

(Stock : 4523)

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

**Parent-Company-Only Financial Statements for the
Years Ended December 31, 2022 and 2021
With Independent Auditors' Report**

**Address : No.140, Luning, Luning Village, Guanyin District,
Taoyuan City 328005, Taiwan (R.O.C.)**

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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.)

Contact person: Manager, Hsieh, Shu-Lan

Address: No.140, Lunping, Lunping Village, Guanyin District, Taoyuan City 328005, Taiwan
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Audit report by accountants

Everbrite Technology Co., Ltd.

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

Check opinions

Everbrite Technology Co., Ltd.'s individual balance sheet in 2022 and December 31, 2021, and the individual comprehensive profit and loss statement, individual equity change statement and individual The cash flow statement and the notes to the individual financial report (including the summary of major accounting policies) have been checked by our accountant.

According to the opinion of the accountant, the above-mentioned individual financial report is prepared in accordance with the financial reporting standards of securities issuers in all major aspects, which is sufficient to express the individual financial status of **Everbrite Technology Co., Ltd.** on December 31, 2021 and 2022. And the individual financial performance and individual cash flow from January 1 to December 31, 2021 and 2022.

Basis of Audit Opinions

The accounting department performs the audit work in accordance with the accounting audit and certification financial statement rules and auditing standards. The accountant's responsibilities under these standards will be further explained in the section of the accountant's responsibility for checking individual financial reports. The personnel of the accounting firm affiliated to the independence standard have maintained detached independence from **Everbrite Technology Co., Ltd.** in accordance with the professional ethics code of accountants, and have performed other responsibilities of the code. The accountants believe that they have obtained sufficient and appropriate audit evidence as a basis for expressing their audit opinion.

Key check items

The key audit items refer to the most important items in the audit of the 2022 individual financial report of **Everbrite Technology Co., Ltd.** based on the professional judgment of the accountant. These matters have been dealt with in the process of checking the overall financial report of the individual and forming the audit opinion, and the accountants do not express opinions on these matters independently.

Hereby, the key inspection items of **Everbrite Technology Co., Ltd.**'s individual financial report in 2022 are described as follows:

Inventory evaluation

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 factors such as rapid performance of vehicle models or changes in the business environment, inventory is prone to sluggish and outdated losses. In addition, the calculation of the apportionment of inventory costs and the estimation of net realizable value are affected by the judgment of the management authority, so our accountants pay special attention to management. The authority should measure its inventory according to the lower of cost and net realizable value, and it is reasonable to set aside the inventory depreciation loss for its inventory. Therefore, it is the most important matter when the accountant conducts individual financial report inspection.

The accounting policy is as stated in Notes 4 and 5 (2) of the individual financial report. For the allowance for falling prices and sluggish amounts of inventories, please refer to the description of Note 6 (4) of the individual financial report; the total inventory and reserves on December 31, 2022 The balance of

offsetting the loss from inventory depreciation is NT\$264,103 thousand and NT\$10,868 thousand respectively. The net inventory accounts for about 20% of the total assets of the entity, which is significant for the financial statements.

The audit procedures that the accountants should follow:

1. Evaluate and test the effectiveness of the internal control design and implementation established by management for inventory evaluation.
2. Obtain inventory recording data and perform detailed tests to verify whether the raw material costs, input labor and manufacturing costs of the inventory have been reasonably allocated to the appropriate inventory items, and there is no situation of inventory price decline 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 allowance for the loss of the inventory decline, and compare the historical allowance with the actual write-off difference, so as to assess whether the policy of providing for the allowance for the inventory decline loss is appropriate.
4. Compare the latest actual selling price of the ending inventory with its carrying amount by sampling to verify whether the inventory is measured by the lower 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.

Responsibilities of management and governing units for individual financial reporting

The responsibility of the management is to prepare the individual financial reports that are properly expressed in accordance with the Financial Reporting Standards of Securities Issuers, and to maintain the necessary internal controls related to the preparation of individual financial reports to ensure that there are no major risks caused by fraud or errors in the individual financial reports. Misrepresentation.

When preparing individual financial reports, the management's responsibilities also include evaluating the ability of Everbrite Technology Co., Ltd. to continue operating, the disclosure of related matters, and the adoption of the accounting basis for continuing operations, unless the management intends to liquidate **Everbrite Technology Co., Ltd.** or Suspension of business, or there is no practical alternative to liquidation or suspension of business.

The governance unit (including the audit committee) of **Everbrite Technology Co., Ltd.** is responsible for supervising the financial reporting process.

The responsibility of accountants to audit individual financial reports

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

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 of individual financial reports due to fraud or errors; 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 its purpose is not to express opinions on the effectiveness of the internal control of **Everbrite Technology Co., Ltd.**
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, draw conclusions on the appropriateness of the management to adopt the going-concern accounting basis, and whether there are major uncertainties in events or conditions that may cause significant doubts about the ability of **Everbrite Technology Co., Ltd.** to continue operating. If the accountant believes that there are major uncertainties in such events or situations, he must remind the individual financial report users to pay attention to the relevant disclosures in the individual financial reports in the audit report, or revise the audit opinion when the disclosures are inappropriate. The accountant's conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may result in **Everbrite Technology Co., Ltd.**, Ltd. no longer having the ability to continue operating.

5. Evaluate the overall expression, structure and content of individual financial reports (including relevant notes) and whether individual financial reports allow the relevant transactions and events.
6. Obtain sufficient and appropriate verification evidence for the financial information of the constituent individuals in **Everbrite Technology Co., Ltd.** to express opinions on the financial reports of the individuals. The accountant is responsible for the guidance, supervision and implementation of the audit case, and is responsible for forming the audit opinion of **Everbrite Technology Co., Ltd.**

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 annual individual financial report of **Everbrite Technology Co., Ltd** in 2022. 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.

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.

Balance Sheet - Assets

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

Unit: NT\$1,000

Code	Accounting items	Note	12. 31. 2022		12. 31. 2021	
			Amount of money	%	Amount of money	%
11xx	current assets					
1100	Cash and cash equivalents	6(1)	\$ 74,179	6	\$ 28,247	2
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)	111,162	9	122,193	9
1200	Other receivables	6(5)	4,282	-	4,935	-
1220	Current income tax assets	6(21)	269	-	347	-
130x	stock	6(4)	253,235	20	195,087	15
1410	Prepayments	6(5)	26,252	2	12,607	1
1476	Other financial assets - current	6(5)	31,335	2	84,789	7
1479	Other current assets - other		157	-	128	-
11xx	Total Current Assets		<u>547,591</u>	<u>42</u>	<u>471,838</u>	<u>36</u>
15xx	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(2)	116,811	9	62,553	5
1550	Investments using the equity method	6(6)	365,009	28	457,756	35
1600	Property, plant and equipment	6(7)	211,231	16	215,437	16
1755	Right-of-use asset	6(8)	1,163	-	1,566	-
1760	Net investment real estate	6(9)	55,928	4	82,437	6
1780	Intangible assets	6(10)	3,055	-	15,288	1
1840	Deferred tax assets	6(21)	2,355	-	3,130	-
1915	Prepaid equipment	6(7)	126	-	2,317	-
1920	Refundable deposits		7,233	1	6,994	1
15xx	Total non-current assets		<u>762,911</u>	<u>58</u>	<u>847,478</u>	<u>64</u>
1xxx	total assets		<u>\$ 1,310,502</u>	<u>100</u>	<u>\$ 1,319,316</u>	<u>100</u>

(Please read the notes to the individual financial report)

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

Everbrite Technology Co., Ltd.
Balance Sheet - Liabilities and Equity
From January 1st to December 31st in 2022 and 2021

Unit: NT\$, 000

code	Accounting items	Note	12. 31. 2022		12. 31. 2021	
			Amount of money	%	Amount of money	%
21xx	Current liabilities					
2100	short-term loan	6(11)	\$ 201,000	15	\$ 211,500	16
	Financial liabilities at fair value					
2120	through profit or loss - current	6(2)	247	-	-	-
2130	Contract Liabilities - Current	6(13)	35,620	3	14,569	1
2150	Notes payable		2	-	18	-
2170	Accounts payable		78,672	6	80,281	6
2200	Other payables	6(13)	59,359	5	52,967	5
2250	Provision for Liabilities - Current	6(18)	-	-	134	-
2280	Lease liabilities - current	6(14)	930	-	1,198	-
2310	Advance payment		50	-	-	-
2322	Long-term loans due within one year or one business cycle	6(15)	3,864	-	-	-
2335	Collection		1,164	-	1,915	-
2365	Refund liability - current	6(18)	1,223	-	1,304	-
21xx	Total current liabilities		<u>382,131</u>	<u>29</u>	<u>363,886</u>	<u>28</u>
25xx	Non-current liabilities					
2540	Long-term loan	6(15)	46,136	4	-	-
2570	Deferred tax liabilities	6(21)	2,133	-	45	-
2580	Lease liabilities - non-current	6(14)	340	-	524	-
2640	Net defined benefit liability - non- current	6(16)	-	-	1,708	-
2645	Deposit Margin		1,939	-	705	-
2650	Balance of investment loans using the equity method	6(6)	53	-	-	-
25xx	Total non-current liabilities		<u>50,601</u>	<u>4</u>	<u>2,982</u>	<u>-</u>
2xxx	Total liabilities		<u>432,732</u>	<u>33</u>	<u>366,868</u>	<u>28</u>
3100	Share capital	6(17)	640,000	49	640,000	49
3200	Capital reserve	6(17)	297,460	23	295,993	22
3300	Retained earnings	6(17)				
3310	Statutory surplus reserve		216,167	16	216,167	16
3320	Special surplus reserve		60,527	5	73,600	6
3350	Undistributed surplus		(283,895)	(22)	(212,785)	(16)
3400	Other interests	6(17)				
	Exchange difference on translation of financial statements of foreign operating institutions		(77,538)	(6)	(89,473)	(7)
3420	Unrealized gains and losses on financial assets at fair value through other comprehensive income		25,049	2	28,946	2
3xxx	Total equity		<u>877,770</u>	<u>67</u>	<u>952,448</u>	<u>72</u>
1xxx	Total liabilities and equity		<u>\$ 1,310,502</u>	<u>100</u>	<u>\$ 1,319,316</u>	<u>100</u>

(Please read the notes to the individual financial report)

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

Everbrite Technology Co., Ltd.
Comprehensive Income Statement
From January 1st to December 31st in 2022 and 2021

Unit: NT\$1,000

code	accounting items	note	111 years		110 years	
			amount of money	%	amount of money	%
4000	operating income	6(18)	\$ 551,578	100	\$ 687,665	100
5000	Operating cost	6(4)	(417,927)	(76)	(538,364)	(78)
5900	Operating profit		133,651	24	149,301	22
5920	Realized sales benefit		-	-	2,191	-
5950	Net Operating Profit		133,651	24	151,492	22
6000	Operating expenses					
6100	Promotional expenses		(37,780)	(7)	(29,153)	(4)
6200	Management costs		(125,749)	(23)	(133,812)	(19)
6300	Research and development costs		(46,888)	(9)	(45,334)	(7)
6450	Expected credit impairment (loss) benefit	6(3)	222	-	309	-
	Total operating expenses		(210,195)	(39)	(207,990)	(30)
6900	Operating profit (loss)		(76,544)	(15)	(56,498)	(8)
7010	Other income	6(19)	15,884	2	15,059	2
7020	Other gains and losses	6(19)	(22,013)	(4)	(3,670)	(1)
7215	Disposal of interests in investment real estate	6(10)(19)	75,876	14	-	-
7050	Net finance cost	6(19)	(2,347)	-	(3,311)	-
7070	Share of profit and loss of subsidiaries recognized using the equity method	6(19)	(77,628)	(14)	34,423	5
	Total non-operating income and expenses		(10,228)	(2)	42,501	6
7900	Net profit (loss) before tax		(86,772)	(17)	(13,997)	(2)
7950	Income tax expense					
7951	Current income tax (expense) benefit	6(21)	(4,137)	(1)	(3)	-
7952	Deferred income tax (expense) benefit	6(21)	(945)	-	(289)	-
8000	Net (loss) profit for the current period of continuing business units		(91,854)	(18)	(14,289)	(2)
8200	Net profit (loss) for the period		(91,854)	(18)	(14,289)	(2)
8310	Items not reclassified to profit or loss:					
8311	Defined benefit plan remeasurements	6(16)	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	2
8349	Income tax related to items not reclassified	6(21)	(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(17)	11,935	2	2,589	-
8367	Unrealized valuation gains and losses on debt instrument investments measured at fair value through other comprehensive income	6(17)	258	-	-	-
8300	Other comprehensive income (net)		15,709	3	17,706	3
8500	Total comprehensive profit and loss for the period		\$ (76,145)	(15)	\$ 3,417	1
	Earnings (loss) per share (Unit: NT\$)	6(22)				
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 individual financial report)

Chairman : Yen, Ming Hung

Manager : Lin, Po Ching

Accounting Supervisor : Hsieh, Shu Lan

Everbrite Technology Co., Ltd.
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							
Code	Item	Share capital	Retained earnings			Other equity items			Total equity
			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	
A1	Balance on January 1, 2011	\$ 640,000	\$ 295,985	\$ 216,167	\$ 92,319	\$ (221,847)	\$ (92,062)	\$ 18,461	\$ 949,023
B3	Special surplus reserve				(18,719)	18,719			-
C17	Changes in other capital reserves		8	-	-				8
D1	Net profit (loss) for the period				-	(14,289)			(14,289)
D3	Other comprehensive profit and loss for the period					4,632	2,589	10,485	17,706
D5	Total comprehensive profit and loss for the period	-	-	-	-	(9,657)	2,589	10,485	3,417
Z1	Balance on December 31, 2011	\$ 640,000	\$ 295,993	\$ 216,167	\$ 73,600	\$ (212,785)	\$ (89,473)	\$ 28,946	\$ 952,448
A1	Balance on January 1, 2011	\$ 640,000	\$ 295,993	\$ 216,167	\$ 73,600	\$ (212,785)	\$ (89,473)	\$ 28,946	\$ 952,448
	Surplus allocation and distribution								
B3	Special surplus reserve				(13,073)	13,073			-
C17	Changes in other capital reserves		1			-			1
D1	Net profit (loss) for the period					(91,854)			(91,854)
D3	Other comprehensive profit and loss for the period					7,671	11,935	(3,897)	15,709
D5	Total comprehensive profit and loss for the period	-	-	-	-	(84,183)	11,935	(3,897)	(76,145)
M5	The difference between the actual acquisition or disposal of the subsidiary company's equity price and book value		1,466						1,466
Z1	Balance on December 31, 2011	\$ 640,000	\$ 297,460	\$ 216,167	\$ 60,527	\$ (283,895)	\$ (77,538)	\$ 25,049	\$ 877,770

(Note) In 2011 and 2011, the net profit before tax was negative, so employee remuneration and director and supervisor remuneration were not included.
(Please read the notes to the individual financial report)

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

Everbrite Technology Co., Ltd.

