

AV TECH CORPORATION

Financial Statements With Independent Auditors' Report For the Years Ended December 31, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

AVTECH CORPORATION

Opinion

We have audited the accompanying financial statements of AVTECH CORPORATION (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2022 is described as follows:

Authenticity of specific sales income for investment subsidiaries using the equity method

The Company holds a subsidiary invested by the equity method for the year ended December 31, 2022 operating income, the sales income from specific customers of electronic materials has significant changes compared with the previous year, and the transaction amount of these customers is significant to the overall operating income. Therefore, the sales income of these specific customers Authenticity is listed as a key verification item.

Please refer to Note 4 of the Consolidated Financial Statements for descriptions of accounting policies related to sales revenue.

The main verification procedures that our accountants have implemented for the authenticity of the above-mentioned specific sales revenue are as follows:

We obtained an understanding and tested the design and operating effectiveness of key controls over revenue recognition.

1. Understand and test the effectiveness of the design and implementation of the main internal control system for the authenticity of specific sales revenue.
2. Understand the rationality of the transaction conditions and revenue recognition of specific sales revenue objects.
3. Sampling and checking transaction documents for specific sales revenue, including shipping documents and receipt documents, etc., to confirm that the significant risks and rewards of commodity ownership have been transferred to the buyer.
4. Sampling and checking the specific sales revenue and payment collection situation after the sales date, and confirming the rationality of the sales revenue recognition.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines

is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Cai Youling and Liu Jianliang.

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 29, 2023

Notice to Readers

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

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

AV TECH CORPORATION
INDIVIDUAL BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

| Code | Asset | December 31, 2022 | | December 31, 2021 | |
|------|---|---------------------|------------|---------------------|------------|
| | | Amount | % | Amount | % |
| | Current Assets | | | | |
| 1100 | Cash and cash equivalents (Notes 6) | \$ 520,081 | 23 | \$ 539,247 | 25 |
| 1110 | Financial assets at fair value through profit or loss (Notes 7) | 3,362 | - | 4,990 | - |
| 1136 | Financial assets at amortized cost(Notes 8) | 490,769 | 22 | 441,366 | 20 |
| 1170 | Accounts receivable(Notes 9 and 28) | 1,303 | - | 4,745 | - |
| 1200 | Other receivables (Note 28) | 716 | - | 2,063 | - |
| 1220 | Current income tax assets (Note 22) | 572 | - | 418 | - |
| 130X | Inventories (Note 10) | 2,439 | - | 5,966 | - |
| 1479 | Other current assets | 11 | - | 5 | - |
| 11XX | Total Current Assets ¹ | <u>1,019,253</u> | <u>45</u> | <u>998,800</u> | <u>45</u> |
| | Non-current assets | | | | |
| 1550 | Investments using the equity method (Note 11) | 480,457 | 21 | 419,716 | 19 |
| 1600 | Property, plant and equipment (Note 12) | 682,022 | 30 | 688,497 | 31 |
| 1760 | Investment real estate (Note 14) | 65,916 | 3 | 66,557 | 3 |
| 1840 | Deferred income tax assets (Note 22) | 20,196 | 1 | 22,851 | 1 |
| 1975 | Net defined benefit assets (Note 18) | 16,182 | - | 12,878 | 1 |
| 1990 | Other non-current assets (Note 15) | 2,719 | - | 2,719 | - |
| 15XX | Total non-current assets | <u>1,267,492</u> | <u>55</u> | <u>1,213,218</u> | <u>55</u> |
| 1XXX | Total assets | <u>\$ 2,286,745</u> | <u>100</u> | <u>\$ 2,212,018</u> | <u>100</u> |
| | Liabilities and equity | | | | |
| | Current liabilities | | | | |
| 2130 | Contract liabilities (Note 20) | \$ 915 | - | \$ 823 | - |
| 2170 | Accounts payable (Note 16) | - | - | 106 | - |
| 2219 | Other payables (Notes 17 and 28) | 15,119 | 1 | 12,617 | 1 |
| 2220 | Other payables - related parties (Note 28) | 272 | - | - | - |
| 2399 | Other current liabilities | 94 | - | 452 | - |
| 21XX | Total current liabilities | <u>16,400</u> | <u>1</u> | <u>13,998</u> | <u>1</u> |
| | Non-current liabilities | | | | |
| 2570 | Deferred income tax liabilities (Note 22) | 6,133 | - | 2,552 | - |
| 2645 | Deposit Margin | 3,710 | - | 3,564 | - |
| 25XX | Total non-current liabilities | <u>9,843</u> | <u>-</u> | <u>6,116</u> | <u>-</u> |
| 2XXX | Total liabilities | <u>26,243</u> | <u>1</u> | <u>20,114</u> | <u>1</u> |
| | Equity (Note 19) | | | | |
| 3110 | Common stock capital | 800,000 | 35 | 800,000 | 36 |
| 3271 | Capital reserve | 17,722 | 1 | 17,444 | 1 |
| | Retained earnings | | | | |
| 3310 | Statutory surplus reserve | 1,058,800 | 46 | 1,055,882 | 48 |
| 3320 | Special surplus reserve | 8,806 | - | 5,982 | - |
| 3350 | Undistributed surplus | 384,189 | 17 | 321,402 | 14 |
| 3300 | Total retained earnings | <u>1,451,795</u> | <u>63</u> | <u>1,383,266</u> | <u>62</u> |
| | Other interests | | | | |
| 3410 | Exchange difference on translation of financial statements of foreign operating institutions | 1,815 | - | 759 | - |
| 3420 | Unrealized financial assets at fair value through other comprehensive income the loss | (10,830) | - | (9,565) | - |
| 3400 | Total other equity | (9,015) | - | (8,806) | - |
| 3XXX | Total equity | <u>2,260,502</u> | <u>99</u> | <u>2,191,904</u> | <u>99</u> |
| | Total liabilities and equity | <u>\$ 2,286,745</u> | <u>100</u> | <u>\$ 2,212,018</u> | <u>100</u> |

The appended notes are part of this individual financial report.

AV TECH CORPORATION
INDIVIDUAL CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| Code | | 2022 | | 2021 | |
|------|---|-------------------|----------------|-------------------|----------------|
| | | Amount | % | Amount | % |
| 4111 | Sales receipts (Notes 20 and 28) | \$ 6,266 | 100 | \$ 12,111 | 100 |
| 5000 | Operating costs (Notes 10,18,21 and 28) | <u>6,754</u> | <u>108</u> | <u>13,562</u> | <u>112</u> |
| 5900 | Gross operating loss | (<u>488</u>) | (<u>8</u>) | (<u>1,451</u>) | (<u>12</u>) |
| | Operating expenses (Notes 18 and 21) | | | | |
| 6200 | Management costs | 51,996 | 830 | 42,700 | 353 |
| 6450 | Expected credit impairment losses (Note 9) | <u>4,530</u> | <u>72</u> | <u>990</u> | <u>8</u> |
| 6000 | Total operating expenses | <u>56,526</u> | <u>902</u> | <u>43,690</u> | <u>361</u> |
| 6900 | Net operating loss | (<u>57,014</u>) | (<u>910</u>) | (<u>45,141</u>) | (<u>373</u>) |
| | Non-operating income and expenses | | | | |
| 7100 | Interest income | 9,093 | 145 | 3,894 | 32 |
| 7010 | Other income (Notes 21 and 28) | 51,874 | 828 | 46,764 | 386 |
| 7020 | Other gains and losses(Notes 21 and 28) | 32,492 | 518 | (8,447) | (69) |
| 7070 | Subsidiary interests using the equity method profit share | <u>63,849</u> | <u>1,019</u> | <u>37,406</u> | <u>309</u> |
| 7000 | Non-operating income and expenses total | <u>157,308</u> | <u>2,510</u> | <u>79,617</u> | <u>658</u> |
| 7900 | Net profit before tax | 100,294 | 1,600 | 34,476 | 285 |
| 7950 | Income tax expenses(Note 22) | <u>5,723</u> | <u>91</u> | <u>3,502</u> | <u>29</u> |
| 8200 | Net profit for the year | <u>94,571</u> | <u>1,509</u> | <u>30,974</u> | <u>256</u> |

(Continued)

| Code | | 2022 | | 2021 | |
|------|---|------------------|--------------|------------------|--------------|
| | | Amount | % | Amount | % |
| | Other comprehensive income | | | | |
| 8310 | Items not reclassified to profit or loss | | | | |
| 8311 | Defined benefit plan Measurements (Note 18) | \$ 2,566 | 41 | \$ 1,572 | 13 |
| 8320 | Recognition by equity method | | | | |
| | Other comprehensive losses of the company | | | | |
| | share of benefits | (1,360) | (22) | (3,797) | (31) |
| 8349 | Items not to be reclassified | | | | |
| | Relevant income tax (Note 22) | (513) | (8) | (314) | (3) |
| | | <u>693</u> | <u>11</u> | <u>(2,539)</u> | <u>(21)</u> |
| 8360 | Subsequent possible reclassification to profit or loss of the project | | | | |
| 8361 | Finance of foreign operating institutions | | | | |
| | Conversion of statement conversion | | | | |
| | Difference (Note 19) | <u>1,056</u> | <u>17</u> | <u>974</u> | <u>8</u> |
| 8300 | Other comprehensive losses for the year | | | | |
| | Benefit(net of tax) | <u>1,749</u> | <u>28</u> | <u>(1,565)</u> | <u>(13)</u> |
| 8500 | Total comprehensive profit and loss for the year | <u>\$ 96,320</u> | <u>1,537</u> | <u>\$ 29,409</u> | <u>243</u> |
| | Earnings per share (Note 23) | | | | |
| 9750 | Basic | <u>\$ 1.18</u> | | <u>\$ 0.39</u> | |
| 9850 | Dilute | <u>\$ 1.18</u> | | <u>\$ 0.39</u> | |

The appended notes are part of this individual financial report.

AV TECH CORPORATION
STATEMENT OF CHANGES IN INDIVIDUAL EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

| Code | | Ordinary shares | | Capital Surplus | Retained Earnings | | | Other rights and interests | | Total | Total Equity | |
|------|--|------------------|------------|-----------------|-------------------|-----------------|-------------------------|----------------------------|---|-------------|--------------|---|
| | | Number of Shares | Amount | | Legal Reserve | Special Reserve | Unappropriated Earnings | Total | Exchange Differences on Translation of the Financial Statements of Foreign Operations | | | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income |
| | | (In Thousands) | | | | | | | | | | |
| A1 | Balance at January 1, 2021 | 80,000 | \$ 800,000 | \$ 17,461 | \$ 1,055,882 | \$ 3,462 | \$ 310,739 | \$ 1,370,083 | (\$ 215) | (\$ 5,768) | (\$ 5,983) | \$ 2,181,561 |
| B3 | Appropriation of 2020 earnings | | | | | | | | | | | |
| | Special reserve | - | - | - | - | 2,520 | (2,520) | - | - | - | - | - |
| B5 | Cash dividend | - | - | - | - | - | (16,000) | (16,000) | - | - | - | (16,000) |
| D1 | 2021 net profit | - | - | - | - | - | 30,974 | 30,974 | - | - | - | 30,974 |
| D3 | 2021 after-tax other comprehensive income | - | - | - | - | - | 1,258 | 1,258 | 974 | (3,797) | (2,823) | (1,565) |
| D5 | 2021 Total comprehensive profit and loss | - | - | - | - | - | 32,232 | 32,232 | 974 | (3,797) | (2,823) | 29,409 |
| M7 | Changes in ownership interests in subsidiaries | - | - | (17) | - | - | (3,049) | (3,049) | - | - | - | (3,066) |
| Z1 | Balance at December 31, 2021 | 80,000 | 800,000 | 17,444 | 1,055,882 | 5,982 | 321,402 | 1,383,266 | 759 | (9,565) | (8,806) | 2,191,904 |
| B1 | Appropriation of 2021 earnings | | | | | | | | | | | |
| | Legal reserve | - | - | - | 2,918 | - | (2,918) | - | - | - | - | - |
| B3 | Special reserve | - | - | - | - | 2,824 | (2,824) | - | - | - | - | - |
| B5 | Cash dividend | - | - | - | - | - | (28,000) | (28,000) | - | - | - | (28,000) |
| D1 | 2022 net profit | - | - | - | - | - | 94,571 | 94,571 | - | - | - | 94,571 |
| D3 | 2022 Annual after-tax other comprehensive income | - | - | - | - | - | 2,053 | 2,053 | 1,056 | (1,360) | (304) | 1,749 |
| D5 | 2022 Total comprehensive profit and loss | - | - | - | - | - | 96,624 | 96,624 | 1,056 | (1,360) | (304) | 96,320 |
| M3 | Subsidiaries | - | - | - | - | - | (95) | (95) | - | 95 | 95 | - |
| M5 | Handle the share price and book value of subsidiaries the difference | - | - | 40 | - | - | - | - | - | - | - | 40 |
| M7 | Changes in ownership interests in subsidiaries | - | - | 238 | - | - | - | - | - | - | - | 238 |
| Z1 | Balance at December 31, 2022 | 80,000 | \$ 800,000 | \$ 17,722 | \$ 1,058,800 | \$ 8,806 | \$ 384,189 | \$ 1,451,795 | \$ 1,815 | (\$ 10,830) | (\$ 9,015) | \$ 2,260,502 |

The appended notes are part of this individual financial report.

