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ABICO AVY CO., LTD.

(formerly known as AVY PRECISION TECHNOLOGY INC.)

2022 General Shareholders' Meeting Annual Report

Date of publication: May 18th, 2023

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Name of CPA: Ya-Hui Lin; Yung-Chien Hsu

CPA Firm: PricewaterhouseCoopers Taiwan

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Overseas Securities Exchange: N/A

Corporate Website: www.avy.com.tw

The first (foreign) counter company should publish: Not applicable

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One. Letter to Shareholders

First of all, thank you for attending this year's shareholders' meeting despite your busy schedule. I, on behalf of the Company, would like to express my greatest gratitude to all shareholders for your strong support and encouragement.

The 2022 operating performance and the 2023 business outlook are hereby reported as follows:

I. The 2022 operating performance:

2022 Unit: NT\$ thousand

Item	Consolidated	Parent company only
Net operating revenue	10,518,257	11,297
Gross profit	1,603,795	5,210
Operating expenses	1,587,521	56,496
Operating income (loss)	16,274	(51,286)
Non-operating income and expenses, net	160,202	(42,402)
Income tax income (expense)	(150,018)	(3,263)
(net tax)	26,458	(96,951)

Note: All the data for the years above have been audited.

II. Budget implementation: N/A.

III. Analysis of financial income and expenditure and profitability:

2022 Unit: NT\$ thousand

Item		Consolidated	Parent company only
Financial income and expenditure	Operating revenue	10,518,257	11,297
	Gross profit	1,603,795	5,210
	Net income for this period	26,458	(96,951)
Profitability	Return on total assets (%)	0.60	(1.10)
	Return on equity (%)	0.36	(1.83)
	Operating income to paid-in capital (%)	0.96	(3.02)
	Pre-tax income to paid-in capital (%)	10.38	(5.51)
	Profit margin	0.25	(858.20)
	Earnings per share - owners of the parent (NT\$)	(0.58)	(0.58)

Note: All the data for the years above have been audited.

IV. Research and development:

Efficiency Innovation in the component manufacturing industry will continue to adopt the existing processes of metal stamping and CNC, powder metallurgy, and plastic injection. In addition to continuing to improve automation processes to increase manufacturing efficiency, we will continue to expand our product scales and increase types of items in the automotive parts market and increase the penetration rate of our products for new energy-powered vehicles, and as global environmental awareness rises, the Company will engage more in carbon emission management issues.

V. The 2023 business outlook:

The impact of COVID-19 pandemic began to gradually ease in 2022, and the livelihood industry began to recover. However, the manufacturing supply chain continues to be affected by the ongoing epidemic control in China and the outbreak of the Russia-Ukraine War, the overall manufacturing industry continues to be impacted. Looking ahead to this year, the first half of this year, was affected by inflation and weakened consumer spending, resulting in the recession in various industries, which also limited the Company's growth; however, after the aforementioned issue is mitigated in the second half of the year, we will have the opportunity to have our business grow in response to the changes in the macro environment. The automotive parts and components are still the core of the Company's manufacturing business development. Therefore, the two major development key words: Japan and automotive have not changed. We will continue to increase our profits with this approach and strive to maximize all shareholders' equity. We hope that you will continue to support and offer your advice to us.

I wish you good health and all the best!

Chairman: Chun-Jen Tong

General Manager: Shiang-Chi Hu

Chief Accounting Officer: Hui-Chu Lee

Two. Company Profile

I. Date of incorporation: December 29, 1994

II. Company History

- 1994/12 Set up the Yi-An Preparatory Office in Tainan.
- 1995/01 Established Yi-An, U.S. in Torrance, California, U.S., with a focus on the research and development (R&D) of consumer electronics and the marketing in North America.
- 1995/04 Yi-An was approved to set up in the Hsinchu Science Park, with a focus on the R&D, manufacturing, and marketing of networking systems in Asia, Europe, Australia, South America, and other regions.
- 1995/07 Completed the establishment of a plant in the Hsinchu Science Park.
- 1995/09 Increased the capital to NT\$600,200 thousand.
- 1995/12 Wireless audio video FM transmitters (WAVECOM) officially passed the FCC verification in the U.S. and was officially marketed in the U.S. in January 1996.
- 1996/04 Established a Taipei office to handle product marketing and after-sales service in northern Taiwan.
- 1996/06 Established a Tainan office to handle product marketing and after-sales service in southern Taiwan.
- 1996/08 Launched the second self-developed product, portable direct broadcasting satellite (PDBS) in the U.S.
- 1996/12 Officially completed the development of the UNICORN gas wireless meter reading and transmission system and officially installed and used it in the Yuan Lin public housing project.
- 1997/01 Completed the development of the SPORTLEASH anti-theft wireless warning device.
- 1997/03 Completed the development of multichannel multipoint distribution service (MMDS).
- 1997/04 Completed the development of HIGHT POWER WAVECOM, a high-power wireless audio-visual monitoring system, and sold it to domestic national security agencies.
- 1997/05 Completed the development of WAVECOM III JR., the third-generation 2.4GHz wireless audio and video transmitter.
- 1997/09 Worked with an Indonesian satellite system provider to develop the Indonesia digital satellite receiver, S-Band ODU.
- 1997/12 The corporate director, Yi-Hua Industrial Co., Ltd., transferred 3,221,000 shares to the Jia-He Group's employees and general investors in December 1997 to meet its own capital needs.
- 1998/02 Launched the construction work of the first phase of the production center in the Tainan Science Park, scheduled to be completed by the end of 1998.
- 1998/02 Received an order for 40,000 LNBF from INNOVISION in Indonesia.

- 1998/03 Completed the development of the WIRELESS BABY MONITOR and began shipment in April by domestic mail order.
- 1998/03 Increased the capital by NT\$600 million, with the capital increasing to NT\$1,200,200 thousand.
- 1998/04 Completed the development of WAVECOM III SR., the third-generation two-way 2.4GHz wireless audio and video transmitter.
- 1998/09 Passed the ISO9001 certification by German TUV and the review by the Industrial Development Bureau, Ministry of Economic Affairs, to be listed on Taipei Exchange as a technology stock, which issued a written opinion that the product had been successfully developed with marketability.
- 1998/01 Approved by the board of directors of Taipei Exchange to be listed on Taipei Exchange.
- 1999/06 The Company's stock was listed on Taipei Exchange.
- 1999/10 Completed the establishment of the new plant in Tainan Science Park and put it into mass production.
- 2000/10 Passed a capital increase by NT\$500 million, with the capital increasing to NT\$1,700,200 thousand.
- 2001/08 Passed a capital reduction by NT\$731,100 thousand, with the capital decreasing to NT\$969,100 thousand.
- 2002/01 Completed the capital reduction and had the Company's stock re-listed on Taipei Exchange.
- 2002/12 Passed a capital reduction by NT\$290,730 thousand, with the capital decreasing to NT\$678,370 thousand.
- 2003/01 Held a private placement of 500,000 shares of securities at NT\$10 per share at an issue price of NT\$4, totaling NT\$2,000 thousand, with the capital increasing to NT\$683,370 thousand.
- 2003/07 Held a private placement of 1,600,000 shares of securities at NT\$10 per share at an issue price of NT\$5, totaling NT\$8,000 thousand, with the capital increasing to NT\$699,370 thousand.
- 2003/12 Passed a capital reduction by NT\$298,000 thousand, with the capital decreasing to NT\$401,370 thousand.
- 2004/02 Held a private placement of 1,000,000 shares of securities at NT\$10 per share at an issue price of NT\$6, totaling NT\$6,000 thousand, with the capital increasing to NT\$411,370 thousand.
- 2004/04 Completed the capital reduction and had the Company's stock re-listed on Taipei Exchange.
- 2004/06 Renamed AVY PRECISION TECHNOLOGY INC.
- 2004/07 Approved by the Southern Taiwan Science Park Administration to abolish the Company's investment plan in the Tainan Science Park and actively transformed the business to the manufacturing and trading of optical products and electronic components.
- 2004/08 Approved by Taipei City Government to relocate the Company to Taipei City.
- 2004/10 Passed a capital reduction by NT\$158,370 thousand, with the capital decreasing to NT\$253,000 thousand.

- 2004/11 Held a private placement of 29,000,000 shares of securities at NT\$10 per share, totaling NT\$290,000 thousand, with the capital increasing to NT\$543,000 thousand.
- 2004/12 Completed the capital reduction and had the Company's stock re-listed on Taipei Exchange.
- 2005/01 Purchased AVY Co., Ltd.'s 7,008,432 shares, amounting to NT\$112,135 thousand, accounting for 26.96% of the company's equity.
- 2005/06 Purchased AVY Co., Ltd.'s 6,251,568 shares, amounting to NT\$121,593 thousand, accounting for 24.04% of the company's equity.
- 2005/12 Acquired a 27.27% stake in Gold Market Investment Ltd. in the amounts of US\$1,008,739 and NT\$21,408 thousand.
- 2006/01 Acquired a 51.22% stake in AVY Precision Metal Components (Suzhou) Co., Ltd. owned by AVY Co., Ltd. in the British Virgin Islands in the amount of US\$2,100,000.
- 2006/09 Purchased 1,180,900 shares (49%) in UNITED NEW LIMITED from DYNAMIC RESULT INTERNATIONAL LIMITED in the amount of US\$995,258 and indirectly held a 49% stake in AVY Precision Surface Treatment (Suzhou) Co., Ltd.
- 2006/12 Purchased a 8.47% stake in GOLD MARKET INVESTMENTS LTD. in the amount of US\$1,334,593 and indirectly acquired a 8.47% stake in Dong Guan Cheng Guang Metal Products Co., Ltd.
- 2006/12 Purchased AVY Co., Ltd.'s 17,295,143 shares, amounting to NT\$347,632 thousand, accounting for 49.00% of the company's equity; held a 100% stake in the company.
- 2007/03 Increased UNITED NEW LIMITED's capital by US\$200,000 to indirectly increase the capital of AVY Precision Surface Treatment (Suzhou) Co., Ltd. in mainland China; held 52.91% equity in the company after the capital increase.
- 2007/04 Approved to cancel the restriction on the trading of the stock on Taipei Exchange by the Financial Supervisory Commission (FSC), per Letter Jin-Guan-Zheng-I No. 0960016367 dated April 19, 2007 after filing an application by the resolution of the Board of Directors as per the Standards for Cancellation of Restriction on Stock Trading due to TWSE/TPEX Listed Companies' Cash Capital Increase.
- 2007/09 Approved by the resolution of the general shareholders' meeting on June 13, 2007 to conduct capitalization of 2006's undistributed earnings of NT\$21,420 thousand by issuing 2,142,000 ordinary shares with a par value of NT\$10 per share and adopted earnings of NT\$21,540 thousand for capitalization of employee bonuses by issuing 2,154,000 ordinary shares, with a par value of NT\$10 per share, with the legal registration procedure completed. Increased the capital to NT\$585,960,000.
- 2007/10 Approved by the competent authority to raise funds by issuing the first domestic unsecured convertible corporate bonds for a total amount of NT\$600,000,000 at a coupon rate of 0% with the issuance period of five years; had the bonds listed on Taipei Exchange for trading on November 1, 2007.

- 2008/02 Increased AVY HIGH TECH LIMITED's capital in the amount of US\$5,276,000 and purchased 100% equity of Dongguan AVY Precision Metal Co., Ltd. from ABILITY ENTERPRISE (BVI) CO.,LTD.
- 2008/04 Participated in the capital increase of the investee, Yaxin Precision Co., Ltd., and acquired 4,709,464 shares in it in the amount of NT\$63,578 thousand; held a 26.84% stake after the capital increase.
- 2008/09 The Company and the subsidiary, AVY Co., Ltd., invested in UNITED NEW LIMITED in March and September 2008, with a total of US\$15,333 thousand as the share capital; indirectly held AVY Precision Surface Treatment (Suzhou) Co., Ltd.'s equity; acquired a 49% stake.
- 2008/09 Approved by the resolution of the general shareholders' meeting on June 13, 2008 to conduct capitalization of 2007's undistributed earnings of NT\$29,298 thousand by issuing 2,929,800 ordinary shares with a par value of NT\$10 per share and adopted earnings of NT\$16,800 thousand for capitalization of employee bonuses by issuing 1,680,000 ordinary shares, with a par value of NT\$10 per share, with the legal registration procedure completed. Increased the capital to NT\$632,058,000.
- 2009/02 Acquired Yaxin Precision Co., Ltd.'s 10,000,000 shares in the amount of NT\$178,000 thousand; held a 66.84% stake in the company after the acquisition.
- 2009/09 Approved by the resolution of the general shareholders' meeting on June 16, 2009 to conduct capitalization of 2008's undistributed earnings of NT\$63,206 thousand by issuing 6,321,000 ordinary shares with a par value of NT\$10 per share and adopted earnings of NT\$25,739 thousand for capitalization of employee bonuses by issuing 247,274 ordinary shares, with a par value of NT\$10 per share, with the legal registration procedure completed. Increased the capital to NT\$697,736,540.
- 2009/12 Issued the first domestic unsecured convertible corporate bonds for a total amount of NT\$600,000,000 at a coupon rate of 0%, with the issuance period of five years; redeemed all 4,365,000 convertible ordinary shares on December 1, 2009 Increased the capital to NT\$741,387,860.
- 2009/10 Invited to participate in a featured industry performance presentation seminar held by Taipei Exchange.
- 2009/11 Approved by the competent authority to raise funds by issuing the second domestic unsecured convertible corporate bonds for a total amount of NT\$700,000,000 at a coupon rate of 0% with the issuance period of five years; had the bonds listed on Taipei Exchange for trading on January 8, 2010.
- 2010/01 Increased the capital of the subsidiary, AVY Co., Ltd., by NT\$200 million in cash, to expand the business mix.
- 2010/07 Increased UNITED NEW LIMITED's capital by US\$9,800 thousand as its share capital to indirectly held the shares of AVY Precision Surface Treatment (Suzhou) Co., Ltd. in mainland China.
- 2010/12 The Board of Directors resolved a decision about Ability I Venture Capital Corporation's shares, totaling NT\$200 million.

- 2011/06 Approved by the resolution of the general shareholders' meeting on June 15, 2011 to conduct capitalization of 2010's undistributed earnings of NT\$37,069 thousand by issuing 3,706,000 ordinary shares with a par value of NT\$10 per share, with the legal registration procedure completed. Increased the capital to NT\$778,457,260.
- 2011/07 Acquired Yaxin Precision Co., Ltd.'s 7,190,536 shares in the amount of NT\$179,763 thousand; held a 96.2% stake in the company after the acquisition.
- 2011/09 The Board of Directors resolved a decision to increase Casetek Holdings Limited's capital in cash by NT\$378,531 thousand for 9,160,958 shares; held a 3.58% stake in the company after the acquisition.
- 2011/10 Resolved a decision to reinvest the amount invested in Casetek Holdings Limited in Ri Ming Computer Accessory (Shanghai) Co., Ltd.
- 2011/11 Disposed of 30% of equity in AVY Precision Surface Treatment (Suzhou) Co., Ltd. for a total of US\$12,965 thousand.
- 2011/12 The Board of Directors resolved a decision to establish a Remuneration Committee.
- 2012/01 Acquired 8,350 thousand of shares in Jabon International (formerly known as Yi-Jin Industrial Co., Ltd.), or 19.88% of its equity.
- 2012/03 Acquired 11,350 thousand of shares in Jabon International (formerly known as Yi-Jin Industrial Co., Ltd.); held 27.02% of its equity in total after the acquisition.
- 2012/04 The Board of Directors resolved a decision to issue restricted stock awards.
- 2012/09 Conducted a short-form merger with the subsidiary, Yaxin Precision Co., Ltd.
- 2013/03 Approved by the competent authority to raise funds by issuing the third domestic unsecured convertible corporate bonds for a total amount of NT\$600,000,000 at a coupon rate of 0% with the issuance period of three years; had the bonds listed on Taipei Exchange for trading on April 24, 2013.
- 2013/05 Participated in ABICO Feng-Sheng Co., Ltd.'s cash capital increase by NT\$70 million in May from NT\$337,740 thousand to NT\$407,740 thousand after the capital increase; acquired 2,150,000 shares at NT\$22 per share, totaling NT\$47,300 thousand, with a shareholding of 5.27%.
- 2013/08 Invested in 10% equity in Jie-Sheng Technology Co., Ltd., totaling NT\$155,000 thousand.
- 2013/09 Disposed of 49% equity in AVY Precision Metal Components (Suzhou) Co., Ltd. for a total amount of NT\$168,000 thousand.
- 2014/01 Planned to liquidate Dongguan AVY invested through AVY HIGH TECH.
- 2014/02 Acquisition shares of Ability I Venture Capital Corporation's 10 million shares in the amount of NT\$113,000 thousand and held a 28% stake in total after the acquisition.
- 2014/03 Invested in ABICO GLOBAL HOLDINGS LIMITED to invest in ABICO OPTICAL(HK) LIMITED to indirectly invest in Baocheng Optical Co., Ltd. in Jilin Province, mainland China, in the total investment of US\$280,000, with a shareholding of 14.36%.

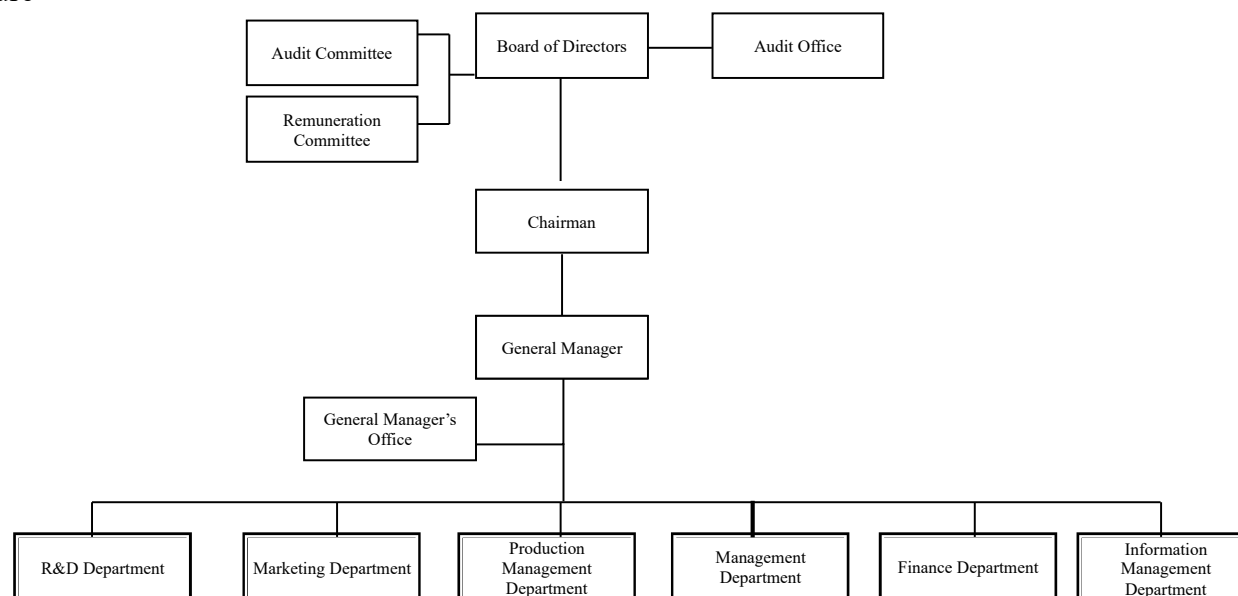
- 2014/07 The investee, AVY HIGH TECH, planned to invest NT\$200 million in Holdings Daiichikasei in Japan with its own funds, with a shareholding of 10% in the company.
- 2014/07 The liquidation process for Dongguan AVY invested through AVY HIGH TECH was approved in July.
- 2014/08 The Board of Directors resolved a decision to purchase 20,300,000 shares of Ability I Venture Capital Corporation, in the amount of NT\$213,150 thousand; held 48% of its equity in total after the acquisition.
- 2014/08 The Board of Directors resolved a decision to invest in ABICO Asia Capital Corporation's 20,000,000 shares in the amount of NT\$200,000 thousand; acquired a 19.98% stake.
- 2014/11 Formulated the Corporate Social Responsibility Best Practice Principles.
- 2015/03 Resolved a decision to issue restricted stock awards last year and failed to implement it.
- 2015/03 The Board of Directors resolved a decision to issue restricted stock awards.
- 2015/03 Planned to increase the capital of Dong Guan Cheng Guang Metal Products Co., Ltd. in mainland China through GOLD MARKET INVESTMENTS LIMITED by 375 million HKD; held 96.29% equity in it after the capital increase.
- 2015/04 The Board of Directors resolved a decision to establish an Audit Committee.
- 2015/09 Approved by the competent authority to raise funds by issuing the fourth domestic unsecured convertible corporate bonds for a total amount of NT\$1.5 billion at a coupon rate of 0% with the issuance period of five years; had the bonds listed on Taipei Exchange for trading on October 28, 2015.
- 2015/12 Formulated the procedures for suspending and resuming trading operations.
- 2016/03 Resolved a decision to issue restricted stock awards last year and failed to implement it.
- 2016/03 The Board of Directors resolved a decision to issue restricted stock awards.
- 2017/02 Disposed of the shares in the subsidiary, SHINE TRADE INTERNATIONAL LIMITED for an amount of US\$1.1 million; held 48.72% of its equity after the disposal
- 2017/03 Resolved a decision to issue restricted stock awards last year and failed to implement it.
- 2017/04 Purchased liability insurance for directors and critical employees.
- 2017/11 Included ABICO NetCom as a subsidiary due to its election of new directors and supervisors.
- 2018/06 Subscribed for shares issued for Jabon International Co., Ltd.'s cash capital increase totaling 3,609,000 shares in the amount of NT\$60,637 thousand; held 22.58% of its equity after the acquisition.
- 2019/03 The extraordinary shareholders' meeting approved the acquisition of Jabon International Co., Ltd. by issuing new shares with 33,626,410 shares issued in total. Jabon International has become the Company's wholly-owned subsidiary since July 31, 2019 and terminated its listing on Taipei Exchange.
- 2019/08 Acquired 100% equity of Sol-Plus Co.,Ltd. in Japan.

- 2021/05 The Company's subsidiary, IKKA-KY (2250), was officially listed for trading on May 31 after the Taiwan Stock Exchange approved its application for listing.
- 2021/08 Renamed ABICO AVY Co., Ltd.

Three. Corporate Governance Report

I. Organization

1. Organizational structure



2. Main business of each department:

Audit Office	Is responsible for the audit of the Company's internal rules and regulations and putting forth suggestions for improvement.
R&D Department	Is responsible for product design and development.
Marketing Department	Is responsible for sales, market development, and after-sales service.
Production Management Department	Is responsible for product manufacturing and quality management.
Management Department	Is responsible for property and equipment management, human resources management, education and training, and general tasks.
Finance Department	Is responsible for the operation and implementation of the financial and accounting systems and provide relevant data.
Information Management Department	Is responsible for the development, maintenance, and integration of management systems.

II. Directors, supervisors, general manager, vice general managers, assistant vice presidents, and the heads of various departments and branches

(I) Information on directors

April 15, 2023

Title	Nationality or place of registration	Name		Gender/ Age	Date elected/appointed	Term of office	Date first elected	Shareholding when elected		Number of shares currently held		Current shareholding of spouse or minor children		Shareholding by nominee arrangement		Major education and experience	Concurrent positions at the Company or other companies	Spouse or relatives within second degree of kinship who are managers or directors or supervisors of the Company			Remarks
								Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relations	
Chairman	R.O.C.	Abico International Co., Ltd.		-	2021.07.15	3	2021.07.15	12,000,000	7.06%	22,095,328	13.00%	0	0	0	0	-	-	-	-	-	Note 2
	R.O.C.	Abico International Co., Ltd.	Representative: Chun-Jen Tong	Male 50-60 years old	2021.07.15	3	2012.10.12	0	0	0	0	0	0	0	0	Chairman, ABICO AVY Co., Ltd. Master of Information, New Jersey Institute of Technology	Vice Chairman, ABICO NetCom Co., Ltd. Director, IKKA HOLDINGS (CAYMAN) LIMITED. Director, Ability Enterprise Co., Ltd.	Vice Chairman	Chun-Yi Tong	Brothers	Note 2
Vice Chairman	R.O.C.		Representative: Chun-Yi Tong	Male 50-60 years old	2021.07.15	3	2012.06.12	0	0	35,825	0.02%	0	0	0	0	Bachelor of Economics, University of Southern California Master of LSI, Faculty of Science and Technology, Waseda University, Japan	Chairman, Dong Guan Cheng Guang Metal Products Co., Ltd. Chairman, Ability Venture Management Co., Ltd. Director, IKKA HOLDINGS (CAYMAN) LIMITED. Director, Ability Enterprise Co., Ltd.	Chairman	Chun-Jen Tong	Brothers	Note 2
Director	R.O.C.		Representative: Shiang-Chi Hu	Male 60-70 years old	2021.07.15	3	2015.07.22	0	0	217,567	0.13%	0	0	0	0	Chairman, Jabon International Co., Ltd. Master of International Business, National Taiwan University	Chairman, ABICO NetCom Co., Ltd. Chairman, Ability I Venture Capital Corporation Director, ABICO Asia Capital Corporation Chairman, TranSystem Incorporated Director, Ability Enterprise Co., Ltd. Independent Director, Impact Power, Inc. Director, IKKA HOLDINGS (CAYMAN) LIMITED.	None	None	None	Note 2
	R.O.C.		Representative: Ching-Hsi Tong	Male 80-90 years old	2021.07.15	3	2015.04.09	0	0%	0	0	0	0	0	0	CEO, ABICO Group Waseda University	CEO, ABICO Group Director, Ability Investment Co., Ltd.	Director	Li-An Huang	Father-in-law and son-in-law	Note 2
	R.O.C.		Representative: Li-An Huang	Male 40-50 years old	2021.07.15	3	2019.02.01	0	0	0	0	0	0	0	0	Partner, Infinity Ventures, IESE Business School, Spain	Director, ABICO NetCom Co., Ltd., Ability Venture Management Co., Ltd.	Director	Ching-Hsi Tong	Father-in-law and son-in-law	Note 2
Director	R.O.C.	Yunchen Investment Co., Ltd.		-	2021.07.15	3	2021.07.15	620,740	0.37%	606,740	0.36%	0	0	0	0	-	-	-	-	-	Note 2
	R.O.C.	Yunchen Investment	Representative: Chao-	Male	2021.07.15	3	2021.07.15	0		101,750	0.06%	0	0	0	0	Chairman, SuperAlloy Industrial	Chairman, DongGuan Qunsheng Powder Metallurgy Ltd. / DongGuan	None	None	None	Note 2

		nt Co., Ltd.	Yu Yang	60-70 years old											Co., Ltd. Department of Management, National Defense University	Best Achieve Industrial Ltd. / Best Select Industrial (SuZhou) Co., Ltd. Director, Jabon International Co., Ltd. / Jabon Precision Co., Ltd. / Ekeen Precision Co., Ltd. / JieCheng Co., Ltd.				
Independent Director	R.O.C.	Jieh-Chen Wang	Male 70-80 years old	2021.07.15	3	2018.06.12	0	0	0	0	0	0	0	0	Public Administration, National Chengchi University Deputy General-Director of the National Taxation Bureau of Taipei, Ministry of Finance	Independent Director, ABICO NetCom Co., Ltd.	None	None	None	Note 2
	R.O.C.	Wei-Chyun Yen	Male 60-70 years old	2021.07.15	3	2015.06.18	0	0	0	0	0	0	0	0	Chairman, Asian Power Devices Inc. Department of Accountancy, National Cheng Kung University Master of Business Administration, the City University of New York	Chairman, Asian Power Devices Inc. Director, AAEON Technology Inc. (SuZhou)	None	None	None	Note 2
	R.O.C.	Loung-Ching Cheng	Male 30-40 years old	2021.07.15	3	2015.06.18	0	0	0	0	0	0	0	0	Chairman, Long Way Plastic Industrial Co., Ltd. California State University	Chairman, Long Way Plastic Industrial Co., Ltd.	None	None	None	Note 2

Note 1: The names of institutional shareholders and their representatives shall be listed separately (those who are institutional shareholders, the names of their representatives shall be indicated), and table 1 below shall be filled out.

Note 2: The Chairman and the general manager or person in an equivalent position are not the same person, spouses, or relatives within the first degree of kinship.

Table 1: Major shareholders of institutional shareholders

April 15, 2023

Name of institutional shareholders (Note 1)	Major shareholders of institutional shareholders (Note 2)	Shareholding
Abico International Co., Ltd.	CHIAMEI investment Co., Ltd.	100%
Yunchen Investment Co., Ltd.	Shu-Li Hu	99.80%
	Chen-Wei Hu	0.10%
	Li-Yun Hu	0.10%

Note 1: Where the director or supervisor acts as an institutional shareholder's representative, please specify the institutional shareholder's name.

Note 2: Please specify the names of major shareholders of the institutional shareholder (with shareholding ranking Top 10), and the shareholding thereof. Where the major shareholder is a juridical person, please also complete the following Table 2.

Table 2: Major shareholders of major institutional shareholders in Table 1

April 15, 2023

Name of Major shareholders of institutional shareholders (Note 1)	Major Shareholders (Note 2)	Shareholding
CHIAMEI investment Co., Ltd.	Ching-Hsiung Tong	8.50%
	Yi-Chun Tong	20.00%
	Chun-Jen Tong	20.00%
	Chun-Yi Tong	20.00%
	Pai-Yu Chen	5.00%
	Hsiao-Chi Chang	5.00%
	Hsin-I Chou	5.00%
	Jie-Shi-En Investment Co., Ltd.	5.50%
	Trump Elegant Investment Co. Ltd.	5.50%
	Sky Century Corp.	5.50%

Note 1: If a major shareholder in Table 1 above is a juridical person, the name of the juridical person shall be entered.

Note 2: Please specify the names of major shareholders of the institutional shareholders (with shareholding ranking Top 10), and the shareholding thereof.

(II) Information on directors

I. Disclosure of information on directors' professional qualifications and the independence of independent directors:

Name \ Criteria	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies where the individual serves as an independent director concurrently
Director Chun-Jen Tong	<ol style="list-style-type: none"> Has five years or more of business experience related to the Company's industry, strategic management skills, leadership, as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management, so as to contribute his corporate governance and management expertise to the Company. Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act. 	<ol style="list-style-type: none"> Does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares (or by nominee arrangement). Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years. 	0
Director Chun-Yi Tong	<ol style="list-style-type: none"> Has five years or more of business experience related to the Company's industry, strategic management skills, leadership, as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management, so as to contribute his corporate governance and management expertise to the Company. Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act. 	<ol style="list-style-type: none"> Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years. 	2
Director Shiang-Chi Hu	<ol style="list-style-type: none"> Has five years or more of business experience related to the Company's industry, strategic management skills, leadership, as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management, so as to contribute his corporate governance and management expertise to the Company. Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act. 	<ol style="list-style-type: none"> Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years. 	1
Director Ching-Hsi Tong	<ol style="list-style-type: none"> Has 30 years or more of business experience related to the Company's industry, strategic management skills, leadership, as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management; contributes his corporate governance and management expertise to the Company. Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act. 	<ol style="list-style-type: none"> Does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares (or by nominee arrangement). Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years. 	0

Criteria Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies where the individual serves as an independent director concurrently
Director Li-An Huang	<ol style="list-style-type: none"> Has five years or more of business experience related to the Company's industry, strategic management skills, as well as extensive knowledge, skills, and competencies required to perform duties. Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act. 	<ol style="list-style-type: none"> Does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares (or by nominee arrangement). Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years. 	0
Director Chao-Yu Yang	<ol style="list-style-type: none"> Has five years or more of business experience related to the Company's industry as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management. Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act. 	<ol style="list-style-type: none"> Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years. 	0
Independent Director Jieh-Chen Wang	<ol style="list-style-type: none"> Has five years or more of experience in business, finance, and taxation related to the Company's business and provides his expertise in taxation theories and practical management through his experience as a former Deputy General-Director of the National Taxation Bureau of Taipei, Ministry of Finance. Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act. 	<ol style="list-style-type: none"> Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the Company or its affiliates. Does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares (or by nominee arrangement). Did not serving as a director, supervisor, or employee at a company with specific relations with the Company. Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years. 	1
Independent Director Wei-Chyun Yen	<ol style="list-style-type: none"> Has five years or more of experience in business, finance, accounting related to the Company's industry as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management. Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act. 	<ol style="list-style-type: none"> Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the Company or its affiliates. Does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares (or by nominee arrangement). Did not serving as a director, supervisor, or employee at a company with specific relations with the Company. Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years. 	1
Independent Director Loung-Ching Cheng	<ol style="list-style-type: none"> Has five years or more of business experience related to the Company's industry as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management. Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act. 	<ol style="list-style-type: none"> Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the Company or its affiliates. Does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares (or by nominee arrangement). Did not serving as a director, supervisor, or employee at a company with specific relations with the Company. 	0

Name \ Criteria	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies where the individual serves as an independent director concurrently
		4. Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.	

II. Board diversity and independence:

(I) Board diversity:

To elect directors in a fair, impartial, and open manner, we have formulated the procedures for electing directors in accordance with Articles 21 and 41 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. We shall elect directors based on the board structure as a whole. We shall take into account the diversity principle for the board structure and formulate an appropriate diversity policy based on its operation, operating model, and development needs, including but not limited to the two criteria below:

- I. Basic criteria and values: Gender, age, nationality, and culture.
- II. Professional knowledge and skills: Professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members should possess the knowledge, skills, and qualities needed to perform their duties. The Board of Directors as a whole should possess the capabilities and skills below:

- I. Business judgment.
- II. Accounting and financial analysis.
- III. Business management.
- IV. Crisis management.
- V. Industry knowledge.
- VI. International market perspective.
- VII. Leadership.
- VIII. Decision-making.

More than half of the board members shall not be spouses or relatives within the second degree of kinship of other members.

The Board of Directors shall consider and adjust the board structure based on the performance evaluation results.

Name		Core diverse element	Basic component			Professional backgrounds, knowledge, and skills						
			Nationality	Gender	Age	Accounting and financial analysis	Business judgment	Business management	Crisis management	Industry knowledge	International market perspective	Leadership	Decision-making
Director	Chun-Jen Tong	R.O.C.	Male	50-60 years old		v	v	v	v	v	v	v
	Chun-Yi Tong		Male	50-60 years old		v	v	v	v	v	v	v
	Shiang-Chi Hu		Male	60-70 years old		v	v	v	v	v	v	v
	Ching-Hsi Tong		Male	80-90 years old		v	v	v	v	v	v	v
	Li-An Huang		Male	40-50 years old		v	v	v	v	v	v	v
	Chao-Yu Yang		Male	60-70 years old		v	v	v	v	v	v	v
Independent Director	Jieh-Chen Wang		Male	70-80 years old	v	v	v	v	v	v	v	v
	Wei-Chyun Yen		Male	60-70 years old	v	v	v	v	v	v	v	v
	Loung-Ching Cheng		Male	30-40 years old		v	v	v	v	v	v	v

Specific management objectives:

How the specific management objectives of the diversity policy are achieved is as follows:

Management objectives:	Achievement status
More than half of the board members shall not be spouses or relatives within the second degree of kinship of other members	Achieved
The number of independent directors shall account for one third of all directors	Achieved

(II) Independence of the Board of Directors:

The Company has a total of nine directors on the board, of which three are independent directors, accounting for about 33% of all directors. None of the board members is under any circumstances under Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act. All directors are not spouses or relatives within second degree of kinship of another except directors Chun-Jen Tong, Chun-Yi Tong, Ching-Hsi Tong, and Li-An Huang.

(II) General manager, vice general managers, assistant vice presidents, and the heads of various departments and branches

April 15, 2023

Title	Nationality	Name	Gender	Date elected / appointed	Shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Major education and experience	Concurrent positions at other companies	Spouse or relatives within second degree of kinship who are managers of the Company			Remarks
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relations	
General Manager	R.O.C.	Shiang-Chi Hu	Male	2018.02.01	217,567	0.13%	0	0	0	0	Chairman, Jabon International Co., Ltd. Master of International Business, National Taiwan University	Chairman, ABICO NetCom Co., Ltd. Chairman, Ability I Venture Capital Corporation Director, ABICO Asia Capital Corporation Chairman, TranSystem Incorporated Director, Ability Enterprise Co., Ltd. Independent Director, Impact Power, Inc. Director, IKKA HOLDINGS (CAYMAN) LIMITED.	None	None	None	Note 1
Vice general manager of the Investment Department	R.O.C.	Chu-Chen Chiang	Female	2016.04.01	0	0	0	0	0	0	Vice general manager, Ability Investment Co., Ltd.	Supervisor, Avy Co., Ltd. Supervisor, Seinoh Optical Co., Ltd. Supervisor, Ability I Venture Capital Corporation Supervisor, Taishiba International Co., Ltd.	None	None	None	Note 1
Assistant Vice Presidents	R.O.C.	Che-Yi Chou	Male	2017.11.16	0	0	0	0	0	0	Assistant Vice Presidents, PwC Taiwan Master of Accounting, National Taipei University	Director, AVY Co., Ltd. Director, Seinoh Optical Co., Ltd. Supervisor, Jabon International Co., Ltd. HONESTY-CONFIDENCE & CO., CPAs. Independent Director, Hotron Precision Electronic Industrial Co., Ltd. Independent Director, Nan Yang Dyeing & Finishing Co., Ltd. Chairman, 1 Production Film Co. Director, G-YEN HUTONG Co., Ltd.	None	None	None	Note 1
Manager	R.O.C.	Hui-Chu Lee	Female	2016.04.01	0	0	0	0	0	0	Finance Manager, Ability Enterprise Co., Ltd. Department of Accounting, Shin Chien University	None	None	None	None	Note 1

Note 1: The Chairman and the President or person in an equivalent position (top-level manager) in an equivalent position are not the same person, spouses, or relatives within the first degree of kinship.

(III) Remuneration paid to directors, general manager, and vice general managers for the most recent year.

1. Remuneration to general directors and independent directors

2022; Unit: NT\$ thousand; %

Title	Name	Remuneration to directors								Sum of A, B, C, and D as a % of the net income after tax (%)		Remuneration received for serving as employees concurrently								Sum of A, B, C, D, E, F, and G as a % of the net income after tax (%)		Remuneration from investees other than subsidiaries or from the parent company	
		Base remuneration (A)		Severance and pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Remuneration, bonus, allowance (E)		Severance and pension (F)		Employee remuneration (G)							
		The Compan y	All companies in the financial statements	The Compan y	All companies in the financial statements	The Compa ny	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements				
Chairman	Abico International Co., Ltd. Representative: Chun-Jen Tong	-	-	-	-	-	-	14	174	0.0%	0.2%	-	-	-	-	-	-	-	-	-	-	-	-
Vice Chairman	Abico International Co., Ltd. Representative: Chun-Yi Tong	-	-	-	-	-	-	14	114	0.0%	0.1%	-	-	-	-	-	-	-	-	-	-	-	-
Director	Abico International Co., Ltd. Representative: Ching-Hsi Tong	-	-	-	-	-	-	12	12	0.0%	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
Director	Abico International Co., Ltd. Representative: Shiang-Chi Hu	-	-	-	-	-	241	14	270	0.0%	0.5%	-	-	-	-	-	-	-	-	-	-	-	-
Director	Abico International Co., Ltd. Representative: Li-An Huang	-	-	-	-	-	-	14	74	0.0%	0.1%												
Director	Yunchen Investment Co., Ltd. Representative: Chao-Yu Yang	-	-	-	-	-	-	14	122	0.0%	0.1%												
Independent Director	Jieh-Chen Wang	-	-	-	-	-	260	394	454	0.4%	0.7%	-	-	-	-	-	-	-	-	-	-	-	-
Independent Director	Wei-Chyun Yen	-	-	-	-	-	-	394	394	0.4%	0.4%	-	-	-	-	-	-	-	-	-	-	-	-
Independent Director	Loung-Ching Cheng	-	-	-	-	-	-	394	394	0.4%	0.4%	-	-	-	-	-	-	-	-	-	-	-	-
Total remuneration		0	0	0	0	0	501	1,264	2,008	1.30%	2.59%	14,852	37,116	108	108	0	0	15,857	0	16.73%	57.34 %	None	

1. Please specify the policy, system, standard, and structure of remuneration to independent directors, and the association between the amount of remuneration and the responsibilities and risks assumed, time spent, and other factors:

The Company's independent directors did not participate in the distribution of directors' remuneration as per the resolution adopted by the board meeting on 2021.7.23. Their business execution expenses are honoraria and various functional committee allowances.

2. Except as disclosed in the above table, the remuneration received by the Company's directors for providing services to all companies in the financial statements (such as serving as a consultant in a non-employee capacity) in the most recent year: None.

Remuneration Range Table

Ranges of remuneration paid to each director of the Company	Name of director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	All companies in the financial statements H	The Company	All companies in the financial statements I
Below NT\$1,000,000	Chun-Jen Tong, Chun-Yi Tong, Shiang-Chi Hu, Ching-Hsi Tong, Li-An Huang, Chao-Yu Yang, Jieh-Chen Wang, Wei-Chyun Yen, Loung-Ching Cheng	Chun-Jen Tong, Chun-Yi Tong, Shiang-Chi Hu, Ching-Hsi Tong, Li-An Huang, Chao-Yu Yang, Jieh-Chen Wang, Wei-Chyun Yen, Loung-Ching Cheng	Ching-Hsi Tong, Li-An Huang, Jieh-Chen Wang, Wei-Chyun Yen, Loung-Ching Cheng	Ching-Hsi Tong, Li-An Huang, Jieh-Chen Wang, Wei-Chyun Yen, Loung-Ching Cheng
NT\$1,000,000 (inclusive)–NT\$2,000,000 (exclusive)			Chao-Yu Yang	
NT\$2,000,000 (inclusive)–NT\$3,500,000 (exclusive)			Shiang-Chi Hu	
NT\$3,500,000 (inclusive)–NT\$5,000,000 (exclusive)			Chun-Jen Tong	
NT\$5,000,000 (inclusive)–NT\$10,000,000 (exclusive)			Chun-Yi Tong	Chun-Jen Tong, Chun-Yi Tong
NT\$10,000,000 (inclusive)–NT\$15,000,000 (exclusive)				Chao-Yu Yang
NT\$15,000,000 (inclusive)–NT\$30,000,000 (exclusive)				Shiang-Chi Hu
NT\$30,000,000 (inclusive)–NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive)–NT\$100,000,000 (exclusive)				
NT\$100,000,000 or more				
Total	9	9	9	9

2. Remuneration to the general manager and vice general managers

2022; Unit: NT\$ thousand; %

Title	Name	Salary (A)		Severance and pension (B) (Note 1)		Bonus and allowance (C)		Employee remuneration (D) (Note 2)				Sum of A, B, C, and D as a % of the net income after tax (%)		Remuneration from investees other than subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Shiang-Chi Hu	5,286	13,658	103	103	0	5,544	0	0	11,325	0	5.56	31.59	None
Vice General Manager	Chu-Chen Chiang													

Note 1: The new scheme of the pension system under the Labor Pension Act applies; we make a monthly contribution, equal to 6% of employees' monthly salary and wages, to their individual pension accounts with the Bureau of Labor Insurance.

Note 2: The amount of employee remuneration for all companies in the financial statement is based on the actual amount distributed last year to calculate the proposed distribution for this year.

Remuneration Range Table

Ranges of remuneration to the general manager and vice general managers of the Company	Names of the general manager and vice general managers	
	The Company	All companies in the financial statements E
Below NT\$1,000,000		
NT\$1,000,000 (inclusive)–NT\$2,000,000 (exclusive)	Chu-Chen Chiang	
NT\$2,000,000 (inclusive)–NT\$3,500,000 (exclusive)	Shiang-Chi Hu	Chu-Chen Chiang
NT\$3,500,000 (inclusive)–NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive)–NT\$10,000,000 (exclusive)		
NT\$10,000,000 (inclusive)–NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive)–NT\$30,000,000 (exclusive)		Shiang-Chi Hu
NT\$30,000,000 (inclusive)–NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive)–NT\$100,000,000 (exclusive)		
NT\$100,000,000 or more		
Total	2	2

3. Name of the manager who receives employee remuneration and distribution

2022; Unit: NT\$ thousand; %

Manager	Title	Name	Stock amount	Cash amount	Total	Total amount as a percentage of net income after tax (%)
	General Manager	Shiang-Chi Hu	-	-	-	0%
	Vice General Manager	Chu-Chen Chiang				
	Assistant Vice Presidents	Che-Yi Chou				
	Financial Accounting Manager	Hui-Chu Lee				

Note: The Company suffers a pre-tax loss in 2022, and therefore does not intend to estimate or distribute employee remuneration.

