

ABICO AVY Co., Ltd. and Its Subsidiaries  
(formerly known as AVY PRECISION  
TECHNOLOGY INC. and Its Subsidiaries)  
Consolidated Financial Statements and  
Independent Auditors' Report  
For the Years Ended December 31, 2022 and 2021  
(Stock code: 5392)

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ABICO AVY Co., Ltd. and Its Subsidiaries  
(formerly known as AVY PRECISION TECHNOLOGY INC. and Its Subsidiaries)  
Consolidated Financial Statements and Independent Auditors' Report for the Years  
Ended December 31, 2022 and 2021

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ABICO AVY Co., Ltd. and Its Subsidiaries

Representation Letter

The affiliates that are required to be included in the Company's consolidated financial statements as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10. In addition, the information required to be disclosed in the combined financial statements of affiliates is included in said consolidated financial statements. Consequently, a separate set of combined financial statements of affiliates will not be prepared.

Sincerely,

Name of company: ABICO AVY Co., Ltd.

Person in Charge: Chun-Jen Tong

March 22, 2023

## Independent Auditors' Report

(112)-Cai-Sheng-Bao No. 22005491

To ABICO AVY Co., Ltd.,

### **Audit opinion**

We have audited the accompanying consolidated balance sheets of ABICO AVY Co., Ltd. (formerly known as AVY PRECISION TECHNOLOGY INC.) (the “Company”) and its subsidiaries (collectively, the “Group”) for the years ended December 31, 2022 and 2021 and the relevant consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements, based on our audit results and the audit report issued by other CPAs (please refer to the “Other matters” paragraph), present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022 and 2021 and for the years then ended, and its consolidated financial performance and consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred to as “IFRSs”) endorsed by the Financial Supervisory Commission (FSC) of the Republic of China.

### **Basis for audit opinion**

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards of the Republic of China. Our responsibility under those standards is further described in the paragraph “Auditor’s responsibilities for the audit of the consolidated financial statements”. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and other accountants’ audit reports, we are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

## **Key audit matters**

Key audit matters refer to the most vital matters in our audit of the consolidated financial statements of the Group for the year ended December 31, 2022, based on our professional judgment. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2022, are stated as follows:

### **Assessment of expected credit loss on accounts receivable**

#### Description

Please refer to Note 4(11) to the consolidated financial statements for the accounting policies on the assessment of impairment of notes and accounts receivable; please refer to Note 5(2) to the consolidated financial statements for the uncertainty about accounting estimates and assumptions about the estimated impairment of financial assets; please refer to Note 6(5) to the consolidated financial statements for the description of accounts of notes and accounts receivable. The balances of notes and accounts receivable and an allowance for losses on December 31, 2022 were NT\$2,150,225 thousand and NT\$74,374 thousand, respectively.

The Group's main clients are from Taiwan, mainland China, Hong Kong, Japan, Vietnam, and Malaysia. If the clients have significant financial difficulties or delay in payment or non-payment of principal, the risk of not being able to recover notes and accounts would increase. The Group assesses if there is objective evidence of expected credit impairment of individual notes and accounts receivable on each balance sheet date. It assesses if such notes and accounts receivable are overdue or in default, their historical transaction records, the collection situation after the balance sheet date, clients' financial position, and forward-looking factors, to estimate the amount of an allowance for losses that should be set aside.

As the Group has a large amount of notes and accounts receivable and a large number of clients, and the assessment process of an allowance for losses on notes and accounts receivable often involves the management team's subjective judgment, it is also an area that needs to be judged in the audit work, so we included the assessment of the allowance for loss on receivables as a key audit matter in this year's audit work.

### Corresponding audit procedures

This matter covers different consolidated entities audited by us and other accountants. To assess the adequacy of an allowance for losses on overdue and individually risky notes and account receivable, the corresponding procedures undertaken by us and other accountants are specified below:

1. As per the accounting principles, plus the understanding of the nature of the Group's operations and industry, we assessed the reasonableness of the Group's classification and aging analysis of its clients' credit quality.
2. We obtained the overdue or default status of notes and accounts receivable and assessed the reasonableness of expected credit losses estimated with a provision matrix.
3. We obtained the collection records of individually significant notes and accounts receivable after the balance sheet date to assess if there were expected credit losses on notes and accounts receivable and confirm the appropriateness of the amount of an allowance for losses set aside.
4. For accounts receivable that are overdue or may not be collected, we assessed the possibility of recovery based on the past collection experience, discussions with the management team, and relevant corroborating materials obtained.

### **Assessment of an allowance for inventory valuation losses**

#### Description

Please refer to Note 4(14) to the consolidated financial statements for the accounting policy on inventory valuation; please refer to Note 5(2) to the consolidated financial statements for the uncertainty about accounting estimates and assumptions about inventory valuation; please refer to Note 6(7) to the consolidated financial statements for the description of the account of inventory. The balances of inventory and an allowance for inventory valuation losses on December 31, 2022 were NT\$1,776,332 thousand and NT\$231,757 thousand, respectively.

The Group mainly manufactures and sells metal casings for mobile phones and digital cameras, actuator components, powder metallurgy, and business equipment components. As these inventories are vulnerable to rapid changes in technology, short product life cycles, and fierce market competition, there is a higher risk of inventory valuation losses, obsolescence, or damage. The net realizable value of the Group's inventory normally sold is based on the sales and purchase prices in the normal course of business within a certain period before the balance sheet date. The net realizable values of inventory not sold after a certain period of age and individually identified obsolete or damaged inventory are calculated based on historical information on the extent to which the inventories are sold and discounted.

Due to the large number of items in the Group's inventory and the multiple sources of information on the net realizable values of individual materials in the inventory, the identification of the net realizable values of the individually obsolete or damaged inventory and the assessment often involves the management team's subjective judgments, so it is also an area that needs to be judged. Therefore, we listed the assessment of an allowance for inventory valuation losses as one of the key audit matters in this year's audit work.

#### Corresponding audit procedures

This matter covers different consolidated entities audited by us and other accountants. To assess the adequacy of the net realizable values of inventory measured and an allowance for inventory valuation losses, the corresponding procedures undertaken by us and other accountants are specified below:

1. As per the understanding of the nature of the Group's operations and industry, we assessed if the policy on the provision of an allowance for inventory valuation losses during the comparative financial reporting periods was appropriate and consistent.
2. We learned about the process of inventory management, reviewed its annual inventory plan, and participated in its annual inventory process to evaluate the effectiveness of the management team's distinguishing and controlling of obsolete or damaged inventory.
3. We obtained the inventory age report of each inventory item and tested the correctness of the calculation logic to confirm that the obsolete inventory items over a certain age have been included in the report.
4. We obtained a net realizable value report of each inventory item, confirmed that the calculation logic was consistent, and randomly checked the selling and purchase prices of individual materials in the inventory based on the relevant supporting documents.

#### **Other matters: Reference to other accountants' audits**

The financial statements of some of the subsidiaries included in the Group's consolidated financial statements, including Jabon International Co., Ltd., ABICO NetCom Co., Ltd., and some investee using the equity method have not been audited by us but by other accountants. Therefore, in the opinion we rendered on the above consolidated financial statements, the amounts listed in said companies' financial statements are based on the audit reports issued by other accountants. The total assets (including investments using the equity method) of said companies as of December 31, 2022 and 2021 were NT\$4,451,006 thousand and NT\$5,031,610 thousand, respectively, accounting for 29% and 32% of the total consolidated assets; their operating revenue for the years ended December 31, 2022 and 2021 amounted to NT\$4,621,235



thousand and NT\$5,172,177 thousand, respectively, accounting for 44% and 44% of the consolidated operating revenue; the comprehensive losses on said investees accounted for using the equity method for the years ended December 31, 2022 and 2021 were NT\$11,975 thousand and NT\$10,102 thousand, accounting for 5% and 11% of the consolidated comprehensive income (loss), respectively.

### **Other matters: Parent company only financial statements**

ABICO AVY Co., Ltd. has also prepared the parent company only financial statements for the years ended December 31, 2022 and 2021, for which we have issued an unqualified opinion (including the Other matters paragraphs) for 2022 and an unqualified opinion (including the Other matters and Emphasis matters paragraphs) for 2021 as a reference.

### **Responsibilities of the management and the governing bodies for the consolidated financial statements**

The responsibilities of the management are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and regulations of IFRSs endorsed and promulgated by the FSC and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

The Group's governing bodies (including its Audit Committee) are responsible for supervising the financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards of the Republic of China will always detect a material misstatement when it exists. Misstatement may arise

from errors or frauds. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

We have utilized our professional judgment and professional doubt when performing the audit work in accordance with the auditing standards of the Republic of China. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the consolidated financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Group.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 2022. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

PwC Taiwan

Ya-Hui Lin

CPA:

Yung-Chien Hsu

Financial Supervisory Commission (FSC)

Approval Document No.: Jin-Guan-Zheng-Shen No. 1070323061

Securities and Futures Bureau

Approval Document No.: (84)-Tai-Cai-Zheng-(VI) No. 13377

March 22, 2023

ABICO AVY Co., Ltd. and Its Subsidiaries  
(formerly known as AVY PRECISION TECHNOLOGY INC. and Its Subsidiaries)  
Consolidated Balance Sheet  
As at December 31, 2022 and 2021

Unit: NT\$ thousand

Assets		Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 3,502,787	23	\$ 3,415,937	22
1110	Financial assets at fair value through profit or loss - current	6(2)	1,028,221	7	1,402,697	9
1136	Financial assets at amortized cost - current	6(4) and 8	484,771	3	463,725	3
1150	Notes receivable, net	6(5)	61,222	1	59,256	-
1170	Accounts receivable, net	6(5)(6)	1,959,873	13	2,348,503	15
1180	Accounts receivable - related parties, net	6(5) and 7	54,756	-	60,022	-
1200	Other receivables		53,702	-	104,643	1
130X	Inventories	6(7)	1,544,575	10	1,939,556	12
1410	Prepayments		133,992	1	161,919	1
1470	Other current assets		16,652	-	14,636	-
11XX	Total current assets		8,840,551	58	9,970,894	63
Non-current assets						
1510	Financial assets at fair value through profit or loss - Non-current	6(2)	225,752	2	268,856	2
1517	Financial assets at fair value through other comprehensive income - Non-current	6(3)	574,336	4	349,495	2
1535	Financial assets at amortized cost - Non-current	6(4) and 8	412,802	3	260,197	2
1550	Investments accounted for using the equity method	6(8)	930,156	6	848,987	5
1600	Property, plant and equipment	6(9) and 8	2,974,593	19	3,093,364	19
1755	Right-of-use assets	6(10) and 7	836,746	5	688,871	4
1760	Net Investment Property	6(11)	58,189	-	-	-
1780	Intangible assets	6(12)	165,854	1	139,965	1
1840	Deferred tax assets	6(30)	155,755	1	159,752	1
1900	Other non-current assets	6(13)	189,725	1	140,761	1
15XX	Total non-current assets		6,523,908	42	5,950,248	37
1XXX	Total assets		\$ 15,364,459	100	\$ 15,921,142	100

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ABICO AVY Co., Ltd. and Its Subsidiaries  
(formerly known as AVY PRECISION TECHNOLOGY INC. and Its Subsidiaries)  
Consolidated Statement of Comprehensive Income  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand  
(except for earnings (losses) per share which is in NT\$)

Liabilities and Equity			December 31, 2022		December 31, 2021			
			Note	Amount	%	Amount	%	
Current liabilities								
2100	Short-term borrowings	6(14) and 8	\$	2,357,929	15	\$	2,321,339	15
2110	Short-term notes payable	6(15)		29,985	-		89,909	1
2130	Contract liabilities - current	6(24)		73,141	-		62,972	-
2150	Notes payable			119,148	1		135,757	1
2170	Accounts payable	7		1,170,289	8		1,709,084	11
2200	Other payables	6(16)		729,910	5		882,166	5
2230	Income tax liabilities in this period			103,992	1		134,962	1
2280	Lease liabilities - current	7		190,104	1		130,896	1
2320	Long-term liabilities due within one year or one operating cycle	6(17) and 8		230,849	2		272,596	2
2399	Other current liabilities - other			61,067	-		54,780	-
21XX	Total current liabilities			5,066,414	33		5,794,461	37
Non-current liabilities								
2540	Long-term borrowings	6(17) and 8		1,733,310	11		1,700,455	11
2570	Deferred tax liabilities	6(30)		310,087	2		311,619	2
2580	Lease liabilities - non-current	7		560,773	4		462,641	3
2600	Other non-current liabilities	6(18)(19)		237,562	1		252,945	1
25XX	Total non-current liabilities			2,841,732	18		2,727,660	17
2XXX	Total liabilities			7,908,146	51		8,522,121	54
Equity attributable to owners of the parent								
	Share capital	6(20)						
3110	Ordinary share capital			1,699,640	11		1,699,640	11
	Capital surplus	6(21)						
3200	Capital surplus			2,596,552	17		2,584,368	16
	Retained earnings	6(22)						
3310	Legal reserve			392,518	2		380,980	2
3320	Special reserve			575,656	4		412,797	3
3350	Undistributed earnings			426,729	3		705,470	4
3400	Other equity		(	271,778)	( 2)	(	575,656)	( 4)
3500	Treasury shares	6(20)	(	29,773)	-	(	29,773)	-
31XX	Total equity attributable to owners of the parent			5,389,544	35		5,177,826	32
36XX	Non-controlling interests	6(23)		2,066,769	14		2,221,195	14
3XXX	Total equity			7,456,313	49		7,399,021	46
	Material Contingent Liabilities and Unrecognized Contractual Commitments	9						
	Material Subsequent Events	11						
3X2X	Total liabilities and equity		\$	15,364,459	100	\$	15,921,142	100

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman: Chun-Jen Tong

Manager: Shiang-Chi Hu

Chief Accounting Officer: Hui-Chu Lee

ABICO AVY Co., Ltd. and Its Subsidiaries  
(formerly known as AVY PRECISION TECHNOLOGY INC. and Its Subsidiaries)  
Consolidated Statement of Comprehensive Income  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand  
(except for earnings (losses) per share which is in NT\$)

Item	Note	2022		2021	
		Amount	%	Amount	%
4000 Operating revenue	6(24) and 7	\$ 10,518,257	100	\$ 11,848,525	100
5000 Operating cost	6(7)(29) and 7	( 8,914,462)	( 85)	( 10,020,899)	( 85)
5900 Gross profit		<u>1,603,795</u>	<u>15</u>	<u>1,827,626</u>	<u>15</u>
Operating expenses	6(28) and 7				
6100 Selling expense		( 585,246)	( 6)	( 641,896)	( 5)
6200 Administrative expenses		( 869,775)	( 8)	( 828,441)	( 7)
6300 Research and development expenses		( 93,562)	( 1)	( 95,624)	( 1)
6450 Expected credit impairment losses	12(3)	( 38,938)	-	( 2,582)	-
6000 Total operating expenses		( 1,587,521)	( 15)	( 1,568,543)	( 13)
6900 Operating income		<u>16,274</u>	<u>-</u>	<u>259,083</u>	<u>2</u>
Non-operating income and expenses					
7100 Interest income	6(25)	37,805	-	39,474	-
7010 Other income	6(26)	50,072	1	46,672	1
7020 Other gains and losses	6(27)	172,594	2	70,689	1
7050 Financial costs	6(28) and 7	( 83,287)	( 1)	( 81,257)	( 1)
7060 Shares of profit or loss on affiliates and joint venture recognized using the equity method	6(8)	( 16,982)	-	42,338	-
7000 Total non-operating income and expenses		<u>160,202</u>	<u>2</u>	<u>117,916</u>	<u>1</u>
7900 Net income before tax		176,476	2	376,999	3
7950 Income tax expense	6(30)	( 150,018)	( 2)	( 149,361)	( 1)
8200 Net income for this period		<u>\$ 26,458</u>	<u>-</u>	<u>\$ 227,638</u>	<u>2</u>

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ABICO AVY Co., Ltd. and Its Subsidiaries  
(formerly known as AVY PRECISION TECHNOLOGY INC. and Its Subsidiaries)  
Consolidated Statement of Comprehensive Income  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand  
(except for earnings (losses) per share which is in NT\$)

Item		Note	2022		2021	
			Amount	%	Amount	%
<b>Other comprehensive income</b>						
<b>Items not reclassified to profit or loss:</b>						
8311	Remeasurement of defined benefit plans		(\$ 810)	-	\$ 7,328	-
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	6(3)	80,927	1	( 90,120)	-
8320	Share of other comprehensive income on affiliates and joint ventures accounted for using equity method – items not reclassified to profit or loss		( 37,632)	( 1)	22,961	-
8349	Income tax related to items not reclassified	6(30)	( 15,249)	-	( 2,049)	-
8310	Total amount of items not reclassified to profit or loss		27,236	-	( 61,880)	-
<b>Items that may subsequently be reclassified to profit or loss</b>						
8361	Exchange differences on translation of the financial statements of foreign operations		174,843	2	( 78,789)	( 1)
8399	Income tax related to items that may be reclassified	6(30)	( 7,576)	-	6,517	-
8360	Total amount of items that may subsequently be reclassified to profit or loss		167,267	2	( 72,272)	( 1)
8300	<b>Other comprehensive income, net</b>		<u>\$ 194,503</u>	<u>2</u>	<u>(\$ 134,152)</u>	<u>( 1)</u>
8500	<b>Total comprehensive income for this period</b>		<u>\$ 220,961</u>	<u>2</u>	<u>\$ 93,486</u>	<u>1</u>
Net income (loss) attributable to:						
8610	Owners of the parent		(\$ 96,951)	( 1)	\$ 58,736	1
8620	Non-controlling interests		123,409	1	168,902	1
			<u>\$ 26,458</u>	<u>-</u>	<u>\$ 227,638</u>	<u>2</u>
Total comprehensive income attributable to:						
8710	Owners of the parent		\$ 203,750	2	(\$ 35,437)	-
8720	Non-controlling interests		17,211	-	128,923	1
			<u>\$ 220,961</u>	<u>2</u>	<u>\$ 93,486</u>	<u>1</u>
Basic earnings (losses) per share						
9750	Basic earnings (losses) per share	6(31)	(\$ 0.58)		\$ 0.35	
Diluted earnings (losses) per share						
9850	Diluted earnings (losses) per share	6(31)	(\$ 0.58)		\$ 0.35	

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman: Chun-Jen Tong

Manager: Shiang-Chi Hu

Chief Accounting Officer: Hui-Chu Lee

ABICO AVY Co., Ltd. and Its Subsidiaries  
(formerly known as AVY PRECISION TECHNOLOGY INC. and Its Subsidiaries)  
Consolidated Statements of Changes in Equity  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand

Equity attributable to owners of the parent											
Note	Retained earnings					Other equity		Treasury shares	Total	Non-controlling interests	Total equity
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income				
2021											
Balance as at January 1, 2021	\$ 1,699,640	\$ 2,469,783	\$ 380,980	\$ 386,371	\$ 667,501	(\$ 378,389 )	(\$ 34,408 )	(\$ 29,773 )	\$ 5,161,705	\$ 1,769,946	\$ 6,931,651
Net income for this period	-	-	-	-	58,736	-	-	-	58,736	168,902	227,638
Other comprehensive income for this period	-	-	-	-	( 3,639 )	( 103,354 )	12,820	-	( 94,173 )	( 39,979 )	( 134,152 )
Total comprehensive income for this period	-	-	-	-	55,097	( 103,354 )	12,820	-	( 35,437 )	128,923	93,486
2020 earnings allocation and distribution:	6(22)										
Allocation for special reserve	-	-	-	26,426	( 26,426 )	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 50,989 )	-	-	-	( 50,989 )	-	( 50,989 )
Capital surplus adjusted for dividends paid out to subsidiaries	6(21)	-	297	-	-	-	-	-	297	-	297
Cash dividends paid out by subsidiaries	6(23)	-	-	-	-	-	-	-	-	( 82,249 )	( 82,249 )
Overdue dividend transferred to capital surplus	6(21)	-	3	-	-	-	-	-	3	-	3
Share-based payment transactions		-	-	-	-	-	-	-	-	1,491	1,491
Changes in non-controlling interests	6(23)	-	-	-	-	-	-	-	-	476,045	476,045
Changes in equity of subsidiaries and affiliates	6(21)(23)	-	114,285	-	( 12,038 )	-	-	-	102,247	( 141,064 )	( 38,817 )
Equity instruments at fair value through other comprehensive income disposed of by subsidiaries and affiliates	6(23)	-	-	-	72,325	-	( 72,325 )	-	-	68,103	68,103
Balance as at December 31, 2021	\$ 1,699,640	\$ 2,584,368	\$ 380,980	\$ 412,797	\$ 705,470	(\$ 481,743 )	(\$ 93,913 )	(\$ 29,773 )	\$ 5,177,826	\$ 2,221,195	\$ 7,399,021

(Continued on next page)



ABICO AVY Co., Ltd. and Its Subsidiaries  
(formerly known as AVY PRECISION TECHNOLOGY INC. and Its Subsidiaries)  
Consolidated Statements of Changes in Equity  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand

Equity attributable to owners of the parent											
Note	Retained earnings					Other equity		Treasury shares	Total	Non-controlling interests	Total equity
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income				
<u>2022</u>											
Balance as at January 1, 2022	\$ 1,699,640	\$ 2,584,368	\$ 380,980	\$ 412,797	\$ 705,470	(\$ 481,743 )	(\$ 93,913 )	(\$ 29,773 )	\$ 5,177,826	\$ 2,221,195	\$ 7,399,021
Net income for this period	-	-	-	-	( 96,951 )	-	-	-	( 96,951 )	123,409	26,458
Other comprehensive income for this period	-	-	-	-	3,909	186,160	110,632	-	300,701	( 106,198 )	194,503
Total comprehensive income for this period	-	-	-	-	( 93,042 )	186,160	110,632	-	203,750	17,211	220,961
2021 earnings allocation and distribution:	6(22)										
Allocation for legal reserve	-	-	11,538	-	( 11,538 )	-	-	-	-	-	-
Allocation for special reserve	-	-	-	162,859	( 162,859 )	-	-	-	-	-	-
Cash dividends	-	( 50,989 )	-	-	-	-	-	-	( 50,989 )	-	( 50,989 )
Overdue dividends transferred to capital surplus	6(21)	-	15	-	-	-	-	-	15	-	15
Capital surplus adjusted for dividends paid out to subsidiaries	6(21)	-	296	-	-	-	-	-	296	-	296
Cash dividends paid out by subsidiaries	6(23)	-	-	-	-	-	-	-	-	( 120,084 )	( 120,084 )
Share-based payment transactions		-	-	-	-	-	-	-	-	746	746
Changes in equity of subsidiaries and affiliates	6(21)(23)	-	62,862	-	( 4,216 )	-	-	-	58,646	33,823	92,469
Equity instruments at fair value through other comprehensive income disposed of by subsidiaries and affiliates	6(23)	-	-	-	( 7,086 )	-	7,086	-	-	( 38,604 )	( 38,604 )
Changes in non-controlling interests	6(23)	-	-	-	-	-	-	-	-	( 47,518 )	( 47,518 )
Balance as at December 31, 2022	\$ 1,699,640	\$ 2,596,552	\$ 392,518	\$ 575,656	\$ 426,729	(\$ 295,583 )	\$ 23,805	(\$ 29,773 )	\$ 5,389,544	\$ 2,066,769	\$ 7,456,313

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman: Chun-Jen Tong

Manager: Shiang-Chi Hu

Chief Accounting Officer: Hui-Chu Lee

ABICO AVY Co., Ltd. and Its Subsidiaries  
(formerly known as AVY PRECISION TECHNOLOGY INC. and Its Subsidiaries)  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand

	Note	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
<u>Cash flow from operating activities</u>			
Net income before tax in this period		\$ 176,476	\$ 376,999
Adjustments			
Income and expenses			
Depreciation expense (including right-of-use assets and investment property)	6(9)(10)(11)(29)	728,852	781,236
Amortization expense	6(12)(29)	16,490	21,072
Expected credit impairment losses	12(3)	38,938	2,582
Interest income	6(25)	( 37,805 )	( 39,474 )
Dividend income	6(26)	( 25,727 )	( 28,534 )
Bargain purchase gains	6(26)	( 5,667 )	-
Proceeds from the disposal of property, plant and equipment	6(27)	( 25,314 )	( 23,204 )
Gain on disposal of investment	6(27)	( 11,275 )	( 150 )
Lease modification gain	6(27)	( 1,037 )	( 26,157 )
Gain on non-current assets held for sale	6(27)	( 3,120 )	-
Loss (gain) on financial assets and liabilities at fair value through profit or loss	6(27)	51,368	( 3,370 )
Impairment loss	6(27)	13,745	10,658
Interest expense	6(28)	83,287	81,257
Investment (income) losses recognized using the equity method	6(8)	16,982	( 42,338 )
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Financial assets at fair value through profit or loss		393,866	113,303
Notes receivable	(	1,966 )	12,296
Accounts receivable (including related parties)		348,330	( 84,712 )
Other receivables		49,516	( 54,887 )
Inventories		288,954	( 686,471 )
Prepayments		21,271	( 15,712 )
Other current assets		2,121	35,921
Other non-current assets	(	10,900 )	9,696
Net changes in liabilities related to operating activities			
Contract liabilities		10,169	( 19,523 )
Notes payable	(	16,599 )	( 3,365 )
Accounts payable	(	530,536 )	48,990
Other payables	(	171,097 )	13,503
Other current liabilities		3,607	( 19,346 )
Other non-current liabilities	(	23,916 )	( 41,642 )
Cash inflow from operations		1,379,013	418,628
Interest collected		37,805	39,474
Dividend received		70,676	57,837
Interest paid	(	66,131 )	( 65,426 )
Income tax paid	(	206,468 )	( 165,127 )
Net cash inflow from operating activities		1,214,895	285,386

(Continued on next page)

ABICO AVY Co., Ltd. and Its Subsidiaries  
(formerly known as AVY PRECISION TECHNOLOGY INC. and Its Subsidiaries)  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand

	Note	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
<u>Cash flow from investing activities</u>			
Decrease (increase) in financial assets at amortized cost		( \$ 109,257 )	\$ 583,723
Acquisition of financial assets at fair value through other comprehensive income		( 143,234 )	( 96,333 )
Disposal of financial assets at fair value through other comprehensive income		77,878	225,301
Acquisition of investments accounted for using the equity method	6(8)	( 225,096 )	( 125,526 )
Disposal of investments accounted for using the equity method		32,940	-
Capital reduction and return of share capital for investment using the equity method	6(8)	72,400	-
Acquisition of subsidiaries (net of cash received)	6(33)	( 44,411 )	71,922
Property, plant and equipment acquired	6(34)	( 317,186 )	( 269,516 )
Property, plant and equipment disposed of		51,381	74,512
Proceeds from disposal of right-of-use assets		-	33,051
Intangible assets acquired	6(12)	( 4,263 )	( 14,614 )
Disposal of non-current assets held for sale		3,120	-
Increase in other non-current assets		( 17,940 )	( 16,234 )
Acquisition of investment property	6(11)	( 58,207 )	-
Net cash inflow (outflow) from investing activities		( 681,875 )	466,286
<u>Cash flow from financing activities</u>			
Increase (decrease) in short-term borrowings		50,732	( 184,228 )
Increase (decrease) in short-term notes payable		( 59,924 )	11
Long-term borrowings		203,133	122,257
Repayment of long-term borrowings		( 212,025 )	( 46,420 )
Repayment of lease principal		( 166,428 )	( 161,945 )
Increase in other non-current liabilities		7,018	4,595
Disposal of subsidiaries' equity (without losing control)	6(32)	-	22,816
Cash dividends paid out		( 50,989 )	( 50,989 )
Changes in non-controlling interests	6(23)	32,002	620,523
Cash dividends paid out by subsidiaries - non-controlling interests	6(23)	( 120,084 )	( 82,249 )
Capital returned for subsidiaries' capital reduction - non-controlling interests	6(23)	( 79,520 )	( 144,478 )
Net cash (outflow) inflow from financing activities		( 396,085 )	99,893
Decrease in cash and cash equivalents due to exchange rate changes		( 50,085 )	( 111,838 )
Increase in cash and cash equivalents for this period		86,850	739,727
Opening balance of cash and cash equivalents		3,415,937	2,676,210
Ending balance of cash and cash equivalents		\$ 3,502,787	\$ 3,415,937

The notes attached are part of the Consolidated Financial Statements and shall be read together.