AV TECH CORPORATION
INDIVIDUAL CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

| Code | | 2022 | 2021 |
|--------|---|-------------|-------------|
| | Net cash flow from operating activities | | |
| A10000 | Net profit before tax for the year | \$ 100,294 | \$ 34,476 |
| A20010 | Income expense item | | |
| A20100 | Depreciation expenses (including investment real estate) | 7,116 | 7,241 |
| A20300 | Expected credit impairment losses | 4,530 | 990 |
| A20400 | Amount at fair value through profit or loss Financial Asset Loss (Profit) | 399 | (3,131) |
| A21200 | Interest income | (9,093) | (3,894) |
| A21300 | Dividend income | (129) | (209) |
| A22400 | Interest share of subsidiaries using the equity method | (63,849) | (37,406) |
| A22500 | Disposal of interests in real property, plant and equipment | (29) | (62) |
| A23700 | Inventory depreciation and sluggish loss | 449 | - |
| A24100 | Net unrealized foreign currency exchange (benefit) loss lose | (30,768) | 16,782 |
| A29900 | Write-off of payables overdue for two years | (840) | (1,886) |
| A30000 | Net change in operating assets and liabilities | | |
| A31150 | Accounts receivable | (293) | (295) |
| A31180 | Other receivables | 1,347 | (1,726) |
| A31200 | Inventory | 3,078 | 9,066 |
| A31230 | Net defined benefit assets | (738) | (46) |
| A31240 | Other current assets | (6) | 46 |
| A32125 | Contract liabilities | 92 | (634) |
| A32150 | Accounts payable | (106) | (114) |
| A32180 | Other payables | 3,614 | 3,865 |
| A32230 | Other current liabilities | (358) | 249 |
| A33000 | Cash inflow from operations | 14,710 | 23,312 |
| A33500 | (Payment) Refund of Income Tax | (154) | 331 |
| AAAA | Net cash inflow from operating activities | 14,556 | 23,643 |
| | Cash flow from investing activities | | |
| B00040 | Acquisition of financial assets measured at amortized cost | (638,906) | (630,178) |
| B00050 | Disposal of financial assets measured at amortized cost | 596,582 | 635,715 |

(Continued)

| Code | | 2022 | 2021 |
|--------|---|-------------------|-------------------|
| B00100 | Obtaining funds at fair value through profit or loss financial assets | \$ - | (\$ 3,280) |
| B00200 | Disposal of funds at fair value through profit or loss financial assets | 1,229 | 8,789 |
| B02800 | Disposal of real estate, plant and equipment prices | 29 | 62 |
| B07100 | Increase in prepaid equipment | - | (2,500) |
| B07500 | Interest charged | 9,093 | 3,894 |
| B07600 | Receive cash dividends from subsidiaries | 1,082 | 25,576 |
| B09900 | Receive other cash dividends | <u>129</u> | <u>209</u> |
| BBBB | Net cash flow (outflow) from investing activities | (<u>30,762</u>) | <u>38,287</u> |
| | Cash Flow from Financing Activities | | |
| C03000 | Deposit Margin Increase | 146 | 1,134 |
| C04500 | Pay cash dividends | (28,000) | (16,000) |
| C05500 | Disposal of part of the equity price of the subsidiary company | <u>2,000</u> | <u>-</u> |
| CCCC | Net cash outflow from financing activities | (<u>25,854</u>) | (<u>14,866</u>) |
| DDDD | Effect of exchange rate changes on cash and cash equivalents | <u>22,894</u> | (<u>2,178</u>) |
| EEEE | Net (decrease) increase in cash and cash equivalents | (19,166) | 44,886 |
| E00100 | Cash and equivalent cash balance at the beginning of the year | <u>539,247</u> | <u>494,361</u> |
| E00200 | Cash and equivalent cash balance at the end of the year | <u>\$ 520,081</u> | <u>\$ 539,247</u> |

The appended notes are part of this individual financial report.

AV TECH CORPORATION
NOTES TO INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

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

1. History of the company

The company is in accordance with the company June 1996 established. The company's stock from November 2003 It will be traded over the counter at the Securities Over The Counter Trading Center of the Republic of China Securities Co., Ltd. Also approved by the Taiwan Stock Exchange August 2005 From January onwards, the stock will be listed for trading. The main business includes the following:

- (1) Surveillance anti-theft system (camera, quadrant, image transmission equipment and peripheral control equipment and accessories), home anti-theft system and automatic dialer, access control system (card swiping system, TV intercom, fingerprint recognition system, lane control system) manufacturing , installation, sales and import and export trade business.
- (2) General import and export trade business.
- (3) Agency sale and bidding business of products of domestic and foreign manufacturers in the preceding paragraph.
- (4) Electronic component manufacturing.
- (5) Manufacturing of optical instruments.
- (6) Power generation, transmission, and distribution manufacturing.
- (7) Wholesale of electronic materials.
- (8) Wholesale of precision instruments.
- (9) Telecommunications control the manufacturing and importing of radio frequency equipment.
- (10) General investment industry.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. Date and procedure for approval of the financial report

The financial statements were approved by the Company's board of directors on March 17, 2023

3. Application of newly released and revised standards and interpretations

- (1) Applied for the first time to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), explain (IFRIC) and Explanatory Announcement (SIC) (hereinafter referred to as "IFRSs")

Approved by the FSC and promulgated into effect. IFRSs will not cause major changes in the company's accounting policies.

- (2) The IFRSs endorsed by the FSC for application starting from 2023

| <u>Newly released/amended/revised criteria and interpretations</u> | <u>Effective Date Announced by IASB</u> |
|---|---|
| Amendments to IAS 1 "Disclosure of Accounting Policies" | January 1, 2023 (Note 1) |
| Amendments to IAS 8 "Definition of Accounting Estimates" | January 1, 2023 (Note 2) |
| Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" | January 1, 2023 (Note 3) |

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the release date of this individual financial report, the company evaluates that the amendments to the above-mentioned standards and

interpretations will not have a significant impact on the financial status and financial performance.

(3) The IFRSs in issue but not yet endorsed and issued into effect by the FSC

| <u>Newly released/amended/revised criteria and interpretations</u> | <u>Effective Date Announced by IASB (Note 1)</u> |
|--|--|
| Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" | Undecided |
| Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback" | January 1, 2024 (Note 2) |
| IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS17-Comparative Information" | January 1, 2023 |
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | January 1, 2024 |
| Amendments to IAS 1 "Non-current Liabilities with Covenants" | January 1, 2024 |

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the release date of this individual financial report, the company continues to evaluate the impact of the amendments to the above standards and interpretations on the financial status and financial performance, and the relevant impact will be disclosed when the assessment is completed.

4. Summary of major accounting policies

(1) Follow statement

This individual financial report is prepared in accordance with the Financial Reporting Guidelines for Securities Issuers.

(2) Compilation basis

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and

based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 Enter value: means except the1 Observable inputs to an asset or liability, either directly (that is, a price) or indirectly (that is, derived from a price), other than quoted prices on a grade.
3. Level 3 input: Refers to the unobservable input of an asset or liability.

When the company prepares individual financial reports, it adopts the equity method for investment subsidiaries. In order to make the current profit and loss, other comprehensive profit and loss and equity in this individual financial report the same as the current year profit and loss, other comprehensive profit and loss and equity attributable to the owner of the company in the company's individual financial report, certain accounting treatment differences between the individual basis and the consolidated basis are Adjust "investment using the equity method", "share of profit and loss of subsidiaries using the equity method", "share of other comprehensive profits and losses of subsidiaries using the equity method" and related equity items.

(3) Assets and Liabilities Criteria for Distinguishing Current and Non-Current

Current assets include:

1. Assets held primarily for trading purposes;
2. Expected after the balance sheet date¹² Assets realized within months;
and
3. Cash and cash equivalents (but not included in the balance sheet date over¹² months for exchanging or repaying debts subject to restrictions).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. After the balance sheet date¹² Liabilities due to be settled within months,
and
3. Cannot unconditionally defer the redemption period beyond the balance sheet date for at least¹² month's debt.

Those that do not belong to the above-mentioned current assets or current liabilities are classified as non-current assets or non-current liabilities.

(4) Foreign currency

When the company prepares financial reports, transactions in currencies other than the company's functional currency (foreign currency) shall be converted into functional currency records at the exchange rate on the transaction day.

Foreign currency Monetary items are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from delivery of monetary items or conversion of monetary items are recognized in profit or loss in the period in which they occur.

Foreign currency non-monetary items measured at fair value are translated at the exchange rate on the day when the fair value is determined, and the resulting exchange difference is listed as current profit or loss, but if the change in fair value is recognized in other comprehensive profit or loss, the resulting exchange difference is listed as in other comprehensive income.

Non-monetary items in foreign currencies measured at historical costs are converted at the exchange rate on the transaction date and will not be re-converted.

When preparing individual financial reports, the assets and liabilities of foreign operating institutions (including subsidiaries operating in a country or using a currency different from that of the Company) are converted into New Taiwan Dollars at the exchange rate on each balance sheet date. Income and expense items are converted at the current average exchange rate, and the resulting exchange differences are listed in other comprehensive income.

(5) Inventory

Inventories include raw materials, finished goods and work in progress. Inventories are measured at the lower of cost and net realizable value. When comparing cost and net realizable value, except for inventories of the same category, it is based on individual items. Net realizable value is the estimated selling price under normal circumstances less the full

The balance after the estimated cost of labor and the estimated cost of completing the sale. The calculation of inventory cost adopts the weighted average method.

(6) Investment Subsidiary

The company adopts the equity method to deal with the investment in subsidiaries.

Subsidiaries refer to entities over which the Company has control.

Under the equity method, the investment is initially recognized at cost, and the book amount after acquisition increases or decreases with the company's share of the subsidiary's profits and losses, other comprehensive profits and losses, and profit distribution. In addition, changes in other rights and interests of subsidiaries that the company can enjoy are recognized according to the shareholding ratio.

When the company's change in the ownership interest of the subsidiary does not lead to the loss of control, it is treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is directly recognized as equity.

When the company's share of the subsidiary's loss is equal to or exceeds its equity in the subsidiary (including the book value of the subsidiary under the equity method and other long-term interests that are substantially part of the company's net investment in the subsidiary), it is Continue to recognize losses according to the shareholding ratio. The unrealized profit or loss of downstream transactions between the company and its subsidiaries shall be eliminated in the individual financial report.

The profits and losses arising from the countercurrent and sidestream transactions between the Company and its subsidiaries shall be recognized in the individual financial reports only to the extent that they are not related to the Company's interests in the subsidiaries.

(7) Property, plant and equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Except for self-owned land, which is not depreciated, other real estate, plant and equipment are depreciated on a straight-line basis within the useful life, and each significant part is depreciated separately. The company shall review the estimated useful life, salvage value and depreciation method at least at the end of each year, and postpone the impact of applicable estimated changes.

When property, plant and equipment are delisted, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss.

(8) Investment real estate

Investment real estate is real estate held for the purpose of earning rental income or capital appreciation or both. Investment real estate also includes land held for which future use has not yet been determined.

Self-owned investment real estate is initially measured at cost (including transaction costs), and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

All investment properties are depreciated on a straight-line basis.

When investment real estate is delisted, the difference between the net disposal price and the book value of the asset is recognized in profit or loss.

(9) Impairment of real property, plant and equipment and investment real property

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment and investment property may have been impaired.

If any indication of impairment exists, estimate the recoverable amount of the asset. If the recoverable amount of an individual asset cannot be estimated, If any indication of impairment exists, estimate the recoverable amount of the asset. If the recoverable amount of an individual asset cannot be estimated, The Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Common assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

The recoverable amount is the higher of the fair value minus the selling cost and its value in use. If the recoverable amount of an individual asset or cash-generating unit is lower than its book value, the book value of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, but the increased carrying amount shall not exceed that of the asset or cash-generating unit if no impairment was recognized in the previous year. The carrying amount (less depreciation) determined at the time of the loss. Reversals of impairment losses are recognized in profit or loss.

(10) Financial tool

Financial assets and financial liabilities are recognized in the individual balance sheet when the company becomes a party to the terms of the instrument contract.

When initially recognizing financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. directly attributable to acquisition or

Transaction costs of issuing a financial asset or financial liability at fair value through profit or loss are recognized immediately in profit or loss.

1. Monetary assets

Customary transactions of financial assets are recognized and delisted on the basis of transaction date accounting.

(1) Measure type

The types of financial assets held by the company are financial assets measured at fair value through profit and loss and financial assets measured at cost after amortization.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets at fair value through profit or loss. Financial assets that are mandated to be measured at fair value through profit or loss include investments in equity instruments that are not designated to be measured at fair value through other comprehensive profit or loss.

Financial assets measured at fair value through profit or loss are measured at fair value, the resulting dividends are recognized in other income, and the resulting gains or losses are recognized in other gains and losses. For the determination method of fair value, please refer to Note 27.

B. Financial assets measured at amortized cost

If the company's investment in financial assets meets the following two conditions at the same time, it will be classified as financial assets measured at cost after amortization:

- a. Is held under a business model whose purpose is to hold financial assets to collect contractual cash flows; and
- b. The terms of the contract give rise to cash flows on specified dates that are exclusively payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, original maturities exceeding 3 months, fixed deposits, accounts receivable, other receivables and deposits) are measured at the amortized cost of the total book amount determined by the effective interest method less any impairment losses after original recognition, in any foreign currency Exchange gains and losses are recognized in profit or loss.

Except for the following two cases, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets:

- a. For purchased or established credit-impaired financial assets, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.
- b. For financial assets that are not credit-impaired by purchase or origination but subsequently become credit-impaired, interest income shall be calculated by multiplying the effective interest rate by the amortized cost of the financial asset from the reporting period following the credit-impairment.

Cash equivalent Included since the date of acquisition³
Within months, highly liquid time deposits that can be converted into fixed amounts of cash at any time with little risk of value change are used to meet short-term cash commitments.

(2) Impairment of financial assets

The Company evaluates the impairment losses of financial assets (including accounts receivable) measured at cost after amortization based on expected credit losses on each balance sheet date.