(IV) Information on the top five managers' remuneration

2022; Unit: NT\$ thousand; %

Title	Name	Salary (A)		Severance and pension (B)		Bonus and allowance (C)		Employee remuneration (D)				Sum of A, B, C, and D as a % of the net income after tax (%)		Remuneration from investees other than subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Shiang-Chi Hu	9,806	18,286	274	274	-	5,544	-	-	11,325	-	10.4	36.54	None
Vice General Manager	Chu-Chen Chiang													
Assistant Vice Presidents	Che-Yi Chou													
Financial Accounting Manager	Hui-Chu Lee													

Note: In accordance with the Company's organizational structure, there are four people who meet the applicable scope of the Company's managers.

(V) An analysis of the total remuneration paid to the Company's directors, supervisors, the general manager, and vice general managers as a percentage of the net income after tax in the most recent two years, and a description of the association between the remuneration policy, standard, and package/the procedure for determining the remuneration and business performance:

1. An analysis of the total remuneration paid to the Company's directors, the general manager, and vice general managers as a percentage of the net income after tax in the parent company only or individual statements for the most recent two years:

Unit: NT\$ thousand

Item Title	2021				2022			
	The Company		All companies in the consolidated financial statements		The Company		All companies in the consolidated financial statements	
	Total remuneration	As a % of net income after tax	Total remuneration	As a % of net income after tax	Total remuneration	As a % of net income after tax	Total remuneration	As a % of net income after tax
Director	12,569	21.40	53,479	91.05	16,224	16.73	55,590	57.34
General manager and vice general managers	3,543	6.03	27,962	47.61	5,389	5.56	30,630	31.59

Note: Total remuneration for 2021 represents the actual amount distributed after the approval of the Shareholders' Meeting.

2. We pay remuneration to directors as per the applicable rules in the Articles of Incorporation per year. We draw up a proposal for remuneration to directors based on the board performance as a whole, the Company's operating performance, future operations, and risk appetite, which shall be reviewed by the Remuneration Committee, resolved by the Board of Directors, and reported to the shareholders' meeting. Managers: The Company determines the remuneration to managers according to the general salary level for the position in the industry, the scope of responsibility and duty for the position in the Company, and their contribution to the Company's business goals.
3. We have established procedures for remuneration distribution and provide reasonable remuneration based on the Company's overall operating performance as well as individuals' performance and their contribution to the Company.
4. The remuneration is distributed to directors and employees as per the Articles of Incorporation; if the Company makes a profit in a fiscal year, we shall allocate

remuneration at required percentages. However, when the Company still has a cumulative deficit, it shall reserve an amount to offset it first.

5. 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. Therefore, it has nothing to do with future risks.
6. In accordance with the resolution of the Board of Directors on July 23, 2022, the Independent Directors are not participating in the distribution of the directors' remuneration. The business execution expenses are for travel expenses and allowances for each functional committee member.

III. Implementation of corporate governance

(I) Operations of the Board of Directors

Information on the operations of the Board of Directors

The Board of Directors held 7 meetings [A] during 2022, and directors' attendance is as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance (%) (B/A)	Remarks
Chairman	Representative of Abico International Co., Ltd.: Chun-Jen Tong	7	0	100.00%	Reelected at the election of directors on 2021.07.15
Director	Representative of Abico International Co., Ltd.: Chun-Yi Tong	7	0	100.00%	Reelected at the election of directors on 2021.07.15
Director	Representative of Abico International Co., Ltd.: Shiang-Chi Hu	7	0	100.00%	Reelected at the election of directors on 2021.07.15
Director	Representative of Abico International Co., Ltd.: Ching-Hsi Tong	6	0	85.71%	Reelected at the election of directors on 2021.07.15
Director	Representative of Abico International Co., Ltd.: Li-An Huang	7	0	100.00%	Reelected at the election of directors on 2021.07.15
Director	Representative of Yunchen Investment Co., Ltd.: Chao-Yu Yang	7	0	100.00%	Newly elected on 2021.07.15
Independent Director	Wei-Chyun Yen	7	0	100.00%	Reelected at the election of directors on 2021.07.15
Independent Director	Loung-Ching Cheng	7	0	100.00%	Reelected at the election of directors on 2021.07.15
Independent Director	Jieh-Chen Wang	7	0	100.00%	Reelected at the election of directors on 2021.07.15
Additional information:					
I. If the operations of the Board of Directors are under any of the circumstances below, the date of the board meeting, the session, the content of the proposal, all independent directors' opinions, and the Company's response to said opinions shall be specified:					

(I) The matters under Article 14-3 of the Securities and Exchange Act.:

Session/Date of board meeting	Contents of proposal	Matters under Article 14-3 of the Securities and Exchange Act.	Objection or reservation by independent directors and response to any opinions	Resolution result
The 9th meeting of the 10th term 2022/06/30	1. Proposal of group restructuring.	V	None	All directors present unanimously approved the proposals as proposed without objection after consulted by the chair.
The 10th meeting of the 10th term 2022/08/12	1. Proposed to the Company's subsidiary, AVY HIGH TECH LIMITED, proposing to provide a guarantee to Hua Nan Bank on behalf of ABICO AVY Co., Ltd. 2. Proposed to distribute the 2021 remuneration to directors.	V	None	All directors present unanimously approved the proposals as proposed without objection after consulted by the chair.
The 11th meeting of the 10th term 2022/11/11	1. Establish the Company's "Internal Material Information Technology Matters Management Procedures" and "Internal Controls Procedures". 2. Proposed to distribute the 2021 remuneration to group-wide directors and company representatives. 3. Proposed to the pay out the 2021 remuneration and bonuses to manager and employee.	V	None	All directors present unanimously approved the proposals as proposed without objection after consulted by the chair.
The 12th meeting of the 10th term 2023/03/22	1. Proposed to distribute the 2022 remuneration to employees and directors. 2. Proposed pre-approval of the provision of non-assurance services to the Company and its subsidiaries by a licensed accounting firm and affiliates. 3. Amendments to the Company's "Rules of Procedure for Board Meetings" 4. Matters related to the capital reduction of the Company's treasury shares were submitted for discussion.	V	None	All directors present unanimously approved the proposals as proposed without objection after consulted by the chair.
The 13th meeting of the 10th term 2023/5/10	1. Proposed to the appointment of the Company's corporate governance officer.	V	None	All directors present unanimously approved the proposals as proposed without objection after consulted by the chair.

(II) Except for the above matters, other matters resolved by the Board of Directors with objection or reservation made by any independent directors, with records or a written statement: None.

II. In the event of directors' recusal from proposals, the name of director, the content of proposal, the reasons for recusal, and the participation in voting shall be specified: None.

III. Information on the cycle, period, scope, method, and content of the Board of Directors' self-evaluation (or peer evaluation) and the implementation of the evaluation:

The implementation of board performance evaluation

Cycle	Period	Scope	Method	Content of evaluation
Once per year	From January 1, 2022 through December 31, 2022	Including the performance evaluation of the Board of Directors, individual board members, and functional committees	The performance evaluation of the board as a whole, individual board members, and functional committees	Note

Note: The evaluation covers at least the following items within the scope of evaluation:

- (1) Board performance evaluation: It includes at least the degree of involvement in the Company's operations, the quality of the Board of Directors' decision-making, the composition and structure of the Board of Directors, the election and continuing education of directors, and internal control.
- (2) Individual board member performance evaluation: It includes at least the management of the Company's goals and mission, the directors' awareness of their responsibilities, the degree of involvement in the Company's operations, the management and communication of internal relations, directors' professional and continuing education, and internal control.
- (3) Functional committee performance evaluation: It includes at least the degree of involvement in the Company's operations, awareness of the functional committee's responsibilities, the functional committee's decision-making quality, composition of the functional committee and appointment of members, and internal control.

- IV. Reinforcement of the competency of the Board of Directors for the year and the most recent year (such as the establishment of an audit committee or improvement to information transparency) and evaluation of the implementation:
- (I) The board functions should be sound and complete and be able to meet the needs of corporate governance.
 - (II) In addition to having set up a Remuneration Committee, we have established an Audit Committee to implement corporate governance to enhance our monitoring and management.
 - (III) To strengthen directors' training, we proactively provide relevant courses and request each director to complete the training hours within a year.
 - (IV) We have disclosed information on our finance on the Company's website, have personnel responsible for collecting and disclosing company information, and implement a spokesperson system as a bridge for communication with external parties to provide shareholders and stakeholders with information as a reference.

Note 1: If a director or supervisor is a juridical person, the name of the institutional shareholder and its representative shall be disclosed.

Note 2:

- (1) If a director or supervisor resigns before the end of the year, the date of resignation shall be indicated in the remarks column, and the attendance (%) is calculated with the number of board meetings attended by each director or supervisor divided by the number of board meetings held during the term of office.
- (2) Before the end of the year, if there is an election of directors and supervisors, the new and old directors and supervisors shall be entered, and the old, new or re-elected status and the election date of each director and supervisor shall be indicated in the remarks column. The attendance (%) is calculated with the number of board meetings attended by each director or supervisor divided by the number of board meetings held during the term of office.

(II) The operation of the Audit Committee or supervisors' participation in the operations of the Board of Directors:

1. The operation of the Audit Committee:

We established the Audit Committee on June 18, 2015, formed by three independent directors. The committee aims to assist the Board of Directors in fulfilling its oversight on the quality and integrity of the accounting, auditing, and financial reporting processes and financial control. The Audit Committee held eight (A) meetings during 2021, and the main matters it reviewed include:

- I. Formulate or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- II. Assess the effectiveness of the internal control system.
- III. Formulate or amend the procedures for major financial and business transactions, including acquiring or disposing of assets, engaging in derivatives trading, loans to others, or providing endorsements/guarantees to others in accordance with Article 36-1 of the Securities and Exchange Act.
- IV. Handle matters involving directors' personal interests.
- V. Handle major asset transactions or derivatives trading.
- VI. Handle major loans to others or endorsements/guarantees to others.
- VII. Handle the raising, issuance, or private placement of equity securities.
- VIII. Handle appointment, dismissal, and remuneration of CPAs.
- IX. Handle appointment and dismissal of chief financial or accounting officer or the chief internal auditor.
- X. Reviewed annual financial reports and semi-annual financial reports.
- XI. Reviewed an annual business report and a statement of earnings distribution or deficit compensation.
- XII. Handle other major matters required by the Company or competent authorities.
- XIII. Completed the Audit Committee performance self-evaluation questionnaire

● Reviewed financial reports

The Board of Directors prepared the Company's 2022 Business Report, financial statements, and a statement of earnings distribution, among which the financial statements have been audited by PwC Taiwan, by which an audit report has been issued. We have reviewed the above Business Report, financial statements, and the statement of earnings distribution, to which we have found no misstatement.

● Assessed the effectiveness of the internal control system.

The Audit Committee evaluated the effectiveness of the Company's internal control system policy and procedures (including financial, business, risk management, and compliance control measures), and reviewed the Company's audit department and CPAs, as well as the management team's regular reports on risk management and compliance. It believed that the Company's internal control system was effective and that the Company has adopted the necessary control mechanisms to monitor and rectify violations.

● Appointed CPAs.

The Audit Committee is responsible for monitoring the independence of the CPAs to ensure the impartiality of the financial statements.

Generally speaking, the accounting firm should not provide other services to the Company except for taxation services or projects approved. All services provided by CPAs should be approved by the Audit Committee.

To ensure the independence of the accounting firm, the Audit Committee has formulated an independence evaluation form with reference to Article 47 of the Certified Public Accountant Act and the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10, to assess the independence, professionalism, and suitability of CPAs, whether they are related parties or involved in business or financial benefits with the Company. The 4th meeting of the 3rd term Audit Committee on March 24, 2022 and the 3th meeting of the 10th term Board of Directors on March 24, 2022 reviewed and approved that Yung-Chien Hsu and Ya-Hui Lin, CPAs at PwC Taiwan, met the Company's independence assessment standards and were qualified to serve as CPAs to audit the Company's financial statements and tax compliance.

Information on the operations of the Audit Committee

The Audit Committee held 6 meetings [A] during 2022, and the attendance of the three independent directors of the Audit Committee is as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance (%) (B/A)	Remarks
Independent Director (Convener)	Jieh-Chen Wang	6	0	100%	Reelected at the election of directors on 2021.07.15
Independent Director	Wei-Chyun Yen	6	0	100%	Reelected at the election of directors on 2021.07.15
Independent Director	Loung-Ching Cheng	6	0	100%	Reelected at the election of directors on 2021.07.15

Additional information:

- I. If the operations of the Audit Committee is under any of the circumstances below, the date of the board meeting, the session, the content of the proposal, the committee's resolution results, and the Company's response to said opinions shall be specified:

(I) The matters under Article 14-5 of the Securities and Exchange Act.:

Session/Date of meeting	Contents of proposal	Matters under Article 14-5 of the Securities and Exchange Act.	The result of resolution by the Audit Committee and the Company's response to the committee's opinions
The 7th meeting of the 3th term 2022/06/30	1. Proposal of group restructuring.	V	All members present unanimously approved the proposals as proposed without objection after consulted by the chair.
The 8th meeting of the 3th term 2022/08/12	1. Proposed to the Company's subsidiary, AVY HIGH TECH LIMITED, proposing to provide a guarantee to Hua Nan Bank on behalf of ABICO AVY Co., Ltd.	V	All members present unanimously approved the proposals as proposed without objection after consulted by the chair.
The 9th meeting of the 3th term 2022/11/11	1. Establish the Company's "Internal Material Information Technology Matters Management Procedures" and "Internal Controls Procedures".	V	All members present unanimously approved the proposals as proposed without objection after consulted by the chair.

The 10th meeting of the 3th term 2023/03/22	1. The appointment of the Company's CPAs and the assessment of their independence. 2. Proposed pre-approval of the provision of non-assurance services to the Company and its subsidiaries by a licensed accounting firm and affiliates. 3. Amendments to the Company's "Rules of Procedure for Board Meetings" 4. Matters related to the capital reduction of the Company's treasury shares.	V	All members present unanimously approved the proposals as proposed without objection after consulted by the chair.
The 11th meeting of the 3th term 2023/4/19	1. Due to PwC Taiwan's internal labor adjustments, the proposed change of auditing CPA. 2. The Company evaluates the independence of the CPA.	V	All members present unanimously approved the proposals as proposed without objection after consulted by the chair.

(II) Except for the above matters, matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: None.

II. In the event of independent directors' recusal from proposals, the name of independent director, the content of proposal, the reasons for recusal, and the participation in voting shall be specified: None.

III. Communication between independent directors and the chief internal auditor/CPAs (including material financial and business matters communicated and communication methods and results):

1. The chief auditor submitted an audit report to the independent directors in the month following the completion of an audit project.
2. The chief auditor attended the board meetings in a non-voting capacity to report on the audit business.
3. Independent directors might communicate with CPAs on the financial position when they deemed it necessary.

Note:

- (1) If an independent director resigned before the end of the year, the date of resignation shall be indicated in the remarks column, and the attendance (%) is calculated with the number of Audit Committee meetings attended by the independent director divided by the number of the meetings held during their term of office.
 - (2) Before the end of the year, if there is an election of independent directors, the new and old independent directors shall be entered, and the old, new, or re-elected status and the election date of each independent director shall be indicated in the remarks column. The attendance (%) is calculated with the number of Audit Committee meetings attended by the independent director divided by the number of the Audit Committee meetings during their term of office.
2. Supervisors' participation in the operations of the Board of Directors: As the Company has established an Audit Committee to replace supervisors' duties, such situation does not apply.

(III) The operations of corporate governance and the deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Has the company formulated and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?		V	The Company has not yet formulated the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.	We will draw up such principles in a timely manner depending on our needs in the future.
II. The Company's shareholding structure and shareholders' equity				
(I) Has the company formulated internal operating procedures for handling shareholders' suggestions or questions or disputes and litigation with them and complied with the procedures?	V		(I) We have a spokesperson system in place and have appointed a shareholder service agency to handle shareholders' suggestions or disputes with them. If any legal issue is involved, our legal adviser will take care of it.	No difference.
(II) Does the company have a list of the major shareholders with ultimate control over the company and a list of the ultimate controllers of the major shareholders?	V		(II) We pay attention to changes in the shareholdings of directors, managers, and shareholders each holding more than 10% of the Company's issued shares at any time and discloses the information on the website designated by the competent securities authority per month.	No difference.
(III) Has the company established and implemented a risk control and a firewall mechanisms between itself and affiliates?	V		(III) We have established relevant risk control mechanisms in accordance with the Subsidiary Monitoring Regulations.	No difference.
(IV) Has the company formulated internal regulations to prohibit insiders from using information undisclosed in the market to buy and sell securities?	V		(IV) We have raised insiders' awareness that they should comply with the laws and regulations on insider trading of securities.	No difference.

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
III. Composition and responsibilities of the Board of Directors				
(I) Has the board of directors formulated a diversity policy and specific management objectives and implemented them accordingly?	V		(I) The composition of the Board of Directors is in line with the diversity policy. In addition to the basic criteria of gender, age, nationality and culture, the board members have different core competencies, knowledge and skills required to perform their duties (Note 2). The Company's legal person corporate Directors representatives with employee status accounted for 44% of the seats of Directors, and Independent Directors accounted for 33% of the seats of Directors; two of the Independent Directors have not served more than eight years, and one of the Independent Directors has not served more than five years. The Company's Directors have implemented a diversity policy based on their academic experience, professional knowledge and related fields.	No difference.
(II) Has the company voluntarily established other functional committees in addition to the remuneration and the audit committees established in accordance with the law?		V	(II) We will voluntarily establish other functional committees depending on business needs in the future in addition to the Remuneration and the Audit Committees established in accordance with the law.	No difference.

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
(III) Has the company formulated board performance evaluation regulations and evaluation methods, conducted performance evaluations annually and regularly, reported the results of performance evaluations to the board of directors, and adopted such results as a reference for deciding the remuneration of and nominating candidates for individual directors?	V		(III) The Board of Directors approved the “Board Performance Evaluation Regulations” on November 12, 2020, and the performance evaluation of the internal committee is carried out at least once a year, and it shall be completed no later than the end of the first quarter of the following year. The results of the 2022 performance evaluation (Note 3) were submitted to the Board of Directors on March 22, 2023.	No difference.
(IV) Does the company regularly assess the independence of the CPAs?	V		(IV) The Audit Committee of the Company evaluates the independence and suitability of its CPAs annually. In addition to requiring the CPAs to provide an “Auditor Independence Statement”, the assessment is carried out in accordance with the standards in Note 4. After confirming that the CPAs do not have financial interests or business relationship with the Company except the fees for audit and financial and tax cases, and the CPAs’ family members do not violate the independence requirements, the evaluation results of the latest year have been discussed and approved by the Audit Committee on March 24, 2022 and submitted to the Board of Directors for approval of the independence evaluation of the CPAs on the same day.	No difference.

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
IV. Has the TWSE/TPEx listed companies appointed an appropriate number of competent corporate governance personnel and designated a corporate governance officer to be responsible for corporate governance affairs (including but not limited to providing directors and supervisors with the materials required for performance of their duties, assisting directors and supervisors with compliance, handling matters related to board meetings and the shareholders' meetings, and preparing minutes of board meetings and shareholders' meetings)?	V		The Board of Directors resolved on May 10, 2023 to appoint senior manager Che-Yi Chou as the corporate governance officer to protect shareholders' rights and interests and strengthen the functions of the Board of Directors. Che-Yi Chou has reached the qualification of having more than three years of experience as a financial officer of a public company. The main responsibilities for the corporate governance officer are to handle matters related to the Board of Directors and Shareholders' Meetings, prepare minutes of the Board of Directors and Shareholders' Meetings, assist directors and supervisors in their appointment and continuing education, provide information necessary for directors and supervisors to perform their duties, and assist directors and supervisors in complying with laws and regulations. The status of continuing education of 2022 is shown in Note 5.	No difference.

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
V. Has the company has established communication channels with stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and set up a section dedicated to stakeholders on the company's website to properly respond to stakeholders' major CSR issues of concern?	V		We have established transparent and effective multi-way communication channels with all stakeholders to learn about their concerns and needs and responds in real-time, and their concerns and needs are an important reference for us to formulate corporate social responsibility policies and relevant plans. We have set up an Investor Relations section on the Company's website to maintain smooth communication with stakeholders. They can also contact our spokesperson by phone, mail, fax, or email if necessary.	No difference.
VI. Does the company appoint a professional stock affairs agency to handle the affairs related to shareholders' meetings?	V		We have appointed Capital Securities Corporation, a professional shareholder service agency, to handle the affairs related to the shareholders' meetings.	No difference.
VII. Information disclosure				
(I) Has the company set up a website to disclose information on financial business and corporate governance?	V		(I) We have disclosed our various financial data and other information on the Company's website: http://www.avy.com.tw .	No difference.
(II) Does the company adopt other methods to disclose information (such as setting up an English website, designating personnel to collect and disclose company information, implementing a spokesperson system, or placing the proceeding of investor conferences on the company website)?	V		(II) We have personnel responsible for collecting and disclosing the Company's information and implement a spokesperson system as a bridge for communication with external parties. If we hold a briefing session, we will disclose the information on the Company's website.	No difference.

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
(III) Does the company announce and submit an annual financial report to the competent authority within two months after the end of each fiscal year and announce and submit the financial reports for the first, second, and third quarters and the operations of each month to the competent authority before a specified deadline?	V		(III) We announce and report the annual financial report in accordance with relevant laws and regulations within three months after the end of a fiscal year and complete the announcement and reporting of the financial reports for Q1, Q2, and Q3 and the operating performance of each month prior to a deadline as required. Please visit the Market Observation Post System (MOPS) (website: https://mops.twse.com.tw/).	No difference.
VIII. Does the Company have other important information that facilitates the understanding of the operations of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of client policies, and the company's purchase of directors and supervisors liability insurance)?	V		<p>(I) Investor relations: The spokesperson copes with issues, such as shareholders' proposals or disputes with them.</p> <p>(II) Supplier relations: We have maintained positive relations with suppliers.</p> <p>(III) Directors' continuing education: Please visit the MOPS for directors' participation in training courses.</p> <p>(IV) Implementation of the risk management policies and risk measurement standards: We formulated internal rules in accordance with the law and conduct risk management and assessment procedures.</p> <p>(V) Implementation of the client policy: We have a unit dedicated to this aspect, and the implementation is positive.</p> <p>(VI) Purchase of directors liability insurance: We have purchased directors liability insurance within the scope of their legal liabilities</p>	No difference.

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
			during the performance of their duties when they are in office to reduce and diversify the risk of significant damage to shareholders' equity caused by directors' mistakes or negligence.	
<p>IX. Please specify any improvements made as per the results of the corporate governance evaluation announced by the Corporate Governance Center, Taiwan Stock Exchange Corporation, in the most recent year and put forth prioritized measures to improve those that have not yet improved:</p> <p>(I) The Company has disclosed in the Company's annual report the independence of the CPAs, the internal performance evaluation procedures and implementation of the functional committee.</p> <p>(II) The Company expects to disclose on the Company's website by December 31, 2023, the manner, matters and results of the respective communication between the Independent Directors and the internal auditors and accountants regarding the Company's financial reports and financial business conditions. The Company will continue to enhance the transparency of information in order to provide more information to investors.</p>				

Note1: Please refer to the annual reports of subsidiaries, ABICO NetCom and IKKA-KY, for the operations of corporate governance and the deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.

Note2: The composition of the Board of Directors and the professional background and knowledge skills.

Core Diverse element Name		Basic component			Professional backgrounds, knowledge, and skills							
		Nationality	Gender	Age	Accounting and financial analysis	Business judgment	Business management	Crisis management	Industry knowledge	International market perspective	Leadership	Decision-making
Director	Chun-Jen Tong	R.O.C.	Male	50-60 years old		v	v	v	v	v	v	v
	Chun-Yi Tong		Male	50-60 years old		v	v	v	v	v	v	v
	Shiang-Chi Hu		Male	60-70 years old		v	v	v	v	v	v	v
	Ching-Hsi Tong		Male	80-90 years old		v	v	v	v	v	v	v

<div><div></div><div></div></div> <div>Core Diverse element</div>		Basic component			Professional backgrounds, knowledge, and skills								
		National ity	Gender	Age	Accounting and financial analysis	Business judgment	Business management	Crisis management	Industry knowledge	International market perspective	Leadership	Decision-making	
Director	Li-An Huang		R.O.C.	Male	40-50 years old		v	v	v	v	v	v	v
	Chao-Yu Yang			Male	60-70 years old		v	v	v	v	v	v	v
Independent Director	Jieh-Chen Wang			Male	70-80 years old	v	v	v	v	v	v	v	v
	Wei-Chyun Yen			Male	60-70 years old	v	v	v	v	v	v	v	v
	Loung-Ching Cheng	Male		30-40 years old		v	v	v	v	v	v	v	

Note3: Results of the Board of Directors performance evaluation

Scope of Evaluation	Evaluation Items	Average Score of Evaluation Result
Overall Performance Evaluation of the Board of Directors	1. Involvement in the operation of the Company 2. Improve the quality of Board decisions 3. Composition and structure of the Board of Directors 4. Election and continuing education of Directors 5. Internal Control	4.8 4.8 4.8 4.7 4.8
Overall Performance Evaluation of Board Members	1. Mastery of Company goals and tasks 2. Acknowledgement of the responsibilities of directors 3. Involvement in the operation of the Company 4. Internal relationship management and communication 5. Professional and continuing education of directors 6. Internal Control	4.6 4.8 4.7 4.8 4.6 4.8
Functional Committee Audit Committee Overall Performance Evaluation	1. Involvement in the operation of the Company 2. Acknowledgement of the responsibilities of the functional committee 3. Improve the quality of the functional committee decisions 4. Composition of the functional committee and election of the members	4.5 4.3 4.6 4.3

Scope of Evaluation	Evaluation Items	Average Score of Evaluation Result
	5. Internal Control	4.6
Functional Members Remuneration Committee Overall Performance Evaluation	1. Involvement in the operation of the Company 2. Acknowledgement of the responsibilities of the functional committee 3. Improve the quality of the functional committee decisions 4. Composition of the functional committee and election of the members	4.6 4.6 4.6 4.4

Note4 : CPA Independence Evaluation Standards

Evaluation Items	Evaluation Result	Independency
1. Whether the CPA engaged by the Company has been employed by the Company during the two years prior to the commencement of the engagement or within one year of resigning from the engagement.	No	Yes
2. Whether the CPA holds shares in the Company.	No	Yes
3. Whether the CPA has a lending relationship with the Company.	No	Yes
4. Whether the CPA has jointly invested with or profits from its relationship with the Company.	No	Yes
5. Whether the CPA has served a director, supervisor, manager of the Company or has other conflicts of interest that ⁷ would affect its ability to perform its duties.	No	Yes
6. Whether the CPA has served in a managerial capacity that affects decisions made by the Company.	No	Yes

Evaluation Items	Evaluation Result	Independency
7. Whether the CPA is related to a member of the Company's management as a spouse, directly by blood, directly by marriage, or by blood within four degrees.	No	Yes
8. Whether the CPA directly or indirectly obtained the engagement by directly or indirectly suggesting a certain relationship or other benefits would result.	No	Yes
9. Whether the CPA separately receives any commission related to any of the Company's businesses.	No	Yes
10. Whether the CPA is the subject of litigious or competent authority disputes.	No	Yes
11. Whether the CPA has not acted as an auditing CPA for seven consecutive years.	No	Yes
12. Obtain the independent statement issued by the CPA annually.	Yes	Yes

Note5 : Continuing education of the corporate governance supervisors

Duration	Organizer	Course Name	Hours	Total hours of the year
2022/3/23~2022/3/23	Taiwan Corporate Governance Association (TCGA)	Insider Trading Legal Liabilities and Case Studies	3	21
2022/3/23~2022/3/23	Taiwan Corporate Governance Association (TCGA)	Sustainable Governance and Financial Disclosure	3	
2022/7/21~2022/7/21	CPA Associations R.O.C	How to Implement Anti-money Laundering	3	
2022/10/17~2022/10/17	CPA Associations R.O.C	Establishment of Long-term Care and Relevant Taxation	3	
2022/12/7~2022/12/7	CPA Associations R.O.C	Risks Taiwan Businessmen Face in Operating Business in China	3	
2022/12/12~2022/12/12	CPA Associations R.O.C	Practical Studies on Taxation of Investment Companies	3	

Duration	Organizer	Course Name	Hours	Total hours of the year
2023/4/27~2023/4/27	Taiwan Stock Exchange (TWSE)	Promotion Meeting of the Action Plan for Sustainable Development of Listed Counter Companies	3	

(IV) The composition, responsibilities, and operations of the Remuneration Committee:

1. To assist the Board of Directors in improving the performance-based remuneration system for directors and managers, thereby duly implementing corporate governance, we have established the Remuneration Committee and appointed eligible professionals to serve as members of the Remuneration Committee in accordance with the Remuneration Committee Charter.

Information on members of the Remuneration Committee

April 15, 2023

Title (Note 3)	Name	Criteria		
		Professional qualifications and experience (Note 2)	Independence (Note 3)	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
Convener Independent Director	Jieh-Chen Wang	<ol style="list-style-type: none"> 1. Has five years or more of experience in business, finance, accounting related to the Company's industry as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management. 2. Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the Company or its affiliates. 2. Does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares (or by nominee arrangement). 3. Did not serving as a director, supervisor, or employee at a company with specific relations with the Company. 4. Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years. 	1
Independent Director	Wei-Chyun Yen	<ol style="list-style-type: none"> 1. Has five years or more of business experience related to the Company's industry as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in 	<ol style="list-style-type: none"> 1. Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the Company or its affiliates. 2. Does not and spouse and relatives within the second degree of kinship thereof do not 	0

Criteria		Professional qualifications and experience (Note 2)	Independence (Note 3)	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
Title (Note 3)	Name			
Independent Director	Wei-Chyun Yen	business management. 2. Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.	hold the Company’s shares (or by nominee arrangement). 3. Did not serving as a director, supervisor, or employee at a company with specific relations with the Company. 4. Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.	
Independent Director	Loung-Ching Cheng	1. Has five years or more of experience in business, finance, accounting related to the Company’s industry a as well as a wealth of knowledge, skills, and competencies required to perform duties and experience in business management. 2. Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.	1. Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the Company or its affiliates. 2. Does not and spouse and relatives within the second degree of kinship thereof do not hold the Company’s shares (or by nominee arrangement). 3. Did not serving as a director, supervisor, or employee at a company with specific relations with the Company. 4. Did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.	0

Note 1: Please specify in the form the length of professional service, professional qualifications and experience, and independence of the members of the Remuneration Committee. If they are independent directors, please refer to "Information on directors (1)" in Appendix 1 on page 8. Please fill in "Independent director" or "Others" in the Title column (please indicate "Convener" if applicable).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of individual members of the Remuneration Committee.

Note 3: Independence status: Specify if the members of the Remuneration Committee meet the criteria for independence, including but not limited to whether the individual and spouse or relatives within the second degree of kinship thereof are serving as directors, supervisors, or employees of the Company or its affiliates; the number of the Company's shares held by the individual or spouse or relatives within the second degree of kinship thereof (or by nominee arrangement) and percentage; whether the individual is serving as a director, supervisor, or employee of a company with specific relations with the Company (refer to Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount of remuneration received for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.

2. The Remuneration Committee is responsible for evaluating the remuneration policy and system for our directors and managers in a professional and objective manner and making suggestions to the Board of Directors as a reference when it makes decisions. It is functioning normally.

3. Operations

(1) There are three members in the Remuneration Committee.

(2) The term of office of the is from July 15, 2022 through July 14, 2024. The Remuneration Committee held four (A) meetings during 2022; the committee members' qualifications and attendance are as follows:

Information on the operations of the Remuneration Committee

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance (%) (B/A) (Note)	Remarks
Independent Director (Convener)	Jieh-Chen Wang	4	0	100%	Reelected at the election of directors on 2021.07.15
Independent Director	Wei-Chyun Yen	4	0	100%	Reelected at the election of directors on 2021.07.15
Independent Director	Loung-Ching Cheng	4	0	100%	Reelected at the election of directors on 2021.07.15
<p>Additional information:</p> <p>I. If the Board of Directors did not adopt or amend the Remuneration Committee's suggestions, the date of the board meeting, the session, the content of the proposal, the results of the resolutions by the Board of Directors, and the Company's response to said opinions shall be specified (if the remuneration approved by the Board of Directors is better than the Remuneration Committee's suggestions, the difference and the reasons therefor shall be specified): None.</p> <p>II. For proposals resolved by the and Remuneration Committee, if any members expressed objection or reservation with a record or written statement, the date of the Remuneration Committee meeting, the session, the content of the proposal, all members' opinions, and the response to the members' opinions shall be specified: None.</p>					

Note:

(1) If a member of the Remuneration Committee resigned before the end of the year, the date of resignation shall be indicated in the remarks column, and the attendance

(%) is calculated with the number of Remuneration Committee meetings attended by the independent director divided by the number of the meetings held during their term of office.

- (2) Before the end of the year, if there is an election of Remuneration Committee members, the new and old members shall be entered, and the old, new, or re-elected status and the election date of each member shall be indicated in the remarks column. The attendance (%) is calculated with the number of Remuneration Committee meetings attended by the independent director divided by the number of the Audit Committee meetings during their term of office.

4. Information on the meetings of the Remuneration Committee

The information on the meetings by the Remuneration Committee and its review and evaluation on remuneration in the most recent year is as follows:

Remuneration Committee	Proposal and subsequent processing	Resolution result	The Company's response to the Remuneration Committee's opinions:
2022/03/24	Proposed to distribute 2021 remuneration to employees and directors.	All members of the committee approved all proposals	Submitted to the Board of Directors and approved by all directors present
2022/08/12	Proposed to distribute 2021 remuneration to directors.	All members of the committee approved all proposals	Submitted to the Board of Directors and approved by all directors present
2022/11/11	1. Proposed to pay out the 2021 remuneration to group-wide directors' representatives. 2. Proposed to distribute the 2021 year-end bonus to managers.	All members of the committee approved all proposals	Submitted to the Board of Directors and approved by all directors present

(V) The promotion of sustainable development and the deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
I. Has the company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, governed by the senior management as authorized by the board of directors, which supervises the implementation?		V	We have not yet established a governance structure to promote sustainable development. To fulfill our corporate social responsibility, strike a balance between economy, society, and environment, and achieve sustainable development, we have formulated the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, which is implemented by the Financial Administration Department concurrently, thereby duly implementing corporate governance, facilitating the development of a sustainable environment, and safeguarding social well-being. In the future, we will report on our management approaches to the Board of Directors, formulate strategies and objectives, and review relevant measures in due course.	In the future, we will evaluate the establishment of a governance structure to facilitate sustainable development, while reporting on our management approaches to the Board of Directors, formulating strategies and objectives, and reviewing relevant measures in due course.
II. Does the company conduct risk assessments of environmental, social, and corporate governance issues related to company operations as per the principle of materiality? Has the company formulated relevant risk management policies or strategies?	V		We assess risks arising from important issues to determine material topics as per the principle of materiality of corporate social responsibility and formulate risk management policies or strategies based on the risk assessment results. The details are as follows: (I) Environmental issues: 1. Collecting and evaluating adequate and timely information on the impact of business operations on the natural	No difference.

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
			<p>environment.</p> <ol style="list-style-type: none"> 2. Establishing measurable targets and regularly reviewing the continuity and relevance of such targets. 3. Regularly reviewing the environmental sustainability mission or the progress toward the goal. <p>(II) Social issues:</p> <ol style="list-style-type: none"> 1. Complying with applicable labor laws and regulations to safeguard employees' legitimate rights and interest. 2. Honoring the internationally recognized principles of basic labor rights and prohibiting anything that undermines the basic labor rights. As per the Company's human resources policy, we should respect the basic principles of labor rights and human rights protection and establish appropriate management methods and procedures. 3. Ensuring product and service quality in accordance with government laws and regulations and the regulations in the industry. Complying with government laws and regulations and applicable international standards and prohibiting deception, misleading acts, fraud, or any other acts that undermine consumers' trust and their rights. 	

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
			(III) Corporate governance issues: 1. Incorporating corporate social responsibility into the Company's operating activities and development vision. 2. Putting forth a corporate social responsibility mission, vision, or values and drawing up a statement of the corporate social responsibility policy. 3. Ensuring the disclosures of the information on corporate social responsibility initiatives and reviewing the implementation effectiveness and continuous improvement at all times, thereby duly implementing the corporate social responsibility policy.	

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
III. Environmental issues (I) Has the company set up an appropriate environmental management system as per its industrial characteristics?	V		(I) The Company has passed and obtained ISO14001 environmental management system certification. The latest certificate is valid from 2023/1/30~2026/1/26. According to the environmental management policy, prevent global warming, protect natural resources, reduce the risk of harmful substances are the three main axis to pursue environmental sustainable management, and set the limit of CO2 emissions, reduce the amount of waste, and green procurement are the short-term and mid-term performance indicators for environmental management. We review the implementation results at any time and continuously improve it.	No difference.

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
(II) Is the company committed to improving energy efficiency and adopting recycled materials with low environmental impact?	V		(II) We have formulated a greenhouse gas management plan and designated the safety and health management unit as the department in charge of it, while purchasing sintering furnaces to replace old ones, to improve production efficiency and reduce gas emissions, thereby saving more energy. To respond to the environmental protection cause and promote sustainability, we have been continuously digitalizing our operations to reduce paper consumption and reminded people to sort and recycle waste to reduce the impact on the environment, while continuing to improve the resource use efficiency; for example, we encourage employees to use their own cups, tableware, and eco-friendly chopsticks to reduce the use of disposable tableware and motivate them to reuse envelopes and kraft paper bags for internal document delivery. To avoid environmental pollution and resource waste caused by discarding toner cartridges, we hand the used toner cartridges of photocopiers or printers over to the original provider for recycling, while using eco-friendly toner cartridges.	No difference.

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
(III) Has the company assessed its current and future potential risks and opportunities of climate change and taken countermeasures?	V		(III) We attach great importance to issues related to climate change. We encourage people to reuse resources in the office; for example, we adopted an electronic exchange mechanism for the government's official documents to make it easier for sending and receiving such documents, thereby saving time for document delivery and paperwork and reducing postage costs. We use both sides of paper as much as possible and have resource recycling racks next to the photocopiers to recycle paper for reuse, thereby significantly reducing the consumption of paper and other resources. Moreover, we set the air conditioning temperature in the office during summer at 26°C, and adopted energy-saving LED T8 lamps, which are turned off automatically during the lunch break and after work, to reduce power consumption and slow down global warming.	No difference.

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
(IV) Has the company counted the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and formulated policies on greenhouse gas reduction, water consumption reduction, or other waste management?	V		(IV) We count water and electricity consumption and total waste on a regular basis for control and management. We also evaluate the feasibility of reviewing greenhouse gas emissions, set reduction targets and strategies to reduce the impact of our business operations on the environment, and pay close attention to environmental and climate change issues. We strive to contribute our share to circular economy, renewable energy, and corporate social responsibility.	No difference.
IV. Social issues (I) Does the company formulate relevant management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?	V		(I) We have formulated various internal management regulations and procedures in accordance with the Labor Standards Act and applicable laws and regulations and the Corporate Social Responsibility Best Practice Principles to protect employees', clients' and stakeholders' basic human rights and safeguard social well-being.	No difference.

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
(II) Has the company formulated and implemented reasonable employee benefit measures (including remuneration, leave, and other benefits) and reflected business performance or achievements in employee remuneration appropriately?	V		(II) The Employee Welfare Committee established provides employees with various benefits, such as cash gifts on three major holidays and birthdays, employee travel as well as marriage and childbirth allowances, while formulating management measures for working hours and leave of absence in accordance with the Labor Standards Act. Employee salary and remuneration is determined based on their personal abilities, contribution to the Company, performance, competitiveness, and the Company's future operational risks. As per Article 20 of the Articles of Incorporation, if the Company makes a profit for a year, it shall distribute remuneration to directors and employees. No higher than 1.5% of the balance shall be allocated for directors' remuneration, while not lower than 8% and not higher than 12% for employee remuneration. When the employee remuneration is paid out in cash or stock, the recipients may include employees of the controlling company or subsidiaries who meet certain criteria, in addition to the Company's employees. The applicable rules are formulated by the Board of Directors as delegated.	No difference.

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
(III) Does the company provide employees with a safe and healthy work environment and offer safety and health education to employees regularly?	V		(III) In view of the importance of work environment and employee safety protection measures, we have established a comprehensive ISO14001 management system, and the latest ISO14001 certificate is valid from 2023/1/30 to 2026/1/26. In order to prevent work safety accidents, provide a friendly working environment and protect employee safety, we conduct annual fire safety inspections and disinfect the environment every two months. In 2022, there were no occupational safety incidents. In addition, we purchase group insurance for employees and organize employee health examination, health lectures, and activities facilitating physical and psychological development from time to time to create a high-quality work environment.	No difference.
(IV) Has the company established an effective career development training program for employees?	V		(IV) We arrange for on-the-job training for employees from time to time. We also provide complete and diverse resources to help employees continue to enhance and increase their professional knowledge. Building complete and diverse career development roadmaps is what we are striving to achieve.	No difference.

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
(V) Does the company comply with applicable laws and international standards regarding issues, such as customer health and safety, customer privacy, as well as marketing and labelling of products and services? Has it formulated relevant policies and complaint procedures to protect consumers' or customers' rights and interests?	V		(V) To ensure clients' health and safety, our products and services are handled in accordance with regulations. When performing duties, our personnel should comply with intellectual property laws and adopt applicable laws and regulations and international standards to regulate business activities and protect consumers' rights and grievance procedures, thereby ensuring ethical management.	No difference.
(VI) Has the company formulated a supplier management policy, required suppliers to follow applicable regulations on issues, such as environmental protection, occupational safety and health, or labor rights? The implementation thereof?	V		(VI) At present, we have adopted the concept and indicators of sustainable development management and included the requirements of social responsibility, environmental responsibility, and occupational health and safety in the Company's supplier system to establish a high-quality supply chain management system.	No difference.
V. Has the company referred to the internationally accepted reporting standards or guidelines to prepare reports, such as ESG reports that discloses the company's non-financial information? Has a third-party verification entity provided assurance or assurance opinion for said report?		V	We have not yet prepared such a report and will do it as appropriate in the future based on international trends and market changes.	It is under evaluation.

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
VI. Where the company has formulated its own sustainable development code in accordance with the Sustainable Development Best Practice Principles, please specified the differences between the implementation and the principles: We have formulated the Corporate Social Responsibility Best Practice Principles. As per the current situation and laws and regulations, we implement the principles step by step by enhancing business ethics education, training, and awareness-raising to promote sustainable development and fulfill our corporate social responsibility. (I) We attach great importance to occupational safety, environmental protection, and personnel safety and health, and have obtained the ISO14001 certificate. We also regularly monitor the air quality, noise pollution, and energy consumption in the plants. If any value exceeds the standard value, we will launch an improvement project immediately. (II) We create job opportunities and have already established an Employee Welfare Committee, implemented a pension system, offered various employee training courses, and purchased employee group insurance, and arranged for health examination from time to time. We put great emphasis on harmonious labor relations.				

