non-listed and over-the-counter	\$ 106,427	Comparable listed	Price-to-earnings multiplier, Not applicable
			The higher the multiplier and

company		companies	enterprise value	control
shares		law	multiplier	premium, the
				higher the fair
				value ;
	December 31, 2021		Materiality	Range
			<u>Valuation</u>	<u>Observed</u>
	<u>fair value</u>	<u>techniques</u>	<u>inputs</u>	<u>(Weighted average)hierarchy</u>
Non-derivative equity instruments:				
Non-listed and	\$ 167,882	Comparable	Price-to-earnings	Not applicable
over-the-counter		listed	multiplier,	The higher the
company		companies	enterprise value	multiplier and
shares		law	multiplier	control
				premium, the
				higher the fair
				value ;

9. The Group has carefully assessed the valuation models and parameters selected for use, but different valuation models or parameters may lead to different 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</u>		
	<u>Input values</u>	<u>Variations</u>	<u>Favorable variations</u>	<u>Unfavorable variations</u>
Financial Assets				
Equity instruments	Stock price	±10%	\$ 10,643	(\$ 10,643)
	Liquidity discount	±1%	<u>1,064</u>	<u>(1,064)</u>
			<u>\$ 11,707</u>	<u>(\$ 11,707)</u>

		<u>December 31, 2021</u>		
		<u>Recognized in other comprehensive income</u>		
	<u>Input values</u>	<u>Variations</u>	<u>Favorable variations</u>	<u>Unfavorable variations</u>
Financial Assets				
Equity instruments	Stock price	±10%	\$ 16,788	(\$ 16,788)
	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. Endorsement and guarantee for others: Not applicable.
3. Marketable securities held period end (excluding investments in subsidiaries, associates, and joint ventures): See Table 2 attached.
4. Cumulative purchase or sale of the same security reaches NT\$300 million or 20% of the paid-in capital: Not applicable.
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 sales or purchases with related parties reaches NT\$100 million or 20% of the paid-in capital: Not applicable.
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 3 for details.

(II) Re-investment related information

The investee's name, location, and other related information (excluding investees in mainland China): See Table 4.

(III) Investment in mainland China

1. Basic information: Please refer to Table 5 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 3 for details.

(IV) Major Shareholder Information

Major Shareholder Information: Please refer to Table 6.

XIV. Segment information

(I) General information

For management purposes, this group divides its operating units according to different product categories, and identifies reporting departments based on this model. This group has the following three reporting departments:

- 1.Automation Component Operating Unit: responsible for operating the group's automation products, including the development, research, production, sales, and technical support of various new products, electronic components, and modules.
- 2.Automation Equipment Operating Unit: responsible for developing, researching, producing, selling, and providing technical support for the group's automation equipment, optical communication products, photonic crystal technology, and optoelectronic component applications.
- 3.Energy-saving and Safety Operating Unit: responsible for developing, researching, producing, selling, and providing technical support for energy-saving and safety products within the group.

Measurement of Departmental Information.

The management of this group individually supervises the operating results of its business units to make decisions on resource allocation and performance evaluation. The performance of the operating units is evaluated based on their pre-tax profits, using a measure that excludes the impact of non-recurring income and expenses, and is consistent with the profit and loss measure in the consolidated financial statements of this group.

Segment information

The reportable segment information provided to main operations decision makers is as follows:

	<u>Automated</u>	<u>Automated</u>	<u>Energy-saving</u>		<u>Adjustments</u>	
<u>Year 2022</u>	<u>components</u>	<u>equipment</u>	<u>and safety</u>	<u>Other</u>	<u>and</u>	<u>Total</u>
					<u>eliminations</u>	
External revenue	\$1,236,606	\$514,125	\$39,115	\$13,654	\$ -	\$1,803,500
Revenue from internal departments	<u>56,763</u>	<u>168,616</u>	<u>30,655</u>	<u>115</u>	<u>(256,149)</u>	<u>-</u>
Department revenue	<u>\$1,293,369</u>	<u>\$682,741</u>	<u>\$69,770</u>	<u>\$13,769</u>	<u>(\$256,149)</u>	<u>\$1,803,500</u>
Department income and expenses	<u>\$ 228,987</u>	<u>\$113,561</u>	<u>(\$3,754)</u>	<u>(\$73,366)</u>	<u>\$ 17,462</u>	<u>\$ 282,890</u>
Department income and expenses include:						
Depreciation and amortization						<u>\$ 28,903</u>
Interest income						<u>\$ 3,963</u>
Interest expense						<u>\$ 1,375</u>
Investment income (loss) accounted for under equity method						<u>\$ 2,484</u>