Accounts receivable are recognized as allowance losses based on expected credit losses during the duration. Other financial assets are first assessed whether the credit risk has increased significantly since the original recognition, and if there is no significant increase, the¹² Monthly expected credit loss is recognized as provision loss, and if it has increased significantly, it is recognized as provision loss according to the expected credit loss during the duration.

The expected credit loss is the weighted average credit loss with the risk of default as the weight.¹² Months expected credit losses represent financial instruments after the reporting date¹² The expected credit loss arising from possible default events within months, and the expected credit loss during the duration represents the expected credit loss arising from all possible default events of the financial instrument during the expected duration.

For the purpose of internal credit risk management, without considering the collateral held, the company judges that the following situations represent financial assets that have defaulted:

A. There is internal or external information that it is impossible for the debtor to pay the debt.

B. Overdue more than 180 days, unless there is reasonable and corroborative information to indicate that a later default basis is more appropriate.

Impairment losses on all financial assets are achieved by reducing their carrying amounts through the allowance account.

(3) Delisting of financial assets

The Company will delist financial assets only when the contractual rights to the cash flows from the financial assets have expired, or when the financial assets have been transferred and almost all the risks and rewards of ownership of the assets have been transferred to other enterprises.

When a financial asset measured at amortized cost is delisted as a whole, the difference between its carrying amount and the consideration received is recognized in profit or loss. Through other comprehensive losses When the investment in equity instruments measured by fair value is delisted as a whole, the accumulated gains and losses are directly transferred to retained earnings and are not reclassified as gains and losses.

2. Equity instrument

The equity instruments issued by the company are classified as equity according to the substance of the contract agreement and the definition of financial liabilities and equity instruments.

The equity instruments issued by the company are recognized at the amount obtained after deducting the direct issuance cost.

3. Financial liabilities

(1) Follow-up measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Delisting of financial liabilities

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

(11) Income recognized

After the company identifies the performance obligations in the customer contract, it allocates the transaction price to each performance obligation, and recognizes revenue when each performance obligation is met.

Merchandise sales revenue

Commodity sales income comes from sales of security monitoring systems. Since the customer has the right to determine the price and use of the product at the time of shipment of the aforementioned product and bears the primary responsibility for reselling the product, and bears the risk of obsolescence of the product, the company recognizes revenue and accounts receivable at this point in time. Advance receipts are recognized as contract liabilities before the products are shipped.

When materials are removed for processing, the control of the ownership of the processed products has not been transferred, so revenue is not recognized when materials are removed.

(12) Rent

The Company assesses whether the contract is (or contains) a lease on the date the contract is established.

1. The company is the lessor

A lease is classified as a finance lease when the terms of the lease transfer to the lessee substantially all the risks and rewards incidental to ownership of the asset. All other leases are classified as operating leases.

Under operating leases, lease payments after deducting lease incentives are recognized as income on a straight-line basis during the relevant lease period. The original direct costs incurred in obtaining an operating lease are added

to the carrying amount of the underlying asset and recognized as an expense on a straight-line basis over the lease term.

2. The company is the lessee

Except for low-value asset leases and short-term leases for which the recognition exemption applies, the lease payments are recognized as expenses on a straight-line basis over the lease term, and other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

(13) Employee Benefits

1. Short-term employee benefits

Liabilities related to short-term employee benefits are measured as undiscounted amounts that are expected to be paid in exchange for employee services.

2. Retirement benefits

The pension of the defined withdrawal retirement plan is recognized as an expense during the period of service provided by the employee.

The defined benefit cost (including service cost, net interest and remeasurement amount) of the defined benefit retirement plan is actuarially calculated using the projected unit benefit method. Service costs (including current service costs) and net interest on defined benefit assets are recognized as employee benefit expenses when incurred. The remeasurement amount (including actuarial profit or loss and return on project assets after deducting interest) is recognized in other comprehensive profit or loss and included in retained earnings when it occurs, and will not be reclassified to profit or loss in subsequent periods.

Net defined benefit assets represent the remainder of contributions from defined benefit retirement plans. Net defined benefit assets may not exceed the present value of refunding contributions from the program or reducing future contributions.

(14) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Current income tax

The undistributed earnings calculated in accordance with the Income Tax Law of the Republic of China are subject to income tax, which is recognized in the year of resolution of the shareholders' meeting.

The adjustment of the income tax payable in the previous year shall be included in the current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the book value of assets and liabilities and the tax basis for calculating taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which to deduct temporary differences and losses.

Taxable temporary differences related to investment subsidiaries, affiliated enterprises and joint agreements are recognized as deferred income tax liabilities, but if the company can control the timing of the reversal of the temporary difference, and the temporary difference is likely to be in the foreseeable future Except for those whose future will not return. Deductible temporary differences related to such investments are recognized as deferred income tax only to the extent that it is probable that there will be sufficient taxable income to realize the temporary differences and that they are expected to reverse in the foreseeable future assets.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and is reduced for those for which it is no longer probable that there will be sufficient taxable income to recover all or part of the asset. Those that were not recognized as deferred income tax assets will be re-examined on each balance sheet date, and it is very likely that they will be recognized in the future

For those who generate taxable income for their recovery of all or part of their assets, the book value shall be increased. Deferred income tax assets and liabilities are measured at the current tax rate for the expected settlement of liabilities or asset realization, which is based on the tax rates and tax laws that have been enacted or substantively enacted on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences arising from the way the company expects to recover or pay off the book value of its assets and liabilities on the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss, but current and deferred income taxes related to items recognized in other comprehensive profit or loss or directly charged to equity are recognized in other comprehensive profit or loss or directly charged to equity, respectively.

5. Major sources of uncertainty in major accounting judgments, estimates and assumptions

When the company adopts accounting policies, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for those who cannot easily obtain relevant information from other sources. Actual results may differ from estimates.

The company will take the recent development of the new coronavirus pneumonia epidemic in China and its possible impact on the economic environment into consideration of relevant major accounting estimates such as cash flow estimation, growth rate, discount rate, and profitability. The management will continue to Review estimates and underlying assumptions. If the revision of the estimate only affects the current period, it shall be recognized in the revision period; if the revision of the accounting estimate affects both the current period and future periods, it shall be recognized in the revision period and future periods.

6. Cash and cash equivalents

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|---|--------------------------|--------------------------|
| Cash in stock | \$ 237 | \$ 232 |
| Bank Check and Demand Deposit Equivalent to cash | 73,785 | 141,335 |
| Original due date on3 within a month | | |
| Bank fixed deposit | <u>446,059</u> | <u>397,680</u> |
| | <u>\$ 520,081</u> | <u>\$ 539,247</u> |

The market interest rate range of bank fixed deposits on the balance sheet date is as follows:

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--------------------|--------------------------|--------------------------|
| Bank fixed deposit | 0.91% ~ 4.85% | 0.29% ~ 0.41% |

7. Financial instruments measured at fair value through profit or loss

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
| <u>Mandatory fair value through profit or loss</u> | | |
| <u>Non-derivative financial assets</u> | | |
| – Domestic listed (counter) stocks | \$ 3,362 | \$ 4,480 |
| – Fund beneficiary certificate | - | 510 |
| | <u>\$ 3,362</u> | <u>\$ 4,990</u> |

8. Financial assets measured at cost after amortization

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|------------------------|--------------------------|--------------------------|
| <u>Flow</u> | | |
| Domestic investment | | |
| Original due date | | |
| exceeds 3 of the month | | |
| time deposit | <u>\$ 490,769</u> | <u>\$ 441,366</u> |

As of December 31, 2022 and 2021, the original due date exceeds 3 Monthly fixed deposit interest rate range is 0.90% ~ 4.95% and 0.22% ~ 2.40% .

9. Accounts receivable

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|----------------------------|--------------------------|--------------------------|
| <u>Accounts receivable</u> | | |
| Measured at amortized cost | | |
| Gross carrying amount | \$ 9,357 | \$ 8,269 |
| Less: Allowance for losses | (<u>8,054</u>) | (<u>3,524</u>) |
| | <u>\$ 1,303</u> | <u>\$ 4,745</u> |

Accounts receivable

The company's commodity sales, except for advance payment transactions, the average credit period is 30 to 90 Days, accounts receivable will not accrue interest.

Before accepting a new customer, the company evaluates the potential customer's credit quality through the internal credit rating review form and sets the customer's credit limit. The customer's credit limit and rating are reviewed once a year, and the accounts receivable that are neither overdue nor impaired are rated as the best credit ratings according to the rating results of the internal credit rating review table used by the company.

The company recognizes the provision loss of accounts receivable according to the expected credit loss during the existence period. The expected credit loss during the duration is calculated using the provision matrix, which considers the customer's past default record, current financial situation, industry economic situation, and at the same time considers the industry outlook. Since the historical credit loss experience of the company shows that there is no significant difference in the loss patterns of different customer groups, the provision matrix does not further distinguish customer groups, and only determines the expected credit loss rate based on the number of days that accounts receivable are overdue.

If there is evidence that the counterparty is facing serious financial difficulties and the company cannot reasonably expect the recoverable amount, the company will directly write off the relevant accounts receivable, but will continue to pursue activities, and the recovered amount due to recovery will be recognized in profit or loss.

The company measures the provision loss of accounts receivable according to the provision matrix as follows:

December 31, 2022

| | <u>Not Past Due</u> | <u>1 to 180 Days Past Due</u> | <u>181 Days to 365 Days Past Due</u> | <u>Over 365 Days Past Due</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|--|---------------------------------------|------------------|
| Gross carrying amount | \$ 1,303 | \$ - | \$ - | \$ 8,054 | \$ 9,357 |
| Allowance for losses (duration expected credit loss) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(8,054)</u> | <u>(8,054)</u> |
| Amortized cost | <u>\$ 1,303</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,303</u> |

December 31, 2021

| | <u>Not Past Due</u> | <u>1 to 180 Days Past Due</u> | <u>181 Days to 365 Days Past Due</u> | <u>Over 365 Days Past Due</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|--|---------------------------------------|------------------|
| Gross carrying amount | \$ 1,233 | \$ - | \$ - | \$ 7,036 | \$ 8,269 |
| Allowance for losses (duration expected credit loss) | <u>(69)</u> | <u>-</u> | <u>-</u> | <u>(3,455)</u> | <u>(3,524)</u> |
| Amortized cost | <u>\$ 1,164</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,581</u> | <u>\$ 4,745</u> |

The changes in the allowance for losses on accounts receivable are as follows:

| | <u>2022</u> | <u>2021</u> |
|---|-----------------|-----------------|
| Balance at January 1 | \$ 3,524 | \$ 2,534 |
| Add: Provision for impairment losses in the current year | <u>4,530</u> | <u>990</u> |
| Balance at December 31 | <u>\$ 8,054</u> | <u>\$ 3,524</u> |

10. Inventory

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|----------------|--------------------------|--------------------------|
| Finished goods | \$ 509 | \$ 4,595 |
| WIP | 40 | - |
| Raw materials | <u>1,890</u> | <u>1,371</u> |
| | <u>\$ 2,439</u> | <u>\$ 5,966</u> |

2022 Cost of goods sold for the year includes inventory depreciation and sluggish losses 449 thousand yuan.

11. Investments using the equity method

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
| <u>Investments subsidiaries</u> | | |
| Unlisted (cabinet) company | | |
| Wood house international co., Ltd. (Wood House International) | \$ 363,546 | \$ 299,132 |
| Suntech Investment Co., Ltd. (Shengtech Investment) | 46,558 | 47,752 |
| Shengtai Safety Control Co., Ltd. (Shengtai Safety Control) | 47,418 | 46,928 |
| Shengquan industrial co., Ltd. (Shengquan Industry) | <u>22,935</u> | <u>25,904</u> |
| | <u>\$ 480,457</u> | <u>\$ 419,716</u> |

The company at July 2022 Sale of part of the equity of the subsidiary Shengtai Ankong, resulting in a decrease in the shareholding ratio to 96%, please refer to Note 25.