Items implemented	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Brief description	
VII. Other important information that facilitates the understanding of the promotion of sustainable development:				
(I) Human rights: The protection of employees’ human rights is handled in accordance with the Labor Standards Act.				
(II) Other social responsibilities: We make donations from time to time, participate in charitable organizations’ events, and attach great importance to harmonious relations with the local community by providing appropriate assistance if needed, thereby facilitating the harmony between the Company and the community. In response to the government’s Green Finance Action Plan 2.0 and 3.0, we have implemented the "Green Time Deposit Project" with Cathay United Bank. The relevant green deposit funds are currently used to invest in the development of renewable energy industries, including solar power plant financing, wind power generation, fishery and electricity symbiosis and other projects to actively implement corporate responsibility and sustainable development.				
(III) Regarding social charity: Taiwan was once again impacted by the pandemic during 2022, and social welfare organizations have also been severely affected. As such, the Company is committed to implementing corporate social responsibility and sponsoring the Anue’s 2022 “Hope Train Project”, sending warmth and love to all parts of Taiwan, especially to Huaguang Social Welfare Foundation, Taichung Child Home Organization, Taoyuan Happy Home Organization, Pintung Canaan Home Organization, Taitung Mindfarm Organazation. Due to congenital factors, the early aging rate of Down syndrome patients is twice as fast as that of the general population, and they are prone to complications such as cerebral palsy, epilepsy, mental disorders and other diseases. In addition, Taiwan's aging society is getting faster and faster, and once the primary caregiver passes away, the Down syndrome patients will be in a difficult situation. Many social welfare organizations are helping the mentally and physically challenged people to age peacefully from infancy to elderly. However, facing the problem of aging service models and equipment, they are gradually unable to keep up with the demand for care. Through the sponsorship of love, we are able to provide a light of hope for the physically and mentally challenged, and take in physically and mentally challenged children to help the disadvantaged group				
(IV) Regarding environmental protection, we respond to the concept of environmental protection and recycling of resources, pay attention to the connection between human beings and the environment, and reach a consensus that we have only one earth, and human beings and the environment are inseparable. We have recycling bins in place inside the Company to reduce garbage and reuse resources. We remind employees save water and electricity and turn off lights during lunch break to save energy and reduce carbon emissions, thereby reducing carbon footprint and alleviating the greenhouse effect. It is hoped that there will be less depletion of the resources on Earth and that global warming will slow down to enable our actions to have an significant effect on environmental protection. As a part of Taiwan’s environment, we should also shoulder our corporate responsibility to protect Taiwan’s environment together.				
(V) The Company has joined the eNotice Platform of Taiwan Depository and Clearing System (TDCC) in line with the government's promotion of the 2050 Net-Zero Emissions Policy, responding to the global trend of carbon reduction and demonstrating the Company's commitment to digitalization.				

Note: Please refer to the annual reports of subsidiaries, ABICO NetCom and IKKA-KY, for the promotion of sustainable development and the deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.

(VI) Climate-related information of listed and OTC companies:

1. Climate-related information implementation status: Not applicable.
2. Greenhouse gas inventory and confirmed situation: Not applicable.

(VII) The Company's implementation of ethical management and any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons therefor

Item	Operations			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Formulation of ethical management policies and plans				
(I) Has the company formulated an ethical management policy approved by the board of directors and disclosed the policy and practice of ethical management in its regulations and public documents? Are the board of directors and the senior management committed to actively implementing the policy?		V	(I) We have not yet formulated the Ethical Corporate Management Best Practice Principles.	We will evaluate the formulation of ethical management policies and plans.
(II) Has the company established an assessment mechanism for the risk of unethical conduct to regularly analyze and evaluate the business activities with high risk of unethical conduct within the business scope and formulated a prevention plan accordingly, at least covering the prevention measures for the acts under each subparagraph under Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?		V	(II) We adopt the ethics principle and operate business legally without getting involved in business activities with high risk of unethical conduct within the business scope, while reinforcing relevant prevention measures.	We will evaluate the formulation of a unethical conduct prevention plan.

Item	Operations			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Brief description	
(III) Has the company clearly specified operating procedures, guidelines for conduct, and a violation punishment and complaint system in the unethical conduct prevention plan and duly implemented them? Does the company regularly review and revise said plan?	V		(III) The Board of Directors and internal management meetings actively raise people's awareness of the basic principles of ethical management to reinforce integrity and self-discipline. On employees' first date of work, we raise their awareness of the concept of ethical management, plan to incorporate ethical management into the policy gradually, and establish a clear and effective reward and punishment and grievance system.	No difference.
II. Implementation of ethical management				
(I) Does the company evaluate each counterparty's records for ethics? Has the company specified the terms of ethical conduct in each contract signed with each counterparty?	V		(I) Before engaging in each business activity, the Business Department reviews and rates the counterparty, and the legal advisor will review the signed contract terms if necessary, to prevent any transaction with those who have a record of unethical conduct.	No difference.
(II) Has the company established a dedicated unit under the board of directors to conduct ethical corporate management, regularly (at least once a year) report to the board of directors on its ethical management policies and prevention plans for unethical conduct, and supervise the implementation?		V	(II) We have not yet set up a unit dedicated to (implementing concurrently) ethical management but will set up a dedicated unit in the future depending on the governance situation.	We will evaluate the establishment of a unit dedicated to implementing ethical management.

Item	Operations			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Brief description	
(III) Has the company formulated policies to prevent conflicts of interest, provided appropriate methods for stating one's conflicts of interest, and implemented them appropriately?	V		(III) We provide obstacle-free communication channels and a grievance system, allowing employees to respond to managers at different levels or the human resources unit through multiple channels.	No difference.
(IV) Has the company has established an effective accounting system and an internal control system for the implementation of ethical management and assigned the internal audit unit to formulate relevant audit plans based on the assessment results of the risk of unethical conduct and audit the compliance with the unethical conduct prevention plan accordingly or commissioned a CPA to perform such audits?	V		(IV) The implementation of the accounting system and the internal control system we established is audited by internal auditors as planned, and the audit results are reported to the Board of Directors at least once per quarter. In addition, we comply with the Company Act and the Securities and Exchange Act and other applicable laws and regulations, and the CPAs are responsible for auditing relevant accounts and statements.	No difference.
(V) Does the company regularly hold internal and external education and training on ethical management?	V		(V) We raise new employees' awareness of ethical management and operating guidelines on their first day of work to duly implement the spirit at work. The chief financial and accounting officers participate in external education and training per year and take relevant courses to enhance their competencies.	No difference.

Item	Operations			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Brief description	
III. Operation of the Company's whistleblowing system				
(I) Has the company formulated a specific whistleblowing and reward system, established a convenient whistleblowing method, and assigned appropriate personnel to handle the party accused?		V	We have not yet established a specific whistleblowing and reward system, while employees can report any illegal or unethical conduct to managers at different levels or the human resources unit through multiple channels.	It is under evaluation.
(II) Has the company formulated standard operating procedures for investigation of reported cases, the follow-up measures to be taken after the investigation is completed, and a confidentiality mechanism?		V	We have not yet formulated the standard operating procedures for the investigation into reported violations. If there is any report, it will be accepted, and the investigation process and the investigation results will be recorded and stored. Either during the investigation or after the investigation, it will be handled in a confidential manner.	It is under evaluation.
(III) Does the company take measures to protect whistleblowers from being mistreated due to their whistleblowing behavior?	V		We keep each whistleblower's identity and the content of the report confidential to protect them from being treated improperly.	No difference.
IV. Enhanced information disclosure				
Has the company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?		V	We aim to duly implement ethical management through multiple channels by disclosing relevant information of the Company's implementation of ethical management in the annual report.	It is under evaluation.

Item	Operations			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor
	Yes	No	Brief description	
V. Where the company has formulated its own Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please specify the differences between the implementation and the principles: We have not yet formulated the Ethical Corporate Management Best Practice Principles, but we will establish a strong corporate governance and risk control mechanism based on the business philosophy of honesty, integrity, fairness and transparency, self-discipline, and accountability, to create a sustainable business environment. However, we will prudently evaluate the necessity of formulating the principles depending on legal requirements or corporate governance operations in the future.				
VI. Other important information that facilitates the understanding of the company's ethical management (e.g., reviewing and amending the company's corporate governance best practice principles) (I) We abide by applicable regulations and the internal control system to prohibits acts of dishonesty or violations of laws and regulations, while hiring legal advisors to provide consultation services. (II) The Company has specified a director recusal mechanism in the Rules of the Procedure for Board of Directors Meetings, requiring directors, who or the juridical persons they represent have personal interests involved in a proposal on the agenda of the board meeting, they shall explain the important contents of their interests at the board meeting. If such interests may cause damage to the Company's interests, they shall recuse themselves from discussion and voting and shall not exercise their voting rights on behalf of other directors. (III) We disclose the information on the Company's implementation of ethical management in the annual report and will formulate the Ethical Corporate Management Best Practice Principles step by step in the future, allowing employees, shareholders, and all stakeholders to clearly understand our ethical management philosophy and rules.				

Note: Please refer to the annual reports of subsidiaries, ABICO NetCom and IKKA-KY, for the implementation of ethical management and the deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.

- (VIII) Where the company has established corporate governance best practice principles or other relevant guidelines, it shall disclose where to access it: Our governance is handled in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and we have formulated the Corporate Social Responsibility Best Practice Principles. Investors can visit the Investor Relations on the Company's website (website: <http://www.avy.com.tw>) for more information.

(XIV) Other governance information:

1. This year's directors and independent directors' training on corporate governance:

Title	Name	Date of training		Organizer	Course title	Training hours	Total training hours during the year
		From	to				
Representative of corporate director	Chun-Jen Tong	2022/07/27	2022/07/27	Taiwan Corporate Governance Association (TCGA)	Inheritance mechanism and tax issues that must be known in family business and wealth continuity	3	6.0
		2022/07/28	2022/07/28	Taiwan Corporate Governance Association (TCGA)	Discussion on enterprise operation and related tax system and introduction of the latest major shareholder related tax laws and practices	3	
Representative of corporate director	Chun-Yi Tong	2022/07/27	2022/07/27	Taiwan Corporate Governance Association (TCGA)	Inheritance mechanism and tax issues that must be known in family business and wealth continuity	3	6.0
		2022/07/28	2022/07/28	Taiwan Corporate Governance Association (TCGA)	Discussion on enterprise operation and related tax system and introduction of the latest major shareholder related tax laws and practices	3	
Representative of corporate director	Shiang-Chi Hu	2022/07/27	2022/07/27	Taiwan Corporate Governance Association (TCGA)	Inheritance mechanism and tax issues that must be known in family business and wealth continuity	3	6.0
		2022/07/28	2022/07/28	Taiwan Corporate Governance Association (TCGA)	Discussion on enterprise operation and related tax system and introduction of the latest major shareholder related tax laws and practices	3	
Representative of corporate director	Ching-Hsi Tong	2022/07/27	2022/07/27	Taiwan Corporate Governance Association (TCGA)	Inheritance mechanism and tax issues that must be known in family business and wealth continuity	3	6.0
		2022/07/28	2022/07/28	Taiwan Corporate Governance Association (TCGA)	Discussion on enterprise operation and related tax system and introduction of the latest major shareholder related tax laws and practices	3	
Representative of corporate director	Li-An Huang	2022/07/27	2022/07/27	Taiwan Corporate Governance Association (TCGA)	Inheritance mechanism and tax issues that must be known in family business and wealth continuity	3	6.0
		2022/07/28	2022/07/28	Taiwan Corporate Governance Association (TCGA)	Discussion on enterprise operation and related tax system and introduction of the latest major shareholder related tax laws and practices	3	
Representative of corporate director	Chao-Yu Yang	2022/07/27	2022/07/27	Taiwan Corporate Governance Association (TCGA)	Inheritance mechanism and tax issues that must be known in family business and wealth continuity	3	6.0
		2022/07/28	2022/07/28	Taiwan Corporate Governance Association (TCGA)	Discussion on enterprise operation and related tax system and introduction of the latest major shareholder related tax laws and practices	3	

Title	Name	Date of training		Organizer	Course title	Training hours	Total training hours during the year
		From	to				
Independent Director	Jieh-Chen Wang	2022/07/27	2022/07/27	Taiwan Corporate Governance Association (TCGA)	Inheritance mechanism and tax issues that must be known in family business and wealth continuity	3	6.0
		2022/07/28	2022/07/28	Taiwan Corporate Governance Association (TCGA)	Discussion on enterprise operation and related tax system and introduction of the latest major shareholder related tax laws and practices	3	
Independent Director	Wei-Chyun Yen	2022/07/27	2022/07/27	Taiwan Corporate Governance Association (TCGA)	Inheritance mechanism and tax issues that must be known in family business and wealth continuity	3	6.0
		2022/07/28	2022/07/28	Taiwan Corporate Governance Association (TCGA)	Discussion on enterprise operation and related tax system and introduction of the latest major shareholder related tax laws and practices	3	
Independent Director	Loung-Ching Cheng	2022/07/27	2022/07/27	Taiwan Corporate Governance Association (TCGA)	Inheritance mechanism and tax issues that must be known in family business and wealth continuity	3	6.0
		2022/07/28	2022/07/28	Taiwan Corporate Governance Association (TCGA)	Discussion on enterprise operation and related tax system and introduction of the latest major shareholder related tax laws and practices	3	

2. Managers' training on corporate governance:

Title	Name	Date of training	Organizer	Course title	Training hours
Manager of the Financial Accounting Department	Hui-Chu Lee	2022/07/21	Shih Chien University	The Impact and Response of the Group's Investment Structure after the Implementation of CFC	3
		2022/07/21	Shih Chien University	Impact of the Global Minimum Tax System and Taiwan's Anti-Avoidance System on Tax Governance	3
		2022/07/22	Shih Chien University	Explanation of Corporate Employee Compensation Means	3
		2022/07/22	Shih Chien University	Corporate Equity Valuation	3
Audit Manager	Pao-Chu Chin	2022/09/19	The Institute of Internal Auditors, R.O.C. (IIA)	Financial Planning and Supervision and Audit of Group Enterprises (including Overseas Investment)	6
		2022/09/21	The Institute of Internal Auditors, R.O.C. (IIA)	Practical Operation of Internal Audit and Internal Control on Personal Data Protection Act	6

3. The Company's employee training situation:

Item	Course/Number of classes	Total number of people	Total hours	Total cost
Professional competency	4	2	27	14,800
Managerial competency	6	2	24	12,000
Total	10	4	54	26,800

4. Relevant certificates and licenses obtained by the Company's personnel related to financial information transparency as designated by competent authorities:

Certificate/License	Number of people
Certified Public Accountant License	Financial accounting
	1
International Certified Internal Auditor Certificate	Financial accounting
	1
Securities and Futures Institute's Enterprise Internal Control Basic Ability Certificate	Audit
	1

5. Other important information that may facilitate the understanding of the operation of corporate governance of the subsidiary, Jabon International, may be disclosed together:

The Company's directors, supervisors, managers, and employees should follow the guidelines. You may visit the Investor section on the Company's website and click on the corporate governance option (website: <http://www.jbon.com.tw>).

6. The content and principles of the Employee Code Of Conduct are as follows:

- (1) All people's behavior should in compliance with the Company's rules and regulations and various rules of their duties.
- (2) They should bear in mind the Company's business philosophy of sharing honor and facing difficulty together and never speak or act that may tarnish the Company's reputation.
- (3) Anyone who is aware of or holds any plans, materials, or information of the Company shall keep it strictly confidential and shall not disclose it or inform a third party in any way, and shall not publish it nor use it for themselves or a third party.
- (4) Do not accept improper property, nor request or accept entertainment.
- (5) Do not install or use software or hardware without permission. Do not use information equipment for non-work purposes.
- (6) Be fully and jointly liable for damages if there is a risk of violation of the work rules, embezzlement, unpaid receivables, or other illegal acts.

7. The content of the work rules are as follows:

- i. Recruitment and employment
- ii. Salary and benefits
- iii. Training and development
- iv. Employee Welfare Committee's services
- v. Communication channels
- vi. Employment, layoff, and resignation
- vii. Salary and bonuses
- viii. Working hours, rest, and days off
- ix. Evaluation and reward and punishment

(X) The disclosure of the internal control system should cover the matters below:

1. Statement of Internal Control:

<p>ABICO AVY Co., Ltd.</p> <p>Statement of Internal Control System</p> <p style="text-align: right;">Date: March 22, 2023</p> <p>The Company's internal control system for 2022 as per the results of our self-assessment is hereby declared as follows:</p> <ol style="list-style-type: none"> 1. The Company is clearly aware that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. It aims to provide reasonable assurance for the achievement of the objectives, namely the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability, timeliness, and transparency of financial reporting, and compliance with applicable laws and regulations. 2. Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it. 3. The Company judges whether the design and implementation of the internal control system is effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). Said criteria under the Regulations are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, please refer to the Regulations. 4. The Company has adopted the aforesaid judgment criteria for the internal control system to determine whether the design and implementation of the internal control system are effective. 5. Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of its subsidiaries), including the understanding the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives. 6. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act. 7. This statement has been approved by the Company's Board of Directors on March 22, 2023. Among the nine directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared. <p style="text-align: center;">ABICO AVY Co., Ltd.</p> <div style="display: flex; justify-content: flex-end; gap: 50px; margin-top: 10px;"> <div>Chairman: Chun-Jen Tong (signature)</div> <div>General Manager: Shiang-Chi Hu (signature)</div> </div>

2. For those who appointed a CPA to review the internal control system, the CPA's review report shall be disclosed: None.

(XI) Any legal penalty against the Company and its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or up to the publication date of this annual report, the main defects, and the improvements made: None.

(XII) Important resolutions by the shareholders' meeting and the Board of Directors in the most recent year and up to the publication date of the annual report:

Shareholders' meeting / Board of Directors	Date	Important matters discussed (excerpts)	Implementation of adopted resolutions
Shareholders' meeting	2022/06/14	1. Passed the Company's 2021 business report and various financial statements.	The Company's 2021 parent company only financial statements and consolidated financial statements have been audited by Ya-Hui Lin and Yung-Chien Hsu, CPAs at PwC Taiwan, and submitted to the Audit Committee, which did not discover any inconsistency and issued a review report.
		2. Passed the 2021 Business Report.	The Company's 2021 Business Report has been prepared and approved by the Board of Directors and then submitted to and reviewed by the Audit Committee.
		3. Passed the Company's 2021 statement of earnings distribution.	In 2021, the Company distributed NT\$996,925 in cash to directors as remuneration, NT\$5,316,933 in cash to employees as bonuses, and NT\$0.3 per share in cash dividends to shareholders from capital surplus, totaling NT\$50,989,197, and on September 23, 2022 complete the distribution of cash dividends.
		4. Amendments to certain provisions of the Company's "Procedures for Acquiring or Disposing of Assets".	The amended procedures have been approved to be effective by the shareholders' meeting.
		5. Amendments to the Company's "Articles of Incorporation".	The amendment to the Articles of Incorporation was approved by the shareholders after the shareholders' meeting and was registered with the Ministry of Economic Affairs on July 6, 2022.
		6. Amendments to the Company's "Rules of Procedure for Shareholders' Meetings".	The amended rules of procedures have been approved to be effective by the shareholders' meeting.
Board of Directors	2022/08/12	1. The Company's consolidated financial statements for quarter 2, 2022. 2. To determine the ex-dividend date of the Company.	Approved by all directors present and released material information.
Board of Directors	2022/11/11	1. Formulate the Company's 2023 Audit Plan. 2. The Company's consolidated financial statements for quarter 3, 2022. 3. Establish the Company's "Internal Material Information Technology Matters Management Procedures" and "Internal Controls Procedures".	Approved by all directors present. Approved by all directors present and released material information.
Board of Directors	2023/03/22	1. The Company's "Statement of Internal Control System" for 2022". 2. Annual business plan for 2023. 3. The Company's annual accounts booklet for 2022. 4. Remuneration for Company employees and directors for 2022. 5. The Company's evaluation of the auditing CPA's independence. 6. Proposed to determine the time and place of the Company's 2023 General Meeting of Shareholders of the Company and the related agenda. 7. Period for accepting proposals from more than one percent of the shareholders at the 2023 General Meeting of Shareholders and matters related to the acceptance of	Approved by all directors present and released material information.

Shareholders' meeting / Board of Directors	Date	Important matters discussed (excerpts)	Implementation of adopted resolutions
		premises. 8. Proposed pre-approval of the provision of non-assurance services to the Company and its subsidiaries by a licensed accounting firm and affiliates. 9. Matters related to the Company's treasure shares and capital reduction.	
Board of Directors	2023/04/19	1. Proposal of 2022 Company profit distribution. 2. Due to PwC Taiwan's internal adjustments, the proposed change of the CPAs.	Approved by all directors present and released material information.
Board of Directors	2023/05/10	1. The Company's consolidated financial statements for quarter 1, 2023. 2. Appointment of the Corporate Governance Officer of the Company.	Approved by all directors present and released material information.

(XIII) During the most recent year and up to the date publication of this annual report, if a director or independent director had a different opinion on important resolutions approved by the Board of Directors with records or written statements: During the most recent year and up to the date publication of this annual report, no director nor independent director had a different opinion on the important resolutions adopted by the Board of Directors.

(XIV) During the most recent year and up to the date publication of this annual report, a summary of the resignation and dismissal of the Company's personnel related to financial reporting (e.g., Chairman, general manager, chief accounting officer, chief financial officer, chief internal auditor, or R&D officer): None.

IV. Information on the Company's audit fees:

Range of CPA's audit fees

December 31, 2022

CPA firm	Name of CPA		Audit period	Remarks
PwC Taiwan	Ya-Hui Lin	Yung-Chien Hsu	2022	

Unit: NT\$ thousand

Range of amount		Item	Audit fees	Non-audit fees	Total
1	Below NT\$2,000,000				
2	NT\$2,000,000 (inclusive)–NT\$4,000,000		V		V
3	NT\$4,000,000 (inclusive)–NT\$6,000,000				
4	NT\$6,000,000 (inclusive)–NT\$8,000,000				
5	NT\$8,000,000 (inclusive)–NT\$10,000,000				
6	Over NT\$10,000,000 (inclusive)				

Unit: NT\$ thousand

CPA firm	CPA:	Audit period	Audit fees	Non-audit fees					Remarks
				System design	Business registration	Human resources	Tax compliance audit	Subtotal	
PwC Taiwan	Ya-Hui Lin Yung-Chien Hsu	2022/01/01 ~ 2022/12/31	3,400	0	0	0	0	0	-

1. Where the non-audit fees paid to the CPAs, the accounting firm at which the CPAs work, and the accounting firm's affiliates account for 25% or more of the audit fees, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed: As specified in the remarks above.
2. Where the accounting firm is replaced and the audit fees paid during the year in which the replacement occurs are less than those paid in the prior year, the amount of the decrease in the audit fees and the reason thereof shall be disclosed: N/A.
3. Where the audit fees paid for the year are lower than those paid for the prior year by 10% or more, the amount and percentage of the decrease and the reason therefor shall be disclosed: N/A.

V. Replacement of CPAs: None.

VI. Where Chairman, general manager, Chief Financial Officer, or Accounting Manager has been employed by the CPA firm or its affiliates in the most recent year: None.

VII. The changes in the transfer or pledge of equity shares by directors, supervisors, managers, or shareholders holding more than 10% of the shares issued by the Company in the most recent year up to the publication date of this annual report:

(I) Movements in shareholdings of directors, supervisors, managers, and major shareholders

Title	Name	2022		up to April 15 2023	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Corporate director and major shareholder	Abico International Co., Ltd.	10,095,328	0	0	0
Corporate director	Yunchen Investment Co., Ltd.	0	0	0	0
Major shareholders	Ability Enterprise Co., Ltd.	0	0	0	0
Chairman	Chun-Jen Tong	0	0	0	0
Vice Chairman	Chun-Yi Tong	0	0	0	0
Director and General Manager	Shiang-Chi Hu	0	0	0	0
Director	Ching-Hsi Tong	0	0	0	0
Director	Li-An Huang	0	0	0	0

Title	Name	2022		up to April 15 2023	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Director	Chao-Yu Yang	0	0	0	0
Independent Director	Wei-Chyun Yen	0	0	0	0
Independent Director	Jieh-Chen Wang	0	0	0	0
Independent Director	Loung-Ching Cheng	0	0	0	0
Vice general manager of the Investment Department	Chu-Chen Chiang	0	0	0	0
Assistant Vice Presidents of the Financial Accounting Department	Che-Yi Chou	0	0	0	0
Manager of the Financial Accounting Department	Hui-Chu Lee	0	0	0	0

(II) Information on transfer of shares: None.

(III) Information on shares pledged: None.

VIII. Information on the top ten shareholders who are related parties to each other or spouses or relatives within the second degree of kinship of another:

Information on the relationship among the top 10 shareholders

Name	Shareholding		Shareholding of spouse or minor children		Total shareholding by nominee arrangement		Information the relationship among the top 10 shareholders if anyone is a related party, a spouse, or a relative within second degree of kinship of another and their names.		Remarks
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding (%)	Name	Relations	
Representative of Abico International Co., Ltd.: Chun-Yi Tong	22,095,328	13.00%	0	0	0	0	Taishiba International Co., Ltd.	The chairman of ABICO International and the chairman of Taishiba International are relatives within the second degree of kinship.	None
Representative of Ability Enterprise Co., Ltd.: Ming-Jen Tseng	17,264,223	10.16%	0	0	0	0	None	None	None
Representative of Heng Neng Investment Co., Ltd.: Yi-Nai Tong	8,953,000	5.27%	0	0	0	0	None	None	None
Representative of Taishiba International Co., Ltd.: Ching-Hsiung Tong	1,689,739	0.99%	0	0	0	0	Abico International Co., Ltd.	The chairman of Taishiba International and the chairman of ABICO International are relatives within the second degree of kinship.	None
Representative of Scuderia Integrated Marketing Co., Ltd.: Ching-Yi Chen	1,664,999	0.98%	0	0	0	0	None	None	None
Representative of Hefeng United Co., Ltd.: Hui-Chen Su	1,495,000	0.88%	0	0	0	0	None	None	None
Lai-Cheng Lin	1,351,000	0.79%	0	0	0	0	None	None	None
Hsiu-Yun Lin	1,206,803	0.71%	0	0	0	0	None	None	None
Yung-Hsiung Yeh	1,064,814	0.63%	0	0	0	0	None	None	None
Wan-Ting Tseng	1,044,849	0.61%	0	0	0	0	None	None	None

IX. The total number of shares held and the consolidated shareholdings in any single investee by the Company's directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company:

Consolidated shareholding

December 31, 2022 Unit: Shares/%

Investment in other businesses (Note)	Investment by the Company		Investment by directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company		Combined investments	
	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)
Avy Co., Ltd.	59,597,571	100.00	0	0.00	59,597,571	100.00
Gold Market Investment LTD.	3,917,053	68.52	1,799,688	31.48	5,716,741	100.00
Avy Technology LTD.	40,000	100.00	0	0.00	40,000	100.00
Avy High Tech LTD.	6,776,000	100.00	0	0.00	6,776,000	100.00
Jabon International Co., Ltd.	83,079,278	100.00	0	0.00	83,079,278	100.00
Abico Capital Co., Ltd.	3,000,000	100.00	0	0	3,000,000	100.00
VIEWQUEST Investment Co., Ltd.	836,000	100.00	0	0	836,000	100.00
Ability I Venture Capital Corporation	15,180,690	48.30	628,600	2.00	15,809,290	50.30
ABICO NetCom Co., Ltd.	7,075,413	13.64	0	0	7,075,413	13.64
Honlynn Co., Ltd.	3,500,000	14.46	2,500,000	10.33	6,000,000	24.79
Seinoh Optical Co., Ltd.	1,461,600	4.43	33,675,700	89.97	35,137,300	94.40
ABICO Asia Capital Corporation	28,000,000	18.16	3,360,000	2.18	31,360,000	20.34
Ability Enterprise Co., Ltd.	28,591,000	9.94	1,650,000	0.57	30,241,000	10.51
G-YEN HUTONG CO., LTD.	956,526	6.79	796,203	5.65	1,752,729	12.44
Abico Plus Entertainment Limited	0	0.00	350,000	35.00	350,000	35.00
ILens	0	0.00	1,400,000	40.00	1,400,000	40.00
ENERTEC	0	0.00	124,000	27.19	124,000	27.19

Note: It is the long-term investment made by the Company using the equity method.

Four. Capital and Shares

I. Capital and Shares

(I) Source of share capital

Unit: 1000 shares; NT\$ thousand

Year / Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital increased by assets other than cash	Others
1994.12	10	19,820	198,200	19,820	198,200	Incorporation	None	
1995.09	10	60,020	600,200	60,020	600,200	Cash capital increase	None	
1998.04	10	120,020	1,200,200	120,020	1,200,200	Cash capital increase	None	(Note 1)
2000.01	10	170,020	1,700,200	170,020	1,700,200	Cash capital increase	None	(Note 2)
2001.09	-	170,020	1,700,200	96,910	969,100		None	Capital reduction
2002.12	-	170,020	1,700,200	67,837	678,370		None	Capital reduction (Note 3)
2003.01	4	170,020	1,700,200	68,337	683,370	Private placement	None	(Note 6)
2003.07	5	170,020	1,700,200	69,937	699,370	Private placement	None	(Note 7)
2003.12	-	120,000	1,200,000	40,137	401,370		None	Capital reduction (Note 4)
2004.02	6	120,000	1,200,000	41,137	411,370	Private placement	None	(Note 7)
2004.10	-	120,000	1,200,000	25,300	253,000		None	Capital reduction (Note 5)
2004.11	10	120,000	1,200,000	54,300	543,000	Private placement	None	(Note 8)
2007.09	10	120,000	1,200,000	58,596	585,960	Capitalization of earnings	None	(Note 9)
2008.09	10	120,000	1,200,000	63,206	632,058	Capitalization of earnings	None	(Note 10)
2009.09	10	120,000	1,200,000	69,774	697,737	Capitalization of earnings	None	(Note 11)
2009.10	10	120,000	1,200,000	73,609	736,093	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 12)
2010.01	10	120,000	1,200,000	74,139	741,387	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 13)
2011.09	10	120,000	1,200,000	77,846	778,457	Capitalization of earnings	None	(Note 14)
2013.08	10	120,000	1,200,000	78,121	781,214	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 15)

Year / Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital increased by assets other than cash	Others
2013.11	10	120,000	1,200,000	78,503	785,033	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 16)
2014.02	10	120,000	1,200,000	81,348	813,483	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 17)
2014.05	10	120,000	1,200,000	83,608	836,082	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 18)
2014.07	10	120,000	1,200,000	83,617	836,171	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 19)
2014.12	10	120,000	1,200,000	91,361	913,610	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 20)
2015.09	10	120,000	1,200,000	99,583	995,834	Capitalization of earnings	None	(Note 21)
2016.11	10	120,000	1,200,000	102,786	1,027,864	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 22)
2017.09	10	120,000	1,200,000	108,560	1,085,597	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 23)
2018.03	10	120,000	1,200,000	113,042	1,130,418	Conversion of convertible bonds Conversion of ordinary shares	None	(Note 24)
2018.08	10	150,000	1,500,000	125,476	1,254,763	Capitalization of earnings	None	(Note 25)
2019.09	10	200,000	2,000,000	159,102	1,591,027	Issuance of new shares through share swap with Jabon International	None	(Note 26)
	10	200,000	2,000,000	166,631	1,666,313	Issuance of new shares for capitalization of capital surplus	None	
2020.08	10	300,000	3,000,000	169,963	1,699,639	Capitalization of earnings	None	(Note 27)

Note 1: Per Letter (1998)-Tai-Cai-Zeng-(I) No. 00134 dated 1998.01.12 from the Securities and Futures Commission, Ministry of Finance.

Note 2: Per Letter (2000)-Tai-Cai-Zeng-(I) No. 75545 dated 2000.10.09 from the Securities and Futures Commission, Ministry of Finance.

Note 3: Per Letter (2002)-Tai-Cai-Zeng-(I) No. 165807 dated 2002.12.31 from the Securities and Futures

Commission, Ministry of Finance.

- Note 4: Per Letter (2003)-Tai-Cai-Zeng-(I) No. 0920162661 dated 2003.12.31 from the Securities and Futures Commission, Ministry of Finance.
- Note 5: Per Letter (2004)-Jin-Guan-Zheng-I No. 0930146474 dated 2004.10.11 from the FSC, Executive Yuan.
- Note 6: Retroactive handling of the public issuance procedures as approved per Letter Jin-Guan-Zheng-I No. 0950130388 dated 2006.07.13 from the FSC, Executive Yuan.
- Note 7: Retroactive handling of the public issuance procedures as approved per Letter Jin-Guan-Zheng-I No. 0960032905 dated 2007.06.28 from the FSC, Executive Yuan.
- Note 8: Retroactive handling of the public issuance procedures as approved per Letter Jin-Guan-Zheng-I No. 0960066596 dated 2007.11.27 from the FSC, Executive Yuan.
- Note 9: Per Letter Jin-Guan-Zheng-I No. 0960037463 dated 2007.07.18 from the FSC, Executive Yuan.
- Note 10: Per Letter Jin-Guan-Zheng-I No. 0970031742 dated 2008.06.25 from the FSC, Executive Yuan.
- Note 11: Per Letter Jin-Guan-Zheng-Fa No. 0980032250 dated 2009.06.29 from the FSC, Executive Yuan.
- Note 12: Per Letter Jing-Shou-Shang No. 09801238400 dated 2009.10.19 from the Ministry of Economic Affairs.
- Note 13: Per Letter Jing-Shou-Shang No. 09901009200 dated 2010.01.18 from the Ministry of Economic Affairs.
- Note 14: Per Letter Jing-Shou-Shang No. 10001202340 dated 2011.09.02 from the Ministry of Economic Affairs.
- Note 15: Per Letter Jing-Shou-Shang No. 10201169450 dated 2013.08.19 from the Ministry of Economic Affairs.
- Note 16: Per Letter Jing-Shou-Shang No. 10201237870 dated 2013.11.21 from the Ministry of Economic Affairs.
- Note 17: Per Letter Jing-Shou-Shang No. 10301019540 dated 2014.02.07 from the Ministry of Economic Affairs.
- Note 18: Per Letter Jing-Shou-Shang No. 10301085130 dated 2014.05.12 from the Ministry of Economic Affairs.
- Note 19: Per Letter Jing-Shou-Shang No. 10301146720 dated 2014.07.17 from the Ministry of Economic Affairs.
- Note 20: Per Letter Jing-Shou-Shang No. 10301247430 dated 2014.12.01 from the Ministry of Economic Affairs.
- Note 21: Per Letter Jing-Shou-Shang No. 10401202060 dated 2015.09.22 from the Ministry of Economic Affairs.
- Note 22: Per Letter Jing-Shou-Shang No. 10501276770 dated 2016.11.30 from the Ministry of Economic Affairs.
- Note 23: Per Letter Jing-Shou-Shang No. 10601127400 dated 2017.09.24 from the Ministry of Economic Affairs.
- Note 24: Per Letter Jing-Shou-Shang No. 10701019980 dated 2018.03.02 from the Ministry of Economic Affairs.
- Note 25: Per Letter Jing-Shou-Shang No. 10701108940 dated 2018.08.29 from the Ministry of Economic Affairs.
- Note 26: Per Letter Jing-Shou-Shang No. 10801114990 dated 2019.09.11 from the Ministry of Economic Affairs.
- Note 27: Per Letter Jing-Shou-Shang No. 10901152610 dated 2020.08.18 from the Ministry of Economic Affairs.

The Company did not hold private placement during the most recent year and up to the publication date of the prospectus.

Share type	Authorized capital			Remarks
	Number of shares issued	Number of shares unissued	Total	
Ordinary shares	169,964,000 shares	130,036,000 shares	300,000,000 shares	TPEX listed stocks

Information on shelf registration: N/A.

(II) Shareholder structure

April 15, 2023

Shareholder structure Number	Government agencies	Financial institutions	Other juridical persons	Natural persons	Foreign institutions and individuals	China's investors (Note)	Total
Number of people	0	0	185	40,523	63	1	40,772
Number of shares held	0	0	60,574,691	102,400,361	6,988,937	1	169,963,990
Shareholding	0.00%	0.00%	35.64%	60.25%	4.11%	0.00%	100%
Note: The primary TWSE (TPEX) listed and emerging market listed companies should disclose the shareholding of its mainland China investors. The mainland China investors refer to the people, juridical persons, organizations, other institutions or their investees in third regions as stipulated by Article 3 of the Regulations on the Permission for People from Mainland China to Invest in Taiwan.							

(III) Equity dispersion

1. Dispersion of ordinary shares: (NT\$10 per share)

April 15, 2023

Shareholding range	Number of shareholders	Number of shares held	Shareholding
1-999	29,116	2,697,577	1.59%
1,000-5,000	8,263	17,216,206	10.13%
5,001-10,000	1,592	11,289,272	6.64%
10,001-15,000	618	7,475,162	4.40%
15,001-20,000	293	5,150,290	3.03%
20,001-30,000	303	7,433,863	4.37%
30,001-40,000	146	5,169,555	3.04%
40,001-50,000	95	4,337,291	2.55%
50,001-100,000	182	12,726,894	7.49%
100,001-200,000	87	11,526,665	6.78%
200,001-400,000	46	12,650,110	7.44%
400,001-600,000	5	2,475,369	1.46%
600,001-800,000	11	7,524,594	4.43%
800,001-1,000,000	4	3,456,387	2.03%
1,000,001 or more	11	58,834,755	34.62%
Total:	40,772	169,963,990	100%

2. Dispersion of preference shares: The Company did not issue any preference shares.

(IV) List of major shareholders

Name of major shareholder	Shares	Number of shares held	Shareholding (%)
Abico International Co., Ltd.		22,095,328	13.00%
Ability Enterprise Co., Ltd.		17,264,223	10.16%
Heng Neng Investment co., Ltd.		8,953,000	5.27%
Taishiba International Co., Ltd.		1,689,739	0.99%
Scuderia Integrated Marketing Co., Ltd.		1,664,999	0.98%
Hefeng United Co., Ltd.		1,495,000	0.88%
Lai-Cheng Lin		1,351,000	0.79%
Hsiu-Yun Lin		1,206,803	0.71%
Yung-Hsiung Yeh		1,064,814	0.63%
Wan-Ting Tzeng		1,044,849	0.61%

(V) Price, net worth, earnings, and dividends per share and relevant information in the most recent two years

Unit: 1000 shares; NT\$

Item			Year	2021	2022	As of April 15, 2023 (Financial statements for 2023 Q1 were reviewed by a CPA)
Market price per share	Highest			32.50	29.20	23.20
	Lowest			22.50	18.35	19.85
	Average			26.36	21.82	21.43
Net worth per share	Before distribution (Note 1)			30.82	32.09	33.39
	After distribution			30.82	30.52	-
Earnings per share	Weighted average number of shares (Note 1, 2)			167,975	167,975	167,975
	Earnings per share			0.35	(0.58)	(0.25)
Dividend per share	Cash dividends (Note 3)			0.00	0.30	-
	Stock dividend	Dividend from earnings		0.00	0.00	N/A
		Dividend from capital surplus		0.00	0.00	N/A
	Cumulative unpaid dividends			0.00	0.00	-
Return on investment analysis	Price to earnings ratio			75.32	(37.62)	-
	Price to dividend ratio			0.00	72.73	-
	Cash dividend yield			0.00%	1.37%	-

- Note 1: Book value per share and earnings per share are based on the data for the most recent quarter audited (reviewed) by a CPA.
- Note 2: Earnings per share were calculated on the basis of the investment in the Company's shares by the subsidiary, AVY Co., Ltd., and the shares repurchased by the Company for transfer of shares to employees as treasury shares.
- Note 3: The 2022 cash dividends from the capital surplus was submitted to the shareholders' meeting by the resolution of the Board of Directors.

(VI) The Company's dividend policy and implementation

1. Dividend policy

If the Company makes a profit in a fiscal year, it shall allocate employee remuneration and directors remuneration as follows. However, when the Company still has a cumulative deficit, it shall reserve an amount to offset it first.

- (1) Not higher than 1.5% for directors remuneration;
- (2) Not lower than 8% and not higher than 12% for employee remuneration.

When the employee remuneration in the preceding paragraph is paid out in cash or stock, the recipients may include employees of the controlling company or subsidiaries who meet certain criteria, in addition to the Company's employees. The applicable rules are formulated by the Board of Directors as delegated.

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, the Board of Directors shall, after considering the remaining profit, together with any undistributed retained earnings from the prior period, shall be set aside at least 50% of the distributable earnings for the current year and submit a dividend distribution proposal. 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. 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.

2. The Company's statement of 2022 earnings distribution has been drawn up by the resolution of the Board of Directors: It has been passed by the resolution of the Board of Directors on April 19, 2023.

- (1) Cash dividends: In accordance with Article 20 of the Company's Articles of Incorporation, the Company proposed to authorize the Board of Directors to allocate a cash dividend of NT\$50,989,197 from the retained earnings of the previous fiscal year to be distributed to the shareholders, with about NT\$0.30 paid out per share in cash. It will be reported to this general shareholders' meeting, and the Board of Directors will determine the dividend distribution record date and the payout date separately.
- (2) Stock dividends: The Board of Directors resolved a decision not to pay out stock dividends.

(VII) The influence of the stock dividend proposed at the shareholders' meeting on the Company's operating performance and earnings per share

As the Board of Directors resolved a decision not to pay out stock dividends, there is no

influence on the earnings per share.

(VIII) Employees' compensation and directors' remuneration

1. If the Company makes a profit in a fiscal year, it shall allocate employee remuneration and directors remuneration as follows. However, when the Company still has a cumulative deficit, it shall reserve an amount to offset it first.
 - (1) Not higher than 1.5% for directors remuneration;
 - (2) Not lower than 8% and not higher than 12% for employee remuneration.
2. Information on the Board of Directors' approval of the employee remuneration proposal:
 - (1) Amounts of employee remuneration and directors' remuneration proposed to be distributed:

The proposal for distribution of earnings for 2022 was approved by the board meeting on April 19, 2023. The Company suffers a pre-tax loss in 2022 and therefore does not intend to estimate and pay remuneration to employees and directors.
 - (2) It was proposed to allocate NT\$0 as employee stock dividends, which accounted for 0% of the sum of the net income after tax and employee remuneration as in this period's parent company only or individual financial statements.
 - (3) The estimated earnings per share after the proposed allocation of employee and director remuneration is NT\$-0.58.
 - (4) Where there is a difference between the estimated amount and the recognized amount, the amount of difference, reason, and accounting treatment: There was no difference between the estimated amount and the recognized amount.
3. The earnings for the prior year are used for the distribution of employee remuneration and directors' remuneration:
 - (1) The employee remuneration and the director's remuneration as in the Company's statement of 2021 earnings distribution approved by the shareholders' meeting on June 14, 2022 was NT\$5,316,933 and NT\$996,925, respectively.
 - (2) Where there is a difference between the estimated amount and the recognized amount, the amount of difference, reason, and accounting treatment: There was no difference between the estimated amount and the recognized amount.

(IX) Repurchase of the Company's shares by the Company: None.

II. Issuance of corporate bonds:

1. Issuance of corporate bonds: None.
2. Information on convertible corporate bonds: None.
3. Information on swap of corporate bonds: None.
4. Shelf registration of the issuance of corporate bonds: None.
5. Information on corporate bonds with equity warrants: None.

III. Issuance of preference shares: None.

IV. Issuance of depository receipts: None.

V. Issuance of employee stock warrants: None.

VI. Issuance of restricted stock awards: None.

VII. Mergers or acquisitions or demergers: None.

VIII. Fund Application Plan Execution: None.

Five. Overview of Operations

I. Information on business

1. Scope of business

(1) Main business of the Company and subsidiaries

The Group's main business scope includes the manufacturing of various aluminum alloys, plastic die-casted products, relevant molds, power and pneumatic hand tool parts, precision plastic components, as well as trading of electronic components, computer peripherals, and consumer goods.

(2) Proportion of each business in 2022

Unit: NT\$ thousand

Main product	Revenue	Proportion to total sales:
Processed metal products and plastic products	487,559	4.64%
Electronic product manufacturing and distribution	4,269,079	40.59%
Power hand tools and powder metallurgy	2,160,833	20.54%
Precision plastic components	3,600,786	34.23%
Total	10,518,257	100.00%

(3) The Company's goods (services)

- Metal and plastic casings and mechanical parts.
- Design and sales of electronic product manufacturing molds.
- Manufacturing of power and pneumatic hand tool parts.
- Manufacturing and sales of plastic and metal parts commonly used in automobiles.
- Manufacturing and trading of computer peripherals and relevant mechanical parts.
- The purchase and sale of consumer goods.

(4) New products planned to be developed

- Electronic and automotive electronic products metal casings and special surface treatment technology
- Transmission used in electronic home appliances.
- Transmission used in car rearview mirror.
- The soft magnetic material used in the motor rotor.
- Starter for automobiles.
- The toilet lid and switch modules and water pump parts for washlets.
- Electronic and automotive precision plastic high-performance parts.

