(Stock：4523)

Everbrite Technology Co., Ltd. and Subsidiaries

(Original name: Taiwan Calsonic Co., Ltd.)

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

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(Summary Translation - In case of any discrepancy between Chinese and English versions, the Chinese version shall prevail.)

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Company: Everbrite Technology Co., Ltd.(Original name：Taiwan Calsonic Co., Ltd.)
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Everbrite Technology Co., Ltd.

(Original name: Taiwan Calsonic Co., Ltd.) and its subsidiaries

Affiliated Enterprise Consolidated Financial Report Statement

In the year of 2022 (from January 1 to December 31, 2022), the company should be included in the preparation of the consolidated financial report of related companies in accordance with the "Compilation Guidelines for Consolidated Business Reports, Consolidated Financial Statements and Reports of Affiliated Enterprises." The company is the same as the company that should be included in the preparation of the parent-subsidiary consolidated financial report in accordance with IFRS 10, and the relevant information that should be disclosed in the parent-subsidiary consolidated financial report has been disclosed in the previously disclosed parent-subsidiary consolidated financial report. Separately prepare the consolidated financial report of related enterprises.

Hereby declare

Company Name: Everbrite Technology Co., Ltd.

Chairman: Yen ,Ming-Hung

March 17, 2023

Russell Bedford
taking you further

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Accountants check reports

Everbrite Technology Co., Ltd.

(formerly known as: Taiwan Calsonic Co., Ltd.) for general public information:

Check opinions

The consolidated balance sheet of **Everbrite Technology Co., Ltd**. and its subsidiaries on December 31, 2021 and 2022, and the consolidated comprehensive income statement and consolidated equity from January 1 to December 31, 2021 and 2022. The statement of changes, the consolidated cash flow statement, and the notes to the consolidated financial report (including a summary of major accounting policies) have been checked by our accountants.

According to the opinion of the accountant, the above-mentioned consolidated financial report was prepared in all material aspects in accordance with the Financial Reporting Standards for Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretation Announcements approved and issued by the Financial Supervisory Commission. It is sufficient to express the consolidated financial status of **Everbrite Technology Co., Ltd**. and its subsidiaries on December 31, 2021 and 2022, and the consolidated financial performance and consolidation of cash flow from January 1 to December 31, 2021 and 2022.

Basis for checking opinions

The accountant performs the audit in accordance with the rules for the audit of visa financial statements and auditing standards by accountants. The accountant's responsibilities under these standards are further explained in the section on the accountant's responsibility for reviewing the consolidated financial statements. The personnel of the firm under the independent standard have maintained detached independence from **Everbrite Technology Co., Ltd. and its subsidiaries** in accordance with the professional ethics of accountants, and have performed other responsibilities of the code. The accountant believes that sufficient and appropriate evidence has been obtained as a basis for expressing an opinion on the audit.

Key checkpoints

The key audit items refer to the most important items in the audit of the 2022 consolidated financial report of **Everbrite Technology Co., Ltd. and its subsidiaries** according to the professional judgment of the accountant. These matters have been dealt with in the process of checking the consolidated financial report as a whole and forming an audit opinion, and the accountant does not express independent opinions on these matters.

Here is the description of the key inspection items in the 2022 consolidated financial report of **Everbrite Technology Co., Ltd. and its subsidiaries** as follows:

Evaluation of inventory

The inventory value is due to the air-conditioning department, due to the impact of the automobile sales market and the provision of after-sales service, spare parts must still be provided within the agreed period after the model is discontinued, so that the inventory period is longer; In Mechanical and Electrical Department, inventory de-stocking comes from the economic boom and customers' willingness to invest, so it is vulnerable to changes in the market environment.

Therefore, due to the factors of rapid performance of vehicles or changes in the economy, the inventory is prone to sluggish and obsolete losses, and the apportionment calculation of the inventory cost and the estimation of the net realisation value are affected by the judgment of the management, and the consolidated company has ceased production in order to reduce the loss of the subsidiaries in the Chinese mainland and reduce the scale of operation, of which the inventory has been significantly recorded as a price decline loss, and the accountant pays special attention to the management that the inventory should be measured by the lower cost and net realisation value. and the reasonableness of the management making provision for the loss of the decline in the value of the inventory, so it is the most important matter for the accountant to conduct the audit of the consolidated financial statements.

Accounting policies are as stated in Notes 4 and 5 (2) of the consolidated financial report. Please refer to the description of Note 6 (4) of the consolidated financial report for the allowance for falling prices and sluggish amounts of inventories; The balances of offsetting losses from inventory declines were NT$374,683 thousand and NT$11,314 thousand, respectively. The net inventory accounted for about 25% of the consolidated total assets, which was significant to the financial statements.

The accountant's audit procedures accordingly:

1. Evaluate and test the effectiveness of the internal control design and implementation established by management for inventory evaluation.
2. Obtain the inventory entry data and carry out detailed test to verify whether the raw material cost, labor input and manufacturing expenses of the inventory have been allocated to the appropriate inventory items reasonably, and there is no inventory depreciation due to unreasonable allocation.
3. Test the correctness of inventory age at the balance sheet date, compare the accounting policy for the loss of sluggish and obsolete inventory with previous years, analyze the reasons for the discrepancy and check the relevant data used to calculate the loss of the inventory decline due to the suspension of production, and compare the historical provision with the actual write-off difference, so as to assess whether the policy of providing for the loss of inventory decline for its inventory is appropriate.
4. Compare the actual selling price of the latest inventory with its carrying amount at the end of the period or at the time of discontinuation by sampling to verify whether the inventory is measured by the lower of cost and net realisation value.
5. Obtain the inventory quantity information contained in the closing account and compare it with the current year's inventory to confirm the existence and completeness of the ending inventory, and participate in and observe the inventory count at the end of the year, and understand the inventory status at the same time as the inventory count, so as to assess the appropriateness of the obsolete and damaged goods to provide for the loss of inventory price decline.
6. Obtain the inventory receipt signed by the manufacturer and verify the existence of the inventory by issuing an inquiry letter.

Other matters

Everbrite Technology Co., Ltd. has prepared the individual financial reports of the 2022 and 2021, and the audit report issued by our accountant with unqualified opinions is on file for reference.

Responsibilities of management and governance units for consolidated financial reporting

Management's responsibility is to prepare properly expressed consolidated financial statements in accordance with the standards for the preparation of financial reports for securities issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations and interpretations approved by the Financial Supervisory Commission and issued in force, and to maintain the necessary internal controls in relation to the preparation of consolidated financial statements to ensure that the consolidated financial statements do not contain material misrepresentations that lead to fraud or error.

In preparing the consolidated financial statements, management's responsibilities also include assessing the ability of Everbrite Technology Co., Ltd. and its subsidiaries to continue operating, disclosing relevant matters, and adopting the accounting basis for continued operations, unless management intends to liquidate **Everbrite Technology Co., Ltd. and its subsidiaries** or cease operations, or there is no other practicable alternative to liquidation or cessation of business**.**

The governance units (including the audit committee) of **Everbrite Technology Co., Ltd. and its subsidiaries** are responsible for supervising the financial reporting process.

The responsibility of the accountant to check the consolidated financial reports

The purpose of the accountant's examination of the consolidated financial statements is to obtain reasonable confidence as to whether the consolidated financial statements as a whole are materially false statements that cause fraud or errors, and to issue an audit report. A reasonable assurance is a high degree of assurance that an audit performed in accordance with auditing standards cannot guarantee that material misrepresentations in the consolidated financial statements will be detected. Misrepresentation may result from fraud or error. Individual amounts or aggregates that are not misrepresented are considered material if they can reasonably be expected to affect the economic decisions made by users of consolidated financial reports.

The accountant uses professional judgment and professional suspicion in conducting audits in accordance with auditing standards. The Accountant also performs the following tasks:

1. Identify and assess the risk of material misrepresentation due to fraud or error in consolidated financial reporting; Design and implement appropriate response measures to the assessed risks; and obtain sufficient and appropriate evidence to serve as the basis for the audit opinion. Since fraud may involve collusion, forgery, willful omission, misrepresentation or overstepping of internal controls, the risk of not detecting material misrepresentations caused by fraud is higher than that caused by errors.

2. Obtain the necessary understanding of the internal control related to the audit to design the appropriate audit procedure under the current circumstances, but the purpose is not to express opinions on the effectiveness of the internal control of **Everbrite Technology Co., Ltd. and its subsidiaries.**

3. Evaluate the appropriateness of the accounting policies adopted by management and the reasonableness of the accounting estimates and related disclosures.

4. Based on the audit evidence obtained, the appropriateness of adopting a continuing operation accounting basis for management, and **Everbrite Technology Co., Ltd. and its subsidiaries** To conclude whether there is significant uncertainty about the event or situation in which the ability to continue business may give rise to significant doubts. If the accountant considers that there is material uncertainty in such events or circumstances, he or she shall remind the users of the consolidated financial reports of the relevant disclosures in the audit report or amend the audit opinion if such disclosures are inappropriate. The accountant's conclusion is based on the audit evidence obtained as at the date of the audit report. However, future events or circumstances may cause **Everbrite Technology Co., Ltd. and its subsidiaries** to no longer have the ability to continue operating.

5. Evaluate the overall expression, structure and content of the consolidated financial statements (including relevant notes) and whether the consolidated financial statements allow the relevant transactions and events to be expressed.

6. Obtain sufficient and appropriate verification evidence for the financial information of **Everbrite Technology Co., Ltd. and its subsidiaries** to express opinions on the consolidated financial reports. The accountant is responsible for the guidance, supervision and execution of audit cases of Everbrite Technology Co., Ltd. and its subsidiaries, and is responsible for forming audit opinions of **Everbrite Technology Co., Ltd. and its subsidiaries.**

The matters communicated between the accountant and the governance unit, including the planned scope and timing of the audit, as well as the major audit findings (including significant deficiencies in internal control identified during the audit).

The accountant also provides the governance unit with the statement on independence of the independent personnel of the firm of the accountant who has followed the statement on independence in the professional code of ethics for accountants, and communicates with the governance unit all relationships (including relevant protective measures) that may be considered to affect the independence of the accountant.

From the matters communicated with the governance unit, the accountant decided the key audit matters for the audit of 2022 consolidated financial report of **Everbrite Technology Co., Ltd. and its subsidiary** Minguo. The accountant sets out such matters in the audit report, unless the law does not permit the public disclosure of the specific matter, or in rare cases, the accountant decides not to disclose the specific matter in the audit report because it can reasonably be expected that the negative impact of such communication will outweigh the public interest promoted.

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Jiansheng Finance and Taxation Joint Accounting Firm

Accountant:

Chen ,Jen-Chi

The competent authority approves the handling of the financial report of the public offering of the company

Check visa number:

79.02.06 (79) Taiwan Financial Certificate (1) No. 25852

Accountant:

Lin,Tai-Yu

The competent authority approves the handling of the financial report of the public offering of the company

Check visa number:

Financial Management Certificate Examination No. 1100358730

March 17, 2023

Everbrite Technology Co., Ltd. and it's subsidiaries

Consolidated Balance Sheet - Assets

December 31, 2022 and December 31, 2021

Unit: NT$1,000

Code	Accounting items	Note	12.31.2022 Amount of money	%	12.31.2021 Amount of money	%
11xx	Current assets					
1100	Cash and cash equivalents	6(1)	$ 158,364	11	$ 140,491	11
1110	Financial assets at fair value through profit or loss - current	6(2)	17,381	1	152	-
1120	Financial assets at fair value through other comprehensive income - current	6(2)	14,386	1	-	-
1150	Net notes receivable	6(3)	14,953	1	23,353	2
1170	Net accounts receivable	6(3)	117,795	8	139,144	10
1200	Other receivables	6(5)	4,849	-	5,740	-
1220	Current income tax assets	6(5)	272	-	347	-
130x	Stock	6(4)	363,369	25	195,087	15
1410	Prepayments	6(5)	35,177	2	13,119	1
1460	Non-current assets to be sold (net)	6(6)	-	-	-	-
1476	Other financial assets - current	6(5)	31,335	2	84,789	6
1470	Other current assets - other		347	-	128	-
11xx	Total Current Assets		758,228	51	602,350	45
15xx	Non-current assets					
1517	Financial assets at fair value through other comprehensive income -non-current"	6(2)	116,811	8	62,553	5
1550	Investments using the equity method	6(7)	255,993	17	345,698	26
1600	Property, plant and equipment	6(8)	211,692	15	215,437	16
1755	Right-of-use asset	6(9)	1,163	-	1,566	-
1760	Net investment real estate	6(10)	55,928	4	82,437	6
1780	Intangible assets	6(11)	62,415	4	15,288	1
1840	Deferred tax assets	6(5)	2,355	-	3,130	-
1915	prepaid equipment	6(8)	2,457	-	2,317	-
1920	Refundable deposits		7,520	1	7,032	1
15xx	Total non-current assets		716,334	49	735,458	55
1xxx	total assets		$ 1,474,562	100	$ 1,337,808	100

(Please read the notes to the consolidated financial report)

Chairman：Yen, Ming Hung　　Manager：Lin,Po Ching　　Accounting Supervisor：Hsieh,Shu Lan

Everbrite Technology Co., Ltd. and it's subsidiaries
Consolidated Balance Sheet - Liabilities and Equity
December 31, 2022 and December 31, 2021

Unit: NT$1,000

code	Accounting items	Note	12.31.2022 Amount of money	%	12.31.2021 Amount of money	%
21xx	Current liabilities					
2100	Short-term loan	6(12)	$ 201,000	14	$ 211,500	16
2120	Financial liabilities at fair value through profit or loss - current	6(2)	247	-	-	-
2130	Contract Liabilities - Current	6(13)	39,811	3	18,738	1
2150	Notes payable		2	-	18	-
2170	Accounts payable		164,249	11	76,048	6
2180	Accounts Payable - Related Parties		-	-	4,388	-
2200	Other payables	6(14)	74,138	5	67,135	6
2250	Provision for Liabilities - Current	6(19)	-	-	134	-
2280	Lease liabilities - current	6(15)	930	-	1,198	-
2310	Advance payment		50	-	-	-
2320	Total long-term liabilities due within one year or one business cycle		3,864	-	-	-
2335	Collection		1,296	-	1,915	-
2365	Refund Liabilities - Current	6(19)	1,223	-	1,304	-
21xx	Total current liabilities		486,810	33	382,378	29
25xx	Non-current liabilities					
2540	Long-term loan	6(16)	46,136	3	-	-
2570	Deferred tax liabilities	6(22))	2,133	-	45	-
2580	Lease liabilities - non-current	6(15)	340	-	524	-
2640	Net defined benefit liability - non-current	6(17)	-	-	1,708	-
2645	Deposit Margin		1,939	-	705	-
25xx	Total non-current liabilities		50,548	3	2,982	-
2xxx	Total liabilities		537,358	36	385,360	29
31xx	Equity attributable to owners of the parent company					
3100	Share capital	6(18)	640,000	43	640,000	48
3200	Capital reserve	6(18)	297,460	20	295,993	22
3300	Retained earnings	6(18)				
3310	Statutory surplus reserve		216,167	15	216,167	16
3320	Special surplus reserve		60,527	4	73,600	6
3350	Undistributed surplus		(283,895)	(19)	(212,785)	(16)
3400	Other interests	6(18)				
3410	Exchange difference on translation of financial statements of foreign operating institutions		(77,538)	(5)	(89,473)	(7)
3420	Amount at fair value through other comprehensive income unrealized gains and losses on financial assets		25,049	2	28,946	2
31xx	Equity attributable to owners of the parent company		877,770	60	952,448	71
36xx	Non-controlling interest		59,434	4	-	-
3xxx	total equity		937,204	64	952,448	71
1xxx	Total liabilities and equity		$ 1,474,562	100	$ 1,337,808	100

(Please read the notes to the consolidated financial report)

Chairman：Yen, Ming Hung　　Manager：Lin,Po Ching　　Accounting Supervisor：Hsieh,Shu Lan

Everbrite Technology Co., Ltd. and it's subsidiaries
Consolidated Statements of Comprehensive Income
From January 1st to December 31st in 2022 and 2021

Unit: NT$1,000

Code	Accounting items	Note	2022 Amount of money	2022 %	2021 Amount of money	2021 %
4000	Operating income	6(19)	$ 557,207	100	$ 724,082	100
5000	Operating cost	6(4)(19)	(418,680)	(75)	(571,760)	(79)
5900	Operating profit	6(19)	138,527	25	152,322	21
6000	Operating expenses					
6100	Promotional expenses		(39,061)	(7)	(32,022)	(4)
6200	Management costs		(138,171)	(25)	(143,474)	(20)
6300	Research and development costs		(46,888)	(8)	(46,938)	(6)
6450	Expected credit impairment (loss) interest	6(3)	2,607	-	(1,720)	-
	Total operating expenses		(221,513)	(40)	(224,154)	(30)
6900	Operating profit (loss)		(82,986)	(15)	(71,832)	(9)
7000	Total non-operating income and expenses					
7010	Other income	6(20)	18,247	3	36,305	4
7020	Other gains and losses	6(20)	(24,718)	(4)	(18,679)	(3)
7215	Disposal of interests in investment real estate	6(20)	75,876	13	-	
7229	Disposal benefits of non-current assets to be sold	6(6)(20)	1,616	-	60,189	8
7050	Net finance cost	6(20)	(2,358)	-	(4,775)	(1)
7060	Share of profits and losses of related companies recognized using the equity method	6(7)(20)	(73,315)	(13)	1,411	-
	Total non-operating income and expenses		(4,652)	(1)	74,451	8
7900	Net profit (loss) before tax		(87,638)	(16)	2,619	(1)
7950	Income tax expense					
7951	Current income tax (expense) benefit	6(22)	(6,071)	(1)	(16,619)	(2)
7952	Deferred income tax (expense) benefit	6(22)	(945)	-	(289)	-
8000	Net profit (loss) of the continuing business unit for the current period		(94,654)	(17)	(14,289)	(3)
8100	Profit and loss of discontinued units		-	-	-	-
8200	Net profit (loss) for the period		(94,654)	(17)	(14,289)	(3)
8300	Other comprehensive income (net)					
8310	Items not reclassified to profit or loss:					
8311	Defined benefit plan remeasurements		9,589	2	5,790	1
8316	Unrealized valuation gains and losses on equity instrument investments measured at fair value through other comprehensive income	6(17)	(4,155)	(1)	10,485	1
8349	Income tax related to items not reclassified	6(22)	(1,918)	-	(1,158)	-
8360	Subsequent items that may be reclassified to profit or loss:					
8361	Exchange difference on translation of financial statements of foreign operating institutions	6(18)	11,935	2	2,589	-
8367	Unrealized valuation gains and losses on investments in debt instruments measured at fair value through other comprehensive income		258	-	-	-
8300	Other comprehensive income (net)		15,709	3	17,706	2
8500	Total comprehensive profit and loss for the period		$ (78,945)	(14)	$ 3,417	(1)
8600	Net profit (loss) for the period is attributable to:					
8610	parent company owner		$ (91,854)	(16)	$ (14,289)	(3)
8620	non-controlling interest		(2,800)	(1)	-	-
	Total		$ (94,654)	(17)	$ (14,289)	(3)
8700	Total comprehensive profit or loss is attributable to:					
8710	parent company owner		$ (76,145)	(14)	$ 3,417	(1)
8720	non-controlling interest		(2,800)	-	-	-
	Total		$ (78,945)	(14)	$ 3,417	(1)
	Earnings (loss) per share (Unit: NT$)	6(23)				
9750	Basic earnings (loss) per share		$ (1.44)		$ (0.22)	
9850	Diluted earnings (loss) per share		$ (1.44)		$ (0.22)	