Cash Flow Statement

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

Unit: NT\$, 000

Code	Item	2022	2021
AAAA	Cash Flow from Operating Activities		
A10000	Net profit (loss) before tax for the period	\$ (86,772)	\$ (13,997)
A20000	Adjustment item		
A20010	Income expense item		
A20100	Depreciation expense	11,307	12,162
A20200	Amortization fee	5,677	6,163
A20300	Expected credit impairment losses (benefits) (Note 6 (3))	(222)	(309)
A20400	Net (profit) loss on financial assets and liabilities at fair value through profit or loss	1,682	(154)
A20900	Interest expense	2,347	3,311
A21200	Interest income	(1,686)	(2,211)
A21300	dividend income	(2,998)	(2,408)
A22400	Share of losses (profits) of subsidiaries recognized using the equity method	77,628	(34,423)
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	-
A24000	Realized sales (benefit)	-	(2,191)
A24100	Unrealized foreign currency exchange (benefit)	1,339	2,189
A29900	Lease Modification (Benefit)	(7)	(23)
A29900	Other projects	3,586	-
A20010	Total income expense items	<u>33,117</u>	<u>(17,892)</u>
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	(11,752)
A31150	Accounts receivable (increase) decrease	11,253	(17,461)
A31180	Other receivables (increase) decrease	809	(1,499)
A31200	Inventory (increase) decrease	(58,148)	944
A31230	Prepayment (increase) decrease	(13,645)	34,763
A31240	Other current assets (increase) decrease	(29)	23
A31000	Total net change in assets related to operating activities	<u>(71,399)</u>	<u>5,020</u>
A32000	Net change in liabilities related to operating activities		
A32125	Increase (decrease) in contract liabilities	21,051	(24,510)
A32130	Increase (decrease) in notes payable	(16)	(294)
A32150	Increase (decrease) in accounts payable	(1,609)	15,436
A32160	Accounts Payable - Related Person Increase (Decrease)	-	(3,142)

Everbrite Technology Co., Ltd.

Cash Flow Statement

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

Unit: NT\$1,000

Code	Item	2022	2021
A32180	Increase (decrease) in other payables	3,527	(831)
A32200	Increase (decrease) in liability provision	(134)	(72)
A32230	Increase (decrease) in other current liabilities	(782)	343
A32240	Increase (decrease) in net defined benefit liability	7,881	(820)
A32000	Total net change in liabilities related to operating activities	29,918	(13,890)
A30000	Total net change in assets and liabilities related to operating activities	(41,481)	(8,870)
A20000	Total adjusted items	(8,364)	(26,762)
(continued next page)			
A33000	Cash inflows (outflows) from operations	(95,136)	(40,759)
A33100	Interest charged	1,530	2,265
A33200	Dividends received - including equity method	14,356	2,408
A33300	Interest paid	(2,051)	(3,048)
A33500	(Payment) Refunded Income Tax	(4,059)	1,038
AAAA	Net cash inflow (outflow) from operating activities	(85,360)	(38,096)
BBBB	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(71,165)	-
B01800	Acquisition of investments using the equity method	(66,420)	-
B02400	Capital reduction and return of shares of invested companies using the equity method	83,634	111,800
B02700	Acquisition of real estate, plant and equipment (Note 6 (23))	(3,724)	(4,189)
B02800	Disposal of real estate, plant and equipment prices	2,000	-
B03700	Deposit margin (increase)	(239)	-
B03800	Deposit Margin Reduction	-	1,164
B04500	Acquire intangible assets	(31)	(2,138)
B05500	Disposal of investment real estate price (Note 6 (9))	108,952	-
B07100	Advance payment for equipment (increase)	(12,925)	(29,029)
B09900	Other investment activities - Pledge fixed deposit and retention money (increase) decrease	53,454	(24,874)
BBBB	Net cash inflows (outflows) from investing activities	93,536	52,734
CCCC	Cash Flow from Financing Activities		
C00200	Short-term borrowings (decrease) (Note 6 (24))	(10,500)	(14,254)
C01600	Borrowing of long-term borrowings (Note 6 (24))	50,000	-
C03000	Increase in margin deposits (Note 6 (24))	1,234	-
C04020	Lease principal repayment (Note 6 (24))	(1,640)	(1,638)
C09900	Other financing activities - transfer of dividends	1	8

Everbrite Technology Co., Ltd.

Cash Flow Statement

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

Unit: NT\$1,000

Code	Item	2022	2021
CCCC	Net cash inflows (outflows) from financing activities	39,095	(15,884)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(1,339)	(2,189)
EEEE	Increase (decrease) of cash and cash equivalents in the current period	45,932	(3,435)
E00100	Beginning cash and equivalent cash balance	28,247	31,682
E00200	Ending cash and equivalent cash balance	<u>\$ 74,179</u>	<u>\$ 28,247</u>

(Please read the notes to the individual financial report)

Chairman : Yen, Ming Hung

Manager : Lin, Po Ching

Accounting Supervisor : Hsieh, Shu Lan

Everbrite Technology Co., Ltd.
Notes to the Parent-Company-Only 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. (It's original name : Taiwan Calsonic Co., Ltd.,and the name was changed according to the resolution approved in the shareholders meeting on June 9, **2022**, and it completed the registration of changing the name on June 16, **2022**, hereinafter referred to as "the Company") was incorporated on May 4th, 1987, as a company Limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.), the address of its registered office in No.140, Luning, Luning Village, Guanyin District, Taoyuan City. The Company engages mainly in the manufacturing, selling, installation, after-sales service, acting, and electronic component manufacturing of air conditioner and heater for car and electromechanical product, etc.
- (2) The Company 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 22nd, 1999.

2. Approval date and procedures of the consolidated financial statements

The accompanying Parent-Company-Only 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 the Company applied International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), or Interpretations (SIC) issued and endorsed by Financial Supervisory Commission ("FSC") and become effective (hereinafter referred to as "IFRSs").
- The application of the revised IFRSs approved and issued by the Financial Supervisory Commission will not result in significant changes in the Company's accounting policies.
- (2) IFRSs approved by the Financial Supervisory Commission applicable in 2023

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred income tax relating 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. After evaluating the abovementioned newly announced, advised standards or interpretations, they have no significant impact on the company

(3) IFRSs have been announced by the IASB but not approved and taken effect by the FSC yet

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Affiliated Enterprises and Joint Ventures" -- Sale or Contribution of Assets between Investors and its Affiliated Enterprises or Joint Ventures	To be decided by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and	January 1, 2023

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
<u>IFRS 9 - Comparative Information"</u>	
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. After evaluation, the aforementioned newly announced or revised standards or interpretations have no significant impact on the 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 parent-company-only financial statements have been prepared in accordance with the Financial Reporting Standards for Securities Issuers.

(2) Basis of Preparation

a. Basis of measurement

The parent-company-only financial statements have been prepared on the

historical cost basis except for “financial instruments which are measured at fair value” and “net defined benefit liabilities” which are measured at the present value of the defined benefit obligation less the fair value of plan assets. 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 Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in thousands of New Taiwan Dollars(“NT\$”), which is the Company’s functional currency, unless specified otherwise.

(3) 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

The assets and liabilities of the 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 a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned 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.

(4) 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

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.

(5) Cash and Cash Equivalents

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.

(6) Financial Instruments

Financial assets and liabilities shall be recognized when the 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 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 incorporates any dividend earned on the financial asset.

ii. Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- 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 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 Company's right to receive the dividends is established unless the Company's rights clearly represent a recovery of part of the cost of the investment.

iv. Investments in debt instruments at fair value through other comprehensive income

If the Company's investment in debt instruments meets the following two conditions at the same time, it will be classified as financial assets

measured at fair value 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 fair value 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 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 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 its liabilities. Equity instruments issued by the 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 fair value through profit or loss include financial liabilities held for trading and those designated at fair value through profit or loss.

Financial liabilities at fair value 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 measured at amortized cost include short-term borrowings,

notes and accounts payable, other payables and guarantee deposits received that are subsequently measured using the effective interest method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

(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 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.

(7) 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 Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use 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 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.

(8) Inventories

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 lower than the 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.

The cost is calculated using the standard cost method, and the difference between the variable standard cost and the variable actual cost is apportioned to the ending inventory and operating costs in proportion. Fixed manufacturing expenses are apportioned according to the normal production capacity of the production equipment; the under-allocation of fixed manufacturing expenses due to lower output or production capacity utilization rate not reaching normal production capacity shall be recognized as cost of goods sold in the current period, otherwise, the difference shall be apportioned according to the proportion of inventory and operating costs.

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.

(9) Investments accounted for using equity method-Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries. A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the company's share of the subsidiary's loss is equal to or exceeds its equity in the subsidiary (including the book value of the subsidiary under the equity method and other long-term interests that are substantially part of the company's net investment in the subsidiary), it continues to recognize losses according to the shareholding ratio, and record the resulting investment credits as non-current liabilities.

The amount that the acquisition cost exceeds the net fair value share of the identifiable assets and liabilities of the subsidiaries that constitute the business enjoyed by the company on the date of acquisition 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

subsidiaries that constitute the business as of the current date exceeds the acquisition cost is listed as current income.

When the Company assesses impairment, it considers the cash-generating unit as a whole based on the financial report and compares its recoverable amount with the carrying amount. If the recoverable amount of the asset increases later, the reversal of the impairment loss will be recognized as profit, but the book value of the asset after the impairment loss reversal shall not exceed the amount that should be withdrawn if the impairment loss is not recognized. Book amount after amortization. Impairment losses attributable to goodwill are not reversed in subsequent periods.

When preparing the parent-company-only financial statements, the investments in subsidiaries, which are controlled by the Company, are accounted for using the equity method. Under the equity method, the profit or loss for the period and other comprehensive income presented in the parent-company-only financial statements should be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis; and the owners' equity presented in the parent- company-only financial statements should be the same as the equity attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis. The Company also recognized its shares in the changes in its equity of subsidiaries.

(10) Property, Plant and Equipment

a. Recognition and measurement

The recognition and measurement of real estate, plant and equipment adopts the cost model, and they were 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 (main component) 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 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 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 durable time of each component of an item of property, plant and equipment.

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

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 durable time, 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.

(11) Investment Properties

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".

Investment properties are measured at original cost, including transaction costs to acquire the asset. The book value of investment properties includes the cost of repairing or adding new investment properties under the condition that the arrival cost can be recognized, but the maintenance costs that usually occur on a daily basis are not included as part of its cost. After the original recognition, the measurement of investment properties is based on the cost model, which is handled in accordance with the provisions of IAS 16 "Real Estate, Plant and Equipment", but according to IFRS 5 "Non-current assets to be sold and closed business units" are classified as Except for conditions that are held for sale (or included in a division group classified as held for sale).

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

(12) 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 liabilities (assets) are recognized as employee benefit expenses when incurred. The remeasurement amount (including actuarial profit or loss and return on project assets after deducting interest) is recognized in other comprehensive profit or loss and included in retained earnings when it occurs, and will not be reclassified to profit or loss in subsequent periods.

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 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 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

Employee remuneration and remuneration of directors and supervisors are recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be estimated reasonably. According to the company's articles of association, more than 1% of the current year's profit is allocated as employee remuneration and no more than 2% is remunerated for directors and supervisors. If there is a discrepancy between the actual distribution amount and the estimated amount in subsequent resolutions, it shall be treated as a change in accounting estimate.

(13) 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

The Company identifies the contract with the clients, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied. If the Company receives consideration from the customer and expects to refund some or all of the consideration to the customer, the Company shall recognize a refund liability. Refund liabilities are measured by the amount of consideration that the Company has received (or receivable) but is not expected to be entitled to (that is, the amount not included in the transaction price). The Company shall update the Refund Liabilities and corresponding changes in Transaction Price and Contract Liabilities for changes in circumstances at the end of each reporting period.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

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 Company and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that

the economic benefits will flow to the 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.

(14) 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 income tax rate for profit-seeking enterprises 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.

According to the Basic Income Tax Act, when calculating the income tax, if the general tax amount is lower than the basic tax amount, the difference will be adjusted and included in the adjustment item of the current year's income tax expense.