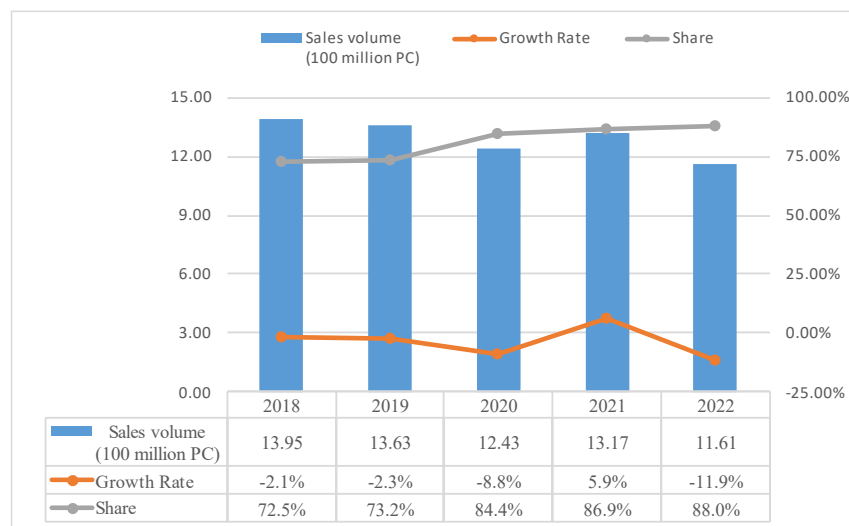
2. Overview of the industry

(1) Current status and development of the industry

A. Processed metal products

Metal stamped parts are an important basic technique for manufacturing and production, and the products are adopted for a wide range of applications, such as electronic products, including smart phones, cameras, digital cameras, projectors, desktop computers, and laptops, as well as information and consumer electronic products. At present, in addition to emphasizing lightweight, thinness, shortness, appearance, and quality, we pay more attention to environmental protection issues relating to electronic products. Due to the high plasticity of metal materials, production techniques are highly flexible and many surface treatment technologies can be adopted, making metals the mainstream materials for electronic products.

The metal external parts and internals produced by the Group are mainly adopted in smart phones. In 2022, the global economy was weak and the cell phone market was saturated due to the impact of inflation, China's epidemic control and the Ukrainian-Russian War, resulting in a decline in end-consumer demand. According to DIGITIMES Research, global smartphone shipments in 2022 was approximately 1.161 billion units, with an annual decrease of 11.9%, and the overall sales of the mobile phone industry was in the doldrums.



Source: DIGITIMES Research. Collation of Taiwan Industry Economics Services, February 2023.

Trend of global smartphone shipments and year-on-year growth rate.

B. Power hand tools

Power hand tool products can be divided into power hand tools (such as power drills and power screwdrivers), pneumatic hand tools (such as pneumatic screwdrivers and pneumatic wrenches, etc), and other power hand tools (combustion engine driven, hydraulically driven, and other power-driven power hand tools). In recent years, the global hand tools market has benefited from the increase in the number of consumers' households, the ongoing trend of "Do-It-Yourself" (DIY), and the increase in consumers' disposable income. The market demand as a whole has increased year by year, particularly, the increase in hand tools. The main reason is that power hand tools feature a light structure, portable, high production efficiency, and low energy consumption and have been widely

adopted in the industry and by general consumers as an indispensable tool in family life. It is a tool produced in a large quantity and adopted on a large scale.

The competition in the power machine tool market between the two sides of Taiwan Strait has been intensified year by year. From the perspective of Taiwan, Hong Kong, and mainland China, internationally renowned power machine tool brands, such as Bosch, Stanley Black & Decker (SBD), and Makita, have moved their power machine tool manufacturing factories overseas and looked for OEM or ODM due to cost, competition, and the trend of global division of labor. Taiwan, with high quality, low cost, and a well-developed supply chain, mainly produces mid-to-high-end high-value power hand tools and is one of the main exporters of power tools for North America; thus, Taiwan's power machine tool OEM industry is competitive.

As per the report from the Taiwan Industry Report, Taiwan Institute of Economic Research, the annual growth rate of the production and sales of power hand tools in our country in 2022 reached 14.93% and 12.31%, respectively. Taiwan's power hand tool industry is mainly export-oriented. Compared with the booming transactions in the U.S. real estate market in 2021, which drove the consumers to increase their demand for electric hand tools during self-repair, and with the U.S. imposed high import tariffs on Chinese products, Taiwanese companies gained the effect of reordering. In March 2022, the U.S. Federal Reserve System raised the interest rate, resulting in the weak global economy, the decline in the housing market, and reduce the willingness of consumers to repair their houses, the demand for power hand tools decreased significantly, which was not conducive to the sales performance of power hand tools.

Unit: million, %					
	2018	2019	2020	2021	2022
Production value	17,499	17,776	19,276	23,006	19,571
Annual increase	4.74	1.58	8.44	19.35	-14.93
Sales	17,915	18,378	19,596	23,446	20,560
Annual increase	3.96	2.59	6.63	19.65	-12.31
Source: Department of Statistics, Ministry of Economic Affairs, and the Taiwan Industry Report, Taiwan Institute of Economic Research (March 2022)					

C. Powder metallurgy

Powder metallurgy has unique chemical composition and mechanical and physical properties; as such, it makes various types of composites happen easily with the characteristics of each group of materials leveraged. It is a process technology for low-cost production of composite materials of high-performance base metals and ceramics. The products are applied to a wide range of areas, from the sintered products produced by the traditional powder metallurgy process to the ones with complex shapes produced through metal injection molding. This has indicated that the powder metallurgy industry is stepping to various fields with a rigorous attitude at an astonishing speed.

Powder metallurgy products feature precision and complexity, so they can replace some cut parts, and most refractory metals and their compounds, pseudo alloys, and porous materials can be processed. In addition, powder metallurgy is suitable for the production of products with the same shape in a large quantity, particularly gears and bearings with high processing costs. With powder

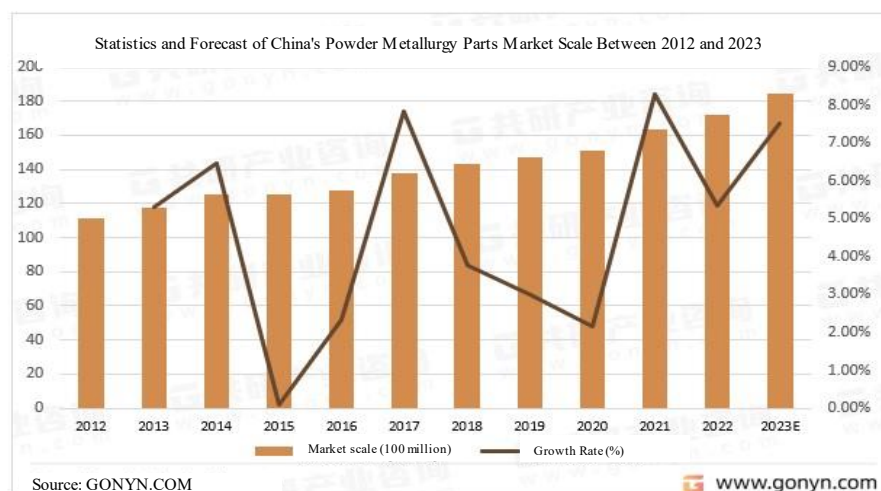
metallurgy, we can effectively reduce materials and processing energy used and cut production costs.

Mining	Machining	Automobile manufacturing	Scooter manufacturing	Machinery equipment	Shipbuilding	Electrical manufacturing	Precision instrument	Electronic industry
<ul style="list-style-type: none">• Hard alloy• Diamond-metal composite materials	<ul style="list-style-type: none">• Hard alloy• Ceramic tools• Powder high-speed steel	<ul style="list-style-type: none">• Machine parts• Friction material• Porous bearing• Filter	<ul style="list-style-type: none">• Machine parts• Porous bearing	<ul style="list-style-type: none">• Machine parts• Porous bearing	<ul style="list-style-type: none">• Friction material• Aluminum powder for paint	<ul style="list-style-type: none">• Porous bearings• Copper - graphite brush	<ul style="list-style-type: none">• Instrument parts• Soft magnetic material• Hard magnetic material	<ul style="list-style-type: none">• Electrical contact materials• Vacuum electrode materials
Radio television	Computer industry	Chemical industry	Petroleum industry	Military industry	Aviation	Space rocket	Atomic energy engineering	
<ul style="list-style-type: none">• Magnetic material	<ul style="list-style-type: none">• Memory element	<ul style="list-style-type: none">• Filter• Anticorrosion parts• Catalyst	<ul style="list-style-type: none">• Filter	<ul style="list-style-type: none">• Armor-piercing munition• Arms parts	<ul style="list-style-type: none">• Friction liner• Filter• Porous material• Powder superalloy	<ul style="list-style-type: none">• Transpiring material• Refractory metals and alloys• Fiber-reinforced material	<ul style="list-style-type: none">• Nuclear fuel element• Reactor structural materials• Control materials	

Source: xincailiao.com

Powder metallurgy applications

In China, Europe, and the U.S., powder metallurgy mechanical materials (sintered mechanical components and sintered oil-impregnated bearings) are highly dependent on the transportation tool industry. Particularly, the automobile and the scooter manufacturing industries are the largest market for powder metallurgy parts. At present, powder metallurgy parts have been widely adopted in car engines, transmissions, and chassis. Take China as an example, 56% of the total output value of powder metallurgy machinery parts is used in transportation machinery, the largest portion, followed by electrical machinery. Among them, the automobile industry is the market with the strictest requirements for the technology and quality of powder metallurgy parts. It is clear that the industrial development of powder metallurgy is highly associated with the automobile industry. Regarding electrical machinery, powder metallurgy machinery parts are mainly adopted in home appliances, such as air conditioning compressors, and refrigerator compressors, as well as power tools.



Source: GONYN.COM

Statistics and Forecast of China's Powder Metallurgy Parts Market Scale Between 2012 and 2023

D. Precision plastic injection products

Engineering plastics in the industry refer to high-performance plastics with heat resistance above 100°C and used in industrial structures and mechanical parts. Due to (1) thermal properties, such as high melting point and thermal deformation temperature, a wide temperature range, and small thermal expansion coefficients; (2) mechanical properties, such as high strength, high mechanical modulus, and low creep, as well as excellent chemical resistance, electrical resistance, and dimensional stability, It is suitable for industrial parts or casing materials.

Injection molded plastics are flexibility in design. Due to the advantages of low cost for mass production and the demand for lightweight parts in recent years, plastic injection molded products are currently adopted for a wide range of applications, including automotive industry, residential applications, consumer electronics, medical devices, information industry, and optical components industry.

The precision plastic injection products produced by the Group are mainly used in auto, home appliance, and office equipment parts. Looking forward to the development of the global electric vehicle market in the medium and long term, DIGITIMES Research estimates that the sales volume will reach 28.5 million units in 2025, and the penetration rate in the overall automobile market will exceed 30%. As the deadline for the prohibition of producing and selling fuel vehicles approaches, emission standards are becoming stricter. In order to avoid paying carbon tax and huge fines, automakers continue to increase investment in electric vehicle business, including expanding the electric vehicle product line. In addition to the new car manufacturers, traditional car manufacturers have also begun to accelerate the transformation of "fuel-to-electricity", which shows that the car manufacturers have regarded electric vehicles as their core business.

	Unit: million, %				
	2018	2019	2020	2021	2022/1~9
Automobile manufacturing					
Production value	164,821	160,682	160,217	175,564	119,781
Annual increase	-8.02	-2.51	-0.29	9.58	-9.40
Sales	169,196	164,814	164,573	177,882	125,532
Annual increase	-7.48	-2.59	-0.15	8.09	-8.68
Inventories Value	10,432	9,632	8,503	9,241	5,033
Annual increase	-14.50	-7.66	-11.73	8.68	-10.05
Automobile and auto parts manufacturing					
Production value	196,436	193,161	173,072	202,263	158,484
Annual increase	-2.59	-1.67	-10.40	16.87	6.28
Sales	214,325	211,088	188,417	216,378	171,111
Annual increase	-3.62	-1.51	-10.74	14.84	7.18
Inventories Value	12,783	13,876	13,635	16,133	18,233
Annual increase	11.67	8.55	-1.74	18.32	15.41

Source: Production statistical data from the Ministry of Economic Affairs, and the Taiwan Industry Report, Taiwan Institute of Economic Research (January 2022)

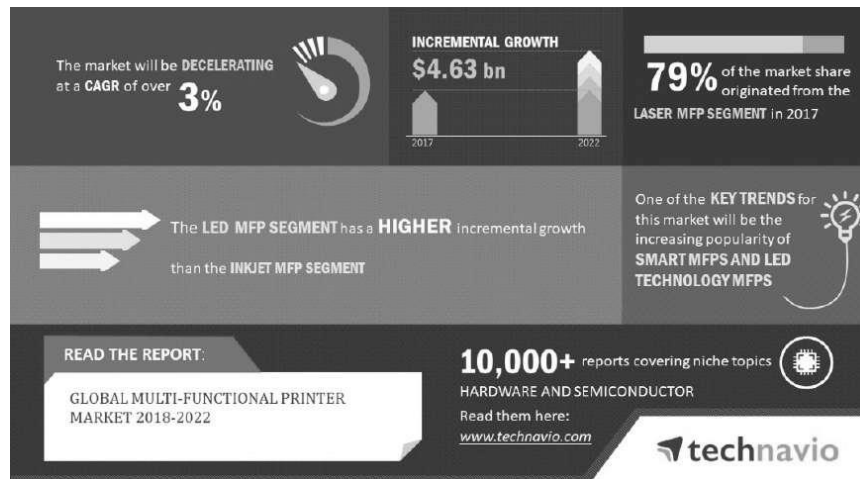
Overview of production, sales, and inventory of Taiwan's automobile and auto parts manufacturing industries in recent years

Regarding home appliances, the Group is a manufacturer of high-end washlets. In addition to the continuous development of functions such as automatic lid opening, automatic flushing, heating, warm water washing, and warm air drying, the health monitoring technology applied to smart toilets, including human body

massage, body temperature and weight monitoring, and urine analysis, which can let users easily understand their own health conditions, to prevent diseases early, and to achieve health management. Moreover, at the time of covid epidemic, the washlet has also become another type of anti-epidemic product due to its ability to reduce the chance of hand contact and to eliminate bacteria. In addition, air-conditioning technology has also developed towards comfort, energy saving, environmental protection, and intelligence in recent years. Through intelligent monitoring, the air conditioner can be switched on and off at any time to achieve energy-saving effects. At the end of 2019, the novel coronavirus (COVID-19) broke out and spread rapidly to the world. Air conditioners responsible for indoor air management bear the brunt. Users' awareness of the health and sterilization functions in air conditioners has greatly increased. Therefore, there is a market demand for air conditioners that combine air purification and sterilization functions. This sudden emergence will affect the development trend of air conditioning technology in the future.

E. Electronic product manufacturing and distribution

Electronic products manufactured are mainly business equipment mechanical parts. As per the latest research report by Technavio, an international research institution, the global multi-functional business equipment market grows slowly at a compound annual growth rate of more than 3% from 2018. By 2022, it will increase by more than US\$4.6 billion. The main momentum for growth comes from the growing demand of medical care units and government agencies, indicating that the global multi-function printer/printer manufacturers have launched new models combined with IoT technology to establish their strongholds in the market and share the pie. As a result.



Source; Technavio's research report in September 2018

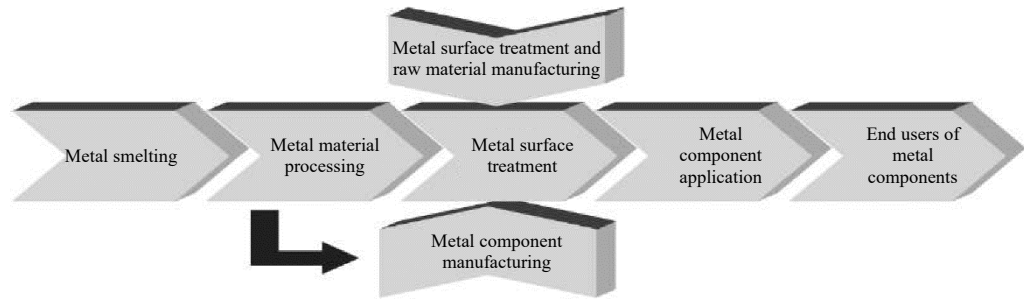
(2) The relations between the up-, mid-, and downstream industries

A. Processed metal and plastic products

The main industrial structure of metal exterior parts can be divided into the refining of pure materials and the refining of alloys in the front-end process, the molding industry in the middle-end process (the Group is in the midstream industry for the development and manufacturing of molds, processing and molding, and surface treatment), and the component application in the back-end process.

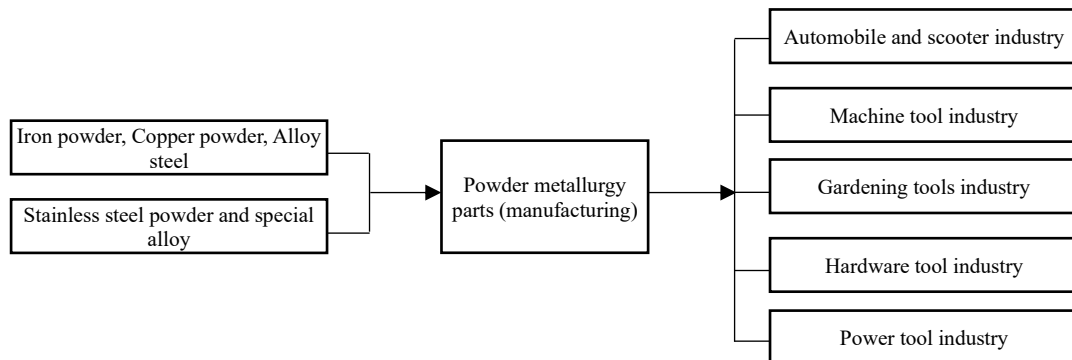
Upstream: It includes the extraction of magnesium, aluminum, and iron; the main crude ores come from mainland China and Australia.

- Midstream:** It includes mold development and manufacturing, molding, as well as secondary treatment and surface treatment, in which the Group is. The main manufacturing process is as follows:
Development and design→mold making→CNC processing (stamping)→plastic molding→surface treatment→secondary processing→laser processing→assembly
- Downstream:** Metal goods are widely used, such as electronic products, auto parts, and sporting goods. The applications related to the Group's goods are mainly metal mechanical parts for electronic products.



Source: Metal Industries Research & Development Center's ITIS Program (March 2014)

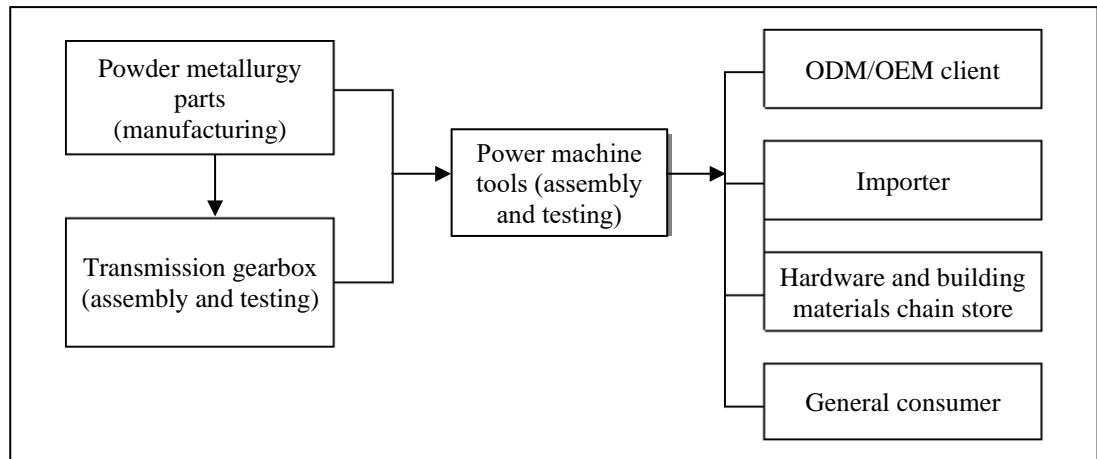
B. Powder metallurgy



Source: Metal Industries Research & Development Center's ITIS Program

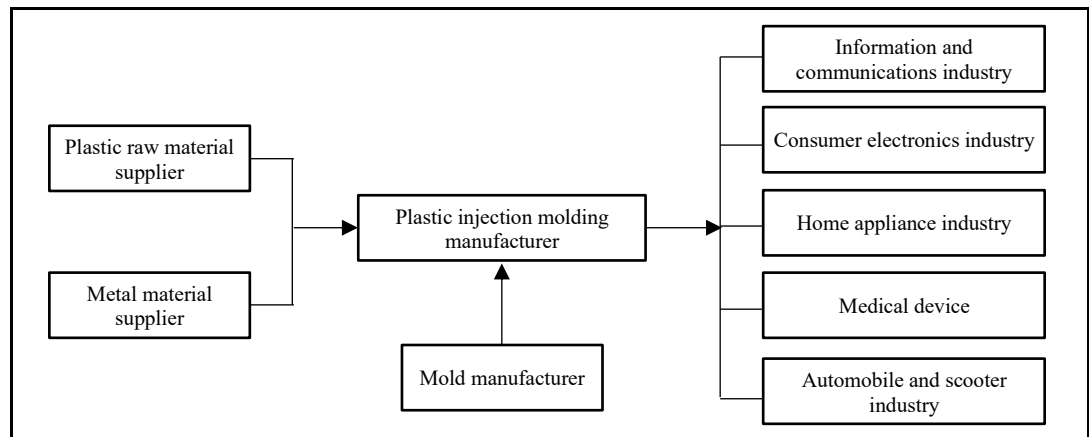
The relations between the up-, mid-, and downstream industries of powder metallurgy

C. Power hand tools



The relations between the up-, mid-, and downstream industries of power machine tools

D. Precision plastic injection



The relations between the up-, mid-, and downstream industries of plastic precision injection

(3) Product development trends and competition

A. Future product development trends

(A) Processed metal products

With the advancement of technology and the demand of the market in recent years, electronic products and portable and wearable devices are all being developed toward thinness and lightweight. With this development, the internal space of machine elements is compressed, so the machine elements have become thinner and lighter, making the protection and support strength critical. As the main machine elements to protect the internal parts of electronic products, it is used in electronic and portable devices, such as laptops, tablets, smart phones, and digital cameras. Also, the demand for wearable smart devices, such as smart watches, has surged recently, so there is a strong demand for thin and high-strength cases. To ensure lightweight and thinness, high strength, reasonable cost, easiness to be processed, excellent waterproof and

dustproof functions, and high quality, aluminum alloys are mainly adopted.

Aluminum alloy application for common portable electronic products

Application products	What it is applied to
Digital Video Camera	Framework
Digital Still Camera	Framework and outer case
Camera	Framework, top cover, bottom cover, outer case, and lens mount
Digital Projector	Framework, case, and mount
Cell Phone	Case
Note-Book PC	Top cover, LCD bezel, keyboard frame, bottom cover, internals, heat sink, and hard drive case
Desktop computer	Case and internals
Tablet device	Frame and internals

Source: ITIS Program, Industrial Economics & Knowledge Center, Industrial Technology Research Institute

(B) Power hand tools

At present, the global consumer products continue to be developed toward lightweight, thinness, and shortness, with minimum damage to the environment. Thus, machine tools will also be developed toward high precision and eco-friendliness in the future. As this industry is mainly export-oriented, the U.S. and China are the main sales markets. After the US-China trade war, the U.S. levied high tariffs on China's power hand tools, making our country's industry more competitive in the U.S. market. In terms of China's market, its automobile market will grow with the increase in people's buying momentum, and its housing market is still booming, its imports will increase. Besides, with the government's support in recent years, our country's power hand tool manufacturers have continued to improve their product competitiveness and striven to enter the supply chain systems of the international repair or maintenance market.

(C) Precision plastic injection products

The Company's subsidiary, IKKA Holdings (Cayman) Limited (IKKA Holdings), and Sol-plus (HK) Co., Limited (hereinafter referred to as Sol-plus), mainly engages in the manufacturing, processing, and trading of high-end precision plastic injection molded products. The main end applications in sales are automobiles, office and business equipment, home appliances and automotive audio-visual plastic components, among which the automobile market accounts for the highest proportion of its sales, so the business of the automobile market has a great impact on the company's performance.

a. Automobile industry

IKKA Holdings' main products are auto engines and components, car steering systems, brake systems and parts, and other car parts. Its main business model is OEM manufacturing and processing and main client base is Japan's Tier 1 auto parts suppliers. It provides various plastic molded parts and modules

they need, so it is part of the original automobile manufacturing supply chain, making it susceptible to the development of the global automobile sales market.

The main products of Sol-plus were mainly the production of automotive audio-visual plastic components. The main customers are Japan's first-line automotive audio-visual and electronic manufacturers, such as Sony, Denso-ten, etc. In recent years, it has successfully developed plastic components related to electric vehicle motors, and has entered the supply chain of Japanese brand electric vehicles. The production base is located in Japan and Thailand. Through the production base, it is close to the Japanese automobile factory in Thailand, and has the advantage of nearby supply. Its main customers are Japanese automobile factories. With the development of electric vehicle motors, combined with the resources of IKKA Holdings-KY company, it will strengthen the focus on the development of automotive lightweight mechanical parts, automotive electronics and electrical equipment.

b. Home appliance industry

IKKA Holdings' products are mainly used in washlets. The sales of contactless products have grown significantly due to the pandemic, and the fully automatic washlets have become more popular with consumers. In addition, with the advancement of technology, smart home appliances and energy-saving and eco-friendly products will be the main development trends.

(D) Electronic product manufacturing and distribution

The barriers to entry into this industry, either in terms of technology or capital, are not high for new payers. Most plastic cases can be produced work with simple and low-tech machinery and equipment. The Company's main advantages can be summarized as follows:

- a. We provide product development and design services to clients; the long-term partnerships with downstream businesses enable us to effectively increase our market share, raising the barriers to entry for new players.
- b. We mainly produce precision plastic gears and mechanical parts, with advanced technology and certain technical skills and experience.
- c. We have reached a scale of economies in terms of cost and quality so enjoy certain advantages in the low-price competition; thus, it is not easy for us to be replaced by new players.

B. Market competition

(A) Processed metal products and stamped parts

At present, the Group is an OEM for world-renowned brands and has formed long-term partnerships with them, while actively enhancing our independent R&D capabilities to surpass competitors with technology, quality, and cost. In the future, we will continue to research and develop metal products and reinforce the production of metal stamped parts in addition to producing mobile phone metal cases to strengthen our global competitiveness.

(B) Power tools and powder metallurgy

Regarding power tools and powder metallurgy, we mainly engage in the manufacturing, processing, and trading of various powder metallurgy components, such as gears and bearings, as well as transmission gearboxes.

They are mainly used in power machine tools, auto parts, and gardening tools. Our clients include Bosch, SBD, METABO, and Makita, all of which are world-renowned power machine tool brands. SBD is a joint venture formed by Stanley Black & Decker in the U.S. and Jet Well Holdings Limited in Hong Kong. SBD is Stanley Black & Decker's main power machine tool manufacturer; METABO is a German power machine tool manufacturer. The Group mainly supplies transmission gearboxes, and the Company is also one of SBD and Bosch's main suppliers of transmission gearboxes. The monetary amount of powder metallurgy components sold to Makita has increased year by year. It is clear that the Group's power tool transmission gearboxes are recognized and adopted by major international brands; thus, our market share is in a leading position. Building on this foundation, we will develop other specific professional high-priced product markets. To sum up, it indicates that the Group's products are competitive in the market.

(C) Precision plastic injection products

Regarding precision plastic injection products, the Group's products mainly serve Japanese customers, such as Sumitomo Electric, NSK and MOS, etc. The end customers of its products are TOYOTA, HONDA, MAZDA and Nissan and other car manufacturers, all of which are global auto brands. The top companies in terms of market share; in addition, in the residential and office equipment related businesses, the main customers are Canon and PANASONIC, which have leading market shares. This shows that the Group's mold design, manufacturing, and plastic molding technologies have been widely recognized in the market.

3. Technology and R&D

(1) The technologies and R&D within the business scope

The Group mainly engages in the manufacturing of various aluminum alloys, plastic die-casted products, relevant molds, power and pneumatic hand tool parts, and precision plastic components, as well as the trading of electronic components, computer peripherals, and consumer goods. Regarding our main business of metal product processing and plastic injection molding, we are a professional metal stamping and plastic injection supplier. We mainly develop and provide stamped dies and plastic injection molding service in mechanical processing. The use environment, lifespan, and repair or maintenance requirements should be considered for the materials selected and heat treatment for the precision parts provided, and environmental factors need to be considered during processing. The flow production process from mold design and manufacturing to metal stamping and molding, as well as the mobile phone case molding and surface treatment for top brands are all the Group's important technological assets.

As for power hand tools and powder metallurgy, with clients' increasing demand for the mechanical properties and wear resistance of powder metallurgy steel in recent years, we are committed to developing a surface densification process to increase the surface density of powder metallurgy parts, to increase the added value of our products.

Regarding precision plastic injection products, the market demand for compound molding has surged as the costs of parts decrease. To meet this demand, the demand for vertical molding machines to replace horizontal molding ones is also increasing. To build a production system that can respond to the market demand, we have gradually

adopted vertical molding machines. To continue to supply a wider range of higher precision injection molded products, in the fields of automobile-related business and housing-related business, we will continue to carry out research and development in accordance with the technical capabilities retained by the Group to meet the needs of customers.

(2) R&D personnel and their education (experience)

Unit: number of people

Item \ Year		2021	2022
Distribution of educational	Doctoral	1	0
	Master's	14	15
	College	115	123
	Senior high school	43	67
Total		173	205
Average length of service (year)		10.56	8.30

(3) Estimated R&D expense for the past two years and the current year

Unit: NT\$ thousand

Item \ Year	2021	2022	2023 (estimated value)
Research and development expenses	122,708	93,562	110,971
Operating revenue	11,848,525	10,518,257	The Company does not publish financial forecasts.
R&D expenses as a percentage of revenue	1.04%	0.89%	

(4) Technologies or products successfully developed in the most recent five years

Product	Year	Technologies or products successfully developed
Power hand tools and powder metallurgy	2018	Participated in the industry-academia collaboration project of Design and Planning of Manufacturing Parameters for Automobile Gear Oil Pump Rotors
	2019	Obtained a patent for "a new impact structure"
	2022	Obtained a patent for "Single Ring Impact Switching Structure"
Precision plastic components	2018	Completed the development and production of one model of auto seat covers for washlets
		Completed the design and development of an auxiliary auto seat cover module for washlets
		Designed and developed an automatic switch module for dishwashers
		Completed the development of key components of the automotive electrical system for three car models and the design of assembly production lines

Product	Year	Technologies or products successfully developed
Precision plastic components		Completed the development of electric vehicle power control system parts
		Completed the development of key components of an electronic brake system for a car manufacturer and the development and establishment of automated production equipment
	2019	Designed and developed an airflow control module for air conditioners
		Completed the development of key components of the automotive electrical system for two car models and the design of assembly lines
		Completed the development of key components of an automobile fuel system
		Completed the development of key components of a car power steering system and the development of automated assembly equipment
		Completed the development of key components of an electronic brake system for a car manufacturer and the development and establishment of automated production equipment
		Completed the development of key components of a residential fuel cell system
	2020	Completed the development of key parts of an electronic brake system for a car manufacturer
		Completed the development of key parts of an electronic gear system for two models of cars
		Completed the development of key parts of an electrical system for one model of car
	2021	Completed the development of key parts of an electronic brake system for a car manufacturer
		Completed the development of key parts of an electrical system for one model of car
		Completed the development of key parts of an electrical equipment system for one model of car
		Completed the development of key parts of car mechanism for one model of car
		Completed the design and development of automatic lid lift modules for two models of washlets
		Completed the evaluation on the design and development of nozzle modules for one model of washlets
	2022	Completed the development of key parts of an electrical equipment system for one model of car
		Completed the development of key parts of an electrical equipment system for one model of motorcycle
		Completed the design and development of automatic lid lift modules for one model of washlets
		Completed the design and development of water valve module for one model of washlets
		Obtained the patent of “a forming mold for auto parts with a plug-in sealing cork”

Product	Year	Technologies or products successfully developed
Precision plastic components	2022	Obtained the patent of "an automatic screwing mechanism with double loading stations"
		Obtained the patent of "a mold for forming the bottom shell of a car fuse box"
		Obtained the patent of "a assembly mechanism for a double-press stroke auto parts "
		Obtained the patent of "a assembly mechanism for a pressing stroke auto parts"
		Obtained the patent of "a product ejection device for the production mold of vehicle-mounted surface shells"
		Obtained the patent of "an automatic assembly mechanism for auto Parts"
		Obtained the patent of "a mold with guide and limit functions"
		Obtained the patent of "a double-station automatic assembly mechanism for automobile hardware workpieces"
		Obtained the patent of "an automated production line for hardware embedded molding"
		Obtained the patent of "a car ECU box forming mold with stable core pulling"

(5) Future R&D plan and estimated R&D expenses

Regarding processed metal products and plastic products, our R&D team has followed the principle of adopting advanced technology and creating competitive advantages and continued to improve the process technology and increase production efficiency and added values of products. We will actively adopt Japanese technology patents and apply the technology of plastic molding and metallic bonding to the metal CNC process. With metal appearance, plus plastic internal structure, along with more diversified 3D surface treatment processes for high brightness, we can meet clients' needs for the increasingly complex design needs, accentuate the uniqueness of our products, and enhance our price and market competitiveness. Regarding power tools and powder metallurgy, we will further enhance our R&D capabilities and the vertical integration of upstream and downstream suppliers for the existing motor transmission gearbox production line, to provide clients with a more complete power machine tool product line and one-stop services, thereby increasing the added values of our products, improving our international professional image, while expanding into emerging markets and strengthening our business development capabilities.

As for precision plastic injection products, we will develop toward auto parts products and gradually increase the proportion of revenue from auto and scooter components, and provide a variety of products and services. In response to the autonomous driving trend, we will aim to develop high value-added parts for electronic control in the field of auto parts.

4. Long-term and short-term business development plan

Processed metal products

In response to the rapid changes in the electronic product market, we have transformed

ourselves from a supplier of mechanical parts for digital camera to mechanical parts for smartphones and received orders from major international mobile phone brands. In addition to actively striving for market orders, we will continue to reinforce our management system, improve production technology, and update manufacturing equipment. Through the combination of various production processes and technologies within the Group, we can provide clients with one-stop services to strive for more orders, thereby increasing our overall profitability. With the rise of new energy-powered car manufacturers, the supply chains of traditional car components are facing tremendous changes. With the continuous integration of electronic products, such as AI, information technology, and network into automotive applications, we also see more opportunities. The Company will take advantage of its well-developed processing technology for metal mechanical parts and enter the auto components market, to generate new opportunities for increased purchase orders.

Power hand tools and powder metallurgy

	Short-term development plan	Long-term development plan
1. Marketing strategy	(1) Actively expand marketing sites in Europe and China. (2) Cooperate with international power machine tool brands' production strategies and provide service sites for the supply chains. (3) Enable the Company's manufacturing technology and R&D capabilities to be recognized through certification by various international quality systems, to ensure the competitiveness of our products.	(1) Become a world-renowned manufacturer of power machine tools. (2) Become part of the supply chain for global original auto manufacturers, strive for more business opportunities, and improve the Company's international reputation. (3) Actively participate in domestic and overseas trade fairs and continue to increase business opportunities.
2. Production strategy	(1) Actively purchase new models of machines and strengthen technicians' on-the-job training to increase added values and reduce costs. (2) Adopt division of labor for products produced by factories on both sides of the Taiwan Strait to maximize supply efficiency and improve market competitiveness.	(1) Take advantage of the division of labor across the Taiwan Strait to pursue high added values and market share. (2) Reinforce cost strategy management.
3. Product development strategies	Accelerate the R&D of existing product lines, and provide clients with one-stop services with more complete product lines, to shorten the gap with our competitors.	(1) Move toward the development of auto components, gradually increase the proportion of revenue from auto components, and provide a variety of products and services. (2) Enhance R&D capabilities and the vertical integration of upstream and downstream

	Short-term development plan	Long-term development plan
		suppliers for the existing motor transmission gearbox production line, to provide clients with a more complete power machine tool product line and one-stop services.
4. Scale of operations	Pass the ISO14001 and T/S16949 product certification to enable the Company's manufacturing technologies and R&D capabilities to be recognized internationally; duly implement R&D process management and improve and implement quality policies to ensure product competitiveness; continue to develop domestic and overseas markets to expand the scale of operations with high-quality products.	(1) Expand the powder metallurgy and transmission gearbox business based on our sustainable development concept. (2) Fulfill social responsibility driven by the promotion of the spirit of corporate governance, to seek shareholders, customers, employees, strategic partners, the public, and the management team's shared benefits, thereby accelerating the enhancement of the overall competitiveness in the industry and maximizing values for shareholders.
5. Financial management	Strengthen the partnerships with financial institutions, to ensure the stability and security of our financial operation and make it easier for us to access funds when needed.	Reinforce the financial structure by maximizing shareholders' equity.

Precision plastic injection products

	Short-term development plan	Long-term development plan
1. Marketing strategy	(1) Accelerate the replacement of metal parts with plastic ones to enhance the growth of the plastic molding business. (2) Expand the home appliance business by developing China's market.	(1) Make the most of the Group's resources to provide products with higher added values. (2) Aim to achieve one-stop supply service. Take Japan at the center and further improve product quality to improve client satisfaction.
2. Production strategy	(1) Purchase production equipment for new models. (2) Make the most of FA technology in our own plants to facilitate production automation.	(1) Establish a production system to supply goods to the main markets of each industry in proximity. (2) Ensure consistent quality for all sites around the world.
3. Product development	Reinforce our development system to meet market demand	(1) Provide products in alignment

	Short-term development plan	Long-term development plan
strategies	and provide products in alignment with market needs.	with market needs. (2) Develop standard products.
4. Scale of operations	Adopt IKKA and Sol-plus in Japan as the core factories to carry out product development in Japan and produce products overseas.	(1) Standardize global production methods for business operations. (2) Obtain orders for products in alignment with the local needs and expand production sites. (3) Reform a market-induced production system.
5. Financial management	Work with financial institutions to raise funds in a timely manner depending on operational needs.	Strengthen the financial foundation, thereby improving the values of the enterprise.

Distribution of electronic components and finished goods

Regarding our short-term and mid-term development plans, we will reinforce the deep ties between plants and between plants and distributors, while improve product lines to provide existing clients with a more stable and sufficient supply of goods. In addition, we provide complete total solutions, including product packaging design and logistics. We will implement total quality management (TQM), maintain the ISO9001 (2000) quality system, prevent and solve quality system problems in production and service, improve product yield, and at the same time pursue profits and maintain an optimal market share.

Regarding our long-term business development plan, we will form strategic alliances with world-class businesses and distributors and set up factories overseas to build an business network with Taiwan as the center, to expand our market share and become a world-class market leader. We will further integrate the Group's resources, seek collaboration with brands in other regions, and use the advantages of complete product licenses and services and production flexibility to help clients expand the market.

II. Overview of the market and production and sales

1. Market analysis

(1) Regions where the Company's main products (services) are sold (provided)

Unit: NT\$ thousand

Region \ Year		2021		2022	
		Amount	%	Amount	%
Import		2,190,806	18.49	2,197,262	20.89
Export	Asia	8,218,803	69.37	6,939,207	65.97
	Americas	888,354	7.50	962,957	9.16
	Europe	529,348	4.46	389,014	3.70
	Others	21,214	0.18	29,817	0.28
Total export		9,657,719	81.51	8,320,995	79.11
Total		11,848,525	100.00	10,518,257	100.00

(2) Market share

Regarding processed metal products, the Group is an OEM for world-renowned brands and has formed long-term partnerships with them, while actively enhancing our independent R&D capabilities to surpass competitors with technology, quality, and cost. In the future, in response to the rise of the electric vehicles and the trend of lightweight vehicles, we plan to enter the market of automotive electronics and auto components. With our well-developed processing technology for metal mechanical parts, we will continue to research and develop stamped metal products to enhance our global competitiveness.

Regarding power hand tools and powder metallurgy, we mainly engage in the manufacturing, processing, and trading of various powder metallurgy components, such as gears and bearings, as well as transmission gearboxes. They are mainly used in power machine tools, auto parts, gardening tools, and metal casings. The transmission gearboxes account for the highest proportion of total sales. Our clients include Bosch, SBD, METABO, and Makita, all of which are top global power machine tool brands. The Group's power tool transmission gearboxes have been recognized and adopted by major international brands; we, building on the foundation, have developed the market for other specific professional high-priced products. It is clear that the Group's products are competitive.

Regarding precision plastic injection products, IKKA's products mainly serve Japanese clients, such as Sumitomo Electric, NSK and MOS, etc. The end clients of its products are TOYOTA, HONDA, MAZDA and Nissan and other car manufacturers, all of which are global auto brands, the top companies in terms of market share. Sol-plus' main clients are Japan's first-line automotive audio-visual and electronic manufacturers, such as Sony, Denso-ten, etc. In addition, in the residential and office equipment related businesses, the main clients are Canon and PANASONIC, which have leading market shares. This indicates that the Group's precision plastic injection products, from mold design, manufacturing to plastic molding technologies, are recognized and adopted by international brands, and our market share is in a leading

position ahead of our competitors.

Regarding electronic product manufacturing and distribution, the Group focuses on precision business mechanism components to obtain certification and orders from major international manufacturers, and the final products are quite different from those in the industry and have certain market competitiveness.

(3) Supply and demand and growth potential of the market in the future

A. Supply and demand of the market in the future

Product	Demand	Supply
Processed metal products and plastic products	They are mainly used in the field of electronic products, such as smart phones. As for the demand for smart phone casings, after lightweight metals: aluminum and magnesium are made into workpieces, their weight can be lighter than plastic products and strength and rigidity are at an advantage, and they feature great heat dissipation, electrical conductivity, and corrosion resistance, making them an excellent choice for structural materials.	The application fields of stamped metal parts include information, communications, consumer electronics, automobile, and aerospace industries, covering a wide range of fields, and they are not affected by the business cycle of a single industry. However, there are certain technical thresholds for products used in different industries, and the certification of suppliers' raw materials by major clients is time-consuming, and it is not often to change suppliers, so the supply side is relatively stable.
Powder metallurgy products	Powder metallurgy goods are important raw materials for automobile and scooter manufacturing and processing, aircraft parts, and various basic industries, and the long-term demand is stable.	There are certain technical thresholds for powder metallurgy molding and cutting tools; the barriers to pass clients' quality certification are very high, and it is not easy to change suppliers, so the supply side is stable.

Product	Demand	Supply
Power hand tools	<p>Most of the houses in the U.S. are made of wood, and the interior decoration and furnishings are mostly wooden products. With the low interest rate policy, the housing market is booming, the construction cost is low, the construction time is short, the replacement rate is high. Also, the natural disasters are frequent every spring and summer, they need to often repair their houses by themselves, so the U.S. has become the largest consumer of power hand tools in the world.</p> <p>In recent years, the thriving development of the domestic construction industry in mainland China, such as the real estate industry and the interior design industries, has led to an increase in the demand for power tools. Also, with the improved quality of life in mainland China, its power tool market will grow.</p>	<p>The world's most important power tool brands are SBD, Bosch, METABO, and Makita, and they have long maintained a leading position in the power tool industry. To maintain product quality, those companies' supplier certification is rigorous and is not easily affected by changes, so the supply is stable.</p>
Precision plastic injection products	<p>In response to the development of the electric vehicle industry and the difficulty of reducing the weight of batteries, automotive structural parts and interior parts need to be lightweight without affecting safety, so the demand for high-hardness and lightweight plastic molded parts continues to increase.</p>	<p>In addition to the innovative electric vehicle manufacturers, major European, U.S., and Japanese electric vehicle manufacturers have very strict requirements for product quality. Suppliers' products should be of high precision and meet the quality requirements, and suppliers should have high-end plastic molding and mold technologies and be able to provide vertically integrated services. Thus, the supply is stable.</p>

B. Future market growth

Processed metal products and plastic products

The Group is a professional manufacturer of metal casings for electronic products. With our existing metal casing mold design and production technologies, as well as well-developed and stable surface treatment technology, we will step into the production and manufacturing of metal casings for mobile phones, which will become the Group's main product. The global mobile phone market is gradually becoming saturated, and terminal demand is slightly reduced. The Digital India project (Digital India) promoted by the Indian government at present has a certain

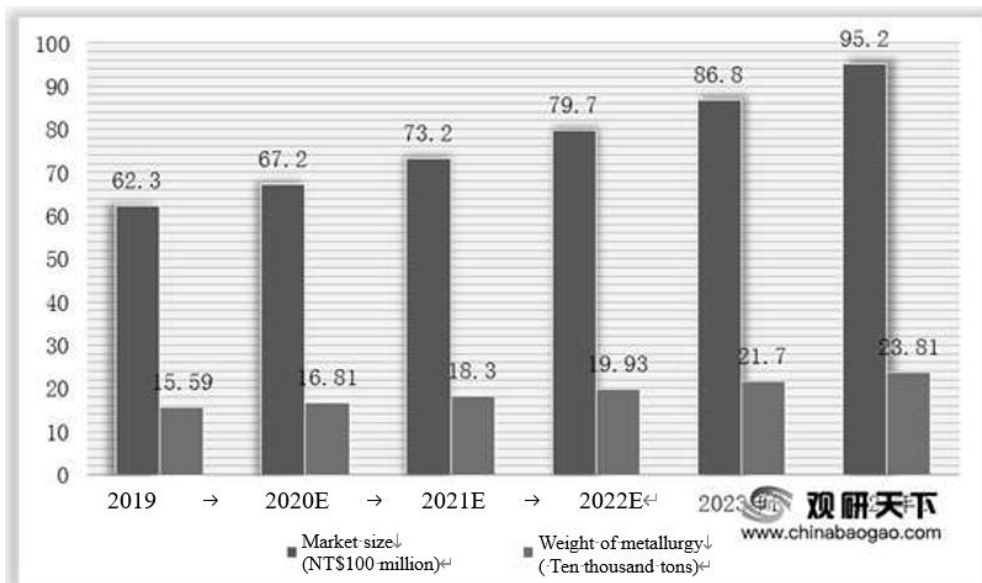
development potential in terms of India's high population and low mobile phone penetration. Besides, in response to the rapid development of the 5G industry, the popularization of 5G networks will lead to a new wave of phone replacement.