(Please read the notes to the consolidated financial report)

Chairman：Yen, Ming Hung　　Manager：Lin,Po Ching　　Accounting Supervisor：Hsieh,Shu Lan

Everbrite Technology Co., Ltd. and it's subsidiaries

Consolidated Statement of Changes in Equity

From January 1st to December 31st in 2022 and 2021

Unit: NT$1,000

		Equity attributable to owners of the parent company									
				retained earnings			Other equity items				
Code	Item	Share capital	Capital reserve	Statutory surplus reserve	Special surplus reserve	Undistributed surplus	Exchange difference on translation of financial statements of foreign operating institutions	Unrealized (gains) on financial assets at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
A1	Balance on January 1, 2021	$ 640,000	$ 295,985	$ 216,167	$ 92,319	$ (221,847)	$ (92,062)	$ 18,461	$ 949,023	$ -	$ 949,023
B3	Special surplus reserve				(18,719)	18,719			-	-	-
C17	Changes in other capital reserves		8						8	-	8
D1	2021 annual net profit (loss)				-	(14,289)			(14,289)	-	(14,289)
D3	Other comprehensive income and loss for 2021					4,632	2,589	10,485	17,706	-	17,706
D5	Total comprehensive profit and loss for 2021	-	-	-	-	(9,657)	2,589	10,485	3,417	-	3,417
Z1	Balance on December 31, 2021	$ 640,000	$ 295,993	$ 216,167	$ 73,600	$ (212,785)	$ (89,473)	$ 28,946	$ 952,448	$ -	$ 952,448
A1	Balance on January 1, 2021	$ 640,000	$ 295,993	$ 216,167	$ 73,600	$ (212,785)	$ (89,473)	$ 28,946	$ 952,448	$ -	$ 952,448
B3	Special surplus reserve				(13,073)	13,073			-		-
C17	Changes in other capital reserves		1			-			1	-	1
D1	2022 annual net profit (loss)					(91,854)			(91,854)	(2,800)	(94,654)
D3	Other comprehensive income and loss in 2022					7,671	11,935	(3,897)	15,709	-	15,709
D5	Total comprehensive profit and loss for 2022	-	-	-	-	(84,183)	11,935	(3,897)	(76,145)	(2,800)	(78,945)
M5	The difference between the actual acquisition or disposal of the subsidiary company's equity price and book value		1,466						1,466	62,234	63,700
Z1	Balance on December 31, 2022	$ 640,000	$ 297,460	$ 216,167	$ 60,527	$ (283,895)	$ (77,538)	$ 25,049	$ 877,770	$ 59,434	$ 937,204

(Please read the notes to the consolidated financial report)

Chairman：Yen, Ming Hung　　Manager：Lin,Po Ching　　Accounting Supervisor：Hsieh,Shu Lan

Everbrite Technology Co., Ltd. and it's subsidiaries

Consolidated Statement of Cash Flow

From January 1st to December 31st in 2022 and 2021

Unit: NT$1,000

code	item	2022	2021
AAAA	**Cash Flow from Operating Activities**		
A10000	Net profit (loss) before tax for the period	$ (87,638)	$ 2,619
A20000	**Adjustment item**		
A20010	**Income expense item**		
A20100	Depreciation expense	11,316	12,162
A20200	Amortization fee	6,984	6,420
A20300	Expected credit impairment losses (benefits) (Note 6 (3))	(2,607)	1,720
A20400	Net (profit) loss on financial assets and liabilities at fair value through profit or loss	1,682	(154)
A20900	Interest expense	2,358	4,775
A21200	Interest income	(2,607)	(2,836)
A21300	Dividend income	(2,998)	(2,408)
A22300	The share of related enterprise (profit) losses recognized using the equity method	73,315	(1,411)
A22500	Disposal and retirement of real property, plant and equipment (profit) loss	2,768	2
A22700	Disposal of investment real estate (interest)	(75,876)	-
A22800	Disposal of intangible asset losses (profits)	7,572	1,534
A23000	Disposal of non-current assets (benefits) to be sold	(1,616)	(60,189)
A23100	Disposal of investment losses (profits)	-	1,423
A23700	Impairment losses on non-financial assets - impairment losses on non-current assets to be sold	-	324
A24100	Unrealized foreign currency exchange (benefit) losses	16,624	16,800
A29900	Lease Modification (Benefit)	(7)	(23)
A29900	Other projects	3,586	-
A20010	**Total income expense items**	40,494	(21,861)
A30000	**Changes in assets/liabilities related to operating activities**		
A31000	**Net changes in assets related to operating activities**		
A31115	Mandatory (increase) decrease in financial assets at fair value through profit or loss	(20,039)	2
A31130	Notes receivable (increase) decrease	8,400	(7,346)
A31150	Accounts receivable (increase) decrease	23,956	(19,267)
A31180	Other receivables (increase) decrease	1,234	(2,292)
A31200	Inventory (increase) decrease	(168,282)	57,626
A31230	Prepayment (increase) decrease	(22,058)	22,753
A31240	Other current assets (increase) decrease	(219)	74
A31000	**Total net change in assets related to operating activities**	(177,008)	51,550
A32000	**Net change in liabilities related to operating activities**		
A32125	Increase (decrease) in contract liabilities	21,073	(37,271)
A32130	Increase (decrease) in notes payable	(16)	(1,337)
A32150	Increase (decrease) in accounts payable	88,201	(27,178)

Everbrite Technology Co., Ltd. and it's subsidiaries

Consolidated Statement of Cash Flow

From January 1st to December 31st in 2022 and 2021

Unit: NT$1,000

code	item	2022	2021
A32160	Accounts Payable - Related Person Increase (Decrease)	(4,388)	(9,998)
A32180	Increase (decrease) in other payables	4,136	(30,010)
A32200	Increase (decrease) in liability provision	(134)	(72)
A32230	Increase (decrease) in other current liabilities	(650)	342
A32240	Increase (decrease) in net defined benefit liability	7,881	(820)
A32000	**Total net change in liabilities related to operating activities**	116,103	(106,344)
A30000	**Total net change in assets and liabilities related to operating activities**	(60,905)	(54,794)
A20000	**Total adjusted items**	(20,411)	(76,655)

(continued next page)

code	item	2022	2021
A33000	Cash inflows (outflows) from operations	(108,049)	(74,036)
A33100	interest charged	2,264	2,890
A33200	Dividends received - including equity method	22,338	7,687
A33300	interest paid	(2,063)	(4,559)
A33500	Income tax refund (payment)	(5,996)	(15,578)
AAAA	**Net cash inflow (outflow) from operating activities**	(91,506)	(83,596)
BBBB	**Cash flow from investing activities**		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(71,165)	-
B01900	Disposal of investments using the equity method	-	9,661
B02500	Acquisition of non-current assets for sale	-	(11)
B02600	Disposal of non-current assets for sale	1,616	347,873
B02700	Acquisition of real estate, plant and equipment (Note 6 (24))	(4,192)	(9,320)
B02800	Disposal of real estate, plant and equipment prices	2,000	-
B03000	Reduction in advance receipts - disposal of assets	-	(8,629)
B03700	Deposit margin (increase)	(488)	-
B03800	Deposit Margin Reduction	-	1,482
B04500	Acquire intangible assets	(31)	(2,138)
B05500	Disposal of investment real estate	108,952	-
B07100	Advance payment for equipment (increase)	(17,587)	(29,030)
B09900	Other investment activities - Pledge fixed deposits and retention money (increase) decrease	53,454	(24,874)
BBBB	**Net cash inflows (outflows) from investing activities**	72,559	285,014
CCCC	**Cash Flow from Financing Activities**		
C00200	Short-term borrowings (decrease) (Note 6 (25))	(10,500)	(140,374)
C01700	Borrowing of long-term borrowings (Note 6 (25)))	50,000	-
C03000	Increase in margin deposits (Note 6 (25))	1,234	-
C03100	deposit margin (decrease)	-	(20)
C04020	Lease principal repayment (Note 6 (25))	(1,640)	(1,638)

Everbrite Technology Co., Ltd. and it's subsidiaries

Consolidated Statement of Cash Flow

From January 1st to December 31st in 2022 and 2021

Unit: NT$1,000

code	item	2022	2021
C09900	Other financing activities - transfer of dividends payable over the past five years (cash out)	1	8
CCCC	**Net cash inflows (outflows) from financing activities**	39,095	(142,024)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(2,275)	(2,189)
EEEE	Increase (decrease) of cash and cash equivalents in the current period	17,873	57,205
E00100	Beginning cash and equivalent cash balance	140,491	83,286
E00200	Ending cash and equivalent cash balance	$ 158,364	$ 140,491

(Please read the notes to the consolidated financial report)

Chairman：Yen, Ming Hung　　Manager：Lin,Po Ching　　Accounting Supervisor：Hsieh,Shu Lan

Everbrite Technology Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. Company history

(1) Everbrite Technology Co., Ltd. (Original name: Taiwan Calsonic Co., Ltd., and the name was changed at the resolution of the shareholders meeting on June 9, 2022, and completed the change registration on June 16, 2022, hereinafter referred to as the “Everbrite”) was incorporated on May 4th, 1987, as a company Limited by shares under the provisions of the Company Act provisions; the address of its registered office in No.140, Lunping, Lunping Village, Guanyin District, Taoyuan City. The Company and subsidiaries (hereinafter referred to as the “merged company”) engages mainly in the manufacturing, selling, installation, after-sales service and acting of air conditioner and heater for car and electromechanical product, etc.

(2) The Everbrite was approved to be initial public offering on October 24, 1990 and the common shares of the Company have been listed on the Taipei Exchange since November 22, 1999.

2. Approval date and procedures of the consolidated financial statements

The accompanying consolidated financial statements of the Company were approved and authorized for issue in accordance with a resolution of the Board of Directors’ meeting on March 17, 2023.

3. New standards, amendments and interpretations adopted

(1) It is the first time to apply the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations (IFRIC) or Interpretations (SIC) (hereinafter referred to as "IFRSs"
The application of the revised IFRSs approved and issued by the Financial Supervisory Commission will not result in major changes in the accounting policies of the merged company.

(2) IFRSs approved by the Financial Supervisory Commission applicable in 2023

New Issues/Amendments/Revised Standards and Interpretations	Effective Dates of IASB Issues
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendment to IAS 8 "Definition of Accounting Estimated Value"	January 1, 2023 (Note 2)
Amendment to IAS 12 "Deferred income tax related to assets and liabilities arising from a single transaction"	January 1,2023 (Note 3)

Note 1: This amendment is applicable to the annual reporting period starting after January 1, 2023.

Note 2: This amendment applies to changes in accounting estimates and changes in accounting policies that occurred during the reporting period beginning after January 1, 2023.

Note 3: Except for the deferred income tax recognized on January 1, 2022 for temporary differences in lease and decommissioning obligations, this amendment is applicable to transactions occurring after January 1, 2022.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023. The Company has assessed that the standards listed are not expected to have material impact on the merged company.

(3) IFRSs issued by the IASB but not yet approved and effective by the FSC

New Issues/Amendments/Revised Standards and Interpretations	Effective Dates of IASB Issues (Note 1)
Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investment in Affiliated Enterprises and Joint Ventures" - Sale or investment of assets between an investor and its affiliated enterprises or joint ventures	To be decided by the IASB
IFRS 17 "Contracts of Insurance"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2023
Amendments to IFRS 16 "Lease Liability in Sale and Leaseback"	January 1, 2024(Note 2)
Amendments to IAS 1 "Non-current Liabilities in Contracts"	January 1, 2024

Note 1: Unless otherwise specified, the above-mentioned newly issued / amended / revised standards or interpretations are effective for the annual reporting period starting after the respective dates.

Note 2: The seller and lessee shall apply the amendments of IFRS 16 retrospectively to the sale and leaseback transactions signed after the first application of IFRS 16.

The above-mentioned standards or interpretations that have been issued by the IASB but have not yet been approved by the Financial Supervisory Commission shall be subject to the regulations of the Financial Supervisory Commission. It has been assessed that the aforementioned newly announced or revised standards or interpretations have no significant impact on the merged company.

4. Summary of significant accounting policies

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

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC with effective dates (collectively, "Taiwan-IFRSs").

(2) Basis of Preparation

a. Basis of measurement

The consolidated 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. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

b. Functional and reporting currency

Items included in the financial statements of each of the merged company's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in thousands of New Taiwan Dollars("NT$"), which is the Everbrite's functional currency.

(3) Basis of Consolidation

a. Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Everbrite and entities controlled by the Everbrite (its subsidiaries).

"Everbrite" evaluates whether it has "control" based on the following three elements: (a) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); (b) Exposure, or rights, to variable returns from its involvement with the investee, and (c) The ability to use its power over the investee to affect its returns.

Unrealized gains and losses arising from transactions between consolidated companies, account balances and any internal transactions are eliminated when preparing consolidated financial statements.

A change in the ownership interest of a subsidiary, without change of control, is accounted for as an equity transaction.

If the merged company's change in the ownership interest of the subsidiary does not lead to the loss of control, it shall be treated as an equity transaction with the owner, that is, it shall be regarded as a transaction with the owner. In accordance with paragraph B96 of IFRS 10, in such cases, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiary. The difference between the adjusted amount of the non-controlling interests and the fair value of the consideration paid or received shall be directly recognized as equity and shall be attributed to the Everbrite.

b. The subsidiaries included in the consolidated financial statements

The detail information of the subsidiaries at the end of reporting period was as follows:

			Ownership (%)	
			December 31	
Name of Investor	Name of Investee	Main Businesses	2022	2021
Everbrite	BVI- Everbrite	(Note 1)	100	100
Everbrite	SAMOA-I	(Note 2)	100	100
Everbrite	EVERDURA	(Note 3)	51.04	-
Everbrite	Evertop	(Note 4)	100	-
Everbrite	Everwell	(Note 5)	100	-
SAMOA-I	Asiatek (Hangzhou)	(Note 6)	100	100

(Note 1) BVI- Everbrite -subsidiary (TWNCAL CO., LTD (BVI))

TWNCAL CO., LTD (BVI) (hereinafter referred to as “BVI-Everbrite”) was incorporated on Feb. 15th, 2001, under the provisions of the related act. The paid-in capital is US$1,125 thousand as of December 31, 2022. The business is to be holding company.

(Note 2) SAMOA-I-subsidiary (TWNCAL INVESTMENT CO., LTD (SAMOA))

TWNCAL INVESTMENT CO., LTD (SAMOA) (hereinafter referred to as “SAMOA-I”) was incorporated on Jan. 15th, 2002 under the provisions of the related act. After capital increase several times, the capital reductions of US$4,000 thousand and US$ 2,690 were conducted in July 2021 and September 2022, respectively. The actual paid-in capital is US$19,895 thousand as of December 31, 2022. The business is to be holding company.

(Note 3) EVERDURA Technology Co., Ltd. -subsidiary

EVERDURA Technology Co., Ltd. (hereinafter referred to as "EVERDURA") was established on July 27, 2022 in accordance with relevant laws and regulations. As of December 31, 2022, the rated and paid-in capital were NT$200,000 thousand, and NT$130,100 thousand, respectively. NT$ 63,700 thousand in the paid-in capital amount is the technical price to offset the share payment, and the main business is energy services, smart buildings, and public electric pile related products agency sales, system integration, construction and maintenance, etc. It is currently in the early stages of entrepreneurship.

(Note 4) Evertop Energy Co., Ltd. -subsidiary

Evertop Energy Co., Ltd. (hereinafter referred to as "Evertop") was established on November 28, 2022 in accordance with relevant laws and regulations. As of December 31, 2022, the rated and paid-in capital were both NT$10 thousand. Its businesses include wholesale of precision instruments, wholesale of telecommunication equipment, wholesale of batteries, wholesale of information software, wholesale of electronic materials, electronic information supply services and energy technology services.

(Note 5) Everwell Advanced Technology Co., Ltd.-subsidiary

Everwell Advanced Technology Co., Ltd. (hereinafter referred to as " Everwell ") was established on December 26, 2022 in accordance with relevant laws and regulations. As of December 31, 2022, the rated and paid-in capital were NT$200,000 thousand and NT$10 thousand. The main business is secondary processing of steel, manufacturing of mechanical equipment, retailing of mechanical appliances, electric pipe engineering and management consulting services. It is currently in the initial stage of entrepreneurship.

(Note 6) Asiatek (Hangzhou)-sub-subsidiary

Asiatek (Hangzhou) Co., Ltd. (hereinafter referred to as “Asiatek (Hangzhou)”) was incorporated on Sep. 10^{th}, 2010 under the provisions of the related act. After capital increase several times, a resolution was made to reduce capital in 2021, and on July 16, 2021 and September 9, 2022, the capital contributions of NT$111,188 thousand (equivalent to US$4,000 thousand) and NT$83,634 thousand (equivalent to US$2,500 thousand) were returned as of December 31, 2022; the paid-in capital was NT$597,922 thousand (equivalent to USD 18,850 thousand).