The company's ownership interests and voting rights in the subsidiary as of the balance sheet date are as follows:

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--------------------------|--------------------------|--------------------------|
| Wood House International | 84.11% | 84.11% |
| Shengtech Investment | 100.00% | 100.00% |
| Shengtai Safety Control | 96.00% | 100.00% |
| Shengquan Industry | 100.00% | 100.00% |

12. Property, plant and equipment

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|----------------------------|--------------------------|--------------------------|
| Assets used by the Company | \$ 680,276 | \$ 686,715 |
| Operating lease | <u>1,746</u> | <u>1,782</u> |
| | <u>\$ 682,022</u> | <u>\$ 688,497</u> |

(1) Assets used by the Company

| | Freehold Land | Buildings | Machinery and Equipment | Transportat ion Equipment | Office Equipment | Other Equipment | Total |
|---|------------------|------------------|-------------------------------|---------------------------------|---------------------|--------------------|------------------|
| <u>Cost</u> | | | | | | | |
| Balance at January 1, 2022 | \$476,559 | \$284,941 | \$ 21,333 | \$ - | \$ 5,711 | \$ 54,503 | \$843,047 |
| Disposals | - | - | (1,200) | - | - | - | (1,200) |
| Balance at December 31, 2022 | <u>\$476,559</u> | <u>\$284,941</u> | <u>\$ 20,133</u> | <u>\$ -</u> | <u>\$ 5,711</u> | <u>\$ 54,503</u> | <u>\$841,847</u> |
| <u>Accumulated depreciation</u> | | | | | | | |
| Balance at January 1, 2022 | \$ - | \$ 74,852 | \$ 21,266 | \$ - | \$ 5,711 | \$ 54,503 | \$156,332 |
| Disposals | - | - | (1,200) | - | - | - | (1,200) |
| Depreciation expense | - | 6,381 | 58 | - | - | - | 6,439 |
| Balance at December 31, 2022 | <u>\$ -</u> | <u>\$ 81,233</u> | <u>\$ 20,124</u> | <u>\$ -</u> | <u>\$ 5,711</u> | <u>\$ 54,503</u> | <u>\$161,571</u> |
| Carrying amount at December 31, 2022 | <u>\$476,559</u> | <u>\$203,708</u> | <u>\$ 9</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$680,276</u> |
| <u>Cost</u> | | | | | | | |
| Balance at January 1, 2021 | \$476,559 | \$284,941 | \$ 21,333 | \$ 610 | \$ 5,711 | \$ 54,938 | \$844,092 |
| Disposals | - | - | - | (610) | - | (435) | (1,045) |
| Balance at December 31, 2021 | <u>\$476,559</u> | <u>\$284,941</u> | <u>\$ 21,333</u> | <u>\$ -</u> | <u>\$ 5,711</u> | <u>\$ 54,503</u> | <u>\$843,047</u> |
| <u>Accumulated depreciation</u> | | | | | | | |
| Balance at January 1, 2021 | \$ - | \$ 68,483 | \$ 21,083 | \$ 610 | \$ 5,711 | \$ 54,938 | \$150,825 |
| Disposals | - | - | - | (610) | - | (435) | (1,045) |
| Depreciation expense | - | 6,369 | 183 | - | - | - | 6,552 |
| Balance at December 31, 2021 | <u>\$ -</u> | <u>\$ 74,852</u> | <u>\$ 21,266</u> | <u>\$ -</u> | <u>\$ 5,711</u> | <u>\$ 54,503</u> | <u>\$156,332</u> |
| Carrying amount at December 31, 2021 | <u>\$476,559</u> | <u>\$210,089</u> | <u>\$ 67</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$686,715</u> |

(2) Operating lease

| | <u>Buildings</u> |
|---|------------------|
| <u>Cost</u> | |
| Balance at January 1, 2022 and Balance at December 31, 2022 | <u>\$ 2,435</u> |
| <u>Accumulated depreciation</u> | |
| Balance at January 1, 2022 | \$ 653 |
| Depreciation expense | <u>36</u> |
| Balance at December 31, 2021 | <u>\$ 689</u> |
| Carrying amount at December 31, 2022 | <u>\$ 1,746</u> |
| <u>Cost</u> | |
| Balance at January 1, 2021 and Balance at December 31, 2021 | <u>\$ 2,435</u> |
| <u>Accumulated depreciation</u> | |
| Balance at January 1, 2021 | \$ 605 |
| Depreciation expense | <u>48</u> |
| Balance at December 31, 2021 | <u>\$ 653</u> |
| Carrying amount at December 31, 2021 | <u>\$ 1,782</u> |

Depreciation are depreciated on a straight-line basis over the following estimated useful life:

| | <u>Assets used by the Company</u> | <u>Operating lease</u> |
|-------------------------|---------------------------------------|------------------------|
| Buildings | 50 years | 50 to 53 years |
| Machinery and Equipment | 5 to 6 years | - |
| Office Equipment | 1 to 6 years | - |
| Other Equipment | 1 to 4 years | - |

13. Lease agreement

Please refer to Note 12 and Note 14 for the agreement on the Company's lease of self-owned real estate, plant and equipment and investment real estate through operating leases.

| | <u>2022</u> | <u>2021</u> |
|--|----------------|----------------|
| Expenses relating to short-term leases | <u>\$ 37</u> | <u>\$ 57</u> |
| Total cash outflow for leases | <u>(\$ 37)</u> | <u>(\$ 60)</u> |

The company chooses to apply the recognition exemption to office equipment leases that qualify for short-term leases, and does not recognize relevant right-of-use assets and lease liabilities for such leases.

14. Investment real estate

| | <u>Investment real estate</u> |
|---|-------------------------------|
| <u>Cost</u> | |
| Balance at January 1, 2022 and Balance at December 31, 2022 | <u>\$ 80,651</u> |
| <u>Accumulated depreciation</u> | |
| Balance at January 1, 2022 | \$ 14,094 |
| Depreciation expense | <u>641</u> |
| Balance at December 31, 2022 | <u>\$ 14,735</u> |
| Carrying amount at December 31, 2022 | <u>\$ 65,916</u> |
| <u>Cost</u> | |
| Balance at January 1, 2021 and Balance at December 31, 2021 | <u>\$ 80,651</u> |
| <u>Accumulated depreciation</u> | |
| Balance at January 1, 2021 | \$ 13,453 |
| Depreciation expense | <u>641</u> |
| Balance at December 31, 2021 | <u>\$ 14,094</u> |
| Carrying amount at December 31, 2021 | <u>\$ 66,557</u> |

The lease period of investment real estate lease is one year, the lessee agreed to adjust the rent according to the market rent when exercising the right to renew the lease. The lessee does not have the preferential purchase right of investment real estate at the end of the lease period.

The company's investment real estate is based on a straight-line basis 52.5 year to 55 Depreciation is accrued over the useful life of the year.

The fair value of investment real estate has not been evaluated by independent appraisers, and is only evaluated by the company's management with reference to market evidence of similar real estate transaction prices. The fair value is as follows:

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|------------------------|--------------------------|--------------------------|
| Investment real estate | <u>\$ 117,782</u> | <u>\$ 154,568</u> |

15. Other non-current assets

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|---------------------|--------------------------|--------------------------|
| Prepaid equipment | \$ 2,500 | \$ 2,500 |
| Refundable deposits | <u>219</u> | <u>219</u> |
| | <u>\$ 2,719</u> | <u>\$ 2,719</u> |

16. Accounts payable

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-------------------------|--------------------------|--------------------------|
| <u>Accounts payable</u> | | |
| Due to business | <u>\$ -</u> | <u>\$ 106</u> |

The average credit period of accounts payable is 60-90 days. The company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit period.

17. Other payables

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|---|--------------------------|--------------------------|
| Wages and salaries payable and bonus | \$ 645 | \$ 1,765 |
| Employee compensation payable and Compensation due to directors and supervisors | 8,628 | 3,241 |
| Payable pension, labor health insurance, labor service fee and other expenses, etc. | <u>5,846</u> | <u>7,611</u> |
| | <u>\$ 15,119</u> | <u>\$ 12,617</u> |

18. Post-employment welfare plan

(1) Confirm the allocation plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(2) Defined benefit plan

The pension system handled by our company in accordance with China's "Labor Standards Law" is a defined benefit retirement plan managed by the government. The payment of employee pensions is based on the number of years of service and the approved date of retirement⁶ Monthly average salary calculation. The company bases on the total monthly salary of employees 2% The retirement funds shall be transferred to the Labor Retirement Reserve Supervision Committee and deposited in the special account of the Bank of Taiwan in the name of the committee. Before the end of the year, if the estimated balance in the special account is insufficient to pay the workers who are expected to meet the retirement conditions in the next year, the next year³ The difference will be withdrawn once before the end of the month. The special account is entrusted to the Labor Fund Utilization Bureau of the Ministry of Labor to manage, and the company has no influence on the investment management policy. Skip the rights.

However, because the company has allocated a full amount, it has been approved by the competent authority 2022 and 2021 Suspension of appropriation of labor retirement reserves for the year.

The amount of the defined benefit plan included in the individual balance sheet is listed as follows:

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|---|--------------------------|--------------------------|
| Present value of defined benefit obligation | \$ 8,524 | \$ 9,901 |
| Fair value of plan assets | (<u>24,706</u>) | (<u>22,779</u>) |
| Net defined benefit assets | (<u>\$ 16,182</u>) | (<u>\$ 12,878</u>) |

Net defined benefit asset movements are as follows:

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit assets |
|---|---|------------------------------|-------------------------------|
| Balance at January 1, 2021 | <u>\$ 11,120</u> | <u>(\$ 22,380)</u> | <u>(\$ 11,260)</u> |
| Interest expense (income) | <u>44</u> | <u>(90)</u> | <u>(46)</u> |
| Recognized in profit or loss | <u>44</u> | <u>(90)</u> | <u>(46)</u> |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (309) | (309) |
| Actuarial gain – Changes in financial assumptions | (416) | - | (416) |
| Actuarial gain – Experience adjustments | (847) | - | (847) |
| Recognized in other comprehensive income | (1,263) | (309) | (1,572) |
| Balance at December 31, 2021 | <u>9,901</u> | <u>(22,779)</u> | <u>(12,878)</u> |
| Interest expense (income) | <u>69</u> | <u>(159)</u> | <u>(90)</u> |
| Recognized in profit or loss | <u>69</u> | <u>(159)</u> | <u>(90)</u> |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (1,768) | (1,768) |
| Actuarial gain – Changes in financial assumptions | (806) | - | (806) |
| Actuarial gain – Experience adjustments | <u>8</u> | - | <u>8</u> |
| Recognized in other comprehensive income | (798) | (1,768) | (2,566) |
| Benefits paid | (648) | - | (648) |
| Balance at December 31, 2022 | <u>\$ 8,524</u> | <u>(\$ 24,706)</u> | <u>(\$ 16,182)</u> |

The amount of defined benefit plans recognized in profit or loss is summarized by function as follows:

| | | |
|------------------|------------------|------------------|
| | <u>2022</u> | <u>2021</u> |
| Management costs | (<u>\$ 90</u>) | (<u>\$ 46</u>) |

The company is exposed to the following risks due to the pension system of the Labor Standards Act:

1. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
2. Interest risk: A decline in interest rates on government bonds will increase the present value of defined benefit obligations, but the return on debt investment in project assets will also increase, and the impact of the two on net defined benefit liabilities will be partially offset.
3. Salary risk: The calculation of the present value of the defined benefit obligation references the future wages of the program members. Therefore, an increase in the salary of plan members will increase the present value of the defined benefit obligation. The present value of the defined benefit obligation of the company is calculated by a qualified actuary, and the major assumptions of the measurement date are as follows:

| | | |
|-------------------------------|--------------------------|--------------------------|
| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
| Discount rate | 1.4% | 0.7% |
| Expected salary increase rate | 2.0% | 2.0% |

If the major actuarial assumptions are subject to reasonably possible changes, and all other assumptions remain unchanged, the amount that will increase (decrease) the present value of the defined benefit obligation is as follows:

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-------------------------------|--------------------------|--------------------------|
| Discount rate | | |
| 0.1% increase | (<u>\$ 108</u>) | (<u>\$ 134</u>) |
| 0.1% decrease | <u>\$ 110</u> | <u>\$ 136</u> |
| Expected salary increase rate | | |
| 0.1% increase | <u>\$ 101</u> | <u>\$ 125</u> |
| 0.1% decrease | (<u>\$ 100</u>) | (<u>\$ 123</u>) |

Since the actuarial assumptions may be related to each other, the possibility of only a single assumption changing is small, so the above sensitivity analysis may not be able to reflect the actual changes in the present value of the defined benefit obligations.

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|---|--------------------------|--------------------------|
| Expected contributions to the plan for the following year | <u>\$ -</u> | <u>\$ -</u> |
| The average duration of the defined benefit obligation | 12.8 years | 13.4 years |

19. Equity

(1) Ordinary share capital

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
| Number of shares | | |
| authorized (in thousands) | <u>120,000</u> | <u>120,000</u> |
| Rated share capital | <u>\$ 1,200,000</u> | <u>\$ 1,200,000</u> |
| Number of shares issued and fully paid | | |
| (thousand shares) | <u>80,000</u> | <u>80,000</u> |
| Issued share capital | <u>\$ 800,000</u> | <u>\$ 800,000</u> |

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

(2) Capital reserve

| | <u>December 31,2022</u> | <u>December 31,2021</u> |
|--|-------------------------|-------------------------|
| <u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u> | | |
| Assignable employee stock options | \$ 15,325 | \$ 15,325 |
| Actual acquisition or disposal of subsidiary company equity price-to-book difference | 40 | - |
| <u>Only to cover losses</u> | | |
| Changes in ownership interests in subsidiaries | <u>2,357</u> | <u>2,119</u> |
| | <u>\$ 17,722</u> | <u>\$ 17,444</u> |

(3) Retention of Earnings and Dividend Policy

According to the surplus distribution policy of the company's articles of association, if there is a surplus in the company's annual final accounts, it should first pay taxes and make up for the accumulated losses over the years, and then withdraw 10%. It is the statutory surplus reserve, and the special surplus reserve is appropriated or reversed in accordance with the laws or regulations of the competent authority. If there is still a surplus, the balance will be added to the accumulated undistributed surplus in previous years. The board of directors shall draft a surplus distribution proposal:

1. When issuing new shares, the distribution shall be made after the resolution of the shareholders' meeting;
2. In accordance with Article 240 Item 5 of the Company Law, authorize the board of directors to3 points2 The attendance of the above-mentioned directors, and the resolution of more than half of the directors present, will distribute dividends and bonuses or the statutory surplus and capital reserve stipulated in Article 241, Item 1 of the Company Law All or part of it shall be distributed in cash and reported to the shareholders' meeting. For the employee and director remuneration distribution policy stipulated in the company's articles of association, please refer to Note 24.-(6) Staff remuneration and directors' remuneration.

The company will consider the company's environment and growth stage, respond to future capital needs and long-term financial planning, and meet shareholders' needs for cash inflows, and allocate from the net profit after tax for the year50%The above distribution of shareholder dividends, of which cash dividends shall not be less than the total10%.

The statutory surplus reserve shall be appropriated until its balance reaches the total paid-in share capital of the company. The statutory surplus reserve can be used to make up losses. When the company has no losses, the statutory surplus reserve exceeds the actual Total received share capital25%In addition to appropriating share capital, the remaining part can also be distributed in cash.