Chairman: Chun-Jen Tong

Manager: Shiang-Chi Hu

Chief Accounting Officer: Hui-Chu Lee

ABICO AVY Co., Ltd. and Its Subsidiaries  
(formerly known as AVY PRECISION TECHNOLOGY INC. and Its Subsidiaries)

Notes to Consolidated Financial Statements  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand  
(unless otherwise specified)

I. Company History

- (I) ABICO AVY Co., Ltd. (hereinafter referred to as the “Company”), formerly known as RF-LINK systems Inc., was incorporated on December 29, 1994 and was renamed AVY PRECISION TECHNOLOGY INC. in June 2004, while being relocated to Taipei City in the same year. It was renamed ABICO AVY Co., Ltd. in August 2021. The Company’s stock has been traded on the Taipei Exchange since June 14, 1999. The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) mainly engage in the manufacturing of various aluminum alloys, plastic die-casted products, and relevant molds; processing, processing and trading, and import and export of electric-powered hand tool and pneumatic hand tool parts.
- (II) Ability Investment co., Ltd. had held 11.75% of the Company’s equity on June 30, 2021 and obtained more than half of the Company’s directorships, making it the Group’s ultimate parent company. Upon the election of directors at the shareholders’ meeting on July 15, 2021, Abico International Co., Ltd. obtained more than half of the Company’s directorships and had held 7.06% of the Company’s shareholding, making it the Group’s ultimate parent company. As of December 31, 2022, Abico International Co., Ltd. held 13% of the Company's shares.

II. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

The consolidated financial statements were approved by the Board of Directors on March 22, 2023.

III. Application of Newly Issued and Amended Standards and Interpretations

- (I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, “Reference to the conceptual framework”	January 1, 2022
Amendments to IAS 16, “Property, plant and equipment: proceeds before intended use”	January 1, 2022
Amendments to IAS 37, “Onerous contracts — cost of fulfilling a contract”	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(II) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, "Disclosure Initiative"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(III) IFRSs issued by IASB but not yet endorsed by the FSC

The table below lists the new, revised, and amended standards and interpretations of the IFRSs, released by the IASB but not yet endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by International Accounting Standards Board
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
Standards Board IFRS 17, "Insurance contracts"	January 1, 2023
Amendments to IFRS 17, "Insurance contracts"	January 1, 2023
Amendment to IFRS 17, "Initial application of IFRS 17 and IFRS 9 –comparative information"	January 1, 2023
Amendments to IAS 1, "Classification of liabilities as current or noncurrent"	January 1, 2024
Amendments to IAS 1, "Non-current Liabilities with Covenants"	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

#### IV. Summary of Significant Accounting Policies

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

##### (I) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and promulgated by the FSC (collectively referred herein as the “IFRSs”).

##### (II) Basis of preparation

1. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
  - (1) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (2) Financial assets at fair value through other comprehensive income.
  - (3) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

##### (III) Basis of consolidation

1. Basis for preparation of consolidated financial statements:
  - (1) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (2) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - (3) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this

results in the noncontrolling interests having a deficit balance.

- (4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (5) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

## 2. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2022	December 31, 2021	
ABICO AVY Co., Ltd.	AVY Co., Ltd. (AVY)	Manufacturing and sales of optical instruments, electronic products and components, and precision molds	100.00	100.00	-
ABICO AVY Co., Ltd.	Jabon International Co., Ltd. (Jabon International)	R&D, processing, manufacturing, and sales of metallurgical products such as shafts and bearings, mechanical components and magnetic materials for automobiles and scooters, electronic components, and precision ceramics.	100.00	100.00	-

Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2022	December 31, 2021	
ABICO AVY Co., Ltd.	ABICO NetCom Co., Ltd. (ABICO NetCom)	Sales of business equipment components, electronic components, and optoelectronic products	13.64	13.64	Obtained more than half of the directorships
ABICO AVY Co., Ltd. and AVY Co., Ltd.	Gold Market Investments Ltd. (Gold Market)	Investment and trade	100.00	100.00	-
ABICO AVY Co., Ltd.	Avy High Tech Ltd. (Avy High Tech)	Investment and trade	100.00	100.00	-
ABICO AVY Co., Ltd.	Avy Technology Ltd. (Avy Technology)	Investment and trade	100.00	100.00	-
ABICO AVY Co., Ltd. and Prosper Plastic Factory (HK) Co., Ltd.	Shine Trade International Ltd. (Shine Trade)	Manufacturing and sales of plastic products and molds	100.00	100.00	-
Shine Trade International Ltd. (Shine Trade)	Dongguan Ashine Precision Plastics Co., Ltd. (Dongguan Ashine)	Manufacturing and sales of plastic products and molds	100.00	100.00	-
ABICO AVY Co., Ltd. and ABICO NetCom Co., Ltd.	Ability I Venture Capital Corporation (Ability I)	Venture Investment	50.30	50.30	Note 1
ABICO AVY Co., Ltd. and Ability I Venture Capital Corporation	ABICO Optical(HK) Ltd. (ABICO Optical)	Investment	65.70	65.70	-
ABICO AVY Co., Ltd. And ABICO NetCom Co., Ltd.	Honlynn Co., Ltd. (Honlynn)	Sales of computer peripheral consumables	24.79	24.79	Obtained more than half of the directorships
ABICO AVY Co., Ltd.	Abico Capital Co., Ltd.	Investment	100.00	100.00	Note 9 Note 10
ABICO AVY Co., Ltd.	VIEWQUEST Investment Co., Ltd. (VIEWQUEST)	Investment	100.00	-	6(33)
ABICO Optical (HK) Ltd.	Jilin Province Can Fine Glasses Co., Ltd. (Can Fine Glasses)	Sales of medical devices	100.00	100.00	In liquidation



Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2022	December 31, 2021	
Gold Market Investments Ltd.	Dong Guan Cheng Guang Metal Products Co., Ltd. (Cheng Guang Metal)	Manufacturing and sales of metal casings and accessories for mobile phones and cameras	100.00	100.00	Note 4
Gold Market Investments Ltd.	Dong Guan Cheng Guang Precision Industry Co., Ltd. (Cheng Guang Precision)	Manufacturing and sales of metal casings and accessories for mobile phones and cameras	100.00	-	Note 4
Gold Market Investments Ltd.	Dong Guan Cheng Guang Trading Co., Ltd. (Cheng Guang Trading)	Manufacturing and sales of metal casings and accessories for mobile phones and cameras	100.00	-	Note 4
IKKA Holdings (Cayman) Ltd., Gold Market Investments Ltd. and Ability I Venture Capital Corporation	Sol-Plus (HK) Co., Ltd. (Sol-Plus HK)	Investment and trade	100.00	70.00	Note 5
Sol-Plus (HK) Co., Ltd. (Sol-Plus HK)	Sol-Plus Co., Ltd. (Sol-Plus JP)	Manufacturing and sales of plastic products and molds	100.00	100.00	-
Sol-Plus Co., Ltd. (Sol-Plus JP)	Hiraiseimitsu (Thailand) Co., Ltd. (Hiraiseimitsu)	Manufacturing and sales of plastic products and molds	100.00	100.00	-
ABICO AVY Co., Ltd., Gold Market Investments Ltd. and Jabon International Co., Ltd.	IKKA Holdings (Cayman) Ltd. (IKKA Holdings)	Investment and trade	56.83	55.18	Note 2 Note 5

Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2022	December 31, 2021	
Jabon International Co., Ltd.	Ekeen Precision Co., Ltd. (Ekeen Precision)	R&D, processing, domestic sales, and export of metallurgical products such as shafts and bearings, mechanical components and magnetic materials for automobiles and scooters, electronic components, and precision ceramics.	100.00	100.00	-
Jabon International Co., Ltd.	Jabon Precision Co., Ltd. (Jabon Precision)	Manufacturing of industrial plastic products, aluminum casted and magnesium casted items, as well as computer and peripheral parts and molds.	100.00	100.00	-
Jabon International Co., Ltd.	Jcheng Software Inc. (Jcheng Software)	Electronics Components Manufacturing, Computer and Peripheral Equipment Manufacturing, Data Storage Media Manufacturing and Duplicating, and Automatic Control Equipment Engineering.	100.00	100.00	-
Jabon International Co., Ltd.	Phoenix Place Holdings Ltd. (Phoenix Place)	Investment	100.00	100.00	-
Phoenix Place Holdings Ltd.	Best Achieve Industrial Ltd. (Best Achieve)	Trade	100.00	100.00	-
Phoenix Place Holdings Ltd.	Cranmer Enterprises Ltd. (Cranmer)	Investment and trade	100.00	100.00	-
Phoenix Place Holdings Ltd.	Precise Plus Group Ltd. (Precise Plus)	Investment and trade	100.00	100.00	-

Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2022	December 31, 2021	
Phoenix Place Holdings Ltd.	Best Select Industrial Ltd.(Best Select)	Investment	100.00	100.00	-
Phoenix Place Holdings Ltd.	Sinobridge Corporation (Sinobridge)	Trade	100.00	100.00	-
Phoenix Place Holdings Ltd.	Best Achieve Industrial Ltd.(HK) (Best Achieve HK)	Investment	100.00	100.00	-
Phoenix Place Holdings Ltd.	ART EMPIRE Industrial Ltd. (ART EMPIRE)	Investment	100.00	100.00	-
Cranmer Enterprises Ltd.	DongGuan Qunsheng Powder Metallurgy Ltd. (DongGuan Qunsheng)	Production and sales of powder metallurgy products and assembly of actuators	100.00	100.00	-
Precise Plus Group Ltd.	DongGuan Best Achieve Industrial Ltd. (DongGuan Best Achieve)	Production and sales of power tools and relevant spare parts	100.00	100.00	-
Best Select Industrial Ltd.	Best Select Industrial (SuZhou) Co., Ltd. (Best Select SuZhou)	Production and research and development of non-ferrous metal composite materials, new alloy materials, and relevant products and sales of self-produced products	100.00	100.00	-
IKKA Holdings (Cayman) Ltd.	DaiichiKasei Co.,Ltd. (DaiichiKasei)	Manufacturing and sales of plastic parts and products, transportation, storage, and warehousing management of automobiles, insurance agency, real estate trading, as well as leasing and management business	100.00	100.00	-

Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2022	December 31, 2021	
DaiichiKasei Co.,Ltd.	M.A.C. Technology (Malaysia) San.Bhd. (M.A.C.)	Manufacturing and packaging of CD and CDROM, computer printers, electronic and industrial precision ceramics and molds, plastic injection components for the electronics and the camera industries	100.00	100.00	-
DaiichiKasei Co.,Ltd.	IKKA Technology (Vietnam) Co.,Ltd. (IKKA Vietnam)	Production, operation, and processing of plastic and metal parts commonly used in automobiles, scooters, and office equipment	100.00	100.00	-
DaiichiKasei Co.,Ltd.	IKKA (Hong Kong) Co.,Ltd. (IKKA HK)	Investment and trade	100.00	100.00	-
IKKA (Hong Kong) Co.,Ltd.	IKKA Technology DongGuan Co., Ltd. (IKKA)	Production and sales of precision plastic parts, hardware parts, bearings, and molds	100.00	100.00	-
ABICO NetCom Co., Ltd.	ABECO Electronic Co., Ltd. (ABECO)	Distribution of electronic components	49.80	49.80	-
ABICO NetCom Co., Ltd.	ABICO FS International Ltd. (ABICO FS)	Operation of a holding business and investment	100.00	100.00	-
ABICO NetCom Co., Ltd.	Ho Vision Entertainment Co., Ltd. (Ho Vision)	Sales of peripheral products in the entertainment industry	95.20	95.20	-
ABICO NetCom Co., Ltd.	Prosper Plastic Factory(HK) Co., Ltd. (Prosper)	Plastics business	100.00	100.00	-

Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2022	December 31, 2021	
ABICO NetCom Co., Ltd., ABICO AVY Co., Ltd. and Ability I Venture Capital Corporation	Seinoh Optical Co., Ltd. (Seinoh Optical)	Manufacturing and sales of contact lenses	94.40	94.85	Note 3
ABICO NetCom Co., Ltd.	Positive Energy Sport Co., Ltd. (Positive Energy)	Sales and wholesale of sporting goods	51.99	51.99	-
ABICO NetCom Co., Ltd.	Aabiking International Inc. (Aabiking)	Bicycle business	81.42	69.37	Note 6
ABICO NetCom Co., Ltd.	TranSystem Incorporated	Manufacturing of electronic products and wireless broadband devices	15.64	15.64	6(33)
ABICO NetCom Co., Ltd.	Kkck Corporation Ltd.	Cosmetic beauty business	50.82	50.82	6(33)
ABICO NetCom Co., Ltd.	Newec Corporation	Operation of an e-commerce platform of sporting goods	100.00	100.00	6(33)
Prosper Plastic Factory(HK) Co., Ltd.	Lixing Plastic (Shenzhen) Co., Ltd. (Lixing Shenzhen)	Production and sales of computer plastic spare parts and components	100.00	100.00	-
Prosper Plastic Factory(HK) Co., Ltd.	Prosper Plastic Factory(SAMOA) Ltd. (Prosper SAMOA)	Operation of a holding business and investment	100.00	100.00	
Prosper Plastic Factory(HK) Co., Ltd. and Prosper Plastic Factory (SAMOA) Ltd.	FIT ACTIVE (VIETNAM) PRECISION CO., LTD. (FIT ACTIVE VIETNAM)	Manufacturing and processing of steel molds, aluminum molds, copper-aluminum stamped products, and optoelectronic parts	100.00	100.00	-
ABICO FS International Ltd. (ABICO FS)	Avy International Ltd. (AVY International)	Investment and trade	100.00	100.00	-
ABICO FS International Ltd. (ABICO FS)	SUZHOU SEINOH OPTICAL CO., LTD. (SUZHOU SEINOH)	Wholesale and import of contact lens	100.00	100.00	-

Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2022	December 31, 2021	
Avy International Ltd.	AVY Precision Metal Components (SuZhou) Co., Ltd. (AVY SuZhou)	Production and processing of dies, precision molds, standard mold parts, and relevant products and components	100.00	100.00	-
ABECO Electronic Co., Ltd.	Viet Nam Abeco Electronic Company (Viet Nam Abeco)	Distribution of electronic components	100.00	100.00	-
SEINOH Optical Co., Ltd.( SEINOH Optical)	S&G Global Inc.	Manufacture and sale of contact lenses	60.00	-	Note 11
Positive Energy Sport Co., Ltd.	Itravel Tech Co., Ltd. (Itravel Tech)	Wholesale and retail of cloth, garments, and clothing	100.00	100.00	-
Honlynn Co., Ltd.	Ability International Tenancy Co., Ltd. (Ability Int'l)	Sales, rental, and maintenance of office equipment and office furniture	100.00	100.00	-
Honlynn Co., Ltd.	Emptech Co., Ltd. (Emptech)	Trading of computers and relevant electronic products	80.00	80.00	-
Honlynn Co., Ltd.	Catchtech Technology Corporation (Catchtech)	Software Design Services	51.00	51.00	-
Ability International Tenancy Co., Ltd.	Ability Corporation Ltd.(Ability)	Investment	100.00	100.00	-
Ability International Tenancy Co., Ltd.	Taiwan Imaging Systems Inc. (TISI)	Trading, maintenance, and rental of microform and consumables	100.00	100.00	-
Ability International Tenancy Co., Ltd.	Jingnen Co., Ltd. (Jingnen)	Sales, rental, and maintenance of office equipment and office furniture	52.99	52.99	-
Ability International Tenancy Co., Ltd.	Ability Biotech Co., Ltd. (Ability Biotech)	Sales of medical devices	100.00	75.00	Note 7

Name of investor	Name of subsidiary	Business category	Shareholding (%)		Description
			December 31, 2022	December 31, 2021	
Ability International Tenancy Co., Ltd.	Ability Anchor Recycle Technology Services, Inc. (Ability Anchor)	Recycling of machines	55.00	55.00	-
Ability International Tenancy Co., Ltd.	ABICO Living Robot Co., Ltd. (ABICO Living Robot)	Electric Appliance Installation	50.00	100.00	Note 8
Ability International Tenancy Co., Ltd.	Ability International Green Energy Co., Ltd.	Lighting Equipment Manufacturing	100.00	100.00	-
Ability Corporation Ltd. (Ability)	ABILITY INTERNATIONAL (SHANGHAI) LTD. (ABILITY INTERNATIONAL)	Warehousing, wholesale, and international trade	100.00	100.00	-
Ability Corporation Ltd. (Ability)	Abico Japan Co., Ltd. (Abico JP)	International trade	100.00	100.00	
Ability Corporation Ltd. (Ability)	Abico (HK) International Holding Co., Ltd. (Abico HK)	Investment	100.00	100.00	-
Abico (HK) International Holding Co., Ltd. (Abico HK)	Abico (GuangZhou) International Tarding Co., Ltd. (Abico Guangzhou)	Wholesale of office equipment	100.00	100.00	-

Note 1: Ability I in June 2021, October 2022, and December 2022 reduced capital and return the capital in cash in the amounts of \$290,700, \$80,000 and \$80,000, respectively. The number of cancelled shares were 29,070,000, 8,000,000, and 8,000,000, respectively, with the capital reduction percentages of 38%, 16.87%, and 20.29%, and the amounts of capital returned to the non-controlling interests were \$144,478, \$39,760, and \$39,760, respectively.

Note 2: In order to cooperate with IKKA Holdings' application for listing, the Company and its subsidiaries, Jabon International and AVY High Tech Ltd., gave up participating in IKKA Holdings cash capital increase and issue of new shares in the second quarter of 2021 and the third quarter of 2020. The Group's shareholding decreased to 55.18%. In addition, as a result of the employee stock options issued by IKKA Holdings and the Sol-Plus (HK) Ltd. share transaction, as of December 31, 2022, the Group's shareholding in IKKA Holdings is 56.83%.

Note 3: Seinoh Optical Co., Ltd., a sub-subsidiary of the Group, conducted a cash capital increase in the second quarter of 2022, the capital increased by \$88,020, the Group acquired \$82,020, accounting for 94.40% of its issued shares after the capital increase.

- Note 4: Gold Market Investments Ltd., as approved by a resolution of the board of directors meeting on March 29, 2021, and to achieve industrial specialization and optimize operational performance, plans to split DongGuan ChengGuan Metal Products Co., Ltd. into three companies. After the split, Dong Guang Cheng Guang Metal Products Co., Ltd. continued to remain, and its primary business is metal surface treatment; two other companies to be established are DongGuan ChengGuang Precision Industry Co., Ltd and DongGuan ChengGuang Trading Co., Ltd. The former will focus on metal manufacturing and processing, and the latter will focus on the trading of processed metal products. After the split, the shareholding structure of all three companies will be identical, with Gold Market Investments Ltd. holding 100% of the shares. The applicable registration procedures were completed in May 2022.
- Note 5: In order to expand the operating scale of the automotive business group, and accelerate expansion into the electric vehicle plastic components market, the Group engaged in a restructuring, under which sub-subsidiary IKKA Holdings purchased from Gold Market Investments Limited, Ability I Venture Capital Corporation, and affiliate Abico Asia Capital 100% of the shares of Sol-Plus (HK) Ltd. (the “Share Transaction”), and indirectly inquired its subsidiaries in Japan and Thailand. The consideration of this Share Transaction was shares, which was 2,105 new shares issued by IKKA Holdings, and cash, which was US\$3,500 thousand paid by IKKA Holdings. The Share Transaction recordation with the competent authority has taken effect, and the effective date of the Share Transaction was September 1, 2022.
- Note 6: For requirements of operational strategic, on July 20, 2022 ABICO NetCom Co., Ltd. entered into an agreement with Anatole Investment Management Limited to acquire 542 thousand shares of Aabiking International Inc., for a consideration of \$5,421. After the transfer, ABICO NetCom Co., Ltd. holds 81.42% shareholding in Aabiking International Inc.
- Note 7: Ability Int’l in August 2022 acquired 25% shareholding in Ability Biotech Co., Ltd. for a consideration of \$891. As of December 31, 2022, Ability Int’l holds 100% shareholding in Ability Biotech Co., Ltd.
- Note 8: ABICO Living Robot Co., Ltd. in March 2022 conducted a cash capital increase, the amount of the increase was \$1,800, with Ability Int’l subscribing to \$400, and after the capital increase it holds 50% shareholding in ABICO Living Robot Co., Ltd.
- Note 9: The Group invested in the establishment of Abico Capital Co., Ltd. in the second quarter of 2021, with a paid-in capital of NT\$20,000 thousand and 100% shareholding.
- Note 10: Abico Capital Co., Ltd. conducted a cash capital increase in September 2022 in the amount of \$10,000, with the Group subscribing to the entirety, and after the capital increase it has a 100% shareholding.
- Note 11: Seinoh Optical Co., Ltd in the fourth quarter of 2022 purchased 180 thousand common shares of S&G Global Inc. at a price of 10 dollars per share, for a total of \$1,800 thousands, and holds 60% of the issued shares of S&G Global Inc. From the



date of obtaining control, it will be included in the consolidated financial statements.

3. Subsidiaries included in the consolidated financial statements: None.
4. Adjustment and treatment methods of subsidiaries' different accounting periods: None.
5. Major restrictions: None.
6. Subsidiaries with non-controlling interests that are material to the Group:

- (1) Information on non-controlling interests that are material to the Group and the subsidiaries:

Name of subsidiary	Principal business premises	Non-controlling interests			
		December 31, 2022		December 31, 2021	
		Amount	Shareholding	Amount	Shareholding
Ability I	Taiwan	\$ 97,113	49.70%	\$ 208,725	49.70%
ABICO NetCom	Taiwan	970,711	86.36%	952,782	86.36%

- (2) Aggregate subsidiary financial information:

Balance Sheet

	ABILITY I	
	December 31, 2022	December 31, 2021
Current assets	\$ 152,755	\$ 305,432
Non-current assets	45,745	130,955
Current liabilities	( 65)	( 15,879)
Non-current liabilities	-	-
Total assets, net	\$ 198,435	\$ 420,508

	ABICO NetCom and its subsidiaries	
	December 31, 2022	December 31, 2021
Current assets	\$ 1,669,802	\$ 1,818,736
Non-current assets	880,919	719,915
Current liabilities	( 1,178,760)	( 1,171,938)
Non-current liabilities	( 270,371)	( 284,020)
Total assets, net	\$ 1,101,590	\$ 1,082,693

### Statement of Comprehensive Income

	Ability I	
	2022	2021
Income	\$ -	\$ -
Net income (loss) before tax	(\$ 18,587)	\$ 11,309
Income tax (expense) income	( 13)	53
Net income (loss) for this period	( 18,600)	11,362
Other comprehensive income (net of tax)	( 13,605)	( 26,201)
Total comprehensive income for this period	( 32,205)	(\$ 14,839)
Total comprehensive income attributable to non-controlling interests	(\$ 16,006)	(\$ 7,375)

	ABICO NetCom and its subsidiaries	
	2022	After Adjustment (Note) 2021
Income	\$ 2,552,952	\$ 2,573,161
Net income before tax	\$ 122,622	\$ 109,147
Income tax expense	( 58,896)	( 28,061)
Net income for this period	63,726	81,086
Other comprehensive income (net of tax)	14,145	15,653
Total comprehensive income for this period	\$ 77,871	\$ 96,739
Total comprehensive income attributable to non-controlling interests	\$ 30,411	\$ 27,547

### Statements of Cash Flows

	Ability I	
	2022	2021
Net cash inflow from operating activities	\$ 171,041	\$ 289,831
Net cash outflow from investing activities	-	-
Net cash outflow from financing activities	( 197,944)	( 290,700)
Decrease in cash and cash equivalents for this period	( 26,903)	( 869)
Opening balance of cash and cash equivalents	29,595	30,464
Ending balance of cash and cash equivalents	\$ 2,692	\$ 29,595

	ABICO NetCom and its subsidiaries	
	2022	After Adjustment (Note) 2021
Net cash inflow from operating activities	\$ 305,038	\$ 13,427
Net cash inflow (outflow) from investing activities	( 129,676)	168,889
Net cash outflow from financing activities	( 147,652)	( 130,224)
Effect of exchange rate changes on cash and cash equivalents	5,749	6,658
Increase in cash and cash equivalents for this period	33,459	58,750
Opening balance of cash and cash equivalents	609,186	550,436
Ending balance of cash and cash equivalents	<u>\$ 642,645</u>	<u>\$ 609,186</u>

Note: In May 2021 ABICO NetCom Co., Ltd. sold its 14.46% shareholdings in its subsidiary Honlynn Co., Ltd. to its parent company ABICO AVY Co., Ltd. for an all-cash consideration. Meanwhile, Honlynn Co., Ltd. held elections for its directors and supervisors, and as a result, ABICO NetCom Co., Ltd. lost its controlling interest in Honlynn Co., Ltd. by failing to secure more than half of the director seats. As this transaction was a group restructuring under common control, ABICO NetCom Co., Ltd. is deemed disposed of from the beginning, and the financial reporting for the relevant period should be retroactively restated. However, the above transaction has no impact on the Group's consolidated financial statements.

#### (IV) Foreign currency translation

Items included in the financial statements of each of the Group'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 New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

##### 1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-

monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (4) All foreign exchange gains and losses are presented in the statement of comprehensive income within “other gains and losses”.

## 2. Translation of foreign operations

- (1) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - C. All resulting exchange differences are recognised in other comprehensive income.
- (2) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (3) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

## (V) Classification of current and non-current items

1. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (1) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (2) Assets held mainly for trading purposes;
  - (3) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the

balance sheet date.

2. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (1) Liabilities that are expected to be settled within the normal operating cycle;
- (2) Liabilities arising mainly from trading activities;
- (3) Liabilities that are to be settled within twelve months from the balance sheet date;
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(VI) Cash equivalents

Cash equivalents refer to 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 that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
3. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
4. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(VIII) Financial assets at fair value through other comprehensive income

1. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will

flow to the Group and the amount of the dividend can be measured reliably.

(IX) Financial assets at amortised cost

1. Financial assets at amortised cost are those that meet all of the following criteria:
  - (1) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (2) The assets' contractual cash flows represent solely payments of principal and interest.
2. The Group adopts trade date accounting for financial assets measured at amortized cost in compliance with transaction practices.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
4. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(X) Accounts and notes receivable

1. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XI) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable that has a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that does not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(XII) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

1. The contractual rights to receive the cash flows from the financial asset expire.
2. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
3. The contractual rights to receive cash flows of the financial asset have been transferred;

however, the Group has not retained control of the financial asset.