Asiatek (Hangzhou) engages mainly in the sales and import and export of equipment such as component of car body electronic control system, car Air conditioner system and Air conditioner heat exchanger and so on. Due to the main manufacturer-Luxgen Company pulling out from Mainland China market and epidemic impact of COVID-19, the board of directors has passed the resolution of selling the inventories, right-of-use of land, building and equipment in 2021.

c. Subsidiaries not included in the consolidated financial statements: None.

d. Adjustment and method of treatment for different accounting period of subsidiary: None.

e. Significant restriction: None.

f. Subsidiaries that have non-controlling interests that are material to the merged company: None.

(4) Foreign Currency

a. Foreign currency transaction

Transactions in foreign currencies are translated to the functional currencies of the Company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and the payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate of the date the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transaction.

All exchange differences arising from the settlement or translation of monetary items are taken to profit or loss in the period in which they arise, except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

b. Foreign operations

When preparing the consolidated financial statements, the assets and liabilities of the merged company's foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated New Taiwan Dollar at the exchange rates of the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated at the average exchange rate. Translation differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is an un-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely predicted in the foreseeable future, the foreign currency gains and losses arising from such items are considered to a part of investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(5) Classification of Current and Noncurrent Assets and Liabilities

An asset is classified as current under any one of the following conditions. All other assets are classified as non-current.

a. The asset is expected to be realized, or sold or consumed, during the merged company's normal operating cycle.

b. The asset is held primarily for the purpose of trading.

c. The asset is expected to be realized within twelve months after the reporting period; or

d. The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

A liability is classified as current under any one of the following conditions. All other liabilities are classified as non-current.

a. The liability is expected to be settled during the Company's normal operating cycle.
b. The liability is held primarily for the purpose of trading.
c. The liability is due to be settled within twelve months after the reporting period; or
d. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(6) <u>Cash and Cash Equivalents</u>

Cash comprises cash on hand and cash in bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits (including foreign-currency deposits) meeting the aforementioned definition and held for the purpose of fulfilling short-term cash commitments rather than for investment or other purposes are classified under cash equivalents.

(7) <u>Financial Instruments</u>

Financial assets and liabilities shall be recognized when the merged company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a. Financial Assets

(a) Recognition of financial assets and measurement

Purchase or sale of financial assets is recognized or derecognized using trade date accounting.

Financial assets held by the merged company are classified into subsequently the following categories: financial assets at fair value through profit or loss (FVTPL), financial assets measured at amortized cost and investment in equity instruments at fair value through other comprehensive income.

i.Financial assets at FVTPL

Financial assets at FVTPL are recognized initially at fair value and any gain or loss arising from subsequent remeasurement is recognized in profit or loss. The net gain or loss recognized in profit or loss (including any dividend earned on the financial asset).

ii.Financial assets measured at amortized cost

Financial assets invested by the merged company shall be classified as financial assets measured at amortized cost if both of the following two conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

iii.Investments in equity instruments at FVTOCI

On initial recognition, the merged company may irrevocably designate investments in equity investments that is not held for trading as at FVTOCI.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. On de-recognition, gains and losses accumulated in OCI of equity investments are reclassified to retained earnings instead of profit or loss.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the merged company's right to receive the dividends is established, unless the merged company's rights clearly represent a recovery of part of the cost of the investment.

iv.<u>Investments in debt instruments measured at fair value through other comprehensive income</u>

If the merged company invests in debt instruments that meet the following two conditions at the same time, it will be classified as financial assets measured at FVTOCI through other comprehensive income:

- It is held under a business model whose purpose is to achieve contractual cash flow and sale of financial assets; and
- The terms of the contract generate cash flows on a specified date that are solely payments of principal and interest on the outstanding principal amount.

Debt instrument investments measured at FVTOCI through other comprehensive profit or loss are measured at fair value, and the changes in the carrying amount are recognized in profit or loss as interest income calculated using the effective interest method, foreign currency exchange gains and losses and impairment losses or reversal benefits. The series is recognized in other comprehensive profit and loss, and is reclassified as profit or loss when the investment is disposed of.

(b) Impairment of financial assets

At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable).

The loss allowance for accounts receivable is measured at an amount equal to lifetime expected credit losses. For financial assets at amortized cost and investments in debt instruments that are measured at FVTOCI, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(c) Derecognition of financial assets

The merged company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, instead of profit or loss.

b. Financial Liabilities and Equity Instruments

(a)Classification as debt or equity

Debt and equity instruments issued by the merged company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the merged company are recognized at the proceeds received, net of direct issue costs.

(b)Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method or at fair value through profit or loss.

Financial liabilities at FVTOCI through profit or loss include financial liabilities held for trading and those designated at fair value through profit or loss.

Financial liabilities at FVTOCI through profit or loss are measured at fair value with any gain or loss arising from the remeasurement recognized in profit or loss.

Financial liabilities are not held for trading and not designated as financial liabilities measured at fair value through profit or loss, including short-term loans, notes payable, accounts payable, other payables and deposits, etc., and are initially recognized at fair value Add the directly attributable transaction cost to measure; the follow-up evaluation is measured by the amortized cost of the effective interest method, but the unpaid short-term payables are measured by the original transaction amount if the impact of discounting is not significant. Interest expenses not capitalized as asset cost are presented in the finance cost item under non-operating income and expenses.

(c)Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the

Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(d)Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and pay off the liabilities simultaneously.

c. None-hedged derivative financial instruments

The merged company holds derivative financial instruments to manage exposures arising from foreign currency exchange risk.

Derivatives are recognized initially at fair value at the date the derivative contracts are entered into and are subsequently remeasured at their fair value at the end of each reporting period, and changes therein are recognized in profit or loss and presented under non-operating income and expenses. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

(8) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a. In the principal market for the asset or liability, or

b. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the merged company.

The fair value of an asset or a liability is measured using the assumptions that market participants would us when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The merged company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) <u>Inventories</u>

Inventories are stated at the lower of cost or net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production costs and other costs incurred in bringing them to their existing location and condition. The cost of inventories is calculated using the weighted-average method. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value refers to the estimated selling price under normal business conditions minus the estimated cost to be invested in the estimated completion of the project and the estimated cost required to complete the sale. If the inventory is reserved for the supply and sales contract, the contract price shall be used as the basis; Raw materials and other materials used in the production of an inventory of finished goods should not be reduced below cost if the finished goods produced are expected to be sold at a price equal to or higher than cost. When the price drop of raw materials indicates that the cost of the finished product exceeds the net realizable value, the raw material should be written down to the net realizable value, and the replacement cost of the raw material is the best estimate of the net realizable value.

Inventories are calculated at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period. Net realizable value represents the estimated selling price of inventories less estimated costs of completion and the estimated costs necessary to make the sale.

If the inventory is defective, damaged or obsolete, the net realizable value shall be used as the evaluation basis. Normal scrapping losses, inventory losses or overages are also recognized as cost of goods sold.

(10) <u>Investments Accounted for Using Equity - Investment in Associates</u>

Associates are those entities in which the merged company has significant influence, but not control, over their financial and operating policies. When the merged company holds 20% to 50% of the voting rights of the investee company, it assumes that it has significant influence and adopts equity evaluation.

Under the equity method, investments in associates are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill, which is arising from the acquisition less any accumulated impairment losses.

The amount of the acquisition cost exceeding the net fair value share of the identifiable assets and liabilities of the affiliated enterprise enjoyed by the company on the acquisition date is listed as goodwill, which is included in the book value of the investment and cannot be amortized; The excess of the net fair value share of the identifiable assets and liabilities of the affiliated enterprise over the acquisition cost shall be recognized as current income immediately after revaluation.

When the consolidated company evaluates the impairment, it regards the overall book value of the investment (including goodwill) as a single asset, and compares the recoverable amount (the value in use or the fair value minus the cost of sale, whichever is higher) with the book amount, and conducts an impairment test. The recognized impairment loss will be included in the carrying amount of the investment. A reversal of any impairment loss is recognized to the extent of subsequent increases in the recoverable amount of the investment.

If the merged company does not subscribe for new shares issued by affiliated companies in accordance with the shareholding ratio, resulting in changes in the shareholding ratio, and thus resulting in an increase or decrease in the net equity value of the investment, the increase or decrease shall be adjusted to the capital reserve and investment using the equity method. However, if the ownership interest in the affiliated enterprise is reduced by not subscribing or obtaining it according to the shareholding ratio, the amount recognized in other comprehensive profit and loss related to the affiliated enterprise will be reclassified according to the reduction ratio, and the basis of accounting treatment is related to the affiliated enterprise The same basis must be followed if the relevant assets or liabilities are directly disposed of.

The consolidated financial report includes from the date of significant influence to the date of loss of significant influence, after making adjustments consistent with the accounting policies of the merged company, the consolidated company recognizes the profit and loss of each investment affiliated enterprise and other The amount of comprehensive profit or loss.

The unrealized benefits arising from the transactions between the merging company and its affiliated companies have been eliminated within the scope of the merging company's interests in the investee company. Unrealized losses are eliminated in the same way as unrealized benefits, but only if there is no evidence of impairment.

When the merging company shall recognize the loss share of the affiliated enterprise proportionally equal to or exceeds its equity in the affiliated enterprise, it shall stop recognizing its losses, and only when a legal obligation, a constructive obligation, or a payment has been made on behalf of the invested company Within the scope, additional losses and other liabilities are recognized.

When the merged company loses its significant influence on the affiliated company, the remaining investment in the original affiliated company is re-measured at fair value, and the difference between the fair value and the book value is recognized as current profit or loss.

When the merged company disposes of an affiliated company, if it loses its significant influence on the affiliated company, the accounting treatment for all amounts related to the affiliated company previously recognized in other comprehensive profits and losses is the same as if the merging company directly disposes of related assets or liabilities. The basis is the same, that is, if the benefit or loss previously recognized as other comprehensive profit or loss will be reclassified as profit or loss when disposing of the relevant assets or liabilities, then when the significant influence on the related enterprise is lost, the benefit or loss will be included in the equity Reclassified as profit or loss. If there is still a significant influence on the affiliated enterprise, only the amount previously recognized in other comprehensive profit and loss shall be transferred out in the above-mentioned manner on a proportionate basis.

When the merged company disposes of an affiliated enterprise, if it loses its significant influence on the affiliated enterprise, the capital reserve related to the affiliated enterprise will be transferred to profit or loss; if it still has a significant influence on the affiliated enterprise, it will be transferred to profit or loss according to the disposal ratio.

(11) <u>Property, Plant and Equipment</u>

a. Recognition and measurement

The recognition and measurement of real estate, plant and equipment adopts the cost model, and is measured by the amount after deducting accumulated depreciation and accumulated impairment from cost. Cost comprises expenditures that are directly attributable to the acquisition of the asset. The cost of a self-constructed asset comprises materials and direct labor, any other directly attributable costs of bringing the asset to a usable condition for its intended purpose, the costs of dismantling and removing the item and restoring the site, and borrowing costs for qualifying assets to be capitalized. The software purchased to integrate the functions of related equipment is also capitalized as part of the equipment.

Property, plant and equipment are treated as separate items of property, plant and equipment (principal) to deal with.

Gains and losses on the disposal of real estate, plant and equipment are determined by the difference between the book value of the real estate, plant and equipment and the disposal price, and the net amount is recognized in other income and loss items in non-operating income and expenses.

b. Subsequent expenditure

If the expected future economic benefits of subsequent expenditures on real estate, plant and equipment items are likely to flow into the merged company, and the amount can be measured reliably, the expenditures should be recognized as part of the book value of the item, and the book value of the replaced part of amounts are excluded. Routine maintenance costs of property, plant and equipment are recognized in profit or loss as incurred.

c. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Categories of assets	Years

Categories of assets	Years
Building	
Main Building	15~50
Mechanical and Electrical Engineering	2~40
Accessory Equipment	2~50
Machinery and Equipment	2~10
Electric Equipment	2~10
Telecommunications Equipment	2~5
Environmental Protection Equipment	2~10
Transportation Equipment	2
Furniture and Fixtures	2~10
Research and Development Equipment	2~8
Sundry Equipment	2~10
Leasehold Improvements	5

Depreciation method, estimated useful lives, and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

(12) <u>Investment Properties</u>

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for currently undermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss in accordance with IAS 16.

But if the terms of properties conform to the terms of held for sale, then the property is not classified under investment property and shall be accounted for non-current asset held for sale instead (or included in the category of grouping on disposal held for sale) in accordance with IFRS 5 “non-current asset held for sale and discontinued operation”.

Depreciation is recognized using the straight-line method over the following estimated useful lives:

Categories of assets	Years
Building	25

Investment properties are delisted and recognized in profit or loss when they are disposed of, permanently ceased to be used, or are not expected to generate future economic benefits from the disposal.

The merged company decides to transfer into or from investment properties in accordance with the actual purpose of asset.

(13) Employee benefits

a. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

b. Pensions

(a) Defined contribution plans

The contribution obligation of the defined contribution pension plan is recognized as employee benefit expenses under profit or loss during the period when the employee provides services.

(b) Defined benefit plans

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 and net interest on net defined benefit debts (assets) are recognized as employee welfare 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.

The net defined benefit liability (asset) is the shortfall (residual) of contributions from defined benefit retirement plans. Net defined benefit assets cannot exceed the present value of refunding contributions from the plan or reducing future contributions.

c. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the merged company's decision to terminate an employee’s employment before the normal retirement date, or an employee’s decision to accept an offer of redundancy benefits in exchange for the termination of employment. The merged company recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

d. Employees’ compensation and directors’ and supervisors’ remuneration

Employees’ compensation and directors’ and supervisors’ remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(14) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, net of estimated customer returns, discounts and other similar allowances.

a. Sale of Goods

After the merged 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 satisfied. If the merging company receives consideration from the customer and expects to refund some or all of the consideration to the customer, the merging company shall recognize a refund liability. The refund liability is measured by the amount of consideration received (or receivable) by the merging company to which it is not expected to be entitled (that is, the amount not included in the transaction price). The merged company shall update the refund liabilities for changes in circumstances and corresponding changes in transaction price and contract liabilities at the end of each reporting period.

When processing without materials, the control of the ownership of the processed products has not been transferred, so revenue is not recognized when the materials are removed.

b. Rental, dividend and interest income

Rental incomes are recognized on a straight-line basis over the lease term.

Dividend income from investments is recognized when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the merged company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(15) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a.Current tax

The unpaid income tax payable calculated based on the taxable income in the current period and the previous period shall be recognized as current income tax liabilities; if the amount paid in the current period and previous periods exceeds the payable amount in these periods, the excess part shall be recognized as current income tax assets. Current income tax liabilities or assets are measured by the estimated amount of income tax payable or recoverable based on the enacted and applicable tax rates and tax laws at the end of the reporting period. The Income Tax Law promulgated in February 2018 stipulated that the profit-making income tax rate was increased to 20%.

Since 2018, the undistributed surplus levy has been reduced to 5%. The undistributed surplus of profit-seeking enterprises is subject to income tax on the undistributed surplus based on the distribution of the actual surplus after the shareholders' meeting approves the surplus distribution plan in the next year. cost.

If the general tax amount is lower than the basic tax amount in accordance with the Basic Income Tax Act, the difference will be adjusted and included in the account. for Everbrite, EVERDURA, Evertop, and Everwell. In addition, these companies would enjoy the tax loss carry-forward for 10 years according to the

Article 39, Income Tax Law.

BVI-Everbrite and SAMOA-I are tax-free due to offshore companies registered at the third area.

Asiatek (Hangzhou) is imposed the corporate tax of 25% and enjoys the tax loss carry-forward for 5 years since 2009 in accordance with the amendment of enterprise lax law in mainland China.

b.Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carry forwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

c.Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In the application of the merged company's accounting policies, the merged company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The merged company considers the economic implications of the COVID-19 when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The merged company's critical accounting judgments and key sources of estimation and uncertainty are as below:

(1) Critical judgments in applying the merged company's accounting policies

Revenue recognition on a net/gross basis

The merged company determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e., the merged company is a principal) or to arrange for the other party to provide those goods or services (i.e., the merged company is an agent) based on the transaction model and its economic substance. The merged company is a principal if it controls a promised good or service before it transfers the good or service to a customer. The merged company recognizes revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The merged company is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The merged company recognizes revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the merged company controls the good or service before it is provided to a customer include the following:

a. The merged company is primarily responsible for the provision of goods or services.

b. The merged company assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.

c. The merged company has discretion in establishing prices for the goods or services.

(2) Significant accounting estimation and uncertainty

a. Impairment of Tangible and Intangible Assets

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the merged company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future revenue and expenses related to the specific group of assets. Any changes in these estimates based on changing economic conditions or business strategies could result in significant impairment losses in future years.

The merged company assessed significant impairment losses in 2022 and 2021, please refer to Note 6 (6).

b. Impairment Assessment on Investment Using Equity Method

The merged company assesses the impairment of investments accounted for using the equity method whenever triggering events or changes in circumstances indicate that an investment may be impaired and carrying value may not be recoverable. The merged company measures the impairment based on a projected future cash flow of the investees, including the underlying assumptions of sales growth rate and capacity utilization rate formulated by such investees' internal management team. The merged company also takes into account market conditions and the relevant industry trends to ensure the reasonableness of such assumptions.

There is no indication of impairment of investment accounted for using the equity method in 2022 and 2021, respectively, see Note 6(7).

c. Estimated impairment of financial assets

The provision for impairment of trade receivables and investments in debt instruments is based on assumptions about risk of default and expected loss rates. The merged company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the merged company's past history, existing market conditions as well as forward looking estimates.

The merged company's accumulated material impairment loss was NT$6,431 thousand and NT$29,493 thousand as of 2022 and December, 31, 2021, respectively, see Note 6(3).

d. Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value, and the merged company uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period.

Due to the rapid technological changes, the merged company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

The merged company's accumulated significant impairment losses on December 31, 2022 and in 2021 were NT$11,314 thousand and NT$16,234 thousand, respectively. Please refer to Note 6 (4) for details.

e. Useful Lives of Property, plant and Equipment as well as Investment Properties

The merged company reviews the estimated useful lives of property, plant and equipment as well as investment properties periodically.

f. Income Tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The circumstances such as the global economic environment, the change of industrial environment, the change of law and regulation and the approval by tax authority in ration to corporate tax, might lead to the significant adjustment to provide income tax, see Note 6(22).