Our company 2021 and 2020 The annual surplus distribution plan is as follows:

| | Profit distribution plan | | Dividend per share(NT\$) | |
|-----------------|--------------------------|-----------|--------------------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| Cash dividends | \$ 28,000 | \$ 16,000 | \$ 0.35 | \$ 0.20 |
| Legal reserve | 2,918 | - | | |
| Special reserve | 2,824 | 2,520 | | |

The above-mentioned cash dividends were distributed by the board of directors on March 16, 2022 and March 24, 2021 and the remaining surplus items were also distributed in the stock market on June 22, 2022 and August 25, 2021.

Our company March 29, 2023 The board of directors proposed to 2022 The annual surplus distribution plan is as follows:

| | <u>2022</u> |
|--------------------------------|------------------|
| Legal reserve | <u>\$ 9,653</u> |
| Special reserve | <u>\$ 209</u> |
| Cash dividends | <u>\$ 80,000</u> |
| Cash dividend per share (NT\$) | \$ 1.00 |

The above cash dividends have been distributed by the resolution of the board of directors, and the rest are yet to be estimated at June 21, 2022 The resolution of the ordinary shareholders meeting held on.

20. Operating revenue

| | <u>2022</u> | <u>2021</u> |
|--|-----------------|------------------|
| Revenue from contracts with customers. | | |
| Sales revenue | <u>\$ 6,266</u> | <u>\$ 12,111</u> |

(1) Description of customer contract

Commodity sales income comes from sales of security monitoring systems. When fulfilling the performance obligation, the customer has the right to determine the price and use of the aforementioned products and bears the main responsibility for resale, and bears the risk of obsolescence and obsolescence of the product, because the company recognizes it when the performance obligation is met. Advance receipts are recognized as contract liabilities before the products are shipped.

(2) Contract balance

| | December 31, 2022 | December 31, 2021 | January 1, 2021 |
|-------------------------------------|----------------------|----------------------|-----------------|
| Net accounts receivable (Note 9) | <u>\$ 1,303</u> | <u>\$ 4,745</u> | <u>\$ 2,504</u> |
| Contract liabilities | <u>\$ 915</u> | <u>\$ 823</u> | <u>\$ 3,410</u> |

Contract liabilities arise from the sale of goods.

21. Net profit for the year

The net profit for this year includes the following items:

(1) Other income

| | 2022 | 2021 |
|-----------------|------------------|------------------|
| Rental income | \$ 36,626 | \$ 34,843 |
| Dividend income | 129 | 209 |
| Other | <u>15,119</u> | <u>11,712</u> |
| | <u>\$ 51,874</u> | <u>\$ 46,764</u> |

(2) Other gains and losses

| | 2022 | 2021 |
|---|------------------|-------------------|
| Net foreign currency exchange gain (loss) | \$ 33,503 | (\$ 10,643) |
| Disposal of interests in real property, plant and equipment | 29 | 62 |
| Amount at fair value through profit or loss Net (loss) interest on financing assets | (399) | 3,131 |
| What expenditure | <u>(641)</u> | <u>(997)</u> |
| | <u>\$ 32,492</u> | <u>(\$ 8,447)</u> |

(3) Depreciation

| | 2022 | 2021 |
|----------------------------------|-----------------|-----------------|
| Property, plant and equipment | \$ 6,475 | \$ 6,600 |
| Investment property | <u>641</u> | <u>641</u> |
| | <u>\$ 7,116</u> | <u>\$ 7,241</u> |

| | <u>2022</u> | <u>2021</u> |
|--|------------------|------------------|
| Summary of depreciation expense by function | | |
| Operating expenses. | \$ 6,475 | \$ 6,600 |
| What expenditure | <u>641</u> | <u>641</u> |
| | <u>\$ 7,116</u> | <u>\$ 7,241</u> |
| (4) Operating expenses directly related to investment properties | | |
| | <u>2022</u> | <u>2021</u> |
| Generate rental income | <u>\$ 916</u> | <u>\$ 959</u> |
| (5) Employee benefits expense | | |
| | <u>2022</u> | <u>2021</u> |
| Short-term employee benefits | | |
| Salary costs | \$ 16,698 | \$ 13,568 |
| Labor health insurance | <u>898</u> | <u>984</u> |
| | <u>17,596</u> | <u>14,552</u> |
| Post-employment benefits | | |
| Defined contribution plans | 334 | 334 |
| Defined benefit plans(Note18) | (<u>90</u>) | (<u>46</u>) |
| | <u>244</u> | <u>288</u> |
| Other employee benefits | <u>323</u> | <u>320</u> |
| Total employee benefit expenses | <u>\$ 18,163</u> | <u>\$ 15,160</u> |
| Summary by function | | |
| Operating expenses | <u>\$ 18,163</u> | <u>\$ 15,160</u> |

(6) Employee Remuneration and Directors' Remuneration

According to the provisions of the Articles of Association, the company is based on the current year's pre-tax net profit after deducting the benefits before the distribution of employees and directors' remuneration.6% and not higher than3%Appropriate employee remuneration and director remuneration.2022 and 2021 The annual estimated remuneration of employees and directors is respectively in March 29, 2023 and March 16, 2022 The resolution of the Nikkei Board of Directors is as follows:

Accrual rate

| | <u>2022</u> | <u>2021</u> |
|-----------------------|-------------|-------------|
| Employee compensation | 6% | 7% |
| Director remuneration | 1.9% | 2% |

Amount

| | <u>2022</u> | <u>2021</u> |
|-----------------------|-----------------|-----------------|
| Employee compensation | <u>\$ 6,535</u> | <u>\$ 2,541</u> |
| Director remuneration | <u>\$ 2,093</u> | <u>\$ 700</u> |

If the amount still changes after the annual individual financial report is released, it will be handled according to the change in accounting estimates, and it will be adjusted and recorded in the next year.

2021 The actual distribution amount of annual employee remuneration and director remuneration and 2021 There is no difference in the recognized amount in the annual individual financial report. 2020 The year is a net loss before tax, so the remuneration of employees and directors is not estimated.

For information on employee remuneration and director remuneration as resolved by the company's board of directors, please visit the "Public Information Observatory" of the Taiwan Stock Exchange.

22. Income tax

(1) Income tax expenses recognized in profit or loss Main components

| | <u>2022</u> | <u>2021</u> |
|------------------------------|-----------------|-----------------|
| Current income tax | | |
| Prior Year Adjustments | \$ - | \$ 5 |
| Deferred income tax | | |
| producer of the year | <u>5,723</u> | <u>3,497</u> |
| Income tax expense | | |
| recognized in profit or loss | <u>\$ 5,723</u> | <u>\$ 3,502</u> |

The adjustment of accounting income and income tax benefits is as follows:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|------------------|
| Net profit before tax | <u>\$ 100,294</u> | <u>\$ 34,476</u> |
| The net loss before tax is calculated according to the statutory tax rate | | |
| income tax | \$ 20,058 | \$ 6,895 |
| Adjustments should be made when determining taxable income | | |
| Reduced items | (12,776) | (7,676) |
| Non-deductible expense losses | 314 | - |
| Tax-free income | (26) | (514) |
| Unrecognized temporary differences | 26 | - |
| Unrecognized loss write-off | (1,873) | 4,792 |
| Current income tax expenses for the previous year | | |
| Adjustments for the year | <u>-</u> | <u>5</u> |
| Income tax expense recognized in profit or loss | <u>\$ 5,723</u> | <u>\$ 3,502</u> |

(二) Income tax recognized in other comprehensive profit or loss

| | <u>2022</u> | <u>2021</u> |
|--|---------------|---------------|
| <u>Deferred income tax</u> | | |
| Produced this year | | |
| - Determined benefit plan remeasurements | <u>\$ 513</u> | <u>\$ 314</u> |

(三) Current income tax assets and liabilities

| | <u>111年12月31日</u> | <u>110年12月31日</u> |
|---------------------------|-------------------|-------------------|
| Current income tax assets | | |
| Tax refund receivable | <u>\$ 572</u> | <u>\$ 418</u> |

(四) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2022

| | <u>Balance at the beginning of year</u> | <u>Recognized in profit or loss</u> | <u>Recognized in other Comprehen sive income</u> | <u>Balance at the end of year</u> |
|--|---|---|--|---|
| Deferred income tax assets | | | | |
| Temporary differences | | | | |
| Allowance for doubtful debt losses | \$ 694 | \$ 899 | \$ - | \$ 1,593 |
| Unrealized exchange loss | 3,643 | (3,643) | - | - |
| Allowance for inventory falling price losses | <u>18,514</u> | <u>89</u> | <u>-</u> | <u>18,603</u> |
| | <u>\$ 22,851</u> | <u>(\$ 2,655)</u> | <u>\$ -</u> | <u>\$ 20,196</u> |
| Deferred income tax liabilities | | | | |
| Temporary differences | | | | |
| Defined Benefit Plan | \$ 2,552 | \$ 171 | \$ 513 | \$ 3,236 |
| Unrealized conversion benefit | <u>-</u> | <u>2,897</u> | <u>-</u> | <u>2,897</u> |
| | <u>\$ 2,552</u> | <u>\$ 3,068</u> | <u>\$ 513</u> | <u>\$ 6,133</u> |

2021

| | <u>Balance at the beginning of year</u> | <u>Recognized in profit or loss</u> | <u>Recognized in other Comprehen sive income</u> | <u>Balance at the end of year</u> |
|--|---|---|--|---|
| Deferred income tax assets | | | | |
| Temporary differences | | | | |
| Allowance for doubtful debt losses | \$ 496 | \$ 198 | \$ - | \$ 694 |
| Unrealized exchange loss | 5,865 | (2,222) | - | 3,643 |
| Allowance for inventory falling price losses | <u>19,996</u> | <u>(1,482)</u> | <u>-</u> | <u>18,514</u> |
| | <u>\$ 26,357</u> | <u>(\$ 3,506)</u> | <u>\$ -</u> | <u>\$ 22,851</u> |

| | <u>Balance at the beginning of year</u> | <u>Recognized in profit or loss</u> | <u>Recognized in other Comprehen sive income</u> | <u>Balance at the end of year</u> |
|------------------------------------|---|---|--|---|
| Deferred income tax liabilities | | | | |
| Temporary differences | | | | |
| Defined Benefit Plan | <u>\$ 2,247</u> | <u>(\$ 9)</u> | <u>\$ 314</u> | <u>\$ 2,552</u> |

- (5) Unused loss deduction amount of deferred income tax assets not recognized in individual assets and liabilities

| | <u>December 31,2022</u> | <u>December 31,2021</u> |
|--------------------|-------------------------|-------------------------|
| Loss carryforwards | | |
| 117 due | \$ 14,116 | \$ 23,482 |
| 118 due | <u>26,529</u> | <u>26,529</u> |
| | <u>\$ 40,645</u> | <u>\$ 50,011</u> |

(6) Income tax verification situation

The company's profit-making enterprise income tax declaration shall be approved by the tax collection authority to 2020.

23. Earnings per share

| | <u>2022</u> | <u>2021</u> |
|----------------------------|----------------|----------------|
| Basic earnings per share | <u>\$ 1.18</u> | <u>\$ 0.39</u> |
| Diluted earnings per share | <u>\$ 1.18</u> | <u>\$ 0.39</u> |

The net profit and weighted average number of ordinary shares used to calculate earnings per share are as follows:

Net profit for the year

| | <u>2022</u> | <u>2021</u> |
|---|------------------|------------------|
| Used to calculate basic and diluted earnings per share net profit | <u>\$ 94,571</u> | <u>\$ 30,974</u> |

Number of shares

(In Thousand Shares)

| | <u>2022</u> | <u>2021</u> |
|--|---------------|---------------|
| Weighted average number of ordinary shares in the computation of basic earnings per share | 80,000 | 80,000 |
| Effect of Dilutive Potential Ordinary Shares | | |
| Employee compensation | <u>277</u> | <u>94</u> |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>80,277</u> | <u>80,094</u> |

If the company can choose to issue employee remuneration in stock or cash, when calculating diluted earnings per share, it is assumed that the employee remuneration will be issued in the form of stock, and when the potential ordinary shares have a dilutive effect, it will be included in the weighted average number of outstanding shares to calculate Diluted earnings per share. in the following year When calculating the diluted earnings per share before determining employee remuneration and issuing shares, the dilutive effect of these potential ordinary shares will also continue to be considered.

24. Disposal of investment subsidiaries - loss of control

The company's subsidiary Sheng Tech invested in January 2022 At the beginning of the month, the equity of the subsidiary Shengxun Data Technology Co., Ltd. was sold, resulting in a shareholding ratio of 70%downgraded to 40%, and lost control over the subsidiary, please refer to the Company for related transactions 2022 Notes to the annual consolidated financial report 27.

25. Partial acquisition or disposal of investment subsidiaries - does not affect control

Aishigou Technology Co., Ltd., a subsidiary of the company, January 20, 2022 The daily absorption merged into Shengcheng Co., Ltd., so that the shareholding ratio was changed from 87%rise to 91% ◦

Shengtai Branch, a subsidiary of the Company, invested in May 24, 2022 The day did not subscribe for the equity of the cash capital increase of Aishigou Technology Co., Ltd. according to the shareholding ratio, resulting in the shareholding ratio from 91% decrease to 56.70% ◦

Shengtai Branch, a subsidiary of the Company, invested in June 14, 2022. The day did not subscribe for the shares of Ascend Information Co., Ltd. for the cash capital increase according to the shareholding ratio, resulting in the shareholding ratio from 100% decrease to 51.67%.

The company at July 31, 2022. Risun sold part of the equity of the subsidiary Sheng Taian Holdings, resulting in the proportion of shares held by Sheng Taian Holdings increasing from 100% decrease to 96%.