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 aforementioned Company's accounting policies, the 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 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 Company's critical accounting judgments and key sources of estimation and uncertainty are as below:

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

Revenue recognition on a net/gross basis

Based on the type of transaction and its economic substance, the company

judges whether the nature of the promise to the customer is its own performance obligation to provide specific goods or services (that is, the company is the principal), or it is an arrangement for the other party to provide such goods or services. Performance obligations of labor services (that is, the company acts as an agent). When the company controls the specific goods or services before transferring the goods or services to the customer, the company is the principal, and the total amount of consideration expected to be entitled to the transfer of the specific goods or services is recognized as revenue. If the company does not control the specific goods or services before they are transferred to the customer, the company acts as an agent and arranges for the other party to provide specific goods or services to the customer. Fees or commissions are recognized as revenue.

The company determines that it controls a specific commodity or service before it is transferred to the customer based on the following indicators:

- a. The Company is primarily responsible for the provision of specific goods or services.
- b. The Company assumes the inventory risk before transferring the specific goods or services to the customer or after transferring control of the goods or services to the customers.
- c. The Company has discretion in setting prices for the goods or services.

(2) Significant accounting estimation and hypotheses

a. Impairment Assessments ob Tangible and Intangible Assets

In the process of evaluating the potential impairment of tangible and intangible assets, the Company is required to make subjective judgments in determining the independent cash flows, expected future revenue and expenses related to the specific asset companies with the consideration of the nature of elevator industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges in future years.

There is no significant impairment loss after assessment for the years 2022 and 2021.

b. Impairment Assessment on Investment Using Equity Method

The 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 Company management measures the impairment based on a projected future cash flow of the investees, including the assumptions of sales growth rate and capacity utilization rate formulated by such investees' internal management team. The Company also takes into account of 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(6).

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 Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 6(3). Where the actual future cash inflows are less than expected, a material impairment loss may arise.

d. Valuation of Inventory

The net realizable value of inventories is the estimated selling price in the normal course of business less the estimated costs to be invested to completion and the estimated costs to complete the sale, which are based on current market conditions and historical sales of similar products. According to experience assessment, changes in market conditions may significantly affect the estimated results, please refer to Note 6(4) for details. The company's accumulated significant impairment losses on December 31, 2022 and in 2021 were NT\$10,868 thousand and NT\$10,765 thousand, respectively. Please refer to Note 6 (4) for details.

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

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

f. Income Tax

The uncertainty of income tax depends on the interpretation of tax laws and regulations, the amount of future taxable income and the timeliness of generating future taxable income, and the realizability of deferred income tax assets (liabilities) mainly depends on whether there will be sufficient profits in the future or taxable temporary Depends on gender differences. Any changes in the industry environment, changes in laws and regulations, and the results of taxation authorities may cause major adjustments to the provision of income tax. Please refer to Note 6 (21) for details.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31 2022	December 31 2021
Cash on hand	\$ 73	159
Deposits in banks		
Demand deposits	1,783	2,940
Foreign currency deposits	6,754	25,148
Time deposits	65,569	-
subtotal	74,106	28,088
Total	\$ 74,179	28,247

(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
<u>Financial assets - current</u>		
Mandatorily measured at FVTPL:		
Forward exchange contracts	-	\$ 152
Mutual funds	17,381	-
Total	\$ 17,381	152
 <u>Financial liabilities - current</u>		
Held for trader		
Forward exchange contracts	\$ 247	-

(a) The forward foreign exchange contract signed by the company is a forward transaction of pre-purchasing Japanese currency to avoid the exchange rate risk of (sales) price. Since it does not meet all the conditions of hedging accounting, hedging accounting is not applicable.

(b) The company's outstanding forward foreign exchange contracts are as follows:

	Currencies	Maturity Date	Contract Amount (In Thousands)
Dec. 31, 2022	JPY/NT\$	Jan. 1, 2023 ~ Mar. 14, 2023	41,405

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

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

b. Investments in Equity Instruments at FVTOCI

(a) Investment in equity instruments - 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
Total	\$ 116,811	62,553

Ⓐ The strategic purpose of the merged company to consider stable investment is to invest in the above-mentioned common stock of the company, which is not an operation mode for short-term profit, and it is expected to obtain stable dividends through investment. The management of the

company believes that if the short-term fair value fluctuations of these investments are included in profit or loss, it is inconsistent with the aforementioned investment strategy, so they choose to designate these investments as measured at fair value through other comprehensive

gains and losses (disclosed in Note 13, Table 2).

ⓑ The aforementioned stock investments were not offered as collateral.

(b) Investment in debt instruments – current

	December 31 2022	December 31 2021
Investment in foreign bonds (acquisition cost)	17,165	-
Valuation 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)	112,735	123,988
Less: allowance for doubtful accounts	(1,573)	(1,795)
Subtotal	111,162	122,193
Net of notes and accounts receivable	\$ 126,115	145,546

a. The credit period of the Company to clients is almost 30 to 180 days unless otherwise agreed. The information on provision for impairment of accounts receivable measured by provision matrix, please see Note 12(1).b, credit risk as disclosed.

b. Movement of the loss allowance of trade receivables

	For the Years Ended Dec. 31	
	2022	2021
Beginning balance	\$ 1,795	2,104
Recognized impairment loss	-	-
Reversal of the loss allowance	(222)	(309)
Ending balance	\$ 1,573	1,795

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

(4) Inventories

	December 31 2022	December 31 2021
Raw materials	\$ 142,448	104,795
Work in process	6,309	6,130
Semi-finished goods	64,402	50,751
Finished goods	3,803	4,322
Commodity inventory (project inventory included)	42,748	33,532
In-transit inventory	4,393	6,322
Subtotal	264,103	205,852
Less: allowance for inventory decline loss	(10,868)	(10,765)
Total	\$ 253,235	195,087

a. None of the aforementioned inventories were pledged.

b. Operating costs related with inventories were as follows:

	For the Years Ended Dec. 31	
	2022	2021
Inventories transferred to operating cost	\$ (418,783)	(534,941)
Gain from price recovery of inventory (decline loss)	(103)	(1,211)
Gain (loss) from physical inventory taking	(1)	-
Revenue from sale of scraps	1,115	1,170
(Under) applied fix manufacturing overhead	(155)	(3,382)
Total	\$ (417,927)	(538,364)

A fire broke out in the company on September 20, 2022, and part of the inventory was damaged. The loss was 1,835 thousand dollars, which was not significant. Please refer to Note 6 (19) for the disaster loss.

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

a. Other receivables

	December 31 2022	December 31 2021
Other receivables		

Income receivable	\$	315	159
Other		481	298
Subtotal		<u>796</u>	<u>457</u>
Other receivables-related-party			
Manpower support (See Note 7(2).c)		2,831	4,478
Others		655	-
Subtotal		<u>3,486</u>	<u>4,478</u>
Total	\$	<u>4,282</u>	<u>4,935</u>

b. Prepayments

		December 31 2022	December 31 2021
Prepaid insurance	\$	220	244
Net determined benefit assets - current (Note 6 (16) for details)		8,792	-
Other prepaid expenses			
Air conditioner		1,406	273
Electromechanical		2,969	474
Electronics		81	-
Others		140	107
Subtotal		<u>4,596</u>	<u>854</u>
Prepayment for purchases		5,257	309
Residual tax credit		1,234	567
Other prepayments			
Mold fee		6,153	10,109
Others		-	524
Subtotal		<u>6,153</u>	<u>10,633</u>
Total	\$	<u>26,252</u>	<u>12,607</u>

c. Other financial assets-current

		December 31 2022	December 31 2021
Pledged time deposit and foreign currency deposits (Note)	\$	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 for details.

(6) Investments using the equity method and investment loans using the equity method

a. The Company's investments accounted for using equity method at reporting date were listed as follows:

	December 31 2022	December 31 2021
Subsidiaries:		
TWNCAL CO., LTD. ("BVI-Everbrite")	\$ 197,498	\$ 257,323
TWNCAL INVESTMENT CO., LTD. ("SAMOA-I")	105,558	200,433
EVERDURA Technology Co., Ltd. ("EVERDURA ")	61,953	-
Evertop Energy Co., Ltd. ("Evertop ")	(48)	-
Everwell Advanced Technology Co., Ltd. ("Everwell ")	(5)	-
Total	\$ 364,956	\$ 457,756
Non-current assets	\$ 365,009	\$ 457,756
Non-current liabilities	\$ (53)	-
Total	\$ 364,956	\$ 457,756
Ownership (%)		
"BVI-Everbrite"	100%	100%
"SAMOA-I"	100%	100%
"EVERDURA"	51.04%	-
"Evertop"	100%	-
"Everwell"	100%	-

The Company's share of (loss) profit of subsidiaries was summarized as

below:

	For years ended December 31	
	2022	2021
The Company's share of (loss) profit of subsidiaries		
"BVI-Everbrite"	\$ (54,395)	161
"SAMOA-I"	(17,248)	34,262
"EVERDURA"	(5,912)	-
"Evertop"	(58)	-
"Everwell"	(15)	-
Total	\$ (77,628)	34,423

- b. The company adopts the equity method to evaluate the long-term equity investment and the share of the recognized (loss) loss, except for "Evertop" and "Everwell" because they are in the early stage of business establishment and the investment amount is not significant. The invested company's 2022 and 2021 financial statements audited by accountants are evaluated and recognized.
- c. The Company invested in "BVI-Everbrite" with ownership of 100%, which is registered the paid-in capital of US\$1,125 thousand. The indirect reinvestment was described as follows:
- (a) Indirectly invested through "BVI-Everbrite" in Huizhou Yi-Jin Industrial Co., Ltd. ("Huizhou Yi-Jin") which was registered paid-in capital of RMB150,000 thousand of which 19% ownership was hold by the Company. The paid-in capital of RMB150,000 thousand has been fully funded. The main operating items of "Huizhou Yi-Jin" are the manufacture, sale, installation and after service of auto Air conditioner system and its parts. "BVI- Everbrite" received the cash dividend of "Huizhou Yi-Jin", amounting to US\$0 and US\$434,538.68 for the years 2022 and 2021, respectively, accounted for deduction of investment in "BVI- Everbrite" using equity method.
- (b) Re-invested in Yi-Jin Wuhan Industrial Co., Ltd. ("Wuhan Yi-Jin") in Mainland China through "Huizhou Yi-Jin", which was registered paid-in capital of RMB50,000 thousand in which 100% ownership was hold by

“Huizhou Yi-Jin”. The main operating items of “Wuhan Yi-Jin” are the manufacture and sale of auto parts, fixture and jig. On August 1st, 2016, the paid-in capital of “Wuhan Yi-Jin” has been changed to be RMB30,000 thousand, and the remaining paid-in capital of RMB20,000 thousand has been taken by “Huizhou Yi-Jin” to invest in Yi-Jin Xiangyang Industrial Co., Ltd., in which the ownership has been still 100%.

d. The company's investment in "SAMOA-I" holds 100% of the shares. The original registered and paid-in capital was US\$1,250 thousand. After several capital increases and decreases, the registered and paid-in capital amount ended on December 31, 2020. They were 50,000 thousand and 26,585 thousand respectively. Later, in 2021 and 2022 of the Republic of China, in order to cooperate with the capital reduction of the mainland subsidiary Asiatek (Hangzhou) (details are as below), "SAMOA-I" also simultaneously reduced the capital of US\$ 4 million and US\$ 2.69 million, the indirect reinvestment is as follows: The indirect reinvestment was described as follows:

(a) Indirectly invested through “SAMOA-I” in “Huizhou Yi-Jin” with 10% ownership plus 19% ownership by “BVI-Everbrite”, i.e., 29% ownership in total, having significant influence on “Huizhou Yi-Jin”. The registered capital of “Huizhou Yi-Jin” was RMB150,000 thousand, which has been fully funded. “SAMOA-I” received the cash dividend of “Huizhou Yi-Jin”, amounting to US\$0 and US\$228,860.88 for 2022 and 2021 respectively, accounted for deduction of investment in “SAMOA-I” using equity method.

(b) Indirectly invested through “SAMOA-I” in Asiatek (Hangzhou) Co., Ltd (“Asiatek (Hangzhou)”) in Mainland China in accordance with the approved letter of No.09900221640 from Investment Commission, MOEA on June 10, 2010.

Afterward, Asiatek (Hangzhou) has resolved to proceed the reduction of capital to return the paid-in capital of US\$4,000 thousand (converted into NT\$111,800 thousand) and US\$2,500 thousand (converted into NT\$83,634 thousand). The paid-in capital was reduced to US\$18,850 thousand as of December 31, 2022., and its operating item is the sale of auto Air conditioner parts.

(c) Asiatek (Hangzhou) reinvested in Kunshan Yung-Sta Electromechanical Co., Ltd. (“Kunshan Yung-Sta”) in Mainland China on November 2nd, 2016. The registered capital of “Kunshan Yung-Sta” was RMB1,000 thousand and increased capital of RMB1,225 thousand in December, 2017, with paid-in capital of RMB3,500 thousand. Asiatek (Hangzhou) still had 49% ownership of “Kunshan Yung-Sta” which engages in the business of sale, installation, debugging and maintenance of mechanical arm.

Afterward, all shares of Kunshan Yung-Sta have been sold to non-related party in 2021, resulting in the loss on disposal of NT\$1,423 thousand.

f. The Company sold directly or through “BVI-Everbrite” the goods to “Huizhou Yi-Jin” and “Asiatek (Hangzhou)”. The goods were not yet sold, thus the profit on goods should be write-off due to the unrealized profit. The unrealized profit margin was both US\$0 for the years ended December 31, 2022 and 2021.

g. The related information disclosed in the financial statements of the Company’s subsidiaries, sub-subsidiary and associates please refer to Note 13.(1) information on significant transactions, Note 14.(1) information on reinvestments and Note 14.(3) information on investment in Mainland China.