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31	December 31

	2022	2021
Cash on hand	$ 93	168
Deposits in banks		
Checking accounts	10	-
Demand deposits	37,449	92,614
Foreign currency deposits	6,909	41,880
Time deposits	113,903	5,829
Subtotal	158,271	140,323
Total	$ 158,364	140,491

(2) Financial instruments (current and non-current)

a. Financial assets and liabilities at fair value through profit or loss

	December 31 2022	December 31 2021
Mandatorily measured at FVTPL:		
Forward exchange contracts	$ -	152
Mutual funds	17,381	-
Total	$ 17,381	-

Financial liabilities - current		
Held for traders		
Forward exchange contract		
Total	$ 247	-

(a) The merged company entered into derivative financial instruments contracts to manage exposures to exchange rate fluctuations of foreign-currency denominated assets and liabilities. These derivative financial instruments contracts entered into by the merged company did not meet the criteria for hedge accounting. Therefore, the merged company did not apply hedge accounting treatment for these derivative contracts.

(b) Outstanding forward exchange contracts consisted of the following:

	Currencies	Maturity Date	Contract Amount (In Thousands)
Dec. 31, 2022	JPY/NTD	Jan. 1, 2023	41,405

~ Mar. 14, 2023

(c) The merged company disclosed the exposures of credit, currency and interest which were related with financial instruments in the Note 12.

(d) The merged company's financial assets were not pledged as collateral.

b. Investments in Equity Instruments at FVTOCI

(a) Equity instrument investment - non-current

		December 31 2022	December 31 2021
Stocks investment (acquisition cost) -listed co.	$	121	121
Stock investment (acquisition cost) -domestic emerging stock and unlisted stocks		87,486	33,486
Valuation Adjustment		29,204	28,946
	$	116,811	62,553

(a) These investments in equity instruments are not held for trading. Instead, they are held for prudent and conservative strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the merged company's strategy of holding these investments for long-term purposes (Details disclosed in Table 2 of Note 13).

(b) The aforementioned stock investments were not offered as collateral.

b. Debt instrument investment - current

		December 31 2022	December 31 2021
Investment in foreign bonds (acquisition cost)	$	17,165	-
Evaluation Adjustment		(2,779)	-
Total	$	14,386	-

(3) Notes and Accounts Receivable, net

	December 31 2022	December 31 2021
Measured at amortized cost:		
Notes receivable (including related party)	$ 14,953	23,353
Less: allowance for doubtful accounts	-	-
Subtotal	14,953	23,353
Accounts receivable (including related party)	124,226	168,637
Less: allowance for doubtful accounts	(6,431)	(29,493)
Subtotal	117,795	139,144
Net of notes and accounts receivable	$ 132,748	162,497

a. The credit period of the merged company to clients is almost 30 to 180 days unless otherwise agreed. The information regarding the use of lifetime ECL (expected credit loss) as the provision loss of trade receivables, please see Note 12(1).b, the disclosure of credit risk.

b. Movement of the loss allowance of trade receivables

	For the Years Ended Dec. 31	
	2022	2021
Beginning balance	$ 29,493	41,350
Recognized impairment loss	-	2,029
Reversal of the loss allowance	(2,607)	(309)
Actual write-off for the period	(20,722)	(13,832)
Effect of exchange rate changes	67	255
Ending balance	$ 6,431	29,493

c. None of the aforementioned trade receivables of the merged company was pledged or discounted.

(4) Inventories

	December 31 2022	December 31 2021
Raw materials	$ 142,454	$ 105,650
Work in process	6,309	6,130
Semi-finished goods	64,842	55,365
Finished goods	3,803	4,322
Commodity inventory-ordinary	142,743	31,804

Commodity inventory-project inventory	10,139	1,728
In-transit inventory	4,393	6,322
Subtotal	374,683	211,321
Less: allowance for inventory decline loss	(11,314)	(16,234)
Total	$ $ 363,369	$ 195,087

a. None of the aforementioned inventories were pledged.

b. Operating costs (including effect of exchange rate changes) which were related with inventories were as follows:

	For the Years Ended Dec. 31	
	2022	2021
Inventories transferred to operating cost	$ (424,607)	$ (588,830)
Gain from price recovery of inventory	4,968	21,394
Gain (loss) from physical inventory taking	(1)	—
Revenue from sale of scraps	1,115	1,305
(Under) applied fix manufacturing overhead	(155)	(5,629)
Total	$ $ (418,680)	$ (571,760)

Inventory-related operating costs of the merged company include inventory losses recognized as a result of reducing inventory costs to net realizable value during the financial reporting period and inventory recovery benefits recognized as a result of increases in net realizable value.

c. A fire broke out in the Everbrite on September 20, 2022, and part of the inventory was damaged. The loss was NT$1,835 thousand, which was not significant. Please refer to Note 6 (20) as a disaster loss.

(5) Other receivables, Prepayments and Other financial assets-current

a. Other receivables	December 31 2022	December 31 2021
Other receivables		
Manpower support	$ 2,831	4,478
Others	2,018	1,262
Total	$ 4,849	5,740

b. Prepayments	December 31	December 31

		2022	2021
Prepaid rent	$	23	43
Net determined benefit assets - current (Note 6 (17) for details)		8,792	–
Prepaid insurance		220	244
Other prepaid expenses			
Air conditioner		1,406	466
Electromechanical		2,969	474
Electronics		81	–
Others		161	107
Subtotal		4,617	1,047
Prepayment for purchases		5,257	309
Overpaid value-added tax		10,115	843
Other prepayments			
Mold fee		6,153	10,109
Others		–	524
Subtotal		6,153	10,633
Total	$	35,177	13,119

c. Other financial assets-current

		December 31 2022	December 31 2021
Pledged time deposit and foreign currency deposits	$	30,675	84,534
Refundable deposits-current		660	255
Total	$	31,335	84,789

Other financial assets - current pledged time deposits and foreign currency deposits, please refer to the disclosure in Note 8.

(6) Non-current assets held for sale

a. The movement of cost and impairment loss of the merged company's non-current assets held for sale was as follows:

Cost		
Balance at January 1, 2022	$	13,220
Additions		–

Disposals		(8,726)
Transfers		—
Effect of exchange rate changes		142
Balance at December 31, 2022	$	4,636
Balance at January 1, 2021	$	355,816
Additions		11
Disposals		(328,977)
Transfers (to property, plant and equipment)		(13,052)
Effect of exchange rate changes		(578)
Balance at December 31, 2021	$	13,220
Impairment Loss		
Balance at January 1, 2022	$	13,220
Impairment loss		—
Disposals		(8,726)
Transfers		—
Effect of exchange rate changes		142
Balance at December 31, 2022	$	4,636
Balance at January 1, 2021	$	53,977
Impairment loss		324
Disposals		(41,293)
Transfers		—
Effect of exchange rate changes		212
Balance at December 31, 2021	$	13,220
Carrying amount		
Balance at December 31, 2022	$	—
Balance at December 31, 2021	$	—

b. In order to cooperate with Luxgen Group's exit from the mainland market and the impact of COVID-19 pandemic, the merged company transferred the land use rights, buildings and equipment and other assets of Asiatek (Hangzhou) to non-current assets for sale punishment.

(7) Investments accounted for using equity method

a. Associates

		December 31 2022	December 31 2021
Non-public offering:			
Huizhou Yi-Jin Industrial Co., Ltd. (“Huizhou Yi-Jin”)	$	255,993	345,698

Material associate: “Huizhou Yi-Jin”

The aggregated financial information of associate that is individually material to the merged company is shown as below:

Balance Sheet

		Huizhou Yi-Jin	
		December 31 2022	December 31 2021
Current assets	$	519,992	822,673
Non-current assets		466,836	578,621
Current liabilities		(17,167)	(139,723)
Non-current liabilities		(8,997)	—
Net of total assets	$	960,664	1,261,571
The merged company’s share of equity of associate	$	278,593	365,856
Other-exchange effect		(22,600)	(20,158)
Carrying amount of associate	$	255,993	345,698

Statement of Comprehensive Income

		Huizhou Yi-Jin	
		December 31 2022	December 31 2021
Operating revenue	$	150,236	883,146
Net income (loss) of continuing	$	(252,811)	942

operations			
Other comprehensive income (loss) (net of after-tax)		-	-
Total comprehensive income (loss)	$	(252,811)	942
Dividend collected from associate	$	19,340	-

Name of Associate	Place of Operation	% of Ownership December 31 2022	% of Ownership December 31 2021	Nature of Relationship	Measuremen t Method
Huizhou Yi-Jin	Mainland China	29%	29%	Over 20% Voting Rights held by the Company	Accounted for using the equity method

b. No investments accounted for using the equity method of the merged company are pledged as collateral.

c. Recognition of share of profit (loss) of associates:

		December 31 2022	December 31 2021
Huizhou Yi-Jin	$	(73,315)	273
Kunshan Yung-Sta		-	1,138
Total	$	(73,315)	1,411

The above-mentioned affiliated companies recognized their profits and losses based on the financial statements audited by accountants. In August 2021, the merged company sold all the equity of Kunshan USRICH TECHNOLOGY CO., LTD. to non-related parties, resulting in a loss of NT$1,423 thousand on the sale, and in the Republic of China in August 2021, it received a cash dividend of NT$5,279 thousand from Kunshan USRICH TECHNOLOGY CO., LTD."

(8) Property, plant and equipment

a. The movement of cost, depreciation and impairment loss of the merged company’s property plant and equipment was as follows:

Land	Buildings	Machinery and Equipment	Other Equipment	Unfinished construction and equipment under acceptance	Lease	Total

					Improvement		
Cost							
Balance at Jan. 1, 2022	$ 117,470	105,955	242,360	80,483	3,233	—	$ 549,501
Additions	—	623	—	2,858	1,961	$ 1,542	6,984
Disposals	—	—	(5,782)	(2,235)	—	—	(8,017)
Transfers (from prepayments)	—	2,105	11,273	400	—	—	13,778
Transfers to investment property	(6,308)	(1,048)	—	—	—	—	(7,356)
Transfers (transfer to other losses)	—	—	—	—	(3,233)	—	(3,233)
Transfers (reclassification)	—	—	417	(417)	(1,961)	1,961	—
Effect on exchange rate changes	—	—	—	—	—	—	—
Balance at Dec. 31, 2022	$ 111,162	107,635	248,268	81,089	—	3,503	551,657
Balance at Jan. 1, 2021	$ $ 117,470	$ 105,955	$ 216,624	$ 84,760	—	—	$ 524,809
Additions	—	—	—	100	$ 3,233	—	3,233
Disposals	—	—	(300)	(7,168)	—	—	(7,468)
Transfers (to investment property)	—	—	12,984	2,791	—	—	15,775
Transfers (to non-current assets held for sale)	—	—	13,052	—	—	—	13,052
Effect of exchange rate changes	—	—	—	—	—	—	—
Balance at Dec. 31, 2021	$ 117,470	105,955	242,360	80,483	3,233	—	549,501
Accumulated depreciation and impairment							
Balance at Jan. 1, 2022		$ 50,481	214,676	68,907		—	334,064
Depreciation expense		3,000	3,976	2,384		$ 178	9,538
Disposals		—	(1,042)	(2,206)		—	(3,248)
Transfers to investment property		(389)	—	—		—	(389)
Transfers		—	29	(29)		—	—
Effect of exchange rate changes		—	—	—		—	—
Balance at Dec. 31, 2022		$ 53,092	$ 217,639	69,056		$ 178	$ 339,965
Balance at Jan. 1, 2021		$ 46,649	211,092	73,450		—	$ 331,191
Depreciation expense		3,832	3,884	2,623		—	10,339
Disposals		—	(300)	(7,166)		—	(7,466)
Effect of exchange rate changes		—	—	—		—	—

Balance at Dec. 31, 2021		$ 50,481	$ 214,676	$ 68,907		—	$ 334,064
Carrying amounts							
Dec. 31,2022	$ 111,162	$ 54,543	$ 30,629	$ 12,033	—	$ 3,325	$ 211,692
Dec. 31,2021	$ 117,470	$ 55,474	$ 27,684	$ 11,576	$ 3,233	—	$ 215,437

b. The aforementioned assets were mortgaged to banks as collaterals, please refer to Note 8.

c. On account of expanding the factory and purchasing the equipment, the merged company has signed the contracts with amount of NT$4,325 thousand. As of December 31, 2022, the undelivered prepayment for equipment was NT$2,457 thousand Major commitment contracts please refer to Note 9(9).

d. The capitalization of borrowing interests attributable to the aforementioned assets was NT$0 in 2022 and 2021, respectively.

e. The significant part of the aforementioned property, plant and equipment is depreciated using the straight-line method over their estimated useful lives, please refer to Note 4(11).

f. Everbrite has transferred to investment property in 2022, please refer to 6(10) c.

g.Everbrite sold equipment in 2022, resulting in a disposal loss of NT$1,781 thousand, and a fire broke out, resulting in a loss of NT$987 thousand for scrapped equipment. The total loss mentioned above was NT$2,768 thousand, please refer to Note 6(20) b.

(9) Right-of-use assets

The movements in the cost, depreciation and impairment loss of the merged company's right-of-use assets were as follows:

	Building	Transportation Equipment	Total
Cost			
Balance at January 1, 2022	—	$ 3,801	$ 3,801
Additions	$ 419	593	1,012
Decrease-lease expired but not renewed	—	(689)	(689)
Exchange effect	—	—	—

	Land	Buildings	Total
Balance at December 31, 2022	$ 419	$ 3,705	$ 4,124
Balance at January 1, 2021	—	$ 4,835	$ 4,835
Additions	—	—	—
Decrease-lease expired but not renewed	—	(1,034)	(1,034)
Exchange effect	—	—	—
Balance at December 31, 2021	—	$ 3,801	$ 3,801
Accumulated depreciation and impairment losses			
Balance at January 1, 2022	—	$ 2,235	$ 2,235
Depreciation expense	105	1,272	1,377
Decrease-lease expired but not renewed	—	(651)	(651)
Exchange effect	—	—	—
Balance at December 31, 2022	$ 105	$ 2,856	$ 2,961
Balance at January 1, 2021	$ —	$ 1,736	$ 1,736
Depreciation expense	—	1,374	1,374
Decrease-lease expired but not renewed	—	(875)	(875)
Exchange effect	—	—	—
Balance at December 31, 2021	$ —	$ 2,235	$ 2,235
Carrying amounts			
December 31, 2022	$ $ 314	$ 849	$ 1,163
December 31, 2021	$ —	$ 1,566	$ 1,566

(10) Investment properties, net

a. The movement of cost, depreciation and impairment loss of the merged company's investment properties was as follows:

	Land	Buildings	Total
Cost or Deemed Cost			

Balance at Jan. 1, 2022	$ 77,142	24,399	101,541
Additions	-	-	-
Disposals	(33,000)	(8,052)	(41,052)
Transfers	6,308	1,048	7,356
Balance at Dec. 31, 2022	$ 50,450	17,395	67,845
Balance at Jan. 1, 2021 (i.e., Balance at Dec. 31, 2021)	$ 77,142	24,399	101,541
Accumulated depreciation and impairment			
Balance at Jan. 1, 2022		$ 19,104	19,104
Depreciation expense		400	400
Disposals		(7,976)	(7,976)
Transfers		389	389
Balance at Dec. 31, 2022		$ 11,917	11,917
Balance at Jan. 1, 2021		$ 18,655	18,655
Depreciation expense		449	449
Disposals		—	—
Transfers		—	—
Balance at Dec. 31, 2021		$ 19,104	19,104
Carrying amounts			
Dec. 31, 2022	$ 50,450	5,478	55,928
Dec. 31, 2021	$ 77,142	5,295	82,437

	Years Ended December 31	
	2022	2021
The rental income from investment properties	$ 3,353	2,709
Less: Direct operating expenses arising from the investment property that generated rental income during the period	(499)	(566)
Total	$ 2,854	2,143

b. The aforementioned assets were mortgaged to banks as collaterals, please refer to Note 8.

c. The Everbrite leased the land and buildings at No. 1604, Zhongai Section, Guanyin Township to the related party "MASADA TECHNOLOGY LIMITED COMPANY" in December 2022, so the "real estate, plant and equipment" was transferred to " Investment real estate", see Note 6 (8) for details.

d. The Everbrite has signed the sale contract with non-related party to sell the property located at No.456 and No.458, Fujin St., Taipei with amount of NT$108,952 thousand (net of direct necessary expenses). The two parties have completed the transfer procedure in January 2022, resulting in a profit of NT$75,876 thousand.

e. The fair value of the investment real estate held by the Everbrite is estimated based on the real estate valuation report or real-price registration information of real estate transactions in nearby areas and market conditions. The fair values on December 31, 2021 and 2022 were NT$268,483 thousand and NT$238,468 thousand. As assessed by the management, there is no risk of significant impairment of the above-mentioned investment real estate.

f. The above-mentioned investment real estate has no major components and is depreciated according to the estimated useful life, see Note 4 (12) for details.

(11) Intangible assets

a. The movement of cost, amortization and impairment loss of the merged company’s intangible assets was as follows:

	Computer Software	Patent Right	Trademark Right	Total
Cost			–	
Balance at Jan. 1, 2022	$ $ 15,802	$ 22,437	–	$ 38,239
Additions-from the technical price to offset the subsidiary's stock payment	31	60,667	–	60,698
Decreases- transfer to other losses	–	(22,437)	–	(22,437)
Transfers (from prepayments)	286	–	$ 700	986

Decreases-from derecognition of maturity		(6,903)	—	—	(6,903)
Effect of exchange rate changes		—	—	—	—
Balance at Dec. 31, 2022	$	9,216	60,667	700	70,583
Balance at Jan. 1, 2021	$	23,056	22,437	—	45,493
Additions-from purchase		2,138	—	—	2,138
Decreases-from derecognition of maturity		(4,984)	—	—	(4,984)
Disposals		(4,421)	—	—	(4,421)
Effect of exchange rate changes		13	—	—	13
Balance at Dec. 31, 2021	$	$ 15,802	$ 22,437	—	$ 38,239
<u>Accumulated amortization and impairment</u>					
Balance at Jan. 1, 2022	$	11,024	11,927	—	22,951
Amortization expense		2,669	4,245	70	6,984
Decreases-transfer to other losses		—	(14,865)	—	(14,865)
Decreases-from derecognition of maturity		(6,903)	—	—	(6,903)
Effect of exchange rate changes		1	—	—	1
Balance at Dec. 31, 2022	$	6,791	1,307	70	8,168
Balance at Jan. 1, 2021	$	15,672	8,722	—	24,394
Amortization expense		3,215	3,205	—	6,420
Decreases-from derecognition of maturity		(4,984)	—	—	(4,984)
Disposals		(2,887)	—	—	(2,887)
Effect of exchange rate changes		8	—	—	8
Balance at Dec. 31, 2021	$	11,024	11,927	—	22,951

Carrying amounts

Dec. 31, 2022	$	2,425	59,360	630	62,415
Dec. 31, 2021	$	4,778	10,510	—	15,288

b. The patent right added in this period was obtained by EVERDURA by paying technical price of NT$63,700 thousand (tax included), and amortized using the straight-line method according to the service life of 4 to 17 years, please note 4 (3) 2. (Note 3).