Also, with the rise of the electric vehicle market, which will gradually replace the existing fossil fuel vehicles; new markets will open up for stamped metal parts with the wave of lightweight automobiles. This will motivate casing factories with metal stamping technology to undertake transformation to step into this field.

Power hand tools and powder metallurgy

Power hand tools have been widely adopted in the industry and developed into indispensable tools in households because of their lightweight structure, portability, high output efficiency, and low energy consumption. Affected by the Federal Reserve's interest rate increase and inflation, the U.S. housing market is sluggish, and the sales volume has grown significantly in the past three years, it is estimated that the terminal demand for power hand tools will drop slightly. However, The Chinese government's implementation of relevant policies aimed at the revitalization of the housing market is expected to increase the demand in the Chinese market and drive the recovery of the power hand tool market.

The automobile and scooter manufacturing industry is the largest market for powder metallurgy parts. At present, powder metallurgy parts have been widely adopted in car engines, gearboxes, and chassis. As per the report by China Powder Metallurgy Business Network, the Asia-Pacific region will be the fastest growing market for metal powder in the future, mainly because China is actively developing industries of automobile, machinery manufacturing, metals, aerospace, and high-tech. The powder metallurgy industry is prioritized by China for development and foreign investment, so its development prospects are promising. Take China's automobile manufacturing industry as an example, a report released by Insight and Info stated that the scale of powder metallurgy used in automobiles in China continues to expand, showing that the future of the powder metallurgy industry witnesses a positive growth trend.



Source: Open data (WYD)

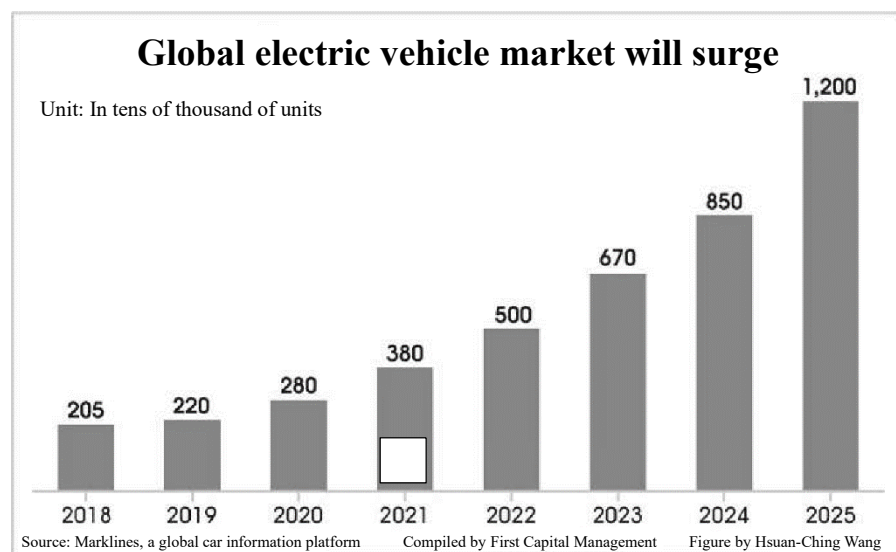
Forecast of the major market size of powder metallurgy used in automobiles in China between 2019 and 2024

Precision plastic injection products

The Group's precision plastic injection products are mainly used in auto parts and home appliance components. Therefore, the two areas are analyzed below:

a. Automobile parts

Due to the fact that automotive batteries cannot effectively reduce the weight of batteries, to have automotive structural parts and components is the critical issue. As various countries are striving for carbon neutrality, the development and sales of electric vehicles will be facilitated. As per the research by Marklines, the global electric vehicle market will surge. It is estimated that the number of electric vehicles will reach 12 million by 2025, to maintain the growth trend of the auto industry, and the demand for auto parts is also developing positively, creating a new wave of business opportunities.



Global electric vehicle market scale

b. Home appliance components

In recent years, China's demand for washlets has increased considerably. As per a report by the Intelligence Research Group, the sales volume of local smart toilets in China has continued to steadily grow, and the annual growth rate of sales is estimated to be positive between 2019 and 2022. In addition to the stable development of the Japanese market, the penetration rate of washlets in China is still low; thus, there is still great room for development in China's market, with the development likely to grow rapidly.

(4) Competitive niche

A. Processed metal products and plastic products:

The Group has a professional aluminum alloy die-casting management team in place and stepped into the mobile phone industry in 2014 and obtained orders from world-renowned mobile phone brands. Moreover, the Group has stepped into the automotive parts market with our well-developed metal stamping technology to

seize the business opportunities in automotive electronics and auto parts created by the rise of electric vehicles. In the future, we will expand our production capacity depending on the order demand. The main competitive niches are as follows:

(A) Strong R&D and technological capabilities

The aluminum alloy industry's mass production and product quality stability have been proven by the market. More businesses are more willing to purchase it. Our R&D technicians have identified the future application and development of metal alloy materials, such as aluminum alloys, and continued to test and gain technical experience to maintain production quality above the certain level.

(B) Flow production and mass production capacity

The Group is highly experienced in the application of aluminum alloy materials and integrates flow production and manufacturing technologies to ensure efficient and effective management and breakthroughs of each process. We continue to invest manpower and time to improve machinery and tools to break through the bottleneck of mold design and manufacturing, to shorten the manufacturing time and provide clients with one-stop production services, from mold design, mold making, CNC machining, anodizing to assembly.

(C) Strict quality requirements

With all employees' participation and the Quality Control Department's efforts, the Group's management team has passed ISO9001, ISO14001, and QC080000 certification and launched stricter standards as the basis for internal control, which has been recognized by world-renowned businesses.

(D) Proactive and motivated R&D team

The Group has a R&D and design team, consisting of dozens of talents, who continuously conduct research on process improvement and mold design improvement, so our production efficiency is better than the industry standard.

B. Power tools and powder metallurgy and precision plastic injection products:

With the continuous launch of product technologies and specifications by major international power tool businesses in recent years and the diversification of product functions and appearances, the Group has continued to invest in the development of new products and technologies and quickly developed product styles and functions that clients' needs in alignment with the product development trends and the needs for a wide range of lightweight, multifunctional, and multipurpose power tool products, to seize opportunities in a highly competitive environment and maintain our product competitiveness. The main competitive niches are as follows:

(A) Establishment of vertically integrated production processes

We invested in DongGuan Qunsheng in mainland China in 2002 to engage in the manufacturing of powder metallurgy components for transmission gearboxes. In 2006, we indirectly invested in the establishment of DongGuan Best Achieve to engage in the production and assembly of transmission gearboxes; the powder metallurgy components we produced are

transferred to DongGuan Best Achieve for assembly of transmission gearboxes, with which we use raw materials we produce and greatly reduce costs. In addition, IKKA, an important subsidiary of the Company, has extensive experience in mold design, production, and repair and maintenance and can produce products at Level 0, the highest quality level, stably to strengthen and expand our supply in the automotive market. With a vertically integrated system, we have powder metallurgy and precision plastic injection components available for sale and self-use, with a wide range of customized specifications, allowing us to meet clients' needs for development.

(B) Adoption of automated production equipment

The transmission gearbox assembly production line is located in Dongguan, mainland China. The assembly process requires a great deal of manpower. As the Law of the Peoples Republic of China on Employment Contracts was adopted in mainland China in recent years, the labor cost has increased year by year; we needed to strengthen the implementation of product line automation, reduce employees, and reinforce process management to improve production yield. Meanwhile, we will flexibly allocate production lines, reinforce employee education and training, and improve employee quality to reduce overtime hours and cut production costs, thereby making our products more competitive. Furthermore, we will indirectly invest in IKKA to upgrade its automated production with the Group's integrated resources.

(C) Supply in proximity to consolidate client relations and develop new clients

As the potential clients in Central China, including Bosch and MCC, established factories in Suzhou, to provide services in proximity, the Board of Directors passed a resolution in 2006 to invest US\$3,000 thousand in Best Select Industrial Ltd. through the investee, Best Select Industrial Ltd., to invest Best Select Industrial (SuZhou) Co., Ltd.; we can also supply goods to the client SBD in South China through our investee, DongGuan Best Achieve. Also, IKKA has production sites in Japan where it is headquartered and in Malaysia, Dongguan, and Vietnam. Combined with the Group's overseas sites in mainland China and the Southeast Asian region, the business layout has become more complete.

(D) Professional skills and stable quality

Since December 2006, we have engaged in the production and sales of relevant products. In addition to years of process experience, we are committed to improving production technology and production processes and have passed ISO9001, ISO14001, ISO/TS16949, and Green Partner certification for our quality system. We have also obtained a number of patents, not only enhancing the Company's product image but obtaining clients' recognition of our product quality. We will continue to improve our OEM quality through long-term partnerships with international brands, thereby obtaining orders from other international brands to increase our market share.

Moreover, with the continuous launch of product technologies and specifications by major international power tool businesses in recent years and the diversification of product functions and appearances, the Company, specializing in OEM and ODM in the power tool industry, has continued to invest in the development of new products and technologies and quickly

developed product styles and functions that clients' needs in alignment with the product development trends and the needs for a wide range of lightweight, multifunctional, and multipurpose power tool products, to seize opportunities in a highly competitive environment and maintain our product competitiveness. Therefore, there must be professionals in the industry to continue to develop new technologies to improve the added value of products and process yield.

C. Distribution of electronic components and finished goods:

We are committed to becoming major Japanese manufacturers' professional partner to design products in alignment with their needs. Also, we adopt stricter standards than general ones as the basis for internal control, so we receive a large number of orders for mechanical parts with strict quality requirements, and even major Japanese manufacturers have also recognized our management team's processing and manufacturing capabilities.

(5) Favorable and unfavorable factors of development prospects and countermeasures

A. Processed metal products:

a. Favorable factors

- It is becoming more common for aluminum alloys to be used in IT products.
- Stamped metals are adopted in emerging electric vehicle market.
- The environmental awareness is rising.

b. Unfavorable factors

- Labor force at the grassroots level is insufficient.
- Professionals are insufficient.
- There is a risk of exchange rate fluctuation.
- Domestic manufacturers have joined to share the pie as competitors.

c. Countermeasures

- Expanding production sites with sufficient workers at the grassroots level
- Enhancing R&D and the sales team
- Improving financial personnel's financial expertise and working with professional financial institutions to keep abreast of the future exchange rates and reduce the risk of exchange rate fluctuation
- Actively entering the mainstream market and forming alliances with international businesses
- Leveraging the Group's resources for co-marketing

B. Power hand tools and powder metallurgy:

a. Favorable factors

- Market demand is gradually recovering.

In recent years, the market demand for power hand tools has increased, and the Group estimates to have continuous revenue due to our high quality and excellent distribution of sales.

- We supply goods to clients in proximity.

We have set up sales and production sites in Suzhou and Dongguan in mainland China to provide services in proximity based on our experience of long-term collaboration with major international brands. We aim to strengthen our product competitiveness by reducing production costs and shortening delivery time, to increase clients' confidence in our product quality and delivery.

- A professional and stable marketing team

The Group's marketing team, consisting of professionals and experienced talents, who are sensitive to market needs and product development trends and can lead the Business and the Development Departments to develop new products in alignment market trends and create new products with innovative values.

- Strong development, design, and production technologies and capabilities

To improve the process technologies, we adopt and update the automated production equipment, allowing our development, design, mold making, and production to be completed in the plants, to effectively control our product quality, improve the production efficiency, and cut production costs, while enabling our products to be more competitive.

b. Unfavorable factors and countermeasures

- Important raw materials of iron powder should be imported from abroad

An important raw material used in the Group's products: iron powder is imported from overseas suppliers. If the suppliers' supply is out of balance, it will easily result in drastic changes in prices or exchange rates and insufficient supply. The countermeasures are as follows: In addition to maintaining a positive and long-term partnerships with our existing main suppliers, we actively seek sources of procurement with stable quality to diversify the sources, while making planned purchases to keep a safety stock to avoid supplier concentration so as to reduce operational risks.

- The supply and demand in China's labor market is unbalanced, and labor costs are rising year by year, thereby resulting in an increase in our operating costs.

In recent years, labor shortages in mainland China and the adoption of the Law of the Peoples Republic of China on Employment Contracts have resulted in pressure from rising labor costs. The countermeasures are as follows:

To reduce the demand for workers, the Group has actively adopted automated production equipment and computerized management, while enhancing pre-employment and on-the-job training for employees, thereby improving their quality and productivity, and actively improving various employee benefits to reduce personnel turnover.

- The barriers to entry into the auto parts industry are high and car manufacturers' certification time is long.

The safety, hardness, strength, and precision of auto parts and components are top priorities, so the barriers to entry are high. The countermeasures are as follows:

With the positive relations between the important subsidiary, IKKA, and Japanese auto brands/Tire 1 suppliers, we will actively develop powder metallurgy components for auto parts with our technical abilities through collaborative R&D projects and collaboration between groups to attract more clients, while maintaining certain competitive advantages in the competitive environment in the new generation of powder metallurgy components in the future.

2. Important functions and production processes of main products:

(1) Functions of main products

Main product	Important functions
Processed metal products	We mainly supply mobile phone components to protect internal mechanical components, with the heat dissipation and anti-electromagnetic radiation functions.
Molds	Mold development
Powder metallurgy products	Automobile and scooter components, gardening products, business equipment, transmission gear components, and hardware parts
Transmission gearboxes	Power tools, vending machines, and automobiles

Main product	Important functions
Precision plastic injection	Important security parts for automobiles, washlet seat mechanical parts, and parts for business equipment
Plastic/Metal molding	Mechanical parts for business equipment and electronic product components

(2) Production process

A. Processed metal products and plastic injection molding:

① Processed metal products

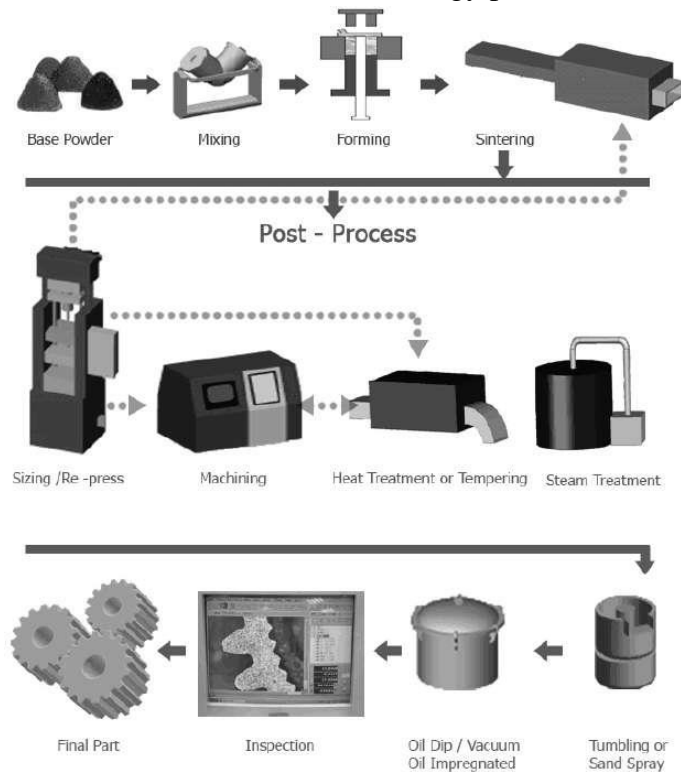
Mold design → Mold making → Mold test → Mold modification →
Stamping and molding → Burr treatment → Ultrasonic cleaning →
Packaging → Shipping inspection

② Plastic injection molding

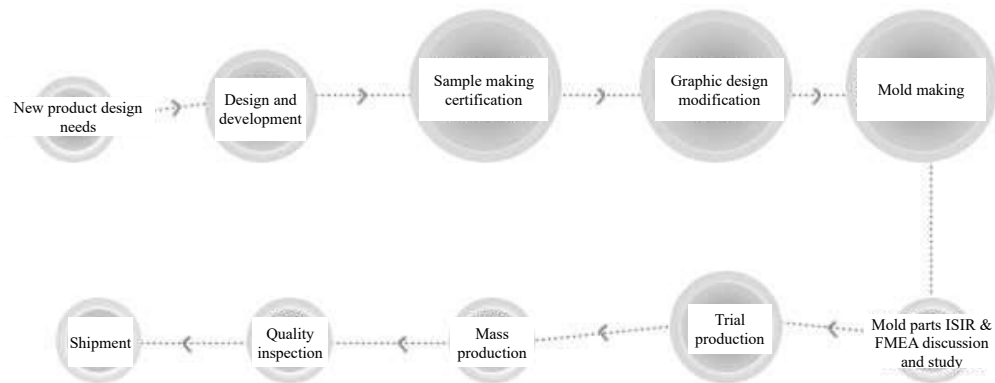
Mold design → Mold making → Mold test → Mold modification → Plastic
injection molding → Inspection → Shipping

B. Power tools and powder metallurgy:

① Powder metallurgy products

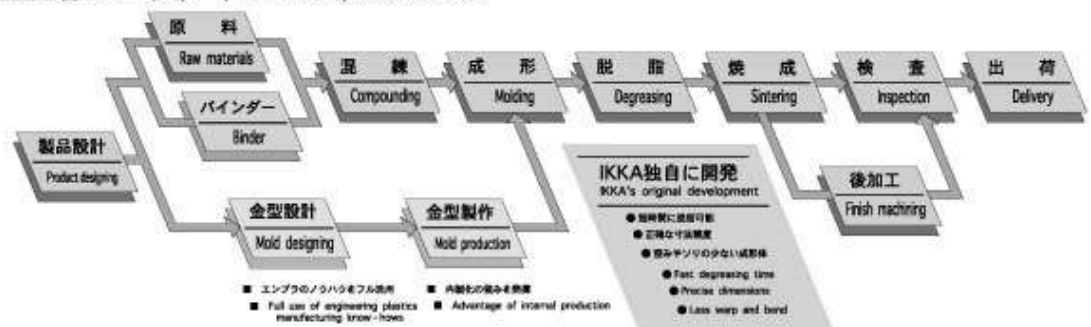


②Transmission



C. Precision plastic products

生産工程フローチャート Production process flow chart.



3. Supply of main raw materials

We purchased raw materials over the past three years based on the forecast of orders from the clients. We purchased major raw materials from the suppliers designated by clients and from more than two suppliers based on their quotes, transaction conditions, and cooperation models. The supply is stable without any shortage or interruption of supply. Due to the large variety of raw materials needed, we did not sign long-term supply contracts with suppliers to ensure purchasing flexibility, so there is no significant restriction. On the whole, we have established long-term and positive partnerships with major suppliers, and their delivery over the last three years was stable, and there has been no shortage, interruption, or delay of supply, affecting our production.

4. Major suppliers and clients in the most recent two years

(1) Major clients in the most recent two years

Unit: NT\$ thousand; %

Item	2021				2022				up to the prior quarter of 2023			
	Name	Amount	As a percentage of total net sales (%)	Relations with the issuer	Name	Amount	As a percentage of total net sales (%)	Relations with the issuer	Name	Amount	As a percentage of net amount of sales for 2023 up to the prior quarter of 2023	Relations with the issuer
1	Client BO	1,137,264	9.60	None	Company BO	907,643	8.63	None	Company SU	174,557	8.53	None
2	Client SU	943,673	7.97	None	Company SU	859,008	8.17	None	Company A	136,172	6.65	None
3	Company A	797,865	6.73	None	Company AV	806,252	7.67	None	Company AV	108,983	5.32	None
	Others	8,969,723	75.70		Others	7,945,354	75.53		Others	1,627,004	79.50	
	Net amount of sales	11,848,525	100.00	—	Net amount of sales	10,518,257	100.00	—	Net amount of sales	2,046,716		—

Reason for increase or decrease: Due to the initial outbreak of the COVID-19 pandemic last year, the global market was affected. This year, the pandemic situation slowed down, so sales recovered.

(2) Major suppliers in the most recent two years

Unit: NT\$ thousand; %

Item	2021				2022				up to the prior quarter of 2023			
	Name	Amount	As a percentage of total net purchases (%)	Relations with the issuer	Name	Amount	As a percentage of total net purchases (%)	Relations with the issuer	Name	Amount	As a percentage of net amount of purchases for 2023 up to the prior quarter of 2023	Relations with the issuer
	Others	7,160,735	100	—	Others	5,756,545	100	—	Others	1,306,032	100	—
	Net amount of purchase	7,160,735	100	—	Net amount of purchase	5,756,545	100	—	Net amount of purchase	1,306,032	100	—

Reasons for increase or decrease: The suppliers and amounts changed depending on clients' orders and market demand.

5. Production volume and value in the most recent two years:

Unit: In thousands of pcs; NT\$ thousand

Main products	Production volume and value	Year	2021			2022		
			Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Processed metal products and plastic products			69,574	20,535	519,616	54,965	15,209	419,235
Power hand tools and powder metallurgy			464,423	378,669	2,938,508	447,583	180,728	2,138,083
Precision plastic components			373,997	319,944	4,055,734	461,219	318,926	3,296,446
Electronic product manufacturing and distribution			385,480	310,603	1,044,970	1381,335	848,559	1,349,893
Total			1,293,474	1,029,751	8,558,829	2,345,102	1,363,421	7,203,657

6. Sales volume and value in the most recent two years

Unit: In thousand of pcs; NT\$ thousand

Main products	Sales volume and value	Year	2021				2022			
			Import		Export		Import		Export	
			Volume	Value	Volume	Value	Volume	Value	Volume	Value
Processed metal products and plastic products			18,649	49,725	6,926	502,036	16,479	43,388	5,844	444,171
Power hand tools and powder metallurgy			27,485	146,724	70,555	2,573,181	21,165	140,345	58,339	2,124,503
Precision plastic components			0	0	309,129	4,276,873	0	0	275,118	3,496,771
Electronic product manufacturing and distribution			21,130	1,994,356	265,295	2,305,629	24,750	2,018,973	803,590	2,253,019
Total			67,264	2,190,806	651,906	9,657,719	62,393	2,202,706	1,142,891	8,318,464

III. Information on employees during the most recent two years and up to the publication date of this annual report:

Unit: number of people; year; %

Year		2021	2022	up to March 31, 2023
Number of employees	Management unit	1,524	1,160	1,138
	Production unit	2,606	2,500	2,520
	Total	4,130	3,660	3,658
Average age		38.24	41.22	40.26
Average length of service		7.31	8.53	8.51
Distribution of educational degrees	Doctoral	0.02%	0%	0%
	Master's	1.21%	1.28%	1.28%
	College	23.51%	25.85%	26.05%
	Senior high school	35.67%	38.11%	35.73%
	Below senior high school	39.59%	34.76%	36.94%

IV. Information on investment in environmental protection

1. For companies that should apply for a pollution facility installation permit or a pollution discharge permit, or pay pollution prevention and control fees, or set up a dedicated unit for environmental protection, as required by law, specify the circumstances of such application, payment, or establishment:

- (1) Application for a pollution facility installation permit or a pollution discharge permit:
The Group has obtained relevant permits in accordance with laws and regulations.
- (2) Pollution prevention and control fees payable: None.
- (3) Appointment of personnel in the unit dedicated to environmental protection: The Group has established the unit and appointed personnel for the unit in accordance with laws and regulations.

2. Investment in major equipment for environmental pollution prevention and control, the functions, and potential benefits:

Unit: CNY thousand

Equipment	Number	Date of acquisition	Cost of investment	Undiscounted balance	Functions and estimated potential benefits
Oxidation plant status monitoring before reconstruction for environmental impact assessment	1	2022.08.01	151	88	According to recent laws and regulations
Emergency ponds and initial rainwater collection ponds	1	2021.12.31	448	435	Water storage function for emergencies, and filter equipment for reducing water pollution
Bio tower	3	2018.8.21	1,238	836	Reducing the pollution from volatile organic compounds from production to the atmosphere
Workshop exhaust gas collection system and bio tower exhaust gas treatment system	1	2021.08.01	960	823	According to the recent laws and regulations

Equipment	Number	Date of acquisition	Cost of investment	Undiscounted balance	Functions and estimated potential benefits
Molding waste gas centralized collection device	1	2021.01.31	246	153	Exhaust gas collection in molding workshop (for environmental protection)
Rain and sewage drainage pipeline renovation	1	2022.01.25	219	202	For environmental protection required by the government

3. Please describe the process undertaken by the Company to improve environmental pollution during the most recent two years and up to the publication date of this annual report. Please also specify the handling process should there be any pollution dispute: None.
4. Please describe any losses suffered by the Company during the most recent two years and up to the publication date of this annual report due to environmental pollution incidents (including any compensation) and total amount of the penalty, as well as the countermeasures (including improvement measures) and an estimate of potential expenses (including the potential loss, penalty, and compensation that might be incurred due to the failure to take countermeasures. If the amount cannot be reasonably estimated, please specify the fact that it cannot be reasonably estimated): None.
5. The impact of the current pollution, the influence of the improvement on the Company's earnings, competitiveness, and capital expenditures, and the major environmental capital expenditures in the following two years: None.

V. Labor-management relations

1. The Company's various employee benefit measures, continuing education, training, pension system, and implementation thereof, as well as labor-management agreements and various employee rights protection measures:

Metal processing products and plastic product business units

- (1) Employee benefit measures: including marriage and childbirth allowances and birthday cash gifts, bonuses for three major holidays, employee group insurance, and employee travel.
- (2) On-the-job training plans and implementation:

Employees are our most critical assets. The cultivation and training of their skill sets and competencies have our top priority and goal. To facilitate the Company's overall development, we manage to improve employees' morality, quality, and work efficiency; the Human Resources Department is responsible for handling employee education and training and drawing up and implementing human resource development plans.

In addition to the internal training courses planned and offered by the Human Resources Department, we motivate employees to participate in training courses offered by external professional organizations to meet their special professional needs. We archive and manage the courses and trainings that each employee has attended and provided them to supervisors as a reference. We motivate employees to grow through education and training and integrate their knowledge into the Company's daily administration tasks and work, thereby improving the performance and work quality of our departments.

- (3) Pension system: We have adopted a defined contribution system in accordance with the Labor Pension Act. We make a contribution to employees' pension accounts, equal to no lower than 6% of their employees' monthly salary.
- (4) Labor-management agreement: The labor-management relations are harmonious without any labor disputes nor loss occurring due to labor disputes.
- (5) Measures to safeguard employees' rights and interest: We have formulated the defined contribution regulations as per the Labor Pension Act, applying to workers with R.O.C. nationality. We safeguard employees' rights and interest and implement a benefit system as per applicable laws and regulations.
- (6) Protection measures for the work environment and employees' personal safety:
Considering the importance of the work environment and the protection measures for employee personal safety, the Group has established the complete ISO9001, ISO14001, and QC080000 management systems, set goals, formulated programs, and implemented environmental and personal safety management activities.

Power hand tools, powder metallurgy, and precision plastic components business units

(1) Employee benefit measures:

- A. Employee Welfare Committee: We established the Employee Welfare Committee in August 2003 as per the Employee Welfare Committee Charter. There are officers dedicated to the committee's daily administrative tasks, and it provided benefits in accordance with the Welfare Committee Benefit Measure Implementation Regulations.
- B. The Company provides on-the-job education and training, year-end bonuses, employee dividends (as per the Company's Articles of Incorporation), contribution to the retirement reserve, annual health examination, and a year-end dinner party.

(2) Employee education and training

Education and training is one of employees' basic benefits. We actively encourage them to learn on the job and work after learning, to improve their personal competencies, increase work skills, and enhance team performance. Also, our auditors attended the internal audit practice training courses and we sent them to participate in relevant seminars to enhance their auditing skills. Our financial accounting personnel also participated in training courses offered by competent authorities or relevant agencies.

(3) Pension system and implementation:

As per the Labor Standards Act, we make a monthly contribution to the retirement reserve, equal to 2% of employees' total salary, in an account with the Bank of Taiwan; we have adopted a defined contribution system as per the Labor Pension Act, which was launched on July 1, 2005, applying to employees who meet the contribution conditions. After the adoption, employees may choose the pension scheme under the Labor Standards Act or the scheme under the Labor Pension Act with their length of services accumulated under the pension scheme under the Labor Standards Act retained.

(4) The labor-management agreement and various employee rights protection measures:

The labor-management relations are harmonious. We hold labor-management meetings in accordance with the labor-management meeting implementation rules as a labor-management communication channel to eliminate potential disputes.

Electronic components and finished goods distribution business unit

(1) Employee benefit measures

- A. All our employees are insured by the National Health Insurance and labor insurance. All benefits for childbirth, injuries, medical treatment, disabilities, old age, and death are provided in accordance with the Labor Insurance Act.
- B. We have established an Employee Welfare Committee to regularly hold a variety of employee activities. to enhance the relations between employees, boost their work morale, and increase their recognition of and commitment to the Company.
- C. We hold employee travel and a year-end party (with lucky draw activities) every year.
- D. We also raise employees' salary, provide them with year-end bonuses, and adopt a profit-sharing and stock-ownership system.

(2) Pension system and implementation

The Company has formulated the employee retirement regulations in accordance with the Labor Standards Act and contributes to the employee pension funds on a monthly basis in accordance with the law in the account with the Central Trust of China. The Company has implemented the new scheme under the Labor Pension Act since July 1, 2005. For employees, to whom the act applies, the Company makes a monthly contribution, equal to 6% of the employees' monthly salary to in their personal accounts with the Bureau of Labor Insurance.

(3) Labor-management agreements

The Company is in an industry, to which the Labor Standards Act applies, and all our operations are in compliance with the Labor Standards Act. We regularly hold labor-management coordination meetings to communicate various matters thoroughly with employees. There was only one dispute case coordinated and resolved, without any other labor-management dispute occurring.

(4) Employee education and training

Item	Number of courses	Total number of people	Total hours	Total cost
1. New employee training	567	780	4,123	504,657
2. Professional competency training	178	401	2,819	2,425,279
3. Managerial competency training	64	169	1,076	680,332
4. General knowledge training	164	4,731	2,939	550,301
5. Self-inspiration training	2	40	201	0
Total	975	6,121	11,157	4,160,569

(5) Protection measures for the work environment and employees' personal safety:

Considering the importance of the work environment and the protection measures for employee personal safety, the Company has established the complete ISO14001 and QC080000 management systems, set goals, formulated programs, and implemented environmental and personal safety management activities.

2. Please specify the losses suffered due to labor disputes during the most recent two years and up to the publication date of this annual report, the estimated potential amount at present and in the future, and countermeasures: During the most recent two years and up to the publication date of this annual report, there was no loss incurred due to a conflict of interest, so this does not apply.

VI. Information security management

1. Information communication security risk management framework, information communication security policy, specific management plan and resources invested in information communication security management, etc.:

The Company has already built the complete information communication security risk management framework, regulated information communication security policies and regulations, made specific management plans, set up professional personnels to hold regular meetings, organized irregular information security education and training to enhance and strengthen the awareness of all employees on network information security.

2. In the most recent year and up to the publication date of this annual report, if the losses, possible impacts, and countermeasures due to major information security incidents cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be explained: no major information security incidents occurred this year.

VII. Important contracts

Nature of contract	Party	Start and end date	Main content	Restrictive covenants
Lease agreement	Collective Economic Organization at Xintang District, Houjie Town, Dongguan City	2021/8/1 - 2023/7/31	Property leased in: Dongguan Cheng Guang's dormitory	None
Lease agreement	Shangtang Branch, Collective Economic Organization at Xintang District, Houjie Town, Dongguan City	2021/10/6 - 2027/10/5	Property leased in: Building G of Dongguan Cheng Guang's plant	None
Lease agreement	DR. CHIP BIOTECHNOLOGY INCORPORATION SCIENCE PARK BRANCH	2021/05/01 - 2024/04/30	Property leased in: factory buildings and parking lots	None
Lease agreement	Huan Nan Assets Management	2021/10/15 - 2024/1/14	Property leased in: A plant at No. 102, Wugong Road, Wugu District	None

Nature of contract	Party	Start and end date	Main content	Restrictive covenants
Lease agreement	AVY Co., Ltd.	2008.06.01 - 2028.05.31	Property leased in: A plant at No. 3-1 Shengkengzi, Guanxi Township, Hsinchu County	2023/06-2028/05 The quarterly rent is NTD 1,500 thousand
Lease agreement	Economic Cooperative at Chenwu Wusha, Changan Town, Dongguan City	2023.03.01 - 2027.02.28	Property leased in: Plant 1 at No.17, Haibin Road, 6th Industrial Zone, Wusha, Changan Town, Dongguan City	The monthly rent is 223 thousand RMB from 2023.03 through 2027.02.
Lease agreement	Economic Cooperative at Chenwu Wusha, Changan Town, Dongguan City	2023.03.01 - 2027.02.28	Property leased in: Plant 2 at No.13, Haibin Road, 6th Industrial Zone, Wusha, Changan Town, Dongguan City	The monthly rent is 229 thousand RMB from 2023.03 through 2027.02.
Lease agreement	Dongguan Shilong Paper Products Co., Ltd.	2017.01.01 ~ 2024.12.31	Property leased in: Plant No. 8 in the industrial park	The monthly rent is 145 thousand RMB from 2017.01 through 2024.12.
Lease agreement	A OEM plant in Tianzhong	2018/9/1 - 2028/8/31	Rent for the plant	None
Lease agreement	Saha Pathana Inter-Holding	2020/1/1 - 2022/12/31	Rent for the plant	None

Six. Overview of Financial Information

I. Condensed balance sheet and statement of comprehensive income, as well as names and audit opinions of the CPAs for the most recent five years

(I) 1. Condensed parent company only balance sheet as per the International Financial Reporting Standards

Unit: NT\$ thousand

Item \ Year		Financial data for the most recent five years					Financial data for the year up to March 31, 2023 (reviewed)
		2018	2019	2020	2021	2022	
Current assets		250,803	514,497	393,463	242,443	251,539	406,822
Property, plant and equipment		259	208	111	251	236	283
Intangible assets		0	0	0	0	0	0
Other assets		5,054,618	6,055,637	6,236,810	6,572,492	6,857,139	6,989,711
Total assets		5,305,680	6,570,342	6,630,384	6,815,186	7,108,914	7,396,816
Current liabilities	Before distribution	163,967	1,172,877	355,083	626,421	605,427	609,398
	After distribution	239,253	1,256,193	406,072	677,410	656,416	660,387
Non-current Liabilities		925,680	8,921	1,113,596	1,010,939	1,113,943	1,178,164
Total liabilities	Before distribution	1,089,647	1,181,798	1,468,679	1,637,360	1,719,370	1,787,563
	After distribution	1,164,933	1,265,114	1,519,668	1,688,349	1,770,359	1,838,552
Equity attributable to owners of the parent		4,216,033	5,388,544	5,161,705	5,177,826	5,389,544	5,609,253
Share capital		1,254,764	1,666,314	1,699,640	1,699,640	1,699,640	1,699,640
Capital surplus		1,706,530	2,450,313	2,469,783	2,584,368	2,596,552	2,597,395
Retained earnings	Before distribution	1,477,062	1,664,459	1,434,852	1,499,247	1,394,903	1,468,053
	After distribution	1,477,062	1,581,143	1,383,863	1,499,247	1,343,914	1,417,064
Other equity		(216,609)	(386,828)	(412,797)	(575,656)	(271,778)	(126,062)
Treasury shares		(5,714)	(5,714)	(29,773)	(29,773)	(29,773)	(29,773)
Non-controlling interests		0	0	0	0	0	0
Total equity	Before distribution	4,216,033	5,388,544	5,161,705	5,177,826	5,389,544	5,609,253
	After distribution	4,140,747	5,305,228	5,110,716	5,126,837	5,338,555	5,558,264

Note1: Financial data from the year of 2018 to the year of 2022 have been audited, and financial data for the year of 2023 has been reviewed.

Note2: Financial data after distribution for the year of 2022 are estimated from the surplus distribution proposal passed by the Board of Directors on April 19, 2023.

2. Condensed consolidated balance sheet as per the International Financial Reporting Standards

Unit: NT\$ thousand

Item \ Year		Financial data for the most recent five years (Note 1)					Financial data for the year up to March 31, 2023 (reviewed)
		2018	2019	2020	2021	2022	
Current assets		8,827,034	8,959,803	9,418,371	9,970,894	8,840,551	8,645,179
Property, plant and equipment		3,734,042	3,456,806	3,348,112	3,093,364	2,974,593	2,920,483
Intangible assets		181,615	163,696	134,524	139,965	165,854	173,453
Other assets		1,344,354	2,420,967	2,661,317	2,716,919	3,383,461	3,516,485
Total assets		14,087,045	15,001,272	15,562,324	15,921,142	15,364,459	15,255,600
Current liabilities	Before distribution	5,271,883	6,270,945	5,731,612	5,794,461	5,066,414	4,759,143
	After distribution	5,347,169	6,354,261	5,782,601	5,845,450	5,117,403	4,810,132
Non-current liabilities		1,891,941	1,778,381	2,899,061	2,727,660	2,841,732	2,843,130
Total liabilities	Before distribution	7,163,824	8,049,326	8,630,673	8,522,121	7,908,146	7,602,273
	After distribution	7,239,110	8,132,642	8,681,662	8,573,110	7,959,135	7,653,262
Equity attributable to owners of the parent		4,216,033	5,388,544	5,161,705	5,177,826	5,389,544	5,609,253
Share capital		1,254,764	1,666,314	1,699,640	1,699,640	1,699,640	1,699,640
Capital surplus		1,706,530	2,450,313	2,469,783	2,584,368	2,596,552	2,597,395
Retained earnings	Before distribution	1,477,062	1,664,459	1,434,852	1,499,247	1,394,903	1,468,053
	After distribution	1,401,776	1,581,143	1,383,863	1,499,247	1,343,914	1,417,064
Other equity		(216,609)	(386,828)	(412,797)	(575,656)	(271,778)	(126,062)
Treasury shares		(5,714)	(5,714)	(29,773)	(29,773)	(29,773)	(29,773)
Non-controlling interests		2,707,188	1,563,402	1,769,946	2,221,195	2,066,769	2,044,074
Total equity	Before distribution	6,923,221	6,951,946	6,931,651	7,399,021	7,456,313	7,653,327
	After distribution	6,847,935	6,868,630	6,880,662	7,348,032	7,405,324	7,602,338

Note 1: Financial data from the year of 2018 to the year of 2022 have been audited, and the financial data for the year of 2023 have been reviewed.

Note 2: In July 2019, the subsidiary, ABICO NetCom, acquired 100% of equity of Abico HK in cash, which is also controlled by the ultimate parent company. It belongs to organizational restructuring under the same ultimate parent company and should be regarded as a consolidated entity since then. Therefore, the comparative financial statements for 2018 and 2017 have been restated retrospectively.

Note 3: Financial data after distribution for the year of 2022 are estimated from the surplus distribution proposal passed by the Board of Directors on April 19, 2023.

(II) 1. Condensed parent company only statement of comprehensive income as per the International Financial Reporting Standards

Unit: NT\$ thousand

Item \ Year	Financial data for the most recent five years (Note 1)					Financial data for the year up to March 31, 2023 (reviewed)
	2018	2019	2020	2021	2022	
Operating revenue	43,262	13,587	7,090	9,613	11,297	1,873
Gross profit	34,672	9,228	2,525	3,673	5,210	643
Operating income or loss	(16,314)	(60,148)	(37,272)	(46,644)	(51,286)	(10,896)
Non-operating income and expenses	39,484	257,001	(69,906)	106,792	(42,402)	(30,598)
Net income before tax	23,170	196,853	(107,178)	60,148	(93,688)	(41,494)
Net income (loss) of continuing operations in this period	35,624	197,310	(123,119)	58,736	(96,951)	(41,477)
Loss on discontinued operations	0	0	0	0	0	0
Net income (loss) for this period	35,624	197,310	(123,119)	58,736	(96,951)	(41,477)
Other comprehensive income for this period (net of tax)	(76,345)	(177,656)	(22,340)	(94,173)	300,701	257,631
Total comprehensive income for this period	(40,721)	19,654	(145,459)	(35,437)	203,750	216,154
Net income attributable to owners of the parent	35,624	197,310	(123,119)	58,736	(96,951)	(41,477)
Net income attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of the parent	(40,721)	19,654	(145,459)	(35,437)	203,750	217,259
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings per share	0.26	1.33	(0.73)	0.35	(0.58)	(0.25)

Note 1: Financial data from the year of 2018 to the year of 2022 have been audited, and financial data for the year of 2023 have been reviewed.

2. Condensed consolidated statement of comprehensive income as per the International Financial Reporting Standards

Unit: NT\$ thousand

Item \ Year	Financial data for the most recent five years (Note 1)					Financial data for the year up to March 31, 2023 (reviewed)
	2018	2019	2020	2021	2022	
Operating revenue	12,365,574	12,096,397	10,898,501	11,848,525	10,518,257	2,046,716
Gross profit	1,871,569	1,795,489	1,703,056	1,827,626	1,603,795	252,517
Operating income or loss	272,876	186,904	117,841	259,083	16,274	(106,269)
Non-operating income and expenses	146,898	399,531	(62,448)	117,916	160,202	45,174
Net income before tax	419,774	586,435	55,393	376,999	176,476	(61,095)
Net income of continuing operations in this period	251,026	434,365	(82,648)	227,638	26,458	(56,724)
Loss on discontinued operations	0	0	0	0	0	0
Net income (loss) for this period	251,026	434,365	(82,648)	227,638	26,458	(56,724)
Other comprehensive income for this period (net of tax)	(154,257)	(152,400)	11,213	(134,152)	194,503	272,878
Total comprehensive income for this period	96,769	281,965	(71,435)	93,486	220,961	216,154
Net income attributable to owners of the parent	35,624	197,310	(123,119)	58,736	(96,951)	(41,477)
Net income attributable to non-controlling interests	215,402	237,055	40,471	168,902	123,409	(15,247)
Total comprehensive income attributable to owners of the parent	(40,721)	19,654	(144,729)	(35,437)	203,750	217,259
Total comprehensive income attributable to non-controlling interests	137,490	262,311	73,294	128,923	17,211	(1,105)
Earnings per share	0.26	1.33	(0.73)	0.35	(0.58)	(0.25)

Note 1: Financial data from the year of 2018 to the year of 2022 have been audited, and financial data for the year of 2023 have been reviewed.