	<u>Automated</u>	<u>Automated</u>	<u>Energy-saving</u>		<u>Adjustments</u>	
<u>Year 2021</u>	<u>components</u>	<u>equipment</u>	<u>and safety</u>	<u>Other</u>	<u>and</u>	<u>Total</u>
					<u>eliminations</u>	
External revenue	\$1,375,076	\$511,745	\$34,191	\$41,507	\$ -	\$1,962,519
Revenue from internal departments	<u>85,089</u>	<u>209,382</u>	<u>27,544</u>	<u>186</u>	<u>(322,201)</u>	<u>-</u>
Department revenue	<u>\$1,460,165</u>	<u>\$721,127</u>	<u>\$61,735</u>	<u>\$41,693</u>	<u>(\$322,201)</u>	<u>\$1,962,519</u>
Department income and expenses	<u>\$ 254,345</u>	<u>\$ 84,656</u>	<u>\$3,412</u>	<u>\$28,075</u>	<u>(\$ 27,043)</u>	<u>\$ 343,445</u>
Department income and expenses include:						
Depreciation and amortization						<u>\$ 29,267</u>
Interest income						<u>\$ 1,338</u>
Interest expense						<u>\$ 4,304</u>
Investment income (loss) accounted for under equity method						<u>\$ 26,224</u>

Reconciliation of segment profit and loss

The report for departmental management decision-making and the departmental income statement are not different, so no adjustments are needed.

Product-specific information.

The composition of revenue balance details is as follows:

	<u>Year 2022</u>	<u>Year 2021</u>
Revenue from automated components	\$ 1,236,606	\$ 1,375,076
Revenue from automated equipment	514,125	540,423
Revenue from energy-saving and safety products	39,115	34,191
Other	<u>13,654</u>	<u>12,829</u>
	<u>\$ 1,803,500</u>	<u>\$ 1,962,519</u>

Regional information

The regional information for the years 2022 and 2021 of the Company are as follows:

	<u>Year 2022</u>		<u>Year 2021</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 1,094,972	\$ 365,558	\$ 1,089,377	\$ 351,875
Mainland China	543,617	27,401	691,595	66,199
Japan	28,605	2,420	35,097	195
Other	<u>136,306</u>	<u>-</u>	<u>146,450</u>	<u>-</u>
	<u>\$ 1,803,500</u>	<u>\$ 395,379</u>	<u>\$ 1,962,519</u>	<u>\$ 418,269</u>

Important customer information

The information on important customers, who account for more than 10% of the consolidated revenue, for the years 2022 and 2021 of the Company are as follows:

	<u>Year 2022</u>		<u>Year 2021</u>	
	<u>Revenue</u>	<u>Department</u>	<u>Revenue</u>	<u>Department</u>
71-0937	<u>\$ 322,378</u>	Taiwan	<u>\$ 388,251</u>	Taiwan

AUROTEK CO., LTD.
Funds Loaned to
Others

January 1, 2022 to December 31, 2022

Table 1

Unit: New Taiwan
Dollars in Thousands
(Unless Otherwise
Specified)

Number (Note1)	Amount of Loan Company	Lending counterparties	Transactions (Note2)	Wheth er Relate d Parties	Current Period Maximum Amount (Note3)	Ending Balance (Note8)	Actual Disbursement Amount	Interest Rate, Zone Term	Funds Loaned and Nature (Note4)	Busines s Transaction Amount (Note5)	Short-term Borrowings Necessary Funds Reason (Note 6)	Provision for Bad Debts Bad debt amount	Collateral		Limits on Funds Loaned Amount (Note 7)	Funds Loaned to Total Limit (Note7)	Rema rks
													Name	Value			
0	AUROTEK CO., LTD.	AUROTEK Automation (Shanghai) Co., Ltd.	Other receivables -	Y	\$ 111,125	\$ 46,065	\$ -	-	2	\$ -	Operating turnover	\$-	-	\$ -	\$ 293,852	\$ 587,704	-
0	AUROTEK CO., LTD.	AUROTEK Automation (Shanghai) Co., Ltd.	Related parties Other receivables -	Y	38,709	-	-	-	1	102,826	Business dealings	-	-	-	70,694	587,704	-
			Related parties														

Note 1: Explanation of the numbering column as follows:

(1) The issuer fills in 0.