(12) Short-term borrowings

The details and conditions of the merged company's short-term borrowings were shown as below:

a. Short-term borrowings

	December 31 2022	December 31 2021
Pledged borrowings	201,000	211,500
The range of interest rate	1.400%~1.725%	0.7%~1.0%

b. The mortgaged collateral and the issued guaranteed notes for the aforesaid borrowings were disclosed in Note 8 and Note 9.

(13) Contract liabilities-current

	December 31 2022	December 31 2021
Advance sales receipts		
Air conditioner	$ 11,910	11,013
Electromechanical	25,372	7,725
Electronics	2,528	—
Total	$ 39,811	18,738

(14) Other payables

	December 31 2022	December 31 2021
Other payables		
Accrued expenses		
Employee benefits		

-wages and bonus	$	40,303	35,589
-pension-defined benefit plans		132	138
-pension-defined contribution plans		1,220	1,071
Accrued interest		122	47
Accrued housing provident fund		5,043	5,143
Others (mold payment included)		16,662	16,914
Accrued compensation payments to suppliers		2,378	2,342
Payables on equipment		3,091	299
Other		5,119	5,592
Subtotal		74,070	67,135
Other payables-related party		68	—
Total	$	74,138	67,135

a. The above-mentioned other payables-housing provident fund payable is due to the suspension of production of Asiatek (Hangzhou) and the dismissal of employees in batches, and the relevant housing provident fund has been withdrawn.

b. The aforesaid other payable-compensation payments to suppliers referred to compensation payment for default, resulting from placing an order to suppliers to prepare the materials before Asiatek (Hangzhou) expected to discontinue the production.

(15) Lease liabilities

		December 31, 2022		
		Future Minimum Lease Payments	Interest	Present Value of Minimum Lease Payments
Not later than 1 year	$	1,019	(89)	930
Later than 1 year and not later than 5 years		356	(16)	340
Total	$	1,375	(105)	1,270
Current	$	1,019	(89)	930
Noncurrent	$	356	(16)	340

	December 31, 2021		
	Future Minimum Lease Payments	Interest	Present Value of Minimum Lease Payments
Not later than 1 year	$ 1,329	(131)	1,198
Later than 1 year and not later than 5 years	540	(16)	524
Total	$ 1,869	(147)	1,722
Current	$ 1,329	(131)	1,198
Noncurrent	$ 540	(16)	524

The merged company had no significant increase or decrease in lease liabilities, resulting from the addition or termination of lease contract in 2022 and 2021, respectively.

Amounts recognized in profit or loss were as follows:

	Year Ended December 31	
	2022	2021
Interest expense from lease liabilities	$ 221	295
Expense relating to short-term leases	$ 1,600	1,289
Expense relating to low-value lease assets (excluding short-term leases of low-value assets)	$ -	-

Amounts recognized in the statements of cash flows were as follows:

	Year Ended December 31	
	2022	2021
Rental expense	$ 1,600	1,289
Interest expense	221	295
Repayments of lease principal	1,640	1,638
Total cash outflows for leases	$ 3,461	3,222

(16) Long-term borrowings

	December 31 2022	December 31 2021
Secured loans		
Secured loans	$ 50,000	—

Less: portion due within one year	(3,864)	−
Total	46,136	−
The range of interest rate	$ 1.625%~2.370%	−

Please refer to Notes 8 and 9 for details of the collateral provided for the above borrowings.

(17) Employees' benefit

a. Defined benefit plans

The amounts arising from the defined benefit obligation of the Everbrite were as follows:

		December 31 2022	December 31 2021
Present value of defined benefit obligation	$	(68,906)	(73,514)
Plan assets at fair value		77,566	71,668
Net defined benefit liability	$	8,660	(1,846)

The Everbrite has defined benefit plans under the R.O.C. Labor Standards Act that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Everbrite contributes an amount equal to 6% of salaries paid each month to their respective pension funds (the Funds) in 2022 and 2021, which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. According to paragraph 2, Article 56 of the Labor Standards Act, if the amount of the balance in the Funds at the end of each year is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in once or several times appropriation. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

The Everbrite recognized net benefit liabilities amounted to NT$8,660 thousand, accounted for as net defined benefit liabilities of NT$8,792 thousand and other payable (pension) of NT$132 thousand.

(a) Composition of plan assets

The Everbrite allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Everbrite's Bank of Taiwan labor pension reserve account balance amounted to NT$77,566 thousand as of the end of reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of Labor Funds, MOL (Ministry of Labor).

(b) Movements in the present value of the defined benefit obligation were as follows:

The changes in the present value of the defined welfare obligations of the Everbrite in 2022 and 2021 are as follows:

		Years Ended December 31	
		2022	2021
Balance, beginning of year	$	(73,514)	(96,207)
Current service cost and interest expense		(1,262)	(1,250)
Net remeasurements on defined benefit liabilities:			
- Actuarial loss arising from experience adjustments		(892)	1,585
- Actuarial loss arising from changes in demographic assumptions		—	(118)
- Actuarial loss (gain) arising from changes in financial assumptions		3,950	3,016
Benefits paid by the plan		2,812	19,460
Balance, end of year	$	(68,906)	(73,514)

(c) Movements in the fair value of the plan assets were as follows:

The changes in the fair value of the Everbrite confirmed welfare plan assets in 2022 and 2021 are as follows:

	Years Ended December 31	
	2022	2021
Balance, beginning of year	$ 71,668	87,735
Interest income	500	262
Net remeasurement on defined benefit liabilities (assets):		
-Return on plan assets (excluding the interest expense)	6,531	1,307
Contributions paid by employer	1,679	1,824
Benefits paid by the plan	(2,812)	(19,460)
Balance, end of year	$ 77,566	71,668

(d) The pension costs of the aforementioned defined benefit plans were recognized in profit or loss by the following categories:

	Years Ended December 31	
	2022	2021
Current service cost	$ 755	965
Interest cost	507	285
Actuarial or settlements loss (gain)	—	—
Prior years' service cost	—	—
Expected return on plan assets	(500)	(262)
Pension costs	$ 762	988

The aforementioned expenses which were recognized in various cost and expense of statement of comprehensive income were listed as below:

	Years Ended December 31	
	2022	2021
Operating cost	$ 310	706
Administrative expenses	375	103
Research and development expenses	77	179
Pension costs	$ 762	988
Actual return on plan assets	$ 7,032	1,569

(e) Gain (Loss) of remeasurement of the defined benefit plans after income tax recognized in other comprehensive income:

		Years Ended December 31	
		2022	2021
Recognized for the year	$	7,671	4,632
Accumulated amount	$	2,606	(5,065)

(f) Actuarial assumptions

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31 2022	December 31 2021
Discount rate	1.30%	0.70%
Expected rate of future salary increase	2.00%	2.00%

(g) Historical information

		December 31 2022	December 31 2021
Present value of defined benefit plan	$	(68,906)	(73,514)
Plan assets at fair value		77,566	71,668
Net defined benefit liability	$	8,660	(1,846)
Experience adjustments of present value of defined benefit plan	$	(892)	1,585
Experience adjustments of fair value of plan assets	$	6,531	1,307

The Everbrite expects to make contributions of NT$418 thousand to the defined benefit plans in the next year starting from December 31, 2021. The weighted average duration of the defined benefit obligation is 10 years.

(h) When computing the present value of defined benefit obligation, the Everbrite has to make judgment and estimation to determine the relevant actuarial assumption at the balance sheet date, including the employee turnover rates and change of future salary, etc. The Everbrite’s defined benefit obligations would be affected significantly due to the change of any actuarial assumption.

As at December 31, 2022, the carrying amount of the Everbrite's net defined benefit liabilities was NT$8,792 thousand. When the discount rate is increasing 0.25% or decreasing 0.25%, the Everbrite's recognized net defined benefit liabilities will decrease NT$1,560 thousand or increase NT$1,609 thousand; When the rate of future salary increase is increasing 0.25% or decreasing 0.25%, the Everbrite's recognized net defined benefit liabilities will increase NT$1,594 thousand or decrease NT$1,563 thousand.

b. Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, the Everbrite has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Under the plan, Everbrite makes fixed amount to Labor Bureau, which means there is no legal or construction obligation of paying additional pension.

The pension plan of Asiatek (Hangzhou) adopts the defined contribution plan, which Hangzhou makes monthly contributions to employees' individual account of endowment insurance, and this account is completely separate from company. When any employee resigns from the Company, this account would go with him/her, and the contribution is recognized as current expense.

There is no formal employee in BVI-Everbrite and SAMOA-I, hence no pension would be needed to contribute.

Accordingly, the merged company recognized expenses of NT$6,717 thousand and NT$6,582 thousand for the years ended December 31, 2022 and December 31, 2021, respectively.

c. Short-term paid leave payable

The Everbrite recognized short-term paid leave payable of both NT$0 thousand as of December 31, 2021 and 2022, respectively.

(18) Equity and other interests

a. Capital stock

(a) The originally established paid-in capital of Everbrite was NT$150 million, and merged with Yung-tze Co., Ltd. on December 31, 1989, and Everbrite has become the surviving company. After several times of increasing capital, the rated capital was changed from the original NT$ 1 billion to NT$ 2 billion yuan on June 9, 2022. The authorized capital and paid-in capital was NT$2 billion and NT$640 million, respectively, as of December 31, 2022.

(b) The formation of Everbrite paid-in capital is as follows:

Source of stock payment		Years Ended December 31 2022	2021
Sep-up capital	$	150,000	150,000
Cash capital increase		178,000	178,000
Capital increase from earning		250,800	250,800
Capital increase from capital surplus		31,200	31,200
Capital increase from merger		30,000	30,000
Total	$	640,000	640,000

b. Capital surplus

(a) The formation of Everbrite capital surplus is as follows:

Item		Years Ended December 31 2022	2021
Additional paid-in capital	$	270,614	270,614
The difference between the actual acquisition price of the subsidiary's equity and the book value		1,466	—
Gain on disposal of assets		65	65
Consolidation premium		5,435	5,435
Other-employees’ giving up their share subscription		11,286	11,286
Other-implementing put-back right of convertible bonds		8,204	8,204
Other-uncashed dividends		390	389
Total	$	297,460	295,993

(b) Under the Everbrite Law, the capital surplus generated from the excess of the issuance price over the par value of capital stock (including the stock issued for new capital and mergers) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be appropriated as stock dividends, which are limited to certain proportion of the Company's paid-in capital. According to the emended Articles of the Corporate Act promulgated on Jan. 4, 2012, the foregoing capital surplus can be distributed in cash as well. The capital surplus, resulting from investment accounted for using the equity method, shall not be used for any purpose.

(c) Everbrite increased paid-in capital with shares of 10 million, issued at premium of NT$36 per share on December 23rd, 2011. The amount in excess of par value (NT$10 per share) was NT$260 million, accounted for as "capital surplus-in excess of par value".

(d) The aforementioned paid-in capital with shares of 10 million, among which 1,500 thousand shares (i.e., 15% of paid-in capital with shares of 10 million) would be subscribed by employees, but only 727 thousand shares were subscribed by employees, the rest 773 thousand shares were regarded as giving up the subscription. The total subscription from employees amounted to NT$10,614 thousand, accounted for as "Capital surplus-employee stock options". Due to the completion of employees' exercising share subscription, "capital surplus-employee stock options" has been transferred to "capital surplus-in excess of par value, and the rest shares, which employees gave up subscribing, were accounted for as "capital surplus-other", amounting to NT$11,286 thousand.

(e) The Everbrite issued the first domestic convertible unsecured corporate bond on January 25, 2013, resulting in "capital reserve-stock options" of NT$8,204 thousand, which were sold back by creditors in 2015 and 2016 respectively There are 1,672 shares and 286 shares, so the transfer from "capital reserve-stock option" to "capital reserve-others" is NT$8,032 thousand, and the remaining 42 shares are NT$172 thousand (maturity date) to be redeemed in full.

c. Retained earnings and dividend

(a) Profit distribution

Everbrite, according to the Articles of Association approved by the shareholders' meeting on June 21, 2016, if there is a surplus in the annual final accounts, in addition to making up for the previous year's losses and paying taxes in accordance with the law, 10% should be set aside as a statutory surplus reserve, then the special surplus reserve shall be allocated by the supervising authority; the rest may be allocated by the board of directors with a distribution plan, which shall be distributed after resolution of the shareholders' meeting.

The appropriation for legal reserve shall be made until the reserve equals the Everbrite's paid-in capital. The reserve may be used to offset a deficit or be distributed as dividends and bonuses to the extent that the portion exceeds 25% of the paid-in capital if the Everbrite incurs no loss according to the amended Articles, the Company Act, released on January 4th, 2012.

A special reserve equivalent to the net debit balance of other components of shareholders' equity such as exchange differences on the translation of foreign operations, shall be made from unappropriated earnings. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

- For the amount incurred in the current year in other equity deduction items, the provision for the special surplus reserve shall not exceed the total amount of the accumulated undistributed surplus of the previous year plus the after-tax surplus of the current year.
- The amount of other equity deduction items that occurred in the previous year shall not exceed the balance of the accumulated undistributed surplus of the previous year after deducting the above mentioned amount.
- When there is a reversal of other equity deduction items, the surplus may be distributed for the reversed part.

(b) Dividend policy

Due to diversification of main product, with different growth environment in various industry, Everbrite still has the necessity of reinvestment. The Everbrite follows the policy that the distribution of dividend is not lower than 20%, of which 50% is cash dividend.

(c) The appropriations of earnings for 2022 and 2021 were approved in the

Everbrite shareholders' meetings held on June 9, 2021 and July 11, 2021, respectively. The appropriations and dividends per share were as follows:

	2021		2020	
	Amount	Dividend per share (NT$)	Amount	Dividend per share (NT$)
Legal reserve	-		-	
Special reserve	$ (13,073)		(18,719)	
Cash dividends to shareholders	_	_	_	-
Total	$ (13,073)		(18,719)	

(d) The Everbrite's appropriation of earnings for 2022 is not yet proposed in the Board of Directors meeting held on March 17, 2023, as follows:

	2022	
	Amount	Dividend per share (NT$)
Legal reserve	-	
Special reserve	$ (8,038)	
Cash dividends to shareholders	-	-
Total	$ (8,038)	

The appropriation of earnings for 2022 is not yet resolved in the Company shareholders' meeting which will be held on June 9, 2023, and please go to the Market Observation Post System website of the Taiwan Stock Exchange for information on the appropriation of earnings.

(e) According to the Articles of Incorporation of the Everbrite, the ratio of no less than 1% of pre-tax profit before the distribution of employees' compensation and remuneration for directors for employees' compensation and no more than 2% for directors' remuneration.

The Everbrite has both pre-tax loss for the years ended December 31, 2022 and 2021, accordingly, there is no necessity to recognize the employees' compensation and remuneration to directors.

The information on the employees' compensation and directors' remuneration can be obtained from the Market Observation Post System on the website of the Taiwan Stock Exchange.

d. Other equity

(a) Exchange differences on translation of foreign operations

		Years Ended December 31	
		2022	2021
Balance, beginning of year	$	(89,473)	(92,062)
Exchange differences arising on translation of foreign operations		11,935	2,589
Balance, end of year	$	(77,538)	(89,473)

(b) Unrealized gain (loss) on financial assets at FVTOCI

		Years Ended December 31	
		2022	2021
Balance, beginning of year	$	28,946	18,461
Unrealized gains (losses) on revaluation of financial assets at FVTOCI		258	10,485
Derecognition-accumulated gain (loss) transferred to retained earnings on disposal of investments in equity instruments designated at FVTOCI		(4,155)	—
Balance, end of year	$	25,049	28,946

The equity instruments at FVTOCI are measured at fair value, the changes of fair value in the subsequent period are accounted for other comprehensive income (loss) and accumulated into other equity. The cumulative unrealized gain or loss of equity instruments is directly transferred to retained earnings rather than reclassified to profit or loss when disposal.

The equity instruments at FVTOCI (non-current) on December 31, 2021 referred to unrealized gain (loss) on valuation of common stock-Uni-Calsonic Corp.

Debt instruments measured at FVTOCI through other comprehensive gains and losses on December 31, 2022, refer to unrealized evaluation benefits (losses) arising from evaluations of foreign bonds.