(XIII) Leasing arrangements(lessor)- operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(XIV) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(XV) Investments accounted for using equity method- associates

1. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
2. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
3. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in "capital surplus" in proportion to its ownership.
4. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

6. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
7. Where the Group disposes of an affiliate and if it loses significant influence on the affiliate, for all amounts previously recognized in other comprehensive income related to the affiliate, the accounting treatment is on the same basis as if the Group directly disposes of the relevant assets or liabilities, that is, the gains or losses previously recognized in other comprehensive income will be reclassified to profit or loss when the relevant assets or liabilities are disposed of, so when the significant influence on the associate is lost, the gains or losses will be reclassified from equity to profit or loss. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
8. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(XVI) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost.
2. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

<b>Buildings and structures</b>	2 ~ 65 years
<b>Machinery and equipment</b>	1 ~ 17 years
<b>Transportation equipment</b>	2 ~ 10 years
<b>Office equipment</b>	1 ~ 16 years



**Leasehold assets**

1 ~ 10 years

**Other equipment**

1 ~ 20 years

(XVII) Leasing arrangements (lessee) – right-of-use assets / lease liabilities

1. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

3. At the commencement date, the right-of-use asset is stated at cost comprising the following:
  - (1) The amount of the initial measurement of lease liability;
  - (2) Any lease payments made at or before the commencement date;
  - (3) Any initial direct costs incurred by the lessee; and
  - (4) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(XVIII) Investment Property

Investment property is recognized at acquisition cost and subsequently measured using the cost model. Except for land, depreciation is provided on a straight-line basis over the estimated useful lives of 50 years.

(XIX) Intangible assets

1. Goodwill arises in a business combination accounted for by applying the acquisition method.
2. The customer relationship rights are acquired through acquisition due to business combination and are amortized on a straight-line basis. The amortization period is 5–7 years.
3. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 10 years.

4. Royalty is stated at cost and amortized on a straight-line basis over its estimated useful life of 1–5 years.

(XX) Impairment of non-financial assets

1. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
2. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
3. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units or groups of cash-generating units (identified by the operating segments), that is/are expected to benefit from the synergies of the business combination.

(XXI) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(XXII) Notes and accounts payable

1. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
2. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXIII) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(XXIV) Employee benefits

1. 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 recognised as expense in that period when the employees render service.

## 2. Pensions

### (1) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

### (2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead. Because the estimated value and the simple calculation method can provide a reliable approximation as actuarially valued, the defined benefit costs of some of the Group's subsidiaries are simply calculated based on their defined benefit plans.

B. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Past service costs are recognised immediately in profit or loss.

## 3. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group'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 Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating 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.

## 4. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

## (XXV) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
3. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
4. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(XXVI) Share capital

1. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
2. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(XXVII) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

All or part of the dividends and bonuses payable, capital surplus, or legal reserve shall be paid out in cash with majority approval at a board meeting attended by over two-thirds of the directors, which shall be reported to the shareholders' meeting, while the provisions in the preceding paragraph that a resolution by the shareholders meeting shall be required do not apply.

(XXVIII) Revenue recognition

1. Sales of goods

- (1) Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (2) Sales revenue is recognized at the contract prices, less estimated sales discounts. Revenue is recognized to the extent that it is highly probable that no significant reversal will occur in the future, and the Group updates the estimate at each balance sheet date. The payment terms for sales transactions usually expire 60 to 120 days after the date the control is transferred. As the period between the transfer of the promised goods to the clients and the payments by the clients has not exceeded one year, the Company did not adjust transaction price to reflect the time value of money.
- (3) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(XXIX) Business combinations

1. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination,

the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

2. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(XXX) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

V. Key Sources of Uncertainty over Critical Accounting Judgments, Assumptions, and Estimation

During the preparation of the consolidated financial statements, the management has exercised its judgments to adopt the accounting policies to be used, and made accounting estimates and assumptions based on reasonable expectations of future events with reference to the circumstances at the balance sheet date. If there is any difference between any critical accounting estimates and assumption made and actual results, assessment and adjustment will be conducted continuously by taking into account the historical experience and other factors. Such assumptions and estimates have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Please refer to the description of the uncertainties of critical accounting judgments, assumptions, and estimation uncertainty below:

(I) Critical judgments for applying the Group's accounting policies

None.

(II) Critical accounting estimates and assumptions

1. Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Group's assumptions about default and estimated losses. The Group makes an assumption and selects an input of impairment assessed as per historical experience, current market conditions, and forward-looking information. Please refer to Note 12(3) for the critical assumptions and inputs adopted. If the actual cash flow in the future is less than expected, there may be significant impairment losses.

2. Valuation of inventories

As the Group should exercise judgment and carry out estimation to determine the net realizable value of inventory at the balance sheet date as inventory should be measured at

the lower of cost or net realizable value. Due to rapid changes in technology, the Group recognizes a loss at a net realizable value after assessing the amount of the inventory worn and torn normally, obsolete, or damaged on the balance sheet date, as well as the market sales value. This inventory valuation is conducted mainly based on the estimated product demand over a specific period in the future, so there may be significant changes.

## VI. Details of Significant Account Titles

### (I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	\$ 12,664	\$ 10,420
Checks and demand deposits	2,697,781	2,951,872
Time deposits (a duration of less than three months)	792,342	453,645
	<u>\$ 3,502,787</u>	<u>\$ 3,415,937</u>

1. The financial institutions the Group deals with have high credit ratings. The Group also deals with various financial institutions at the same time to diversify credit risks. Therefore, the expected risk of default is rather low. Thus, the Group measures an allowance for loss based on the 12-month expected credit losses. The Group did not set aside an allowance for losses for 2022 and 2021.

2. The Group did not have cash and cash equivalents pledged.

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

Item	December 31, 2022	December 31, 2021
Current items:		
Equity instruments	\$ 184,611	\$ 322,044
Debt instruments	732,681	987,153
Fund beneficiary certificates	110,929	93,500
	<u>\$ 1,028,221</u>	<u>\$ 1,402,697</u>
Non-current items:		
Equity instruments	\$ 200,394	\$ 252,312
Fund beneficiary certificates	25,358	16,544
	<u>\$ 225,752</u>	<u>\$ 268,856</u>

1. Financial assets at fair value through profit or loss include the following:

(1) Equity instruments include TWSE/TPEX listed non-TWSE/TPEX listed stocks and

stocks in the emerging stock market.

- (2) Debt instruments include principal-guaranteed and non-principal-guaranteed wealth management products.
  - (3) Fund beneficiary certificates include open-end funds and private investment funds.
2. The details of financial assets at fair value through profit or loss recognized in profit or loss are as follows:

	2022	2021
Equity instruments	(\$ 56,522)	\$ 5,867
Debt instruments	14,021	5,874
Fund beneficiary certificates	( 8,867)	( 8,371)
	<u>(\$ 51,368)</u>	<u>\$ 3,370</u>

3. The Group did not pledge financial assets at fair value through profit or loss.
4. Please refer to Notes 12(3) and (4) for more information on the price risk and fair value of financial assets at fair value through profit or loss.

(III) Financial assets at fair value through other comprehensive income - non-current

Item	December 31, 2022	December 31, 2021
Equity instruments	<u>\$ 574,336</u>	<u>\$ 349,495</u>

1. The details of financial assets at fair value through other comprehensive income recognized in profit or loss and other comprehensive income are as follows:

	2022	2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Movement in fair value recognized in other comprehensive income (loss)	<u>\$ 80,927</u>	<u>(\$ 90,120)</u>
Cumulative gains (losses) transferred to retained earnings due to derecognition	<u>(\$ 74,626)</u>	<u>\$ 131,727</u>

2. As of December 31, 2022 and 2021, regardless of the collateral held and other credit enhancements, the maximum amounts of the exposure to the credit risk arising from the Group's financial assets at fair value through other comprehensive income are their carrying amounts.
3. The Group did not pledge financial assets at fair value through other comprehensive income.
4. Please refer to Notes 12(3) and (4) for more information on the price risk and fair value of financial assets at fair value through other comprehensive income.



(IV) Financial assets at amortised cost

Item	December 31, 2022	December 31, 2021
Current items:		
Time deposits (a duration of more than three months)	\$ 154,171	\$ 463,725
Capital-guaranteed and income-guaranteed wealth management products	330,600	-
	<u>\$ 484,771</u>	<u>\$ 463,725</u>
Interest rate range	<u>0.08%~4.25%</u>	<u>0.20%~4.20%</u>
Non-current items:		
Time deposits	\$ 401,735	\$ 260,197
Corporate Bonds	11,067	-
	<u>\$ 412,802</u>	<u>\$ 260,197</u>
Interest rate range	<u>0.23%~4.35%</u>	<u>0.20%~3.54%</u>

1. As of December 31, 2022 and 2021, regardless of the collateral held and other credit enhancements, the maximum amounts of the exposure to the credit risk arising from the Group's financial assets at amortized cost are their carrying amounts.
2. Please refer to Note 8 for details of the financial assets at amortized cost pledged by the Group.
3. The Group classifies time deposits with a duration of more than three months as financial assets at amortized cost. The financial institutions the Group deals with have high credit ratings. Therefore, the expected risk of default is rather low. Thus, the Group measures an allowance for loss based on the 12-month expected credit losses. The Group did not set aside an allowance for losses for 2022 and 2021.

(V) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 61,500	\$ 59,555
Allowance for losses - notes receivable	( 278)	( 299)
	<u>\$ 61,222</u>	<u>\$ 59,256</u>
Accounts receivable	\$ 2,033,890	\$ 2,383,775
Allowance for losses - accounts receivable	( 74,017)	( 35,272)
	<u>\$ 1,959,873</u>	<u>\$ 2,348,503</u>
Accounts receivable - related parties	\$ 54,835	\$ 60,120
Allowance for losses - accounts receivable -related parties	( 79)	( 98)
	<u>\$ 54,756</u>	<u>\$ 60,022</u>

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

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 1,910,675	\$ 61,500	\$ 2,294,784	\$ 59,555
1-90 days	101,504	-	117,672	-
More than 90 days	76,546	-	31,439	-
	<u>\$ 2,088,725</u>	<u>\$ 61,500</u>	<u>\$ 2,443,895</u>	<u>\$ 59,555</u>

The aging analysis stated above is based on the number of overdue days.

2. The balances of notes and accounts receivable as of December 31, 2022 and 2021 were all generated from customer contracts. In addition, the balance of accounts receivable from customer contracts on January 1, 2021 was \$2,435,731.
3. The Group did not pledge notes and accounts receivable.
4. As of December 31, 2022 and 2021, regardless of the collateral held and other credit enhancements, the maximum amounts of the exposure to the credit risk arising from the Group's notes and accounts receivable are their carrying amounts.
5. Daiichi Kasei, a sub-subsidiary of the Group, has signed accounts receivable factoring contracts with several financial institutions in Japan. Daiichi Kasei, depending on the amount of its working capital, decided to factor the accounts receivable to financial institutions without recourse or not to factor them. The Group's model for managing such receivables is to collect contractual cash flows and sell financial assets, so such accounts receivable are financial assets at fair value through other comprehensive income.
6. The Group plans to factor accounts receivable of \$88,320 and \$95,522 on December 31, 2022 and 2021, respectively, which belong to financial assets at fair value through other comprehensive income and are accounted for under accounts receivable.
7. Please refer to Note 12(3) for the information on the credit risk of accounts and notes receivable.

#### (VI) Transfer of financial assets

The information on the Group's derecognition of accounts receivable is as follows:

As of December 31, 2022: None.

December 31, 2021				
Amount of accounts receivable	Amount derecognized	Amount advanced	Amount available to be advanced	Interest rate range of amount advanced (%)
<u>\$ 2,614</u>	<u>\$ 2,614</u>	<u>\$ 2,614</u>	<u>\$ -</u>	0.67~1.48

1. The banks that the Group deals with include DBL Factoring Corporation, the Bank of Tokyo-Mitsubishi UFJ, SMBC Finance Service Co., Ltd., Sumitomo Mitsui Trust Bank Ltd., the Joyo Bank, Ltd., Accretive Co., Ltd., Mizuho Trust & Banking Co., Ltd., LIXIL Group Finance Corporation, and Ricoh Leasing Company, Ltd., Densai. Net Co., Ltd, and

Sumitomo Mitsui Banking Corporation (China) Ltd.

2. According to the agreements, except for the losses arising from commercial disputes (such as sales returns or discounts), which shall be borne by the Group, the losses arising from credit risks shall be borne by such banks.
3. The Group did not provide any collateral to such banks.

(VII) Inventories

December 31, 2022			
	Costs	Allowance for valuation losses	Carrying amount
Raw materials	\$ 578,264	(\$ 77,000)	\$ 501,264
Work in progress	350,915	( 30,537)	320,378
Finished goods	847,153	( 124,220)	722,933
	<u>\$ 1,776,332</u>	<u>(\$ 231,757)</u>	<u>\$ 1,544,575</u>

  

December 31, 2021			
	Costs	Allowance for valuation losses	Carrying amount
Raw materials	\$ 596,584	(\$ 55,743)	\$ 540,841
Work in progress	498,371	( 89,121)	409,250
Finished goods	1,102,464	( 112,999)	989,465
	<u>\$ 2,197,419</u>	<u>(\$ 257,863)</u>	<u>\$ 1,939,556</u>

The Group's inventory cost recognized in expenses in this period:

	2022	2021
Cost of inventory sold	\$ 8,894,634	\$ 10,019,304
Loss from scrapping of inventory	30,934	14,309
Inventory valuation loss	13,955	20,545
Income from the sale of scraps	( 25,061)	( 33,259)
	<u>\$ 8,914,462</u>	<u>\$ 10,020,899</u>

(VIII) Investments accounted for using the equity method

	2022	2021
At January 1	\$ 848,987	\$ 687,031
New investments accounted for using the equity method	225,096	125,526
Disposal of investments accounted for using the equity method	( 21,665)	-
Consolidation of investments accounted for using the equity method	50,078	-
Capital reduction and return of share capital for investments accounted for using the equity method	( 72,400)	-
Share of profit or loss on investment accounted for using the equity method	( 16,982)	42,338
Earnings distributed from investments accounted for using the equity method	( 44,949)	( 29,303)
Movement in capital surplus	1,360	( 1,955)
Movement in retained earnings	27,466	8,701
Movement in other equity	( 27,632)	17,017
Impairment loss	( 3,278)	( 3,000)
Others	( 35,925)	2,632
At December 31	<u>\$ 930,156</u>	<u>\$ 848,987</u>
	December 31, 2022	December 31, 2021
Affiliates:		
Ability Enterprise Co., Ltd.	\$ 513,432	\$ 277,128
ABICO Asia Capital Corporation	354,661	462,573
G-YEN HUTONG CO., LTD.	61,622	54,330
Enertec Corp.	441	461
ABICO R&D Co., Ltd.	-	5,461
ABICO Plus Entertainment Limited	-	-
DR.Chip Biotech, Inc.	-	51,027
Ilens International Co., Ltd.	4,931	8,449
Less: Unrealized gains on transactions between affiliates	( 4,931)	( 10,442)
	<u>\$ 930,156</u>	<u>\$ 848,987</u>

1. The aggregated financial information on the Group's material affiliates is as follows:

<u>Balance Sheet</u>	<u>ABICO Asia</u>	
	December 31, 2022	December 31, 2021
Current assets	\$ 991,760	\$ 967,272
Non-current assets	815,100	1,349,063
Current liabilities	( 70,364)	( 18,984)
Non-current liabilities	( 5,844)	( 33,749)
Total assets, net	<u>\$ 1,730,652</u>	<u>\$ 2,263,602</u>
Book values of affiliates	<u>\$ 354,661</u>	<u>\$ 462,573</u>

<u>Balance Sheet</u>	<u>Ability Enterprise</u>	
	December 31, 2022	December 31, 2021
Current assets	\$ 2,620,994	\$ 1,728,307
Non-current assets	4,923,555	6,741,226
Current liabilities	( 1,285,227)	( 2,121,980)
Non-current liabilities	( 21,423)	( 32,490)
Total assets, net	<u>\$ 6,237,899</u>	<u>\$ 6,315,063</u>
Book values of affiliates	<u>\$ 513,432</u>	<u>\$ 277,128</u>

<u>Statement of Comprehensive Income</u>	<u>ABICO Asia</u>	
	2022	2021
Income	\$ -	\$ -
Net income (loss) for this period	(\$ 108,054)	\$ 92,518
Other comprehensive income (net of tax)	58,041	120,382
Total comprehensive income for this period	<u>(\$ 50,013)</u>	<u>\$ 212,900</u>

<u>Statement of Comprehensive Income</u>	<u>Ability Enterprise</u>	
	2022	2021
Income	<u>\$ 3,355,316</u>	<u>\$ 2,230,373</u>
Net income (loss) for this period	\$ 135,363	\$ 684,119
Other comprehensive income (net of tax)	44,909	136,942
Total comprehensive income for this period	<u>\$ 180,272</u>	<u>\$ 821,061</u>

2. The carrying amounts and the share of operating performance of the Group's affiliates that are individually immaterial are aggregated below:

The carrying amounts of the Group's affiliates that are individually immaterial as of December 31, 2022 and 2021 are \$62,063 and \$109,286, respectively.

	2022	2021
Net loss for this period	(\$ 21,341)	(\$ 41,210)
Other comprehensive income (net of tax)	5,284	( 14,544)
Total comprehensive income for this period	(\$ 16,057)	(\$ 55,754)

3. The Group's share of profit or loss on affiliates recognized using the equity method for 2022 and 2021 was a loss of \$16,982 and a profit of \$42,338, respectively.
4. The Group holds 20.34% of the equity in ABICO Asia as its single largest shareholder. As the Group has no intention and no ability to decide on its relevant activities, it is judged that the Group has no control over the company and only has a significant influence.
5. ABICO Asia in March 2022 made a cash capital reduction of 20% and refunded the amount of \$72,400, which was reduced from the equity method investment.
6. This Group's subsidiary ABICO NetCom Co., Ltd. disposed of its DR.Chip BIOTECH shares in June 2022 in several transactions, on June 10, 2022 its shareholding fell to 11.23%, the disposal proceeds of \$28,049 and the difference with the carrying amount for that enterprise of \$6,533 was recorded as a gain on disposal of investment. Upon the loss of significant influence, the asset will be reclassified at fair value through other comprehensive income, and the difference between its fair value and carry amount of \$5,019 was recorded as an investment gain.
7. ILens International Co., Ltd. on December 30, 2022 conducted a capital reduction to eliminate accumulated losses, reducing its capital by 80%, and following the capital reduction the Group's subsidiary ABICO NetCom Co., Ltd. held 400 thousand shares; on December 31, 2022 ILens International Co., Ltd. conducted a cash capital increase of 25,000 thousand dollars, and ABICO NetCom Co., Ltd. subscribed to 1,000 thousand shares at 10 dollars per share, for \$10,000, and after the capital increase it held 1,400 thousand shares, for a shareholding of 40.00%.
8. In 2022 and 2021 the Group recognized the recoverable amount from ILens International Co., Ltd. to be below the carrying value, and recorded an impairment loss of \$3,278 and \$3,000, and as of December 31, 2022, the accumulated impairment loss is \$6,278.
9. In December 2022 this Group disposed of 100% of its shares in ABICO R&D. The difference between the carrying value and the disposal proceeds of \$4,891 was recorded as an investment loss of \$277.
10. The Group has no legal or constructive obligation to Abico Plus Entertainment Limited, and the carrying value of the investment loss is recorded as zero.

(IX) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Transportatio n equipment	Office equipment	Others	Total
<u>January 1, 2022</u>							
Costs	\$ 871,378	\$ 1,574,593	\$ 4,977,959	\$ 85,859	\$ 262,306	\$ 1,841,624	\$ 9,613,719
Accumulated depreciation	-	( 1,158,825)	( 3,846,109)	( 52,893)	( 223,384)	( 1,239,144)	( 6,520,355)
	<u>\$ 871,378</u>	<u>\$ 415,768</u>	<u>\$ 1,131,850</u>	<u>\$ 32,966</u>	<u>\$ 38,922</u>	<u>\$ 602,480</u>	<u>\$ 3,093,364</u>
<u>2022</u>							
Opening balance	\$ 871,378	\$ 415,768	\$ 1,131,850	\$ 32,966	\$ 38,922	\$ 602,480	\$ 3,093,364
Additions	-	10,438	125,700	4,266	10,144	169,855	320,403
Reclassification	-	615	16,970	-	1,781	99,581	118,947
Disposal and scrapping	-	( 6)	( 21,184)	( 261)	( 3,581)	( 1,035)	( 26,067)
Depreciation expense	-	( 29,569)	( 270,329)	( 8,141)	( 18,505)	( 223,143)	( 549,687)
Impairment loss	-	-	( 8,527)	-	-	-	( 8,527)
Net exchange difference	( 4,603)	11,381	17,456	218	( 436)	2,144	26,160
Ending balance	<u>\$ 866,775</u>	<u>\$ 408,627</u>	<u>\$ 991,936</u>	<u>\$ 29,048</u>	<u>\$ 28,325</u>	<u>\$ 649,882</u>	<u>\$ 2,974,593</u>
<u>December 31, 2022</u>							
Costs	\$ 866,775	\$ 1,581,087	\$ 4,903,266	\$ 86,734	\$ 274,229	\$ 1,962,414	\$ 9,674,505
Accumulated depreciation and impairment	-	( 1,172,460)	( 3,911,330)	( 57,686)	( 245,904)	( 1,312,532)	( 6,699,912)
	<u>\$ 866,775</u>	<u>\$ 408,627</u>	<u>\$ 991,936</u>	<u>\$ 29,048</u>	<u>\$ 28,325</u>	<u>\$ 649,882</u>	<u>\$ 2,974,593</u>
	Land	Buildings and structures	Machinery and equipment	Transportatio n equipment	Office equipment	Others	Total
<u>January 1, 2021</u>							
Costs	\$ 926,519	\$ 1,717,488	\$ 5,299,245	\$ 83,886	\$ 261,619	\$ 1,720,948	\$ 10,009,705
Accumulated depreciation	-	( 1,260,719)	( 3,965,616)	( 58,487)	( 225,076)	( 1,151,695)	( 6,661,593)
	<u>\$ 926,519</u>	<u>\$ 456,769</u>	<u>\$ 1,333,629</u>	<u>\$ 25,399</u>	<u>\$ 36,543</u>	<u>\$ 569,253</u>	<u>\$ 3,348,112</u>
<u>2021</u>							
Opening balance	\$ 926,519	\$ 456,769	\$ 1,333,629	\$ 25,399	\$ 36,543	\$ 569,253	\$ 3,348,112
Additions	-	6,386	160,542	17,120	15,760	75,508	275,316
Acquisition due to business combinations	-	-	2,044	-	202	1,394	3,640
Reclassification	-	875	44,003	-	5,041	176,638	226,557
Disposal and scrapping	-	( 948)	( 47,621)	( 2,135)	( 163)	( 441)	( 51,308)
Depreciation expense	-	( 32,746)	( 335,720)	( 7,353)	( 17,681)	( 216,185)	( 609,685)
Impairment Loss	-	( 2,816)	( 628)	-	-	( 26)	( 3,470)
Net exchange difference	( 55,141)	( 11,752)	( 24,399)	( 65)	( 780)	( 3,661)	( 95,798)
Ending balance	<u>\$ 871,378</u>	<u>\$ 415,768</u>	<u>\$ 1,131,850</u>	<u>\$ 32,966</u>	<u>\$ 38,922</u>	<u>\$ 602,480</u>	<u>\$ 3,093,364</u>
<u>December 31, 2021</u>							
Costs	\$ 871,378	\$ 1,574,593	\$ 4,977,959	\$ 85,859	\$ 262,306	\$ 1,841,624	\$ 9,613,719
Accumulated depreciation and impairment	-	( 1,158,825)	( 3,846,109)	( 52,893)	( 223,384)	( 1,239,144)	( 6,520,355)
	<u>\$ 871,378</u>	<u>\$ 415,768</u>	<u>\$ 1,131,850</u>	<u>\$ 32,966</u>	<u>\$ 38,922</u>	<u>\$ 602,480</u>	<u>\$ 3,093,364</u>

1. The Group elected to use the land revaluation value as the recognized cost on the date of conversion to IFRS. The incremental value included in the land cost in the revaluation was \$46,667 as of December 31, 2021 and 2020.
2. Please refer to Note 8 for information on property, plant and equipment pledged as collateral.

(X) Leasing arrangements - lessee

1. The assets leased by the Group are land, buildings, machinery and equipment, transportation equipment, and other equipment, and the lease terms are usually 3–50 years. The lease contract is negotiated individually and contains various terms and conditions, and no other restrictions are imposed except that the assets leased shall not be used as collateral for loans.
2. The lease terms of plants, equipment, cars, and phone systems leased by the Group are not more than 12 months, and the computer equipment leased is a low-value asset.
3. The information on the book values of the right-of-use assets and the depreciation expenses recognized is as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Land	\$ 106,937	\$ 102,479
Buildings	696,577	545,210
Machinery and equipment	16,344	17,438
Transportation equipment	15,934	17,033
Other equipment	954	6,711
	<u>\$ 836,746</u>	<u>\$ 688,871</u>
	2022	2021
	Depreciation expense	Depreciation expense
Land	\$ 3,144	\$ 3,027
Buildings	154,989	141,374
Machinery and equipment	6,677	9,350
Transportation equipment	8,323	7,205
Other equipment	6,014	10,595
	<u>\$ 179,147</u>	<u>\$ 171,551</u>

4. The additions of the Group's right-of-use assets in 2022 and 2021 were \$309,828 and \$193,130, respectively.



5. Information on the profit or loss items related to lease contracts is as follows:

	2022	2021
<u>Items that affect current profit or loss</u>		
Interest expense on lease liabilities	\$ 17,862	\$ 15,885
Expenses on short-term lease contracts	19,129	29,580
Expenses on low-value assets leased	13,494	2,643
Lease modification gain	( 1,037)	( 26,157)

6. The Group's total cash outflows from leases in 2022 and 2021 were \$216,913 and \$210,053, respectively.

7. The carrying amounts of the Group's right-of-use assets subleased as at December 31, 2022 and 2021 were \$121,943 and \$131,407 respectively, and the rental income received during 2022 and 2021 were \$14,017 and \$9,972 respectively.

(XI) Investment Property

	2022		
	Land	Buildings	Total
<u>January I, 2022</u>			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation and impairment	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>2022</u>			
Opening Balance	\$ -	\$ -	\$ -
Addition-From Purchase	47,036	11,171	58,207
Depreciation expense	-	( 18)	( 18)
Ending Balance	<u>\$ 47,036</u>	<u>\$ 11,153</u>	<u>\$ 58,189</u>
<u>December 31, 2022</u>			
Cost	\$ 47,036	\$ 11,171	\$ 58,207
Accumulated depreciation and impairment	-	( 18)	( 18)
	<u>\$ 47,036</u>	<u>\$ 11,153</u>	<u>\$ 58,189</u>

1. Rental income and direct operating expenses of investment property:

	2022
Rental income from investment Property	<u>\$ -</u>
Direct operating expenses incurred by investment property that generates rental income in the period	<u>\$ 18</u>

2. The fair value of the Group's investment properties could not be reliably determined. After searching the website of the Real Estate Transaction Search Service of the Ministry of Interior and Lands, the fair value of the Group's investment properties as of December 31, 2022 was approximately \$51,012 to \$63,222, as evaluated by referring to the actual transaction information in the neighboring areas.