(7) Property, plant and equipment

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

	Land	Buildings	Machinery and Equipment	Other Equipment	Unfinished construction	Lease renovation	Total
<u>Cost</u>							
Balance at Jan. 1, 2022	\$ 117,470	105,955	242,360	80,483	3,233	-	549,501
Additions	-	623	-	2,388	1,961	1,542	6,514
Disposals	-	-	(5,782)	(2,235)	-	-	(8,017)
Transfers to investment property	(6,308)	(1,048)	-	-	-	-	(7,356)
Transfer (transfer loss)	-	-	-	-	(3,233)	-	(3,233)
Transfers (from prepayments)	-	2,105	11,690	(17)	(1,961)	1,961	13,778
Balance at Dec. 31, 2022	\$ 111,162	107,635	248,268	80,619	-	3,053	551,187
Balance at Jan. 1, 2021	\$ 117,470	105,955	216,624	84,760	-	-	524,809
Additions	-	-	-	100	\$ 3,233	-	3,333
Disposals	-	-	(300)	(7,168)	-	-	(7,468)
Transfers (from prepayments)	-	-	26,036	2,791	-	-	28,827

Balance at Dec. 31, 2021	\$ 117,470	105,955	242,360	80,483	3,233	-	549,501
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Accumulated depreciation and impairment

Balance at Jan. 1, 2022	\$ 50,481	\$214,676	\$68,907	-	-	-	\$334,064
Depreciation expense	3,000	3,976	2,376	-	\$178	-	9,530
Disposals	-	(1,042)	(2,207)	-	-	-	(3,249)
Transfers to investment property	(389)	-	-	-	-	-	(389)
Transfers	-	29	(29)	-	-	-	-
Balance at Dec. 31, 2022	\$ 53,092	\$217,639	\$69,047	-	\$178	-	\$339,956

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)
Transfers	-	-	-	-	-	-	-
Balance at Dec. 31, 2021	\$ 50,481	\$214,676	\$68,907	-	-	-	\$334,064

Carrying amounts

Dec. 31, 2022	\$ 111,162	\$54,543	\$30,629	\$11,572	-	\$3,325	\$211,231
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 Company has signed the contracts with amount of NT\$210 thousand. As of December 31, 2022, the unfinished construction and undelivered prepayment for equipment was NT\$126 thousand (accounted for as non-current assets), respectively. Major commitment contracts please refer to Note 9(9)c.
- 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(10).
- f. The Company has transferred to investment property in 2022, please refer to 6(9).
- g. The company sold the equipment in 2022, resulting in a disposal loss of

NT\$1,781 thousand, and a fire caused a loss of NT\$987 thousand for the scrapped equipment. The total loss mentioned above was NT\$2,768 thousand, please refer to Note 6(19)b.

(8) Right-of-use assets

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

	Building	Transportation equipment	Total
<u>Cost</u>			
Balance at January 1, 2022	-	\$ 3,801	3,801
Additions	\$ 419	593	1,012
Decrease-lease expired but not renewed	-	(689)	(689)
Balance at December 31, 2022	<u>\$ 419</u>	<u>\$ 3,705</u>	<u>4,124</u>
Balance at January 1, 2021	-	\$ 4,835	4,835
Additions	-	-	-
Decrease-lease expired but not renewed	-	(1,034)	(1,034)
Balance at December 31, 2021	<u>\$</u>	<u>3,801</u>	<u>3,801</u>
<u>Accumulated depreciation and impairment losses</u>			
Balance at January 1, 2022	-	\$ 2,235	2,235
Depreciation expense	105	1,272	1,377
Decrease-lease expired but not renewed	-	(651)	(651)
Balance at December 31, 2022	<u>105</u>	<u>\$ 2,856</u>	<u>2,961</u>
Balance at January 1, 2021	-	\$ 1,736	1,736
Depreciation expense	-	1,374	1,374
Decrease-lease expired but not renewed	-	(875)	(875)
Balance at December 31, 2021	<u>-</u>	<u>\$ 2,235</u>	<u>2,235</u>

Carrying amounts

December 31, 2022	\$	314	849	1,163
December 31, 2021		-	\$ 1,566	1,566

(9) Investment properties

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

		<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost or Deemed Cost</u>				
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	\$	<u>50,450</u>	<u>17,395</u>	<u>67,845</u>
Balance at Dec. 31, 2021 (i.e. Balance at Dec. 31, 2021)	\$	<u>77,142</u>	<u>24,399</u>	<u>101,541</u>
<u>Accumulated depreciation and impairment</u>				
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			<u>\$ 11,917</u>	<u>11,917</u>
Balance at Jan. 1, 2021			\$ 18,655	18,655
Depreciation expense			449	449
Disposals			-	-
Transfers			-	-
Balance at Dec. 31, 2021			<u>\$ 19,104</u>	<u>19,104</u>
<u>Carrying amounts</u>				
Dec. 31, 2022	\$	<u>50,450</u>	<u>5,478</u>	<u>55,928</u>
Dec. 31, 2021	\$	<u>77,142</u>	<u>5,295</u>	<u>82,437</u>

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	\$ <u>2,854</u>	<u>2,143</u>

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

c. The Company's land and building, located at No. 1604, Zhongai Section, Guanyin Township leased to related party, MASADA TECHNOLOGY LIMITED COMPANY, in December 2022, thus "property, plant and equipment" was reclassified as "investment property", please refer to Note 6(7).

d. The Company investment real estate - land and buildings at No. 456 and 458 Fujin Street, Taipei City. The sale price (after deducting necessary expenses) was NT\$108,952 thousand. The two parties completed the transfer procedure in January 2022, resulting in a benefit of NT\$75,876 thousand.

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

f. There is no significant composition item to the aforesaid investment properties, and the depreciation is calculated using the estimated useful lives, please refer to Note 4(11).

(10) Intangible assets

a. The movement of cost, amortization and impairment loss of the Company's intangible assets was as follows:

	Computer Software	Patent Right	Trademark Right	Total
<u>Cost</u>				

Balance at Jan. 1, 2022	\$	15,802	22,437	-	38,239
Additions-from purchase		31	-	-	31
Decreases-transfer to other losses		-	(22,437)	-	(22,437)
Decreases-from derecognition of maturity		(6,902)	-	-	(6,902)
Transfers (transferred from prepaid equipment payment)		285	-	\$ 700	985
Balance at Dec. 31, 2022	\$	<u>9,216</u>	<u>-</u>	<u>\$ 700</u>	<u>9,916</u>
Balance at Jan. 1, 2021	\$	18,648	22,437	-	41,085
Additions-from purchase		2,138	-	-	2,138
Decreases-from derecognition of maturity		(4,984)	-	-	(4,984)
Current transfers		-	-	-	-
Balance at Dec. 31, 2021	\$	<u>15,802</u>	<u>22,437</u>		<u>38,239</u>
<u>Accumulated amortization and impairment</u>					
Balance at Jan. 1, 2022	\$	11,024	11,927	-	22,951
Amortization expense		2,669	2,938	\$ 70	5,677
Decreases-transfer to other losses		-	(14,865)	-	(14,865)
Decreases-from derecognition of maturity		(6,902)	-	-	(6,902)
Balance at Dec. 31, 2022	\$	<u>6,791</u>	<u>-</u>	<u>\$ 70</u>	<u>6,861</u>
Balance at Jan. 1, 2022	\$	13,050	8,722	—	21,772
Amortization expense		2,958	3,205	—	6,163
Decreases-from derecognition of maturity		(4,984)	-	—	(4,984)
Balance at Dec. 31, 2021	\$	<u>11,024</u>	<u>11,927</u>	<u>—</u>	<u>22,951</u>
<u>Carrying amounts</u>					
Dec. 31, 2022	\$	<u>2,425</u>	<u>-</u>	<u>\$ 630</u>	<u>3,055</u>
Dec. 31, 2021	\$	<u>4,778</u>	<u>10,510</u>	<u>-</u>	<u>15,288</u>

b. The intangible assets were depreciated using the straight-line method over

their useful lives, please refer to Note 4(11) for details.

(11) Short-term borrowings

a. The details and conditions of the Company's short-term borrowings were shown as below:

	December 31 2022	December 31 2021
Pledged borrowings	\$ 201,000	211,500
The range of interest rate	1.4000%~1.725%	0.7%~1.00%

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

(12) Contract liabilities-current

	December 31 2022	December 31 2021
Contract liabilities-current		
Advance payment		
Air conditioner	\$ 7,719	6,844
Electromechanical	25,372	7,725
Electronics	2,529	-
Total	\$ 35,620	14,569

(13) Other payables

	December 31 2022	December 31 2021
Other payables		
Accrued expenses		
Employee benefits		
-wages and bonus	\$ 40,902	35,340
-pension-defined benefit plans	132	138
-pension-defined contribution plans	1,118	1,071
Accrued interest	122	47
Others	13,767	15,385
Payables on equipment	2,790	-
Other	528	1,013

Total	\$	59,359	52,967
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(14) Lease liabilities

	Dec. 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
	Dec. 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
	\$ 1,869	\$(147)	\$1,722
Current	\$ 1,329	\$(131)	\$1,198
Noncurrent	\$ 540	\$(16)	\$524

The 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	\$ 1,206	\$1,271

Expense relating to low-value lease assets (excluding short-term leases of low-value assets)	-	-
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Amounts recognized in the statements of cash flows were as follows:

	Year Ended December 31	
	2022	2021
Rental expense	\$ 1,206	\$1,271
Interest expense	221	295
Repayments of lease principal	1,640	1,638
Total cash outflows for leases	\$ 3,067	\$3,204

(15) Long-term borrowings

	December 31 2022	December 31 2021
<u>Secured loan</u>		
Secured loan	\$ 50,000	-
Deduct: 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.

(16) Employee benefits

a. Defined benefit plan

The Company has recognized the composition of defined benefit obligations as follows:

	December 31 2022	December 31 2021
Total Present Value of Obligations	\$ (68,906)	(73,514)
Fair value of project assets	77,566	71,668
Recognized net defined benefit assets (liabilities)	\$ 8,660	\$(1,846)

The Company 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 Company 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.

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

(a) Composition of plan assets

The Company 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 Company'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) Variations in the present value of the defined benefit obligation were as follows:

		Years Ended December 31	
		2022	2021
Determination of benefit obligations on January 1	\$	(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) Variations in the fair value of the plan assets were as follows:

	Years Ended December 31	
	2022	2021
Fair value of project assets on January 1	\$ 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)
Fair value of project assets as on December 31	\$ 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 main actuarial assumptions used by the company at the reporting date 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
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The Company expects to make contributions of NT\$418 thousand to the defined benefit plans in the next year starting from December 31, 2022. The weighted average duration of the defined benefit obligation is 10 years.

- (h) When computing the present value of defined benefit obligation, the Company 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 Company'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 Company's net defined benefit liabilities was NT\$8,792 thousand. When the discount rate is increasing 0.25% or decreasing 0.25%, the Company'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 Company'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 Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Under the plan, the Company makes fixed amount to Labor Bureau, which means there is no legal or construction obligation of paying additional pension.

Accordingly, the Company recognized expenses of NT\$6,485 thousand and NT\$6,437 thousand for the years ended December 31, 2022 and 2021, respectively.

c. Short-term paid leave payable

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

(17) Share capital and other interests

a. Capital stock

(a) The originally established paid-in capital of the Company was NT\$150 million, and merged with Yung-tze Co., Ltd. on December 31, 1989, and the Company 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 on June 9, 2011. 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 the Company's 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 the Company's 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 Company 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) The Company increased paid-in capital on December 23, 2011, with shares of 10 million, issued at premium of NT\$36 per share. 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 Company issued first domestic unsecured convertible bonds on January 25, 2013, resulting in "capital surplus-stock option" of NT\$8,204 thousand. Afterwards the creditors executed the put-back right of 1,672 sheets and 286 sheets for the years ended December 31, 2015 and 2016, respectively, hence the accumulated amount was NT\$8,302 thousand transferred from "capital surplus-stock option" to "capital surplus-other", and the rest 42 sheets, amounting to NT\$172 thousand, were totally redeemed when the aforementioned convertible bonds were due on January 25, 2018.

c. Retained earnings and dividend

(a) Profit distribution

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 Company's paid-in capital. The reserve may be used to offset a deficit or be distributed as cash dividends other than capitalization to the extent that the portion exceeds 25% of the paid-in capital if the Company incurs no loss according to the amended Articles, the Company Act, released on January 4th, 2012.

In addition, in accordance with the regulations of the competent authority, if the Company has unrealized losses of financial products and accumulated translation adjustments and other shareholders' equity deduction, before distributing the surplus, it shall first set aside the same amount of special surplus reserve within the following limits:

- For the amount incurred in the current year in the deduction of shareholders' equity, 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 the deduction of shareholders' equity belonging to the previous year shall not exceed the balance of the accumulated undistributed earnings of the previous year after deducting the above mentioned amount.
- When there is a reversal of the reduction in shareholders' equity thereafter, the surplus may be distributed for the reversed portion.

(b) Dividend policy

Due to diversification of the Company's main product, with different

growing environment in various industry, the Company still has the necessity of reinvestment. The Company follows the policy that the dividend distribution to shareholders is not lower than 20%, of which the cash dividend accounts for 50%.

(c) The appropriations of earnings for 2022 and 2021 were approved in the Company shareholders' meetings held on June 9, 2022 and July 20, 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 Company's appropriation of earnings for 2022 is 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 Company, 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 Company 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	\$ <u>(77,538)</u>	<u>(89,473)</u>

All resulting related exchange differences, translated from the functional currency of net assets of foreign operations to the presentation currency of the Company, are directly accounted for other comprehensive income (loss) and accumulated into exchange differences on translation of foreign operations.

(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	\$ <u>25,049</u>	<u>28,946</u>

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 fair value through other comprehensive gains and losses on December 31, 2022, refer to unrealized evaluation benefits (losses) arising from evaluations of foreign bonds.