(19) Operating revenue, cost and gross profit

	Years Ended December 31

		2022	2021
Operating revenue from the sale of goods			
Revenue from Air conditioner	$	273,790	377,015
Revenue from electromechanical		281,248	347,067
Revenue from electronics		2,169	—
Subtotal		557,207	724,082
Operating cost		(418,680)	(571,760)
Gross profit from operations	$	138,527	152,322
Gross profit ratio		25%	21%

In 2022, the merged company's performance declined, resulting in a decrease in overall merchandise sales revenue compared to the same period last year. However, in this period, in response to the rising price of international raw materials, the sales prices of some products were raised, resulting in an increase in gross profit margin.

a. Revenue from Air conditioner are recognized when the promised goods has already transferred to the customer and the customer obtains the control. (i.e. the customer dominates the use of goods and gets the ability of goods with almost all residual benefit.) The after-service fee, which is likely to occur in the future, is accounted for "the provision", and revenue from electromechanical includes parts sale and the project engineering, of which the revenue of the project engineering is recognized when it is confirmed that the customer obtains the control followed by the contract. Among other thing, the project engineering contains the warranty of after-service, which is common warranty, namely, the main warranty cost afterwards shall be borne by original factory, accordingly, there is no deferred revenue of warranty.

b.Provisions-current (after-service)

		Years Ended December 31	
		2022	2021
Balance at Jan. 1	$	134	206
Current additions		602	618
Current use		(736)	(690)
Effect of exchange rate changes		—	—
Balance at Dec. 31	$	—	134

c.The refund liabilities are estimated based on commercial practice, in consideration of the pact accumulated experience of the revenue of Air conditioner, and in accordance with the requirement that the customers propose the reasonable price reduction and expecting that part of consideration would be refunded to customer. The movement was as follows:

		Years Ended December 31	
		2022	2021
Balance at Jan. 1	$	1,304	1,793
Current additions		1,223	1,736
Current use		—	(2,225)
Current reversal		(1,304)	—
Effect of exchange rate changes			
Balance at Dec. 31	$	1,223	1,304

d.Disaggregation of revenue from contracts with customers

Year Ended December 31 2022

		Air conditioner	Electromechanical	Electronics	Total
Primary Geographical Market					
Taiwan	$	227,169	124,497	2,169	353,835
Mainland China		6,106	373	—	6,479
Japan		37,527	113,976	—	151,503
Other countries		2,988	42,402	—	45,390
Total	$	273,790	281,248	2,169	557,207
Time for revenue recognition					
At a point in time to satisfy performance obligation	$	273,790	281,248	2,169	557,207
As time goes by to satisfy performance obligation			-	-	-
Total	$	273,790	281,248	2,169	557,207

Year Ended December 31 2021

		Air conditioner	Electromechanical	Total
Primary Geographical Market				
Taiwan	$	286,396	182,353	468,749
Mainland China		39,140	28,477	67,617
Japan		47,483	116,064	163,547
Other countries		3,996	20,173	24,169
Total	$	377,015	347,067	724,082

Time for revenue recognition				
At a point in time to satisfy performance obligation	$	377,015	347,067	724,082
As time goes by to satisfy performance obligation		–	–	–
Total	$	377,015	347,067	724,082

e. Contract balances

		Beginning Balance	Ending Balance	Difference
Contract liabilities-current				
Air conditioner	$	11,013	11,911	(898)
Electromechanical		7,725	25,371	(17,646)
Electronics		–	2,529	(2,529)
Total	$	18,738	39,811	(21,073)

Changes in contract liabilities are mainly attributable to the difference between the timing of meeting performance obligations and the timing of payment by customers.

(20) Non-operating income and expenses

a. Other incomes

		Years Ended December 31	
		2022	2021
Continuing operation			
Interest income			
Bank deposits	$	2,607	2,836
Other interest income		–	–
Rental income		4,152	3,490
Dividend income		2,998	2,408
Technical compensation income		2,837	4,500
Income transferred from non-performance income		–	13,789
Overpayment		1,039	–
Referral income		799	–
Payable and unpaid transfer income		1,511	4,741
Indemnity income		–	2,094
Others (the summary of insignificant		2,304	2,447

items)			
Total	$	18,247	36,305

b. Other gain and losses

		Years Ended December 31	
		2022	2021
Continuing operation			
Gain from modification of lease		7	23
Net gain (loss) from foreign exchange	$	(384)	(379)
Compensation for supplier's loss		—	(12,907)
Sundry		(753)	(2,287)
Gain (loss) on disposal of property, plant and equipment		(2,768)	(2)
Gain (loss) on disposal of intangible assets		(7,572)	(1,534)
Gain (loss) on disposal of investment		—	(1,423)
Gain on financial assets at FVTPL		(1,682)	154
Impairment loss of non-current assets held for sale		—	(324)
Prepaid Tooling Loss		(4,282)	—
Disaster loss-loss of obsolete inventory		(1,835)	—
Factory construction design fee (Note)		(5,449)	—
Total	$	(24,718)	(18,679)

(Note): In order to meet the Everbrite's development needs, originally planned to build a new factory to replace the old factory. Due to the gradual increase in construction costs (prices of building materials), it is planned to suspend the construction and pay the original payment Design fee deposit of NT$3,233 thousand (accounted for construction in progress) and borne design fee of NT$2,216 thousand, a total of NT$5,449 thousand was transferred to losses.

c. Disposal of interests in investment properties

Years Ended December 31	
2022	2021

		2022	2021
Disposal of interests in investment properties	$	75,876	-

Please refer to Note 6 (10) for the above disposal of investment real estate interests.

d. Gain (loss) on disposal of non-current assets held for sale

		Years Ended December 31	
		2022	2021
Gain (loss) on disposal of Asiatek (Hangzhou)'s assets	$	1,616	60,189

e. Finance cost

		Years Ended December 31	
		2022	2021
Interest expense			
Borrowings from bank	$	(2,137)	(4,480)
Amortization on lease liabilities		(221)	(295)
Total	$	(2,358)	(4,775)

g. Share of profit (loss) of associates accounted for using the equity method

		Years Ended December 31	
		2022	2021
Share of profit (loss) of associates accounted for using the equity method	$	(73,315)	1,411

(21) Summary of employee benefits, depreciation and amortization expenses by function:

	2022			2021		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits expenses						
Salaries	29,782	126,669	156,451	32,649	125,268	157,917
Labor and health insurance	3,671	11,043	14,714	3,728	11,845	15,573
Pension cost	1,881	5,598	7,479	1,870	5,700	7,570
Remuneration of directors	–	3,325	3,325	–	3,795	3,795
Other benefits expenses	4,558	3,196	7,754	4,061	4,302	8,363

Depreciation expenses	5,076	6,240	11,316	5,493	6,669	12,162
Amortization expenses	–	6,984	6,984	–	6,420	6,420

(22) Income tax

a. Major components of income tax expense were as follows:

Income tax recognized in profit or loss

	Years Ended December 31	
	2022	2021
Current income tax expense (benefit)		
Current tax expense recognized in the current year (overseas withholding tax)	$ 2,642	–
Land incremental tax	3,433	16,616
Income tax on unappropriated earnings	–	–
Prior years' underestimated income tax	(4)	3
Total	6,071	16,619
Deferred income tax expense (benefit)		
Deferred income tax related to the original occurrence and reversal of temporary differences	945	289
Deferred income tax expense (benefit) related to income tax credit	–	–
Others	–	–
Subtotal	945	289
Income tax expense recognized in profit or loss	$ 7,016	16,908

b. Income tax expense (benefit) recognized in other comprehensive income

	Years Ended December 31	
	2022	2021
Remeasurement of defined benefit obligation	$ 1,918	1,158

c. A reconciliation of accounting income before income tax and income tax expense recognized in profit or loss was as follows:

	Years Ended December 31	
	2022	2021

Income (loss) before tax	$	(87,638)	2,619

Income tax expense at the statutory rate	$	—	—
Tax effect of adjusting items:			
(Deductible) additional items in determining taxable income		3,242	482
Tax benefit of tax-free income		(600)	(482)
Land incremental tax		3,433	16,616
Additional income tax on unappropriated earnings		—	—
The origination and reversal of temporary differences		945	289
Effect of tax on loss carryforward		—	—
Adjustments for prior years' tax		(4)	3
Other		—	—
Income tax expense recognized in profit or loss	$	7,016	16,908

d. The analysis of deferred income tax assets and liabilities in the consolidated balance sheets was as follows:

		Years Ended December 31	
		2022	2021
Deferred income tax assets			
Unrealized foreign exchange loss	$	860	614
Unrealized net sales profit among affiliates		—	—
Differences from time of recognition of allowance for sales discount		245	261
Capitalization of expenses		1,250	1,325
Refundable deposits write-down		—	588
Difference of pension appropriation		—	342
Un-deductible loss carryforward		—	—
Total	$	2,355	3,130
Deferred income tax liabilities		(1,758)	—
Pension contribution difference		(375)	(45)

Unrealized foreign exchange gain	$	(2,133)	(45)

e. Current income tax assets and liabilities

		Years Ended December 31	
		2022	2021
Current income tax assets			
Tax refund receivable	$	272	347

f. The relevant information regarding the loss carryforward of Everbrite as of December 31, 2022 was as follows:

	Un-deductible balance	Last deductible year
$	57,490	116
	94,878	117
	50,766	118
	69,402	119
	14,627	120
$	287,163	

g. Income tax assessments

The tax authorities have examined and approved the income tax returns of the Everbrite through 2020.

(23) Earnings per share (losses)

The computation of basic earnings per share and diluted earnings per share was as follows:

		Years Ended December 31	
		2022	2021
Net profit attributable to owners of the parent company (loss) (NT$ thousand)	$	(91,854)	(14,289)
Current income (loss) to compute diluted earnings per share (NT$ thousand)	$	(91,854)	(14,289)
Weighted-average number of shares outstanding (thousand shares)		64,000	64,000
Weighted-average number of shares outstanding to compute diluted earnings per share (thousand shares)		64,000	64,000
Basic earnings (losses) per share (NT$)	$	(1.44)	(0.22)

Diluted earnings (losses) per share (NT$)	$	(1.44)	(0.22)

(24) Disclosure of non-cash transactions in the Statements of Cash Flows

Only partial cash paid in investing activities:

		Years Ended December 31	
		2022	2021
Acquisition of property, plant and equipment (including unfinished construction and equipment under acceptance)	$	6,984	3,333
Plus: payables on equipment at beginning of year		299	6,286
Less: payables on equipment at ending of year		(3,091)	(299)
Cash paid in the year	$	4,192	9,320

(25) Movement of liabilities from financing activities

		Jan. 1, 2022	Cash Flows	Non-cash Changes	Dec. 31, 2022
Short-term borrowings	$	211,500	(10,500)	—	201,000
Long-term (including due within one year)		—	50,000	—	50,000
Guarantee deposits received		705	1,234	—	1,939
Lease liabilities (including current and non-current)		1,722	(1,640)	1,188	1,270
Liabilities from financing activities	$	213,927	39,094	1,188	254,209

7. Related-party transactions

Intercompany balances and transactions between the Everbrite Technology Co., Ltd. and its subsidiaries, which are related parties of the Everbrite, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of significant transactions between the merged company and other related parties:

(1) Related party name and categories

Name of Related Party	Related Party Categories
Uni-Calsonic Corp. (The abbreviated name being “Uni-Calsonic”)	Other related party

Huizhou Yi-Jin Industrial Co., Ltd. (The abbreviated name being “Huizhou Yi-Jin”)	Associate
Ho-Yang Management Consulting Co., Ltd. (The abbreviated name being “He Yang Management”)	Other related party
MASADA TECHNOLOGY LIMITED COMPANY (The abbreviated name being “Masada”)	Other related party
The following are no longer related persons since 2022:	
MARELLI CORPORATION (Original name being CALSONIC KANSEI CORP.) (Company of Japan カルソニックカンセイ Co., Ltd., the abbreviated name being Japan “MARELLI”)	Other related party (Only disclosed the information until lst quarter.)
MARELLI THAILAND CO., LTD (Original name being CALSONIC KANSEI THAILAND CO., LTD.) (The abbreviated name being Thailand “MARELLI-T”)	Other related party (Only disclosed the information until 1st quarter.)
MARELLI AFTER SALES CO., LTD (Original name being CALSONIC KANSEI SALES CO., LTD.) (The abbreviated name being “MKS”)	Other related party (Only disclosed the information until 1st quarter.)
Kunshan Yung-Sta Electromechanical Co., Ltd. (The abbreviated name being “Kunshan Yung-Sta”)	Other related party (Only disclosed the information from Jan. to June, but not related party since Aug.)
Hitachi Yungtay Elevator Co., Ltd. (Original name being “Yungtay Mechatronics Technology Co., Ltd.”.) (The abbreviated name being “Yungtay Elevator”)	Other related party (Only disclosed the information from Jan. to Oct., but not related party since Nov.)
Evest corporation (The abbreviated name being “Evest”)	Other related party (Only disclosed the information from Jan. to Oct., but not related party since Nov.)
Yungtay-Hitachi Construction Machinery Co., Ltd. (The abbreviated name being “Yungtay-Hitachi Construction”)	Other related party (Only disclosed the information from Jan. to Oct., but not related party since Nov.)

(2) Significant transactions between the Company and related parties:

a. Sales revenue

Name of related party	Years Ended December 31 2022	2021
Associates	$ 542	31,092
Other related parties	969	27,827
Total	$ 1,511	58,919

(a) The product specification of goods sold to related parties does not sell to ordinary customers, hence the comparison can't be made regarding the selling price and collections terms.

(b) The collection terms to related parties and ordinary customers are 1 month to 6 months after acceptance, and overdue receivables from related parties would be reclassified to other receivables.

b. Purchases

		Years Ended December 31	
Name of related party		2022	2021
Associates	$	5,189	18,943
Other related parties		40	3,400
Total	$	5,229	22,343

The merged company purchases goods of the same categories and the same specification only from one single related party, and the payment terms for related parties and ordinary vendors are the same from 1 month to 3 months.

c. Notes receivable (payable), Accounts receivable (payable), Other receivables (payables) and Contract liabilities-current

		Years Ended December 31	
Name of related party		2022	2021
Accounts receivable			
Associates	$	-	5,886
Other related parties		112	353
Total	$	112	6,239
Other receivables			
Associates	$	2,831	4,478
Other related party		654	—
Total		3,485	4,478
Accounts payable (Provisional accounts payable not included)			
Associates	$	-	2,001

Other related parties	-	85
Total	$ -	2,086
Other payables		
Other related parties	126	-

d. Refundable deposits and Deposits received

Name of related party	Item	December 31 2022	December 31 2021
Other related parties	Refundable deposits	$ 114	-
Other related parties	Deposits received	$ 1,234	-

e. Operating expenses

Name of related party	Item	Years Ended December 31 2022	Years Ended December 31 2021
Other related parties	Rental expenses (Note 1)	$ 623	—
Other related parties	Technical compensation (Note 2)	—	108
Other related parties	Maintenance fee, sample fee and service fee	$ 2	26
Associates	Mold fee and sample fee	$ —	2

(Note1) Everbrite rents buildings from Ho-Yang Management. The lease contract period is from February to December 2022, and the rent is paid monthly.

(Note2)Please refer to Note 9 (4) for the cooperation contract signed by the Everbrite.

e. Other income

Name of related party	Item	Years Ended December 31 2022	Years Ended December 31 2021

Associates	Manpower support income	$	2,837	4,515
Other related parties	Rental expenses (Note 1)	$	624	—

(Note) Everbrite leases buildings to Masada. The lease term is from September 2022 to November 2042, and the rent is remitted monthly.

(3) Everbrite endorsement to related parties referred to Note 9 and Note 13, table 2.

(4) Remuneration of directors and supervisors and compensation of key management personnel

		For the years ended December 31	
Payment Items		2022	2021
Short-term employee benefits	$	26,653	26,458
Post-employment benefits		860	450
Total	$	27,513	26,908

8. <u>Pledged and collateralized assets</u>

The following assets have been pledged as collateral for various purposes, these carrying amounts were as below:

			For the years ended December 31	
Item	Purpose		2022	2021
Land (Note)	Bank loans	$	161,612	194,612
Building (Note)	Bank loans		60,021	60,769
Other financial assets -current- Pledge Restricted Certificate of Deposit sits	Short-term borrowings		30,675	84,534
Total		$	252,308	339,915

(Note) Property, plant and equipment and investment property were included. Partial land and equipment have been mortgaged as collateral of borrowings, and part of the bank borrowing limit has not been used.

9. <u>Significant contingent liabilities and unrecognized contract commitments</u>

(1) Everbrite's endorsement and guarantee to related parties were as follows:

Unit: Foreign currency 1000 dollars

	December 31 2022	December 31 2021

	Limit of endorsement and guarantee	Actual amount of endorsement and guarantee	Limit of endorsement and guarantee	Actual amount of endorsement and guarantee
Huizhou Yi-Jin	–	–	US$ 2,000	–
BVI-Everbrite	–	–	US$ 3,000	–
SAMOA-I	–	–	US$ 2,000	–
EVERDURA (Note)	NT$ 100,000	NT$ 100,000	–	–

(Note) For the receipt of guarantee bills due to endorsement guarantee, please refer to Note 9(7) for details.

a. The aforementioned disclosed information of BVI- Everbrite, SAMOA-I and EVERDURA are eliminated when preparing the consolidated financial statements.

b. Everbrite's endorsement and guarantee to related parties as at December, 2022 were shown in Note 13, table 1.

(2) Lessor leases

The merged company rents out its investment real estate in the form of operating lease, please refer to Note 6 (10) for details. The future minimum lease payment receivable during the non-cancellable lease period is as follows:

	December 31	
	2022	2021
Less than a year	$ 10,941	3,549
1~5 years	43,766	14,194
Over 5 years	58,243	15,784
Total	$ 112,950	33,527

(3) The amounts available under unused letters of credit of Everbrite were as follows:

Unit: NT$1000 / Foreign currency 1000 dollars

Currency	December 31, 2022	December 31, 2021
US Dollar	$ 57	180
Japanese Yen	$ 11,272	36,535

(4) For the purpose of enhancing the product quality and homemade rate, the Everbrite has signed the cooperation contract with the following companies, the main content of the cooperation contract was as below:

Company with which to cooperate	Contract term	Product to technically cooperate	Technical compensation
Japan HITACHI, LTD.	2019.7.12~ 2024.7.12 (Note)	VCB (Vacuum Circuit Breaker)	(a) The amount of contract is JPY14,000 thousand, which is paid within 30 days after the contract is effective. (b) 3% of net sales will be paid every half year.
Japan MARELLI CORPORATION	2008.11.1~ 2011.10.31 (Note)	The manufacturing and assembly technology of car air conditioner	4% of net sales (according to different product) will be paid with 90 days every end of June and end of December.

Note: The contract indicates that the terms will be extended automatically if the terms expire.

(5) Everbrite has issued the guaranteed notes submitted (memo account) for sales in the amount of NT$1,672 thousand and NT$44,482 thousand as of December 31, 2021 and 2022, respectively.

(6) Everbrite has got the guaranteed notes received (memo account) for the construction of building of Guanyin plant in the same amount of NT$0 and NT$1,217 thousand respectively as of December 31, 2022 and 2021.

(7) As of December 31, 2022, Everbrite received a deposit guarantee note of NT$49,000 thousand for the endorsement of EVERDURA to the bank.

(8) Everbrite has applied to financial institution for the limit of financing loan and has issued the guaranteed notes submitted (memo account) for construction guarantee.