Since the above transaction did not change the company's control over these subsidiaries, the company treated it as an equity transaction. Partial acquisition or disposal of subsidiaries, please refer to Note 11 and the Company 2022 Consolidated Financial Report Supplementary Note 28.

26. Capital risk management

The company's capital structure management strategy is based on the industrial scale, future growth and product development blueprint of the company's business, to define the corresponding capital expenditure of the required plant and equipment; and then calculate the required working capital and cash, to the company's long-term. Make an overall asset scale plan for the various scales required for development; finally, determine the appropriate capital structure of the company based on the relationship between the company's product operating cycle and cash flow.

27. Financial instruments

(1) Fair value information - financial instruments not measured at fair value

The management of the company believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approach their fair values.

(2) Fair Value Information - Financial Instruments Measured at Fair

Value on a Repeat Basis Fair Value Hierarchy

December 31, 2022

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|--------------|
| <u>Fair value through profit or loss financial assets</u> | | | | |
| Equity instrument investment | | | | |
| -Domestic listed (counter) stocks | \$ 3,362 | \$ - | \$ - | \$ 3,362 |

December 31, 2021

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|-----------------|----------------|----------------|-----------------|
| <u>Fair value through profit or loss financial assets</u> | | | | |
| Equity instrument investment | | | | |
| -Domestic listed (counter) stocks | \$ 4,480 | \$ - | \$ - | \$ 4,480 |
| Fund beneficiary certificate | 510 | - | - | 510 |
| | <u>\$ 4,990</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,990</u> |

There were no transfers between Levels 1 and 2 in the current and prior periods.

(3) Types of financial instruments

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|---|--------------------------|--------------------------|
| <u>Financial assets</u> | | |
| Fair value through profit or loss | | |
| Mandatory through profit and loss at arm's length value measurement | \$ 3,362 | \$ 4,990 |
| Financial at amortized cost assets (note1) | 1,013,088 | 987,640 |
| <u>Financial liabilities</u> | | |
| Measured at amortized cost (Note2) | 19,101 | 16,287 |

Note 1: The balance includes cash and cash equivalents, accounts receivable, other receivables, deposits and other financial assets measured at amortized cost.

Note 2: Balance refers to financial liabilities measured at cost after amortization, including accounts payable, other payables and deposits.

(4) Financial Risk Management Objectives and Policies

The company's main financial instruments include equity and debt instrument investments, accounts receivable and accounts payable. The financial management department of the company provides services for various business units, coordinates the operation of entering domestic and international financial markets, and supervises and manages the financial risks related to the company's operations. Such risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1. Market risk

The main financial risk borne by the Company due to its operating activities is the risk of changes in foreign currency exchange rates (see below(1)) and interest rate change risk (see below(2)).

There is no change in the Company's exposure to financial instrument market risks and its management and measurement methods for such exposure.

(1) Currency risk

The company is engaged in sales and purchase transactions denominated in foreign currency, thus exposing the company to risk of exchange rate fluctuations.

Please refer to Note 29 for the book value of the monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date.

Sensitivity Analysis

The company is mainly affected by fluctuations in the exchange rate of the US dollar.

The table below details when the exchange rate of the New Taiwan dollar (functional currency) to the U.S. dollar increases and decreases 1%. Time, the company's sensitivity analysis. 1% It is the sensitivity ratio used internally by the Company to report exchange rate risk to key management. It also represents management's assessment of the range of reasonably possible fluctuations in foreign currency exchange rates. Sensitivity analysis includes only currency items in foreign currencies in circulation, and converts them at the end of the year to exchange rate changes 1%. Make adjustments. A positive number in the table below indicates that when the New Taiwan dollar depreciates against the US dollar 1%, will increase the net profit before tax Amount; when the New Taiwan dollar appreciates relative to the relevant foreign currencies 1%, its impact on net profit before tax will be a negative number of the same amount.

| | USD impact (Note) | |
|----------------|-------------------|----------|
| | 2022 | 2021 |
| Profit or loss | \$ 2,788 | \$ 3,209 |

Note: Mainly derived from USD-denominated cash and cash equivalents, financial assets and receivables measured at cost after amortization that are still in circulation and have not been hedged by the company on the balance sheet date.

Management believes that the sensitivity analysis cannot represent the inherent risk of exchange rate, because foreign currency exposure at the balance sheet date cannot reflect the exposure situation in the year.

(2) Interest Rate Risk

The company holds bank deposits with fixed and floating interest rates at the same time, thus generating interest rate risk. The company always pays attention to changes in market risk interest rates and adjusts interest rate policies to manage interest rate risks.

The carrying amount of the financial assets subject to the risk of interest rate risk on the balance sheet date of the company is as follows:

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|---|--------------------------|--------------------------|
| Fair value interest rate risk- Financial assets | \$ 385,528 | \$ 338,546 |
| Cash flow interest rate risk- Financial assets | 625,085 | 641,817 |

Sensitivity Analysis

The following sensitivity analysis is determined based on the interest rate exposure of non-derivative instruments on the balance sheet date. For floating rate assets, the method of analysis is to assume that the amount of assets in circulation on the balance sheet date is in circulation during the reporting period. The rate of change used internally by the Company when reporting interest rates to key management is Interest rate increase or decrease 100 basis points, which also represent management's assessment of the range of reasonably possible changes in interest rates.

If the interest rate increases/decreases 100 basis point, with all other variables held constant, the company 2022 and 2021 Net profit before tax for the year will increase/decrease respectively 6,251 thousand yuan and 6,418 Thousands of yuan, mainly due to changes in the company's profit Bank deposits and variable interest rate financial assets measured at amortized cost.

2. Credit risk

Credit risk refers to the risk that the counterparty of the transaction defaults on its contractual obligations and causes financial losses to the company. As of the balance sheet date, the company's maximum credit risk of financial losses due to the counterparty's failure to perform its obligations and the company's provision of financial guarantees mainly comes from the book value of financial assets recognized in the individual balance sheet.

In order to maintain the quality of accounts receivable, the company has established procedures for credit risk management related to operations. The risk assessment of an individual customer is based on consideration of the customer's financial status, the company's internal credit rating, historical transaction records and current economic conditions, and many other factors that may affect the customer's ability to pay. The company continues to monitor the credit risk and the credit rating of the counterparty, and distributes the total transaction amount to customers with qualified credit ratings, and controls the credit risk through the counterparty credit limit reviewed and approved by the relevant department every year.

In order to mitigate credit risk, the management of the company assigns a dedicated department to be responsible for the determination of credit line, credit approval and other monitoring procedures to ensure that appropriate actions have been taken for the recovery of overdue receivables. The Company will also use certain credit enhancement facilities, such as Receive payment in advance, etc., to reduce credit risk. In addition, the company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the uncollectible receivables Appropriate impairment losses have been provided. Accordingly, the management of the company believes that the credit risk of the company has been significantly reduced.

The Company does not have significant credit exposure to any single counterparty or any group of counterparties with similar characteristics. At December 31, 2022 and 2021 The credit risk concentration of individual transaction objects does not exceed the total monetary assets 1% ◦

3. Liquidity risk

The company manages and maintains sufficient cash and equivalent cash to support operations and mitigate the impact of cash flow fluctuations. The company's management supervises the use of the bank's comprehensive financing line and ensures compliance with the terms of the credit line contract. As of December 31, 2022 and 2021 As of the date, the company has no unused financing line.

(1) Liquidity and interest rate risk table for non-derivative financial liabilities

The following liquidity and interest rate risk table details the analysis of the company's remaining contractual maturity of non-derivative financial liabilities during the agreed repayment period. Prepared, which includes cash flows of interest and principal.

December 31,2022

| | Pay on demand or shorter than1 month | 1 to 3 month | 3 month to 1 Year | 1 to 2 Year |
|---|---|--------------|----------------------|-------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| No interest bearing liabilities | \$ 6,656 | \$ - | \$ 8,735 | \$ - |

December 31,2021

| | Pay on demand or shorter than1 month | 1 to 3 month | 3 month to 1 Year | 1 to 2 Year |
|---|---|--------------|----------------------|-------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| No interest bearing liabilities | \$ 3,467 | \$ 2,784 | \$ 6,472 | \$ - |

28. Relational person transactions

Except as disclosed in other notes, the transactions between the company and related parties are as follows.

(一) Related parties and their relationship with the Company

| <u>Name of related party</u> | <u>Relationship with the Company</u> |
|--|---|
| CPCAM FRANCE SARL (CPCAM) | Subsidiary of the investor with significant influence |
| Qiaowu International Co., Ltd. (Qiaowu) | Subsidiary |
| Suntech Investment Co., Ltd. (Suntech) | Subsidiary |
| Shengtai Safety Control Co., Ltd. (Shengtai Safety Control) | Subsidiary |
| Shengyun Technology Co., Ltd. (Shengyun Technology) | Subsidiary |
| Shengquan industrial co., Ltd.(Shengquan) | Subsidiary |
| Elcom Technology International Inc. (Elcom) | Subsidiary |
| Aishgo Technology Co., Ltd. (Aishgo) | Subsidiary |
| Alta Technology Co., Ltd. (Alta) | Affiliated Enterprises |
| Suncom Data Technology Co., Ltd. | Affiliated Enterprises (Note) |
| Rongjin Technology Co., Ltd. (Rongjin) | Substantial related party |
| Star Vision Co., Ltd. (Sight Vision) | Substantial related party |
| Shenghua Technology Co., Ltd. | Substantial related party |
| Kejia Enterprise Co., Ltd. (Kejia) | Substantial related party |

Note: The company's subsidiary company Sheng Taike invests in January 2022 Due to the sale of the equity of the subsidiary Shengxun Data Technology Co., Ltd., the company lost control over the company and was transferred to an investment related enterprise.

(2) Operating revenue

| <u>Accounting Item</u> | <u>Related Party Category/Name</u> | <u>2022</u> | <u>2021</u> |
|------------------------|------------------------------------|-----------------|-----------------|
| Sales revenue | Subsidiary | | |
| | Shengtai Safety Control | \$ 6,262 | \$ 9,283 |
| | Other | <u>16</u> | <u>40</u> |
| | | <u>\$ 6,278</u> | <u>\$ 9,323</u> |

The sale of goods to related parties is handled according to the general transaction conditions.

(3) Purchase

| <u>Related Party Category/Name</u> | <u>2022</u> | <u>2021</u> |
|------------------------------------|-----------------|-------------|
| Subsidiary | | |
| Shengtai Safety Control | <u>\$ 1,867</u> | <u>\$ -</u> |

The purchase of related parties is handled according to the general transaction conditions.

(4) Receivables from related parties (excluding loans to related parties)

| Accounting Item | Related Party Category/Name | December 31, 2022 | December 31, 2021 |
|----------------------|--------------------------------------|-------------------|-------------------|
| Accounts receivable | Subsidiary | | |
| | Shengtai Safety Control | \$ 1,303 | \$ 993 |
| | Investors with Significant Influence | | |
| | Other | 146 | 132 |
| Allowance for losses | Other | (146) | (132) |
| | | <u>\$ 1,303</u> | <u>\$ 993</u> |
| Other receivables | Subsidiary | | |
| | Shengquan | \$ 652 | \$ 644 |
| | Substantial related party | | |
| | Rongjin | - | 1,281 |
| | Other | 62 | 134 |
| | | <u>\$ 714</u> | <u>\$ 2,059</u> |

The outstanding receivables from related parties have not been guaranteed

(5) Amounts payable to related parties (excluding loans from related parties)

| Accounting Item | Related Party Category/Name | December 31, 2022 | December 31, 2021 |
|-----------------|-----------------------------|-------------------|-------------------|
| Other payables | Subsidiary | | |
| | Shengquan | \$ 268 | \$ 106 |
| | Other | 4 | - |
| | | <u>\$ 272</u> | <u>\$ 106</u> |

The balance of the outstanding accounts payable to related parties has not been guaranteed.

(6) Loans to related parties

Interest revenue

| <u>Related Party Category/Name</u> | <u>2022</u> | <u>2021</u> |
|--|---------------|-------------|
| Subsidiary | | |
| Qiaowu | <u>\$ 441</u> | <u>\$ -</u> |

The company provides short-term unsecured loans to subsidiaries, and the interest rate is close to the market interest rate. These advances were made on September 2022 back.

(7) Operating lease revenue

| <u>Accounting Item</u> | <u>Related Party Category/Name</u> | <u>2022</u> | <u>2021</u> |
|------------------------|--|------------------|------------------|
| Other revenue | Subsidiary | | |
| | Shengquan | \$ 5,923 | \$ 5,947 |
| | Shengtai Safety | 2,722 | 4,759 |
| | Control | | |
| | Qiaowu | 1,385 | 1,385 |
| | Substantial related party | | |
| | Shenghua | 3,609 | - |
| | Rongjin | 229 | 2,749 |
| | Other | <u>1,348</u> | <u>1,397</u> |
| | | <u>\$ 15,216</u> | <u>\$ 16,237</u> |

The company rents out premises to related parties for office use, and charges are made monthly or annually based on the price agreed upon by both parties.