(2) The invested company is numbered sequentially by Arabic numerals starting from 1 according to company type.

Note 2: Items such as accounts receivable from related enterprises, accounts receivable from related parties, shareholder transactions, advances, and temporary advances...etc., if they belong to the nature of fund loans, should be filled in this column.

Note 3: The highest balance of funds loaned to others in the current year is calculated by multiplying the original foreign currency disclosure by the exchange rate on the balance sheet date.

Note 4: The filling method for the nature of fund loans is as follows:

(1) Please fill in 1 if there are business dealings.

(2) Please fill in 2 if there is a short-term funding need.

Note 5: If the nature of the fund loan belongs to business dealings, the amount of business dealings should be recorded. The amount of business dealings refers to the amount of business dealings between the company lending funds and the borrower in the most recent fiscal year.

Note 6: Regarding the nature of fund lending, if it is necessary for short-term liquidity, the reasons for the necessary lending and the purposes of the borrowed funds should be specifically explained, such as repayment of loans, purchase of equipment, business turnover, etc.

Note 7: The lending limits for individual entities are as follows:

(1) For AUROTEK, the lending amount to individual entities with whom there is business dealings shall not exceed the higher amount between the total purchase or sales amount between our company and the entity for the most recent or current fiscal year up to the time of the fund lending;

for short-term liquidity needs, the lending amount to individual entities shall not exceed 20% of the net worth as audited or reviewed by our accountant in the most recent period.

(2) For AUROTEK Shanghai, the lending amount to individual entities with short-term liquidity needs shall not exceed 20% of the net worth as audited or reviewed by our accountant in the most recent period.

The total lending limit for fund lending is as follows:

(1) For AUROTEK, the total amount of fund lending to others shall not exceed 40% of the net worth as audited or reviewed by our accountant in the most recent period.

(2) For AUROTEK Shanghai, the total amount of fund lending to others shall not exceed 40% of the net worth as audited or reviewed by our accountant in the most recent period.

Note 8: If a publicly traded company, in accordance with Article 14, Paragraph 1 of the Guidelines for the Handling of Fund Loans and Endorsement Guarantees by Publicly Traded Companies, lists the amount of a fund loan approved by the board of directors, even if the funds have not been disbursed, it should still be disclosed as a balance in the announcement to reveal the risk assumed. However, in the future, after the funds have been repaid, the balance remaining after repayment should be disclosed to reflect the adjustment of the risk. If a publicly traded company, in accordance with Article 14, Paragraph 2 of the Guidelines for the Handling of Fund Loans and Endorsement Guarantees, authorizes the chairman of the board of directors to make disbursements in installments or for revolving use within a certain amount and period of time, the balance declared in the announcement should still be the amount of the fund loan approved by the board of directors, even if the funds are repaid later, considering that there may be additional disbursements in the future.

AUROTEK CO., LTD.
 Securities holdings at the end of the period (excluding investments in subsidiaries, affiliated enterprises,
 and joint control parts)
 January 1, 2022 to December 31,
 2022

Unit: New Taiwan
 Dollars in
 Thousands
 (Unless Otherwise
 Specified)

Table 2

Company holding securities	Type and name of securities held (Note 1)	Relationship with the issuer of securities (Note 2)	Account title	Number of shares	End	peri	Fair value	Notes (Note 4)
					of	od		
					Book value (Note 3)	Percentage of ownership (%)		
AUROTEK Co., Ltd.	Shanghai Zirui Bearing Co., Ltd.	N/A	Measured at fair value through other comprehensive income Non-current financial assets - held for investment	-	\$ 23,337	10	\$23,337	N/A
AUROTEK Co., Ltd.	OILES (THAILAND) CO., LTD.	N/A	Measured at fair value through other comprehensive income Non-current financial assets - held for investment	156,000	80,812	15	80,812	N/A
AUROTEK Co., Ltd.	Job Information Co., Ltd.	N/A	Measured at fair value through other comprehensive income Non-current financial assets - held for investment	403,055	2,278	2.58	2,278	N/A
AUROTEK Co., Ltd.	HANBANG TECHNOLOGY CO., LTD.	N/A	Measured at fair value through other comprehensive income Non-current financial assets - held for investment	8,186	-	0.14	-	N/A
AUROTEK Co., Ltd.	WiSilica Inc.	N/A	Measured at fair value through other comprehensive income Non-current financial assets - held for investment	384,615	-	2.73	-	N/A
AUROTEK Co., Ltd.	TAI GU OPTOELECTRONICS CO., LTD.	N/A	Financial assets - current, measured at fair value through profit or loss	9,412	119	-	119	N/A