Unit: NT$1000 / Foreign currency 1000 dollars

Currency	December 31	December 31

	2022	2021
New Taiwan Dollar	$ 710,000	1,200,000

(9) Significant commitments contract

	December 31 2022	December 31 2021
Total contract Price		
Expansion of the plant and purchase of machinery equipment, etc.	$ 4,325	12,231
Unpayment		
Expansion of the plant and purchase of machinery equipment, etc.	$ 1,868	6,681

10. Losses due to major disaster: None.

11. Significant (subsequent) events:

Everbrite is expected to dispose of 29% of the equity of the indirect transfer investment company--Huizhou Yi-Jin Industrial Co., Ltd. (19% of the equity of the subsidiary BVI-Everbrite and 10% of the equity of SAMOA-I respectively) to a non-related person in mainland China (Shenzhen Tiemu Technology Development Co., Ltd.), the price (tax included) is RMB 95,700 thousand (equivalent to about NT$420,104 thousand). The two parties have signed an equity transfer on December 1, 2022, and the agreement stipulates that the delivery of the sale price will be handled by the bank's supervision (or co-management) account. As of March 17, 2023, the equity delivery has not been completed.

12. Others

(1) Financial instruments

a. Categories of financial instruments

	December 31 2022	December 31 2021
(a) Financial assets		
FVTPL-current (liabilities)	$ 17,134	152
FVTOCI-current and non-current	131,197	62,553

Financial assets measured at amortized cost:		
Cash and cash equivalents	158,364	140,491
Notes and accounts receivable and other receivables	137,597	168,237
Current income tax asset	272	347
Other financial assets-current (pledged time deposits)	30,675	84,534
Refundable deposits (current and non-current)	8,180	7,287

(b) Financial liabilities

Notes and accounts receivable and other receivables			
Bank loans	$	251,000	211,500
Notes and accounts payable and other payables		238,389	147,589
Provisions		—	134
Lease liabilities (current and non-current)		1,270	1,722
Guarantee deposits received		1,939	705
Net defined benefit liabilities-non-current		—	1,708

b. Credit risk

(a) Exposure of credit risk

The merged company's mainly potential credit risk arises principally from cash and receivables from customers. Cash deposits in different financial institution. The merged company has controlled the exposure to the credit risk of every financial institution, and cash would not have significant concentration of credit risk. Receivables are in the normal collection period, which have been assessed to provide appropriate loss allowance rate and assessed to be adequate for the loss allowance periodically. Consequently, there is no significant credit risk for cash and receivables.

(b) Impairment loss

The merged company measured the allowance for impairment loss of all accounts receivable by using a provision matrix as follows:

December 31, 2022		Not past due	Past due within 90 days	Past due 91~180 days	Past due 181~365 days	Past due over 365 days	Total
Rate of expected credit loss		–	10.00%	6.36%	29.47%	96.83%	
Carrying number of accounts receivable	$	111,185	50	6,152	872	5,967	124,226
Loss allowance (lifetime expected credit loss)		–	(5)	(391)	(257)	(5,778)	(6,431)
Net amortized cost	$	111,185	45	5,761	615	189	117,795

December 31, 2021		Not past due	Past due within 90 days	Past due 91~180 days	Past due 181~365 days	Past due over 365 days	Total
Rate of expected credit loss		–	8.16%	10.00%	15.77%	100.00%	
Carrying amount of accounts receivable	$	119,488	3,590	1,226	18,110	26,223	168,637
Loss allowance (lifetime expected credit loss)		–	(293)	(122)	(2,855)	(26,223)	(29,493)
Net amortized cost	$	119,488	3,297	1,104	15,255	–	139,144

The average credit period of sales of goods is 30 to 180 days. No interest is charged on accounts receivable. The policy the merged company adopts that only the counterparty whose credit rating is up to the level of investment is qualified to do the transaction with the merged company, and if necessary, upon the merged company’s request, the full guarantee is required to mitigate the resulting risk of financial loss on account of delinquency. The merged company will utilize other publicly available financial information and historical transaction records to give credit-rating to major customers. The merged company keeps on monitoring credit exposure and the credit-rating of counterparty. Besides, the financial division would review and approve the line of credit of counterpart to manage the credit exposure.

To alleviate the credit risk, the management of the merged company assigns ad hoc Company who is in charge of the decision of line of credit, credit approval and other monitoring procedures to ensure that the recovery of overdue receivables has been taken proper action. Other than this, the merged company would review the recovery amount of accounts receivable one by one on balance sheet day to make sure that the appropriate impairment loss has been provided for the unrecoverable receivables. In this regard, the management believes that the merged company’s credit risk was significantly reduced.

The merged company has adopted the simplified method of IFRS 9, i.e. the loss allowance for accounts receivable is recognized at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are computed using provision matrix, which measures customer’s past default record, current financial position, industrial economic situation and also measures forecast of GDP and industrial outlook as well.

If there is any indication that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, the merged company will write-off the relevant accounts receivable. Nevertheless, the recourse activities will continue, and the recoverable amount due to recourse would be recognized in profit or loss.

c. Liquidity risk

The merged company maintains financial flexibility through contracts such as cash and cash equivalents and bank loans. The following table summarizes the contractual maturity of the financial liabilities of the merged company, prepared using their undiscounted cash flows based on the earliest possible date on which repayment can be called, and including agreed interest. For interest cash flows paid at floating rates, the undiscounted interest amount is derived from the yield curve at the end of the reporting period.

December 31, 2022	Carrying Amount	Contract Cash Flows	Less Than 6 months	6~12 months	1~2 Years	2~ 5 Years	Over 5 yeas
Non-derivative financial liabilities							
Short-term borrowings	$ 251,000	251,000	201,000	3,864	13,182	32,954	–
Notes payable	2	2	2	–	–	–	–
Accounts payable	164,249	164,249	164,249	–	–	–	–
Other payables	74,138	74,138	74,138	–	–	–	–
Lease liabilities	1,270	1,375	694	325	356	–	–
Guarantee deposit received	1,939	1,939	1,234	–	–	–	705

December 31, 2021	Carrying Amount	Contract Cash Flows	Less Than 6 months	6~12 months	1~2 Years	2~ 5 Years	Over 5 yeas
Non-derivative financial liabilities							
Bank borrowings	$ 211,500	211,500	211,500	–	–	–	–

Notes payable	18	18	18	–	–	–	–
Accounts payable	80,436	80,436	80,436	–	–	–	–
Other payables	67,135	67,135	67,135	–	–	–	–
Lease liabilities	1,722	1,869	710	619	540	–	–
Guarantee deposit received	705	705	–	–	–	–	705

d. Exchange rate risk

(a) The financial assets and liabilities of the merged company exposed to significant foreign currency exchange rate risk are as follows:

Unit: NT$1000 / Foreign currency 1000 dollars

	December 31 2022			December 31 2021		
	Foreign Currencies	Exchange Rate	NT$	Foreign Currencies	Exchange Rate	NT$
Financial asset						
Monetary items						
USD	3,731	30.675	114,448	3,108	27.63	85,874
RMB	6,536	4.3898	28,692	12,513	4.3226	54,089
JPY	93,885	0.2306	21,650	188,160	0.2384	44,857
Non-monetary item						
USD	21,020	30.675	644,789	23,710	27.63	655,107
Financial liabilities						
Monetary items						
USD	197	30.775	6,063	89	27.73	2,468
RMB	482	4.4338	2,137	997	4.3666	4,354
JPY	13,409	0.2346	3,146	21,368	0.2424	5,180
EUR	–	32.953	–	–	31.52	–

(b) Sensitivity analysis

When the exchange rate of foreign currency to New Taiwan Dollars (functional currency) increases or decreases by 1%, 1% is the reasonable evaluation of range of possible change to the exchange rate of the merged company's foreign currency in terms of the merged company's sensitivity analysis. The sensitivity analysis only includes outstanding foreign currency monetary items which is adjusted by 1% of the change of the exchange rate to the ending translation. The following table shows the positive (or negative, which is liability) means that when the exchange rate of New Taiwan Dollars to various rated currencies depreciates 1%, thus the pretax loss would be decreased (or increased), and when the exchange rate of New Taiwan Dollars to various rated currencies appreciates 1%, thus the pretax loss would be increased (or decreased) the same amount.

	Years Ended December 31	
	2022	2021
(Loss)/profit of 1% change		
USD	$ 1,084	834
RMB	266	497
JPY	185	397
EUR	–	–

e. Interest rate analysis

Please refer to the attached note for the liquidity risk and the merged company's interest rate exposure to its financial liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on the non-derivatives financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

If the interest rate increases (decreases) by 1%, the merged company's net loss after tax have increased (decreased) by $2,510 thousand and $2,115 thousand for the years 2022 and 2021, respectively, all other variable factors that remain constant. This is mainly due to the merged company's borrowing in floating rates.

f. Fair value

(a) Valuation techniques and assumptions used in fair value measurement

i. The carrying amount of cash and cash equivalents, notes and accounts receivable, other receivable, short-term borrowings, notes and accounts payable and other payable are approximate to their fair values due to their short maturities.

ii. The financial assets and financial liabilities are traded in the active market and have standard criteria and terms. Their fair values are determined based on market quotation (including the listed stocks and mutual funds, etc.) at the reporting date.

iii. The bank borrowings and other non-current liabilities traded in the non-active market quotation, of which their fair values are determined by the quotation of counterparty or evaluation techniques. The evaluation techniques are based on discounted cash flow analysis. The assumptions including interest rate and discounted rate mainly refer to the related information of the similar tools (e.g., The information of Yield curve of Taipei Exchange, average quotation and credit risk of interest rate of commercial note, Reuters, etc.)

(b) Fair value and carrying amount

Except as listed the following table, the merged company has considered that other financial assets and liabilities measured at amortized cost in the consolidated financial statements, of which the carrying amounts are approximate to their value:

	December 31 2022		December 31 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Measured at amortized cost:				
Refundable deposit-ball pass	$ 6,060	9,610	6,060	8,480

(c) Applicable interest rate when deciding the fair value

The rate using a discounted cash flow based on government yield rate curve is as follows:

	December 31 2022	December 31 2021
Short-term borrowings	1.400％～1.725％	0.7%~1.0%
Long-term borrowings	1.625％～2.370％	-

(d) Fair value information

i. The merged company's fair value information of financial assets and liabilities not valued at fair value please refer to Note 12.(1)f.(1)a. In addition, the fair value information of the merged company's investment property is provided in Note 6.(10)f.

ii. Fair value measurements recognized in the consolidated balance sheets.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market refers to a market that meets all of the following conditions: the commodities traded in the market are homogeneous; willing buyers and sellers can be found in the market at any time and price information is available to the public. The fair value of the funds, listed (counter) stocks and overseas bonds invested by the merged company is included.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value is determined by using the method of companies that can be analogously listed on the OTC market, with reference to the transaction prices of the stock prices of companies engaged in the same or similar businesses in active market transactions, the value multipliers implied by these prices, and related transaction information. The value of the equity investment. The significant unobservable input values are as follows. When the price-to-earnings ratio multiplier increases, the stock price-to-net value multiplier increases, and the market liquidity discount decreases, the fair value of such investments will increase. The domestic non-listed (counter) equity investments held by the merged company are all evaluated according to the third level.

iii. For financial instruments measured at fair value on December 31, 2022 and 2021, the merged company is classified based on the nature, characteristics, risks, and fair value levels of assets and liabilities. The relevant information is as follows:

		Level 1	Level 2	Level 3	Total
December 31, 2022					
Recurring fair value measurements:					
Mandatory financial assets (liabilities) at FVTPL					
Forward exchange contracts (current)	$	—	(247)	—	(247)
Domestic and foreign funds (current)	$	17,381	—	—	17,381
Equity investments at FVTOCI					
Domestic listed stocks (non-current)		638	—	—	638
Domestic unlisted stocks (non-current)		—	—	116,173	116,173
Equity investments at FVTOCI					
Foreign bonds (current)		14,386	—	—	14,386
	$	32,405	(247)	116,173	148,331
December 31, 2021					
Recurring fair value measurements:					
Mandatory financial assets (liabilities) at FVTPL					
Forward exchange contracts (current)	$	152	—	—	152
Financial assets at FVTOCI					
Domestic listed stocks (non-current)	$	650	—	—	650
Domestic unlisted stocks (non-current)		—	—	61,903	61,903
	$	802	—	61,903	62,705

iv. There were no transfers between Level 2 and Level 3 of the fair value hierarchy for the years 2022 and 2021, respectively.

v. Reconciliation of Level 3 fair value measurements of financial assets

The financial assets measured another fair values were equity investments classified as financial assets at FVTOCI.

		2022	2021
Balance at January 1	$	61,903	51,427
Newly added in current time		54,000	—
Unrealized profit (loss) on financial assets at FVTOCI		270	10,476
Balance at December 31	$	116,173	61,903

(Note): Details are disclosed in Table 2 of Note 13.

vi. Valuation techniques that are based on significant unobservable inputs and assumptions used in Level 3 are stated as follows:

Item	Valuation techniques	Significant unobservable inputs	(2021.12.31) Range	Relationship of input to fair value
Financial assets at FVTPL--Non-derivative equity instruments:	Market comparative companies	· Price to net worth multiple	1.2	The higher the multiplier, the higher the fair value;
		· Discount for lack of marketability	26%	· The higher the discount for lack of marketability, the lower the fair value;

vii. Sensitivity analysis of measurements of the third level of fair value, and the fair value to reasonable and possible alternative assumptions:

The merged company has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurements is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

		Chang of fair value recognized in other comprehensive income	
Input	Change of upward or downward	Favorable change	Unfavorable change

December 31, 2022				
Financial assets				
Equity instrument	Discount for lack of marketability	10%	8,519	(8,519)

The merged company's favorable and unfavorable changes refer to the fluctuation of fair value which is computed by using the valuation techniques based on different level of unobservable input parameter.

f. Risk Control and Hedging Strategies

The risk management of the merged company is managed in accordance with the control system formulated by the company and regularly evaluated.

(2) Management of financial risk

a. Outline

The merged company is exposed to the extent of the risks arising from financial instruments as below:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

This note expresses the exposure information of the above-mentioned risks of the merged company, and the goals, policies and procedures of the merged company to measure and manage risks. For further quantitative disclosure, please refer to the notes in the consolidated financial report.

b. Risk management framework

The Board of Directors takes full charge of establishing and overseeing the merged company's risk management framework. The chairman office and the merged company's operation center develop and control the policy of financial risk management and report periodically what they are doing to the Board of Directors.

The establishment of the merged company's policy of financial risk management is to identify and analyze the financial risk faced by the merged company and to assess the influence of financial risk and to implement the related policy of avoiding the financial risk. The policy of financial risk management has been reviewed periodically to reflect the market condition and the change of what the Company is doing. The merged company is dedicated to developing a disciplined and constructive control environment, through internal control of training, management guidelines and operation procedures, etc., in which all employees understand their roles and obligations.

The merged company's Board of Directors oversees how management monitors compliance with the merged company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the merged company. The merged company's Board of Directors is assisted in its oversight role by the internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and the procedures, and the result of which are reported to the Board of Directors.

c. Credit risk

Credit risk is the risk of financial loss to the merged company if a customer or counterparty to financial instruments fails to meet it contractual obligations that arises principally from the merged company's accounts receivable, investments in securities and investments in bond.

(a) Accounts receivable and other receivable

According to the credit policy, the merged company analyzes each new customer individually for their credit worthiness before granting the new customer standard payment terms and delivery terms. The merged company's review includes external ratings of customers' financial information and bank references. Credit lines are established for each customer and reviewed periodically. The merged company also uses some credit-enhancing instrument, e.g., contract liabilities to reduce the credit risk of specific customer.

The merged company sets up the account of allowance for bad debt which reflects the estimation of incurred loss of accounts receivable and other receivable. The main composition of the account of allowance includes specific loss composition in relation to individual significant exposure and the established combined loss composition of incurred but not yet identified loss of similar assets grouping. The account of allowance for combined loss is based on the decision of historical collection statistics data, forward-looking data, etc. of similar financial assets.

(b) Bank deposits

The credit risk of bank deposits is measured and monitored by finance department of the merged company. There are no significant performance doubts due to the merged company's transaction counterparty and performance party being good credit bank, hence no material credit risk exists.

d. Liquidity risk

Liquidity risk is a risk that the merged company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The merged company's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the merged company' s reputation.

As of December 31, 2022, the merged company has unused bank credit lines for borrowings, amounting to NT$475,000 thousand.

e. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, which will affect the merged company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Foreign currency risk

The merged company's exposure to the risk of changes in foreign exchange rates related primarily to the merged company's sales and purchases activities, borrowings and the merged company's net investments in foreign subsidiaries. The merged company's functional currencies include New Taiwan Dollars (NTD), United States Dollars (USD) and Ren Min Bi (RMB). These transactions are denominated in the currency of NTD, USD, Japanese Yen and RMB.

The merged company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is achieved. To avoid the change of exchange rate resulting in the decrease of foreign currency assets and fluctuation of future cash flows, the merged company uses the derivative instruments (future foreign currency contract) to avoid the risk of exchange rate. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, the merged company does not hedge them.

(b) Interest rate risk

The merged company's policy ensures that the variable exposure of interest rate of borrowing chooses the floating interest rate or fixed interest rate depending on the international economic situation and the trend of market interest rate to conduct evaluation. If the market interest rate is rising, the interest rate of short-term borrowings within on year would be adjusted to be fixed, and the medium-long term borrowings can be avoided the risk by early settlement.

(c) Other market risk

The merged company never signs the commodity contract other than dealing with expect consumption and the need of sales.

(d) Equity price risk

The merged company's domestic listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The merged company manages the price risk of equity securities by diversifying investment and setting limits for single and overall equity securities investment. The investment portfolio information of equity securities needs to be regularly provided to the senior management of the group, and the board of directors is required to review and approve all equity securities investment decisions.

(3) Capital management

The Board's policy is to maintain profound capital base so as to preserve the confidence of investor, creditor and market and to sustain the future development of the business. The Board of Directors monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The rate of return on capital (excluding interest expense) of the merged company was (14.42)% and (1.49)% in 2022 and 2021, respectively. The ratio of net liabilities to total equity (leverage ratio) on the reporting day in 2021 and

2020, respectively, was as follows:

		December 31 2022	December 31 2021
Total liabilities	$	537,358	385,360
Less: cash and cash equivalents		(158,364)	(140,491)
Net liabilities	$	378,994	244,869
Total equity	$	937,204	952,448
Ratio of net liabilities divided by total equity (Leverage ratio)		40.44%	25.71%

The merged company's approach of capital management has not changed as of December 31, 2022.

13. Additional disclosures

Intercompany balance and significant transactions, directly or indirectly, between the merged company and its investees in Mainland China, which are subsidiaries or associates, have been eliminated upon consolidation.