3. The lease is mainly for commercial use, and the main contents of the lease agreements are the same as those of a general lease.

(XII) Intangible assets

	<u>Goodwill</u>	<u>Customer relationship rights</u>	<u>Computer software</u>	<u>Others</u>	<u>Total</u>
January 1, 2022					
Costs	\$ 141,795	\$ 82,428	\$ 88,666	\$ -	\$ 312,889
Accumulated amortization	-	( 78,885)	( 70,661)	-	( 149,546)
Accumulated impairment	( 23,378)	-	-	-	( 23,378)
	<u>\$ 118,417</u>	<u>\$ 3,543</u>	<u>\$ 18,005</u>	<u>\$ -</u>	<u>\$ 139,965</u>
2022					
Opening balance	\$ 118,417	\$ 3,543	\$ 18,005	\$ -	\$ 139,965
Additions	-	-	4,263	-	4,263
Acquisition due to business combinations	-	8,380	-	27,247	35,627
Reclassification	( 12,464)	5,350	4,469	7,159	4,469
Amortization expense	-	( 5,066)	( 9,888)	( 1,536)	( 16,490)
Impairment loss	( 2,040)	-	-	-	( 2,040)
Net exchange difference	-	5	55	-	60
Ending balance	<u>\$ 103,913</u>	<u>\$ 12,167</u>	<u>\$ 16,904</u>	<u>\$ 32,870</u>	<u>\$ 165,854</u>
December 31, 2022					
Costs	\$ 127,183	\$ 89,061	\$ 96,887	\$ 34,417	\$ 347,548
Accumulated amortization	-	( 76,894)	( 79,983)	( 1,547)	( 158,424)
Accumulated impairment	( 23,270)	-	-	-	( 23,270)
	<u>\$ 103,913</u>	<u>\$ 12,167</u>	<u>\$ 16,904</u>	<u>\$ 32,870</u>	<u>\$ 165,854</u>

	Goodwill	Customer relationship rights	Computer software	Total
January 1, 2021				
Costs	\$ 124,179	\$ 93,710	\$ 83,329	\$ 301,218
Accumulated amortization	-	( 76,180)	( 71,324)	( 147,504)
Accumulated impairment	( 19,190)	-	-	( 19,190)
	<u>\$ 104,989</u>	<u>\$ 17,530</u>	<u>\$ 12,005</u>	<u>\$ 134,524</u>
2021				
Opening balance	\$ 104,989	\$ 17,530	\$ 12,005	\$ 134,524
Additions	-	-	14,614	14,614
Acquisition due to business combinations	17,616	12	-	17,628
Reclassification	-	-	148	148
Amortization expense	-	( 12,652)	( 8,420)	( 21,072)
Impairment loss	( 4,188)	-	-	( 4,188)
Net exchange difference	-	( 1,347)	( 342)	( 1,689)
Ending balance	<u>\$ 118,417</u>	<u>\$ 3,543</u>	<u>\$ 18,005</u>	<u>\$ 139,965</u>
December 31, 2021				
Costs	\$ 141,795	\$ 82,428	\$ 88,666	\$ 312,889
Accumulated amortization	-	( 78,885)	( 70,661)	( 149,546)
Accumulated impairment	( 23,378)	-	-	( 23,378)
	<u>\$ 118,417</u>	<u>\$ 3,543</u>	<u>\$ 18,005</u>	<u>\$ 139,965</u>

Goodwill is tested for impairment on the balance sheet date, and the recoverable amount is estimated based on value in use. The value in use is calculated based on the cash flows of the Group's financial budgets for the next five years, and the main assumption adopted for calculating the value in use is as follows:

	2022	2021
Operating profit margin	2.60%~11.08%	2.71%~11.19%
Growth/Decline rate	-10.00%~2.00%	-10.00%~5.26%
Discount rate	4.59%~16.72%	5.73%~16.72%

All assumptions are developed based on the future trends in relevant industries and the internal and external historical information.

(XIII) Other non-current assets

	December 31, 2022	December 31, 2021
Guarantee deposits paid	\$ 96,359	\$ 89,767
Prepayments for business facilities	53,851	37,990
Prepayments for investments	15,400	-
Others	24,115	13,004
Subtotal	189,725	140,761
Overdue payments	91,596	110,519
Less: Allowance for losses	( 91,596)	( 110,519)
Subtotal	-	-
Total	\$ 189,725	\$ 140,761

(XIV) Short-term borrowings

Category of borrowings	December 31, 2022	December 31, 2021
Bank borrowings		
Unsecured borrowings	\$ 2,226,457	\$ 2,174,623
Secured borrowings	131,472	146,716
	\$ 2,357,929	\$ 2,321,339
Interest rate range	0.59%~5.95%	0.54%~5.21%

Please refer to Note 8 for details of the collateral for the above short-term borrowings.

(XV) Short-term notes payable

	December 31, 2022	December 31, 2021
Short-term notes payable	\$ 30,000	\$ 90,000
Less: Discount for short-term notes payable	( 15)	( 91)
	\$ 29,985	\$ 89,909
Interest rate range	1.40%	1.09%~1.11%

(XVI) Other payables

	December 31, 2022	December 31, 2021
Salary and year-end bonuses payable	\$ 313,349	\$ 372,911
Remuneration payable to employees and directors and supervisors	84,005	106,317
Business tax payable	61,024	55,877
Utilities and freight payable	25,407	28,956
Pensions Payable	19,701	20,109
Packaging, import declaration, and processing factory fees payable	18,441	48,849
Business facilities payable	15,778	12,561
Service payment payable	12,108	13,263
Others	180,097	223,323
	<u>\$ 729,910</u>	<u>\$ 882,166</u>

(XVII) Long-term borrowings

Category of borrowings	Borrowing period	Interest rate range	December 31, 2022
Secured borrowings	2005.10~2033.9	0.62%~2.63%	\$ 766,238
Unsecured borrowings	2018.9~2031.3	0.65%~4.00%	1,197,921
			<u>1,964,159</u>
Less: Long-term borrowings - current portion			( 230,849)
			<u>\$ 1,733,310</u>

  

Category of borrowings	Borrowing period	Interest rate range	December 31, 2021
Secured borrowings	2005.10~2033.9	0.59%~2.13%	\$ 623,378
Unsecured borrowings	2018.9~2031.3	1.14%~4.00%	1,349,673
			<u>1,937,051</u>
Less: Long-term borrowings - current portion			( 272,596)
			<u>\$ 1,700,455</u>

Please refer to Note 8 for details of the collateral for the above long-term borrowings.

(XVIII) Other non-current liabilities

	December 31, 2022	December 31, 2021
Net defined benefit liability	\$ 208,736	\$ 231,722
Guarantee deposits received	21,211	14,195
Others	7,615	7,028
	<u>\$ 237,562</u>	<u>\$ 252,945</u>

(XIX) Pensions

1. (1) The Company's subsidiaries, Jabon International, ABICO NetCom, AVY, and Honlynn established the defined benefit pension regulations in accordance with the provisions of the Labor Standards Act, which applied to all formal employees who were employed prior to the enforcement of the Labor Pension Act on July 1, 2005 and to the formal employees who still chose the old fund mechanism under the Labor Standards Act after the Labor Pension Act took effect. Under the defined benefit pension plan, two units are granted for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units granted and the average monthly salaries and wages of the last 6 months prior to retirement. The Group makes a contribution equal to a certain percentage of the total salaries per month as a pension fund and deposits it to the designated account in the name of the Labor Pension Funds Supervisory Committee at the Bank of Taiwan. In addition, the Group assesses the balance in the aforementioned labor pension reserve account by December 31, per year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contributions to make up for the deficit by March 31 of the following year.
- (2) Amounts recognized in balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	(\$ 26,787)	(\$ 30,441)
Fair value of plan asset	16,802	15,713
Net defined benefit liability	<u>(\$ 9,985)</u>	<u>(\$ 14,728)</u>

(3) Movements in net defined benefit liabilities are as follows:

2022	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance as at January 1	(\$ 30,441)	\$ 15,713	(\$ 14,728)
Movement in the consolidated entities	-	-	-
Recognized in profit or loss:			
Current service cost	( 113)	-	( 113)
Interest (expense) income	( 208)	110	( 98)
	( 321)	110	( 211)
Recognized in comprehensive income:			
Return on plan asset (excluding amounts included in interest income or expenses)	-	893	893
Effect of change in financial assumptions	1,711	306	2,017
Experience adjustments	( 925)	-	( 925)
	786	1,199	1,985
Contribution to pension fund	-	2,969	2,969
Pension paid	3,189	( 3,189)	-
Balance as at December 31	(\$ 26,787)	\$ 16,802	(\$ 9,985)

2021	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance as at January 1	(\$ 26,415)	\$ 12,319	(\$ 14,096)
Movement in the consolidated entities	( 5,636)	1,417	( 4,219)
Recognized in profit or loss:			
Current service cost	( 247)	-	( 247)
Interest (expense) income	( 146)	63	( 83)
	( 6,029)	1,480	( 4,549)
Recognized in comprehensive income:			
Return on plan asset (excluding amounts included in interest income or expenses)	-	154	154
Effect of change in demographic assumptions	( 331)	-	( 331)
Effect of change in financial assumptions	1,145	161	1,306
Experience adjustments	( 411)	-	( 411)
	403	315	718
Contribution to pension fund	-	3,199	3,199
Pension paid	1,600	( 1,600)	-
Balance as at December 31	(\$ 30,441)	\$ 15,713	(\$ 14,728)

- (4) The Bank of Taiwan is commissioned to manage the fund of the Group's defined benefit pension plan assets in accordance with the percentages and amount of items as stipulated in the fund's annual investment and utilization plan and Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (i.e. deposits in domestic and foreign financial institutions, investment in domestic and overseas listed equity securities or equity securities through private placement, or investment in domestic and overseas securitization products backed by real estate assets). The relevant utilization status is supervised by the Labor Funds Supervisory Committee. With regard to the utilization of the fund, its minimum earnings in the annual distributions of the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time



deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, the government shall compensate the deficit after being authorized by the competent authorities. The Group has no right to participate in managing and operating said fund, hence the Group is unable to disclose the classification of the fair value of plan assets in accordance with paragraph 142 of IAS 19. The fair value of the composition of the plan assets as of December 31, 2022 and 2021 is available in the Annual Labor Retirement Fund Utilization Report announced by the government.

- (5) The actuarial assumptions related to pension are as follows:

	2022	2021
Discount rate	1.15%~1.50%	0.63%~0.80%
Future salary increases	1.00%~2.75%	1.00%~2.50%

The assumptions for the future mortality rate are based on the Taiwan Standard Ordinary Experience Mortality Table No. 5.

The analysis of the present value of defined benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on the present value of defined benefit obligations	(\$ 556)	\$ 573	\$ 548	(\$ 534)
	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on the present value of defined benefit obligations	(\$ 674)	\$ 695	\$ 661	(\$ 644)

The sensitivity analysis above is based on the impact of a single assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change at the same time. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis are the same as those for the prior period.

- (6) The Group's estimated contributions to the defined benefit pension plan for the year ended December 31, 2023 amount to \$294.

- (7) As of December 31, 2022, the weighted average duration of the pension plan is 2–17.7 years. An analysis of the maturity of pension payments is as follows:

Less than 1 year	\$ 8,306
More than 1 year but less than 5 years	1,239
Over 5 years	4,161
	<u>\$ 13,706</u>

2. (1) The Company's sub-subsidiary, Daiichi Kasei, has formulated a defined benefit pension plan in accordance with the applicable Japanese laws and regulations and makes a monthly contribution equal to a certain percentage of the total salary to the pension fund.
- (2) Amounts recognized in balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	(\$ 188,028)	(\$ 211,580)
Fair value of plan asset	30,107	32,131
Net defined benefit liability	<u>(\$ 157,921)</u>	<u>(\$ 179,449)</u>

- (3) Movements in net defined benefit liabilities are as follows:

2022	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance as at January 1	(\$ 211,580)	\$ 32,131	(\$ 179,449)
Recognized in profit or loss:			
Current service cost	( 8,263)	-	( 8,263)
Interest (expense) income	( 734)	304	( 430)
	<u>( 8,997)</u>	<u>304</u>	<u>( 8,693)</u>
Recognized in comprehensive income:			
Experience adjustments	7,119	( 215)	6,904
	<u>7,119</u>	<u>( 215)</u>	<u>6,904</u>
Contribution to pension fund	-	1,398	1,398
Pension paid	18,118	( 2,413)	15,705
Exchange difference	7,312	( 1,098)	6,214
Balance as at December 31	<u>(\$ 188,028)</u>	<u>\$ 30,107</u>	<u>(\$ 157,921)</u>

2021	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance as at January 1	(\$ 252,431)	\$ 38,371	(\$ 214,060)
Recognized in profit or loss:			
Current service cost	( 9,895)	-	( 9,895)
Interest (expense) income	( 962)	355	( 607)
	( 10,857)	355	( 10,502)
Recognized in comprehensive income:			
Experience adjustments	( 7,672)	222	( 7,450)
	( 7,672)	222	( 7,450)
Contribution to pension fund	-	1,622	1,622
Pension paid	27,643	( 3,558)	24,085
Exchange difference	31,737	( 4,881)	26,856
Balance as at December 31	(\$ 211,580)	\$ 32,131	(\$ 179,449)

- (4) The present value of Daiichi Kasei's defined benefit obligations is determined by a qualified actuary, and the actuarial assumptions related to pension are as follows:

	2022	2021
Discount rate	0.74%	0.41%
Future salary increases	1.00%	1.00%

3. (1) Sol-Plus Co., Ltd., a sub-subsidiary of the Company, has formulated a defined benefit pension plan in accordance with the regulations under the Small- and Medium-Sized Enterprise Pension System, and makes a monthly contribution to each employee's labor pension account with the entrusted financial institution; the entity in charge of the Small- and Medium-Sized Enterprise Pension System provides it with its pension contributions and each employee's estimated pension per year. The payment for employee pension is made in a lump sum with the funds and the cumulative income in each employee's individual pension account.

- (2) The pension costs recognized by the Group in accordance with the above pension plan for 2022 and 2021 were \$2,484 and \$2,522, respectively. The net defined benefit liabilities as at December 31, 2022 and 2021 were \$17,747 and \$16,004, respectively.
4. (1) Hiraiseimitsu (Thailand) Co., Ltd., a sub-subsidiary of the Company, has formulated a defined benefit pension plan in accordance with the Thai Labor Law, and the pension liabilities were estimated based on employees' length of service and salaries.
- (2) Amounts recognized in balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	(\$ 23,083)	(\$ 21,541)
Fair value of plan asset	-	-
Net defined benefit liability	<u>(\$ 23,083)</u>	<u>(\$ 21,541)</u>

- (3) Movements in net defined benefit liabilities are as follows:

2022	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
January 1	(\$ 21,541)	\$ -	(\$ 21,541)
Recognized in profit or loss:			
Current service cost	( 2,568)	-	( 2,568)
Interest (expense) income	<u>( 600)</u>	<u>-</u>	<u>( 600)</u>
	<u>( 3,168)</u>	<u>-</u>	<u>( 3,168)</u>
Remeasurement:			
Effect of change in demographic assumptions	( 2,525)	-	( 2,525)
Effect of change in financial assumptions	2,879	-	2,879
Experience adjustments	<u>2,421</u>	<u>-</u>	<u>2,421</u>
	<u>2,775</u>	<u>-</u>	<u>2,775</u>
Pension paid	-	-	-
Exchange difference	<u>( 1,149)</u>	<u>-</u>	<u>( 1,149)</u>
December 31	<u>(\$ 23,083)</u>	<u>\$ -</u>	<u>(\$ 23,083)</u>

2021	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
January 1	(\$ 22,164)	\$ -	(\$ 22,164)
Recognized in profit or loss:			
Current service cost	( 3,048)	-	( 3,048)
Interest (expense) income	( 420)	-	( 420)
	<u>( 3,468)</u>	<u>-</u>	<u>( 3,468)</u>
Remeasurement:			
Effect of change in demographic assumptions	( 1,050)	-	( 1,050)
Effect of change in financial assumptions	716	-	716
Experience adjustments	<u>1,992</u>	<u>-</u>	<u>1,992</u>
	<u>1,658</u>	<u>-</u>	<u>1,658</u>
Pension paid	-	-	-
Exchange difference	<u>2,433</u>	<u>-</u>	<u>2,433</u>
December 31	<u>(\$ 21,541)</u>	<u>\$ -</u>	<u>(\$ 21,541)</u>

(4) The actuarial assumptions related to pension are as follows

	2022	2021
Discount rate	<u>3.15%</u>	<u>2.24%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

- (5) The analysis of the present value of defined benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2022				
Effect on the present value of defined benefit obligations	<u>(\$ 3,003)</u>	<u>(\$ 3,547)</u>	<u>\$ 3,342</u>	<u>(\$ 2,882)</u>
December 31, 2021				
Effect on the present value of defined benefit obligations	<u>(\$ 2,874)</u>	<u>\$ 3,418</u>	<u>\$ 3,163</u>	<u>(\$ 2,714)</u>

The sensitivity analysis above is based on the impact of a single assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change at the same time. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (6) As of December 31, 2022, the weighted average duration of the pension plan is 21.69 years. An analysis of the maturity of pension payments is as follows:

Less than 1 year	\$ -
1-5 years	738
5 years or longer	<u>15,470</u>
	<u>\$ 16,208</u>

5. (1) Effective on July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan under the Labor Pension Act, covering all employees with R.O.C. nationality. Under the Labor Pension Act, the Company and its domestic subsidiaries make monthly contributions equal to 6% of the employees' monthly salaries and wages to the employees' individual pension accounts with the Bureau of Labor Insurance. The pension is paid monthly or in lump sum with the funds and the cumulative income in each employee's individual pension account.
- (2) The subsidiaries of the Group in China make monthly contributions equal to a certain percentage of the local employees' salaries in accordance with the pension system stipulated by the government of the People's Republic of China. Each employee's pension is managed and administered by the government, and the Group has no further obligations other than the monthly contributions.
- (3) The Group's subsidiaries in regions other than the above ones makes contributions to the pension funds in accordance with the laws and regulations of the countries where they are located.
- (4) The pension costs recognized by the Group in accordance with the above pension schemes for 2022 and 2021 were \$99,401 and \$86,931, respectively.

(XX) Share capital

1. As of December 31, 2022, the Company's authorized capital was \$3,000,000 (including employee stock options, preference shares with stock options, and corporate bonds payable with stock options of \$100,000) and paid-in capital was \$1,699,640, with a par value of NT\$10 per share, and divided into 169,964 thousand shares.

2. Treasury shares

(1) Reasons for the retrieval of shares and the number:

Unit: thousand shares		
December 31, 2022		
Name of company	Number of shares	Carrying amount
Held by the Company for transfer of the shares to employees	1,005	\$ 24,059
Held by subsidiaries	984	5,714
	1,989	\$ 29,773
December 31, 2021		
Name of company	Number of shares	Carrying amount
Held by the Company for transfer of the shares to employees	1,005	\$ 24,059
Held by subsidiaries	984	5,714
	1,989	\$ 29,773

- (2) As per the Securities and Exchange Act, the percentage of the issued shares to be repurchased by the Company shall not exceed 10% of its total issued shares, and the total amount of the purchased shares shall not exceed the retained earnings plus the issued shares at a premium and the realized capital surplus.
- (3) As per the Securities and Exchange Act, the treasury shares held by the Company shall not be pledged, nor shall they be entitled to shareholders' rights until they are transferred.
- (4) As per the Securities and Exchange Act, the shares repurchase for transfer to employees shall be transferred within five years from the date of the repurchase. If the shares are not transferred prior to the deadline, the company shall be deemed to have not issued the shares and shall carry out the change registration to cancel the shares. The shares repurchased to maintain the Company's credit and shareholders' equity shall be cancelled by carrying out change registration within six months from the date of the repurchase.
- (5) The Board of Directors, on March 24, 2020, resolved a decision to repurchase treasury shares and transfer them to employees in accordance with Article 28-2 of the Securities and Exchange Act and the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies to motivate employees and enhance their

commitment to the Company. A total of 1,005 thousand shares were repurchased in an amount of \$24,059 between March 27, 2020 and May 22, 2020, and the average repurchase price was NT\$23.94 per share.

- (6) AVY, a subsidiary of the Company, acquired the Company's shares privately offered on October 15, 2004. In 2005, the Company invested in AVY, which became the Company's subsidiary, and its initial shareholding of the Company's shares was regarded as the Company's treasury shares.

## (XXI) Capital surplus

1. According to the provisions of the Company Act, the capital surplus including the income derived from issuing shares at a premium and from endowments, in addition to being used to compensate deficit, where the Company has no accumulated losses, shall be used to issue new shares or cash in proportion to the shareholders' original shares. In addition, as per the Securities and Exchange Act, where the capital surplus above is allocated for capitalization, the total amount shall not exceed 10% of the paid-in capital each year. The Company shall not use the capital surplus to compensate the capital losses, unless the surplus reserve is insufficient to compensate such losses.

### 2. Table of movement in capital surplus

	Issue at a premium	Treasury share trading	Differences between the price of the equity of subsidiary acquired or disposed of and the book value	Changes in ownership interests in subsidiaries recognized	Changes in the net equity value of affiliates recognized	Others	Total
January 1, 2022	\$ 1,083,461	\$ 351,257	\$ 882,599	\$ 195,222	\$ 1,349	\$ 70,480	\$ 2,584,368
Cash Dividend	( 50,989)	-	-	-	-	-	( 50,989)
Overdue dividends transferred to capital surplus	-	-	-	-	-	15	15
Adjustments to dividends paid out to subsidiaries	-	296	-	-	-	-	296
Changes in equity of subsidiaries and affiliates	-	-	-	60,421	2,441	-	62,862
December 31, 2022	<u>\$ 1,032,472</u>	<u>\$ 351,553</u>	<u>\$ 882,599</u>	<u>\$ 255,643</u>	<u>\$ 3,790</u>	<u>\$ 70,495</u>	<u>\$ 2,596,552</u>

	Issue at a premium	Treasury share trading	Differences between the price of the equity of subsidiary acquired or disposed of and the book value	Changes in ownership interests in subsidiaries recognized	Changes in the net equity value of affiliates recognized	Others	Total
January 1, 2021	\$ 1,083,461	\$ 350,960	\$ 882,599	\$ 80,295	\$ 1,991	\$ 70,477	\$ 2,469,783
Adjustments to dividends paid out to subsidiaries	-	297	-	-	-	-	297
Overdue dividends transferred to capital surplus	-	-	-	-	-	3	3
Changes in equity of subsidiaries and affiliates	-	-	-	114,927	( 642)	-	114,285
December 31, 2021	<u>\$ 1,083,461</u>	<u>\$ 351,257</u>	<u>\$ 882,599</u>	<u>\$ 195,222</u>	<u>\$ 1,349</u>	<u>\$ 70,480</u>	<u>\$ 2,584,368</u>



3. The details of trading capital surplus - treasury shares are as follows:

	December 31, 2022	December 31, 2021
Cumulative gain on the sales of the parent company's stock by subsidiaries	\$ 315,408	\$ 315,408
Dividends paid out by the parent company to subsidiaries	37,592	37,296
Convertible bonds payable repurchased	( 1,447)	( 1,447)
	<u>\$ 351,553</u>	<u>\$ 351,257</u>

(XXII) Retained earnings

1. As per the Articles of Incorporation, where the Company makes a profit for a fiscal year, the profit shall be first used for offsetting a cumulative deficit, setting aside 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company's paid-in capital, setting aside an amount for or reversing a special reserve in accordance with the laws and regulations or the competent authority's regulations, and then any remaining profit, together with any undistributed retained earnings from the prior period, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal after an appropriate amount is reserved for business needs. The proposal shall then be resolved at the shareholders' meeting for the distribution of shareholder dividends. All or part of the dividends and bonuses payable, capital surplus, or legal reserve shall be paid out in cash with majority approval at a board meeting attended by over two-thirds of the directors, which shall be reported to the shareholders' meeting, while the provisions in the preceding paragraph that a resolution by the shareholders meeting shall be required do not apply.
2. The Company's dividend policy shall be implemented based on its business plan, future capital expenditure plans, budget, and capital needs, to meet shareholders' needs for cash inflows and ensure market competitiveness, of which cash dividends to be paid out shall not be lower than 10% of the total dividends to be paid out to shareholders.
3. The legal reserve shall not be used except for compensation of the Company's deficit and issue of new shares or cash in proportion to the shareholders' shareholdings. However, in the case of issue of new shares or cash, it shall only be conducted when such reserve exceeds 25% of the paid-in capital.
4. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.
5. The shareholders' meeting, on July 15, 2021, resolved a resolution to pay out cash dividends of \$50,989 (approximately NT\$0.3 per share) for earnings distribution for 2020.
6. On June 4, 2022, the shareholders' meeting resolved a resolution for the 2021 retained earnings. As the net income in 2021 is insufficient for an allocation for legal reserve and allocation for special reserve, the reserve surplus was not for the time being distributed. In addition, a cash dividend of \$50,989 (approximately NT\$0.3 per share) would be paid out

of capital surplus.

7. The above information on the approval of the Board of Directors and the resolution adopted by the shareholders' meeting regarding earnings distribution is available on the MOPS.

(XXIII) Non-controlling interests

	2022	2021
Opening balance	\$ 2,221,195	\$ 1,769,946
Share attributable to non-controlling interests:		
Net income (loss) for this period	123,409	168,902
Exchange differences on translation of the financial statements of foreign operations	( 18,893)	31,082
Unrealized gains or losses on financial assets at fair value through other comprehensive income	( 82,492)	( 82,006)
Remeasurement of defined benefit plans	( 4,813)	10,945
Increase (decrease) in non-controlling interests		
Cash dividends paid out by subsidiaries	( 120,084)	( 82,249)
Subsidiaries' cash capital reduction	( 79,520)	( 144,478)
Changes in ownership interests in subsidiaries	34,569	( 139,573)
Disposal of equity instruments at fair value through other comprehensive income	( 38,604)	68,103
Changes in non-controlling interests - acquisition through combination and cash capital increase	32,002	620,523
Ending balance	<u>\$ 2,066,769</u>	<u>\$ 2,221,195</u>

(XXIV) Operating revenue

	2022	2021
Revenue from customer contracts	<u>\$ 10,518,257</u>	<u>\$ 11,848,525</u>

1. Please refer to Note 14(2) for the details of revenue from customer contracts.
2. Contract liabilities

The contract liabilities related to revenue from customer contracts recognized by the Group are as follows:

	December 31, 2022	December 31, 2021
Contract liabilities (advance receipts)	<u>\$ 73,141</u>	<u>\$ 62,972</u>

(XXV) Interest income

	2022	2021
Interest income	<u>\$ 37,805</u>	<u>\$ 39,474</u>

(XXVI) Other income

	2022	2021
Dividend income	\$ 25,727	\$ 28,534
Rental income	18,678	18,138
Bargain purchase gains	5,667	-
	<u>\$ 50,072</u>	<u>\$ 46,672</u>

(XXVII) Other gains and losses

	2022	2021
Proceeds from the disposal of property, plant and equipment	\$ 25,314	\$ 23,204
Gain on disposal of investment	11,275	150
Lease modification gain	1,037	26,157
Disposal benefits of non-current assets held for sell	3,120	-
Foreign exchange gain (loss)	181,669	( 5,607)
Gain (loss) on financial assets and liabilities at fair value through profit or loss	( 51,368)	3,370
Impairment loss	( 13,745)	( 10,658)
Others	15,292	34,073
	<u>\$ 172,594</u>	<u>\$ 70,689</u>

(XXVIII) Financial costs

	2022	2021
Interest expense		
Bank borrowings and others	\$ 64,424	\$ 63,469
Interest on lease liabilities	17,862	15,885
Other financial expenses	1,001	1,903
	<u>\$ 83,287</u>	<u>\$ 81,257</u>

(XXIX) Employee benefits and depreciation and amortization expenses

By nature \ By function	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary and wages	\$ 1,207,491	\$ 785,831	\$ 1,993,322	\$ 1,488,389	\$ 806,476	\$ 2,294,865
Labor and health insurance costs	66,148	68,704	134,852	69,669	73,605	143,274
Pension	49,770	64,187	113,957	45,972	57,781	103,753
Other employment expenses	50,453	35,362	85,815	68,622	40,286	108,908
Depreciation expense	597,251	131,601	728,852	665,230	116,006	781,236
Amortization expense	6,458	10,032	16,490	3,184	17,888	21,072

Note 1: Labor and health insurance costs include medical insurance and occupational injury insurance borne by subsidiaries in China.