(18) Operating revenue, cost and gross profit

	Years Ended December 31	
	2022	2021
Operating revenue from the sale of goods		
Revenue from Air conditioner	\$ 268,226	340,598
Revenue from electromechanical	281,183	347,067
Revenue from electronics	2,169	-
Total	\$ 551,578	687,665

- 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 products 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-sales-service)

	Years Ended December 31	
	2022	2021
Balance at Jan. 1	\$ 134	206
Current additions	602	618
Current use	(736)	(690)
Balance at Dec. 31	\$ -	134

c. The refund liabilities are estimated based on commercial practice, in consideration of the past 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.

d. Contract balances

	Beginning Balance	Ending Balance	Difference
Contract liabilities-current			
Advance payment			
Air conditioner	\$ 6,844	7,719	(875)
Electromechanical	7,725	25,372	(17,647)
Electronics	-	2,529	(2,529)
Total	\$ 14,569	35,620	(21,051)

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

(19) Non-operating income and expenses

a. Other incomes

	Years Ended December 31	
	2022	2021
Continuing operation		

Rental income		
Rental income-operating lease from investment property	\$ 4,153	3,490
Interest income		
Bank deposits	1,011	2,206
Other	675	5
Dividend income	2,998	2,408
Technical compensation income	2,837	4,500
Indemnity income	-	2,094
Overpayment	1,039	-
Payable and Unpaid Transfer Income	1,511	-
Others (the summary of insignificant items)	1,660	356
Total	\$ 15,884	15,059

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	2,320	(3,162)
Miscellaneous Disbursements	(752)	(683)
Gain (loss) on disposal of property, plant and equipment	(2,768)	(2)
Disposal of intangible assets (losses)	(7,572)	
Gain on financial assets at FVTPL	(1,682)	154
Prepaid Tooling Loss	(4,282)	-
Disaster loss - loss of obsolete inventory	(1,835)	-
Factory construction design fee (Note)	(5,449)	-
Total	\$ (22,013)	(3,670)

Note: In order to meet the Company'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 (account construction in progress) and the design fee to be borne by NT\$2,216 thousand,

NT\$ 5,449 thousand in total was transferred to losses.

c. Disposal of interests in investment real estate

	Years Ended December 31	
	2022	2021
Disposal of interests in investment real estate	\$ 75,876	-

Please refer to Note 6 (9) for the above disposal of investment real estate interests.

d. Finance cost

	Years Ended December 31	
	2022	2021
Interest expense		
Borrowings from bank	\$ (2,115)	(3,016)
Amortization on lease liabilities	(221)	(295)
Deposit calculation interest	(11)	-
Total	\$ (2,347)	(3,311)

e. Share of profit (loss) of subsidiaries accounted for using the equity method

	Years Ended December 31	
	2022	2021
Share of profit (loss) of subsidiaries accounted for using the equity method	\$ (77,628)	34,423

(20) 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	\$121,020	\$150,802	\$ 32,522	\$122,772	\$155,294
Labor and health insurance	3,671	10,474	14,145	3,713	11,714	15,427
Pension cost	1,881	5,366	7,247	1,853	5,572	7,425

Remuneration of directors	—	3,325	3,325	—	3,795	3,795
Other benefits expenses	4,558	3,132	7,690	3,939	3,861	7,800
Total	\$ 39,892	\$143,317	\$183,209	\$ 42,027	\$147,714	\$189,741
Depreciation expenses	\$ 5,075	\$ 6,232	\$ 11,307	\$ 5,493	\$ 6,669	\$ 12,162
Amortization expenses	—	\$ 5,677	\$ 5,677	—	\$ 6,163	\$ 6,163
Average employee numbers			203			214
Average directors' numbers without serving concurrently as employee			7			7
Average employee benefits (Note a)			\$ 918			\$ 898
Average employee salaries (Note b)			\$ 769			\$ 750
Average adjustment rate of employee salaries (Note c)			2.53%			6.53%

Note: a. $[(\text{Total employees' welfare expenses for current year} - \text{Total directors' remuneration}) / (\text{The average number of employees for current year} - \text{The number of directors who are not part-time employees})]$

b. $[\text{Total employees' salary for current year} / \text{the average number of employees for current year} - \text{The number of directors who are not part-time employees}]$

c. $[(\text{The average employees' salary in 2022} - \text{The average employees' salary in 2021}) / \text{The average employees' salary expenses in 2021}]$

d. Compensation policy for directors and managers:

The payment of compensation for directors and managers is in accordance with the Company's compensation managerial regulation. Compensation Committee should review the same industry's common payment standard periodically every year, and in consideration of the directors' and managers' involvement in the Company's operations and contribution to the Company as well as the performance and future operating risk, the amount of compensation for directors and managers stipulated in the aforementioned regulation would be adjusted and be submitted to Board of Directors for approval.

Compensation policy for employees:

- (a) The salary payment regulation is established individually in accordance with employee's work nature, work condition, work environment, different technical ability required as well as supply and demand of manpower market.
- (b) The compensation of employees is appropriated pursuant to the Company's Articles of Incorporation, and year-end bonus is distributed based on employee's job title, position, performance and length of service in consideration of the Company's operating status and the payment standard of the same industry.
- (c) The evaluation activity of salary adjustment is proceeded based on the Company's operating status, in light of the domestic economic growth rate, price index and the status of salary-raise in the industry.

(21) Income tax

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

Income tax recognized in profit or loss

	Years Ended December 31	
	2022	2021
Current income tax expense		
Payable current business income tax (including withholding tax)	\$ 708	-
Land appreciation tax	3,433	
Income tax on unappropriated earnings	-	-
Prior years' underestimated income tax	(4)	3
Total	<u>4,137</u>	<u>3</u>
Deferred income tax expense (benefit)		
Deferred income tax related to the original occurrence and reversal of temporary differences	945	289
Deferred income tax (benefit) expense related to income tax credits	-	-
Others - Amount affected by changes in tax rates		

Subtotal	945	289
Income tax expense recognized in profit or loss	5,082	292

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	\$ (86,772)	(13,997)
Income tax expense at the statutory rate	\$ -	-
Tax effect of adjusting items:		
(Deductible) additional items in determining taxable income	1,308	482
Tax benefit of tax-free income	(600)	(482)
Land appreciation tax	3,433	-
Additional income tax on unappropriated earnings	-	-
The origination and reversal of temporary differences	945	289
Adjustments for prior years' tax	(4)	3
Income tax expense recognized in profit or loss	\$ 5,082	292

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
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
Total	\$ 2,355	3,130

Deferred income tax liabilities

Differences in pension contributions	(1,758)	-
Unrealized foreign exchange gain	\$ (375)	(45)
Total	(2,133)	(45)

e. Current income tax assets and liabilities

	Years Ended December 31	
	2022	2021
Current income tax assets		
Tax refund receivable	\$ 269	347

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

Un-deductible balance	Last deductible year
\$ 57,490	2027
94,878	2028
50,766	2029
69,402	2030
14,627	2031
\$ 287,163	

g. Income tax assessments

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

(22) Earnings per share

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

	Years Ended December 31	
	2022	2021
Current income (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)

(23) 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)	\$ 6,514	3,333
Plus: payables on equipment at beginning of year	-	856
Less: payables on equipment at ending of year	(2,790)	-
Cash paid in the year	\$ 3,724	4,189

(24) 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 borrowings (including due within one year)	-	50,000	-	50,000
Guarantee deposit 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

(1) Related party name and categories

Name of Related Party	Related Party Categories
Asiatek (Hangzhou) Co., Ltd. ("Asiatek (Hangzhou)")	Investee directly invested by the Company's subsidiary-"SAMOA-I" which is invested directly by the Company and is accounted for using equity method
TWNCAL CO., LTD. ("BVI-Everbrite")	Subsidiary directly invested by the Company
TWNCAL INVESTMENT CO., LTD. ("SAMOA-I")	Subsidiary directly invested by the Company
Uni-Calsonic Corp. (The abbreviated name being "Uni-Calsonic")	The Company's chairman is the company's director (the representative of juridical person)
Huizhou Yi-Jin Industrial Co., Ltd. (The abbreviated name being "Huizhou Yi-Jin")	Investee of subsidiary
Heyang Management Consulting Co., Ltd. (The abbreviated name being "He Yang Management")	Substantial related person
MASADA TECHNOLOGY LIMITED COMPANY (The abbreviated name being "Masada")	Substantial related person
The following companies are no longer related persons from 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")	Investor accounted for using equity method to the Company (Only disclosed the information until 1st quarter of 2021.)
MARELLI THAILAND CO., LTD (Original name being CALSONIC KANSEI THAILAND CO., LTD.) (The abbreviated name being Thailand "MARELLI-T")	Subsidiary directly invested by investor-Japan "MARELLI" which is accounted for using equity method to the Company (Only disclosed the information until 1st quarter of 2021.)
MARELLI AFTER SALES CO., LTD (Original name being CALSONIC KANSEI SALES CO., LTD.) (The abbreviated name being "MKS")	Subsidiary directly invested by investor-Japan "MARELLI" which is accounted for using equity method to the Company (Only disclosed the information until 1st quarter of 2021.)
Kunshan Yung-Sta Electromechanical Co., Ltd. (The abbreviated name being "Kunshan Yung-Sta")	Investee accounted for using equity method, which is invested by Asiatek (Hangzhou), sub-subsidiary of the Company (Only disclosed the information from Jan. to June of 2021, but not related party since Aug.)
Hitachi Yungtay Elevator Co., Ltd. (The original name was Yungtay Eletromechanics Co., Ltd.) (The abbreviated name being "Yungtay Elevator")	The Company's director (Only disclosed the information from Jan. to Oct., but not related party since Nov. 2021)

Name of Related Party	Related Party Categories
Evest corporation (The abbreviated name being "Evest")	Subsidiary directly invested by the Company's director-"Yungtay Engineering" (Only disclosed the information from Jan. to Oct., but not related party since Nov. 2021)
Yungtay-Hitachi Construction Machinery Co., Ltd. (The abbreviated name being "Yungtay-Hitachi Construction")	Subsidiary directly invested by the Company's director-"Yungtay Engineering" (Only disclosed the information from Jan. to Oct., but not related party since Nov. 2021)
All directors, advisors, president and executive vice president	The Company's management

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

a. Sales revenue

Name of related party	Years Ended December 31	
	2022	2021
MARELLI	\$ -	14,638
Kunshan Yung-Sta	-	12,218
Yungtay Engineering	-	10,766
Uni-Calsonic	969	1,883
Asiatek (Hangzhou)	-	1,517
Huizhou Yi-Jin	542	1,077
MKS	-	303
MARELLI-T	-	151
Evest	-	38
Yungtay-Hitachi Construction	-	48
Total	\$ 1,511	42,639

(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 from related parties are 1 month to 6 months after acceptance of goods, and overdue receivables from related parties would be reclassified to other receivables. The collection terms from ordinary customers are 1 month to 4 months after acceptance of goods.

b. Purchases

Name of related party	Years Ended December 31	
	2022	2021
MARELLI-T	-	3,227
Asiatek (Hangzhou)	-	30,685
Huizhou Yi-Jin	5,189	18,943
Uni-Calsonic	40	173
Total	\$ 5,229	53,028

(a) The Company purchases goods of the same categories and the same specification only from one single related party, and the payment terms of related parties are the same as those of ordinary vendors from 1 month to 3 months.

(b) The goods which the Company has purchased from Asiatek (Hangzhou) were human machine interface board, Air conditioner control panel, Heater hood, blower and fan/motor and so on.

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

Name of related party	Years Ended December 31	
	2022	2021
Accounts receivable		
Uni-Calsonic	112	353
Huizhou Yi-Jin	-	525
Asiatek (Hangzhou)	-	1,307
Total	\$ 112	2,185

Other receivables

Masada	655	-
Huizhou Yi-Jin-Manpower support	\$ 2,831	4,478
Total	3,486	4,478

Accounts payable (Provisional accounts payable in the amount of NT\$2,289 thousand not included)

Huizhou Yi-Jin	-	2,001
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Uni-Calsonic	-	85
Total	\$ -	2,086

d. Refundable deposits and Refundable deposits

Name of related party	Item	Years Ended December 31	
		2022	2021
Heyang Management	Refundable deposits	\$ 114	-
Masada	Deposits received	\$ 1,234	-

e. Operating expenses

Name of related party	Item	Years Ended December 31	
		2022	2021
Yungtay Engineering	Repair fee	\$ -	25
Huizhou Yi-Jin	Sample fee	-	2
Uni-Calsonic	Sample fee	-	1
Asiatek (Hangzhou)	Sample fee	-	664
MARELLI	Technical Remuneration (Note 1)	-	108
Heyang Management	Rental expenses (Note 2)	623	-
Masada	Repair fee	2	-

(Note 1) Please refer to Note 9 (4) for the cooperation contract signed by the company.