(8) Service revenue

| <u>Accounting Item</u> | <u>Related Party Category/Name</u> | <u>2022</u> | <u>2021</u> |
|------------------------|-------------------------------------|-----------------|-----------------|
| Other revenue | Subsidiary | | |
| | Shengtai Safety Control | \$ 1,484 | \$ 1,372 |
| | Shengquan Substantial related party | 1,349 | 1,495 |
| | Shenghua | 4,201 | - |
| | Rongjin | 455 | 2,646 |
| | Other | 372 | 643 |
| | | <u>\$ 7,861</u> | <u>\$ 6,156</u> |

(9) Other expenses

| <u>Accounting Item</u> | <u>Related Party Category/Name</u> | <u>2022</u> | <u>2021</u> |
|------------------------|------------------------------------|-----------------|-----------------|
| General expenses | Subsidiary | | |
| | Shengquan | \$ 1,497 | \$ 1,198 |
| | Other | 113 | 387 |
| | | <u>\$ 1,610</u> | <u>\$ 1,585</u> |

(10) Rewards for key management

The total remuneration of directors and other key management personnel is as follows:

| | <u>2022</u> | <u>2021</u> |
|------------------------------|-----------------|-----------------|
| Short-term employee benefits | <u>\$ 5,453</u> | <u>\$ 3,060</u> |

The remuneration of directors and other key management personnel is determined by the remuneration committee in accordance with individual performance and market trends.

29. Information on foreign currency assets and liabilities with significant impact

The following information is expressed in terms of foreign currencies other than the functional currency of the company, and the exchange rate disclosed refers to the exchange rate converted from these foreign currencies to the functional currency. Foreign currency assets and liabilities with significant impact are as follows:

December 31, 2022

| | <u>Foreign Currency</u> | <u>Exchange Rate</u> | <u>Carrying Amount</u> |
|--------------------------------|-------------------------|----------------------|------------------------|
| <u>Foreign currency assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD | \$ 9,078 | 30.71 | \$ 278,785 |

December 31, 2021

| | <u>Foreign Currency</u> | <u>Exchange Rate</u> | <u>Carrying Amount</u> |
|--------------------------------|-------------------------|----------------------|------------------------|
| <u>Foreign currency assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD | \$ 11,593 | 27.68 | \$ 320,916 |

Unrealized foreign currency exchange gains and losses with significant impacts are as follows:

| <u>Foreign currency</u> | <u>2022</u> | | <u>2021</u> | |
|-------------------------|-----------------------|----------------------------------|-----------------------|----------------------------------|
| | <u>Exchange rate</u> | <u>Net exchange (loss) gains</u> | <u>Exchange rate</u> | <u>Net exchange (loss) gains</u> |
| USD | 30.710 (USD : TWD) | <u>\$ 32,256</u> | 27.680 (USD : TWD) | <u>(\$ 11,162)</u> |

30. Notes Disclosures

(1) Major transactions and (2) Relevant information about switching to investment business:

1. Loans of Funds to Others: Table 1.
2. Endorsement for others: Table 2.
3. Status of marketable securities held at the end of the period (excluding investment subsidiaries, affiliated enterprises and joint venture control parts): Table 3.
4. Cumulative purchase or sale of the same securities amount up to NT\$3 billion yuan or paid-in capital 20% Above: None.
5. The amount of real estate acquired is up to NT\$3 billion yuan or paid-in capital 20% Above: None.
6. The amount of disposition of real estate up to NT\$3 billion yuan or paid-in capital 20% Above: None.
7. The amount of purchases and sales of related people reaches NT\$1 100 million yuan or paid-in capital 20% Above: None.
8. Amounts receivable from related parties amounted to NT\$1 Billion yuan or paid-in capital 20% Above: None.
9. Engaged in derivatives transactions: None.
10. Invested company information: Table 4.

(3) Mainland investment information:

1. The name of the invested company in mainland China, main business items, paid-in capital, investment method, capital remittance and inflow, shareholding ratio, current year profit and loss and recognized investment profit and loss, investment book amount at the end of the year, repatriated investment profit and loss, and going to the mainland Regional Investment Limits: Table 5.

2. The following major transactions with the mainland investee company directly or indirectly through the third region, as well as their prices, payment terms, and unrealized gains and losses:

(1) Purchase amount and percentage and closing balance and percentage of related payables: None.

(2) Closing balance and percentage of sales amount and percentage and related receivables: None.

(3) Amount of property transaction and the resulting profit and loss amount: None.

(4) Closing balance of bills endorsed or provided as collateral and its purpose: Table 2.

(5) The maximum balance of financing facilities, the balance at the end of the period, the interest rate range, and the total amount of interest for the current year: Table 1.

(6) Other transactions that have a significant impact on the current year's profit or loss or financial status, such as the provision or receipt of labor services, etc.: None.

(4) Main shareholder information: Table 6.

AV TECH CORPORATION
FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 1

| No. (Note 1) | Lender | Borrower □ | Financial Statement Account(N ote 2) | Relate d Party | Highest Balance for the Perio(Note 3 and 9) | Balance at December 31 (Note 8 and 9) | Actual Borrowing Amount(Note 9) | Interest rate range | Nature of Financin g (Note 4) | Business Transaction Amount (Note 5) | Reasons for Short-term Financing (Note 6) | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower (Notes 7) | Aggregate Financing Limit (Notes 7) | Note |
|-----------------|-------------------------|-------------------------|---|----------------------|---|---|--|---------------------------|---|--|--|-------------------------------------|------------|-------|--|--|------|
| | | | | | | | | | | | | | Item | Value | | | |
| 0 | Shengtai Technology | Qiaowu International | Other receivabl es | Y | \$ 80,000 | \$ 50,000 | \$ - | 2.3% | (2) | \$ - | Other receivables | \$ - | - | \$ - | \$ 226,050 | \$ 226,050 | |
| 1 | Qiaowu International | Anhong Electronics | Other receivabl es | Y | 61,420 (USD 2,000) | 61,420 (USD 2,000) | 61,420 (USD 2,000) | 3.5% | (2) | - | Other receivables | - | - | - | 86,451 | 172,902 | |

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

(1) Issued by people

(2) Invested companies are classified by Arabic numerals 1 Start numbering sequentially.

Note 2: Accounts receivable from related companies, receivables from related parties, shareholder transactions, advance payments, temporary payments... Items such as those of the nature of capital loans must be filled in this field.

Note 3: The maximum balance of funds loaned to others in the current year.

Note 4: Fund loan and nature should be filled in (1) are business associates or (2) It is necessary for short-term financing.

Note 5: If the nature of the capital loan is a business transaction, the amount of the business transaction should be filled in. The amount of business transactions refers to the amount of business transactions between the lending company and the lender in the most recent year.

Note 6: If the nature of the loan is necessary for short-term financing, the reason for the necessary loan and the purpose of the loan should be specified, such as: repayment of loans, purchase of equipment, business turnover... wait .

Note 7: The total loan amount of Shengtai Technology' s funds to others shall not exceed the net value of Shengtai Technology' s latest audited and certified financial statements by accountants 10% . Shengtai Technology The individual fund loan and amount shall not exceed the latest net value of Shengtai Technology, which has been checked and certified by an accountant or reviewed financial statements 10% .

The total amount of funds loaned by Qiaowu International to others shall not exceed the latest net value of Qiaowu International that has been verified and certified by an accountant or audited financial statements 40% .

For those who have capital loans due to business relations between Qiaowu International and other companies or firms, the individual loan amount should not exceed the net worth of Qiaowu International 20% for the limit.

Note 8: If the public offering company follows the guidelines for the handling of fund loans and endorsement guarantees of public offering companies 14 article 1 For this item, the funds are loaned to the resolution of the board of directors one by one. Although the funds have not yet been allocated, the amount of the resolution of the board of directors should be included in the balance of the announcement to disclose the risks it bears; however, after the funds are repaid, the balance after repayment should be disclosed to reflect the adjustment of the risk . If the public issue company follows the handling guidelines No. 14 article 2 For items approved by the board of directors to authorize the chairman of the board of directors to allocate a loan or recycle in installments within a certain amount and within a one-year period, the fund loan amount approved by the board of directors should still be used as the balance declared in the announcement.

Although the funds will be repaid later, it may still be appropriated again. , so the loan amount approved by the board of directors should still be used as the balance reported in the announcement.

Note 9: The amount in foreign currency is based on December 31,2022 daily exchange rateUSD\$1= NT\$30.71 for New Taiwan dollars.

AV TECH CORPORATION
 ENDORSEMENT FOR OTHERS
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 2

| No. (Note 1) | Endorser/Guarantor Name □ | Endorsee/Guarantee | | Limit on Endorsement / Guarantee Given on Behalf of Each Party | Maximum Amount Endorsed/Guaranteed During the Period | Ending Balance Amount Endorsed/Guaranteed During the Period | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collateral □ | Ratio of net worth in financial statements (%) | Maximum amount | Endorse ment guarante e for subsidiar ies | Endorse ment to the parent company | Endorse ment/ Guarante e Given on Behalf of Compani es in Mainlan d China | Note |
|-----------------|------------------------------|-------------------------|---------------------------|--|--|--|-------------------------------|---|--|---------------------------|--|--|---|------|
| | | Company name | Relationshi p (Note 2) | | | | | | | | | | | |
| 0 | Shengtai Technolog y | Qiaowu International | 2 | \$ 80,000 (Note 3) | \$ 45,000 | \$ 45,000 | \$ - | \$ - | 1.99 | \$ 80,000 (Note 3) | Y | - | - | - |
| 1 | Qiaowu Internation al | Anhong Electronics | 2 | 108,064 (Note 4) | 22,050 (RMB5,000) | 22,050 (RMB5,000) | 22,050 (RMB5,000) | - | 5.10 | 108,064 (Note 4) | - | - | Y | - |

Note 1: Filled by the issuer0, investee companies by company type by Arabic numerals1 Start numbering sequentially.

Note 2: The relationship between the endorser and the endorsed object is as follows7 Type, just mark the type:

- (1) Companies that have business dealings with.
- (2) The company directly and indirectly holds voting shares exceeding50%The company.
- (3) Shares directly and indirectly holding voting rights in the company exceed50%The company.
- (4) The company directly and indirectly holds voting shares up to9 0%Among the above companies.
- (5) Based on the needs of contracting projects, it is a company that guarantees each other according to the provisions of the contract between peers or co-contributors.
- (6) A company that is endorsed and guaranteed by all of the capital contributors in accordance with their shareholding ratio due to a joint investment relationship.
- (7) The same industry engages in the performance guarantee and joint guarantee of the pre-sale housing sales contract in accordance with the Consumer Protection Act..

Note 3: The total amount of endorsement guarantee shall not exceed the paid-in capital of the endorsement guarantee company 10%.

Note 4: The total amount of endorsement guarantee shall not exceed the net worth of the company 100%, the cumulative amount of endorsement guarantees for a single enterprise shall not exceed the company's net worth 25%.

The total amount of external endorsements and guarantees of Qiaowu International and its subsidiaries as a whole shall not exceed the net worth of Qiaowu International 100%, the accumulative amount of the endorsement guarantee for a single enterprise as a whole shall not exceed the international net worth of the wood house 25%.

Note 5: Amount in foreign currency is based on December 31, 2022 daily exchange rate RMB\$ 1 = NT\$ 4.41 for New Taiwan dollars.

AV TECH CORPORATION
MARKETABLE SECURITIES HELD AT THE END OF THE PERIOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 3

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2022 | | | | Note |
|-----------------------|--|---------------------------------------|---|---------------------------------|-----------------|-------------------------|------------|------|
| | | | | Number of Shares (in thousands) | Carrying amount | Percentage of Ownership | Fair value | |
| Our company | The company's domestic listed (counter) stocks | | | | | | | |
| | Mingda Medical Technology Co., Ltd. | — | Financial assets at fair value through profit or loss | 20 | \$ 1,040 | - | \$ 1,040 | — |
| | Taiwan Toyo Pharmaceutical Industry Co., Ltd. | — | " | 10 | 834 | - | 834 | — |
| | Canon Enterprise Co., Ltd. | — | " | 10 | 203 | - | 203 | — |
| | Zhanhui Technology Co., Ltd. | — | " | 50 | 1,285 | - | 1,285 | — |
| Shengtaike Investment | Domestic unlisted (cabinet) stocks | | | | | | | |
| | Mobile Think Tank Co., Ltd. | — | Financial assets at fair value through other comprehensive income | 150 | - | 11.11% | - | — |
| | Easy Control Smart Life Technology Co., Ltd. | — | " | 560 | 1,064 | 8.72% | 1,064 | — |
| Shengyun | Zhifang Vision Technology Co., Ltd. | — | " | 45 | 241 | 9.00% | 241 | — |
| Ai Shi Go | Rongjin Technology Co., Ltd. | — | " | 300 | 654 | 10.00% | 654 | — |

Note: For information about investing in affiliated companies and subsidiaries, please refer to Table 4 and Table 5.