Note 2: Depreciation expense contains property, plant and equipment and right-of-use assets.

1. As per the Company's Articles of Incorporation, after cumulative losses are deducted from the Company's profit for the year, if there is a balance, no less than 8% and not higher than 12% of the balance shall be set aside for employee remuneration and no higher than 1.5% for directors' remuneration.
2. The Company suffered a loss before tax for 2022 so did not estimate employee remuneration and directors' remuneration. The estimated 2021 employee remuneration and directors' remuneration were \$5,317 and \$997, respectively, and the aforementioned amounts were recognized in salary and wages. The amounts for 2021 were estimated at 8% and 1.5% of the year's profit, respectively.

The employee remuneration and the directors' remuneration approved by the Board of Directors is consistent with the amounts recognized in the 2021 financial statements.

3. The information on employee remuneration and directors' and supervisors' remuneration approved by the Board of Directors is available on the MOPS.

### (XXX) Income tax

#### 1. Income tax expense

##### (1) Components of income tax expenses:

	2022	2021
Current income tax:		
Income tax from the current income	\$ 165,816	\$ 144,408
Surtax on the undistributed earnings	199	231
Income tax underestimates for prior years	3,137	13,906
	<u>169,152</u>	<u>158,545</u>
Deferred tax:		
The initial generation and reversal of temporary differences	( 19,134)	( 9,184)
Income tax expense	<u>\$ 150,018</u>	<u>\$ 149,361</u>

##### (2) The amount of income tax related to other comprehensive income:

	2022	2021
Exchange differences on translation of the foreign operations	\$ 7,576	(\$ 6,517)
Changes in the fair values of financial assets at fair value through other comprehensive income.	15,009	1,876
Remeasurement of defined benefit obligations	240	173
	<u>\$ 22,825</u>	<u>(\$ 4,468)</u>

2. Reconciliation between income tax expenses and accounting profits:

	<u>2022</u>	<u>2021</u>
Income tax calculated based on net income before tax at the statutory tax rate	\$ 127,185	\$ 163,811
Effects of items that should be adjusted according to laws	26,345	15,914
Surtax on the undistributed earnings	199	231
Income tax underestimates for prior years	3,137	13,906
Effect of deferred tax assets unrecognized	( 4,285)	( 31,120)
Others	<u>( 2,563)</u>	<u>( 13,381)</u>
Income tax expense	<u>\$ 150,018</u>	<u>\$ 149,361</u>

### 3. The details of changes in deferred tax assets or liabilities are as follows:

	2022				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	December 31
Deferred tax assets:					
Temporary differences:					
Inventory valuation loss	\$ 14,723	\$ 1,832	\$ -	\$ -	\$ 16,555
Bad debts	13,432	5,564	-	-	18,996
Depreciation expense	3,707	92	-	-	3,799
Loss on investments accounted by using the equity method	19,018	4,367	-	-	23,385
Effect of pensions	2,237	( 421)	( 240)	-	1,576
Unrealized losses on financial assets at fair value through other comprehensive income	3,308	-	( 3,209)	-	99
Impairment loss	13,120	-	-	907	14,027
Others	71,170	( 34,632)	( 7,576)	3,285	32,247
Tax loss	19,037	27,092	-	( 1,058)	45,071
Subtotal	159,752	3,894	( 11,025)	3,134	155,755
Deferred tax liabilities:					
Temporary differences:					
Gain on investments accounted by using the equity method	( \$ 174,864)	( \$ 7,146)	\$ -	\$ -	( \$ 182,010)
Acquisition due to combinations	( 32,487)	24,711	-	( 708)	( 8,484)
Others	( 6,260)	( 2,325)	( 11,800)	96	( 20,289)
Land value increment tax and gain on increment	( 98,008)	-	-	( 1,296)	( 99,304)
Subtotal	( 311,619)	15,240	( 11,800)	( 1,908)	( 310,087)
Total	( \$ 151,867)	\$ 19,134	( \$ 22,825)	\$ 1,226	( \$ 154,332)

  

	2021				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	December 31
Deferred tax assets:					
Temporary differences:					
Inventory valuation loss	\$ 12,964	\$ 1,759	\$ -	\$ -	\$ 14,723
Bad debts	15,432	( 2,000)	-	-	13,432
Depreciation expense	3,937	( 230)	-	-	3,707
Loss on investments accounted by using the equity method	15,738	3,280	-	-	19,018
Effect of pensions	2,583	( 173)	( 173)	-	2,237
Unrealized losses on financial assets at fair value through other comprehensive income	5,184	-	( 1,876)	-	3,308
Impairment loss	12,953	-	-	167	13,120
Others	58,221	5,945	6,517	487	71,170
Tax loss	16,758	2,279	-	-	19,037
Subtotal	143,770	10,860	4,468	654	159,752
Deferred tax liabilities:					
Temporary differences:					
Gain on investments accounted by using the equity method	( \$ 166,651)	( \$ 8,213)	\$ -	\$ -	( \$ 174,864)
Acquisition due to combinations	( 45,295)	4,029	-	8,779	( 32,487)
Others	( 8,763)	2,508	-	( 5)	( 6,260)
Land value increment tax and gain on increment	( 97,944)	-	-	( 64)	( 98,008)
Subtotal	( 318,653)	( 1,676)	-	8,710	( 311,619)
Total	( \$ 174,883)	\$ 9,184	\$ 4,468	\$ 9,364	( \$ 151,867)

4. Deductible temporary differences not recognized as deferred tax assets:

	December 31, 2022	December 31, 2021
Deductible temporary differences	<u>\$ 104,539</u>	<u>\$ 108,818</u>

5. The Company's profit-seeking enterprise income tax returns filed up to 2020 was approved by the tax authority.

(XXXI) Earnings (losses) per share

	2022		
	Amount after tax	Weighted average number of issued shares (in thousand)	Earnings per share (NT\$)
<u>Basic and diluted earnings per share</u>			
Current net loss attributable to ordinary shareholders of the parent company	<u>(\$ 96,951)</u>	<u>167,975</u>	<u>(\$ 0.58)</u>
		2021	
	Amount after tax	Weighted average number of issued shares (in thousand)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Current net income attributable to ordinary shareholders of the parent company	<u>\$ 58,736</u>	<u>167,975</u>	<u>\$ 0.35</u>
<u>Diluted earnings per share</u>			
Effect of dilutive potential ordinary shares on employee remuneration	<u>\$ -</u>	<u>197</u>	
Current net income attributable to ordinary shareholders of the parent company, plus effect of potential ordinary shares	<u>\$ 58,736</u>	<u>168,172</u>	<u>\$ 0.35</u>

As employees can choose to receive shares, when earnings per share are calculated, it is assumed that employee remuneration will be paid out in the form of stock, and when the potential ordinary shares are dilutive, they are included in the weighted average number of issued shares, which is adopted to calculate the diluted earnings per share.

(XXXII) Transactions with non-controlling interests

1. Acquisition of additional equity in a subsidiary

On September 1, 2022, IKKA Holdings, a subsidiary of the Group, issued 388,000 common shares (with a face value of NT\$10 per share) to acquire 30% of the issued shares of a subsidiary, Sol-Plus (HK) Co., Limited, for USD 1,800,000 and share transfer. The carrying value of the non-controlling interest on the acquisition date was \$58,999, the transaction reduced the non-controlling interest by \$58,999, and increased the equity attributable to the owners of IKKA Holdings by \$11,884 (adjusted the carrying additional paid in capital).

	September 1, 2022
Carrying amount of non-controlling interests acquired	\$ 58,999
Consideration paid to non-controlling interests	( 58,669)
Other equity	
Exchange difference-conversion of financial statements of foreign operating institutions	11,554
Capital surplus - differences between the price of the equity of subsidiary acquired or disposed of and the book value	11,884

2. Disposal of subsidiaries' equity (without losing control)

The Group sold 0.54% of equity in its subsidiary, IKKA Holdings, for a consideration of \$22,816 in the second quarter of 2021. The carrying amount of the non-controlling interests in IKKA Holdings at the date of sale was \$16,045; the transaction increased the non-controlling interests by \$16,045 and the equity attributable to the owners of the parent company by \$5,403. The impact of change in IKKA Holdings' equity on the equity attributable to the owners of the parent company is as follows:

	2021
Carrying amount of non-controlling interests disposed of	(\$ 16,045)
Consideration received from non-controlling interests	22,816
Other equity	
Exchange differences on translation of the financial statements of foreign operations	( 1,488)
Share of other comprehensive income of affiliates and joint ventures recognized using the equity method	120
Total	\$ 5,403
Capital surplus - differences between the price of the equity of subsidiary acquired or disposed of and the book value	\$ 5,403

3. The Group did not subscribe in a subsidiaries' cash capital increase in proportion to the Group's shareholding.



IKKA Holdings, a subsidiary of the Group, conducted cash capital increase and issued new shares of \$478,826 on May 27, 2021. The Group did not subscribe in proportion to its shareholding, thus resulting a decrease in the shareholding by 13.37%. The transaction led to a decrease in non-controlling interests by \$111,968 and an increase in the equity attributable to the owners of the parent company by \$108,591. The impact of change in IKKA Holdings' equity on the equity attributable to the owners of the parent company is as follows:

	2021
Cash	\$ -
Decrease in the carrying amount of non-controlling interests	111,968
Other equity	
Exchange differences on translation of the financial statements of foreign operations	( 3,673)
Share of other comprehensive income of affiliates and joint ventures recognized using the equity method	296
Total	<u>\$ 108,591</u>
Capital surplus - changes in ownership interests in subsidiaries recognized	<u>\$ 108,591</u>

(XXXIII) Business combinations

1. In the first quarter of 2022, the Company was approved by the competent authority to acquired 836 thousand common shares of VIEWQUEST at a price of \$54 per share, \$45,144 in total, accounting for 100% of the issued shares of VIEWQUEST. The difference between the acquisition consideration and the fair value of the identifiable assets acquired was \$5,667, and it was recognized as gain of bargain purchase.

The relevant information of the above merger is as follows:

	January 2022 VIEWQUEST
Acquisition consideration	
Cash	\$ 45,144
Fair value of the identifiable assets acquired	
Cash	733
Investments accounted for using equity method	50,078
Total of net identical assets	<u>50,811</u>
Gain of bargain purchase	<u>(\$ 5,667)</u>

2. (1) ABICO NetCom acquired 1,380 thousand private placement ordinary shares in TranSystem at \$7.35 per share, totaling \$10,143 based on the resolution by the Board of Directors in the second quarter of 2021. Also, as it originally held 3,147 thousand shares in TranSystem, amounting to \$23,305, making its stake in TranSystem accounting for 15.64% of TranSystem's total issued shares and becoming the largest shareholder of TranSystem.

Based on other shareholders' participation in TranSystem's previous shareholders meetings, it showed that the Group has the power to decide on relevant activities, and there is no sign that other shareholders have an agreement on collective decision-making, so TranSystem is included in the consolidated financial statements. The difference between the sum of the acquisition consideration of \$33,448, plus the fair value of the non-controlling interests of \$161,961, and the fair value of the net identifiable assets acquired in the acquisition of \$191,982 is recognized in goodwill in the amount of \$3,427.

(2) ABICO NetCom acquired 1,550 thousand ordinary shares in KKCK at \$10 per share based on the resolution by the Board of Directors in the second quarter of 2021, totaling \$15,500, making its stake in KKCK account for 50.82% of KKCK's issued shares. The difference between the sum of the acquisition consideration of \$15,500, plus the fair value of the non-controlling interests of \$14,429, and the fair value of the net identifiable assets acquired in the acquisition of \$29,338 is recognized in goodwill in the amount of \$591.

(3) ABICO NetCom acquired 5,000 thousand ordinary shares in Newec Corporation at \$5.2 per share based on the resolution by the Board of Directors in the third quarter of 2021, making its stake in Newec Corporation account for 100% of Newec Corporation's issued shares. The difference between the acquisition consideration and the fair value of the net identifiable assets acquired in the acquisition of \$19,006 is recognized in goodwill in the amount of \$6,994.

The relevant information on the above merger is as follows:

	April 2021 TranSystem	April 2021 KKCK	September 2021 Newec Corporation
Acquisition consideration			
Cash	\$ 10,143	\$ 15,500	\$ 26,000
Reclassification of financial assets	23,305	-	-
Non-controlling interests	161,961	14,429	-
Subtotal	195,409	29,929	26,000
	April 2021	April 2021	September 2021
Fair value of identifiable assets acquired and liabilities assumed			
Cash	92,062	16,567	14,936
Receivables	12,053	1,496	7,483
Inventories	21,267	11,170	-
Other current assets	31,656	788	953
Financial assets at fair value through profit or loss	887	-	-
Property, plant and equipment	3,599	42	-
Right-of-use assets	319	-	-
Other non-current assets	10,663	164	-
Payables	( 13,852)	( 856)	( 656)
Other current liabilities	( 4,234)	( 33)	( 3,710)
Other non-current liabilities	( 4,669)	-	-
Total of net identifiable assets	149,751	29,338	19,006
Deduct: Business name and other intangible asset fair value adjustment (Note)	42,231	-	5,860
Goodwill	\$ 3,427	\$ 591	\$ 1,134

Note: ABICO NetCom Co.,Ltd. obtained updated information on the facts and circumstances that existed on the acquisition date within one year from the acquisition date for the acquisitions of TranSystem and Newec Corporation, and identified intangible assets of \$42,231 and \$5,860, and goodwill of \$3,427 and \$1,134, respectively.

(XXXIV) Supplementary information on cash flows

1. Investing activities with partial cash payment:

	2022	2021
Property, plant and equipment acquired	\$ 320,403	\$ 275,316
Add: Business facilities payable at the beginning of the period	12,561	6,761
Less: Business facilities payable at the end of the period	( 15,778)	( 12,561)
Cash paid during this period	<u>\$ 317,186</u>	<u>\$ 269,516</u>

2. Financing activities that do not affect cash flows:

	2022	2021
Long-term borrowings - current portion	<u>\$ 230,849</u>	<u>\$ 272,596</u>

(XXXV) The movements in liabilities from financing activities

	Short-term borrowings	Short-term notes payable	Long-term borrowings (including the current portion)	The movements in liabilities from financing activities
January 1, 2022	\$ 2,321,339	\$ 89,909	\$ 1,973,051	\$ 4,384,299
The movements in cash flows from financing activities	50,732	( 59,924)	( 8,892)	( 18,084)
Effect of changes in exchange rates	( 14,142)	-	-	( 14,142)
December 31, 2022	<u>\$ 2,357,929</u>	<u>\$ 29,985</u>	<u>\$ 1,964,159</u>	<u>\$ 4,352,073</u>
	Short-term borrowings	Short-term notes payable	Long-term borrowings (including the current portion)	The movements in liabilities from financing activities
January 1, 2021	\$ 2,500,290	\$ 89,898	\$ 1,897,214	\$ 4,487,402
The movements in cash flows from financing activities	( 184,228)	11	75,837	( 108,380)
Effect of changes in exchange rates	5,277	-	-	5,277
December 31, 2021	<u>\$ 2,321,339</u>	<u>\$ 89,909</u>	<u>\$ 1,973,051</u>	<u>\$ 4,384,299</u>

## VII. Related Party Transactions

### (I) Parent company and ultimate controller

The Company is controlled by Abico International Co., Ltd. (incorporated and registered in the Republic of China), which owns 13% of the Company's shares as at December 31, 2022. The remaining shares are held by the public. The ultimate parent company and ultimate controller of the Company are Abico International Co., Ltd.

### (II) Name of related party and relations with the Company:

<u>Name of related party</u>	<u>Relations with the Group</u>
Abico International Co., Ltd. (ABICO International)	Ultimate parent company
Ability Enterprise Co., Ltd. (Ability Enterprise)	An affiliate
ViewQuest Technologies (BVI) Inc. (VQ)(Note 1)	An affiliate
Ability Enterprise (BVI) CO.,Ltd.(Ability BVI)	An affiliate
Ilens International Co., Ltd. (ILens)	An affiliate
G-YEN HUTONG CO., LTD. (G-yen Hutong)	An affiliate
ABICO Asia Capital Corporation (ABICO Asia)	An affiliate
DR.Chip Biotech, Inc.(DR.Chip Biotech) (Note 2)	Other related parties
SoJean Technology Co., LTD. (SoJean) (formerly known as SoJean International Co., Ltd.)	Other related parties
Ability Investment co., Ltd. (Ability Investment)	Other related parties
Ability Venture Management Co., Ltd. (Ability Venture Management)	Other related parties
Taishiba International Co., Ltd. (Taishiba)	Other related parties
Northpark Advisory Ltd. (Northpark)	Other related parties
ABICO International Holding Co., Ltd. (ABICO International)	Other related parties

Note 1: ViewQuest Technologies (BVI) Inc. was liquidated on August 25, 2022.

Note 2: As stated in Note 6(8) 6., since the Group lost its significant influence on DR.Chip Biotech, it has been reclassified to financial assets at fair value through other comprehensive income and loss, which belong to other related parties of the Group. On August 2, 2022, the Group sold all of its shares of DR.Chip Biotech and has not been a related party since then.

### (III) Major transactions with related parties

#### 1. Operating revenue

	<u>2022</u>	<u>2021</u>
Sales of goods:		
An affiliate	\$ 60,335	\$ 64,359
Other related parties	2,247	3,299
	<u>\$ 62,582</u>	<u>\$ 67,658</u>

The transaction prices and payment terms of sales are handled in accordance with the conditions agreed by both parties.

2. Purchase

	<u>2022</u>	<u>2021</u>
Purchases:		
An affiliate	\$ 3,673	\$ 783
Other related parties	7,298	7,689
	<u>\$ 10,971</u>	<u>\$ 8,472</u>

The transaction prices and payment terms of purchases are handled in accordance with the conditions agreed by both parties.

3. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Sales of goods:		
An affiliate		
ILens	\$ 45,733	\$ 49,769
Ability	8,994	9,658
Others	5	18
Other related parties	103	675
Subtotal	54,835	60,120
Allowance for losses	( 79)	( 98)
	<u>\$ 54,756</u>	<u>\$ 60,022</u>

Receivables from related parties are mainly from sales and the receivables for the sales are collected within 120 days at the end of each month.

4. Payables to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Purchases:		
An affiliate	\$ 2,546	\$ 47
Other related parties	1,575	1,260
	<u>\$ 4,121</u>	<u>\$ 1,307</u>

Payables to related parties are mainly from purchases and the payables for the purchases are paid within 120 days at the end of each month.

## 5. Lease Transactions – Lessee

- (1) The Group leases buildings from Ability Investments. The lease contract period is from 2018 to 2024, and the rent is paid at the end of each year.
- (2) Acquisition of right-to-use assets Interest Expense

	2022	2021
Other related parties		
Ability Investment	\$ 1,974	\$ -

- (3) Lease liabilities

### A. Ending Balance

	December 31, 2022	December 31, 2021
Other related parties		
Ability Investment	\$ 2,790	\$ 2,204

### B. Interest Expense

	2022	2021
Other related parties		
Ability Investment	\$ 16	\$ 30

## 6. Management consultation

- (1) The Company's subsidiaries, Ability I and Ability Venture Management, signed an outsourced management agreement for a period from September 20, 2011 through September 19, 2022. The annual management fee was calculated as per the agreement; Ability I calculated the fee at 2% of the paid-in capital for the first year through the third year and at 2% for the fourth through the sixth year. If the net worth was lower than 50% of the paid-in capital audited by a CPA, the management fee would be calculated at 2% of the net worth from the following year. The fee was be calculated at 1.5% of the net worth of the prior year for the seventh through the eighth year. The fee was charged \$6,000 for the tenth year; no outsourced management fee was charged from September 20, 2021 to September 19, 2022.
- (2) A. In addition to the above management fees, Ability Venture Management should calculate the net income before tax from the management task for the year within 3 months after the end of each fiscal year. Ability I set aside 20% of the net income before tax as a performance bonus and paid the performance bonus to Ability Venture Management after its financial report was audited by a CPA and approved by the shareholders' meeting. If the net income before tax was a negative number, the bonus should be carried forward to the next year, and the above net income

before tax should be first used to make up for the loss from the prior period before the performance bonus could be paid.

B. Net income before tax refers to the year's interest income, cash dividends, bonuses, and realized capital gains, less the year's management fees and operating expenses amortized by processing expenses, as well as realized and unrealized investment losses and capital costs (cumulative investment amount multiplied by the one-year time deposit rate of the Bank of Taiwan).

(3) The service fees arising from the aforesaid transactions for 2021 was \$3,750.

7. Endorsements/Guarantees provided by related parties

Please refer to Note 9(2) for details of the endorsements/guarantees provided by the Group's related parties.

(IV) Information on remuneration to key management personnel

	2022	2021
Short-term employee benefits	\$ 68,227	\$ 76,666
Post-employment benefits	728	485
	<u>\$ 68,955</u>	<u>\$ 77,151</u>

VIII. Assets Pledged

The details of the Group's assets provided as collateral are as follows:

Book value of assets	December 31, 2022	December 31, 2021	Purpose of collateral
Land	\$ 714,973	\$ 718,715	Long-term borrowings
Time deposits (Note)	368,707	252,628	Short-term and long-term borrowings
Buildings and structures	136,333	158,363	Long-term borrowings
Bank debentures (Note)	-	4,884	Long-term borrowings
Transportation equipment	10,515	4,706	Long-term borrowings
	<u>\$ 1,230,528</u>	<u>\$ 1,139,296</u>	

Note: Accounted for under "financial assets at amortized cost – current and non-current and other assets".

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingencies

None

(II) Commitments

1. Capital expenditures that have not yet taken place with contracts already signed

	December 31, 2022	December 31, 2021
Property, plant and equipment	\$ 26,276	\$ 38,128

2. To obtain the maximum bank borrowings, the Group provided the details of the endorsements/ guarantees. Please refer to Table 2 for details.

X. Major Disaster Loss

None.

XI. Material Events After the Balance Sheet Date

On March 22, 2023, the Board of Directors resolved to buy back 1,005 thousand shares of treasury stock that had not been transferred to employees for cancellation of shares for a three-year period, with the base date of capital reduction being May 22, 2023.

XII. Others

(I) Due to the outbreak of Covid-19, in order to cooperate with the local government's epidemic prevention policies, the operation of the Group's subsidiaries in China were partially affected in 2022 though appropriate contingency measures have been taken; however, the overall impact of the Group will depend on the post epidemic conditions, and cannot be reasonably estimated at present.

(I) Capital management

The objectives of the Group's capital management are to ensure that the Group can continue as a going concern, maintain the best capital structure to reduce the capital cost, and provide dividends to shareholders. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.



(II) Financial instruments

1. Types of financial instruments

	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 1,253,973	\$ 1,671,553
Financial assets at fair value through other comprehensive income (Note 1)	662,656	445,017
Financial assets at amortized cost (Note 2)	6,537,952	6,706,528
	<u>\$ 8,454,581</u>	<u>\$ 8,823,098</u>
	December 31, 2022	December 31, 2021
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 3)	<u>\$ 6,392,631</u>	<u>\$ 7,125,501</u>
Lease liabilities	<u>\$ 750,877</u>	<u>\$ 593,537</u>

Note 1: It includes the net amount of accounts receivable expected to be factored and equity instruments

Note 2: It includes cash and cash equivalents, financial assets at amortized cost, notes receivable, net amount of accounts receivable not expected to be factored, other receivables, and guarantee deposits paid.

Note 3: It includes short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, long-term liabilities due within one year or one business cycle, long-term borrowings, and guarantee deposits received.

2. Risk management policy

- (1) The Group's daily operations are affected by a number of financial risks, including market risks (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk.
- (2) The risk management work is carried out by the Group's Finance Department in accordance with the policy approved by the Board of Directors. The Group's Finance Department is responsible for identifying, evaluating, and avoiding financial risks through close collaboration with the Group's operating units. The Board of Directors has formulated written principles for overall risk management and also provided written policies about specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment using remaining liquidity.

### 3. The nature and level of material financial risks

#### (1) Market risks

##### Exchange rate risks

A. The Group's business involves a number of non-functional currencies (the Company's and some subsidiaries' functional currency is NTD while other subsidiaries' functional currencies are CNT and USD). Therefore, it is affected by exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	December 31, 2022		
	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
<u>Financial assets</u>			
<u>Monetary item</u>			
USD : NTD	\$ 26,531	30.71	\$ 814,777
EUR : NTD	1,233	32.72	40,347
RMB : NTD	16,371	4.41	72,198
HKD : RMB	31,040	0.89	122,298
HKD : USD	5,755	0.13	22,675
USD : RMB	25,502	6.97	783,174
USD : HKD	1,894	7.79	58,158
USD : VND	2,032	23,623.08	62,416
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD : NTD	8,145	30.71	250,147
EUR : NTD	613	32.72	20,047
USD : HKD	5,246	7.79	161,116

  

(Foreign currency: functional currency)	December 31, 2021		
	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
<u>Financial assets</u>			
<u>Monetary item</u>			
USD : NTD	\$ 36,789	27.68	\$ 1,018,311
EUR : NTD	1,543	31.32	48,332
RMB : NTD	41,466	4.34	179,961
HKD : USD	8,168	0.13	28,998
USD : RMB	17,992	6.37	498,015
HKD : RMB	33,834	0.82	120,111
USD : HKD	1,878	7.80	51,974

USD : VND	2,162	22,727.27	59,854
THB : JPY	28,788	3.47	24,029
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD : NTD	15,213	27.68	421,097
EUR : NTD	874	31.32	27,373
RMB : NTD	11,023	4.34	47,878
JPY : USD	325,000	0.01	78,000
JPY : THB	305,970	0.29	73,433
USD : VND	3,918	22,727.27	108,440

B. The aggregate amounts of (realized and unrealized) net exchange gain (losses) of the Group's monetary items recognized for 2022 and 2021 due to the material impact of exchange rate fluctuations were \$181,669 and \$5,607, respectively.