(Note 2) The conditions during the lease of real estate are as follows:

Time period	Location	Payment terms
02.10.2022~12.31.2022	3rd Floor (A4-3F), No. 469, Xingshan Road, Neihu District, Taipei City	Monthly payment of NT\$55,328 (Note)
10.15.2022~12.31.2022	3rd Floor (A4-3F), No. 467, Xingshan Road, Neihu District, Taipei City	Monthly payment of NT\$44,286 (Note)
12.01.2022~12.31.2022	Parking spaces B4-001 and 002, Baojia Tanmei Building, Neihu District, Taipei City	Monthly payment of NT\$6,667

<u>Time period</u>	<u>Location</u>	<u>Payment terms</u>
09.19.2022~12.31.2022	Parking spaces B3-118, Baojia Tanmei Building, Neihu District, Taipei City	Monthly payment of NT\$3,333

(Note) Starting from the above lease date, a one-month rent waiver will be given due to the need for office decoration.

f. Rental income

<u>Name of related party</u>	<u>2022</u>	<u>2021</u>
MASADA	\$ 624	-

The conditions during the rent of real estate are as follows:

<u>Time period</u>	<u>Location</u>	<u>Payment terms</u>
09.01.2022~08.31.2029	Factory building in Area C, No. 140, Neighborhood 8, Lunping Lane, Guanyin District, Taoyuan City	The monthly receivable of NT\$300,342 (including tax) should be remitted before the 1st of each month
12.01.2022~11.30.2042	No. 140, Neighborhood 8, Lunping Lane, Guanyin District, Taoyuan City (Elevator Tower)	The monthly receivable of NT\$212,795 (including tax) should be remitted before the 1st of each month
12.01.2022~11.30.2029	Plant A, Area A, No. 140, Neighborhood 8, Lunping Lane, Guanyin District, Taoyuan City	The monthly receivable NT\$103,790 (including tax) should be remitted before the 1st of each month

g. Other incomes

<u>Name of related party</u>	<u>Item</u>	<u>Years Ended December 31</u>	
		<u>2022</u>	<u>2021</u>
Huizhou Yi-Jin	Manpower support income, etc.	\$ 2,837	4,515

h. Property transaction

The item purchased by the company from related party in 2022 and 2021:

<u>Name of related party</u>	<u>Item</u>	<u>Years Ended December 31</u>	
		<u>2022</u>	<u>2021</u>
Asiatek (Hangzhou)	Mechanical equipment	\$ -	13,052

(3) The Company's endorsement to related parties referred to Note 9 and Note 13, table 1.

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

Payment Items	For the years ended December 31	
	2022	2021
Short-term employee benefits	\$ 26,608	26,318
Post-employment benefits	860	450
Total	\$ 27,468	26,768

8. Pledged and collateralized assets

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

Item	Purpose	December 31, 2022	December 31, 2021
Land (Note)	Bank loan	\$ 161,612	194,612
Building (Note)	Bank loan	60,021	60,769
Other financial assets -current-time deposits and foreign currency deposits	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 the bank borrowing limit has not been used.

9. Significant contingent liabilities and unrecognized contract commitments

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

Unit: Thousand dollars of foreign currency

Company name	December 31 2021		December 31 2020	
	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	NT\$ 100,000	NT\$ 100,000		-	-

As of December 31, 2022, the above-mentioned endorsement guarantee for others is detailed in Note 13, table 1.

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

(2) Lessor lease

The company leases out its investment real estate in the form of operating lease, please refer to Note 6 (9). The future minimum lease payment receivable during the non-cancellable lease period is as follows:

	December 31, 2022	December 31, 2021
Within a year	\$ 10,941	3,549
One to five years	\$ 43,766	14,194
Over five years	\$ 58,243	15,784
Total	<u>\$ 112,950</u>	<u>\$ 33,527</u>

(3) The amount of the unused letter of credit issued by the company for the import of goods and equipment is as follows:

Unit: NTD/Foreign currency thousand dollars

Currency	December 31, 2022	December 31, 2021
American dollars	\$ 57	180
Japanese yuan	\$ 11,272	36,535

(4) For the purpose of enhancing the product quality and homemade rate, the Company 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

Company with which to cooperate	Contract term	Product to technically cooperate	Technical compensation
			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 at the end of June and at the end of December every year.

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

- (5) The Company has issued the guaranteed notes submitted for sales in the amount of NT\$1,672 thousand and NT\$4,482 thousand as of December 31, 2021 and 2022, respectively.
- (6) The Company has got the guaranteed notes received for the construction of building of Guanyin plant in the amount of NT\$0 and NT\$1,217 thousand as of December 31, 2021 and 2022.
- (7) As of December 31, 2022, the deposit guarantee bills received by the company for the endorsement guarantee of "EVERDURA" to the bank (financing) were NT\$49,000 thousand.
- (8) The Company has applied to financial institution for the limit of financing loan and has issued the guaranteed notes submitted for construction guarantee.

Unit: NTD/Foreign currency thousand dollars

Currency	December 31 2022	December 31 2021
New Taiwan Dollars	\$ 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.	\$ 210	12,231
Outstanding payment		
Expansion of the plant and purchase of machinery equipment, etc.	\$ 84	6,681

10. Losses due to major disaster: None.

11. Significant (subsequent) events:

The company's board of directors decided to dispose of 29% of the equity of the indirect 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") The related party (Shenzhen Tiemu Technology Development Co., Ltd.), the selling price (including tax) is RMB 95,700 thousand (equivalent to approximately NT\$420,104 thousand). The two parties have signed an equity transfer agreement on December 1, 2022, agreeing the delivery of the sale price is handled by the bank 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
<u>Financial assets</u>		
FVTPL-current (in debt)	\$ 17,134	152
FVTOCI-current and non-current	131,197	62,553
Cash and cash equivalents	74,179	28,247
Notes and accounts receivable and other receivables	130,397	150,481
Current income tax asset	269	347
Other financial assets-current (pledged)	30,675	84,534

time deposits)		
Refundable deposits (current and non-current)	7,893	7,249

Financial liabilities

Bank loan	\$ 251,000	211,500
Notes and accounts payable and other payables	138,033	133,266
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 Company's mainly potentially credit risk arises principally from cash and receivables from customers. Cash deposits in different financial institution. The 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 Company measured the allowance for impairment loss of all accounts receivable by using a provision matrix as at December 31, 2022 and 2021, respectively, 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%	-	-	100.00%	
Carrying amount of accounts receivable	\$ 111,117	50	-	-	1,568	112,735
Loss allowance (lifetime expected credit loss)	-	(5)	-	-	(1,568)	(1,573)
Net amortized cost	\$ 111,117	45	-	-	-	111,162
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	-	10.00%	-	-	100.00%	
Carrying amount of accounts receivable	\$ 120,152	2,268	-	-	1,568	123,988
Loss allowance (lifetime expected credit loss)	-	(227)	-	-	(1,568)	(1,795)
Net amortized cost	\$ 120,152	2,041	-	-	-	122,193

The average credit period of sales of goods is 30 to 180 days. No interest is charged on accounts receivable. The policy the Company adopts that only the counterparty whose credit rating is up to the level of investment is qualified to do the transaction with the Company, and if necessary, upon the Company's request, the full guarantee is required to mitigate the resulting risk of financial loss on account of delinquency. The Company will utilize other publicly available financial information and historical transaction records to give credit-rating to major customers. The 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 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 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 Company's credit risk was significantly reduced.

The 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 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 Company maintains financial flexibility through contracts such as cash and cash equivalents and bank borrowings. The following table summarizes the contractual maturity of the Company's financial liabilities, prepared using their undiscounted cash flows based on the earliest possible date on which repayment can be called, and includes 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 years
Non-derivative financial liabilities							
Bank borrowings	\$ 251,000	\$ 251,000	\$ 201,000	\$ 3,864	\$ 13,182	\$ 32,954	—
Notes payable	2	2	2	—	—	—	—
Accounts payable	78,672	78,672	78,672	—	—	—	—
Other payables	59,359	59,359	59,359	—	—	—	—
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 years
Non-derivative financial liabilities							
Bank borrowings	\$ 211,500	\$ 211,500	\$ 211,500	—	—	—	—
Notes payable	18	18	18	—	—	—	—
Accounts payable	80,281	80,281	80,281	—	—	—	—
Other payables	52,967	52,967	52,967	—	—	—	—
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 Company exposed to significant

foreign currency exchange rate risk are as follows:

Unit: NT\$ thousand/Foreign currency thousand

December 31, 2022

	Foreign Currencies	Exchange Rate	NT\$
<u>Financial asset</u>			
<u>Monetary items</u>			
USD	\$ 3,731	30.675	114,448
RMB	6,536	4.3898	28,692
JPY	93,885	0.2306	21,650
<u>Non-monetary item</u>			
USD	21,020	30.675	644,789
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	197	30.775	6,063
RMB	482	4.4338	2,137
JPY	13,409	0.2346	3,146
EUR	—	32.553	—
	<u>Foreign Currencies (In Thousands)</u>	<u>Exchange Rate</u>	<u>NT\$ (In Thousands)</u>
<u>December 31, 2021</u>			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD	3,108	27.63	85,874
RMB	12,513	4.3226	54,089
JPY	188,160	0.2384	44,857
<u>Non-monetary item</u>			
USD	23,710	27.63	655,107

Financial liabilities

Monetary items

USD	89	27.73	2,468
RMB	997	4.3666	4,354
JPY	21,368	0.2424	5,180
EUR	—	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 Company's foreign currency in terms of the 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 appreciate 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 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 Company's net loss after tax have increased (decreased) by \$2,510 thousand and \$2,115 thousand for the years ended December 31, 2022 and 2021, respectively, all other variable factors that remain constant. This is mainly due to the Company's borrowing in floating rates.

f. Fair value

(a) Valuation techniques and assumptions used in 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 methods and assumptions used by the Company to estimate the fair value of financial assets and financial liabilities are as follows:

- 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 by referring to the market quotation (including the listed stocks and mutual funds, etc.)
- 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 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		December 31	
	2022		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 Company's fair value information of financial assets and liabilities not valued at fair value please refer to Note 12.(1)f.(a). In addition, the fair value information of the Company's investment property is provided in Note 6.(9)e.
- 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.
 - 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 the fair value of forward foreign exchange held by the company is evaluated according to the second level.
 - 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. The fair value is determined by using the method of companies that can be analogously listed on the OTC, with reference to the transaction price of the stock price of an enterprise engaged in the same or similar business in an active market, the value multiplier 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 company are all evaluated according to the third level.

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

	Level 1	Level 2	Level 3	Total
December 31, 2022				
<u>Recurring fair value measurements:</u>				
Financial assets at FVTPL				
(liabilities)				
Forward exchange contracts (current)	\$ —	\$ (247)	—	\$ (247)
Domestic and foreign funds (current)	\$ 17,381	—	—	17,381
Financial assets at FVTOCI				
Domestic listed stocks (non-current)	638	—	—	638
Domestic unlisted stocks (non-current)	—	—	\$116,173	116,173
Investment in debt instruments at FVTOCI				
Foreign bonds (current)	14,386	—	—	14,386
	<u>\$ 32,405</u>	<u>\$ (247)</u>	<u>\$116,173</u>	<u>\$148,331</u>

December 31, 2021	Level 1	Level 2	Level 3	Total
<u>Recurring fair value measurements:</u>				
Financial assets at FVTPL (liabilities)				
Financial assets at FVTOCI	\$ 152	—	—	\$ 152
Domestic listed stocks (non-current)	\$ 650	—	—	650
Domestic unlisted stocks (non-current)	—	—	61,903	61,903
	<u>\$ 802</u>	<u>—</u>	<u>\$ 61,903</u>	<u>\$ 62,705</u>

- 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 at Level 3 fair value were equity investments classified as financial assets at FVTOCI.

	2022	2021
Balance at January 1	\$ 61,903	51,427
Newly added in this term (Note)	54,000	-
Unrealized gains and losses on financial assets at FVTOCI	270	10,476
Balance at December 31	<u>\$ 116,173</u>	<u>61,903</u>

(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 FVTOCI-	Comparable to the OTC Emerging Company Act	Price to net worth multiple	1.2	The higher the multiplier, the higher the fair value;
Investment in equity instruments		Discount for lack of marketability	26%	The higher the discount for lack of marketability, the lower the fair value;

without an active
market

vii. Sensitivity analysis in changes of significant unobservable inputs:

The Company has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement 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:

	Input	Change of upward or downward	Chang of fair value recognized in other comprehensive income	
			Favorable change	Unfavorable change
December 31, 2022				
Financial assets at FVTOCI				
Investment in equity instruments without an active market	Discount for lack of marketability	10%	8,519	(8,519)

The 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.

g. Risk Control and Hedging Strategies

The company's risk management is managed in accordance with the company's established control system and regularly evaluated.

(2) Management of financial risk

a. Summary

The 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 company's exposure information on the above-mentioned risks, the company's objectives, policies and procedures for measuring and managing risks. For further quantitative disclosure, please refer to the notes to the individual financial statements.

b. Risk management framework

The Board of Directors takes full charge of establishing and overseeing the Company's risk management framework. The chairman office and the 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 Company's policy of financial risk management is to identify and analyze the financial risk faced by the 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 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 Company's Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The 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 Company if a customer or counterparty to financial instruments fails to meet its contractual obligations that arises principally from the Company's accounts receivable, investments in securities and investments in bond.

(a) Accounts receivable and other receivable

According to the credit policy, the Company analyzes each new

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

The 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 Company. There is no significant performance doubts due to the 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 Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The 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 Company's reputation.

As of December 31, 2022, the Company's unused bank credit lines for borrowings amounted to \$385,000 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 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.

To manage the market risk, the Company engages in derivatives instrument transactions, resulting in financial liabilities and assets. The implementation of all transactions shall follow the instruction of Board of Directors.

(a) Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates related primarily to the Company's sales and purchases activities (when revenue or expense are denominated in a different currency from the Company's functional currency), borrowings and the Company's net investments in foreign subsidiaries. The 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 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 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, they are not hedged by the Company.