Note 1: The term "securities" referred to in this table refers to stocks, bonds, beneficial certificates, and securities derived from the above items within the scope of International Accounting Standard 39 "Financial Instruments: Recognition and Measurement."

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

Note 3: For those measured at fair value, in the "Amount" column, please fill in the book balance after fair value evaluation adjustment and deduction of accumulated impairment; for those not measured at fair value, please fill in the book balance after deducting the original acquisition cost or amortized cost and accumulated impairment.

Note 4: For the listed securities that are restricted in use due to providing collateral, pledging loans, or other agreements, the number of shares and amount of the collateral or pledge loans and the restriction on use shall be noted in the remarks column.

AUROTEK CO., LTD.

Business relationship and significant transaction details and amounts among the parent company, subsidiaries, and each subsidiary.

January 1, 2022 to December 31, 2022

Unit: New Taiwan Dollars in Thousands (Unless Otherwise Specified)

Table 3

Number (Note 1)	Name of Counterparty	Transaction Counterparty	Relationship with the Counterparty (Note 2)	Transaction Information			Percentage of Total Revenue or Assets Ratio (Note 3)
				Account	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 Enterprise Co., Ltd.	1	Purchases	46,437	Note 2	3%
1	Aurotek Automation (Shanghai) Co., Ltd.	Kunshan Jiyu He Precision Parts Co., Ltd.	3	Purchases	48,965	Note 2	3%
1	Aurotek Automation (Shanghai) Co., Ltd.	Kunshan Yichun Industrial Technology Co., Ltd.	3	Purchases	53,993	Note 2	3%

Note 1: For sales and collection conditions with related parties, if both parties have purchase and sales transactions, the collection will be made according to the payment conditions, and the credit policy is about 180 days of monthly settlement.

The credit policy for general customers is within 90 to 180 days of monthly settlement.

Note 2: The purchase price of related party transactions is determined based on market price, and the payment condition is about 180 days of monthly settlement. The payment condition for general customers is within 90 to 180 days of monthly settlement.

Note 3: It refers to loans for accounts receivable.

Note 1: Information on business transactions between the parent company and the subsidiary should be indicated separately in the numbering column, and the numbering method is as follows:

1. The parent company fills in 0.
2. The subsidiary is numbered sequentially from 1 according to the company type using Arabic numerals.

Note 2: There are three types of relationships with transaction parties, which can be marked as follows:

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

Note 3: The calculation of the ratio of transaction amount to total consolidated revenue or total assets is based on the year-end balance as a percentage of total consolidated assets for assets and liabilities items. For income and expenses items, it is based on the cumulative amount at the midpoint of the period as a percentage of total consolidated revenue.

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

AUROTEK CO., LTD.
Name and relevant information of invested company (excluding Mainland China
invested companies).
January 1, 2022 to December 31,
2022

Table 4

Unit: New Taiwan
Dollars in
Thousands
(Unless Otherwise
Specified)

Name of investment company	Name of invested company	Location of invested company.	Main business items of invested company.	Original investment amount		Number of shares	End-of-period holding percentage of ownership (%)	Book value	Investment income recognized in the current period of invested company.		Remarks
				End-of-period of the current period	End-of-period of the previous year				Profit or loss	Profit or loss	
AUROTEK CO., LTD.	OILES Enterprise Co., Ltd.	Taiwan	OILES Bearing and parts \$ manufacturing and sales	39,793	\$ 39,793	2,700,000	90	\$ 43,893	(\$ 5,022)	(\$ 4,259)	Subsidiary of the Company
AUROTEK CO., LTD.	AUROTEK INC.	Japan	Export and sales of electronic machinery and robotic arms.	37,226	37,226	2,599	100	12,965	512	512	Subsidiary of the Company
AUROTEK CO., LTD.	PLENTY ISLAND (THAI) CO., LTD.	Thailand	OILES Bearing and parts sales.	2,203	2,203	25,000	25	574	(12,705)	(2,327)	-
AUROTEK CO., LTD.	Sunye Electronics Co., Ltd	Taiwan	Sales of electronic components.	24,130	24,130	2,413,000	19	31,629	13,764	2,573	-

Table 4, page 1.