C. The analysis of the Group's foreign currency market risk due to significant exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	2022		
	<u>Sensitivity analysis</u>		
	<u>Movement (%)</u>	<u>Impact on profit or loss</u>	<u>Impact on comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary item</u>			
USD : NTD	1%	\$ 8,148	\$ -
EUR : NTD	1%	403	-
RMB : NTD	1%	722	-
HKD : USD	1%	227	-
HKD : RMB	1%	1,223	-
USD : RMB	1%	7,832	-
USD : HKD	1%	582	-
USD : VND	1%	624	-
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD : NTD	1%	2,501	-
EUR : NTD	1%	200	-
USD : HKD	1%	1,611	-

(Foreign currency: functional currency)	2021		
	Sensitivity analysis		
	Movement (%)	Impact on profit or loss	Impact on comprehensive income
<u>Financial assets</u>			
<u>Monetary item</u>			
USD : NTD	1%	\$ 10,183	\$ -
EUR : NTD	1%	483	-
RMB : NTD	1%	1,800	-
HKD : USD	1%	290	-
USD : RMB	1%	4,980	-
HKD : RMB	1%	1,201	-
USD : HKD	1%	520	-
USD : VND	1%	599	-
THB : JPY	1%	240	-
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD : NTD	1%	4,211	-
EUR : NTD	1%	274	-
RMB : NTD	1%	479	-
JPY : USD	1%	780	-
JPY : THB	1%	734	-
USD : VND	1%	1,084	-

#### Price risk

- A. The Group's equity instruments exposed to the price risk are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. In order to manage the price risk of equity instrument investment, the Group has diversified its investment portfolio, and the method of the diversification is based on the limits set by the Group.
- B. The Group mainly invests in equity instruments and funds launched by companies at home and abroad, and the prices of those equity instruments will be affected by the uncertainty of the future values of said instruments. If the price of said equity instruments rose or fell by 1%, with all other factors remaining unchanged, the net income after tax would have increased or decreased by \$12,540 and \$16,716 for 2022 and 2021, respectively, because of the gains or losses on the equity instruments at fair value through profit or loss, while other comprehensive income

would have increased or decreased by \$5,743 and \$3,495, respectively, because of the gains or losses on equity investments at fair value through other comprehensive income.

Interest rate risk of cash flow and fair value

- A. The Group's interest rate risk mainly comes from short-term borrowings at floating rates, which exposes the Group to the cash flow interest rate risk. The Group's borrowings at floating rates during 2022 and 2021 were denominated in NTD, USD, CNY, and JPY.
- B. When the borrowing rate increased or decreased by 1%, with all other factors remaining unchanged, the net income before tax for 2022 and 2021 would have decreased or increased by \$43,521 and \$43,843, respectively, mainly as interest expense changes with the floating-rate borrowings.

(2) Credit risk

- A. The Group's credit risk is the risk of financial loss suffered by the Group arising from the failure of clients or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle accounts receivable in accordance with the payment terms and the contractual cash flows at amortized cost.
- B. The Group has established credit risk management from the Group's perspective. Banks and financial institutions that the Group deals with those with high credit ratings rated by international credit rating agencies. In accordance with the internal credit policy, each operating entity within the Group must conduct management and credit risk analysis of each new client before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of customers by considering their financial positions, past experience, and other factors. Individual risk limits are set by the board of directors based on internal or external ratings, and the drawdown of credit limits is regularly monitored.
- C. The Group adopts IFRS 9 to make an assumption. When a contract payment is overdue for more than 90 days, it is deemed to have been in default.
- D. The Group adopts IFRS 9 to make an assumption as a basis for judging whether the credit risk of a financial instrument has increased significantly since the initial recognition:

When a contract payment is overdue for more than 30 days in accordance with the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the initial recognition.

- E. The Group groups clients' accounts receivable and long-term receivables according to the product type, client ratings, and client type and adopts a simplified approach to estimate expected credit losses with a provision matrix.
- F. After the recourse procedures, the Group writes off the amount of the financial asset that cannot be reasonably expected to be recovered. However, the Group will continue to carry out the legal recourse procedures to preserve the creditor's rights.

- G. The Group incorporates the forward-looking considerations in the Taiwan Institute of Economic Research' Business Indicator Report and adjusts the loss ratio established based on historical and current information for a specific period, to estimate an allowance for losses on notes and accounts receivable; the provision matrix for December 31, 2022 and 2021 is as follows:

	Not past due	1–90 days	More than 90 days	Total
<u>December 31, 2022</u>				
Expected loss ratio	0.30%	11.64%	72.23%-90.24%	
Total book value	\$ 1,972,175	\$ 101,504	\$ 76,546	\$ 2,150,225
Allowance for losses	(\$ 5,879)	(\$ 11,818)	(\$ 56,677)	(\$ 74,374)
	Not past due	1–90 days	More than 90 days	Total
<u>December 31, 2021</u>				
Expected loss ratio	0.25%	9.08%	61.04%	
Total book value	\$ 2,354,339	\$ 117,672	\$ 31,439	\$ 2,503,450
Allowance for losses	(\$ 5,838)	(\$ 10,684)	(\$ 19,147)	(\$ 35,669)

The aging analysis stated above is based on the number of overdue days.

- H. The Group estimates the expected credit loss for each significant overdue receivable that has been in default.
- I. The table of the changes in the Group's simplified allowance for losses on notes, accounts receivable and long-term receivables, and overdue receivables is as follows:

	2022		
	Notes and accounts receivable	Other receivables and overdue receivables	Total
January 1	\$ 35,669	\$ 110,519	\$ 146,188
Impairment loss recognized (reversed)	39,835	( 897)	38,938
Receivables written off due to inability to recover	( 1,738)	( 18,026)	( 19,764)
Effect of exchange rates	608	-	608
December 31	\$ 74,374	\$ 91,596	\$ 165,970
	2021		

	Notes and accounts receivable	Other receivables and overdue receivables	Total
January 1	\$ 53,371	\$ 75,280	\$ 128,651
Impairment loss recognized (reversed)	( 17,172)	19,754	2,582
Others (movement in the consolidated entities)	63	27,101	27,164
Receivables written off due to inability to recover	( 650)	( 11,616)	( 12,266)
Effect of exchange rates	57	-	57
December 31	<u>\$ 35,669</u>	<u>\$ 110,519</u>	<u>\$ 146,188</u>

(3) Liquidity risk

- A. The remaining cash held by each operating entity will be transferred back to the Group's Finance Department when it exceeds the amount of working capital needed. The Group's Finance Department invests the remaining funds in interest-bearing demand deposit, time deposits, and securities. There is an appropriate maturity date or sufficient liquidity for the instruments selected by it so as to respond to the forecast above and to provide adequate liquidity.
- B. The Group's non-derivative financial liabilities are grouped as per due dates below and analyzed based on the remaining period from the balance sheet date to the contract maturity date.

	December 31, 2022		December 31, 2021	
<u>Non- derivative financial liabilities:</u>	<u>1 year or fewer</u>	<u>1 year or longer</u>	<u>1 year or fewer</u>	<u>1 year or longer</u>
Long-term borrowings	\$ 267,163	\$ 1,914,880	\$ 302,945	\$ 1,847,864
Lease liabilities	231,270	715,855	170,225	565,922

Except as stated in the table above, the Group's non-derivative financial liabilities are due within one year in the future.

(III) Fair value information

1. The fair value levels of the financial instruments and non-financial instruments measured using the valuation technique are defined as follows:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date. An active market refers to a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair values of the TWSE/TPEX listed stocks, stocks listed on the emerging stock market, and funds held by the Group belong to this level.
- Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly or indirectly for assets or liabilities. The fair values of private placement funds and wealth management products invested by the Group belong to this level.
- Level 3: Unobservable inputs for assets or liabilities. The fair values of equity instrument investments, private placement funds, and wealth management products invested by the Group without an active market belong to this level.
2. The carrying amounts of the financial instruments not measured at fair value (including cash and cash equivalents, notes and accounts receivable, other receivables, short-term borrowings, notes and accounts payable, other payables, and long-term borrowings (current portion)) are reasonable approximations of the fair values.
3. Financial instruments measured at fair value are classified by the Group based on the nature, characteristics, risk, and the level of fair value of assets and liabilities. The relevant information is as follows:
- (1) The Group classified assets and liabilities by nature. The relevant information is as follows:

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss				
- Investments in equity, debt instruments, and fund beneficiary certificates	\$ 399,250	\$ 76,709	\$ 778,014	\$ 1,253,973
Financial assets at fair value through other comprehensive income				
- Investments in equity instruments	369,518	-	204,818	574,336
- Accounts receivable expected to be factored	-	88,320	-	88,320
	<u>\$ 768,768</u>	<u>\$ 165,029</u>	<u>\$ 982,832</u>	<u>\$ 1,916,629</u>



<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss				
- Investments in equity, debt instruments, and fund beneficiary certificates	\$ 504,422	\$ 69,522	\$ 1,097,609	\$ 1,671,553
Financial assets at fair value through other comprehensive income				
- Investments in equity instruments	81,347	-	268,148	349,495
- Accounts receivable expected to be factored	-	95,522	-	95,522
	<u>\$ 585,769</u>	<u>\$ 165,044</u>	<u>\$ 1,365,757</u>	<u>\$ 2,116,570</u>

(2) The methods and assumptions used by the Group to measure fair value are as follows:

A. Where the Group uses market quoted prices as the fair value input (i.e. Level 1), the tools are classified based on the characteristics as follows:

	<u>TWSE/TPEX listed stocks</u>	<u>Stocks listed on the emerging stock market</u>	<u>Funds</u>
<u>Market quoted prices</u>	<u>Closing prices</u>	<u>Last transaction price</u>	<u>Net worth</u>

B. Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or with reference to the quoted prices of counterparties. For the fair value obtained through the valuation techniques, the Group refers to the present fair value of other financial instruments with similar conditions and characteristics or other valuation techniques, including calculations using models based on the market information available at the consolidated balance sheet date.

C. When evaluating non-standard and less complex financial instruments, such as debt instruments, interest rate swap contracts, foreign exchange swap contracts, and options, all without active markets, the Group adopts the valuation techniques widely used by market participants. The parameters used in the valuation models for such financial instruments are usually market observable information.

D. The output of the valuation models is an estimated value, and the valuation techniques may not reflect all the relevant factors of the financial instruments and non-financial instruments held by the Group. Therefore, the estimated value of the

valuation models will be appropriately adjusted according to additional parameters, such as model risk or liquidity risk. According to the Group's fair value valuation model management policies and relevant control procedures, the management believes that in order to properly express the fair value of financial instruments and non-financial instruments in the consolidated balance sheet, valuation adjustments are appropriate and necessary. The price information and parameters used in the evaluation process are carefully evaluated and appropriately adjusted according to current market conditions.

4. There were no transfers between Level 1 and Level 2 fair value in 2022 and 2021.

5. The table below shows the changes in Level 3 fair value in 2022 and 2021:

	2022	2021
January 1	\$ 1,365,757	\$ 1,567,200
Purchases during this period	4,021,394	3,491,617
Sales during this period	( 4,252,948)	( 3,643,356)
Profit or loss recognized in profit or loss	142,669	15,723
Profit or loss recognized in other comprehensive income	( 11,054)	( 5,602)
Transfer out of Level 3	( 316,649)	( 49,961)
Exchange difference	33,663	( 9,864)
December 31	<u>\$ 982,832</u>	<u>\$ 1,365,757</u>

6. As the items invested has been publicly traded on an active market in September 2022 and January 2021, sufficient observable market information can be accessed, so the Company transferred the fair value from Level 3 to Level 1 at the end of the month when the event took place.

7. In the Group's valuation process for fair value classified as Level 3, the Investment Management Department is responsible for independent fair value verification for financial instruments, uses data from independent sources to make the valuation results close to the market level, and confirms that the source of the data is independent, reliable, consistent with other resources, and representative of the executable price, while regularly calibrating the valuation model, conducting back-testing, updating the inputs and data required by the valuation model, and making any other necessary fair value adjustments to ensure that the valuation results are reasonable. In addition, the Investment Management Department is responsible for formulating a fair value evaluation policy and the financial instrument evaluation procedures and confirming the compliance with the IFRS.

8. The quantitative information on the significant unobservable inputs of the valuation model used in the Level 3 fair value measurement and the sensitivity analysis of the significant unobservable input change are explained as follows:

<u>December 31, 2022</u>	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Interval</u>	<u>Relations between input and fair value</u>
Non-derivative equity instruments					
Unlisted stocks	\$ 247,178	Comparable public company approach	Price to earnings ratio	35.38-36.80	The higher the ratio, the higher the fair value; the higher the discount for lack of market liquidity, the lower the fair value
			Price to book ratio	2.30-3.08	
			Price to sales ratio	-	
			Discount for lack of market liquidity	20%	
Non-derivative debt instruments					
Investments in private placement funds	25,358	Net asset value approach	N/A	N/A	N/A
Wealth management products		Income approach	Expected return on each contract	2.9%-3.9%	Judgment by expected return on each contract
	<u>710,296</u>				
	<u>\$ 982,832</u>				
<u>December 31, 2021</u>	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Interval</u>	<u>Relations between input and fair value</u>
Non-derivative equity instruments					
Unlisted stocks	\$ 362,060	Comparable public company approach	Price to earnings ratio	9.95-62.97	The higher the ratio, the higher the fair value; the higher the discount for lack of market liquidity, the lower the fair value
			Price to book ratio	0.68-10.43	
			Price to sales ratio	-	
			Discount for lack of market liquidity	20%	
Non-derivative debt instruments					
Investments in private placement funds	16,544	Net asset value approach	N/A	N/A	N/A
Wealth management products		Income approach	Expected return on each contract	2.9%-3.9%	Judgment by expected return on each contract
	<u>987,153</u>				
	<u>\$ 1,365,757</u>				

9. The Group has selected valuation model and valuation parameters after careful evaluation, but different valuation results may occur due to the use of different valuation models or valuation parameters. For financial assets classified as Level 3, if the valuation parameters change, the effect on the current profit or loss or other comprehensive income is as follows:

			December 31, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instruments	Price to earnings ratio, price to book ratio, price to sales ratio, and discounts for lack of market liquidity	±1%	\$ 423	(\$ 423)	\$ 2,048	(\$ 2,048)
Debt instruments	Anticipated earnings yield	±1%	7,357	( 7,357)	-	-
			<u>\$ 7,780</u>	<u>(\$ 7,780)</u>	<u>\$ 2,048</u>	<u>(\$ 2,048)</u>
			December 31, 2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instruments	Price to earnings ratio, price to book ratio, price to sales ratio, and discounts for lack of market liquidity	±1%	\$ 939	(\$ 939)	\$ 2,681	(\$ 2,681)
Debt instruments	Anticipated earnings yield	±1%	10,037	( 10,037)	-	-
			<u>\$ 10,976</u>	<u>(\$ 10,976)</u>	<u>\$ 2,681</u>	<u>(\$ 2,681)</u>

### XIII. Additional Disclosures

#### (I) Information on Material Transactions

1. Loans to Others: Table 1
2. Endorsements/Guarantees Provided to Others: Table 2.
3. Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates): Table 3.
4. Securities Acquired or Sold at Costs or Prices at Least NT\$300 Million or 20% of the Paid-in Capital During this Period: Table 4.
5. Acquisition of Individual Property at Costs of at Least NT\$300 Million or 20% of the Paid-in Capital: None.
6. Disposal of Individual Property at Costs of at Least NT\$300 Million or 20% of the Paid-in Capital: None.
7. Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital: Table 5.
8. Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital: Table 6.
9. Derivatives Trading: None.
10. Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts: Table 7.

#### (II) Information on Investees

Information on Name and Location of Investees (Excluding Investees in Mainland China): Table 8.

#### (III) Information on Investment in Mainland China

1. Basic Information: Table 9.
2. Significant Transactions with Investees in Mainland China, Either Directly or Indirectly, Through a Business in a Third Region: Table 10.

#### (IV) Information on Major Shareholders

Table 11.

### XIV. Segment Information

#### (I) General information

The Group runs business and makes decisions from the product-specific manufacturing perspective, so the management also adopts the same approach to identifying reportable segments.

The Group has six reportable segments: Metal and Plastics Business Group, Electronic

Components Distribution Business Group, Power Tools and Powder Metallurgy Business Group, Precision Plastics Business Group, and Venture Capital Business Group and others. The Metal and Plastics Business Group is responsible for producing and manufacturing external metal parts and internal components of electronic products; the Electronic Components Distribution Business Group is responsible for producing and manufacturing computer peripherals and business machine components; the Power Tools and Powder Metallurgy Business Group is responsible for producing and manufacturing electric tool components and powder metallurgy products; the Precision Plastics Business Group is responsible for producing and manufacturing precision plastic parts for automobiles; the Venture Capital Business Group engages in venture capital business.

The Group's reportable segments are strategic business units that provide different products and services. As each strategic business unit requires different skills and marketing strategies, it should be managed separately.

## (II) Segment Information

The information on reportable segments provided to the chief decision maker is as follows:

	2022						
	Metal and Plastics Business Group	Electronic Components Distribution Business Group	Power Tools and Powder Metallurgy Business Group	Precision Plastics Business Group	Venture Capital Business Group and others	Adjustment and elimination	Total
Income:							
Income from outside clients	\$ 487,559	\$ 4,269,079	\$ 2,160,833	\$ 3,600,786	\$ -	\$ -	\$ 10,518,257
Inter-segment income	21,962	3,324	-	17,847	-	( 43,133)	-
Total income	<u>\$ 509,521</u>	<u>\$ 4,272,403</u>	<u>\$ 2,160,833</u>	<u>\$ 3,618,633</u>	<u>\$ -</u>	<u>(\$ 43,133)</u>	<u>\$ 10,518,257</u>
Segment income or loss	<u>(\$ 294,229)</u>	<u>\$ 155,897</u>	<u>(\$ 6,453)</u>	<u>\$ 193,086</u>	<u>(\$ 18,580)</u>	<u>\$ 146,755</u>	<u>\$ 176,476</u>
Segment income or loss includes:							
Depreciation and amortization							<u>(\$ 745,342)</u>
Interest income							<u>\$ 37,805</u>
Income tax expense							<u>(\$ 150,018)</u>
Interest expense							<u>(\$ 83,287)</u>
Share of losses on affiliates accounted for using the equity method							<u>(\$ 16,982)</u>
Total segment assets	<u>\$ 8,268,311</u>	<u>\$ 4,037,347</u>	<u>\$ 2,421,477</u>	<u>\$ 3,524,111</u>	<u>\$ 229,846</u>	<u>(\$ 3,116,633)</u>	<u>\$ 15,364,459</u>
Segment assets include:							
Investments accounted for using the equity method							<u>\$ 930,156</u>
Capital expenditures							<u>\$ 317,186</u>
Total segment liabilities	<u>\$ 2,086,432</u>	<u>\$ 2,585,485</u>	<u>\$ 1,355,844</u>	<u>\$ 1,878,689</u>	<u>\$ 136</u>	<u>\$ 1,560</u>	<u>\$ 7,908,146</u>
	2021						
	Metal and Plastics Business Group	Electronic Components Distribution Business Group	Power Tools and Powder Metallurgy Business Group	Precision Plastics Business Group	Venture Capital Business Group and others	Adjustment and elimination	Total
Income:							
Income from outside clients	\$ 1,164,358	\$ 4,299,985	\$ 2,740,119	\$ 3,644,063	\$ -	\$ -	\$ 11,848,525
Inter-segment income	14,583	2,717	-	20,215	-	( 37,515)	-
Total income	<u>\$ 1,178,941</u>	<u>\$ 4,302,702</u>	<u>\$ 2,740,119</u>	<u>\$ 3,664,278</u>	<u>\$ -</u>	<u>(\$ 37,515)</u>	<u>\$ 11,848,525</u>
Segment income or loss	<u>(\$ 146,043)</u>	<u>\$ 159,248</u>	<u>\$ 139,513</u>	<u>\$ 165,281</u>	<u>\$ 11,096</u>	<u>\$ 47,904</u>	<u>\$ 376,999</u>
Segment income or loss includes:							
Depreciation and amortization							<u>(\$ 802,308)</u>
Interest income							<u>\$ 39,474</u>
Income tax expense							<u>(\$ 149,361)</u>
Interest expense							<u>(\$ 81,257)</u>
Share of losses on affiliates accounted for using the equity method							<u>\$ 42,338</u>
Total segment assets	<u>\$ 7,658,111</u>	<u>\$ 4,022,723</u>	<u>\$ 3,012,435</u>	<u>\$ 3,030,172</u>	<u>\$ 458,164</u>	<u>(\$ 2,260,463)</u>	<u>\$ 15,921,142</u>
Segment assets include:							
Investments accounted for using the equity method							<u>\$ 848,987</u>
Capital expenditures							<u>\$ 269,516</u>
Total segment liabilities	<u>\$ 2,473,255</u>	<u>\$ 2,578,167</u>	<u>\$ 1,782,648</u>	<u>\$ 1,669,759</u>	<u>\$ 15,930</u>	<u>\$ 2,362</u>	<u>\$ 8,522,121</u>

(III) Information by product

The balance of the Group's product-specific revenue is as follows:

	2022	2021
Metal Optoelectronic Components Business Group	\$ 487,559	\$ 1,164,358
Electronic Components Distribution Business Group	4,269,079	4,299,985
Power Tools and Powder Metallurgy Business Group	2,160,833	2,740,119
Plastic Products Components Business Group	3,600,786	3,644,063
	<u>\$ 10,518,257</u>	<u>\$ 11,848,525</u>

(IV) Information by region

Information by region is shown below:

	2022		2021	
	<u>Income</u>	<u>Non-current assets</u>	<u>Income</u>	<u>Non-current assets</u>
Asia	\$ 5,101,365	\$ 1,299,105	\$ 6,492,152	\$ 1,243,659
Taiwan	2,197,262	1,614,821	2,190,806	1,750,931
China	1,837,842	1,214,823	1,726,651	1,248,200
Americas	962,957	-	888,354	-
Europe	389,014	-	529,348	-
Other	29,817	-	21,214	-
	<u>\$ 10,518,257</u>	<u>\$ 4,128,749</u>	<u>\$ 11,848,525</u>	<u>\$ 4,242,790</u>

(V) Information on important clients

Information on important clients is shown below:

	2022			2021	
	<u>Income</u>	<u>Segment</u>		<u>Income</u>	<u>Segment</u>
Company SU	\$ 859,008	Plastic Products Components Business Group	Company SU	\$ 943,673	Plastic Products Components Business Group
Company BO	907,643	Power Tools and Powder Metallurgy Business Group	Company BO	1,137,264	Power Tools and Powder Metallurgy Business Group
Company A	731,664	Power Tools and Powder Metallurgy Business Group	Company A	797,865	Power Tools and Powder Metallurgy Business Group
Company AV	<u>806,252</u>	Electronic Components Channel Business Group	Company AV	<u>775,478</u>	Electronic Components Channel Business Group
	<u>\$ 3,304,567</u>			<u>\$ 3,654,280</u>	



ABICO AVY Co., Ltd. and Its Subsidiaries

Loans to Others

January 1 2022 - December 31, 2022

Table 1

Unit: NT\$ 1000

(Unless Otherwise Specified)

													Collateral						
			General		Maximum		Amount			Amount of	Reason for	Allowance			Limit on Loans				
No.	Creditor	Borrower	ledger	Related Party	outstanding	Ending	Actually	Interest	Nature of	transactions	short-term	for	Item	Value	to a Single	Aggregate		Note	
			account		balance	Balance	Drawn	Rate	Loan	with the	Loans	Impairment	Loss		Party	Loans Limit			
1	Cheng Guang Metal	Best Select Industrial (SuZhou) Co., Ltd.	Short-term investments	Y	\$ 20,277	\$ 19,836	\$ 19,836	4.00	Short-term financing	\$ -	Operating support	\$ -	-	\$ -	\$ 62,388	\$ 62,388		Note1	
1	Cheng Guang Metal	DongGuan Qunsheng Powder Metallurgy Ltd.	Short-term investments	Y	24,783	24,244	24,244	4.00	Short-term financing	-	Operating support	-	-	-	62,388	62,388		Note1	
2	Gold Market	Sol-Plus HK	Other receivables	Y	32,215	30,710	30,710	3.00	Short-term financing	-	Operating support	-	-	-	277,014	554,028		Note2	
3	Jabon International	Jabon Precision	Other receivables	Y	20,000	20,000	20,000	2.00	Short-term financing	-	Operating support	-	-	-	476,749	635,665		Note4	
4	IKKA HK	IKKA Technology DongGuan Co., Ltd.	Other receivables	Y	34,048	-	-	0.50	Short-term financing	-	Operating support	-	-	-	453,769	453,769		Note5	
4	IKKA HK	IKKA Technology DongGuan Co., Ltd.	Other receivables	Y	48,725	46,449	46,449	-	Short-term financing	-	Operating support	-	-	-	453,769	453,769		Note5	
5	DaiichiKasei	IKKA Vietnam	Other receivables	Y	121,600	116,200	-	1.30	Short-term financing	-	Operating support	-	-	-	1,364,167	1,364,167		Note5	
5	DaiichiKasei	IKKA Technology DongGuan Co., Ltd.	Other receivables	Y	155,233	85,983	85,983	-	Short-term financing	-	Operating support	-	-	-	1,364,167	1,364,167		Note5	
5	DaiichiKasei	IKKA HK	Other receivables	Y	10,005	9,537	9,537	-	Short-term financing	-	Operating support	-	-	-	1,364,167	1,364,167		Note5	
6	Sol-Plus JP	Hiraiseimitsu	Other receivables	Y	73,588	73,588	73,588	-	Short-term financing	-	Operating support	-	-	-	146,339	146,339		Note5	
6	Sol-Plus JP	Hiraiseimitsu	Other receivables	Y	5,810	5,810	5,810	1.50	Short-term financing	-	Operating support	-	-	-	146,339	146,339		Note5	
7	ABECO	RTR-TECH Technology Co., Ltd.	Overdue receivables	N	10,000	10,000	10,000	3.00	Business transactions	-	-	10,000	Stock	-	-	156,952		Note3	

Note1 Loans by Cheng Guang Metal cannot exceed 40% of its net value subject to the following conditions:

1. For loans to companies or proprietorships with which we have a business relationship, the total amount of loans cannot exceed 20% of the Company's net value; and the amount of a single loan cannot exceed the value of the business transactions between the two parties in the most recent year. The term "business transaction value" refers to the value of purchases or sales between the two parties, whichever is higher.
2. For loans to companies or proprietorships that need short-term financing, the total amount of the loan cannot exceed 20% of that enterprise's net value; and the amount of a single loan cannot exceed 10% of that enterprise's net value.
3. Loans to a foreign company that the Company or its parent directly or indirectly hold 100% of the voting rights is not subject to the restrictions of the preceding paragraph. However, the total amount of the loan is limited to no more than 40% of that enterprise's net value, and the amount of a single loan is limited to no more than 40% of that enterprise's net value.
4. Loans by the Company to its parent or subsidiaries, or to group subsidiaries, shall be submitted to the board of directors for approval in accordance with applicable rules, and the chairman may be authorized to allow loans to a single borrower within a specific limit per year via separate tranches or draw downs.