(1) Information on significant transactions and (2) Information on reinvestments:

a. Financings provided: None;

b. Endorsement/guarantee provided: Please see Table 1 attached;

c. Marketable securities held at the end of the period (excluding investments in subsidiaries and associates): Please see Table 2 attached;

d. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None;

e. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None;

f. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: Please see Table 4 attached: None;

g. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: None;

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None;

i. Information about the derivative financial instruments transaction: Please see Notes 6(2);

j. The business relationship between the parent and the subsidiaries and significant transactions between them: Please see Table 3 attached;

k. Names, locations, and related information of investees over which the merged company exercises considerable influence (excluding information on investment in mainland China): Please see Table 4 attached.

(3) Information on investment in mainland China

a. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 5 attached.

b. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: Please see Table 3 attached and Note 7.

(4) Information on major shareholders

Name of the shareholders at a minimum shareholding percentage of 5%, the number of shares and percentage of ownership: Please see Table 6 attached.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars/ Foreign currencies in Thousands)

TABLE 1

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period (Note 5)	Ending Balance (Note 3)	Amount Actually Drawn (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
0	Everbrite	Huizhou Yi-Jin	1	NT 292,590	US$ 2,000 (NT$ 61,350)	—	—	None	—	1. The total amount of endorsements and guarantees provided by the Company to all other parties shall not exceed 50% of its equity of current period, among which the individual endorsement and guarantee amount shall not exceed one third of its equity of current period. 2. Maximum limit NT$877,770 thousand*1/2=NT$438,885 thousand.	N	N	Y
0	Everbrite (Note 6)	BVI -Everbrite	2	NT 292,590	US$ 3,000 (NT$ 92,025)	—	—	None	—		Y	N	N
0	Everbrite (Note 6)	SAMOA-I	2	NT 292,590	US$ 2,000 (NT$ 61,350)	—	—	None	—		Y	N	N
0	Everbrite (Note 6)	EVERDURA	2	NT 292,590	NT$ 100,000	NT$ 100,000	—	NT$ 100,000	11.39%		Y	N	N

Note 1: No.0 represents the Company.
Note 2: (1) No.1 represents the entity with which the guarantor has business transaction.
(2) No.2 represents the subsidiaries of over 50% ownership directly hold by the Company.
(3) No.3 represents the investee of over 50% ownership together hold by the parent company and subsidiaries.
Note 3: When the contract of endorsements or guarantees signed with banks or the credit limit of note was approved as of the balance sheet date, the Company assumes the responsibility of endorsements or guarantees, and others related with endorsement or guarantee are included in the total amount of endorsement or guarantee.
Note 4: The actual drawn amount used by endorsee or guarantee was within the scope of endorsement or guarantee.
Note 5: The aforementioned exchange rate of foreign currency was translated at the exchange rate on the balance sheet date.
Note 6: The information disclosed was eliminated when preparing the consolidated financial statements.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

TABLE 2

Held Company Name	Marketable Securities Type and Name (Note 1)	Relationship with the Company	Financial Statement Account	December 31, 2022				Remark (Note 3)
				Shares/ Units	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 2)	
Everbrite	Fund--Allianz Income Growth Trust	Non-related party.	Equity instruments investments at FVPL--current	1,519,340.50	17,381	–	17,381	No
Everbrite	USD Bonds--HP USD Bonds	Non-related party	Equity instruments investments at FVTOCI--current	200,000	5,953	–	5,953	No
Everbrite	USD Bonds--AT&T USD Bonds	Non-related party	Equity instruments investments at FVTOCI--current	200,000	4,211	–	4,211	No
Everbrite	USD Bonds--Oracl USD Bonds	Non-related party	Equity instruments investments at FVTOCI--current	200,000	4,222	–	4,222	No
Everbrite	OTC stocks--ITTS Co., Ltd.	Non-related party	Equity instruments investments at FVTOCI--non-current	16,875	638	0.06%	638	No
Everbrite	Non-Listed stock-Uni--Calsonic Corp.	The Company's director (the representative of juristic person-Everbrite) and Everbrite's chairman are the same person.	Equity instruments investments at FVTOCI-non-current	2,925,000	62,173	15.00%	62,173	No
Everbrite	Non-Listed stock—MASADA TECHNOLOGY LIMITED COMPANY	Substantial related person	Equity instruments investments at FVTOCI-non-current	5,400,000	54,000	19.71%	54,000	No

Note 1: The securities shown in this table refer to the stock, the bond, the beneficiary certificate and the derivatives of the aforementioned items attributed to IFRS 9-financial instruments.
Note 2: Fair value measured in accordance with the carrying amount which is adjusted balance after the evaluation of fair value.
Note 3: The aforementioned securities are not pledged as collateral.
Note 4: Li Shi Venture Capital Corp. and Huayu World Corp. with carrying amount of NT$0 are not included in the aforementioned table.

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars)

TABLE 3

No. (Note 1)	Company Name	Counter Party	Nature of Relation-ship (Note 2)	Intercompany Transaction					
				Accounting Item	Amount For Years Ended Dec. 31		Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3) For Years Ended Dec. 31	
					2022	2021		2022	2021
0	Everbrite	Asiatek (Hangzhou)	1	Operating revenue	$ —	$ 1,517	Except adopting the policy of joint procurement, the products of same specification only sell to the related party	-	0.21%
0	Everbrite	Asiatek (Hangzhou)	1	Purchases	$ —	$ 30,685	The products of same specification only purchase from the related party	-	4.24%
0	Everbrite	Asiatek (Hangzhou)	1	Accounts receivable	—	$ 1,307	The products of same specification only purchase from the related party	-	0.10%
0	Everbrite	Asiatek (Hangzhou)	1	Other expense (Sample expense, etc.)	$ —	$ 664	Payment term (from 1 to 3 months)	-	0.09%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is “0”.
(2) The subsidiaries are numbered in order starting from “1”.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:
(1) Parent company to subsidiary is “1”.
(2) Subsidiary to parent company is “2”.
(3) Subsidiary to subsidiary is “3”.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The information disclosed here was eliminated when preparing the consolidated financial statements.

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars/ Foreign Currencies in Thousands)

TABLE 4

Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note)		Balance as of Dec. 31, 2020			Net Income (Losses) of the Investee (Note 1)	Share of Profits/Losses of Investee (Note 2)	Note
			December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Amount			
BVI-Everbrite (Note 3)	Limited of P.O. BOX 3321,Road Town, Tortola, British Virgin Islands	A Holding company	NT$46,333	NT$46,333	1,125,000	100%	NT$197,498	NT$-54,395	NT$-54,395	Subsidiary accounted for using the equity method, recognized 19% profit (loss) resulting from associate-Huizhou Yi-Jin.
SAMOA-I (Note 3)	Offshore Chambers, P.O. Box217, Apia, Samoa	A Holding company	NT$605,531	NT$689,165	19,894,913.79	100%	NT$105,558	NT$-17,248	NT$$-17,248	Subsidiary accounted for using the equity method, recognized 10% profit (loss) resulting from associate-Huizhou Yi-Jin and 100% profit resulting from sub-subsidiary-Asiatek (Hangzhou).
EVERDURA (Note 3, 5)	3rd Floor, No. 463, No. 465, Xingshan Road, Neihu District, Taipei City	Electric energy storage related products	NT$66,400	-	6,640,000	51.04%	NT$61,953	NT$-8,712	NT$-5,912	A subsidiary that is valued using the equity method.
Evertop (Note 4, 5)	No. 140, Lilunping, Lunping, Guanyin District, Taoyuan City	Energy Technology Services	NT$10	-	1,000	100.00%	NT$-48	NT$-58	NT$-58	A subsidiary that is valued using the equity method.
Everwell (Note 4, 5)	No. 140, Lilunping, Lunping, Guanyin District, Taoyuan City	Steel processing, mechanical equipment related products	NT$10	-	1,000	100.00%	NT$-15	NT$-15	NT$-15	A subsidiary that is valued using the equity method.

Note: Original investment amount was listed using the historical currency rate.
Note 1: Net income (losses) of each investee for the current period.
Note 2: Only fill in the share of profits/ losses of each investee invested directly by the Company to be subsidiary and invested using the equity method.
Note 3: The aforementioned subsidiaries’ financial reports were audited by the Company’s CPA.
Note 4: Since the above-mentioned subsidiaries are in the initial stage of entrepreneurship and the amount of investment is not significant, their financial statements have not been checked and certified by accountants.
Note 5: The information disclosed was eliminated when preparing the consolidated financial statements.

INFORMATION ON INVESTMENT IN MAINLAND CHINA

TABLE 5

1. The attached table disclosed in accordance with Subparagraph 1, Paragraph 3, Article 17 of Regulations Governing the Preparation of Financial Reports by Securities Issuers was as follows:

FOR YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars/ Amounts in Thousands of Foreign Currencies)

Investee in mainland China	Main Businesses Activities	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated Outflow of Investment from Taiwan as of December 31, 2022 (US$ in Thousands)	Net Income (Losses) of the Investee Company	Percentage of Ownership directly or indirectly hold by the Company
					Remitted to Mainland China	Remitted back to Taiwan (Note 5)			
Huizhou Yi-Jin Industrial Co., Ltd.	Manufacture, sale, installation and after service of auto Air conditioner system and its parts	RMB150,000 (NTD658,470)	Reinvestment in China through the company in third area (Note 2)	NTD77,439	-	-	NTD77,439	NTD-252,811 (USD-8,672)	29%
Yi-Jin Wuhan industrial Co., Ltd.	Manufacture and sale of auto parts, fixture and jig	RMB30,000 (NTD131,694)	Invested in-“Huizhou Yi-Jin” in China through the company in the third area	-	-	-	-	(Note 2)	29%
Yi-Jin Xiangyang Industrial Co, Ltd.	Manufacture and sale of auto parts and fixture and jig	RMB20,000 (NTD87,796)	Invested in-“Huizhou Yi-Jin” in China through the company in the third area	-	-	-	-	(Note 2)	29%
Asiatek (Hangzhou) (Note 9)	(Note 1)	USD18,850 (NTD578,224)	Reinvestment in China through the company in third area (Note 3)	NTD654,911 (USD21,350)	-	NTD76,688 (USD2,500)	NTD578,224 (USD18,850)	NTD9,736 (USD334)	100%

<table>
<tr><th>Investee Company in mainland China</th><th>Carrying Amount of investments in mainland China as of December 31, 2022 (Note 8)</th><th>Accumulated Amount of Investment Income remitted back to Taiwan as of December 31, 2022 (Note 5)</th><th>Investment income repatriated as of the current period (Note 5)</th><th>Accumulated Amount remitted from Taiwan to mainland China as of December 31, 2022</th><th>Investment Amounts approved by Investment Commission, MOEA (Note 5, 6, 8)</th><th>Ceiling of investment in Mainland China imposed by Investment Commission, MOEA (Note 7)</th></tr>
<tr><td>Huizhou Yi-Jin Industrial Co., Ltd.</td><td>NTD-73,315
(USD-2,515)</td><td>NTD255,993
(USD8,345)</td><td>USD 6,601</td><td>NTD77,439</td><td rowspan="4">NTD505,728</td><td rowspan="4">NTD526,662</td></tr>
<tr><td>Yi-Jin Wuhan industrial Co., Ltd.</td><td>—
(Note 2)</td><td>NTD20,952
(USD683)</td><td>—</td><td>—</td></tr>
<tr><td>Yi-Jin Xiangyang Industrial Col, Ltd.</td><td>—
(Note 2)</td><td>NTD52,589
(USD 1,714)</td><td>—</td><td>—</td></tr>
<tr><td>Asiatek (Hangzhou)</td><td>NTD9,736
(USD334)</td><td>NTD 3,564
(USD-116)</td><td>—</td><td>NTD578,224
(Note 5)</td></tr>
</table>

Note 1: Asiatek (Hangzhou) please refer to Note 4.(3)b. for details.

Note 2:Everbrite reinvested "Huizhou Yi-jin Industrial Co., Ltd." in mainland China through the third region "BVI-Everbrite" and "SAMOA-I", and the Everbrite's comprehensive shareholding ratio accounted for 29%. The company recognizes the profit and loss of the invested company "Huizhou Yi-jin" in NT$(73,315) thousand, including recognition of the 100% owned subsidiaries "Yi-jin Wuhan Industry Co., Ltd." and "Yi-jin Xiangyang Industry Co., Ltd." Profit and loss are calculated at NT$(15,416) thousand and NT$6,682 thousand, respectively.

Note 3: Everbrite reinvested in “Asiatek (Hangzhou)” through “SAMOA-I” in the third area.

Note 4: Share of profits/ losses were recognized based on the financial statements audited by CPA of parent company.

Note 5: The original investment review committee of the Ministry of Economic Affairs approved the investment amount of NT$1,146,068 thousand after deducting the surplus capital increase (reported) of 99,378 thousand yuan, the net of cash dividends repatriated to the company of NT$352,462 thousand and capital reduction repatriation of NT$188,500 thousand amount expression. Among them, 15,987 thousand yuan (equivalent to US$551 thousand) of dividends repatriated this year and NT$72,500 thousand (equivalent to US$2,500 thousand) of capital reduction were repatriated.

Note 6: The information disclosed here regarding the investment of mainland China does not include investment information regarding the companies invested in mainland China which were already on disposal (including disposal, liquidation, dissolution, being acquired and bankruptcy, etc.) The Everbrite’s reinvestments in mainland China consisted of the following companies such as “Kunshan Yung Yi Sheng Electromechanical Co., Ltd.”, “Calsonic Electromechanical Technology Co., Ltd.”, “Kunshan Yin Han Automatic Equipment Co., Ltd.”, and Hunan Changfeng Automobile Air Conditioner Co., Ltd.”. All shares of the aforementioned investees have been on disposal completely, hence, there is no need to disclose the related information. As of December 31, 2022, the amounts of the aforementioned investments are still included in the limit approved by Investment Commission, Ministry of Economic Affairs.

Note 7: The limit as required in the checking principle of investment or technical cooperation in mainland China is computed in accordance with the Letter of No.09704604680, Ministry of Economic Affairs, promulgated on August 29th, 2008.

Note 8: The carrying amount of ending investment is translated in the exchange rate of the bank trading at balance sheet date, and investment amount approved is translated in the exchange rate of original investment.

Note 9: The information disclosed here was eliminated when preparing the consolidated financial statements.

2. Significant direct or indirect transactions with the investee in mainland China, its price and terms of payment or collection, unrealized gain or loss, please refer to the disclosed in Note 7 and 13(2) j. table 3.

Shares / Name of Major Shareholder	Number of Shares	Percentage of Ownership (%)
Jia Jun Investment Co., Ltd (Note 1)	27,381,657	42.78％
Youfu Investment Co., Ltd.	10,783,000	16.84％

Note: The information on the major shareholder listed in the table above is based on the total number of ordinary and preferred shares (including treasury shares) owned by the shareholder at a minimum shareholding percentage of 5%, and which have been delivered as non-physical securities to the Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter. The actual number of shares delivered as non-physical securities and the number of shares recorded in the Company's consolidated financial statements may be different due to differences in the basis of preparation and calculation.

14. Segment information

The merged company's reportable segments are strategic business units to provide different products and services as reference in distributing resources and evaluating the performance of department for main operating decision maker. The merged company's reportable segments, as required, are divided into two segments, i.e. air-conditioning segment and electromechanical segment.

(1) Segment revenue and operating results

The merged company's revenue from continuing operation units and operating results were analyzed based on reportable segment as follows:

	Segment revenue		Segment income (loss)	
	For years ended Dec. 31		For years ended Dec. 31	
	2022	2021	2022	2021
Air-conditioning	$ 273,790	377,015	$ (74,492)	19,469
Electromechanical	281,248	347,067	(3,840)	28,280
Electronics	2,169	—	(29,436)	—
Total amount of continuing operation units	$ 557,207	724,082	(107,768)	47,749
Interest income			1,686	2,211
Rental income			4,153	3,490
Dividend income			2,998	2,408
Gain on disposal of investment in property			75,876	—
Gain on lease modification			7	—
Net (loss) gain on foreign exchange			2,320	(3,162)
Gain (loss) on financial assets at FVTPL			(1,681)	154
Interest expense			(2,347)	(3,311)
Management cost of headquarters and directors' remuneration			(62,882)	(46,920)
Income (loss) before income tax (Continuing operation units)	$		(87,638)	2,619

The income reported above was generated from transactions with external clients.

Departmental income (loss) refers to the operating result of each department, not including apportioned management cost of headquarters and directors' remuneration, gain (loss) on disposal of investment, rental income, interest income, dividend income, gain (loss) on disposal of property, plant and equipment, net gain (loss) on foreign exchange, impairment loss and gain (loss) on evaluation of financial instruments, interest expense and income tax expense. The amount of measurement is to provide for main operating decision maker to distribute resources to each segment and to evaluate performance of each segment. Therefore, the reporting amount is consistent with the reports used by the main operating decision maker.

(2) Segment assets

		December 31 2022	December 31 2021
Air conditioner	$	334,216	315,767
Electromechanical		428,944	271,882
Electronics		5,227	—
Total amount of segment assets	$	768,387	587,649

(3) Geographical information

The operating regions of the merged company are divided into Taiwan, Mainland China, Japan and others. The following discloses that the income of continuing business units from external customers in important regions is classified according to the location of external customers, and the information on non-current assets disclosed according to the location of assets is listed as follows:

Area information

Revenue from external customers:

		For years ended Dec. 31	
		2022	2021
Taiwan	$	353,835	468,749
Mainland China		6,479	67,617
Japan		151,503	163,547
Others		45,390	24,169
Total	$	557,207	724,082

Non-current assets:

For years ended Dec. 31	
2022	2021

Taiwan	$	341,136	324,039
Mainland China		39	38
Total	$	341,175	324,077

Non-current assets exclude such assets as the financial instruments, investments accounted for using equity method, deferred income tax assets, etc.

(4) Major customers' information

The merged company's customers among which each customer's revenue is at least 10% in proportion to total revenue in the consolidated statement of comprehensive income are listed as below:

		For years ended December 31			
		2022		2021	
Customer	Segment	Amount	Ratio (%) of total revenue	Amount	Ratio (%) of total revenue
Yulon Motor Co., Ltd.	Air conditioner	140,020	25.13%	188,338	26.01%
Meidensha Corporation	Electromechanical	84,854	15.23%	97,520	13.47%