(III) Names and audit opinions of the CPAs in the most recent five years (Consolidated)

Year	CPA	Audit opinion
2018	Man-Yu Juanlu, Sheng-Chung Hsu	Unqualified opinion
2019	Man-Yu Juanlu, Yung-Chien Hsu	Unqualified opinion
2020	Man-Yu Juanlu, Yung-Chien Hsu	Unqualified opinion
2021	Ya-Hui Lin, Yung-Chien Hsu	Unqualified opinion
2022	Ya-Hui Lin, Yung-Chien Hsu	Unqualified opinion

II. Financial analysis for the most recent five years

1. Analysis of parent company only financial data for the most recent five years as per the International Financial Reporting Standards

Item \ Year		Financial analysis for the most recent five years					Financial data for the year up to March 31, 2023 (reviewed)
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt ratio	20.54	17.99	22.15	24.03	24.19	24.17
	Ratio of long-term capital to property, plant and equipment	19,852.17	25,949.35	56,534.24	24,656.43	27,491.33	24,008.07
Solvency (%)	Current ratio	152.96	43.87	110.81	38.70	41.55	66.76
	Quick ratio	152.96	41.50	110.02	38.25	41.13	66.40
	Interest earned ratio (times)	2.26	11.91	(4.36)	3.72	(2.72)	(4.39)
Operating performance	Accounts receivable turnover (times)	4.34	3.82	5.69	31.99	550.90	713.37
	Average collection period (days)	84.20	95.57	64.09	11.41	0.66	0.51
	Inventory turnover (times)	0.00	0.00	0.00	0.00	0.00	0.00
	Accounts payable turnover (times)	1.12	28.31	3.16	2.17	2.25	1.82
	Average days in sales	0.00	0.00	0.00	0.00	0.00	0.00
	Property, plant and equipment turnover (times)	167.03	65.32	63.87	38.30	47.75	26.49
	Total assets turnover (times)	0.01	0.00	0.00	0.00	0.00	0.00
Profitability	Return on total assets (%)	0.94	3.57	(1.62)	1.14	(1.10)	(1.95)
	Return on equity (%)	0.83	4.11	(2.33)	1.14	(1.83)	(3.02)
	Pre-tax income to paid-in capital (%)	1.85	11.81	(6.31)	3.54	(5.51)	(9.77)
	Profit margin	82.34	1,452.20	(1,736.52)	611.01	(858.20)	(2,214.94)
	Earnings per share (NT\$)	0.27	1.33	(0.73)	0.35	(0.58)	(0.25)
Cash flow	Cash flow ratio (%)	44.98	(4.39)	24.45	(1.54)	2.20	(5.70)
	Cash flow adequacy ratio (%)	97.45	41.45	53.97	76.92	30.13	20.85
	Cash reinvestment ratio (%)	(0.77)	(2.37)	0.06	(1.06)	(0.58)	(0.51)
Leverage	Operating leverage	0.99	0.97	0.96	0.95	0.95	0.94
	Financial leverage	0.47	0.77	0.65	0.68	0.67	0.59
Reasons for changes in financial ratios in the most recent two years (unless increase or decrease is less than 20%). (1) Solvency: Affected by the pre-tax loss for this period, resulting in changes in the ratio. (2) Operating performance: Due to the growth of sales revenue for this period and the short period to collect account receivable, various ratios grew positively. (3) Profitability: Due to the impact of loss after tax, various ratios grew negatively. (4) Cash flow: Due to the impact of the growth in net cash flow from operating activities compared to the previous year.							

2. Analysis of consolidated financial data for the most recent five years as per the International Financial Reporting Standards

Item \ Year		Financial analysis for the most recent five years					Financial data for the year up to March 31, 2023 (reviewed)
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt ratio	50.85	53.66	55.46	53.53	51.47	49.83
	Ratio of long-term capital to property, plant and equipment	236.08	252.55	293.62	327.37	346.20	359.41
Solvency (%)	Current ratio	167.44	142.88	164.32	172.08	174.49	181.65
	Quick ratio	134.44	116.65	136.01	135.81	141.36	145.88
	Interest earned ratio (times)	7.25	8.14	1.71	5.64	3.12	(1.38)
Operating performance	Accounts receivable turnover (times)	4.39	5.12	4.60	4.89	4.63	4.14
	Average collection period (days)	83.10	71.27	79.35	74.71	78.84	88.16
	Inventory turnover (times)	6.67	6.60	6.18	5.86	5.12	4.62
	Accounts payable turnover (times)	5.43	5.82	5.29	5.51	5.69	5.81
	Average days in sales	54.72	55.34	59.10	62.33	71.33	79.04
	Property, plant and equipment turnover (times)	3.31	3.50	3.26	3.83	3.54	2.80
	Total assets turnover (times)	0.88	0.81	0.70	0.74	0.68	0.54
Profitability	Return on total assets (%)	2.15	3.44	(0.13)	1.86	0.60	(0.95)
	Return on equity (%)	3.65	6.26	(1.19)	3.18	0.36	(3.00)
	Pre-tax income to paid-in capital (%)	33.45	35.19	3.26	22.18	10.38	(14.38)
	Profit margin	2.03	3.59	(0.76)	1.92	0.25	(2.77)
	Earnings per share (NT\$)	0.27	1.33	(0.73)	0.35	(0.58)	(0.25)
Cash flow	Cash flow ratio (%)	17.67	14.52	11.08	4.93	23.98	0.65
	Cash flow adequacy ratio (%)	73.73	89.06	114.74	114.26	121.53	118.3
	Cash reinvestment ratio (%)	5.71	5.85	3.57	1.50	7.38	0.19
Leverage	Operating leverage	3.74	5.69	7.89	4.10	46.80	(0.80)
	Financial leverage	1.33	1.78	2.94	1.46	(0.24)	0.81
Reasons for changes in financial ratios in the most recent two years (unless increase or decrease is less than 20%).							
(1) Solvency: Due to the impact of the decrease in net profit before tax, the interest earned ration decreased.							
(2) Profitability: Due to the impact of the decrease in the net profit for this period, resulting from the market boom and orders falling compared with the previous year, resulting in the net profit for this period decreased.							
(3) Cash flows: Due to the impact of the increase in cash flow, various ratios grew positively.							
(4) Leverage: Due to the decrease in operating profit for this period, the leverage increased.							

The calculation formulas for financial analysis are as follows:

1. Financial structure
 - (1) Debt ratio = Total liabilities/Total assets.
 - (2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities)/Net property, plant, and equipment.
2. Solvency
 - (1) Current ratio = Current assets/Current liabilities.
 - (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities. (3) Interest earned ratio = Net income before tax and interest /Interest expenses in this period.
3. Operating performance
 - (1) Accounts receivable turnover (including accounts receivable and notes receivable from operating activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and notes receivable from operating activities).
 - (2) Average collection period (days) = 365/Accounts receivable turnover.
 - (3) Inventory turnover = Cost of sales/Average inventory.
 - (4) Payables turnover (including accounts payable and notes payable from operating activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and notes payable from operating activities).
 - (5) Average days in sales = 365/Inventory turnover.
 - (6) Property, plant and equipment turnover = Net sales/Average net property, plant, and equipment.
 - (7) Total asset turnover = Net sales/Average total assets.
4. Profitability
 - (1) Return on total assets = [Profit or loss after tax + Interest expenses \times (1 - Tax rate)]/Average total assets.
 - (2) Return on equity = Profit or loss after tax/Average total equity.
 - (3) Profit margin = Profit or loss after tax/Net sales.
 - (4) Earnings per share = (Income attributable to owners of the parent - Preference shares dividends)/Weighted average number of shares issued.
5. Cash flow
 - (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
 - (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
 - (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital).
6. Leverage:
 - (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income.
 - (2) Financial leverage = Operating income/(Operating income - Interest expenses).

III. Audit Committee's review report in the most recent year financial report

ABICO AVY CO., LTD.
Audit Committee's Review Report

The Board of Directors prepared the Company's 2022 Business Report and standalone and consolidated financial statements, among which the financial statements have been audited by PwC Taiwan, by which an audit report has been issued.

We have reviewed the above Business Report and financial statements without identifying any inconsistency, so we have issued a report as above in accordance with Article 14-5 of the Securities and Exchange Act and Article 219 of the Company Act. Please proceed to review it.

To

2023 General Shareholders' Meeting of ABICO AVY CO., LTD.

Convener of the Audit Committee: Jieh-Chen Wang

March 22, 2023

ABICO AVY CO., LTD.
Audit Committee's Review Report

We have reviewed the 2022 statement of earnings distribution prepared by the Board of Directors without identifying any inconsistency, so we have issued a report as above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please proceed to review it.

To
2023 General Shareholders' Meeting of ABICO AVY CO., LTD.

Convener of the Audit Committee: Jieh-Chen
Wang

April 19, 2023

IV. Financial statements for the most recent year

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		Note	December 31, 2022		December 31, 2021	
			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		<u>(1,587,521)</u>	<u>(15)</u>	<u>(1,568,543)</u>	<u>(13)</u>
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>

(Continued on next page)

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	%	
Other comprehensive income							
Items not reclassified to profit or loss:							
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)	-
Items that may subsequently be reclassified to profit or loss							
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	Other comprehensive income, net		\$	194,503	2	(\$ 134,152)	(1)
8500	Total comprehensive income for this period		\$	220,961	2	\$ 93,486	1
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
			\$	26,458	-	\$ 227,638	2
Total comprehensive income attributable to:							
8710	Owners of the parent		\$	203,750	2	(\$ 35,437)	-
8720	Non-controlling interests			17,211	-	128,923	1
			\$	220,961	2	\$ 93,486	1
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	<u>\$ 1,699,640</u>	<u>\$ 2,596,552</u>	<u>\$ 392,518</u>	<u>\$ 575,656</u>	<u>\$ 426,729</u>	<u>(\$ 295,583)</u>	<u>\$ 23,805</u>	<u>(\$ 29,773)</u>	<u>\$ 5,389,544</u>	<u>\$ 2,066,769</u>	<u>\$ 7,456,313</u>

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

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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	<u>\$ 198,435</u>	<u>\$ 420,508</u>

	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	<u>\$ 1,101,590</u>	<u>\$ 1,082,693</u>

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	\$ 642,645	\$ 609,186

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:

Buildings and structures	2 ~ 65 years
Machinery and equipment	1 ~ 17 years
Transportation equipment	2 ~ 10 years
Office equipment	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

	<u>2022</u>	<u>2021</u>
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>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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	<u>\$ 189,725</u>	<u>\$ 140,761</u>

(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
	<u>\$ 2,357,929</u>	<u>\$ 2,321,339</u>
Interest rate range	<u>0.59%~5.95%</u>	<u>0.54%~5.21%</u>

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)
	<u>\$ 29,985</u>	<u>\$ 89,909</u>
Interest rate range	<u>1.40%</u>	<u>1.09%~1.11%</u>

(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	<u>(\$ 556)</u>	<u>\$ 573</u>	<u>\$ 548</u>	<u>(\$ 534)</u>
	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	<u>(\$ 674)</u>	<u>\$ 695</u>	<u>\$ 661</u>	<u>(\$ 644)</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.

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

- 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	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
	Input	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	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
	Input	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					
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			Limit on Loans to a Single Party		Aggregate Loans Limit	Note
												Loss	Item	Value				
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	Collateral		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: NTS 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/				Amount of Endorsement/		Ratio of Accumulated		Maximum/ Endorsement	Endorsement/ Guarantee	Endorsement/ Guarantee	Endorsement/ Guarantee
No.	Endorsement	Name	Relationship	Guarantee Amount	Maximum Balance	Ending	Amount Actually	Guarantee Collateralized	Endorsement/Guarantee to Net Equity	Guarantee Amount	Provided by	Provided by	to Subsidiary in the	Note
	Guarantee Provider		(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					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
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		
Company Name	Type and Name of Marketable Securities		Relationship with the Issuer	General Ledger Account	Shares(1000)	Carrying Amount	of 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)

Investor	Type and name of securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2022		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2022 (Note 6)		
					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)
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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)

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
				Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Outward (Note 6)	Inward										
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 Xiyinli 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
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Table 9

Unit: NTS 1000
(Unless Otherwise Specified)

Remittance of Funds													Remark
Investee Company	Main Business	Paid-in Capital	Method of Investment	Accumulated	Outward	Inward	Accumulated	Net Income	Direct or	Recognition of	Carrying Amount	Accumulated	
				Outward			Outward			Investment		Repatriation of	
				Remittance for			Remittance for			Investment		Investment	
				from Taiwan as			Taiwan as of	(Loss) of	Percentage of	Losses in the	as of December	Income as of	
				of January 1,	(Note 6)		December 31,	Investee	Ownership	Current Period	31, 2022	December31,	
				2022			2022			(Note 1)		2022	
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 Stipulated by Investment Commission, MOEA										
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%

V. Parent company only financial statements for the most recent year audited by a CPA

信永中和会计师事务所(特殊普通合伙) 北京信永中和会计师事务所有限公司

Independent Auditors' Report

(112)-Cai-Sheng-Bao No. 22005424

To ABICO AVY Co., Ltd.,

Audit opinion

We have audited the accompanying parent company only balance sheets of ABICO AVY Co., Ltd. (formerly known as AVY PRECISION TECHNOLOGY INC.) (the “Company”) for the years ended December 31, 2022 and 2021 and the relevant parent company only 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 “parent company only financial statements”).

In our opinion, the accompanying parent company only 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 parent company only financial performance and parent company only cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 in the Republic of China. Our responsibility under those standards is further described in the paragraph “Auditor’s responsibilities for the audit of the parent company only financial statements”. We are independent of ABICO AVY Co., Ltd. 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 parent company only financial statements of ABICO AVY Co., Ltd. for the year ended December 31, 2022, based on our professional judgment. These matters were addressed in our audit of the parent company only 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 parent company only financial statements of the Company for the year ended December 31, 2022, are stated as follows:

Please refer to Note 4(12) to the parent company only financial statements for the accounting policy on the Company's investments using the equity method; please refer to Note 6(6) to the parent company only financial statements for the description of accounting titles. The subsidiaries directly or indirectly owned by the Company, namely Dong Guan Cheng Guang Metal Products Co., Ltd., Dong Guan Cheng Guang Precision Industry Co., Ltd., IKKA Holdings (Cayman) Ltd., Jabon International Co., Ltd., and ABICO NetCom Co., Ltd., are the main operating entities responsible for the manufacturing and sales in the Group. Said companies' financial position and financial performance bear a significant influence on the Company's parent company only financial statements. Therefore, we listed the valuation of said companies' investments using the equity method as one of the key audit matters and said companies' key audit matters: assessment of an allowance for inventory valuation loss and assessment of an allowance for losses on accounts receivable as one of the key audit matters. The key audit matters are specified below:

Assessment of expected credit loss on accounts receivable

Description

Dong Guan Cheng Guang Metal Products Co., Ltd.'s, Dong Guan Cheng Guang Precision Industry Co., Ltd.'s, IKKA Holdings (Cayman) Ltd.'s, Jabon International Co., Ltd.'s, and ABICO NetCom Co., Ltd.'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 companies assess 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 companies have 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 entities audited by us and other accountants. To assess the adequacy of an allowance for bad debts from 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

Dong Guan Cheng Guang Metal Products Co., Ltd., Dong Guan Cheng Guang Precision Industry Co., Ltd., KKA Holdings (Cayman) Ltd., Jabon International Co., Ltd., and ABICO NetCom Co., Ltd. mainly manufacture and sell 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 companies' inventories 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, and the net realizable values of inventories that are not sold after a certain period of age and individually identified obsolete or damaged inventories 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 companies' inventories and the multiple sources of information on the net realizable values of individual materials in the inventories, the identification of the net realizable values of the individually obsolete or damaged inventories 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 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 companies' 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

As stated in Note 6(6) to the parent company only financial statements, the financial statements of some of the investees included in the Company's parent company only 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 parent company only financial statements, the amounts listed in said companies' financial statements are based on the audit reports issued by other accountants. The balances of the investments in the above companies using the equity method as of December 31, 2022 and 2021 were NT\$1,064,656 thousand and NT\$1,128,300 thousand, respectively, accounting for 15% and 17% of the total parent company only assets;

the shares of profit or loss on the above investees accounted for using the equity method for the years ended December 31, 2021 and 2020 were NT\$9,049 thousand in loss and NT\$64,023 thousand in profit, respectively, accounting for 10% and 106% of the parent company only profit (loss) before tax, respectively.

Responsibilities of the management and the governing bodies for the parent company only financial statements

The responsibilities of the management are to prepare the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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 parent company only financial statements, the management is responsible for assessing the ability of ABICO AVY Co., Ltd. in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate ABICO AVY Co., Ltd. or cease the operations without other viable alternatives.

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

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance on whether the parent company only 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 in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the parent company only 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 in 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 parent company only 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 ABICO AVY Co., Ltd.'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 ABICO AVY Co., Ltd.'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 parent company only 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 ABICO AVY Co., Ltd. to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately present the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within ABICO AVY Co., Ltd., to express an opinion on the parent company only financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the entities.

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 ABICO AVY Co., Ltd.'s parent company only 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.
(formerly known as AVY PRECISION TECHNOLOGY INC.)
Parent Company Only 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)	\$ 215,813	3	\$ 216,016	3
1110	Financial assets at fair value through profit or loss - current	6(2)	20,999	1	20,755	1
1136	Financial assets at amortized cost - current	6(4)	-	-	2,768	-
1180	Accounts receivable - related parties, net	6(5) and 7	11	-	31	-
1210	Other receivables-related parties	7	12,000	-	-	-
1220	Income tax assets in this period		18	-	-	-
1410	Prepayments		2,505	-	2,847	-
1470	Other current assets		193	-	26	-
11XX	Total current assets		251,539	4	242,443	4
Non-current assets						
1510	Financial assets at fair value through profit or loss - Non-current	6(2)	169,820	2	190,944	3
1517	Financial assets at fair value through other comprehensive income - Non-current	6(3)	466,588	7	256,541	4
1550	Investments accounted for using the equity method	6(6)	6,214,397	87	6,113,417	89
1600	Property, plant and equipment	6(7)	236	-	251	-
1755	Right-of-use assets	6(8) and 7	3,534	-	3,843	-
1840	Deferred tax assets	6(20)	1,600	-	6,547	-
1900	Other non-current assets		1,200	-	1,200	-
15XX	Total non-current assets		6,857,375	96	6,572,743	96
1XXX	Total assets		\$ 7,108,914	100	\$ 6,815,186	100

(Continued on next page)

ABICO AVY Co., Ltd.
(formerly known as AVY PRECISION TECHNOLOGY INC.)
Parent Company Only Balance Sheet
As at December 31, 2022 and 2021

Unit: NT\$ thousand

Liabilities and Equity		Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 507,500	7	\$ 529,000	8
2150	Notes payable		2,706	-	2,704	-
2200	Other payables		42,881	-	42,263	-
2280	Lease liabilities - current	7	2,169	-	2,302	-
2320	Long-term liabilities due within one year or one operating cycle	6(10)	50,000	1	50,000	1
2399	Other current liabilities		171	-	152	-
21XX	Total current liabilities		605,427	8	626,421	9
Non-current liabilities						
2540	Long-term borrowings	6(10) and 8	1,100,000	16	1,000,000	15
2570	Deferred tax liabilities	6(20)	12,546	-	-	-
2580	Lease liabilities - non-current	7	1,397	-	1,591	-
2600	Other non-current liabilities	6(6)	-	-	9,348	-
25XX	Total non-current liabilities		1,113,943	16	1,010,939	15
2XXX	Total liabilities		1,719,370	24	1,637,360	24
Equity						
	Share capital	6(12)				
3110	Ordinary share capital		1,699,640	24	1,699,640	25
	Capital surplus	6(13)				
3200	Capital surplus		2,596,552	36	2,584,368	38
	Retained earnings	6(14)				
3310	Legal reserve		392,518	6	380,980	6
3320	Special reserve		575,656	8	412,797	6
3350	Undistributed earnings		426,729	6	705,470	10
	Other equity					
3400	Other equity		(271,778)	(4)	(575,656)	(8)
3500	Treasury shares	6(12)	(29,773)	-	(29,773)	(1)
3XXX	Total equity		5,389,544	76	5,177,826	76
	Material Contingent Liabilities and Unrecognized Contractual Commitments	9				
	Material Subsequent Events	11				
3X2X	Total liabilities and equity		\$ 7,108,914	100	\$ 6,815,186	100

The notes attached are part of the Parent Company Only 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.
(formerly known as AVY PRECISION TECHNOLOGY INC.)
Parent Company Only 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	7	\$ 11,297	100	\$ 9,613	100
5000	Operating cost	7	(6,087)	(54)	(5,940)	(62)
5900	Gross profit		5,210	46	3,673	38
	Operating expenses	6(19) and 7				
6200	Administrative expenses		(56,496)	(500)	(50,317)	(523)
6000	Total operating expenses		(56,496)	(500)	(50,317)	(523)
6900	Operating loss		(51,286)	(454)	(46,644)	(485)
	Non-operating income and expenses					
7100	Interest income	6(15)	1,020	9	305	3
7010	Other income	6(16)	13,939	124	9,768	102
7020	Other gains and losses	6(17)	11,978	106	(2,981)	(31)
7050	Financial costs	6(18) and 7	(25,173)	(223)	(22,121)	(230)
7070	Shares of profit or loss on subsidiaries, affiliates, and joint venture recognized using the equity method	6(6)	(44,166)	(391)	121,821	1267
7000	Total non-operating income and expenses		(42,402)	(375)	106,792	1111
7900	Net income (net loss) before tax		(93,688)	(829)	60,148	626
7950	Income tax expense	6(20)	(3,263)	(29)	(1,412)	(15)
8200	Net income (net loss) for this period		<u>(\$ 96,951)</u>	<u>(858)</u>	<u>\$ 58,736</u>	<u>611</u>
	Other comprehensive income					
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	6(3)	\$ 126,292	1118	(\$ 3,367)	(35)
8330	Share of other comprehensive income on subsidiaries, affiliates, and joint ventures accounted for using equity method – items not reclassified to profit or loss		3,404	30	12,144	126
8349	Income tax related to items not reclassified	6(20)	(15,155)	(134)	404	4
8310	Total amount of items not reclassified to profit or loss		114,541	1014	9,181	95
	Items that may subsequently be reclassified to profit or loss					
8361	Exchange differences on translation of the financial statements of foreign operations		186,160	1648	(103,354)	(1075)
8360	Total amount of items that may subsequently be reclassified to profit or loss		186,160	1648	(103,354)	(1075)
8300	Other comprehensive income, net		<u>\$ 300,701</u>	<u>2662</u>	<u>(\$ 94,173)</u>	<u>(980)</u>
8500	Total comprehensive income for this period		<u>\$ 203,750</u>	<u>1804</u>	<u>(\$ 35,437)</u>	<u>(369)</u>
	Basic earnings (losses) per share	6(21)				
9750	Basic earnings (losses) per share		(\$ 0.58)		\$ 0.35	
	Diluted earnings (losses) per share	6(21)				
9850	Diluted earnings (losses) per share		(\$ 0.58)		\$ 0.35	

The notes attached are part of the Parent Company Only 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.
(formerly known as AVY PRECISION TECHNOLOGY INC.)
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand

	Note	Ordinary share capital	Capital surplus	Retained earnings			Other equity		Treasury shares	Total equity
				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>2021</u>										
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
Net income for this period		-	-	-	-	58,736	-	-	-	58,736
Other comprehensive income for this period		-	-	-	-	(3,639)	(103,354)	12,820	-	(94,173)
Total comprehensive income for this period		-	-	-	-	55,097	(103,354)	12,820	-	(35,437)
2020 earnings allocation and distribution:	6(14)									
Special reserve		-	-	-	26,426	(26,426)	-	-	-	-
Cash dividends		-	-	-	-	(50,989)	-	-	-	(50,989)
Capital surplus adjusted for dividends paid out to subsidiaries	6(13)	-	297	-	-	-	-	-	-	297
Overdue dividends transferred to capital surplus	6(13)	-	3	-	-	-	-	-	-	3
Changes in equity of subsidiaries and affiliates	6(13)	-	114,285	-	-	(12,038)	-	-	-	102,247
Equity instruments at fair value through other comprehensive income disposed of by subsidiaries and affiliates	6(14)	-	-	-	-	72,325	-	(72,325)	-	-
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

(Continued on next page)

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

Unit: NT\$ thousand

	Note	Ordinary share capital	Capital surplus	Retained earnings			Other equity		Treasury shares	Total equity
				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
Net income for this period		-	-	-	-	(96,951)	-	-	-	(96,951)
Other comprehensive income for this period		-	-	-	-	3,909	186,160	110,632	-	300,701
Total comprehensive income for this period		-	-	-	-	(93,042)	186,160	110,632	-	203,750
2021 earnings allocation and distribution:	6(14)									
Legal reserve		-	-	11,538	-	(11,538)	-	-	-	-
Special reserve		-	-	-	162,859	(162,859)	-	-	-	-
Cash dividends	6(13)	-	(50,989)	-	-	-	-	-	-	(50,989)
Capital surplus adjusted for dividends paid out to subsidiaries	6(13)	-	296	-	-	-	-	-	-	296
Overdue dividends transferred to capital surplus	6(13)	-	15	-	-	-	-	-	-	15
Changes in equity of subsidiaries and affiliates	6(13)	-	62,862	-	-	(4,216)	-	-	-	58,646
Equity instruments at fair value through other comprehensive income disposed of by subsidiaries and affiliates	6(14)	-	-	-	-	(7,086)	-	7,086	-	-
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

The notes attached are part of the Parent Company Only 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.
(formerly known as AVY PRECISION TECHNOLOGY INC.)
Parent Company Only 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 (net loss) before tax for this period		(\$ 93,688)	\$ 60,148
Adjustments			
Income and expenses			
Depreciation expense (including right-of-use assets)	6(7)(8)(19)	2,408	2,405
Loss on financial assets at fair value through profit or loss	6(17)	20,942	13,390
Disposal of investment losses	6(6)(17)	277	-
Interest expense	6(18)	25,173	22,121
Interest income	6(15)	(1,020)	(305)
Shares of loss (profit) on subsidiaries and affiliates recognized using the equity method	6(6)	44,166	(121,821)
Dividend income	6(16)	(8,272)	(9,768)
Bargain purchase gains	6(16)	(5,667)	-
Cost of remuneration under share-based payment		503	699
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		(62)	2,568
Accounts receivable (including related parties)		20	539
Prepayments		342	476
Other current assets		(167)	(20)
Net changes in liabilities related to operating activities			
Notes payable		2	(54)
Other payables		633	6,499
Other current liabilities		19	(44)
Cash outflow from operations		(14,391)	(23,167)
Interest collected		1,020	305
Dividend received		52,823	38,275
Interest paid		(25,173)	(22,121)
Income tax paid		(943)	(2,937)
Net cash inflow (outflow) from operating activities		13,336	(9,645)
<u>Cash flow from investing activities</u>			
Disposal of financial assets at amortized cost		2,768	54,192
Acquisition of financial assets at fair value through other comprehensive income		(91,786)	(95,700)
Disposal of financial assets at fair value through other comprehensive income		8,031	-
Acquisition of investment using the equity method	6(6)	(270,240)	(197,484)
Disposal of investment using the equity method	6(6)	4,891	-
Capital returned from investees using the equity method to reduce capital	6(6)	147,280	140,408
Property, plant and equipment acquired	6(7)	(110)	(262)
Net cash outflow from investing activities		(199,166)	(98,846)
<u>Cash flow from financing activities</u>			
Increase (decrease) in short-term borrowings		(21,500)	216,251
Long-term borrowings		150,000	-
Repayment of long-term borrowings		(50,000)	(50,000)
Repayment of lease principal		(2,301)	(2,272)
Cash dividends paid out	6(14)	(50,989)	(50,989)
Dividend received		160,417	106,660
Net cash inflow from financing activities		185,627	219,650
Increase (decrease) in cash and cash equivalents for this period		(203)	111,159
Opening balance of cash and cash equivalents	6(1)	216,016	104,857
Ending balance of cash and cash equivalents	6(1)	\$ 215,813	\$ 216,016

The notes attached are part of the Parent Company Only 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.
(formerly known as AVY PRECISION TECHNOLOGY INC.)

Notes to 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 mainly engages in manufacturing, processing, and trading as well as import and export of various aluminum alloys, plastic die-casted products, and relevant molds.
- (II) Ability Investment co., Ltd. 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 Company’s ultimate parent company. After an election of directors at the shareholders’ meeting on July 15, 2021, the Abico International Co., Ltd. obtained more than half of the Company’s directorships and held 7.06% of the Company’s equity, making it the Company’s ultimate parent company, and as of December 31, 2022, held 13% of the Company’s equity.

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

These parent company only financial statements were authorised for issuance 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 issued by and 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 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

Annual Improvements to IFRS Standards 2018 to 2020

January 1, 2022

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, "Disclosure of Accounting Policies"	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 Company's financial condition and financial performance based on the Company'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
Amendment 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 Company's financial condition and financial performance based on the Company's assessment.

IV. Summary of Significant Accounting Policies

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

(I) Compliance statement

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

1. Except for the following items, these parent company only 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.
2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(III) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and 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 Company 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.

(IV) 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.

(V) 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.

(VI) 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 Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
4. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(VII) 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 Company 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 Company measures the financial assets at fair value plus transaction costs. The Company 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 Company and the amount of the dividend can be measured reliably.

(VIII) Financial assets at amortised cost

The Company'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.

(IX) Accounts receivable

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

(X) 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 Company 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 Company recognises the impairment provision for lifetime ECLs.

(XI) Derecognition of financial assets

The Company 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 Company 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 Company has not retained control of the financial asset.

(XII) Investments accounted for using equity method-subsidiaries and associates

1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.
2. Unrealized gains and losses between the Company and its subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. If the Company's share of loss on a subsidiary that is recognized equals or exceeds its equity in the subsidiary, the Company continues to recognize the loss based on its shareholding percentage.
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. Associates are all entities over which the Company 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.
6. The Company'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 Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
7. 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 Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in "capital surplus" in proportion to its ownership.
8. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company'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 Company.
9. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company'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 Company'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.
10. Upon loss of significant influence over an associate, the Company 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.
11. Where the Company 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 Company 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.
12. When the Company 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.

13. In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current profit or loss and other comprehensive income in the parent company only financial statements shall be the same as those attributable to the owners of the parent company in the financial statements prepared on a consolidated basis. The owners' equity in the parent company only financial statements shall be the same as the equity attributable to owners of the parent company in the financial statements prepared on a consolidated basis.

(XIII) 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 Company 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:

Machinery and equipment	8 years
Office equipment	3 years

(XIV) 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 Company. 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 Company 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.

(XV) Impairment of non-financial assets

The Company 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. 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.

(XVI) 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.

(XVII) 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.

(XVIII) Derecognition of financial liabilities

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

(XIX) 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

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.

3. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company 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.

(XX) 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 parent company only 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 Company 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 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.

(XXI) 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.

(XXII) 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.

The Board of Directors of the Company shall distribute all or part of the dividends and bonuses, capital reserve, or statutory surplus reserve that should be distributed in the form of cash upon the attendance of more than two-thirds of the directors and the resolution of more than half of the directors present, and report the distribution to the shareholders' meeting. The provision of the preceding paragraph that should be resolved by the shareholders' meeting is not applicable here.

(XXIII) 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 Company 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. Service income

The Company provides production technologies, quality management, and other relevant services. Service income is recognized in revenue during the financial reporting period, in which services are provided to clients.

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

During the preparation of the parent company only 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

None.

VI. Details of Significant Account Titles

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and working capital	\$ 100	\$ 100
Checking deposits and demand deposits	154,293	160,556
Time deposits (a duration of less than three months)	61,420	55,360
	<u>\$ 215,813</u>	<u>\$ 216,016</u>

1. The financial institutions the Company deals with have high credit ratings. The Company 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 Company did not set aside an allowance for losses for 2022 and 2021.

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

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

Item	December 31, 2022	
	Current	Non-current
Financial assets mandatorily measured at fair value through profit or loss		
Domestic TWSE/TPEX listed stocks	\$ -	\$ 183,347
Unlisted stocks	18,600	8,000
	18,600	191,347
Valuation adjustment	2,399	(21,527)
	<u>\$ 20,999</u>	<u>\$ 169,820</u>

Item	December 31, 2021	
	Current	Non-current
Financial assets mandatorily measured at fair value through profit or loss		
Domestic TWSE/TPEX listed stocks	\$ 227	\$ 181,394
Unlisted stocks	18,600	8,000
	18,827	189,394
Valuation adjustment	1,928	1,550
	<u>\$ 20,755</u>	<u>\$ 190,944</u>

1. The net valuation losses on financial assets at fair value through profit or loss recognized in profit or loss for 2022 and 2021 were \$20,942 and \$13,390, respectively.

2. The Company did not pledge financial assets at fair value through profit or loss.
3. Please refer to Note 12(2) for more information on the credit risk 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		
Domestic stocks listed on the emerging stock market	\$ 200,988	\$ 45,701
Unlisted stocks	166,870	238,402
	367,858	284,103
Valuation adjustment	98,730	(27,562)
	<u>\$ 466,588</u>	<u>\$ 256,541</u>

1. The Company elected to classify the strategic investments as financial assets at fair value through other comprehensive income. The fair values of such investments as at December 31, 2022 and 2021 were \$466,588 and \$256,541, respectively.
2. The changes in the fair values of financial assets at fair value through other comprehensive income for 2022 and 2021 recognized in other comprehensive income were in the amounts of \$126,292 in profit and \$3,367 in loss, respectively.
3. 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 Company's financial assets at fair value through other comprehensive income are their carrying amounts.
4. The Company did not pledge financial assets at fair value through other comprehensive income.
5. Please refer to Note 12(2) for more information on the credit risk of financial assets at fair value through other comprehensive income.

(IV) Financial assets at amortised cost

Item	December 31, 2022	December 31, 2021
Time deposits (a duration of more than three months)	\$ -	\$ 2,768
Interest rate range	-	0.20%

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 Company's financial assets at amortized cost are their carrying amounts.
2. There are no financial assets at amortized cost pledged by the Company.
3. Please refer to Note 12、(2) for more information on the credit risk of financial assets at amortized cost. The trading objects of the Company's investment in time deposit are financial

institutions with good credit quality, and the possibility of default is expected to be very low.

(V) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable - related parties	\$ 11	\$ 31

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

	December 31, 2022	December 31, 2021
Not past due	\$ 11	\$ 31
31–90 days	-	-
	\$ 11	\$ 31

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

- The balances of 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 \$570.
- 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 Company's accounts receivable are their carrying amounts.
- The Company did not pledge accounts receivable.
- Please refer to Note 12(2) for the information on the credit risk of accounts receivable.

(VI) Investments accounted for using the equity method

	2022	2021
At January 1	\$ 6,113,417	\$ 6,059,406
New investments accounted for using the equity method	270,240	197,484
Disposal of investments accounted for using the equity method	(5,168)	-
Share of profit or loss of investments accounted for using the equity method	(44,166)	121,821
Earnings distributed from investments accounted for using the equity method	(216,968)	(135,167)
Capital returned from investments accounted for using equity method to reduce capital	(147,280)	(140,408)
Movement in capital surplus	62,862	114,582
Movement in retained earnings	(11,302)	60,287
Movement in other equity	192,741	(159,896)
Others	9,369	(4,338)
Movements in credit balances of long-term investments (recognized in other non-current liabilities)	(9,348)	(354)
At December 31	\$ 6,214,397	\$ 6,113,417
	December 31, 2022	December 31, 2021

Subsidiaries:			
Gold Market Investments Ltd.	\$	1,909,499	\$ 1,854,573
Jabon International Co., Ltd.		1,611,062	1,645,876
AVY Co., Ltd.		966,139	931,701
Avy High Tech Ltd.		293,454	288,973
IKKA Holdings (Cayman) Ltd.		243,066	238,913
ABICO NetCom Co., Ltd.		143,285	147,744
Ability I Venture Capital Corporation		95,035	202,297
VIEWQUEST Investment Co., Ltd.		50,986	-
Honlynn Co., Ltd.		48,707	50,172
Abico Capital Co., Ltd.		29,237	19,816
Seinoh Optical Co., Ltd.		9,287	9,458
Avy Technology Ltd.		1,026	922
Shine Trade International Ltd.		53	(9,348)
Affiliates:			
Ability Enterprise Co., Ltd.		463,745	277,128
ABICO Asia Capital Corporation		318,121	415,333
G-YEN HUTONG CO., LTD.		31,695	25,050
ABICO R&D		-	5,461
		<u>6,214,397</u>	<u>6,104,069</u>
Credit balances of investments accounted for using the equity method (recognized in other non-current liabilities)		<u>-</u>	<u>9,348</u>
	\$	<u>6,214,397</u>	\$ <u>6,113,417</u>

1. Subsidiaries:

Please refer to Note 4(3) to the Company's 2022 consolidated financial statements for the information on the Company's subsidiaries.

2. Affiliates:

(1) The basic information on the Company's material affiliates is as follows:

Name of company	Principal business premises	Shareholding		Category of relations	Measurement method
		December 31, 2021	December 31, 2020		
ABICO Asia	Taiwan	18.16%	18.16%	Investee using the equity method	Equity method
Ability Enterprise	Taiwan	9.94%	6.94%	Investee using the equity method	Equity method

- (2) The aggregated financial information on the Company's material affiliates is as follows:

	ABICO Asia	
<u>Balance Sheet</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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>\$ 318,121</u>	<u>\$ 415,333</u>

	Ability Enterprise	
<u>Balance Sheet</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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>\$ 463,745</u>	<u>\$ 277,128</u>

	ABICO Asia	
<u>Statement of Comprehensive Income</u>	<u>2022</u>	<u>2021</u>
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>

	Ability Enterprise	
<u>Statement of Comprehensive Income</u>	<u>2022</u>	<u>2021</u>
Income	\$ 3,355,316	\$ 2,230,373
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>

- (3) The carrying amounts and the share of operating performance of the Company's affiliates that are individually immaterial are aggregated below:

The carrying amounts of the Company's affiliates that are individually immaterial as of December 31, 2022 and 2021 are \$31,695 and \$30,511, respectively.

	2022	2021
Net income (loss) for this period	\$ 10,227	\$ 9,186
Other comprehensive income (net of tax)	5,284	(1,921)
Total comprehensive income for this period	<u>\$ 15,511</u>	<u>\$ 7,265</u>

3. The Company's share of profit or loss on subsidiaries and affiliates accounted for using the equity method is based on the financial statements audited by CPAs for the same period.
4. Ability I Venture Capital returned capital to reduce capital in June 2021, October 2022, and December 2022. The capital reduction ratios were 38%, 16.87% and 20.29% respectively, and the refunded shares amounted to \$140,408, \$38,640 and \$38,640 respectively, all of which have been adjusted to reduce investments using equity method.
5. IKKA Holdings increased its capital on May 27, 2021, but the Company does not subscribe according to the shareholding ratio, which causes that the shareholding ratio falls from 18.18% to 14.81%, thus adjusting "the capital reserve-recognition of all interests in subsidiaries" to the amount of \$31,320. In addition, due to the issuance of the employee stock options by IKKA Holdings and the stock transaction of Sol-Plus (HK) Ltd., as of December 31, 2022, the Company's shareholding ratio in IKKA Holdings was 13.68%.
6. Shine Trade International Ltd. reduced its capital in December 2022 to make up for the losses. The amount of the capital reduction was US\$3,762 and a total of 3,762 shares were eliminated. It increased its capital in December 2022 for operations and the amount of capital increase was US\$1,962. The Company did not subscribe according to the shareholding ratio, and the shareholding ratio was reduced to 0.52%.
7. Seinoh Optical Co., Ltd. completed its capital increase in June 2022, and the amount of capital increase was \$88,020. The Company did not subscribe according to the shareholding ratio, resulting in the shareholding ratio being reduced to 4.43%, and adjusting "the capital reserve-recognition of all interests in subsidiaries" to the amount of \$1,477.
8. G-YEN HUTONG Co., Ltd. completed its capital increase in March 2022, and the amount of the capital increase was \$27,000. The Company did not subscribe according to the shareholding ratio, which results in the shareholding ratio being reduced to 6.79%, and adjusting "the capital reserve-recognition of all interests in subsidiaries" to the amount of \$383.
9. The Company disposed of 100% equity of ABICO R&D in December 2022. The disposal price was \$4,891, and the difference between all book amounts related to the affiliated enterprise was recognized as a disposal investment loss of the amount of \$277.
10. ABICO Asia completed its capital reduction and refund in March 2022. The ratio of capital reduction was 20% and the amount of refunded share fund was \$70,000. The investment using the equity method has been reduced.

(VII) Property, plant and equipment

	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Total</u>
<u>January 1, 2022</u>			
Costs	\$ 3,012	\$ 13,099	\$ 16,111
Accumulated depreciation	(3,012)	(12,848)	(15,860)
	<u>\$ -</u>	<u>\$ 251</u>	<u>\$ 251</u>
<u>2022</u>			
Opening balance	\$ -	\$ 251	\$ 251
Additions	-	110	110
Depreciation expense	-	(125)	(125)
Ending balance	<u>\$ -</u>	<u>\$ 236</u>	<u>\$ 236</u>
<u>December 31, 2022</u>			
Costs	\$ 3,012	\$ 13,209	\$ 16,221
Accumulated depreciation	(3,012)	(12,973)	(15,985)
	<u>\$ -</u>	<u>\$ 236</u>	<u>\$ 236</u>
	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Total</u>
<u>January 1, 2021</u>			
Costs	\$ 3,012	\$ 12,837	\$ 15,849
Accumulated depreciation	(3,012)	(12,726)	(15,738)
	<u>\$ -</u>	<u>\$ 111</u>	<u>\$ 111</u>
<u>2021</u>			
Opening balance	\$ -	\$ 111	\$ 111
Additions	-	262	262
Depreciation expense	-	(122)	(122)
Ending balance	<u>\$ -</u>	<u>\$ 251</u>	<u>\$ 251</u>
<u>December 31, 2021</u>			
Costs	\$ 3,012	\$ 13,099	\$ 16,111
Accumulated depreciation	(3,012)	(12,848)	(15,860)
	<u>\$ -</u>	<u>\$ 251</u>	<u>\$ 251</u>

(VIII) Lease transactions - lessee

1. The assets leased by the Company are buildings and transportation equipment, and the lease terms are usually 3–5 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 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
Buildings	\$ 2,775	\$ 2,172
Transportation equipment (company cars)	759	1,671
	<u>\$ 3,534</u>	<u>\$ 3,843</u>
	2022	2021
	Depreciation expense	Depreciation expense
Buildings	\$ 1,371	\$ 1,371
Transportation equipment (company cars)	912	912
	<u>\$ 2,283</u>	<u>\$ 2,283</u>

3. The additions of the Company's right-of-use assets in 2022 and 2021 were \$1,974 and \$0, respectively.
4. 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	\$ 39	\$ 69
Expenses on short-term lease agreements and low-value assets leased	376	354

5. The Company's total cash outflows from leases in 2022 and 2021 were \$2,716 and \$2,695, respectively.

(IX) Short-term borrowings

Category of borrowings	December 31, 2022	December 31, 2021
Bank borrowings		
Unsecured borrowings	<u>\$ 507,500</u>	<u>529,000</u>
Interest rate range	<u>1.42%~2.00%</u>	<u>0.85%~0.91%</u>

(X) Long-term borrowings

Category of borrowings	Borrowing period and repayment methods	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	2021/09/06-2024/09/06; Principal repaid upon due	1.39%	Time deposits	\$ 100,000
	2022/07/12-2025/10/09; Principal repaid upon due	1.60%	Time deposits	150,000
Unsecured borrowings	2020/10/29-2025/10/29; The first installment of the principal should be repaid 24 months from the date of first drawdown, and each of the remaining installments should be repaid every 6 months, with a total of 7 installments.	1.96%	None	900,000
				1,150,000
	Less: Long-term bank borrowings - current portion			(50,000)
				<u>\$ 1,100,000</u>
Category of borrowings	Borrowing period and repayment methods	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Secured borrowings	2021/09/06-2024/09/06; Principal repaid upon due	0.71%	Time deposits	\$ 100,000
Unsecured borrowings	2020/10/29-2025/10/29; The first installment of the principal should be repaid 24 months from the date of first drawdown, and each of the remaining installments should be repaid every 6 months, with a total of 7 installments.	1.80%	None	950,000
				1,050,000
	Less: Long-term bank borrowings - current portion			(50,000)
				<u>\$ 1,000,000</u>

The collateral for the above long-term borrowings is the time deposit provided by the subsidiary, Gold Market Investments Ltd.

(XI) Pensions

1. Effective on July 1, 2005, the Company has 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 makes 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 pension costs recognized by the Company in accordance with the above pension schemes for 2022 and 2021 were \$900 and \$848, respectively.