Note2 Loans by Gold Market Investments cannot exceed 40% of its net value subject to the following conditions:

ABICO AVY Co., Ltd. and Its Subsidiaries

Loans to Others

January 1 2022 - December 31, 2022

Table 1

Unit: NT\$ 1000

(Unless Otherwise Specified)

																		<u>Collateral</u>	
No.	Creditor	Borrower	General ledger account	Related Party	Maximum outstanding balance	Ending Balance	Amount Actually Drawn	Interest Rate	Nature of Loan	Amount of transactions with the borrower	Reason for short-term Loans	Allowance for Impairment Loss			Limit on Loans to a Single Party	Aggregate Loans Limit	Note		
													Item	Value					
<p>1. For loans to companies or proprietorships with which we have a business relationship, the total amount of loans cannot exceed 20% of the Company’s net value; and the amount of a single loan cannot exceed the value of the business transactions between the two parties in the most recent year. The term “business transaction value” refers to the value of purchases or sales between the two parties, whichever is higher.</p> <p>2. For loans to companies or proprietorships that need short-term financing, the total amount of the loan cannot exceed 20% of that enterprise’s net value; and the amount of a single loan cannot exceed 10% of that enterprise’s net value.</p> <p>3. Loans to a foreign company that the Company directly or indirectly hold 100% of the voting rights is not subject to the restrictions of the preceding paragraph. However, the total amount of the loan is limited to no more than 40% of that enterprise’s net value, and the amount of a single loan is limited to no more than 40% of that enterprise’s net value.</p> <p>4. Loans by the Company to its parent or subsidiaries, or to group subsidiaries, shall be submitted to the board of directors for approval in accordance with applicable rules, and the chairman may be authorized to allow loans to a single borrower within a specific limit per year via separate tranches or draw downs.</p>																			
Note3 Loans by Abeco amount and borrower limits:																			
<p>1. For loans to companies or proprietorships with which we have a business relationship, the total amount of loans cannot exceed 20% of the Company’s net value; and the amount of a single loan cannot exceed the value of the business transactions between the two parties in the most recent year. The term “business transaction value” refers to the value of purchases or sales between the two parties, whichever is higher.</p> <p>2. For loans to companies or proprietorships that need short-term financing, the total amount of the loan cannot exceed 20% of ABICO NetCom’s net value; and the amount of a single loan cannot exceed 10% of ABICO NetCom’s net value.</p>																			
Note4 Loans by Jabon International amount and borrower limits:																			
<p>1. The loan amount to an individual borrower cannot exceed 30% of the lender’s net worth.</p> <p>2. The total amount of loans made cannot exceed 40% of the lender’s net worth.</p>																			
Note5 Loans by IKKA HK, DaiichiKasei and SolPlus JP amount and borrower limits:																			
<p>1. The loan amount to an individual borrower cannot exceed 100% of the lender’s net worth.</p> <p>2. The total amount of loans made cannot exceed 100% of the lender’s net worth.</p>																			

ABICO AVY Co., Ltd. and Its Subsidiaries  
Endorsements/Guarantees Provided  
January 1 2022 - December 31, 2022

Table 2

Unit: NT\$ 1000  
(Unless Otherwise Specified)

No.	Endorsement Guarantee Provider	Endorsed/Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to a Party	Maximum Balance for the Year	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum/ Endorsement Guarantee Amount Allowable	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiary	Endorsement/ Guarantee to Subsidiary in the Mainland Area	Note
		Name	Relationship (Note 1)											
1	Gold Market	ABICO AVY Co., Ltd	3	\$ 1,385,071	\$ 100,000	\$ 100,000	\$ 100,000	\$ 111,360	3.61	\$ 2,770,141	N	Y	N	Note 2 Note 6
1	Gold Market	ABICO AVY Co., Ltd	3	1,385,071	150,000	150,000	150,000	168,465	5.41	2,770,141	N	Y	N	Note 2 Note 6
1	Gold Market	ABICO AVY Co., Ltd	3	1,385,071	200,000	200,000	-	146,200	7.22	2,770,141	N	Y	N	Note 2 Note 6
2	Avy High Tech	ABICO AVY Co., Ltd	3	146,727	140,000	140,000	-	164,890	47.71	293,454	N	Y	N	Note 7
3	Jabon International	Best Select	2	635,665	89,899	88,160	6,823	-	5.55	1,112,413	Y	N	Y	Note 4
3	Jabon International	Sinobridge	2	635,665	32,215	-	-	-	-	1,112,413	Y	N	N	Note 4
3	Jabon International	Dongguan Qunsheng Powder Metallurgy	2	635,665	45,060	44,080	8,231	-	2.77	1,112,413	Y	N	Y	Note 4
3	Jabon International	Jabon Precision	2	635,665	120,000	90,000	60,904	-	5.66	1,112,413	Y	N	N	Note 4
3	Jabon International	JCHENG Software Inc.	2	635,665	3,000	-	-	-	-	1,112,413	Y	N	N	Note 4
3	Jabon International	IKKA Holdings(Taiwan Branch)	2	635,665	5,000	-	-	-	-	1,112,413	Y	N	N	Note 4
3	Jabon International	IKKA Holdings	2	635,665	-	-	-	-	-	1,112,413	Y	N	N	Note 4
4	DaiichiKasei	IKKA HK	2	545,667	34,048	34,860	34,860	-	2.56	954,917	N	N	N	Note 4
5	Sol-Plus HK	Sol-Plus JP	2	82,461	32,215	30,710	13,944	30,710	14.90	144,307	N	N	N	Note 3
6	ABICO NetCom	SoJean	1	313,903	20,000	4,600	4,050	-	0.59	784,758	N	N	N	Note 5
6	ABICO NetCom	Aabiking	2	313,903	32,000	12,000	10,000	-	1.53	784,758	Y	N	N	Note 5
6	ABICO NetCom	Positive Energy	2	313,903	40,000	30,000	30,000	-	3.82	784,758	Y	N	N	Note 5
6	ABICO NetCom	Dongguan Ashine	2	313,903	107,485	107,485	3,071	-	13.70	784,758	Y	N	Y	Note 5
7	Prosper	Fit Active Vietnam	2	313,903	44,910	-	-	-	-	784,758	Y	N	N	Note 5
7	Prosper	Dongguan Ashine	2	313,903	30,710	30,710	30,710	-	3.91	784,758	Y	N	Y	Note 5

Note1 Seven types of relationship between a guarantor and the beneficiary of the guarantee, and the codes for each relationship are explained as follows:

- (1) Companies with which there is a business relationship.
- (2) Subsidiaries in which there is a direct holding of more than 50% of the ordinary shares.
- (3) An investee company in which the parent company and subsidiaries jointly hold more than 50% of common shares.
- (4) A parent company that directly or indirectly holds more than 50% of the common shares of the Company through its subsidiaries.
- (5) A company to which mutual guarantees are provided in accordance with a contract with a company in the same industry arising from a project.
- (6) A company to which a guarantee is provided by each of the joint shareholders in accordance with their shareholding ratio in a joint venture.
- (7) Joint and several performance guarantees for pre-sale housing sales contracts jointly with companies in the same industry in accordance with the Consumer Protection Act.

Note2 The total amount of Gold Market's external endorsement/guarantees may not exceed its net value at that time. The amount of guarantees to a single enterprise shall not exceed 50% of its net value at that time, but for a single overseas affiliate, it cannot exceed 40% of the net value, and the guarantee for companies with which there is a transactional relationship shall not exceed the total amount of transactions with the Company in year to date (the purchase or sales amount between the two parties, whichever is higher). The net value is based on the latest financial statement as audited and certified or reviewed by an accountant.

Note3 The total amount of Sol-Plus HK's external endorsements/guarantees cannot exceed its net value at that time. The amount of endorsements/guarantees to a single enterprise shall not exceed its net value at that time, and the endorsements/guarantees for companies with which there is a transactional relationship shall not exceed the total amount of transactions with the Company in year to date (the purchase or sales amount between the two parties, whichever is higher). The net value is based on the latest financial statement as audited and certified or reviewed by an accountant.

ABICO AVY Co., Ltd. and Its Subsidiaries  
Endorsements/Guarantees Provided  
January 1 2022 - December 31, 2022

Table 2

Unit: NTS 1000  
(Unless Otherwise Specified)

Endorsed/Guaranteed Party			Limits on Endorsement/		Ending	Amount Actually	Amount of Endorsement/		Ratio of Accumulated	Maximum/ Endorsement	Endorsement/ Guarantee		Endorsement/ Guarantee	Endorsement/ Guarantee	Note
No.	Endorsement	Relationship	Guarantee Amount	Maximum Balance			Guarantee Collateralized	Endorsement/Guarantee to Net Equity			Guarantee Amount	Provided by	Provided by	to Subsidiary in the	
	Guarantee Provider	Name	(Note 1)	Provided to a Party	for the Year	Balance	Drawn	by Properties	per Latest Financial Statements	Allowable	Parent Company	Subsidiary	Mainland Area		
Note4	Jabon International and DaiichiKasei's maximum endorsements/guarantees amount shall not exceed 70% of their net value based on the latest financial statement as audited and certified or reviewed by an accountant. The maximum amount of endorsements/guarantees to a single enterprise, for a subsidiary in which Jabon International directly holds more than 90% of the ordinary shares the maximum is 40% of the current net value based on the latest financial statement as reviewed or audited by an accountant, and for others the endorsements/guarantees cannot exceed 30% of the net value of the beneficiary of the guarantee.														
Note5	ABICO NetCom and Prosper's total amount of endorsements/guarantees cannot exceed the net value as per their latest financial statements. The maximum amount of endorsements/guarantees to a single enterprise cannot exceed 40% of ABICO NetCom's net value as per its current financial statements.														
Note6	The company originally known as AVY Precision Technology Inc. changed its name in August 2021 to ABICO AVY Co., Ltd..														
Note7	Avy High Tech's external endorsements/guarantees maximum amount cannot exceed its current net value. The maximum amount of endorsements/guarantees to a single enterprise cannot exceed 50% of its net value, but for a single overseas affiliate, it cannot exceed 40% of the net value, and the endorsements/guarantees for companies for companies with which there is a transactional relationship shall not exceed the total amount of transactions with the Company in year to date (the purchase or sales amount between the two parties, whichever is higher). The net value is based on the latest financial statement as audited and certified or reviewed														

ABICO AVY Co., Ltd. and Its Subsidiaries  
Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates)  
As at December 31, 2022

Table 3

Unit: NT\$ 1000  
(Unless Otherwise Specified)

					As at December 31, 2022				
Holding					Percentage of				
Company Name	Type and Name of Marketable Securities		Relationship with the Issuer	General Ledger Account	Shares(1000)	Carrying Amount	Ownership(%)	Fair Value	Note
ABICO AVY Co., Ltd	Stock	Infinite Finance Co., Ltd.	-	Mandatory financial assets at fair value through profit or loss- Current	600	\$ 20,999	0.17	\$ 20,999	-
ABICO AVY Co., Ltd	Stock	TST Group Holding Ltd.	-	Mandatory financial assets at fair value through profit or loss- Non Current	1,702	169,820	4.51	169,820	-
ABICO AVY Co., Ltd	Stock	Ocean Net Inc.	-	Mandatory financial assets at fair value through profit or loss- Non Current	800	-	7.33	-	-
ABICO AVY Co., Ltd	Stock	1 Production Film Co.	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	1,286	19,721	5.39	19,721	-
ABICO AVY Co., Ltd	Stock	Mobility Holdings Ltd.	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	113	32,827	3.29	32,827	-
ABICO AVY Co., Ltd	Stock	Living Robot Inc.	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	20	772	4.51	772	-
ABICO AVY Co., Ltd	Stock	Starlux Airlines Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	14,540	277,423	0.80	277,423	-
ABICO AVY Co., Ltd	Partnership	Ability Asia Capital II Excellent Transformation Growth Limited Partnership	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	94,169	105,846	11.45	105,846	-
ABICO AVY Co., Ltd	Stock	Yallvend Co., Ltd	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	2,400	30,000	9.37	30,000	-
Gold Market	Fund	EVENSTAR FD A	-	Mandatory financial assets at fair value through profit or loss- Current	1	76,709	-	76,709	-
Gold Market	Stock	NeuronBasic Technology Cayman Inc.	-	Mandatory financial assets at fair value through profit or loss- Non Current	500	20,473	1.48	20,473	-
AVY High Tech	Stock	Mandarin Connoisseur Holding Limited	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	873	-	-	-	-
AVY High Tech	Fund	INFINITY VENTURES IV, L.P.	-	Mandatory financial assets at fair value through profit or loss- Non Current	-	25,358	-	25,358	-
AVY Co., Ltd.	Fund	FSITC Taiwan Money Market	-	Mandatory financial assets at fair value through profit or loss- Current	2,201	34,220	-	34,220	-
AVY Co., Ltd.	Stock	ABICO AVY Co., Ltd	Holding company's parent company	Equity instruments measured at fair value through other comprehensive profit or loss- Current	984	20,071	0.58	20,071	Note 1
Ability I	Stock	Taiwan Sanyo Electric Co., Ltd.	The chairman of the Company is the same person as the director of Ability I	Mandatory financial assets at fair value through profit or loss- Current	4,104	145,487	1.53	145,487	-
Ability I	Stock	Just Kitchen Holdings Corp.	-	Mandatory financial assets at fair value through profit or loss- Non Current	800	1,814	1.06	1,814	-
Ability I	Stock	Topping Cuisine International Holdings Limited	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	500	-	2.17	-	-
Ability I	Stock	Chien Hwa Coating Technology Inc.	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	995	-	0.72	-	-
Ability I	Stock	Mirage Entertainment Holding Ltd.(Cayman)	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	3	-	2.41	-	-
Abico Capital Co., Ltd.	Stock	1 Production Film Co.	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	493	7,564	2	7,564	-
Cheng Guang Metal	Financial product	Jinding Wealth Management Dingding Series 91-day OEF (金鼎理财鼎鼎系列91天开放式净值型)	-	Mandatory financial assets at fair value through profit or loss- Current	-	35,264	-	35,264	-
Cheng Guang Precision	Financial product	Jinding Wealth Management Dingding Series 91-day OEF (金鼎理财鼎鼎系列91天开放式净值型)	-	Mandatory financial assets at fair value through profit or loss- Current	-	110,200	-	110,200	-
Cheng Guang Precision	Financial product	Jinding Wealth Management Dingding Series 126-day OEF (金鼎理财鼎鼎系列126天开放式净值型)	-	Mandatory financial assets at fair value through profit or loss- Current	-	44,080	-	44,080	-

ABICO AVY Co., Ltd. and Its Subsidiaries  
Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates)  
As at December 31, 2022

Table 3

Unit: NT\$ 1000  
(Unless Otherwise Specified)

					As at December 31, 2022				
Holding			Relationship with the Issuer	General Ledger Account	Shares(1000)	Carrying Amount	Percentage	Fair Value	Note
Company Name	Type and Name of Marketable Securities						of Ownership(%)		
Cheng Guang Trading	Financial product	Jinding Wealth Management Dingding Series 126-day OEF (金鼎理财鼎鼎系列126天开放式净值)	-	Mandatory financial assets at fair value through profit or loss- Current	-	\$ 44,080	0.00	\$ 44,080	-
Cheng Guang Trading	Financial product	Jinding Wealth Management Dingding Series 91-day OEF (金鼎理财鼎鼎系列91天开放式净值型)	-	Mandatory financial assets at fair value through profit or loss- Current	-	176,320	-	176,320	-
Cheng Guang Trading	Financial Product	Huaxia Wealth, Cash Management No. 3 G(华夏理财现金管理类理3号G)	-	Mandatory financial assets at fair value through profit or loss- Current	-	88,160	-	88,160	-
Cheng Guang Trading	Financial Product	Hangyin Wealth Management, Happiness 99 Season Tianyi 1909 Financial Plan 98 days (杭银理财幸福99季添益1909期理财计划 98天)	-	Mandatory financial assets at fair value through profit or loss- Current	-	44,080	-	44,080	-
Jabon International	Stock	RTR-TECH TECHNOLOGY CO., LTD.	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	500	-	-	-	-
Jabon International	Stock	Ensure Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	13	-	-	-	-
Jabon International	Stock	Mobility Holdings Ltd.	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	113	33,938	3.23	33,938	-
DaiichiKasei	Stock	Sony Corporation	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	3	8,034	-	8,034	-
DaiichiKasei	Stock	Panasonic Corporation	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	2	416	-	416	-
DaiichiKasei	Stock	Sumitomo Electric Industries	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	15	5,384	-	5,384	-
DaiichiKasei	Stock	Brother Industries, Ltd.	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	9	4,326	-	4,326	-
IKKA Holdings	Stock	Jet Optoelectronics Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	1,000	46,650	1.96	46,650	-
Ability International	Stock	Ipevo Corporation	-	Mandatory financial assets at fair value through profit or loss- Current	550	18,125	2.02	18,125	-
ABICO NetCom	Stock	RTR-TECH Technology Co., Ltd.	-	Mandatory financial assets at fair value through profit or loss- Non Current	500	-	0.69	-	-
ABICO NetCom	Stock	Renorigin Innovation Institute Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	294	1,436	5.18	1,436	-
ABICO NetCom	Stock	SoJean Technology Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	8	-	0.54	-	-
ABECO	Stock	Jiesheng Technology Co., Ltd.	-	Mandatory financial assets at fair value through profit or loss- Non Current	500	-	0.69	-	-
ABECO	Stock	Ever Ohms Technology Co., Ltd.	-	Mandatory financial assets at fair value through profit or loss- Non Current	300	7,400	0.34	7,400	-
Itravel Tech	Stock	Perpetuum Online Corp.	-	Equity instruments measured at fair value through other comprehensive profit or loss- Non Current	58	-	8.32	-	-
TranSystem Incorporated	Stock	Coiler Corporation	-	Mandatory financial assets at fair value through profit or loss- Non Current	554	421	7.12	421	-
TranSystem Incorporated	Stock	Alcon Technology Corporation	-	Mandatory financial assets at fair value through profit or loss- Non Current	285	466	19.00	466	-
Lixing (Shenzhen)	Financial Product	Daily Enjoyment (樂享天天)	-	Mandatory financial assets at fair value through profit or loss- Current	-	124,032	-	124,032	-
Lixing (Shenzhen)	Financial Product	Steady Wealth (open as scheduled) (穩富(按期開放))	-	Mandatory financial assets at fair value through profit or loss- Current	-	22,384	-	22,384	-

ABICO AVY Co., Ltd. and Its Subsidiaries  
Securities Held at the End of the Period (Excluding Investment in Subsidiaries and Affiliates)  
As at December 31, 2022

Table 3

Unit: NT\$ 1000  
(Unless Otherwise Specified)

					As at December 31, 2022				
Holding							Percentage of		
Company Name	Type and Name of Marketable Securities		Relationship with the Issuer	General Ledger Account	Shares(1000)	Carrying Amount	Ownership(%)	Fair Value	Note
AVY SuZhou	Financial Product	Bank of China, Linked Structured Deposit	-	Mandatory financial assets at fair value through profit or loss- Current	-	\$ 44,079	0.00	\$ 44,079	-
	(中國銀行掛鉤型結構性存款)								

Note1: The company regards the company's shares held by the subsidiary AVY Co., Ltd. as treasury shares. Please refer to Note 6 (20) of the consolidated financial statements for details.

ABICO AVY Co., Ltd. and Its Subsidiaries

Securities Acquired or Sold at Costs or Prices at Least NT\$300 Million or 20% of the Paid-in Capital During this Period

As at December 31, 2022

Table 4

Unit: NT\$ 1000  
(Unless Otherwise Specified)

					Balance as at January								Balance as at December	
					1, 2022		Addition (Note 3)		Disposal (Note 3)			31, 2022 (Note 6)		
Investor	Type and name of securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Shares	Amount	Shares	Amount	Shares	Sold price	Book Value	Gain (loss) on disposal	Shares	Amount
Cheng Guang Metal	Jinding Wealth Management Dingding Series 91-day OEF (金鼎理财鼎鼎系列91天开放式净值型)	Financial assets at fair value through profit or loss - current	Not Applicable	Not Applicable	-	\$ 396,720	-	\$ 70,528	-	\$ 436,124	\$ 431,984	\$ 4,140	-	\$ 899,232
Cheng Guang Metal	Wealth Management Daily Enjoyment No. 1 (創富理財日日享1號)	Financial assets at fair value through profit or loss - current	Not Applicable	Not Applicable	-	396,720	-	462,840	-	871,032	859,560	11,472	-	1,719,120
Cheng Guang Trading	Jinding Wealth Management Dingding Series 91-day OEF (金鼎理财鼎鼎系列91天开放式净值型)	Financial assets at fair value through profit or loss - current	Not Applicable	Not Applicable	-	-	-	881,600	-	708,814	705,280	3,534	-	1,586,880
Cheng Guang Trading	Jinding Wealth Management Dingding Series 126-day OEF (金鼎理财鼎鼎系列126天开放式净值型)	Financial assets at fair value through profit or loss - current	Not Applicable	Not Applicable	-	-	-	462,840	-	422,539	418,760	3,779	-	881,600
Cheng Guang Trading	Wealth Management Daily Enjoyment No. 1 (創富理財日日享1號)	Financial assets at fair value through profit or loss - current	Not Applicable	Not Applicable	-	-	-	753,768	-	754,770	753,768	1,002	-	1,507,536

Note 1: The term "securities" mentioned in this table refers to stocks, bonds, beneficiary certificates and securities derived from the above items.

Note 2: Investors who use the equity method for securities must fill in these two columns, and the rest can be left blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they have reach NT\$300 million or 20% of paid-in capital.

Note 4: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's stock has no par value or the par share value of NT\$10, the transaction amount requirement of 20% of the paid-in capital shall be calculated on the basis of 10% of the equity belonging to the owner of the parent company on the balance sheet.



## ABICO AVY Co., Ltd. and Its Subsidiaries

Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital

As at December 31, 2022

Table 5

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)			Remark
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Jabon International	Best Achieve HK	Jabon International's Sub-subsidiary	(Sales)	(\$ 1,292,923)	( 12)	90 days	No material difference	No material difference	\$ 161,826	8	-
Jabon International	Ekeen Precision	Jabon International's Subsidiary	(Sales)	( 285,769)	( 3)	90 days	No material difference	No material difference	89,206	4	-
Jabon International	ART EMPIRE	Jabon International's Sub-subsidiary	Purchases	1,241,682	14	90 days	No material difference	No material difference	( 170,207)	( 13)	-
ART EMPIRE	Dong Guan Best Achieve	Jabon International's Sub-subsidiary	Purchases	1,179,043	13	90 days	No material difference	No material difference	( 163,883)	( 13)	-
IKKA HK	DaiichiKasei	Jabon International's Sub-subsidiary	(Sales)	( 140,854)	( 1)	60 days	No material difference	No material difference	34,717	2	-
Prosper	Lixing (Shenzhen)	ABICO NetCom's Subsidiary and Sub-subsidiary	Purchases	368,058	4	180 days	-	-	( 122,086)	( 10)	-

ABICO AVY Co., Ltd. and Its Subsidiaries  
Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital  
As at December 31, 2022

Table 6

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Creditor	Counterparty	Relationship	Balance	Turnover rate	Overdue Receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action Taken		
Jabon International	Best Achieve HK	Jabon International's Sub-subsidiary	Accounts Receivable - Related Party \$ 161,826	15.98	\$ -	-	\$ 114,569	\$ 5,018
ART EMPIRE	Jabon International	Jabon International's Sub-subsidiary	Accounts Receivable - Related Party 170,207	14.59	-	-	101,502	-
Lixing (Shenzhen)	Prosper Plastic	ABICO NetCom' s Sub-Subsidiary	Accounts Receivable - Related Party 122,086	3.01	-	-	19,444	-
IKKA HK	IKKA DongGuan	Jabon International's Subsidiary	Accounts Receivable 140,430	1.78	-	-	-	-

ABICO AVY Co., Ltd. and Its Subsidiaries  
Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts  
As at December 31, 2022

Table 7

Unit: NT\$ 1000  
(Unless Otherwise Specified)

No.	Company name	Counterparty	Relationship (Note)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction Terms	
1	Jabon International	Best Achieve HK	3	Sales revenue	\$ 1,292,923	As agreed by the parties	12
1	Jabon International	Best Achieve HK	3	Accounts receivable	161,826	Net 90 days	1
1	Jabon International	ART EMPIRE	3	Purchase	1,241,682	As agreed by the parties	12
1	Jabon International	ART EMPIRE	3	Accounts payable	170,207	-	1
1	Jabon International	Jabon Precision	3	Purchase	44,841	As agreed by the parties	-
1	Jabon International	Ekeen Precision	3	Sales revenue	285,769	As agreed by the parties	3
1	Jabon International	Ekeen Precision	3	Accounts payable	89,206	Net 90 days	1
2	Cranmer	Dongguan Qunsheng	3	Accounts payable	47,835	-	-
3	ART EMPIRE	Dongguan Qunsheng	3	Purchase	40,820	As agreed by the parties	-
3	ART EMPIRE	Dong Guan Best Achieve	3	Purchase	1,179,043	As agreed by the parties	11
3	ART EMPIRE	Dong Guan Best Achieve	3	Accounts payable	163,883	-	1
3	ART EMPIRE	Best Select Suzhou	3	Purchase	86,408	As agreed by the parties	1
4	Dong Guan Best Achieve	Precise Plus Group Ltd.	3	Accounts payable	47,835	-	-
5	Best Achieve HK	M.A.C Technology	3	Sales revenue	81,352	As agreed by the parties	1
6	IKKA HK	DaiichiKasei	3	Sales revenue	140,854	Net 60 days	1
7	Prosper	Lixing (Shenzhen)	3	Purchase	368,058	-	3
7	Prosper	Lixing (Shenzhen)	3	Accounts payable	122,086	Net 180 days	1
8	Honlynn	Ability International	3	Sales revenue	59,108	-	1
8	Honlynn	Ability International	3	Accounts receivable	7,305	-	-
8	Honlynn	Emptech Co., Ltd.	3	Sales revenue	3,940	-	-
9	Ability International	Abico Japan Co., Ltd.	3	Sales revenue	8,747	-	-
9	Ability International	Abico Japan Co., Ltd.	3	Accounts receivable	15,625	-	-
9	Ability International	Jing Nen	3	Sales revenue	9,734	-	-
9	Ability International	Jing Nen	3	Accounts receivable	4,270	-	-

Note: Three types of relationship with the trader, explained as follows in accordance with the code:

- (1) Parent company to subsidiary company
- (2) Subsidiary to parent company
- (3) Subsidiary to subsidiary