(b) Interest rate risk

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

(d) Equity price risk

The Company's domestic listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The company manages the price risk of equity securities by diversifying investment and setting limits for single and overall equity securities investment. Investment portfolio information on equity securities must be provided to the company's senior management on a regular basis, and the board of directors must 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 Company was (13.99)% and (1.72)% in 2022 and 2021, respectively. The ratio of net liabilities to total equity (leverage ratio) on the reporting day, respectively, was as follows:

	December 31 2022	December 31 2021
Total liabilities	\$ 432,732	\$ 366,868
Less: cash and cash equivalents	(74,179)	(28,247)
Net liabilities	\$ 358,553	\$ 338,621
Total equity	\$ 877,770	\$ 952,448
Ratio of net liabilities divided by total equity (Leverage ratio)	40.85%	35.55%

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

13. Additional disclosures

(1) The related information on significant transaction:

- a. Financings provided: None;
- b. Endorsement/guarantee provided: Please see Table 1 attached;
- c. Marketable securities held (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: 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: None;

ENDORSEMENTS/GUARANTEES FOR OTHERS

TABLE 1

Endorsement/ Guarantee Provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period (Note 3)	Ending EndorsemenB alance (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 Subsidiarie s in Mainland China
No. (Note 1)	Name	Company's Name	Nature of Relationship (Note 2)										
0	The Company	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*1/2=NT\$438,88 5	N	N	Y
0	The Company	BVI -Everbrite	2	NT\$292,590	US\$3,000 (NT\$92,025)	-	-	None	-		Y	N	Y
0	The Company	SAMOA-I	2	NT\$292,590	US\$2,000 (NT\$61,350)	-	-	None	-		Y	N	N
0	The Company	EVERDURA	2	NT\$292,590	US\$2,000 (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.

MARKETABLE SECURITIES HELD (excluding investment subsidiaries, affiliated enterprises and joint venture control parts)
(Amounts in Thousands of New Taiwan Dollars)

TABLE 2

Held Company Name	Marketable Securities Type and Name (Note 1)	Relationship with Securities Issuers	Financial Statement Account	December 31, 2021				Remark (Note 1)
				Shares/ Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Fund - Allianz Income Growth Trust.	Non-related party	Equity instruments investments at FVPL-current	1,519,340.50	17,381	—	17,381	No
The Company	Listed stock-over-the-counter Information Technology Total Services Co., Ltd.	Non-related party	Equity instruments investments at FVTOCI-current	200,000	5,953	—	5,953	No
The Company		Non-related party	Equity instruments investments at FVTOCI-current	200,000	4,211	—	4,211	No
The Company		Non-related party	Equity instruments investments at FVTOCI-current	200,000	4,222	—	4,222	No
The Company	Listed stock-over-the-counter Information Technology Total Services Co., Ltd.	Non-related party	Equity instruments investments at FVTOCI-non-current	16,875	623	0.06%	638	No
The Company	Non-Listed stock-Uni-Calsonic Corp.	The company's director (the representative of juristic person-the Company) and the Company's chairman are the same person.	Equity instruments investments at FVTOCI-non-current	2,925,000	62,173	15.00%	62,173	No
The Company	Non-Listed stock-Masada Co., Ltd.	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.

14. Related information on investments

No.	Item
(1)	The information that should be disclosed when the Company has direct or indirect significant influence or control over the investees: Please see Table 1 attached.
(2)	The information that should be disclosed when the Company has direct or indirect control over the investees: <ul style="list-style-type: none">a. Lending Funds to Other Parties: None;b. Endorsement/guarantee provided: None;c. Marketable securities held (excluding investments in subsidiaries and associates): None;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 3 attached;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: None.

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

TABLE 1

Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note)		Number of shares held by the company			Net Income (Losses) of the Investee (Note 1)	Share of Profits/Losses of Investee (Note 2)	Note
			At the end of this term	At the end of last year	Shares	Percentage of Ownership	Carrying Amount			
BVI-Everbrite (Note 3)	Limited of P.O. BOX 3321, Road Town, Tortola, British Virgin Islands	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	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)	3rd Floor, No. 463, No. 465, Xingshan Road, Neihu District, Taipei City	Electromechanical 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)	No. 140, Lilunping, Lunping, Guanyin District, Taoyuan City	Precision Instrument Related Products	NT\$10	--	1,000	100.00%	NT\$-48	NT\$-58	NT\$-58	A subsidiary that is valued using the equity method.
Everwell (Note 4)	No. 140, Lilunping, Lunping, Guanyin District, Taoyuan City	Steel processing, mechanical equipment related products	NT\$10	-	1,000	100.00%	NT\$-5	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 subsidiary directly invested by the Company and each investee using the equity method.

Note 3: The aforementioned subsidiaries' financial statements were audited by CPA of Taiwan parent's company.

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.

(3) Information on investment in mainland China

a. 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:

(Amounts in Thousands of New Taiwan Dollars/ 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 the beginning of this term	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan in this term		Accumulated Outflow of Investment from Taiwan as of the end of this term	Current profit and loss of the invested Company	Percentage of Ownership directly or indirectly hold by the Company
					Remitted to Mainland China	Remitted back to Taiwan			
Huizhou Yi-Jin 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 (Note2)	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 Col, 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 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%

Investee Company in Mainland China	Carrying Amount of investments in Mainland China of this term (Note 4)	Book amount of investment at the end of the period (Note 8)	Accumulated Amount remitted from Taiwan to Mainland China as of the end of this term	Accumulated Amount remitted from Taiwan to mainland China as of the end of this term	Investment Amounts approved by Investment Commission, MOEA (Note 5, 6, 8, 9)	Ceiling of investment in Mainland China imposed by Investment Commission, MOEA (Note 7)
Huizhou Yi-jin Co., Ltd.	NTD -73,315 (USD -2,515)	NTD 255,993 (USD 8,345)	USD 6,601	NTD77,439	NTD 505,728	NTD 526,662
Yi-jin Wuhan industrial Co., Ltd.	— (Note 2)	NTD 20,952 (USD 683)	—	—		
Yi-jin Xiangyang Industrial Col, Ltd.	— (Note 2)	NTD 52,589 (USD 1,714)	—	—		
Asiatek (Hangzhou)	NTD 9,736 (USD 334)	NTD -3,564 (USD -116)	—	NTD578,224 (Note 5)		

Note 1: The main business items of "Asiatek (Hangzhou)" are the manufacture and sale of automotive air-conditioning systems and automotive electronic products. Due to the withdrawal of the main factory Luxgen Group from the mainland market and the impact of COVID-19 pandemic, assets such as land use rights, buildings and equipment, and inventories were successively disposed of in the 110th year of the Republic of China.

Note 2: The Company reinvested "Huizhou Yi-jin Industrial Co., Ltd." in mainland China through the third region "BVI-Everbrite" and "SAMOA-I", and the Company'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: The company 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 amount of investment originally approved by Investment commission, Ministry of Economic Affairs was NT\$1,146,068 thousand less (has been applied to) capitalization from retained earnings of NT\$99,378 thousand, cash dividends of NT\$352,462 thousand remitted back to the Company, capital reduction of NT\$188,500 thousand remitted back and here is expressed the net amount after the aforementioned deductions. Among them, NT\$15,987 thousand (equivalent to US\$551 thousand) of dividends repatriated this year and NT\$72,500 (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 Company'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.

b. Significant direct or indirect transactions with the investee, its price and terms of payment or collection, unrealized gain or loss, please refer to the information disclosed in Note 6(6), Note 7, Note 13 and Note 14.

15. Information on major shareholders

Name of the shareholders at a minimum shareholding percentage of 5%, the number of shares and percentage of ownership:

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Jia Jun Investment Co., Ltd	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.

16. Segment information

Please refer to the 2022 consolidated financial report prepared by our company.

Everbrite Technology Co., Ltd.
List of Important Accounting Items

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Everbrite Technology Co., Ltd.
Cash and Equivalent Cash Schedule

December 31, 2022

Statement 1	Unit: NT\$1,000 (except foreign currency)
Item	Amount of money
cash in stock	\$ 73
Bank savings	
Demand deposit	
- Taiwan dollar	1,783
Demand deposit	
- foreign currency	2,663
	US\$86,808.15, equivalent to 30.675 exchange rate
	JPY\$17,660,751.00, the equivalent exchange rate is 0.2306
	4,073
	CNY\$4,214.94, equivalent to 4.3898
Time Deposit	18
- Foreign Currency	8,782
	CNY\$2,000,625.20, the equivalent exchange rate is 4.3898
	US\$1,851,235.81, the equivalent exchange rate is 30.675
	56,787
Subtotal	74,106
Total	\$ 74,179

Everbrite Technology Co., Ltd.
 Financial Assets at Fair Value Through Profit or Loss - Current Schedule
 December 31, 2022

Statement 2

Unit: NT\$1,000

Financial instrument name	Summary	Number of shares or sheets	Face value	Lump sum	Interest rate	Acquisition cost	Fair value		Changes in fair value attributable to changes in credit risk	note
							Single unit price	Lump sum		
domestic fund										
Allianz Income Growth Trust	-	1,519,340.50	<u>\$ 10</u>	<u>\$ 15,193</u>	-	<u>\$ 20,010</u>	\$ 11.44	<u>\$ 17,381</u>	-	

Everbrite Technology Co., Ltd.
Financial Assets at Fair Value Through Other Comprehensive Income - Current Statement
December 31, 2022

Statement 3

Unit: NT\$1,000

Financial instrument name	Summary	Number of shares or sheets	Face value	Lump sum	Interest rate	Acquisition cost	cumulative impairment	Fair value		Note
								Single unit price	Lump sum	
Foreign bonds										
HP USD Coupon Bond	-	200,000	US\$1	US\$200	6.00%	\$ 7,073	Not applicable	\$ 0.9703	\$ 5,953	
AT&T USD Bonds	-	200,000	US\$1	US\$200	3.30%	5,116	Not applicable	0.6864	4,211	
Oracle USD Bonds	-	200,000	US\$1	US\$200	3.60%	4,976	Not applicable	0.6882	4,222	
						<u>\$ 17,165</u>			<u>\$ 14,386</u>	

Everbrite Technology Co., Ltd.
Schedule of Notes Receivable
December 31, 2022

Statement 4

Unit: NT\$1,000

Client's name	Summary	Amount of money	Note
General customers:			
Yingzhaoli Enterprise Co., Ltd.	Payment	\$ 3,220	
Congde trading co., ltd.	Payment	2,916	
Jiediao Industrial Co., Ltd.	Payment	2,376	
Rigu Industrial Co., Ltd.	Payment	1,975	
Grand bay enterprise co., ltd.	Payment	954	
Other	Payment	<u>3,512</u>	Every odd customer balance is below 5%
Subtotal		14,953	
Less: Allowance for losses		<u>-</u>	
Net amount		<u>14,953</u>	
Net notes receivable		<u><u>\$ 14,953</u></u>	

Everbrite Technology Co., Ltd.

Accounts Receivable and Accounts Receivable from Related Parties

December 31, 2022

Statement 5

Unit: NT\$1,000

Client's name	Summary	Amount of money	Note
Related person:			
You Yong Co., Ltd.	Payment	\$ 112	
Subtotal		112	
Less: Allowance for losses		-	
Net amount		<u>112</u>	
General customers:			
Yulong Automobile Manufacturing Co., Ltd.	Payment	38,083	
MEIDEN AMERICA SWITCHGEAR, INC.	Payment	16,877	
ROTARY SWITCHGEAR & TESTING PTE	Payment	6,070	
Other	Payment	<u>51,593</u>	Every odd customer balance is below 5%
Subtotal		112,623	
Less: Allowance for losses		<u>(1,573)</u>	
Net amount		<u>111,050</u>	
Net accounts receivable		<u>\$ 111,162</u>	

Everbrite Technology Co., Ltd.

Details of Other Receivables (Including Related Parties), Prepayments and Other Current Assets

December 31, 2022

Statement 6

Unit: NT\$1,000

Item	Summary	Amount of money
Other receivables		
Income receivable	Interest receivable on RMB pledged fixed deposit.	\$ 315
Other	It is bad deduction receivable and scrap income.	481
Subtotal		796
Other receivables - related parties		
Manpower support	Receivable of Huizhou Yi-Jin manpower support.	2,831
Other	Rent receivable from Masada.	655
Subtotal		3,486
Total		\$ 4,282
Pre-payments		
Prepaid fee	It is the prepayment of project costs and insurance premiums, etc.	\$ 4,816
Net defined benefit assets - current	Prepaid pension.	8,792
Advance payment	It is prepaid project engineering equipment, etc.	5,257
Residual tax credit	It is the amount of input tax that has not been deducted.	1,234
Other pre-payments	Electromechanical and mold payment, etc.	6,153
Total		\$ 26,252
Other current assets		
Other financial assets - current		\$ 31,335
Other current assets - other		
Official loan		137
Pre-payment		20
Subtotal		157
total		\$ 31,492

Everbrite Technology Co., Ltd.

Inventory List

December 31, 2022

Statement 7

Unit: NT\$1,000

Item	Cost	Net realizable value
Car Air Conditioner		
Material	\$ 64,866	\$ 65,783
Work in progress and semi-finished products	17,771	21,226
Finished product	1	1
Electromechanical		
Material	74,425	76,269
Work in progress and semi-finished products	49,050	60,751
Finished product	3,802	-
Commodity	32,675	43,204
Electronics		
Material	3,157	3,157
Work in progress and semi-finished products	3,890	3,890
Project inventory	10,073	10,073
Stock in transit	4,393	4,393
Subtotal	264,103	\$ 288,747
Less: Allowance for inventory falling price losses (Note)	(10,868)	
Total	\$ 253,235	

(Note) The company's inventory evaluation is based on the "lower method of cost and net realizable value" and the "item-by-item comparison method". However, the summary in the above table is expressed and disclosed by the "category comparison method".

Everbrite Technology Co., Ltd.