(XII) 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	Ending balance
The Company for transfer of the shares to employees	1,005	\$ 24,059
Subsidiary - AVY	984	5,714
	1,989	\$ 29,773

Unit: thousand shares		
December 31, 2021		
Name of company	Number of shares	Ending balance
The Company for transfer of the shares to employees	1,005	\$ 24,059
Subsidiary - AVY	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 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.

(XIII) 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 subsidiarie s recognized	Changes in the net equity value of affiliates recognized using the equity method	Others	Total
January 1, 2022	\$ 1,083,461	\$ 351,257	\$ 882,599	\$ 195,222	\$ 1,349	\$ 70,480	\$ 2,584,368
Cash dividends	(50,989)	-	-	-	-	-	(50,989)
Overdue dividends transferred to capital surplu	-	-	-	-	-	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 using the equity method	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>

(XIV) 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 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. (1) The shareholders' meeting, on July 15, 2021, resolved a decision to pay out cash dividends of \$50,989 (about NT\$0.3 per share) for earnings distribution for 2020.
 (2) The shareholders' meeting, on June 14, 2022, resolved a decision to pay out cash dividends for earnings distribution for 2021. The net profit of 2021 was not enough to distribute the surplus due to the provision of the legal reserve and the special surplus reserve. Therefore, it is planned to retain the surplus, and the cash dividends of the amount of \$50,989 (about NT\$0.3 per share) will be paid out of capital reserve.
6. 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.

(XV) Interest income

	2022	2021
Interest income	\$ 1,020	\$ 305

(XVI) Other income

	2022	2021
Dividend income	\$ 8,272	\$ 9,768
Bargain purchase gains	5,667	-
	\$ 13,939	\$ 9,768

(XVII) Other gains and losses

	2022	2021
Net loss on financial assets at fair value through profit or loss	(\$ 20,942)	(\$ 13,390)
Disposal of investment gain (loss)	(277)	-
Net foreign exchange gain (loss)	15,421	(659)
Other gains	17,776	11,068
	\$ 11,978	(\$ 2,981)

(XVIII) Financial costs

	<u>2022</u>	<u>2021</u>
Interest expense		
Interest on borrowings	\$ 25,134	\$ 22,052
Interest on lease liabilities	39	69
	<u>\$ 25,173</u>	<u>\$ 22,121</u>

(XIX) Additional Information on the categories of expenses

	<u>2022</u>	<u>2021</u>
Employee benefit expenses		
Salary and wages	\$ 36,689	\$ 32,013
Labor and health insurance costs	1,782	1,533
Pension	900	848
Other employment expenses	920	863
Depreciation expense on property, plant and equipment and right-of-use assets	2,408	2,405
Operating costs and operating expenses	<u>\$ 42,699</u>	<u>\$ 37,662</u>

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 it did not estimate employee remuneration and directors' remuneration. The estimated 2021 employee remuneration and directors' remuneration were \$5,317 and \$997, 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 estimated 2021 employee remuneration and directors' remuneration approved by the Board of Directors are consistent with the amounts for 2021.

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

(XX) Income tax

1. Income tax expense

(1) Components of income tax expenses:

	<u>2022</u>	<u>2021</u>
Current income tax:		
Income tax from the current income	\$ 931	\$ 915
Income tax (over) underestimates for prior years	(6)	770
	<u>925</u>	<u>1,685</u>
Deferred tax:		
The initial generation and reversal of temporary differences	2,338	(273)
Income tax expense	<u>\$ 3,263</u>	<u>\$ 1,412</u>

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

	<u>2022</u>	<u>2021</u>
Changes in the fair values of financial assets at fair value through other comprehensive income.	(\$ 15,155)	\$ 404

2. Reconciliation between income tax expenses and accounting profits:

	<u>2022</u>	<u>2021</u>
Income tax calculated based on net loss (income) before tax at the statutory tax rate	(\$ 18,738)	\$ 12,030
Effects of items that should be adjusted according to laws	21,076	(12,303)
Income tax (over) underestimates for prior years	(6)	770
Tax effects from foreign tax credits which cannot be used to offset withholding tax on foreign income	931	915
Income tax expense	<u>\$ 3,263</u>	<u>\$ 1,412</u>

3. The amount of each deferred tax asset or liability arising from temporary differences are as follows:

2022				
	January 1	Recognized in profit or loss	Recognized in other comprehens ive income	December 31
Temporary differences and tax losses:				
Deferred tax assets:				
Unrealized exchange losses	\$ 1,640	(\$ 1,640)	\$ -	\$ -
Impairment loss	1,600	-	-	1,600
Unrealized losses on financial assets at fair value through other comprehensive income	3,307	-	(3,307)	-
Total	6,547	(\$ 1,640)	(3,307)	1,600
Deferred tax liability:				
Unrealized exchange profit	\$ -	(\$ 698)	\$ -	(\$ 698)
Unrealized profit on Financial assets at fair Value through other Comprehensive income	-	-	(11,848)	(11,848)
Subtotal	-	(698)	(11,848)	(12,546)
Total	\$ 6,547	(\$ 2,338)	(\$ 15,155)	(\$ 10,946)
2021				
	January 1	Recognized in profit or loss	Recognized in other comprehens ive income	December 31
Temporary differences and tax losses:				
Deferred tax assets:				
Unrealized exchange losses	\$ 1,367	\$ 273	\$ -	\$ 1,640
Impairment loss	1,600	-	-	1,600
Unrealized losses on financial assets at fair value through other comprehensive income	2,903	-	404	3,307
Total	\$ 5,870	\$ 273	\$ 404	\$ 6,547

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

(XXI) Earnings (losses) per share

	2022		
	Amount after tax	Weighted average number of issued shares (in thousand)	Losses per share (NT\$)
<u>Basic and diluted losses per share</u>			
Current net loss attributable to ordinary shareholders of the parent company	<u>(\$ 96,951)</u>	167,975	<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>	167,975	<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.

(XXII) Supplementary information on cash flows

Financing activities that do not affect cash flows:

	2022	2021
Long-term bank borrowings - current portion	<u>\$ 50,000</u>	<u>\$50,000</u>

(XXIII) The movements in liabilities from financing activities

The movements in the Company's liabilities from financing activities during 2022 and 2021 were all movements in financing cash flows. Please refer to the parent company only statements of cash flows.

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 Company</u>
Abico International Co., Ltd. (ABICO International)	Ultimate parent company
AVY Co., Ltd. (AVY)	Subsidiary
Dong Guan Cheng Guang Metal Products Co., Ltd. (Dongguan Cheng Guang Metal)	Subsidiary
Dong Guan Cheng Guang Precision Industry Co., Ltd. (Dongguan Cheng Guang Precision)	Subsidiary
Dong Guan Cheng Guang Trading Co., Ltd. (Dongguan Cheng Guang Trading)	Subsidiary
Gold Market Investments Ltd.	Subsidiary
AVY High Tech Ltd.	Subsidiary
AVY Technology Limited	Subsidiary
Ability I Venture Capital Corporation (Ability I)	Subsidiary
Jabon International Co., Ltd. and its subsidiaries (Jabon International)	Subsidiary
IKKA Holdings (Cayman) Limited	Subsidiary
ABICO NetCom Co., Ltd. and its subsidiaries (ABICO NetCom)	
Shine Trade International Ltd.	Subsidiary
SEINOH Optical Co., Ltd. (SEINOH Optical)	Subsidiary
Abico Capital Co., Ltd.	Subsidiary
Honlynn Co., Ltd. and its subsidiaries (Honlynn)	Subsidiary
VIEWQUEST Investment Co., Ltd. (VIEWQUEST)	Subsidiary
Ability Enterprise Co., Ltd. (Ability Enterprise)	An affiliate
G-YEN HUTONG CO., LTD. (G-yen)	An affiliate
ABICO Asia Capital Corporation (ABICO Asia)	An affiliate

ABILITY INVESTMENT CO., LTD. (ABILITY Investment)	Other related parties
Ability Venture Management Co., Ltd (Ability Venture)	Other related parties

(III) Major transactions with related parties

1. Operating revenue

	<u>2022</u>	<u>2021</u>
Sales of services:		
Subsidiary		
Cheng Guang Precision	\$ 5,038	\$ 9,283
Cheng Guang Metal	3,598	-
Other	280	330
Other related parties		
ABICO Capital Management	2,381	-
	<u>\$ 11,297</u>	<u>\$ 9,613</u>

Sales of services refer to the technical services provided by the Company to the related party in production technologies, quality management, factory management, mold techniques, and business expansion, and the Company received income from such technical services.

2. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
Subsidiary	<u>\$ 11</u>	<u>\$ 31</u>
Other receivables		
Subsidiary		
Jabon	<u>\$ 12,000</u>	<u>\$ -</u>

Receivables from related party are mainly from trading of services, dividends income, and sale of services are collected within 120 days at the end of each month.

3. Operating cost

	<u>2022</u>	<u>2021</u>
Service payment:		
Subsidiary		
AVY	<u>\$ 2,400</u>	<u>\$ 2,400</u>

The related party provided the technical services to the Company in production technologies, quality management, factory management, mold techniques, and business expansion, and the Company made payments for such technical services. The payments were recognized in operating cost.

4. Leasing transaction-Lessee

(1) The Company leases the buildings from ABILITY INVESTMENT CO., LTD. The lease contract period is from 2018 to 2024, and the rent is paid at the end of each year.

(2) Gains to the right to use

	<u>Year of 2022</u>	<u>Year of 2021</u>
Other related parties		
ABILITY Investment	<u>\$ 1,974</u>	<u>\$ -</u>

(3) Rent Liabilities

A. Ending balance

	<u>Year of 2022</u>	<u>Year of 2021</u>
Other related parties		
ABILITY Investment	<u>\$ 2,790</u>	<u>\$ 2,204</u>

B. Interest expenses

	<u>Year of 2022</u>	<u>Year of 2021</u>
Other related parties		
ABILITY Investment	<u>\$ 16</u>	<u>\$ 30</u>

5. Endorsements/Guarantees

The subsidiary, Gold Market Investments Ltd., provided a time deposit of US\$9,519 thousand as collateral for the Company's borrowings. Please refer to Note 6(10) for details.

(IV) Information on remuneration to key management personnel

	<u>2022</u>	<u>2021</u>
Salary and other short-term employee benefits	\$ 10,927	\$ 12,192
Post-employment benefits	<u>382</u>	<u>317</u>
	<u>\$ 11,309</u>	<u>\$ 12,509</u>

VIII. Assets Pledged

None.

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingencies

None.

(II) Commitments

None.

X. Major Disaster Loss

None.

XI. Material Events After the Balance Sheet Date

The Board of Directors of the Company, on March 22, 2023, resolved to buy back 1,005 thousand shares of treasury stock which were not transferred to employees, and passed a capital reduction plan to eliminate such stocks expired for three years. The base date of the capital reduction is May 22, 2023.

XII. Others

(I) Capital management

The objectives of the Company's capital management are to ensure that the Company 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 Company 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	\$ 190,819	\$ 211,699
Financial assets at fair value through other comprehensive income	466,588	256,541
Financial assets at amortized cost		
Cash and cash equivalents	215,813	216,016
Financial assets at amortized cost	-	2,768
Accounts receivable (including related parties)	11	31
Other receivables (including related parties)	12,000	-
Guarantee deposits paid	1,200	1,200
	<u>\$ 886,431</u>	<u>\$ 688,255</u>
	December 31, 2022	December 31, 2021
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 507,500	\$ 529,000
Notes payable	2,706	2,704
Other payables	42,881	42,263
Long-term liabilities (including those due within one year or one operating cycle)	1,150,000	1,050,000
Lease liabilities	<u>\$ 1,703,087</u>	<u>\$ 1,623,967</u>
	<u>\$ 3,566</u>	<u>\$ 3,893</u>

2. Risk management policy

- (1) The Company'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 Company's Finance Department in accordance with the policy approved by the Board of Directors. The Company's Finance Department is responsible for identifying, evaluating, and avoiding financial risks through close collaboration with the Company'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 Company'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:

December 31, 2022			
	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary item</u>			
USD: NTD	\$ 3,299	30.71	\$ 101,312
HKD: NTD	1,151	3.94	4,534
JPY: NTD	22,510	0.23	5,231
December 31, 2021			
	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary item</u>			
USD: NTD	\$ 4,455	27.68	\$ 123,314
HKD: NTD	1,150	3.55	4,081
JPY: NTD	2,878	0.24	692

B. The aggregate amounts of (realized and unrealized) net exchange profits or losses of the Company's monetary items recognized for 2022 and 2021 due to the material impact of exchange rate fluctuations were \$15,421 in profits and \$659 in losses, respectively.

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

2022			
Sensitivity analysis			
(Foreign currency: functional currency)	<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%	\$ 1,013	\$ -
HKD: NTD	1%	45	-
JPY: NTD	1%	52	-
2021			
Sensitivity analysis			
(Foreign currency: functional currency)	<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%	\$ 1,233	\$ -
HKD: NTD	1%	41	-
JPY: NTD	1%	7	-

Price risk

- A. The Company'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 Company has diversified its investment portfolio, and the method of the diversification is based on the limits set by the Company.
- B. The Company mainly invests in equity instruments 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 \$1,908 and \$2,117 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 \$4,666 and \$2,565, 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 Company's interest rate risk mainly comes from short-term borrowings at floating rates, which exposes the Company to the cash flow interest rate risk. The Company's borrowings at floating rates during 2022 and 2021 were denominated in NTD.
- B. When the borrowing rate increased or decreased by 1%, with all other factors remaining unchanged, the net income after tax as at December 31, 2022 and 2021 would have increased or decreased by \$16,575 and \$15,790, respectively, mainly as interest expense changes with the floating-rate borrowings.

(2) Credit risk

- A. The Company's credit risk is the risk of financial loss suffered by the Company 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 Company has established credit risk management from the Company's perspective. In accordance with the internal credit policy, the Company's operating units 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 Company 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 Company 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 Company groups clients' accounts receivable 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 Company writes off the amount of the financial asset that cannot be reasonably expected to be recovered. However, the Company will continue to carry out the legal recourse procedures to preserve the creditor's rights.
- G. The Company has included forward-looking considerations for the future and adjusted the loss rate established based on historical and current information in a specific period so as to estimate an allowance for losses from accounts receivable. However, as per the above considerations and information, the Company does not

expect to suffer any significant loss on accounts receivable due to the loss ratio.

(3) Liquidity risk

A. The remaining cash held by each operating entity will be transferred back to the Company's Finance Department when it exceeds the amount of working capital needed. The Company'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 Company's non-derivative financial liabilities are grouped as per due dates and analyzed based on the remaining period from the balance sheet date to the contract maturity date. The contractual cash flows disclosed below are undiscounted.

Non-derivative financial liabilities	December 31, 2022		December 31, 2021	
	More than 1 year	Less than 1 year	More than 1 year	Less than 1 year
Long-term borrowings	\$ 1,137,980	\$ 71,927	\$ 1,048,986	\$ 67,414
Lease liabilities	1,404	2,185	3,004	2,341

Except as stated in the table above, the Company'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 and stocks listed on the emerging stock market held by the Company 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 the embedded derivatives invested by the Company belong to this level.

Level 3: Unobservable inputs for assets or liabilities. The fair values of equity instrument investments invested by the Company without an active market belong to this level.

2. The carrying amounts of the financial instruments not measured at fair value (including accounts receivable (including related parties), other receivables, short-term borrowings, notes and accounts payable, other payables, and long-term borrowings) are reasonable approximations of the fair values.

3. Financial instruments at fair value are classified by the Company based on the nature, characteristics, risk, and the level of fair value of assets and liabilities. The relevant information is as follows:

(1) The Company 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				
Equity securities	\$ 169,820	\$ -	\$ 20,999	\$ 190,819
Financial assets at fair value through other comprehensive income				
Equity securities	297,144	-	169,444	466,588
	<u>\$ 466,964</u>	<u>\$ -</u>	<u>\$ 190,443</u>	<u>\$ 657,407</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				
Equity securities	\$ 193,099	\$ -	\$ 18,600	\$ 211,699
Financial assets at fair value through other comprehensive income				
Equity securities	21,218	-	235,323	256,541
	<u>\$ 214,317</u>	<u>\$ -</u>	<u>\$ 253,923</u>	<u>\$ 468,240</u>

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

A. The closing prices and the last transaction prices of the TWSE/TPEX listed stocks and stocks listed on the emerging stock market held by the Company on the balance sheet date are adopted as the fair value inputs (i.e., Level 1).

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 parent company only 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 Company 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 Company. 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 Company'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 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	\$ 253,923	\$ 139,634
Purchases during this period	78,480	114,300
Sales during this period	(1,532)	-
Profit recognized in profit or lose	2,399	-
Profit recognized in other comprehensive income	134,596	(11)
Transferred from Level 3	(277,423)	-
December 31	<u>\$ 190,443</u>	<u>\$ 253,923</u>

6. Since the investment target was publicly traded in an active market in September 2022, sufficient observable market information could be obtained. Therefore, the Company transferred the fair value classified from Level 3 to Level 1 at the end of the month when the event occurred.
7. In the Company'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, 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>Relations between input and fair value</u>
Non-derivative equity instruments				
Unlisted stocks	<u>\$ 190,443</u>	Comparable public company approach	Price to earnings ratio, price to book ratio, and discounts for lack of market liquidity	The higher the ratio, the higher the fair value; the higher the discount for lack of market liquidity, the lower the fair value
<u>December 31, 2021</u>	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Relations between input and fair value</u>
Non-derivative equity instruments				
Unlisted stocks	<u>\$ 253,923</u>	Comparable public company approach	Price to earnings ratio, price to book ratio, and discounts for lack of market liquidity	The higher the ratio, the higher the fair value; the higher the discount for lack of market liquidity, the lower the fair value

9. The Company 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:

		<u>December 31, 2022</u>				
		<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>		
	<u>Input</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial assets						
Equity instruments	<u>\$ 190,443</u>	±1%	<u>\$ 210</u>	<u>(\$ 210)</u>	<u>\$ 1,694</u>	<u>(\$ 1,694)</u>
		<u>December 31, 2021</u>				
		<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>		
	<u>Input</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial assets						
Equity instruments	<u>\$ 253,923</u>	±1%	<u>\$ 186</u>	<u>(\$ 186)</u>	<u>\$ 2,353</u>	<u>(\$ 2,353)</u>

XIII. Additional Disclosures

The information on the Company's material major transactions during 2022 is listed as follows:

(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

- A. Basic Information: Table 9.
- B. 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

Information on Major Shareholders: Table 11.

XIV. Operating segments Information

The disclosure is not required.

ABICO AVY Co., Ltd.
(formerly known as AVY PRECISION TECHNOLOGY INC.)
Statement of Cash and Cash Equivalents
December 31, 2022

Statement 1		Unit: NT\$ thousand
Item	Summary	Amount
Petty cash		\$ 100
Checking deposit		324
Demand deposit		
- NTD deposit		104,312
- Foreign-currency deposit	1,299,000 USD at an exchange rate of 1 USD to 30.71 NTD	39,892
	1,151,000 HKD at an exchange rate of 1 HKD to 3.94 NTD	4,534
	22,510,000 JPY at an exchange rate of 1 JPY to 0.23 NTD	5,231
Time deposits		
- Foreign-currency deposit	1,000,000 USD at an exchange rate of 1 USD to 30.71 NTD, interest rate 4.0%, with the maturity date on January 18, 2023	30,710
	1,000,000 USD at an exchange rate of 1 USD to 30.71 NTD, interest rate 4.9%, with the maturity date on February 17, 2023	30,710
		<u>\$ 215,813</u>

ABICO AVY Co., Ltd.
(formerly known as AVY PRECISION TECHNOLOGY INC.)
Statement of Changes in Investments Accounted For Using the Equity Method
For the Year Ended December 31, 2022

Statement 2

Unit: NT\$ thousand

Name of investee	Opening balance		Increase during this period		Decrease during this period		Other adjustments	Investment income (loss) recognized for the current period	Exchange differences on translation of the financial statements of foreign operations	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	Remeasurement of defined benefit plans	Ending balance		Market price or net worth of equity		
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount						Number of shares (thousand shares)	Shareholding	Amount	Unit price	Total price
Subsidiaries:																
AVY	59,598	\$ 931,701	-	\$ -	-	\$ -	\$ 8,342	(\$ 19,699)	\$ 45,385	\$ -	\$ 410	59,598	100.00%	\$ 966,139	\$ 16.21	\$ 966,139
Gold Market	3,917	1,854,573	-	-	-	-	17,513	(61,928)	98,784	259	298	3,917	68.52%	1,909,499	487.49	1,909,499
Avy High Tech	6,776	288,973	-	-	-	(29,465)	-	3,454	31,593	(1,101)	-	6,776	100.00%	293,454	43.31	293,454
Avy Technology	40	922	-	-	-	-	-	3	101	-	-	40	100.00%	1,026	25.65	1,026
Ability I Venture Capital	22,908	202,297	-	-	(7,728)	(95,607)	(33,030)	(8,984)	1,678	28,681	-	15,180	48.30%	95,035	6.26	95,035
ABICO Optical	-	-	-	-	-	-	-	-	-	-	-	-	14.40%	-	-	-
Jabon International	83,079	1,645,876	-	-	-	(97,000)	20,009	32,601	(8,207)	15,651	2,132	83,079	100.00%	1,611,062	19.39	1,611,062
IKKA Holdings	4,000	238,913	-	-	-	(12,889)	(4,872)	13,397	7,058	520	939	4,000	13.68%	243,066	60.77	243,066
ABICO NetCom	7,075	147,744	-	-	-	(8,490)	(2,779)	4,729	2,092	(42)	31	7,075	13.64%	143,285	20.25	143,285
Shine Trade	1,045	(9,348)	-	-	(1,035)	-	13,839	(3,314)	(1,124)	-	-	10	0.52%	53	5.30	53
Seino Optical	1,462	9,458	-	-	-	-	1,477	(1,648)	-	-	-	1,462	4.43%	9,287	6.35	9,287
ABICO Capital	2,000	19,816	1,000	10,000	-	-	762	(620)	-	(721)	-	3,000	100.00%	29,237	9.75	29,237
Honlynn	3,500	50,172	-	-	-	(5,250)	5	3,555	126	-	99	3,500	14.46%	48,707	13.92	48,707
VIEWQUEST	-	-	836	45,144	-	(996)	4,397	684	791	966	-	836	100.00%	50,986	60.99	50,986

ABICO AVY Co., Ltd.
(formerly known as AVY PRECISION TECHNOLOGY INC.) (continued)
Statement of Changes in Investments Accounted For Using the Equity Method
For the Year Ended December 31, 2022

Statement 2

Unit: NT\$ thousand

Name of investee	Opening balance		Increase during this period		Decrease during this period			Other adjustments	Investment income (loss) recognized for the current period	Exchange differences on translation of the financial statements of foreign operations	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	Remeasurement of defined benefit plans	Ending balance		Market price or net worth of equity	
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)						Shareholding	Amount	Unit price	Total price
Affiliates:																
Ability Enterprise	19,962	277,128	8,629	209,485	-	(26,357)	(17,226)	13,429	5,369	1,917	-	28,591	9.94%	463,745	16.22	463,745
G-yen Hutong	796	25,050	160	5,611	-	(478)	441	694	163	214	-	956	6.79%	31,695	33.15	31,695
ABICO Asia	35,000	415,333	-	-	(7,000)	(87,716)	48,832	(20,519)	1,954	(39,763)	-	28,000	18.16%	318,121	11.36	318,121
ABICO R&D	-	5,461	-	-	-	(5,168)	(690)	-	397	-	-	-	-	-	-	-
Subtotal		\$ 6,104,069		\$ 270,240		(\$ 369,416)	\$ 57,020	(\$ 44,166)	\$ 186,160	\$ 6,581	\$ 3,909			\$ 6,214,397		\$ 6,214,397
Credit balances of long-term investments		9,348												-		-
		\$ 6,113,417												\$ 6,214,397		\$ 6,214,397

Note 1: Investments held by the Company using the equity method were not pledged as collateral.

Note 2: The increase for this period includes the number of acquisitions during this period.

Note 3: The decrease for this period includes the number of sales, the cash dividends obtained from the investees, and the capital returned from the investees to reduce capital during this period.

Note 4: In response to other adjustments made by AVY, the shares in the Company held by the parent and subsidiaries are regarded as the Company's treasury shares. Thus, for the cash dividends paid out by the Company to subsidiaries, "capital surplus- treasury stock" was adjusted for \$296, and due to changes in the net worth of subsidiary's equity, so "capital surplus" was increased \$8,046.

Note 5: Other adjustments made by Gold Market are due to changes in the net worth of subsidiary's equity, so "capital surplus" was increased \$17,513.

Note 6: Other adjustments made by Ability I Venture Capital are that when the subsidiary disposed of financial assets at fair value through other comprehensive income, the cumulative gains previously recognized in other comprehensive income were reclassified to retained earnings, so "undistributed earnings" was adjusted for an decrease of \$36,930, and that for the net value of equity changes in subsidiaries, "capital surplus" was adjusted for an increase of \$3,900.

Note 7: Other adjustments made by Jabon International are due to changes in the net worth of subsidiary's equity, so "capital surplus" was adjusted for an increase of \$20,009.

Note 8: Other adjustments made by IKKA Holdings are due to changes in the net worth of the subsidiary's equity, so "capital surplus" was adjusted for a decrease of \$4,369 and "management fee" was adjusted for \$503 for the subsidiary's share-based payment transaction with the parent company.

Note 9: Other adjustments made by ABICO NetCom are due to changes in the net worth of the subsidiary's equity, so "capital surplus" was adjusted for a decrease of \$179, and that when the subsidiary disposed of financial assets at fair value through other comprehensive income, the cumulative gains previously recognized in other comprehensive income were reclassified to retained earnings, so "undistributed earnings" was adjusted for an increase of \$146, and that due to changes in the net worth of the subsidiary's equity, "undistributed earnings" was adjusted for a decrease of \$2,746 .

Note 10: Other adjustments made by Shine Trade are that the subsidiary's capital increase was not recognized to the shareholding ratio change according to the shareholding ratio, so "capital surplus" was adjusted for an increase of \$13,839.

Note 11: Other adjustments made by Seinoh Optical are that the subsidiary's capital increase was not recognized to the shareholding ratio change according to the shareholding ratio, so "capital surplus" was adjusted for an increase of \$1,477.

ABICO AVY Co., Ltd.
(formerly known as AVY PRECISION TECHNOLOGY INC.) (continued)
Statement of Changes in Investments Accounted For Using the Equity Method
For the Year Ended December 31, 2022

Statement 2

Unit: NT\$ thousand

Note 12: Other adjustments made by ABICO Capital are that when the subsidiary disposed of financial assets at fair value through other comprehensive income, the cumulative gains previously recognized in other comprehensive income were reclassified to retained earnings, so “undistributed earnings” was adjusted for an increase of \$762.

Note 13: Other adjustments made by Honlynn are due to changes in the net worth of the subsidiary’s equity, so “capital surplus” was adjusted for an increase of \$5.

Note 14: Other adjustments made by VIEWQUEST are due to changes in the net worth of the subsidiary’s equity, so “capital surplus” was adjusted for an increase of \$180 and “undistributed earnings” was adjusted for a decrease of \$1,450, and that for the merger and acquisition of VIEWQUEST’s bargaining purchase gains, “other income” was adjusted to \$5,667.

Note 15: Other adjustments made by Ability Enterprise are due to changes in the net worth of the subsidiary’s equity, so “capital surplus” was adjusted for an increase of \$2,690 and that when the subsidiary disposed of financial assets at fair value through other comprehensive income, the cumulative gains previously recognized in other comprehensive income were reclassified to retained earnings, so “undistributed earnings” was adjusted for a decrease of \$19,916.

Note 16: Other adjustments made by G-YEN HUTONG are due to changes in the net worth of subsidiary’s equity, so “capital surplus” was adjusted for an increase of \$441.

Note 17: Other adjustments made by ABICO Asia are that when the subsidiary disposed of financial assets at fair value through other comprehensive income, the cumulative gains previously recognized in other comprehensive income were reclassified to retained earnings, so “undistributed earnings” was adjusted for an increase of \$48,832.

Note 18: Other adjustments made by ABICO R&D are that for the disposal of shareholding, “capital surplus” was adjusted for a decrease of \$690.

ABICO AVY Co., Ltd.
(formerly known as AVY PRECISION TECHNOLOGY INC.)
Statement of Short-Term Borrowings
December 31, 2022

Statement 3

Unit: NT\$ thousand

<u>Types of borrowings</u>	<u>Description</u>	<u>Ending balance</u>	<u>Contract period</u>	<u>Interest rate range</u>	<u>Maximum financing amount</u>	<u>Collateral</u>	<u>Remarks</u>
Unsecured borrowings	CTBC Bank	\$ 97,500	2022.10.07-2023.01.04	1.48%	\$ 110,000	None	
Unsecured borrowings	CTBC Bank	40,000	2022.11.11-2023.02.10	1.62%	40,000	"	
Unsecured borrowings	Cathay United Bank	100,000	2022.10.14-2023.01.13	1.42%	100,000	"	
Unsecured borrowings	Shanghai Commercial Bank	100,000	2022.11.11-2023.08.25	1.63%	100,000	"	
Unsecured borrowings	Taipei Fubon Bank	20,000	2022.12.06-2023.01.06	1.70%	150,000	"	
Unsecured borrowings	Yuanta Commercial Bank	80,000	2022.12.14-2023.03.03	1.60%	80,000	"	
Unsecured borrowings	Mega International Commercial Bank	70,000	2022.12.30-2023.03.30	2.00%	100,000	"	
		<u>\$ 507,500</u>			<u>\$ 680,000</u>		

ABICO AVY Co., Ltd.
(formerly known as AVY PRECISION TECHNOLOGY INC.)
Statement of Employee Benefits, Depreciation, Depletion, and Amortization Expenses During the Period by Function
For the Year Ended December 31, 2022

Statement 4

Unit: NT\$ thousand

By nature \ By function	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary and wages	\$ 3,119	\$ 33,570	\$ 36,689	\$ 2,947	\$ 28,069	\$ 31,016
Labor and health insurance costs	286	1,496	1,782	307	1,226	1,533
Pension	168	732	900	169	679	848
Remuneration to directors	-	-	-	-	997	997
Other employee benefit expenses	115	805	920	118	745	863
Depreciation expense	-	2,408	2,408	-	2,405	2,405

Note:

1. The number of employees for this year and the prior year was 24 and 23, respectively, of which the number of directors who did not serve as employees concurrently was 6 in both years.
2. Companies whose stocks have been listed on TWSE or traded on TPEX shall disclose the information below additionally:
 - (1) The average employee benefit expense for this year was \$2,238 and that for the prior year was \$2,015.
 - (2) The average salary and wages for this year were \$2,038 and that for the prior year was \$1,824.
 - (3) The average employee salary increase was 11.73%.
 - (4) The Company has established an Audit Committee, so there is no supervisors' remuneration.
 - (5) Please specify your company's remuneration policy (including directors, supervisors, managers, and employees).
 - A. Directors: As per the Articles of Incorporation, the Remuneration Committee shall draw up a distribution proposal based on the performance of the Board of Directors as a whole, the Company's operating performance, future operations, and risk appetite, and report it to the shareholders' meeting after it is approved by the resolution of the Board of Directors.
 - B. Managers: The Company determines the remuneration to managers according to the general salary level for the position in the industry, the scope of responsibility and duty for the position in the Company, and their contribution to the Company's business goals.

ABICO AVY Co., Ltd.
(formerly known as AVY PRECISION TECHNOLOGY INC.)
Statement of Employee Benefits, Depreciation, Depletion, and Amortization Expenses During the Period by Function
For the Year Ended December 31, 2022

Statement 4

Unit: NT\$ thousand

- C. Employee: The remuneration includes salary, executive differential pay, pension, and various bonuses. We provide reasonable remuneration based on the Company's overall operating performance as well as individuals' performance and their contribution to the Company. Moreover, we have established an Employee Welfare Committee to handle various activities, employee training courses, employee group insurance, and other benefits.

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					
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		Limit on Loans to a Single Party			Aggregate Loans Limit	Note
												Loss	Item Value					
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	Collateral		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/				Amount of Endorsement/		Ratio of Accumulated		Maximum/ Endorsement	Endorsement/ Guarantee	Endorsement/ Guarantee	Endorsement/ Guarantee	
No.	Endorsement Guarantee Provider	Name	Relationship (Note 1)	Guarantee Amount Provided to a Party	Maximum Balance for the Year	Ending Balance	Amount Actually Drawn	Guarantee Collateralized by Properties	Endorsement/Guarantee to Net Equity per Latest Financial Statements	Guarantee Amount Allowable	Provided by Parent Company	Provided by Subsidiary	to Subsidiary in the Mainland Area		Note
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		
Company Name	Type and Name of Marketable Securities		Relationship with the Issuer	General Ledger Account	Shares(1000)	Carrying Amount	of 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)

				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		
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			Accumulated			Recognition of		Accumulated	Remark	
				Outward	Remittance for	Outward	Remittance for	Investment	Carrying Amount	Repatriation of				
				Investment	from Taiwan as	Outward	Investment from	Net Income	Direct or	Losses in the	as of December	Income as of		
					of January 1,	(Note 6)	Taiwan as of	(Loss) of	Percentage of	Current Period	31, 2022	December31,		
					2022		December 31,	Investee	Ownership	(Note 1)		2022		
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													Remark
Investee Company	Main Business	Paid-in Capital	Method of Investment	Accumulated	Outward	Inward	Accumulated	Net Income	Direct or	Recognition of	Carrying Amount	Accumulated	
				Remittance for			Outward			Investment		Repatriation of	
				Investment			Remittance for			Investment		Investment	
				from Taiwan as			Taiwan as of	(Loss) of	Percentage of	Losses in the	as of December	Income as of	
				of January 1,	(Note 6)		December 31,	Investee	Ownership	Current Period	31, 2022	December31,	
				2022			2022			(Note 1)		2022	
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	Stipulated by Investment Commission, MOEA								
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%

- VI. Any difficulty with financial solvency of the Company and its affiliate: None.
- VII. Other important matters: (The Company particularly discloses the following in response to the information disclosure requirements as in the corporate governance evaluation)

(I) Depreciation method and period of 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:
2–65 years for buildings and structures; 1–17 years for machinery and equipment; 2–10 years for transportation equipment; 1–16 years for office equipment; 1–10 years for leasehold assets; 1–20 years for other equipment.

(II) Evaluation basis and basis for the accounting method of asset and liability items:

1. The carrying amounts of the Group's financial instruments not measured at fair value (including notes receivable, accounts receivable (including related parties), other receivables, short-term borrowings, notes and accounts payable, and other payables) are reasonable approximations of the fair values.
2. 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) 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.
3. 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.
4. Financial assets at amortised cost
- (1) Financial assets at amortised cost are those that meet all of the following criteria:
 - (1-1) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (1-2) 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.

Seven. Financial Position and Operating Performance Review Analysis and Risk Management

I. Financial position

The main reasons for the material changes in assets, liabilities, and equity in the most recent two years, and the impact thereof, as well as a future response plan if the impact is significant:

Unit: NT\$ thousand; %

Item \ Year	2021	2022	Difference	
			Amount	Increase/ Decrease(%)
Current assets	9,970,894	8,840,551	(1,130,343)	(11.34)
Property, plant and equipment	3,093,364	2,974,593	(118,771)	(3.84)
Intangible assets	139,965	165,854	25,889	18.50
Other assets	2,716,919	3,383,461	666,542	24.53
Total assets	15,921,142	15,364,459	(556,683)	(3.50)
Current liabilities	5,794,461	5,066,414	(728,047)	(12.56)
Non-current liabilities	2,727,660	2,841,732	114,072	4.18
Total liabilities	8,522,121	7,908,146	(613,975)	(7.20)
Share capital	1,699,640	1,699,640	0	0.00
Capital surplus	2,584,368	2,596,552	12,184	0.47
Retained earnings	1,499,247	1,394,903	(104,344)	(6.96)
Other adjustments to shareholders' equity	(575,656)	(271,778)	303,878	(52.79)
Treasury shares	(29,773)	(29,773)	0	0.00
Total equity attributable to owners of the parent	5,177,826	5,389,544	211,718	4.09
Non-controlling interests (including prior equity under the same ultimate parent company)	2,221,195	2,066,769	(154,426)	(6.95)
Total equity	7,399,021	7,456,313	57,292	0.77

1. Reason for increase/decrease: (The increase/decrease in percentage is 10% or more, and the increase/decrease in amount reaches 1% of the total assets of the year)

- (1) Current assets: Mainly due to the impact of decrease in account receivables and inventories.
- (2) Other assets: Mainly due to the impact of increase in financial assets at amortized cost and right-of-use, and the increase of the investment property this year.
- (3) Current liabilities: Mainly due to the impact of decrease in short-term notes payable and account payable.
- (4) Other adjustments to shareholders' equity: Mainly due to fluctuations in exchange rates resulting in changes in exchange differences of foreign operating institutions.

2. If any changes in assets, liabilities, or equity have a significant impact, please specify a future response plan:
The increase/decrease in the total assets, total liabilities, or total equity did not exceed 20% between the two years, so it does not apply.

II. Financial performance

1. Comparative analysis of financial performance

Unit: NT\$ thousand; %

Item \ Year	2021	2022	Increase/ Decrease (amount)	Increase/ Decrease (%)
Operating revenue	11,848,525	10,518,257	(1,330,268)	(11.23)
Operating cost	10,020,899	8,914,462	(1,106,437)	(11.04)
Gross profit	1,827,626	1,603,795	(223,831)	(12.25)
Operating expenses	1,568,543	1,587,521	18,978	1.21
Operating income	259,083	16,274	(242,809)	(93.72)
Non-operating income and expenses	117,916	160,202	42,286	35.86
Net income before tax	376,999	176,476	(200,523)	(53.19)
Income tax expense	149,361	150,018	657	0.44
Net income for this period	227,638	26,458	(201,180)	(88.38)

1. Analysis of changes:
 - (1) Operating income and operating cost: Mainly due to the decrease in orders of the metal and plastic business group, electric tools and powder gold business group affected by the market boom this year
 - (2) Non-operating income and expenses: Mainly due to the increase in foreign currency exchange benefits resulting from exchange rate fluctuations this year.
 - (3) Net income before tax and net income for this period: To sum up, resulting in a decrease in net profit for this year.
2. The potential impact of the estimated sales volume and the basis on the Company's future finance and a response plan
We did not disclose the financial forecast for 2022, so we did not plant to disclose our estimated sales volume.

III. Cash flow

1. The analysis of changes in the cash flow changes in the most recent year is described:

Unit: NT\$ thousand; %

Item \ Year	2021	2022	Increase/ Decrease (amount)
Net cash inflow (outflow) from operating activities	285,386	1,214,895	929,509

Item \ Year	2021	2022	Increase/ Decrease (amount)
Net cash inflow (outflow) from investing activities	466,286	(681,875)	(1,148,161)
Net cash inflow (outflow) from financing activities	99,893	(396,085)	(495,978)
Increase (Decrease) in cash and cash equivalents for this period	739,727	86,850	(652,877)

- (1) Increase in cash inflow from operating activities: Mainly due to the collection of account receivables in previous years.
 - (2) Decrease in cash inflow from investing activities: Mainly due to the increase in financial assets at amortized cost for this period and the acquisition of subsidiaries.
 - (3) Decrease in cash inflow from financing activities: Mainly due to the acquisition of equity, merger acquisition and cash capital increase for this period.
 - (4) To sum up, cash and cash equivalents for this period decreased
2. Improvement plan for insufficient liquidity: N/A.
 3. Cash flow liquidity analysis (consolidated financial statements) for the upcoming year (2023)

Unit: NT\$ thousand

Opening balance of cash	Annual net cash flow of operating activities	Annual cash outflows	Cash flow surplus (deficit) amount	Remedial measures for cash flow deficit	
				Investment plan	Financial management plan
3,502,787	1,056,592	(770,768)	3,788,611	-	-
1. Analysis of the movement in the cash flow in the upcoming year: (1) Operating activities: It is the estimated cash inflows from the Company's operations during 2023. (2) Investing activities: It is the cash outflows from the payment for fixed assets. (3) Financing activities: It is the cash outflows from payout of cash dividends and repayment of borrowings. 2. Remedial measures for the estimated cash flow deficit and liquidity analysis: None					

IV. Influence of major capital expenditures on financial business in the most recent year: None.

V. Investment policy for the most recent year, the main reasons for profit or loss, an improvement plan, and an investment plan for the following year:

1. Investment policy:

The Group's investment policy is mainly focused on businesses related to

the core business, and we will also formulate the Company's investment plan based on industry conditions and market trends.

When implementing the investment plan, the Group's execution departments follow the investment cycle under the internal control system and the Procedures for Asset Acquisition and Disposal. Relevant investment procedures and the regulations or systems adopted are discussed and approved by the board of directors or the shareholders' meeting.

2. The main reasons for the profit or loss on the investees in the most recent year and an improvement plan:

Unit: NT\$ thousand

Investee	Investment profit or loss for the most recent year	Principal business	Profit or loss and main reasons	Improvement plan	Other future investment plans
ABICO Asia Capital Corporation	(20,519)	Venture Investment	The equity invested is affected by sales or market prices.	N/A	None
Ability Enterprise Co., Ltd.	14,201	Digital cameras and optical products	Affected by the business cycle in the industry, the profit declined.	It is developing AI platforms, image application, and new products for self-driving vehicles	None
G-YEN HUTONG CO., LTD.	1,338	Other catering industry	The catering market has recovered, multiple stores have been expanded to increase revenue, and the e-commerce business has continued to grow.	N/A	None
Ilens International Co., Ltd.	(10,240)	Contact lens industry	It is still during the business adjustment process.	It actively explores the market to increase sales.	None
Enertec Corporation	(28)	Investment in other businesses	The equity invested is affected by sales or market prices.	N/A	None

3. Any investment plan for the coming year: None.

VI. Any risk events in the most recent year and up to the publication date of this annual report

1. The impact of interest rate, exchange rate changes, and inflation on the Company's profit or loss and future countermeasures:

To effectively control financial risks, maintain appropriate liquidity, and effectively measure and control business risks, the Company adopts different control strategies for different risks with appropriate consideration for the economic environment, external competition, and market- risks. The details of the strategies are as follows:

(1) Exchange rate risks

The Group's operating bases are widely distributed, so the fair value of its export sales and purchases is affected by various currencies and will change with market exchange rate fluctuations, mainly in US dollars and RMB. At present, due to the proper financial operation of foreign currency assets and liabilities, it is expected that no significant market risk will arise. After that, considering that many transactions involve foreign currency transactions, in order to effectively control the exchange rate risk, the Group tries to use the same currency for transactions when buying and selling goods. When quoting with customers, the price difference caused by exchange rate changes will also be considered together to achieve the principle of natural hedging. The Group will also maintain a close and good relationship with financial institutions, collect and monitor exchange rate changes at any time, and minimize exchange rate risks.

(2) Interest rate risks

The Group's interest rate risk arises from the bank borrowings. Borrowings taken out at floating rates expose the Group to the cash flow interest rate risk, and part of the risk is offset by cash and cash equivalents held at floating rates. Borrowings taken out at fixed rates expose the Group to the fair value interest rate risk.

The Group simulated various solutions and analyzed the interest rate risks thereof by considering refinancing, renewal of the existing positions, and other available financing and hedging strategies, to calculate the impact of changes in specific interest rates on our profit and loss. For each simulation scenario, we adopted the same movement for the rates of all currencies. These simulation scenarios are applied to the significant positions of interest-bearing liabilities.

(3) Inflation

According to the 2.95% annual growth rate of the consumer price index released by the Accounting and Statistics Office of the Executive Yuan, the annual growth rate of the consumer price index in 2022 is caused by the fact that the global supply chain has not yet been fully relieved and the price of raw materials has risen due to the impact of the Ukrainian-Russian War, resulting in imported inflationary pressures. In 2022, Taiwan's central bank adopted price and volume in parallel, and gradually tightened monetary policy to curb inflation expectations. It also responded to international trends at any time and cooperated with raising interest rates and deposit reserve ratios. In the foreseeable future, it is estimated that inflation will not cause any significant impact on the Company.

2. The policy on engagement in high-risk and highly leveraged investment, loans to others, endorsements/guarantees provided, and derivatives trading, the main reason for profit or loss, and countermeasures:

- (1) The Group handles various investments as per the Procedures for Asset Acquisition and Disposal.
- (2) The Group handles matters related to endorsements/guarantees or loans to

others as per the Operating Procedures for Endorsements and Guarantees and the Procedures for Asset Acquisition and Disposal.