AUROTEK CO., LTD.

Mainland China investment information - Basic data

January 1, 2022 to December 31, 2022

Table 5

Unit: New Taiwan Dollars in Thousands (Unless Otherwise Specified)

Name of the invested company in Mainland China.	Main business items of invested company.	Paid-in capital	Method of investment. (Note 1)	Accumulated investment amount	Investment amount exported from or repatriated		Accumulated investment amount	Percentage of shareholding in Taiwan		Investment income/(loss) recognized in the current period.	Book value of investments at the end of the period.	Repatriated investment income recognized up to the end of the current period.	Remarks
				exported from Taiwan at the beginning of the period.	Export	Repatriation	exported from Taiwan at the beginning of the period.	Net income/(loss) of the invested company or indirectly invested in Taiwan. for the current period.	(%)				
Aurotek Automation (Shanghai) Co., Ltd.	International trade, processing and assembly machinery, electronic circuit board cutting machines.	\$46,592	1	\$46,592	\$ -	\$ -	\$46,592	(\$ 6,282)	100	(\$ 8,013)	\$197,995	\$ -	Note 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 Jiyu He Components Co., Ltd.	Precision Production and sales of couplings, automotive parts.	67,072	1	20,121	-	-	20,121	7,461	30	2,238	31,108	4,872	Note 2(2)B
Kunshan Yichun Industrial Technology Co., Ltd.	Production and sales of various electronic equipment high-end building hardware and related accessories.	14,983	1	14,983	-	-	14,983	(987)	100	(575)	28,244	-	Note 2(2)B
Company Name	Accumulated investment amount transferred from Taiwan to mainland China during the current period-end.	Investment limit to mainland China according to Commission of the Ministry of Economic Affairs.	Investment limit to mainland China according to regulations set by the Investment Commission of the Ministry of Economic Affairs.	Investment limit to mainland China according to									
AUROTEK CO., LTD. and its subsidiaries.	\$ 92,098	\$92,098	\$881,555										

Note 1: Investment methods are divided into the following three types. Please indicate the type:

- (1) Direct investment in mainland China.
- (2) Investment in mainland China through third-party companies.
- (3) Other methods.

Note 2: The investment gains or losses recognized for this period:

-
- (1) If it is in the preparation stage and there is no investment gain or loss, it should be noted.
 - (2) Investment gains or losses are based on the following three types, and should be noted.
 - A. Financial statements audited by international accounting firms with cooperative relationships with accounting firms in the Republic of China.
 - B. Financial statements audited by the signing accountant of the Taiwan parent company.
 - C. Others.

Note 3: The relevant figures in this table should be presented in New Taiwan dollars.

Note 4: Account for "Financial Assets at Fair Value through Other Comprehensive Income-Non-current."

Table 5, page 1.

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

Table 6

Major Shareholders Name	Shares	
	Number of Shares Held	Percentage of ownership (%)
AUROTEK MARKETING CONSULTANT CO., LTD.	14,203,423	17.16
Pao Tun Construction Co., Ltd	4,777,000	5.77
OILES Industrial Co., Ltd.	4,295,111	5.19

Note 1: The major shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day of each quarter, based on the total number of common shares and preferred shares (including treasury stock) that shareholders have completed delivery without physical registration, and which exceed 5% of the total number of shares outstanding.

As for the number of shares stated in the company's financial report and the actual number of shares completed without physical registration, there may be differences due to different calculation bases.

Note 2: If the above data belongs to shareholders who have entrusted their shares to a trust, it shall be disclosed separately for each trust account opened by the trustee. As for shareholders who hold more than 10% of the internal equity shares and have declared their holdings according to securities laws and regulations, their holdings include their own shares and the shares delivered to the trust, and they have decision-making rights over the trust assets. For information on internal equity share declaration, please refer to the Public Information Observation Station.