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2022

Table 8

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Note
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
ABICO AVY Co., Ltd	AVY Co., Ltd.	Taiwan	Manufacturing and sales of optical instruments, electronic products and components, and precision molds	\$ 841,360	\$ 841,360	59,597,571	100.00	\$ 966,139	(\$ 19,402)	(\$ 19,699)	Subsidiary
ABICO AVY Co., Ltd	Gold Market	Samoa	Investment and trade	1,670,193	1,670,193	3,917,053	68.52	1,909,499	( 90,380)	( 61,928)	Subsidiary
ABICO AVY Co., Ltd	Avy High Tech	Samoa	Investment and trade	220,347	220,347	6,776,000	100.00	293,454	3,454	3,454	Subsidiary
ABICO AVY Co., Ltd	Avy Technology	Samoa	Investment and trade	1,328	1,328	40,000	100.00	1,026	3	3	Subsidiary
ABICO AVY Co., Ltd	Jabon International	Taiwan	R&D, processing, manufacturing, and sales of metallurgical products such as shafts and bearings, mechanical components and magnetic materials for automobiles and scooters, electronic components, and precision ceramics.	330,865	330,865	83,079,278	100.00	1,611,062	32,601	32,601	Subsidiary
ABICO AVY Co., Ltd	Ability I	Taiwan	Venture Investment	174,957	252,237	15,180,690	48.30	95,035	( 18,600)	( 8,984)	Subsidiary
ABICO AVY Co., Ltd	ABICO NetCom	Taiwan	Sales of business equipment components, electronic components, and optoelectronic products	143,847	143,847	7,075,413	13.64	143,285	34,670	4,729	Subsidiary
ABICO AVY Co., Ltd	ABICO Optical	Hong Kong	Investment and trade	8,355	8,355	144	14.40	-	( 78)	-	Sub-subsubsidiary
ABICO AVY Co., Ltd	Shine Trade	British Virgin Is.	Manufacturing and sales of plastic products and molds	51,972	51,972	10,450	0.52	53	( 12,052)	( 3,314)	Sub-subsubsidiary
ABICO AVY Co., Ltd	Seinoh Optical	Taiwan	Manufacturing and sales of contact lenses	14,616	14,616	1,461,600	4.43	9,287	( 34,959)	( 1,648)	Sub-subsubsidiary
ABICO AVY Co., Ltd	ABICO R&D	Japan	R&D and manufacturing of industrial machinery and equipment business	-	1,776	-	-	-	-	-	Equity Method
ABICO AVY Co., Ltd	Abico Capital	Taiwan	Venture Investment	30,000	20,000	3,000,000	100.00	29,237	( 620)	( 620)	Subsidiary
ABICO AVY Co., Ltd	Honlynn	Taiwan	Sales of computer peripheral consumables	52,500	52,500	3,500,000	14.46	48,707	24,585	3,555	Subsidiary
ABICO AVY Co., Ltd	ABICO Asia	Taiwan	Venture Investment	280,000	350,000	28,000,000	18.16	318,121	( 108,054)	( 20,519)	Equity Method

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2022

Table 8

Unit: NT\$ 1000  
(Unless Otherwise Specified)

				Initial investment amount		Shares Held as at December 31, 2022						
Investor	Investee	Location	Main business	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss)	Investment	Note	
									of the investee for the year ended December 31, 2022	income (loss) recognized by the Company for the year ended December 31, 2022		
ABICO AVY Co., Ltd	Ability Enterprise	Taiwan	Digital electronic cameras, optical products business	\$ 555,524	\$ 346,039	28,591,000	9.94	\$ 463,745	\$ 135,363	\$ 13,429	Equity Method	
ABICO AVY Co., Ltd	G-Yen Hutong	Taiwan	Catering business	35,611	30,000	956,526	6.79	31,695	10,227	694	Equity Method	
ABICO AVY Co., Ltd	IKKA Holdings	Cayman Is.	Investment	117,107	117,107	4,000,000	13.68	243,066	118,343	13,397	Sub-subsidiary	
ABICO AVY Co., Ltd	VIEWQUEST	Taiwan	Venture Investment	45,144	-	836,000	100.00	50,986	684	684	Subsidiary	
AVY Co., Ltd.	Gold Market	Samoa	Investment and trade	61,075	61,075	1,799,688	31.48	860,642	( 90,380)	( 28,451)	Subsidiary	
Gold Market	Sol-Plus HK	Hong Kong	Investment and trade	-	130,977	-	-	-	20,226	12,670	Sub-subsidiary	
Gold Market	IKKA Holdings	Cayman Is.	Investment and trade	143,518	-	1,716,718	5.87	150,374	118,343	2,552	Sub-subsidiary	
Ability I	ABICO Optical	Hong Kong	Investment and trade	30,550	30,550	513	51.30	-	( 78)	-	Sub-subsidiary	
Ability I	Seinoh Optical	Taiwan	Manufacturing and sales of contact lenses	22,037	22,037	2,203,700	6.68	14,004	( 34,959)	( 2,595)	Sub-subsidiary	
Ability I	G-Yen Hutong	Taiwan	Catering business	30,000	30,000	796,203	5.65	29,927	10,227	644	Equity Method	
Ability I	Sol-Plus HK	Hong Kong	Investment and trade	-	21,844	-	-	-	20,226	2,057	Sub-subsidiary	
Jabon International	ABICO Asia	Taiwan	Venture Investment	9,600	12,000	960,000	0.62	9,600	( 108,054)	-	Equity Method	
Jabon International	Phoenix Place	British Virgin Is.	Investment and trade	640,384	640,384	20,366,000	100.00	877,141	( 34,582)	( 34,582)	Sub-subsidiary	
Jabon International	Jabon Precision	Taiwan	Manufacturing of industrial plastic products, aluminum casted and magnesium casted items, as well as computer and peripheral parts and molds.	274,445	254,445	17,000,000	100.00	( 4,184)	( 20,799)	( 20,799)	Sub-subsidiary	
Jabon International	Ekeen Precision	Taiwan	R&D, processing, domestic sales, and export of metallurgical products such as shafts and bearings, mechanical components and magnetic materials for automobiles and scooters, electronic components, and precision ceramics.	10,000	10,000	1,000,000	100.00	11,769	( 111)	( 111)	Sub-subsidiary	
Jabon International	IKKA Holdings	Cayman Is.	Investment	246,920	246,920	10,900,000	37.28	665,546	118,343	36,504	Sub-subsidiary	

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2022

Table 8

Unit: NT\$ 1000  
(Unless Otherwise Specified)

				Initial investment amount		Shares Held as at December 31, 2022						
Investor	Investee	Location	Main business	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss)	Investment	Note	
									of the investee for the year ended December 31, 2022	income (loss) recognized by the Company for the year ended December 31, 2022		
Jabon International	JCHENG Software Inc.	Taiwan	Electronics Components Manufacturing, Computer and Peripheral Equipment Manufacturing, Data Storage Media Manufacturing and Duplicating, and Automatic Control Equipment Engineering.	\$ 2,000	\$ 2,000	200,000	100.00	\$ 2,581	\$ 1,588	\$ 1,588	Sub-subsidiary	
Phoenix Place	Best Achieve	British Virgin Is.	Trade	25,802	25,802	493,000	100.00	2 (	1,106) (	1,106)	Sub-subsidiary	
Phoenix Place	Cranmer	British Virgin Is.	Investment and trade	235,930	235,930	7,450,000	100.00	269,228 (	12,381) (	12,381)	Sub-subsidiary	
Phoenix Place	Best Select	British Virgin Is.	Investment	280,411	280,411	9,050,000	100.00	326,112 (	41,571) (	41,571)	Sub-subsidiary	
Phoenix Place	Precise Plus	British Virgin Is.	Investment	83,972	83,972	2,650,000	100.00	120,892 (	125,596) (	125,596)	Sub-subsidiary	
Phoenix Place	Sinobridge	Samoa	Trade	11,316	11,316	350,000	100.00	149,442	141,640	141,640	Sub-subsidiary	
Phoenix Place	Best Achieve HK	Hong Kong	Trade	1,510	1,510	50,000	100.00	1,262 (	237) (	237)	Sub-subsidiary	
Phoenix Place	ART EMPIRE	Hong Kong	Trade	1,510	1,510	50,000	100.00	10,202	4,944	4,944	Sub-subsidiary	
IKKA Holdings	DaiichiKasei	Japan	Manufacturing and sales of plastic parts and products, transportation, storage, and warehousing management of automobiles, insurance agency, real estate trading, as well as leasing and management business	627,091	627,091	64,081	100.00	1,364,167	151,928	151,928	Sub-subsidiary	
IKKA Holdings	Sol-Plus HK	Hong Kong	Investment	282,535	152,821	7,000,000	100.00	206,153	20,226 (	348)	Sub-subsidiary	
DaiichiKasei	M.A.C. Technology (Malaysia)	Malaysia	Manufacturing and packaging of CD and CD ROM, computer printers, electronic and industrial precision ceramics and molds, plastic injection components for the electronics and the camera industries	380,603	380,603	41,665,000	100.00	148,214 (	10,989) (	10,989)	Sub-subsidiary	
DaiichiKasei	IKKA Vietnam	Vietnam	Production, operation, and processing of plastic and metal parts commonly used in automobiles, scooters, and office equipment	58,346	58,346	2,500,000	100.00	356,910	31,467	31,467	Sub-subsidiary	
DaiichiKasei	IKKA HK	Hong Kong	Investment and trade	292,545	292,545	80,067,000	100.00	453,768	2,364	2,364	Sub-subsidiary	
Sol-Plus HK	Sol-Plus JP	Japan	Manufacturing and sales of plastic products and molds	191,587	191,587	3,404,019,254	100.00	98,634	2,062	2,062	Sub-subsidiary	

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2022

Table 8

Unit: NT\$ 1000  
(Unless Otherwise Specified)

				Initial investment amount		Shares Held as at December 31, 2022					
Investor	Investee	Location	Main business	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss)	Investment	Note
									of the investee for the year ended December 31, 2022	income (loss) recognized by the Company for the year ended December 31, 2022	
Sol-Plus JP	Hiraiseimitsu	Thailand	Manufacturing and sales of plastic products and molds	\$ 250,708	\$ 250,708	2,500,000	100.00	\$ 48,333	(\$ 1,505)	(\$ 1,505)	Sub-subsidiary
ABICO NetCom	Ability 1	Taiwan	Venture Investment	6,286	9,486	628,600	2.00	3,967	( 18,600)	-	Subsidiary
ABICO NetCom	ABICO FS	Samoa	Investment	297,311	297,311	10,000,000	100.00	304,227	22,523	22,523	Sub-subsidiary
ABICO NetCom	ABECO	Taiwan	Distribution of electronic components	12,200	12,200	4,729,000	49.80	106,669	73,372	36,542	Sub-subsidiary
ABICO NetCom	Ho Vision	Taiwan	Sales of peripheral products in the entertainment industry	7,400	7,400	476,000	95.20	4,044	62	60	Sub-subsidiary
ABICO NetCom	Kkck Corporation Ltd.	Taiwan	Cosmetic beauty business	15,500	15,500	1,550,000	50.82	10,441	( 4,331)	( 2,196)	Sub-subsidiary
ABICO NetCom	Prosper	Hong Kong	Plastics business	185,543	185,543	5,050,000	100.00	410,576	50,294	50,739	Sub-subsidiary
ABICO NetCom	ABICO Plus Entertainment Limited	Taiwan	Film production and release	18,000	18,000	350,000	35.00	-	( 5,806)	-	Equity Method
ABICO NetCom	Seinoh Optical	Taiwan	Manufacturing and sales of contact lenses	314,720	232,700	27,487,000	83.29	169,805	34,959	( 25,223)	Sub-subsidiary
ABICO NetCom	Positive Energy	Taiwan	Sales and wholesale of sporting goods	35,388	27,590	1,478,000	51.99	12,217	2,197	1,142	Sub-subsidiary
ABICO NetCom	Honlynn	Taiwan	Sales of computer peripheral consumables	37,500	37,500	2,500,000	10.33	34,798	24,585	2,540	Subsidiary
ABICO NetCom	DR.Chip Biotech	Taiwan	Inspection of chips and instruments business	-	70,601	-	-	-	-	( 1,735)	Note 1
ABICO NetCom	Aabiking	Taiwan	Bicycle business	33,850	28,429	3,664,000	81.42	12,474	( 5,441)	( 3,879)	Sub-subsidiary
ABICO NetCom	Ilens International Co., Ltd.	Taiwan	Contact lenses business	30,000	20,000	1,400,000	40.00	4,931	( 25,660)	( 10,240)	Equity Method
ABICO NetCom	TranSystem Incorporated	Taiwan	Manufacturing of electronic products and wireless broadband devices	42,000	42,000	4,527,000	15.64	31,602	4,646	215	Sub-subsidiary
ABICO NetCom	ABICO Asia	Taiwan	Venture Investment	24,000	30,000	2,400,000	1.56	26,940	( 108,054)	-	Equity Method
ABICO NetCom	Newec Corporation	Taiwan	Operation of an e-commerce platform of sporting goods	26,000	26,000	5,000,000	100.00	21,642	( 3,170)	( 3,775)	Sub-subsidiary
ABICO FS	AVY International	Samoa	Investment and trade	314,217	314,217	5,000,000	100.00	282,329	28,943	27,965	Sub-subsidiary

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2022

Table 8

Unit: NT\$ 1000  
(Unless Otherwise Specified)

				Initial investment amount		Shares Held as at December 31, 2022						
Investor	Investee	Location	Main business	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss)	Investment	Note	
									of the investee for the year ended December 31, 2022	income (loss) recognized by the Company for the year ended December 31, 2022		
Prosper	Fit Active Vietnam	Vietnam	Manufacturing and processing of steel molds, aluminum molds, copper-aluminum stamped products, and optoelectronic parts	\$ 62,600	\$ 62,600	-	67.80	\$ 120,964	\$ 8,987	\$ 6,115	Sub-subsidiary	
Prosper	Shine Trade	British Virgin Is.	Manufacturing and sales of plastic products and molds	144,859	82,595	1,990,000	99.48	7,202	( 12,052)	( 7,960)	Sub-subsidiary	
Prosper	Prosper SAMOA	Samoa	Investment	48,433	41,245	1,500,000	100.00	60,332	( 248)	( 248)	Sub-subsidiary	
Prosper SAMOA	Fit Active Vietnam	Vietnam	Manufacturing and processing of steel molds, aluminum molds, copper-aluminum stamped products, and optoelectronic parts	31,227	31,227	-	32.20	57,609	8,988	2,894	Sub-subsidiary	
ABECO	VIET NAM ABECO	Vietnam	Distribution of electronic components	53,614	53,614	-	100.00	46,915	( 1,035)	( 1,035)	Sub-subsidiary	
Positive Energy Sport Co., Ltd.	Itravel Tech	Taiwan	Wholesale and retail of cloth, garments, and clothing	25,900	25,900	790,000	100.00	6,049	-	-	Sub-subsidiary	
SEINOH Optical	S&G Global Inc	Taiwan	Wholesale and retail of medical equipment and glasses business	1,800	-	180,000	60.00	1,756	( 74)	( 44)	Sub-subsidiary	
Honlynn	Ability International	Taiwan	Sales, rental, and maintenance of office equipment and office furniture	214,200	214,200	12,000,000	100.00	210,700	663	663	Sub-subsidiary	
Honlynn	Emptech	Taiwan	Trading of computers and relevant electronic products	4,000	4,000	400,000	80.00	228	( 1,644)	( 1,314)	Sub-subsidiary	
Honlynn	Catchtech	Taiwan	Software Design Services	1,020	1,020	1,020,000	51.00	( 628)	1,504	( 729)	Sub-subsidiary	
Ability International	TISI	Taiwan	Trading, maintenance, and rental of microform and consumables	14,291	14,291	2,000,000	100.00	35,891	6,033	6,033	Sub-subsidiary	
Ability International	Jingnen	Taiwan	Sales, rental, and maintenance of office equipment and office furniture	10,161	10,161	1,000	52.99	12,913	1,822	965	Sub-subsidiary	
Ability International	Ability	Samoa	Investment	23,931	23,931	800,000	100.00	13,209	( 5,915)	( 5,915)	Sub-subsidiary	
Ability International	ENERTEC	Anguilla	Investment	1,626	1,626	124,000	27.19	441	( 101)	( 28)	Equity Method	
Ability International	Ability Biotech	Taiwan	Wholesale and retail of medical equipment, household appliances and supplies business	9,391	4,500	1,000,000	100.00	8,660	( 505)	( 222)	Sub-subsidiary	
Ability International	Ability Anchor	Taiwan	Recycling of machines	6,600	6,600	660,000	55.00	2,910	( 1,410)	( 776)	Sub-subsidiary	



ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Investees (Name, Location, etc.)(Investees in Mainland China Excluded)  
As at December 31, 2022

Table 8

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investor	Investee	Location	Main business	Initial investment amount		Shares Held as at December 31, 2022					Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Note
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value					
Ability International	ABICO Living Robot	Taiwan	Electric Appliance Installation	\$ 1,400	\$ 1,000	140,000	50.00	\$ 1,236	(\$ 275)	(\$ 142)			Sub-subsidiary
Ability International	Ability International Green Energy	Taiwan	Lighting Equipment Manufacturing	5,000	5,000	500,000	100.00	4,841	( 61)	( 61)			Sub-subsidiary
Ability	Abico HK	Hong Kong	Investment	2,769	2,769	750,000	100.00	8,265	( 1,605)	( 1,605)			Sub-subsidiary
Ability	Abico JP	Japan	International trade business	5,532	5,532	-	100.00	( 3,699)	( 3,663)	( 3,663)			Sub-subsidiary
VIEWQUEST	Ability Enterprise	Taiwan	Digital electronic cameras, optical products business	50,078	-	1,650,000	0.57	49,687	135,363	772			Equity Method

Note1 : ABICO NetCom sold the shares of DR.Chip Biotech in batch in June 2022, with an amount of NT\$ 28,049,000. On June 10, 2022, the shareholding ratio was reduced to 11.23%, causing it to lose its significant influence. Reclassified to financial assets at fair value through other comprehensive income.

ABICO AVY Co., Ltd. and Its Subsidiaries  
Investment in Mainland China—Basic Information  
As at December 31, 2022

Table 9

Unit: NT\$ 1000  
(Unless Otherwise Specified)

Investee Company	Main Business	Paid-in Capital	Method of Investment	Remittance of Funds			Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Outward (Note 6)	Inward	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of Investee	Direct or Indirect Percentage of Ownership	Recognition of Investment Gains and Losses in the Current Period (Note 1)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Remark
Dong Guan Cheng Guang Metal Products Co., Ltd.(Note 6)	Manufacturing and sales of metal casings and accessories for mobile phones and cameras	\$ 242,440	2	\$ 276,570	\$ -	\$ -	\$ 276,570			(\$ 78,009)	100.00	(\$ 78,009)	\$ 154,288	\$ -	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (Gold Market as investor)
Dong Guan Cheng Guang Precision Industry Co., Ltd. (Note 6)	Manufacturing and sales of metal casings and accessories for mobile phones and cameras	568,421	2	648,442	-	-	648,442	(	22,988)	100.00	(	22,988)	571,262	-	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (Gold Market as investor)
Dong Guan Cheng Guang Trading Co., Ltd (Note 6)	Manufacturing and sales of metal casings and accessories for mobile phones and cameras	881,600	2	1,005,708	-	-	1,005,708			2,942	100.00	2,942	884,533	-	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (Gold Market as investor)
Jilin Province Can Fine Glasses Co., Ltd. (Note1)	Sales of medical equipment, etc.	32,619	2	18,548	-	-	18,548			-	65.70	-	-	-	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (ABICO Optical as investor)
DongGuan Qunsheng Powder Metallurgy Ltd. (Note1, 3)	Production and sales of powder metallurgy products and assembly of actuators	202,138	2	202,138	-	-	202,138	(	13,290)	100.00	(	13,290)	262,344	-	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China, Phoenix Place Holdings Ltd.'s subsidiary, Cranmer Enterprises Ltd. as investor
Best Select Industrial (SuZhou) Co., Ltd. (Note1, 4)	Production and research and development of non-ferrous metal composite materials, new alloy materials, and relevant products and sales of self-produced products	282,260	2	282,260	-	-	282,260	(	41,021)	100.00	(	41,021)	326,112	-	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China, Phoenix Place Holdings Ltd.'s subsidiary, Best Select Industrial Ltd. as investor
DongGuan Best Achieve Industrial Ltd.	Production and sales of power tools and relevant spare parts	83,863	2	83,863	-	-	83,863	(	125,604)	100.00	(	125,604)	120,777	-	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China, Phoenix Place Holdings Ltd.'s subsidiary, Precise Plus Group

ABICO AVY Co., Ltd. and Its Subsidiaries  
Investment in Mainland China—Basic Information  
As at December 31, 2022

Table 9

Unit: NTS 1000  
(Unless Otherwise Specified)

					Remittance of Funds									
Investee Company	Main Business	Paid-in Capital	Method of Investment	Accumulated	Outward	Inward	Accumulated	Net Income	Direct or	Recognition of	Carrying Amount	Accumulated	Remark	
				Outward Remittance for Investment from Taiwan as of January 1, 2022			Outward (Note 6)			Outward Remittance for Investment from Taiwan as of December 31, 2022		(Loss) of Investee		Indirect Percentage of Ownership
IKKA Technology DongGuan Co., Ltd. (IKKA)	Production and sales of precision plastic parts, hardware parts, bearings, and molds	\$ 232,837	2	\$ -	-	-	\$ -	\$ 338	56.83	\$ 192	\$ 335,293	\$ -	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (IKKA HK as investor)	
Dongguan Ashine Precision Plastics Co., Ltd. (Note 2)	Manufacturing and sales of plastic products and molds	121,178	2	117,403	-	-	117,403	( 12,052)	100.00	( 11,274)	7,255	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (IKKA HK as investor)(Shine Trade as investor)	
Lixing Plastic (Shenzhen) Co., Ltd.	Production and sales of computer plastic spare parts and components	171,976	2	189,018	-	-	189,018	57,774	100.00	58,041	361,653	130,848	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (Prosper as investor)	
AVY Precision Metal Components (SuZhou) Co., Ltd.	Production and processing of dies, precision molds, standard mold parts, and relevant products and components	125,911	2	323,173	-	-	323,173	28,984	100.00	28,984	255,837	211,899	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (AVY International as investor)	
Suzhou Xiyingli Optical Co., Ltd.(Note 1)	Wholesale and import of contact lens	23,033	2	23,033	-	-	23,033	( 3,845)	100.00	( 3,845)	7,947	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (ABICO FS as investor)	
Ability International (Shanghai) Ltd.	Warehousing, wholesale, and international trade	13,925	2	13,925	-	-	13,925	( 762)	24.79	( 762)	8,053	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (Ability as investor)	
Abico (GuangZhou) International Tarding Co., Ltd	International trade	970	2	10,260	-	7,009	3,251	( 806)	24.79	( 806)	1,674	-	Investment and establishment of a company at a third jurisdiction to invest in Mainland China (ABICO HK as investor)	

Note1: Other than Jilin Province Can Fine Glasses Co., Ltd., DongGuan Best Achieve, Suzhou Seinoh Optical Co.,Ltd., Abico GuangZhou and Ability International (Shanghai) Ltd., the others are recognized in accordance with the valuation as per the financial statements as audited by accountants.

Note 2: Cumulative investment in DongGuan Ashine is \$121,178 (US\$3,946,000), which includes cash investment of \$70,354 (US\$2,291,000), and machinery investment of \$50,824 (US\$1,655,000).

ABICO AVY Co., Ltd. and Its Subsidiaries  
Investment in Mainland China—Basic Information  
As at December 31, 2022

Table 9

Unit: NTS 1000  
(Unless Otherwise Specified)

													Remittance of Funds					
Investee Company	Main Business	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Outward (Note 6)	Inward	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of Investee	Direct or Indirect Percentage of Ownership	Recognition of Investment Gains and Losses in the Current Period (Note 1)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December31, 2022	Remark					
Note 3: Cumulative investment in DongGuan Best Achieve is \$202,138,000 (US\$6,450,000), which includes cash investment of \$170,321,000 (US\$5,528,000), and machinery investment of \$31,817,000 (US\$922,000).																		
Note 4: Cumulative investment in Best Select Suzhou is \$282,260,000 (US\$9,000,000), which includes cash investment of \$278,521,000 (US\$8,885,000), and machinery investment of \$3,739,000 (US\$115,000).																		
Note 5: There are three types of investment:																		
1. Direct investment in Mainland China.																		
2. Invest in Mainland China via a third jurisdiction.																		
3. Other methods.																		
Note 6: On March 29, 2021 Gold Market investments Ltd.'s board of directors approved, in order to optimize industrial capabilities and improve operational performance, a split-up of Dong Guan Cheng Guang Metal Products Co., Ltd. into three companies. Following the split-up, Dong Guan Cheng Guang Metal Products Co., Ltd. will survive with metal surface treatment processes as its main business; two other companies will be established, Dong Guan Cheng Guang Precision Industry Co., Ltd. and Dong Guan Cheng Guang Precision Industry Co., Ltd.. Dong Guan Cheng Guang Precision Industry Co., Ltd.'s business focus will be metal manufacturing and processing, and Dong Guan Cheng Guang Trading Co., Ltd.'s business focus will be metal processing products trading. After the split-up, the three companies will have the same structure, each 100% owned by Gold Market investments Ltd.																		
The relevant registration and licensing procedures have been completed. The cumulative capital remitted from Taiwan in this period, \$1,930,720, was remitted to Dong Guan Cheng Guang Metal Products Co., Ltd. before the split-up.																		
Company Name	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Investment Amount	Authorized by Investment Commission, MOEA	Upper Limit on the Amoun of Investment														
ABICO AVY Co., Ltd.	\$ 1,809,368	\$ 1,809,368	\$	3,088,005														
AVY	183,140	183,140		577,149														
Ability I Venture Capital Corporation	14,565	16,747		450,192														
Jabon International (Note 7, 8)	591,927	635,229		-														
ABICO NetCom	252,074	278,178		660,954														
Honlynn	28,294	28,294		202,106														
	\$ 2,879,368	\$ 2,950,956	\$	4,978,406														

Note 7: The difference between the accumulated investment amount remitted from Taiwan to the mainland at the end of the current period by Jabon International and the cumulative investment amount remitted from Taiwan at the end of the current period of 32,398,000 (US\$1,046,000) is due to cumulative losses that arise from the liquidation of Qunsheng Powder Metallurgy Ltd. (Changshu) in 2007.

Note 8: Jabon International in April 2020 received the recognition documentation from the Ministry of Economic Affairs Industrial Development Bureau pursuant to the “Identification Regulations for Operational Headquarters”, the effective period is April 2020 to April 2023, therefore no limit applies.

ABICO AVY Co., Ltd. and Its Subsidiaries

Investments in the Mainland Area — Significant Transactions with Investee Companies In Mainland China, Either Directly or Indirectly Through a Third Area

As at December 31, 2022

Table 10

Unit: NT\$ 1000

(Unless Otherwise Specified)

Name of the Invested Company in China	Sales(Purchase)		Property Transaction		Accounts Receivable (Payable)		Note Endorsements/Guarantees or Provision of Collateral		Financing Facility				
	Amount	%	Amount	%	Balance	%	Balance as at December 31, 2022	Purpose	Highest Balance	Balance as at December 31, 2022	Interest rate range	Current rate	Others
ART EMPIRE	(\$ 1,241,682)	(95)	\$ -	-	(\$ 170,207)	61	\$ -	-	\$ -	\$ -	-	\$ -	-

ABICO AVY Co., Ltd. and Its Subsidiaries  
Information on Major Shareholders  
As at December 31, 2022

Table 11

Name	Shares	
	Shares Held	Shareholding Ratio
Abico International Co., Ltd.	22,095,328	13.00%
Ability Enterprise Co., Ltd.	17,264,223	10.15%
Hengneng Investment Co., Ltd.	9,375,000	5.51%