AV TECH CORPORATION
INVESTED COMPANY INFORMATION, LOCATION... AND OTHER RELATED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 4

| Investor Company | Investee Company | Location | Main Businesses and Product | Original Investment Amount | | As of December 31, 2022 | | | Net Income Loss of the Investee | Investment Gain Loss | Note |
|----------------------|---------------------------|------------------------|---|----------------------------|-------------------|-------------------------|-----------------------------|-----------------|---------------------------------|----------------------|------------|
| | | | | December 31, 2022 | December 31, 2021 | Number of Shares | Percentage of Ownership (%) | Carrying amount | | | |
| Our company | Qiaowu International | Taiwan | Semiconductor components agent | \$ 190,079 | \$ 190,079 | 15,240,000 | 84.11 | \$ 363,546 | \$ 76,625 | \$ 64,440 | Note 1 |
| | Suntech Investment | Taiwan | General Investment Industry | 80,000 | 80,000 | 8,000,000 | 100.00 | 46,558 | (72) | (72) | Note 1 |
| | Shengtai Security Control | Taiwan | Production and sales monitoring anti-theft system | 96,000 | 100,000 | 9,600,000 | 96.00 | 47,418 | 2,465 | 2,450 | Note 1 |
| | Shengquan Industrial | Taiwan | Manufacturing of electrical appliances and audio-visual electronic products | 30,000 | 30,000 | 3,000,000 | 100.00 | 22,935 | (2,969) | (2,969) | Note 1 |
| Qiaowu International | Elcom | British Virgin Islands | Investment and Holding | 12,125 | 12,125 | 50,000 | 100.00 | 21,116 | (265) | | Note 1 |
| Suntech Investment | Kejia Enterprise | Taiwan | Development and sales of consumer electronics products | 8,000 | 8,000 | 800,000 | 25.00 | 6,847 | 1,920 | | Note 2 |
| | Alta | Taiwan | Business Management Consultant | 3,000 | 3,000 | 300,000 | 50.00 | - | 641 | | Note 2 |
| | Suncom Data | Taiwan | Software development and sales | 5,742 | 10,000 | 200,000 | 40.00 | 2,044 | 501 | | Note 2、3 |
| | Shengcheng Corporation | Taiwan | Electronic product design and sales | - | 10,000 | - | - | - | - | | Note 4 |
| | Aishi | Taiwan | Research and development of closed-circuit monitoring system1 | 12,700 | 8,700 | 432,572 | 56.70 | 2,174 | (2,053) | | Note 1、4、5 |
| | Shengyun Technology | Taiwan | Sales and installation of surveillance security products | 4,000 | 4,000 | 400,000 | 50.00 | 4,438 | 1,059 | | Note 1 |
| | Sheng Yang Information | Taiwan | Software development and sales | 2,000 | 2,000 | 62,000 | 51.67 | 624 | 18 | | Note 1、6 |

Note 1 : It has been written off when preparing the consolidated financial statements.

Note 2 : It is an affiliated enterprise.

Note 3 : Sheng Tyco invests in January 2022 sales liter data 30% As a result, the company lost control over Shengxun data, so it no longer included Shengxun data in the consolidated financial statements and transferred it to an investment-related enterprise.

Note 4 : Ai Shi Go buys January 20, 2022 The day is the base date to absorb and merge the subsidiary to become a company, and the nature of this merger transaction belongs to the organizational reorganization within the group.

Note 5 : Aishi purchased from May 2022 processing capital reduction to make up for losses 900,000 Shares, re-subscribed by non-controlling interests Cash capital increase 300,000 shares, please refer to the Company 2022 Note 28 to the consolidated financial report of the year.

Note 6 : Sheng Yang information on June 2022 processing Capital reduction to make up for losses 138,000 Shares, re-subscribed by non-controlling interests Cash capital increase 58,000 shares, please refer to the Company 2022 Notes to the consolidated financial report of the year 28.

Note 7 : Please refer to Attached Table 6 for the relevant information of the investee company in mainland China.

AV TECH CORPORATION
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 5

| Investee Company | Main Businesses and Product | Paid-in Capital | Method of Investment (Note 1) | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 | Investment Flows | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 | Net Income (Loss) of the Investee | Ownership of Direct or Indirect Investment | Investment Gain Loss (Note 2) | Carrying Amount as of December 31, 2022 | Accumulated Repatriation of Investment Income as of December 31, 2022 |
|--------------------|---|---------------------------|-------------------------------|---|------------------|--------|---|-----------------------------------|--|-------------------------------|---|---|
| | | | | | Outward | Inward | | | | | | |
| Anhong Electronics | Production and sales of closed-circuit monitoring systems and related spare parts | \$ 48,345 (RMB 10,964) | (1) 、(2) | \$ 21,466 (USD 699) | \$ - | \$ - | \$ 21,446 (USD 699) | (\$ 1,329) | 65% | (\$ 864) | \$ 50,769 | \$ - |

| Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 | Investment Amount Authorized by Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA |
|---|---|---|
| \$ 21,466 (USD 699) | \$ 21,466 (USD 699) | \$ 1,356,301 (Note 3) |

Note 1 : Investment methods are divided into the following three types, just mark the category:

- (1) Go directly to the mainland to engage in investment.
- (2) Reinvest in mainland China through companies in third regions: Elcom.
- (3) Other methods.

Note 2 : The calculation of investment profit and loss is based on the financial statements of the invested company that have been audited by the accountants of the parent company for the year.

Note 3 : According to the "Principles for the Review of Investment or Technical Cooperation in Mainland China" stipulated by the Investment Review Commission, the investment limit for mainland China is one of the net worth 60%.

Note 4 : The relevant amount is based on December 31, 2022 exchange rate RMB\$1 = NT\$4.41 and USD\$1 = NT\$30.71 for New Taiwan dollars.

AV TECH CORPORATION
INFORMATION OF MAJOR SHAREHOLDER
DECEMBER 31, 2022

Table 6

| Name of Major Shareholder □ | Shares | |
|-----------------------------|------------------|--------------------------|
| | Number of Shares | Percentage of Ownership□ |
| Junyi Investment Co., Ltd | 22,215,044 | 27.76% |
| Huang Junru | 8,842,984 | 11.05% |
| Chen Yilin | 7,385,781 | 9.23% |

Note: The main shareholder information in this table is calculated by CHEP on the last business day at the end of the quarter.5%the above information. There may be discrepancies between the share capital recorded in the company's financial report and the actual number of shares that have been delivered without physical registration due to the different basis of preparation and calculation.

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AV TECH CORPORATION
CASH AND CASH EQUIVALENTS DETAILS
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Schedule 1

| <u>Item</u> | <u>Summary</u> | <u>Amount</u> |
|--|---|-------------------|
| Cash on hand | | \$ 237 |
| Bank Check and Demand Deposit | | |
| Check and demand deposit | | 55,917 |
| Foreign currency demand deposits | Mainly 401 thousand euros and 138 thousand U.S. dollars, the exchange rate is 32.72 and 30.71 | 17,868 |
| Cash equivalents | | |
| Bank fixed deposit with original maturity date within 3 months | Include foreign currency 5,553 thousand U.S. dollars, the exchange rate is 30.71 | <u>446,059</u> |
| | | <u>\$ 520,081</u> |

AV TECH CORPORATION
 DETAILS OF ACCOUNTS RECEIVABLE
 DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars)

Schedule 2

| Customer name | Amount |
|----------------------------|---------------------|
| Non-related party | |
| Company A | \$ 3,009 |
| Company B | 2,463 |
| Company C | 1,546 |
| Company D | <u>890</u> |
| | 7,908 |
| Less: Allowance for losses | <u>7,908</u> |
| | <u>-</u> |
| Related party | |
| Shengtai Safety Control | 1,303 |
| Others (Note) | <u>146</u> |
| | 1,449 |
| Less: Allowance for losses | <u>146</u> |
| | <u>1,303</u> |
| Total | <u>\$ 1,303</u> |

Note: Customer fee Not achieved Main course Amount 5%.

AV TECH CORPORATION
STATEMENT OF INVENTORIES

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Schedule 3

| Item | Cost | Market price |
|---|-----------------|-----------------|
| Finished goods | \$ 30,415 | \$ 509 |
| Work in process | 40 | 40 |
| Raw materials | <u>65,001</u> | <u>1,890</u> |
| | 95,456 | <u>\$ 2,439</u> |
| Less: Allowance for falling prices and sluggish losses | <u>93,017</u> | |
| | <u>\$ 2,439</u> | |

Note: The market price is calculated based on the net realizable value.

AV TECH CORPORATION
 DETAILS OF INVESTMENT CHANGES USING THE EQUITY METHOD
 DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Schedule 4

| Investee Company | Balance at the beginning of the year | | Increase in this year | | Decrease in this year | | Investment income | Other | Balance at the end of the year | | | Net equity value | | Guarantee or Pledge Situation | Note |
|-----------------------------------|--------------------------------------|-------------------|-----------------------|-------------|-----------------------|-----------------|-------------------|------------------|--------------------------------|-----------------------------|-------------------|------------------|-------------------|-------------------------------|--------|
| | Number of Shares | Amount | Number of Shares | Amount | Number of Shares | Amount | | | Number of Shares | Percentage of Ownership (%) | Amount | Unit price (NTD) | Amount | | |
| Qiaowu International Co., Ltd. | 12,700,000 | \$ 299,132 | 2,540,000 | \$ - | - | \$ 1,082 | \$ 64,440 | \$ 1,056 | 15,240,000 | 84.11% | \$ 363,546 | 23.85 | \$ 363,546 | None | Note 1 |
| Suntech Investment Co., Ltd. | 8,000,000 | 47,752 | - | - | - | - | (72) | (1,122) | 8,000,000 | 100.00% | 46,558 | 5.82 | 46,558 | None | Note 2 |
| Shengtai Safety Control Co., Ltd. | 10,000,000 | 46,928 | - | - | 400,000 | 2,000 | 2,450 | 40 | 9,600,000 | 96.00% | 47,418 | 4.94 | 47,418 | None | Note 3 |
| Shengquan industrial Co., Ltd. | 3,000,000 | <u>25,904</u> | - | <u>-</u> | - | <u>-</u> | (<u>2,969</u>) | <u>-</u> | 3,000,000 | 100.00% | <u>22,935</u> | 7.65 | <u>22,935</u> | None | |
| | | <u>\$ 419,716</u> | | <u>\$ -</u> | | <u>\$ 3,082</u> | <u>\$ 63,849</u> | (<u>\$ 26</u>) | | | <u>\$ 480,457</u> | | <u>\$ 480,457</u> | | |

Note 1 : The increase in the number of shares in this year is due to the receipt of stock dividends, and the decrease in this year is due to the receipt of cash dividends 1,082 Thousands of yuan, others are recognized as exchange differences in the financial statements of foreign operating institutions 1,056 thousand yuan.

Note 2 : Other financial asset losses measured by fair value through other comprehensive gains and losses of other recognized subsidiaries 1,360 Thousands of yuan and recognized changes in ownership interests in subsidiaries 238 thousand yuan.

Note 3 : The decrease in this year is due to the sale of part of the equity price 2,000 Thousands of yuan, others are the difference between the equity price and book value of subsidiaries 40 Thousands of yuan (capital reserve listed in the book - the difference between the actual acquisition or disposal of the company's equity price and the book value).

AV TECH CORPORATION
 OPERATING COST SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars)

Schedule 5

| Item | Amount |
|---|-------------------|
| Direct raw material consumption: | |
| Direct raw materials at the beginning of the year | \$ 64,186 |
| Add: material purchased in this year | 5,539 |
| Less: direct raw materials at the end of the year | (65,001) |
| Sell raw materials | (4,636) |
| Other | (<u>49</u>) |
| | 39 |
| Manufacturing cost | <u>1</u> |
| Manufacturing cost | 40 |
| Add: Inventory of work in progress at the beginning of the year | - |
| Less: Inventory of work in progress at the end of the year | (<u>40</u>) |
| Finished product cost | - |
| Add: Finished goods at the beginning of the year | 34,348 |
| Other | (2,250) |
| Less: Less: Finished goods at the end of the year | (<u>30,415</u>) |
| Production and sales cost | 1,683 |
| Sell raw materials | 4,636 |
| Add: Inventory depreciation and sluggish loss | 449 |
| Less: Income from sale of scraps and waste | (<u>14</u>) |
| | <u>\$ 6,754</u> |

AV TECH CORPORATION
OPERATING EXPENSES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Schedule 6

| Item | Selling expenses | General expenses | Research and developmen t expense | Total |
|----------------------|---------------------|---------------------|--|------------------|
| Salary and wages | \$ - | \$ 16,698 | \$ - | \$ 16,698 |
| Utilities expense | - | 13,583 | - | 13,583 |
| Depreciation expense | - | 6,475 | - | 6,475 |
| Taxes | - | 3,212 | - | 3,212 |
| Property costs | - | 2,842 | - | 2,842 |
| other expenses | - | 9,186 | - | 9,186 |
| | <u>\$ -</u> | <u>\$ 51,996</u> | <u>\$ -</u> | <u>\$ 51,996</u> |

Note: None of the amounts exceeds the balance of this subject 5%.

AV TECH CORPORATION
SUMMARY TABLE OF EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND
AMORTIZATION EXPENSES INCURRED IN THIS YEAR BY FUNCTION

FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Schedule 7

| | 2022 | | | 2021 | | |
|--------------------------|-----------------|--------------------|-----------|-----------------|--------------------|-----------|
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefits (note) | | | | | | |
| Salary costs | \$ - | \$ 14,045 | \$ 14,045 | \$ - | \$ 11,628 | \$ 11,628 |
| Labor health insurance | - | 898 | 898 | - | 984 | 984 |
| Pension costs | - | 244 | 244 | - | 288 | 288 |
| Director's remuneration | - | 2,653 | 2,653 | - | 1,940 | 1,940 |
| Other employee benefits | - | 323 | 323 | - | 320 | 320 |
| | \$ - | \$ 18,163 | \$ 18,163 | \$ - | \$ 15,160 | \$ 15,160 |
| Depreciation expense | \$ - | \$ 6,475 | \$ 6,475 | \$ - | \$ 6,600 | \$ 6,600 |

Note 1 : 2022 and 2021 The average number of employees of the company in the year is 19 people, of which the number of directors who are not concurrently employees is 6. The calculation basis is the same as that of employee welfare expenses.

Note 2 : 2022 and 2021 The average annual employee benefit expenses are 1,193 thousand yuan and 1,017 Thousands of yuan; the average employee salary costs are 1,080 thousand yuan and 894 Thousands of yuan; the average salary cost adjustment range is 21%.

Note 3 : The company has set up an audit committee to replace the supervisor in accordance with the provisions of the Securities and Exchange Law.

Note 4 : The company's remuneration policy is based on the contribution of the position to the company's operating goals. The procedures for determining the remuneration, in addition to determining the total amount of payment based on the profit level of the year, are also based on the company's goal management performance appraisal system, and then refer to the contribution of the position to the achievement of the company's operating performance to determine the amount of payment for the position.