Financial Assets at Fair Value Through Other Comprehensive Income - Schedule of Non-Current Changes

December 31, 2022

Statement 8

Unit: NT\$1,000

Name	Summary	Opening Balance		Increase (decrease) in this period		Ending balance		Guarantee or Pledge Situation
		Number of shares	Fair value	Number of shares	Amount of money	Number of shares	Fair value	
ITTS Co., Ltd.	Stock	16,875	\$ 650	-	\$ (12)	16,875	\$ 638	None
Uni--Calsonic Corp.	Stock	2,925,000	61,903	-	270	2,925,000	62,173	None
Lishi Venture Capital Co., Ltd.	Stock	135,448	-	-	-	135,448	-	None
MASADA TECHNOLOGY LIMITED COMPANY	Stock	-	-	5,400,000	54,000	5,400,000	54,000	None
Huawen Net Co., Ltd.	Stock	3,125	-	-	-	3,125	-	None
Total			<u>\$ 62,553</u>		<u>\$ 54,258</u>		<u>\$ 116,811</u>	

Everbrite Technology Co., Ltd.
Details of Investment Changes Using the Equity Method (Including the Balance of Investment Loans Using the Equity Method)
From January 1 to December 31, 2022

Statement 9

Unit: NT\$1,000

Name	Opening Balance		Net increase (decrease) in this period		Ending balance			market price or net equity value		Guarantee or Pledge Situation	Note
	Number of shares(thousand shares)	Amount of money	Number of shares(thousand shares)	Amount of money	Number of shares(thousand shares)	Shareholding ratio	Amount of money	Single unit price	Total price		
TWNCAL CO., LTD (BVI)	1,125	\$ 257,323	-	\$ (59,825)	1,125	100.00%	\$ 197,498	175.55	\$ 197,498	None	
TWNCAL INVESTMENT CO., LTD (SAMOA)	22,585	200,433	(2,690)	(94,876)	19,895	100.00%	105,557	5.31	105,557	None	
Evertop Energy Co., Ltd.	-	-	1	(48)	1	100.00%	(48)	(48.00)	(48)	None	
Everwell Advanced Technology Co., Ltd.	-	-	1	(5)	1	100.00%	(5)	(5.00)	(5)	None	
EVERDURA Technology Co., Ltd.	-	-	6,640	61,954	6,640	51.04%	61,954	9.33	61,954	None	
Total		<u>\$ 457,756</u>		<u>\$ (92,799)</u>			<u>\$ 364,956</u>		<u>\$ 364,956</u>		
Investments using the equity method							\$ 365,009				
Balance of investment loans using the equity method							(53)				
Total							<u>\$ 364,956</u>				

(Note): The details of the net increase (decrease) in the current period are listed as follows:

	Increase (decrease) investment	capital reserve	Recognition of investment (loss) loss	Surplus repatriation	Exchange difference on translation of financial statements of foreign operating institutions	Realized (un)gross profit (countercurrent)	Total
TWNCAL CO., LTD (BVI)	-	-	\$ (54,395)	\$ (11,358)	\$ 5,928	-	\$ (59,825)
TWNCAL INVESTMENT CO., LTD (SAMOA)	\$ (83,634)	-	(17,248)	-	6,006	-	(94,876)
Evertop Energy Co., Ltd.	10	-	(58)	-	-	-	(48)
Everwell Advanced Technology Co., Ltd.	10	-	(15)	-	-	-	(5)
EVERDURA Technology Co., Ltd.	66,400	\$ 1,466	(5,912)	-	-	-	61,954
total	<u>\$ (17,214)</u>	<u>\$ 1,466</u>	<u>\$ (77,628)</u>	<u>\$ (11,358)</u>	<u>\$ 11,935</u>	<u>-</u>	<u>\$ (92,799)</u>

Everbrite Technology Co., Ltd.
Deposit Margin - Non-Current Schedule
December 31, 2022

Statement 10

Unit: NT\$1,000

Item	Summary	Amount of money
Deposit Margin - Non-liquid		
Ball certificate margin		\$ 9,000
Minus: Cumulative impairment		(2,940)
Engineering retention money		1,337
Rent Security Deposit		310
Management fee margin		51
Security deposit		18
Deposit for leased parking space		21
Other		96
Less: security deposit due within one year		(660)
Total		\$ 7,233

Everbrite Technology Co., Ltd.
Short-Term Loan Schedule
December 31, 2022

Statement 11

Unit: NT\$1,000

Creditor	Type of loan	Ending balance	Contract period (note)	Interest rate range	Financing amount	Mortgage or Guarantee
First bank	Mortgage	\$ 125,000	03.29.2022~03.29.2023	(Note 1)	\$ 250,000	Provided the book value of land at No. 140, Neighborhood 8, Lunpingli, Guanyin District, Taoyuan City, with a book value of NT\$ 117,470 thousand and buildings with a book value of NT\$54,544 thousand as collateral.
Shanghai Bank	Mortgage	50,000	06.29.2022~06.29.2023	(Note 1)	50,000	Provided a land book value of NT\$117,470 thousand and a building book value of 54,544 thousand at No. 140, No. 8 Neighborhood, Lunpingli, Guanyin District, Taoyuan City as collateral, and issued a guarantee note of 50,000,000 yuan.
Yushan Bank	Mortgage	26,000	11.25.2022~11.25.2023	(Note 1)	50,000	Issue guarantee notes of NT\$50,000 thousand, and provide time deposits of USD 1,000 thousand as collateral, and 90% of the amount used must be pledged as a deposit.
total		<u>\$ 201,000</u>				

(Note) It can be used cyclically within the agreed credit period.

(Note 1) The interest rate range for short-term loans is 1.40% to 1.725%.

Everbrite Technology Co., Ltd.

Financial Liabilities at Fair Value Through Profit or Loss - Current Statement

December 31, 2022

Statement 12

Unit: NT\$1000/Foreign currency1000

<u>Name</u>	<u>Summary</u>	<u>Due period</u>	<u>Contract amount</u>	<u>Fair value</u>
Forward foreign exchange contract	Japanese Yen to New Taiwan Dollar	01.01.2023~01.14.2023	JPY7,188 / NT1,558	\$ 99
Forward foreign exchange contract	Japanese Yen to New Taiwan Dollar	01.01.2023~01.22.2023	JPY4,055 / NT879	56
Forward foreign exchange contract	Japanese Yen to New Taiwan Dollar	01.19.2023~01.31.2023	JPY10,817 / NT2,418	77
Forward foreign exchange contract	Japanese Yen to New Taiwan Dollar	01.19.2023~01.31.2023	JPY5,322 / NT1,190	38
Forward foreign exchange contract	Japanese Yen to New Taiwan Dollar	02.20.2023~03.03.2023	JPY6,699 / NT1,556	(11)
Forward foreign exchange contract	Japanese Yen to New Taiwan Dollar	02.20.2023~03.14.2023	JPY7,324 / NT1,701	(12)
Total				<u>\$ 247</u>

Everbrite Technology Co., Ltd.
Notes Payable Schedule
December 31, 2022

Statement 13

Unit: NT\$1,000

<u>Trade Names</u>	<u>Summary</u>	<u>amount of money</u>	<u>note</u>
Non-related party:			
Taiwan Pelican Express Co., Ltd.	Business nature	<u>\$ 2</u>	

Everbrite Technology Co., Ltd.
Accounts Payable Schedule
December 31, 2022

Statement 14

Unit: NT\$1,000

Trade Names	Summary	Amount of money	Note
Non-related party:			
Li huang industrial co., ltd.	Business nature	\$ 6,004	
Jinminrui Industrial Co., Ltd.	Business nature	4,867	
Highly Marelli (Thailand) Co., Ltd.	Business nature	5,306	
Other	Business nature	<u>62,495</u>	The balance of each sporadic manufacturer is below 5%
Subtotal		<u>78,672</u>	
Total		<u><u>\$ 78,672</u></u>	

Everbrite Technology Co., Ltd.
Other Payables (Including Related Parties) Schedule
December 31, 2022

Statement 15

Unit: NT\$1,000

Item	Summary	Amount of money
Other payables		
Expenses payable		
Payroll expenses	Salary and bonus	\$ 40,902
Interest expense payable	Estimated interest on bank loans	122
Pension payable	Old system pension and new system pension	1,250
Other payable expenses		
	Payable service fee	2,446
	Premium payable	2,406
	Repairs payable	1,403
	Payable freight	336
	Travel expenses payable	434
	Export charges payable	492
	Other	6,250
Payable for equipment		2,790
Other		528
Total		<u>\$ 59,359</u>

Everbrite Technology Co., Ltd.

Other Current Liabilities - Contract Liabilities - Current and Collection Details
December 31, 2022

Statement 16

Unit: NT\$1,000

<u>Item</u>	<u>Summary</u>	<u>Amount of money</u>
Contract liabilities - current	Mainly for mold opening and advance receipts for engineering projects	\$ 35,620
Advance payment	Advance rental payments	50
Collection		1,164
Total		<u>\$ 36,834</u>

Everbrite Technology Co., Ltd.
Schedule of Lease Liabilities
December 31, 2022

Statement 17

Unit: NT\$1,000

<u>Item</u>	<u>Summary</u>	<u>Rental period</u>	<u>Discount Rate(%)</u>	<u>Ending balance</u>
Building	For dormitory use	2 years	1.38%	\$ 327
Transportation Equipment	For business use	3 years	1.05%	943
Less: Included as current portion of lease liability				<u>(930)</u>
Lease liabilities - non-current				<u>\$ 340</u>

Everbrite Technology Co., Ltd.
Long-Term Loan Schedule
December 31, 2022

Statement 18

Unit: NT\$1,000

Creditor	Type of loan	Ending balance	contract period	Interest rate range	Summary	Mortgage or Guarantee
Shanghai Bank	Mortgage	\$ 20,000	06.29.2022~06.29.2027.	2.370%	The grace period is 1 year. Starting from 06.29.2023, every month is 1 installment, including 48 installments. From the 1st to 47th installments, NT\$417 thousand will be repaid in each installment, and the balance will be paid off on due date.	Provided land book value of NT\$117,470 thousand and building book value of 54,544,000 yuan at No. 140, No. 8, Lunpingli, Guanyin District, Taoyuan City as collateral (shared with short-term loans as collateral), and issued guarantee notes of NT\$50,000 thousand.
	Mortgage	30,000	10.21.2022~06.29.2027	1.625%	The grace period is 1 year. Starting from 10.21.2023, every month is 1 installment, including 44 installments. From the 1st to 43rd installments, NT\$682 thousand will be repaid in each installment, and the balance will be paid off when due.	
Subtotal		<u>50,000</u>				
Less: Long-term loans due within one year		<u>(3,864)</u>				
total		<u>\$ 46,136</u>				

Everbrite Technology Co., Ltd.
 Operating Income Statement
 From January 1 to December 31, 2022

Statement 19

Unit: NT\$1,000

<u>Item</u>	<u>Amount of money</u>
Car Air Conditioner	\$ 228,810
Electromechanical	124,459
Export	199,347
Electronic	<u>2,169</u>
Subtotal	554,785
Less: sales returned	-
Sales discount	<u>(3,207)</u>
Total	<u><u>\$ 551,578</u></u>

Everbrite Technology Co., Ltd.
Operating Cost Schedule
From January 1 to December 31, 2022

Statement 20

Unit: NT\$1,000

Item	Amount of money
Beginning commodities	\$ 31,804
Add: purchase in this period	57,753
Less: Closing Goods	(32,675)
Transfer to Manufacturing Overhead	(37)
Transferred to production, marketing, management and research expenses	(771)
Operating costs (buying and selling)	56,074
Beginning material	104,795
Add: Feed in this period	337,111
Less: end-of-period inventory	(142,448)
Transfer to Manufacturing Overhead	(3,362)
Transfer to sales, management and research expenses	(2,663)
Transfer to other losses	(1,836)
Material inventory	(1)
Raw materials consumed in this period	291,596
Direct labor	37,230
Manufacturing costs	38,904
Manufacturing cost	367,730
Add: Work in progress and semi-finished products at the beginning of the period	56,881
Less: Work in progress and semi-finished products at the end of the period	(70,711)
Finished product cost	353,900
Add: Beginning finished goods	4,322
Project cost (air conditioning, electromechanical and electronic)	5,995
Others (mold allocation, etc.)	2,548
Less: finished goods at the end of the period	(3,803)
Others (customs tax refund, etc.)	(253)
Operating costs (manufacturing)	362,709
Operating cost adjustments:	
Plus: less allocation of fixed manufacturing overhead	155
Material inventory	1
Inventory falling price loss	103
Minus: scrap income	(1,115)
Adjusted Operating Cost Subtotal	(856)
Total Operating Costs	\$ 417,927

Everbrite Technology Co., Ltd.
Schedule of Manufacturing Expenses
From January 1 to December 31, 2022

Statement 21

Unit: NT\$1,000

Item	Amount of money
Indirect labor	\$ 1,707
Processing fee	15,777
Power cost	7,190
Depreciation	5,076
Repair fee	2,880
Supplementary materials	3,527
Other (note)	2,902
Minus: Less allocation of fixed manufacturing overhead	(155)
Total	\$ 38,904

(Note): Each amount does not exceed 5% of the amount of this accounting item.

Everbrite Technology Co., Ltd.
Schedule of Operating Expenses
From January 1 to December 31, 2022

Statement 22

Unit: NT\$1,000

Item	Amount of money
Promotional expenses	
Salary expenditure	\$ 23,778
Freight	3,363
Export fee	4,302
Travel expenses	2,340
Other(note)	3,997
Total	\$ 37,780
Management costs	
Salary expenditure	\$ 76,188
Insurance fee	8,479
Service fee	9,706
Other(note)	31,376
Total	\$ 125,749
Research and development costs	
Salary expenditure	\$ 29,745
Sample fee	3,741
Insurance fee	2,626
Other(note)	10,776
Total	\$ 46,888

(Note): Each amount does not exceed 5% of the amount of this accounting item.