- (3) The companies in the Group provided endorsements/guarantees for borrowings from banks and loans to others without resulting in any profit or loss. Also, the Company and subsidiaries did not engage in high-risk and highly leveraged investments nor derivatives trading.

3. Future R&D plan and estimated R&D expenses:

Regarding metal processing products and plastic products, our R&D team has always adhered to the principle of mastering advanced technology and creating competitive advantages, and has continuously improved process capabilities, increased production efficiency, and increased product added value. We actively import Japanese technology patents, apply plastic forming and metal combination technology to metal CNC manufacturing process, with a metal appearance and a plastic inner structure, supplemented by a more diverse high-gloss 3D surface treatment process. Not only can it meet the increasingly complex design needs of customers, but it can also highlight the uniqueness of products, and at the same time, it is more competitive in price and market.

Regarding electric tools and powder metallurgy, aiming at the existing motor drive gearbox product line, we further enhance the research and development capabilities and the vertical integration capabilities of upstream and downstream, with a view to a more complete and complete electric tool machine product line project. We provide customers with one-time sales and service capabilities, enhance the corporate image of professional product value-added marketing and internationalization, and at the same time operate emerging markets and strengthen business development capabilities.

Regarding precision plastic injection products, we will develop towards auto parts and components, and gradually increase the proportion of revenue from auto and motorcycle parts products to provide diversified product and service items. In response to the trend of autonomous driving of automobiles, the development of high value-added parts related to electronic control of automotive parts is also expected.

4. The influence of the changes in important policies and regulatory environment at home or abroad on the Company's financial business, and countermeasures:

The Company and our subsidiaries operate business in accordance with applicable laws and regulations at home and abroad and pay close attention to the changes in critical policies and laws at home and abroad at any time to make plans and respond in a timely manner. It is expected that the Company's finance will not be affected adversely in the future due to such changes.

5. The influence of changes in technology and the industry as well as the cyber security risk on the Company's financial business and countermeasures:

As the electronic products become increasingly ultra-thin, sophisticated, and high quality with the trend led by major brands, we will continue to enhance our R&D capabilities and production equipment to meet clients' needs, while working closely with various brand manufacturers to provide comprehensive

services to clients, maintain our competitive advantages, and create a win-win outcome. To maximize shareholders' profits, we put forth following measures to enhance the Company's performance and increase the company's profits so as to maintain a stable financial structure.

- (1) Improving the efficiency and yield rate of the production processes to maintain our competitive advantage.
- (2) Accelerating the development of the major future products to cope with the price trends.
- (3) Creating business opportunities from beyond the existing the clients to reducing the risk of dependency on them.
- (4) Investing in the integration of relevant process technologies to reduce costs and reinforce our competitiveness.
- (5) Actively seeking the strategies of and opportunities for joint development with strategic partners.
- (6) Regarding the cyber security risks, the Group did not suffer a loss due to any major cyber security incidents occurring during the most recent year and up to the publication date of this annual report. The Group has formulated the cyber security incident management regulations and established the standard procedures for incident levels, notification, and response.

6. The influence of a change in corporate image on corporate crisis management and countermeasures:

The Group did not encounter any crisis caused by a change in the corporate image during the most recent year and up to the publication date of this annual report. The Group is committed to maintaining its corporate image and complies with applicable laws and regulations. In the case of any incident that affects the corporate image or in violation of laws and regulations, we will form a task force to formulate countermeasures.

7. Estimated benefits and potential risks of M&A and countermeasures:

The Group did not have any M&A plans during the most recent year and up to the publication date of this annual report. If there is an M&A plan, we will carefully evaluate and consider the overall synergy from the M&A to safeguard shareholders' equity.

8. Estimated benefits and potential risks of plant expansion and countermeasures:

The Company and the subsidiary is committed to maintaining its corporate image and complies with applicable laws and regulations. In the case of any incident that affects the corporate image or in violation of laws and regulations, we will form a task force to formulate countermeasures. The Group did not have any incident that affected the corporate image as of the publication date.

9. Risks from supplier or client concentration and countermeasures:

- (1) Purchase

The Group avoids a single source/supplier for each major item to be purchased, except for those who supply products with unique quality or who are certified by clients. Overall, the Group works with many suppliers for the main raw materials needed for production; compares prices, analyzes product quality, and negotiates with new suppliers to control the risk of supplier concentration.

(2) Sales

The Company has diversified supply sources. We did not have any suppliers each accounting for 10% or more of the total purchases during 2021 and 2022 and did not concentrate our purchases on a single supplier. We have maintained positive relations and stable long-term partnerships with them to ensure the stability of supply of raw materials.

Moreover, in 2021 and 2022, the Company did not have the total net revenue of customers accounting for more than 10% of the net sales during the period, and there was no single customer accounting for more than 30% of the current revenue. Thus, there should be no concern about concentration of sales. In addition to actively maintaining positive partnerships with the existing clients, the Company strives to develop new clients and new businesses to expand the revenue scale and reduce our dependence on a single client.

10. The influence of massive transfer or replacement of shares by the directors, supervisors, or shareholders each holding more than 10 % of the shares issued by the Company, the risk thereof, and countermeasures:

The Company's directors or major shareholders each holding 10% or more of our total issued shares did not transfer a large amount of equity during the most recent year and up to the publication date of this annual report.

11. The influence of change in the Company's management right, the risk thereof, and countermeasures: None.

12. Court cases or non-contentious cases:

Any court case, non-contentious case, or administrative proceedings with the final ruling made or still in court with the result thereof may significantly affect shareholders' equity or stock price:

- (1) Jabon International, a subsidiary of the Company, was approved by the shareholders' meeting to merge with Abico Avy Co., Ltd. (formerly known as AVY PRECISION TECHNOLOGY INC.) on March 27, 2019. Hanlong Co., Ltd., Chung-Chuan Wu, and Hsueh-Ju Shen requested the Company to repurchase 1,886,252 shares, 500,684 shares and 1,004,814 shares held by them, respectively, at the then fair values of NT\$20.5 and NT\$21 per share, respectively, but Jabon International believed that the closing price of the stock on the day the shareholders' meeting approving the merger should be adopted, that is NT\$17.45 per share. Both parties could not reach a consensus after negotiation. The Company applied for the court's ruling on the purchase price of said shares as per law. After the

case was heard by the Taiwan Hsinchu District Court (Case No.: 2019-Si No. 12), it ruled on December 30, 2019 that purchase price should be NT\$21 per share. However, the Company refused to accept the ruling and filed an interlocutory appeal in accordance with the law. However, the collegial panel of the Taiwan Hsinchu District Court of the second instance ruled that the appeal was rejected on September 28, 2020 (Case No.: 2020-Kang No. 21). The Company filed a further appeal in accordance with the law. The court, i.e. Taiwan High Court, ruled to abandon the above second-instance ruling and returned it to the court of second instance for a retrial (Case No.: 2021-Kang-Geng-I No. 1). On January 21, 2022, the Taiwan Hsinchu District Court ruled that the purchase price was NT\$21 per share.

- (2) Former employee Gukou OO (hereinafter referred to as Gukou) forged the transaction documents for outsourcing services from April 2013 to September 2018, causing the company to believe that he had outsourced design services to Japanese manufacturers, but actually embezzled company cash for Gukou, resulting in events that affect the company's financial and business conditions. The amount paid by IKKA in Japan was 40,470,624 yen. This event also made IKKA in Japan been punished for a fine of 20,565,315 yen by the National Taxation Bureau of Japan. IKKA in Japan requested a total of 61,035,939 yen in damages from Gukou. This case was ruled by the Utsunomiya District Court on August 24, 2022, and the former employee Gukou paid a total of 27,800,000 yen in damages to IKKA in Japan, and settled this case.
- (3) The claimant Lu, Zutong, a former employee, filed an application for arbitration against IKKA Technology DongGuan Co., Ltd. to the Shilong Arbitration Tribunal of Dongguan Labor and Personnel Dispute Arbitration Institute regarding unpaid wages and compensation for illegal termination of the labor contract. Lu, Zutong claimed that IKKA Technology DongGuan Co., Ltd. should pay him RMB 95,838.12 in compensation for illegal termination of labor relationship and RMB 2,679.49 in wages, totaling RMB 98,517.61. The Shilong Arbitration Tribunal of Dongguan Labor and Personnel Dispute Arbitration Institute rejected all the arbitration claims of the claimant.
- (4) Regarding a claim of Honlynn, a subsidiary of the Company, in the amount of NT\$607 thousand from Jintec Systems & Consultants Co., Ltd. (an allowance for bad debts has been provided for 100% of the amount), the court allocated NT\$9 thousand and is enforcing the repayment of NT\$598 thousand, which is being handled by the Civil Enforcement Division, Taiwan New Taipei District Court. During 2021, a former employee stole and sold the Company's inventories in the amount of NT\$8,762 thousand (an allowance for bad debts has been provided for 100% of the amount), and we filed an interlocutory appeal. The court case is currently in court (Case No.: 2021-Jian No. 1665).

Based on the assessment of the above lawsuits, we have determined that they will not cause a significant impact on our financial position and business, and

the result has been determined, so they should not have a significant impact on our shareholders' equity or affect our stock trading price.

13. Other important risks and countermeasures: None.

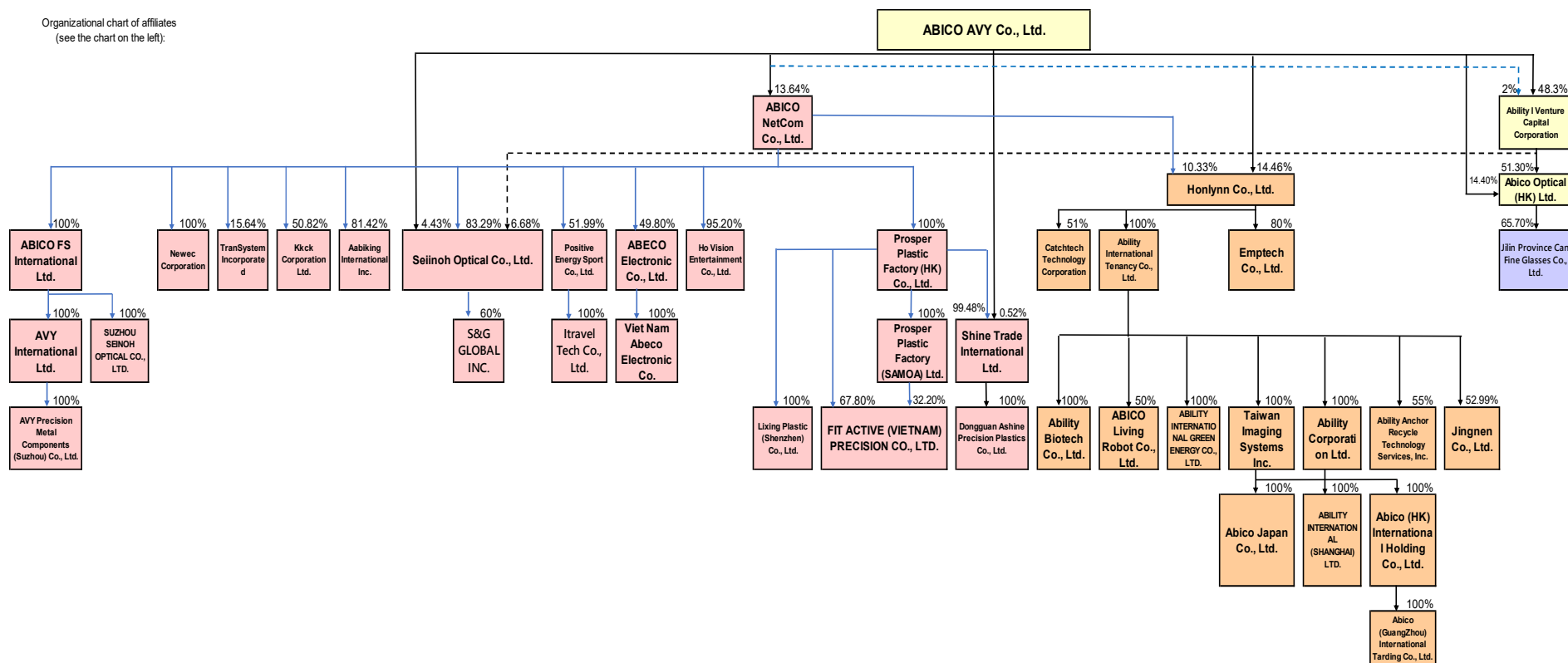
VII. Other important matters: None.

Eight. Special Matters

I. Relevant information on affiliates

(I) Business affiliation report of affiliates (record date: December 31, 2022)

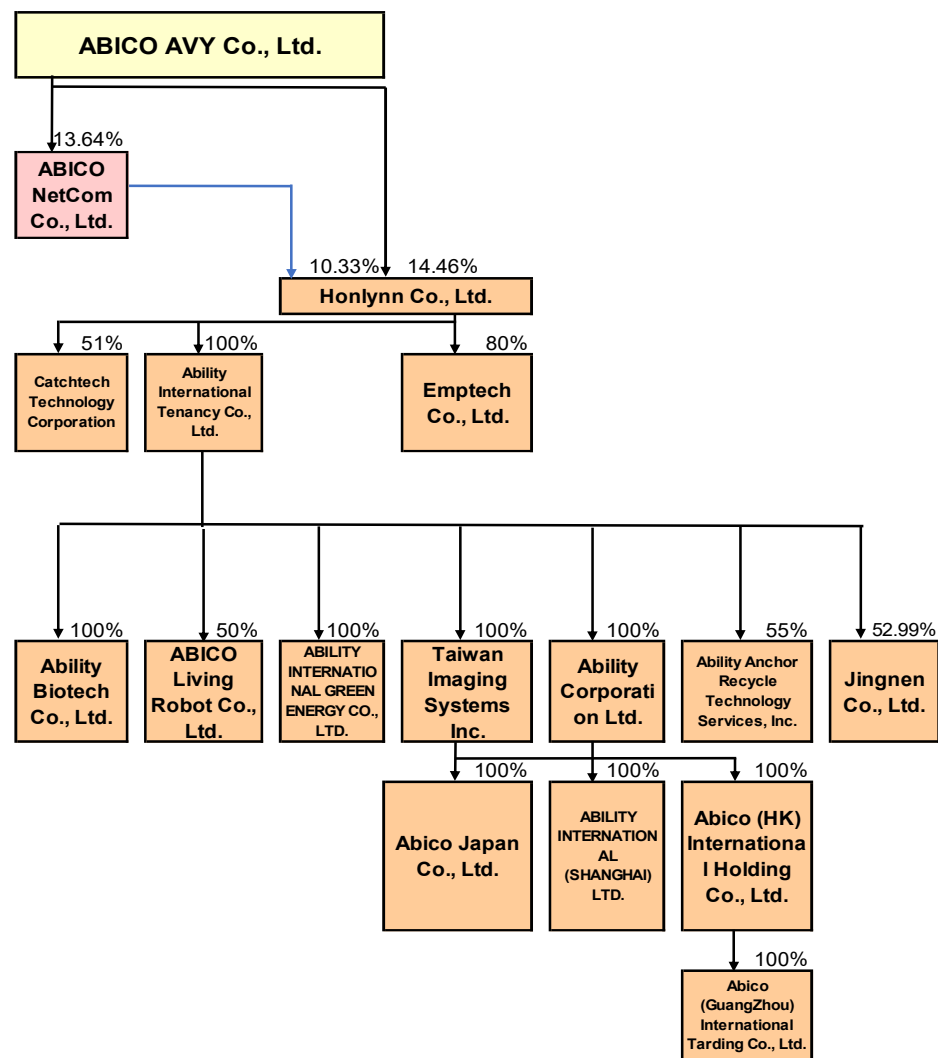
1. Organizational chart of affiliates:



(I) Business affiliation report of affiliates (record date: December 31, 2022)

1. Organizational chart of affiliates:

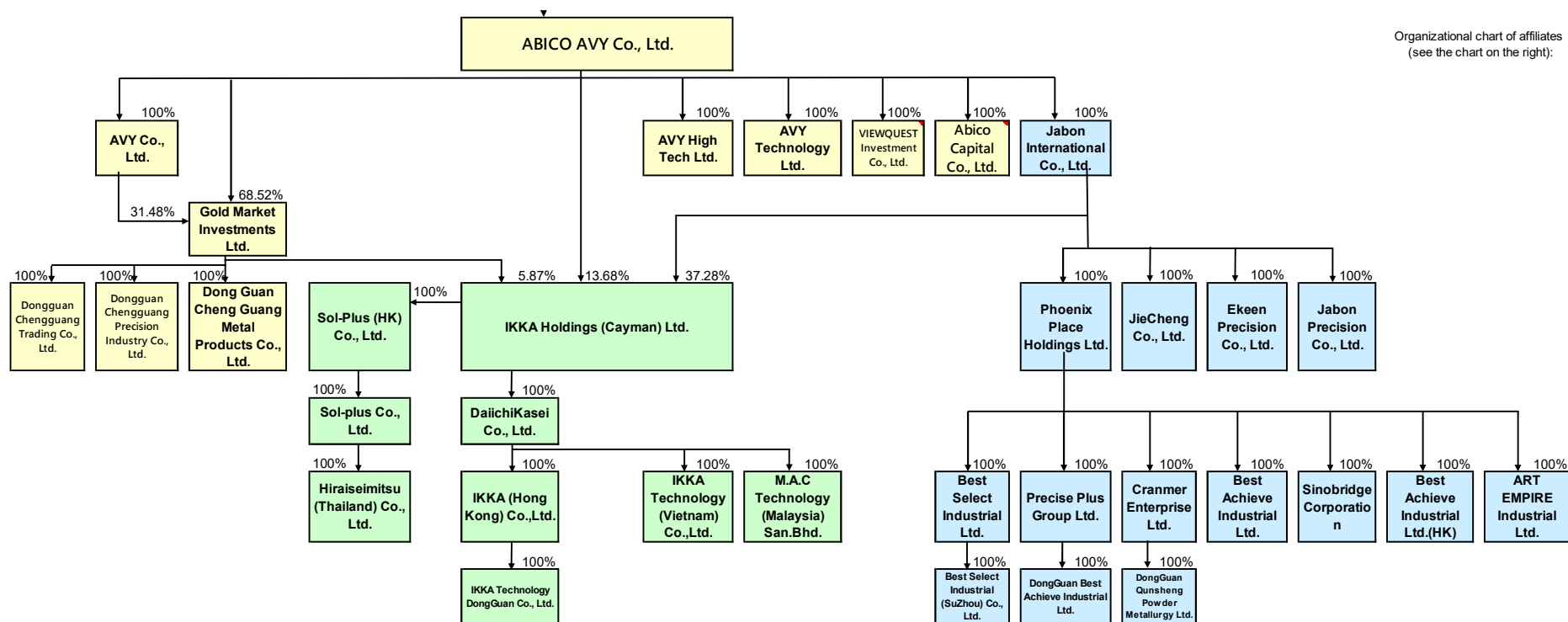
Organizational chart of affiliates
(see the middle chart):



(I) Business affiliation report of affiliates (record date: December 31, 2022)

1. Organizational chart of affiliates:

Organizational chart of affiliates
(see the chart on the right):



2. The name, address, paid-in capital, and business scope of each affiliate:

Each affiliate's basic information

Unit: In thousand of NTD/USD/CNY/JPY/THB

Name	Address	Paid-in capital	Main business scope or items produced
AVY Co., Ltd.	No. 56, Sec. 2, Yatan Rd., Tanzi Township, Taichung County	595,976	Manufacturing and sales of optical instruments, electronic products and components, and precision molds
Gold Market Investments LTD.	Samoa	USD5,717	Investment in other businesses and trade
Dong Guan Cheng Guang Metal Products Co., Ltd.	Xin Tang Industrial Park, Houjie, Dongguan, Guangdong, China	RMB55,000	Parts and accessories of electronic products and cameras
AVY Technology LTD.	Samoa	USD40	Investment in other businesses and trade
AVY High Tech LTD.	Samoa	USD6,776	Investment in other businesses and trade
Ability I Venture Capital Corporation	10F., No. 101, Fuxing N. Rd., Songshan Dist., Taipei City	314,300	Venture Investment
Jabon International Co., Ltd.	No. 3-1, Shengkengzi, Beishan Vil., Guanxi Township, Hsinchu County	830,793	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.
ABICO NetCom Co., Ltd.	13F.-1, No. 27, Ln. 169, Kangning St., Xizhi Dist., New Taipei City	518,543	Sales of business equipment components, electronic components, and optoelectronic products
Abico Optical (HK) Ltd.	Hongkong	HKD10,000	Investment in other businesses and trade
SOL-PLUS(HK) CO., LIMIED	Hongkong	USD7,000	Investment in other businesses and trade
SOL-PLUS CO., LTD.	Japan	JPY50,000	Manufacturing and sales of plastic products and molds
HIRAISEIMITSU (THAILAND) CO., LTD	Thailand	THB250,000	Manufacturing and sales of plastic products and molds
Phoenix Place Holdings Ltd.	British Virgin Islands	USD20,366	Investment in other businesses
Jabon Precision Co., Ltd.	Taiwan	30,000	Manufacturing of industrial plastic products, aluminum casted and magnesium casted items, as well as computer and peripheral parts and molds.

Name	Address	Paid-in capital	Main business scope or items produced
Ekeen Precision Co., Ltd.	Taiwan	10,000	R&D, processing, and sales of metallurgical products such as shafts and bearings, mechanical components and magnetic materials for automobiles and scooters, electronic components, and precision ceramics.
JieCheng Co., Ltd.	Taiwan	2,000	Electronics Components Manufacturing, Computer and Peripheral Equipment Manufacturing, Data Storage Media Manufacturing and Duplicating, and Automatic Control Equipment Engineering.
Best Select Industrial Ltd.	British Virgin Islands	USD9,050	Investment in other businesses
Cranmer Enterprises Ltd.	British Virgin Islands	USD7,450	Investment in other businesses
Best Achieve Industrial Ltd.	British Virgin Islands	USD493	Trade
Precise Plus Group Ltd.	British Virgin Islands	USD2,650	Investment in other businesses
Sinobridge Corporation.	Samoa	USD350	Trade
DaiichiKasei Co.,Ltd.	Japan	JPY2,817,490	Import, export, 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
M.A.C Technology(Malaysia)San.Bhd	Malaysia	MYR30,415	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
IKKA Technology(Vietnum)Co.,Ltd.	Vietnam	USD2,500	Production, operation, and processing of plastic and metal parts commonly used in automobiles, scooters, and office equipment
IKKA(Hong Kong)Co.,Ltd.	Hongkong	HKD80,067	Investment in other businesses and trade
DongGuan Qunsheng Powder Metallurgy Ltd.	Mainland China	USD6,450	Production and sales of powder metallurgy products and assembly of transmission
DongGuan Best Achieve Industrial Ltd.	Mainland China	USD2,600	Production and sales of power tools and relevant spare parts
Best Select Industrial (SuZhou) Co., Ltd.	Mainland China	USD9,000	Production and research and development of non-ferrous metal composite materials, new alloy materials, and relevant products and sales of self-produced products
IKKA Technology DongGuan Co., Ltd.	Mainland China	USD4,500	Production and sales of precision plastic parts, hardware parts, bearings, and molds
ABICO FS International Ltd.	Samoa	USD10,000	Investment in other businesses

Name	Address	Paid-in capital	Main business scope or items produced
ABECO Electronic Co., Ltd.	Taiwan	94,962	Distribution of electronic components
Ho Vision Entertainment Co., Ltd.	Taiwan	5,000	Sales of peripheral products in the entertainment industry
Prosper Plastic Factory (HK) Co., Ltd.	Hongkong	USD5,050	Plastics business
Seinoh Optical Co., Ltd.	Taiwan	330,000	Manufacturing and sales of contact lenses
Positive Energy Sport Co., Ltd.	Taiwan	28,440	Sales and wholesale of sporting goods
Honlynn Co., Ltd.	Taiwan	242,000	Sales of computer peripheral consumables
AVY International Ltd.	Samoa	USD4,098	Investment in other businesses and trade
FIT ACTIVE (VIETNAM) PRECISION CO., LTD.	Vietnam	HKD58,713	Manufacturing and processing of steel molds, aluminum molds, copper-aluminum stamped products, and optoelectronic parts
Shine Trade International Ltd.	British Virgin Islands	USD2,000	Manufacturing and sales of plastic products and molds
Prosper Plastic Factory (SAMOA) Ltd.	Samoa	USD1,692	Investment in other businesses
Viet Nam Abeco Electronic Co.	Vietnam	USD1,800	Distribution of electronic components
Itravel Tech Co., Ltd.	Taiwan	7,900	Wholesale and retail of cloth, garments, and clothing
Ability International Tenancy Co., Ltd.	Taiwan	120,000	Sales, rental, and maintenance of office equipment and office furniture
Emptech Co., Ltd.	Taiwan	5,000	Computer equipment installation and wholesale of precision instruments and information software
Taiwan Imaging Systems Inc.	Taiwan	20,000	Trading, maintenance, and rental of microform and consumables
Jingnen Co., Ltd.	Taiwan	18,400	Sales, rental, and maintenance of office equipment and office furniture
Ability Corporation Ltd.	Samoa	USD800	Investment in other businesses
Dongguan Ashine Precision Plastics Co., Ltd.	Mainland China	USD3,946	Manufacturing and retail of electronic components and molds
Lixing Plastic (Shenzhen) Co., Ltd.	Mainland China	USD5,600	Production of plastic parts, such as computers
AVY Precision Metal Components (Suzhou) Co., Ltd.	Mainland China	USD4,100	Processing of dies and manufacturing of precision molds
SUZHOU SEINOH OPTICAL CO., LTD.	Mainland China	USD750	Wholesale and import and export of contact lens
ABILITY INTERNATIONAL (SHANGHAI) LTD.	Mainland China	USD500	Warehousing, wholesale, and international trade
Ability Biotech Co., Ltd.	Taiwan	10,000	Wholesale and retail of medical devices, household appliances, and supplies

Name	Address	Paid-in capital	Main business scope or items produced
IKKA Holdings (Cayma) Ltd.	Cayman Islands	292,414	Investment in other businesses
Ability Anchor Recycle Technology Services, Inc.	Taiwan	12,000	Wholesale of machines
Abico (GuangZhou) International Tarding Co., Ltd.	Mainland China	USD34	International trade
ABICO HK International Holding Company Limited (ABICO HK)	Hongkong	HKD750	Investment in other businesses
Jilin Province Can Fine Glasses Co., Ltd.	Mainland China	RMB7,400	Sales of medical devices
Best Achieve Industrial Ltd. (Hong Kong)	Hongkong	USD50	Trade
ART Empire Industrial Ltd.	Hongkong	USD50	Trade
Catchtech Technology Corporation	Taiwan	2,000	Software Design Services
Aabiking International Inc.	Taiwan	45,000	Bicycle business
Abico Japan Co., Ltd.	Japan	JPY20,000	Trade
ABICO Living Robot Co., Ltd.	Taiwan	2,800	Electric Appliance Installation
TranSystem Incorporated	Taiwan	289,503	Electronic parts
Abico Capital Co., Ltd.	Taiwan	30,000	Venture Investment
Newec Corporation	Taiwan	50,000	Electronic information services
Ability International Green Energy Co., Ltd.	Taiwan	5,000	Lighting Equipment Manufacturing
Kkck Corporation Ltd.	Taiwan	30,500	Cosmetics
Dongguan Chengguang Precision Industry Co., Ltd.	Building 2, No. 272 Kangle South Road, Houjie Town, Dongguan City, Guangdong Province	RMB128,952	Parts and accessories of electronics and cameras
Dongguan Chengguang Trading Co., Ltd.	Building 2, No. 272 Kangle South Road, Houjie Town, Dongguan City, Guangdong Province	RMB200,000	Parts and accessories of electronics and cameras
VIEWQUEST Investment Co., Ltd.	10th Floor, No. 101, Fuxing North Road, Songshan District, Taipei City	8,360	Venture capital industry
S&G GLOBAL INC.	Taiwan	3,000	Wholesale and retail of medical equipment and glasses

3. Information on the shareholders shared by those presumed to be controlling and controlled companies: None.

4. Affiliates' business and their division of labor

Name of company	Business	Division of labor
Avy Co., Ltd.	Trading of optical and electronic products	Production of internal components of cameras and R&D of molds
Dong Guan Cheng Guang Metal Products Co., Ltd.	Manufacturing of electronic parts, cameras, and spare parts	Metal casings and accessories for mobile phones and cameras

5. Information on directors, supervisors, and general managers of each affiliate

Unit: thousand shares; %

Name	Title	Name or representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
Avy Co., Ltd.	Chairman	ABICO AVY - Representative: Chun-Jen Tong	59,598	100%
	Director	ABICO AVY - Representative: Chun-Yi Tong, Che-Yi Chou		
	Supervisor	ABICO AVY - Representative: Chu-Chen Chiang		
Gold Market Investments LTD.	Director	Chiung-Hsi Tong	5,717	100%
	Director	Chiung-Shiung Tong		
	Director	Aina Tong		
	Director	Chun-Jen Tong		
	Director	Chun-Yi Tong		
Dong Guan Cheng Guang Metal Products Co., Ltd.	Chairman	Gold Market Investments Ltd. - Representative: Chun-Yi Tong	242,440(Note 1)	100%
	Director	Gold Market Investments Ltd. - Representatives: Chih-Hsiung Lee and Chun-Jen Tong		
	General Manager	Chih-Hsiung Lee		
	Superviosr	Hong-Bin- Yang		
Dongguan Chengguang Precision Industry Co., Ltd.	Chairman	Gold Market Investments Ltd. - Representative: Chun-Yi Tong	568,421 (Note 1)	100%
	Director	Gold Market Investments Ltd. - Representatives: Chih-Hsiung Lee and Chun-Jen Tong		
	General Manager	Chih-Hsiung Lee		
	Supervisor	Hong -Bin- Yang		
Dongguan Chengguang Trading Co., Ltd.	Chairman	Gold Market Investments Ltd. - Representative: Chun-Yi Tong	881,600 (Note 1)	100%
	Director	Gold Market Investments Ltd. - Representatives: Chih-Hsiung Lee and Chun-Jen Tong		
	General Manager	Chih-Hsiung Lee		
	Supervisor	Hong -Bin- Yang		
AVY Technology LTD.	Director	Chiung-Shiung Tong	40	100%
	Director	Chun-Jen Tong		
	Director	Chun-Yi Tong		
AVY High Tech LTD.	Director	Chiung-Hsi Tong	6,776	100%
	Director	Chiung-Shiung Tong		
	Director	Chun-Jen Tong		
	Director	Chun-Yi Tong		
Ability I Venture Capital Corporation	Chairman	ABICO AVY - Representative: Shiang-Chi Hu	15,181	48.30%
	Director	ABICO AVY - Representative: Chun-Jen Tong, Chun-Yi Tong, Shiang-Chi Hu, Hsiao-Wei Chao		
	Director	WPG Investment Co., Ltd. - Representative: Hsing-wen Yuan	629	2%

Name	Title	Name or representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
Ability I Venture Capital Corporation	Director	Mega International Commercial Bank	1,572	5%
	Director	Ability Enterprise Co., Ltd. - Representative: Ming-Jen Tseng	3,363	10.70%
	Director	Chang Chun Plastics Co., Ltd. - Representative: Shih-Kuang Su	3,772	12%
	Supervisor	Zig Sheng Industrial Co., Ltd.	943	3%
	Supervisor	ABICO NetCom - Representative: Chu-Chen Chiang	629	2%
	Supervisor	EVEROHMS - Representative: Hung-Chieh Huang	629	2%
Abico Optical (HK) Ltd.	Director	Shiang-Chi Hu	144	14.40%
Phoenix Place Holdings Ltd.	Director	Jabon International Co., Ltd. - Shiang-Chi Hu	20,366	100%
Jabon Precision Co., Ltd.	Chairman	Jabon International Co., Ltd. - Shiang-Chi Hu	3,000	100%
	Director	Jabon International Co., Ltd. - Che-Yi Chou		
	Director	Jabon International Co., Ltd. - Chao-Yu Yang		
	Supervisor	Jabon International Co., Ltd. - Shuo-Yen Chiang		
JieCheng Co., Ltd.	Chairman	Jabon International Co., Ltd. - Shiang-Chi Hu	200	100%
	Director	Jabon International Co., Ltd. - Chao-Yu Yang		
	Director	Jabon International Co., Ltd. - Ying-Sung Li		
	Supervisor	Jabon International Co., Ltd. - Shuo-Yen Chiang		
Ekeen Precision Co., Ltd.	Chairman	Jabon International Co., Ltd. - Shiang-Chi Hu	1,000	100%
	Director	Jabon International Co., Ltd. - Che-Yi Chou		
	Director	Jabon International Co., Ltd. - Chao-Yu Yang		
	Supervisor	Jabon International Co., Ltd. - Shuo-Yen Chiang		
Best Select Ind.Ltd.	Director	Phoenix Place Holdings Ltd - Chao-Yu Yang	9,050	100%
Cranmer Enterprises Ltd.	Director	Phoenix Place Holdings Ltd - Chao-Yu Yang	7,450	100%
Best Achieve Ind Ltd.	Director	Phoenix Place Holdings Ltd - Chao-Yu Yang	493	100%
Precise Plus Group Ltd.	Director	Phoenix Place Holdings Ltd - Chao-Yu Yang	2,650	100%
Sinobridge Corporation.	Director	Phoenix Place Holdings Ltd - Chao-Yu Yang	350	100%
Best Achieve Ind Ltd. (HongKong)	Director	Phoenix Place Holdings Ltd - Chao-Yu Yang	50	100%
ART Empire Industrial Ltd.	Director	Phoenix Place Holdings Ltd - Shiang-Chi Hu	50	100%

Name	Title	Name or representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
DaiichiKasei Co.,Ltd.	Chairman Director Director Director Director Supervisor	MASAMI OBARA RYO HISA Chun-Jen Tong Chun-Yi Tong Shiang-Chi Hu Chao-Yu Yang	64	100%
IKKA HOLDINGS(CAYMAN) LIMITED	Chairman Director Director Director Director Director Independent Director Independent Director Independent Director	ABICO AVY Co., Ltd. - Shiang-Chi Hu ABICO AVY Co., Ltd. - Chun-Jen Tong ABICO AVY Co., Ltd. - Chun-Yi Tong ABICO AVY Co., Ltd. - MASAMI OBARA Shimpei Sugiyama Yuya Takahashi Wei-Yu Chen Tien-Sung Lin Che-Sheng Chen	16,617	56.83%
M.A.C Technology(Malaysia)San.B hd.	Chairman Director Director Director Director	Shiang-Chi Hu Hooi Chee Liong MASAMI OBARA Chao-Yu Yang Hsi-Jen Jen	41,655	100.00%
IKKA Technology(Vietnam) Co.,Ltd.	Chairman Director Director Director Supervisor	Hiroshi Aoki MASAMI OBARA Yoshihisa Kobayashi Shingo Nishio Shang-Lin Lin	2,500	100.00%
IKKA(Hong Kong)Co.,Ltd.	Chairman	Katsumi Nakagawa	80,067	100.00%

Name	Title	Name or representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
DongGuan Qunsheng Powder Metallurgy Ltd.	Chairman	Cranmer Enterprises Ltd. - Chao-Yu Yang	6,450	100%
	Director	Cranmer Enterprises Ltd. - Hsi-Jen Jen		
	Director	Cranmer Enterprises Ltd. - Shuo-Yen Chiang		
DongGuan Best Achieve Industrial Ltd.	Chairman	Precise Plus Group Ltd. - Chao-Yu Yang	2,600	100%
	Director	Precise Plus Group Ltd. - Hsi-Jen Jen		
	Director	Precise Plus Group Ltd. - Shuo-Yen Chiang		
Best Select Industrial (SuZhou) Co., Ltd.	Chairman	Best Select Ind.Ltd. - Chao-Yu Yang	9,000	100%
	Director	Best Select Ind.Ltd. - Shuo-Yen Chiang		
	Director	Best Select Ind.Ltd. - An-Pei Cha		
IKKA Technology DongGuan Co., Ltd.	Chairman	Katsumi Nakagawa	8,000	56.83%
	Director & vice general manager	Masami Kohara		
	Director	Yoshihisa Kobayashi		
	Director	Tatsuo Kikuchi		
	Director	Yutaka Terauchi		
	Director	Shiang-Chi Hu		
SOL-PLUS (HK) CO LIMITED	Supervisor	Shang-Lin Lin	7,000	100.00%
	Director	Shiang-Chi Hu		
	Director	Chun-Jen Tong		
SOL-PLUS CO.,LTD.	Director	Chun-Yi Tong	3,404,019	100%
	Chairman	Hiroshi Yoshida		
	Director	Yasunori Hirata (Vice President)		
	Director	Chun-Jen Tong		
	Director	Chun-Yi Tong		
	Director	Shiang-Chi Hu		
	Director	Takeki Mizoguchi		
	Director	Masami Ohara		
	Supervisor	Che-Yi Chou		

Name	Title	Name or representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
HIRAISEIMITSU (THAILAND) CO.,LTD	Chairman Director Director Director Director Director Director Director Director	Yasunori Hirata Chun-Jen Tong Chun-Yi Tong Shiang-Chi Hu Hiroshi Yoshida Takeki Mizoguchi Takeshi Yamaguchi Hisashi Yoshida Masami Ohara	2,500	100%
ABICO FS International Ltd.	Director	ABICO NetCom -Representative: Shiang-Chi Hu	10,000	100%
AVY International Ltd.	Director	ABICO FS International Ltd.- Representative: Shiang-Chi Hu	5,000	100%
AVY Precision Metal Components (Suzhou) Co., Ltd.	Director Director Director and General Manager	AVY International Ltd.- Representative: Shiang-Chi Hu Masami Ohara Katsumi Nakagawa	-	100%
SUZHOU SEINOH OPTICAL CO., LTD.	Director Supervisor	ABICO FS International Ltd.- Representative: Chih-Hsiung Liu Ju-Hsia Huang	- -	100% 0%
Lixing Plastic (HK) (Prosper Plastic Factory (HK) Co., Ltd.)	Director Director Director Director and General Manager	ABICO NetCom -Representative: Mizoguchi Takeki ABICO NetCom -Representative: Shiang-Chi Hu ABICO NetCom -Representative: Chih-Hsiung Liu ABICO NetCom -Representative: Tsai-Fa Hung	5,050	100%
Lixing (Shenzhen)	Director Supervisor General Manager	Prosper Plastic Factory (HK) Co., Ltd.-Representative: Shiang-Chi Hu Chih-Hsiung Liu Tsai-Fa Hung	- - -	100% 0% 0%
PROSPER PLASTIC FACTORY (SAMOA) LIMITED	Director	Prosper Plastic Factory (HK) Co., Ltd.-Representative: Shiang-Chi Hu	1,500	100%
FIT ACTIVE (VIETNAM) PRECISION CO., LTD.	Director General Manager	Prosper Plastic Factory (HK) Co., Ltd.-Representative: Shiang-Chi Hu Po-Fang Huang	- -	100% 0%
Shine Trade international LTD.	Director	Prosper Plastic Factory (HK) Co., Ltd.-Representative: Shiang-Chi Hu	1,990	99.48%
Dongguan Ashine Precision Plastics Co., Ltd.	Director General Manager	Shine Trade international LTD.-Representative: Shiang-Chi Hu Tsai-Fa Hung	- -	100.00% 0.00%

Name	Title	Name or representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
KKCK CORPORATION LTD.	Director and General Manager	ABICO NetCom -Representative: Shiang-Chi Hu	1,550	50.82%
	Director	ABICO NetCom -Representative: Chih-Hsiung Liu		
	Director	Tun-Tzu Sun	113	3.69%
	Supervisor	Hsin-Kai Tsung	491	16.09%
TranSystem, Inc.	Director and General Manager	ABICO NetCom -Representative: Shiang-Chi Hu	4,527	15.64%
	Director	ABICO NetCom -Representative: Ho-Yeh Sung		
	Director	Kuo-Ying Shen	983	3.39%
	Director	Sheng-Che Chueh	1,295	4.47%
	Independent Director	Yu-Wen Wang	-	0.00%
	Independent Director	Chih-Mao Lin	-	0.00%
	Independent Director	Hsiao-Chun Yuan	-	0.00%
Newec Corporation	Director and General Manager	ABICO NetCom -Representative: Shiang-Chi Hu	5,000	100.00%
Ho Vision Entertainment Co., Ltd.	Director	ABICO NetCom - Representative: Shiang-Chi Hu	476	95.20%
	Director	ABICO NetCom - Representative: Chien-Ho Cheng		
	Director and General Manager	Ming-Yi Li	12	2.40%
	Supervisor	Itorctec Technology Co., Ltd.- Representative: Chih-Kuo Wang	12	2.40%
AABIKING INTERNATIONAL INC.	Director	ABICO NetCom - Representative: Shiang-Chi Hu		
	Director	ABICO NetCom - Representative: Chun-Jen Tong	3,664	81.42%
	Director	ABICO NetCom - Representative: Chun-Fa Chen		
	Supervisor	Wei-Chun Yen	118	2.62%
	General Manager	Chih-Yu Chiang	-	0.00%
Positive Energy Sport Co., Ltd.	Chairman	ABICO NetCom - Representative: Shiang-Chi Hu		
	Director	ABICO NetCom - Representative: Chih-Kuo Wang	1,478	51.99%
	Director and General Manager	ABICO NetCom - Representative: Shih-Fang Hsiao	-	
	Supervisor	Chih-Hsiung Liu		0.00%
Itravel Tech Co., Ltd.	Chairman and General Manager	Positive Energy Sport - Representative: Shih-Fang Hsiao		
	Director	Positive Energy Sport - Representative: Shiang-Chi Hu		
	Director	Positive Energy Sport - Representative: Chih-Hsiung Liu	790	100%
	Supervisor	Positive Energy Sport - Representative: Yun-Fei Wang		

Name	Title	Name or representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
ABECO Electronic Co., Ltd.	Director	ABICO NetCom - Representative: Shiang-Chi Hu	4,729	49.80%
	Director and General Manager	ABICO NetCom - Representative: Feng-Jui Hsu		
	Director	Sfi Electronics Technology Inc.- Representative: Ching-Hung Lien	930	9.80%
	Director	EVEROHMS - Representative: Ching-Hui Chan	930	9.80%
	Director	Li-Hua Wang	-	0.00%
	Supervisor	JIN DE CAPITAL CO., LTD.-Representative: Chih-Hsiung Liu	97	1.02%
VIET NAM ABECO ELECTRONIC COMPANY	Director	ABECO Electronic Co., Ltd.-Representative: Shiang-Chi Hu	-	100.00%
Seinoh Optical Co., Ltd.	Director	ABICO NetCom - Representative: Shiang-Chi Hu	27,487	83.29%
	Director	ABICO NetCom - Representative: Chun-Jen Tong,		
	Director	ABICO NetCom - Representative: Chun-Yi Tong		
	Director	ABICO NetCom - Representative: Che-Yi Chou		
	Director	ABICO NetCom - Representative: Chih-Kuo Wang		
	Supervisor	ABICO AVY - Representative: Chu-Chen Chiang	1,462	4.43%
	General Manager	Yu-Chi Wang	-	0.00%
S&G GLOBAL INC.	Director	Seinoh Optical Co., Ltd. - Representative: Shiang-Chi Hu	180	60.00%
	Director	Seinoh Optical Co., Ltd. - Representative: Yu-Chi Wang		
	Director	GLOBAL-OK VISION INC.-Representative: Hsiao-Ching Tong	120	40.00%
	Supervisor	Chih-Hsiung Liu	-	0.00%
	General Manager	Yu-Chi Wang	-	0.00%
Honlynn Co., Ltd.	Chairman	ABICO AVY - Representative: Hsiao-Chi Chang	3,500 1,802,688- -	14.46% 7.44% 2.84% 0%
	Director	ABICO AVY - Representative: Chun-Jen Tong		
	Director	ABICO AVY - Representative: Chun-Yi Tong		
	General Manager and Director	Chao-Pi Lin		
	Director	Chao-Chih Lin		
	Supervisor	Yao-Jen Chang		
	Supervisor	Hung-Jung Chang		
Emptech Co., Ltd.	Chairman	Chi-Feng Wei	100,400	20.00%
	Director	Honlynn - Representative: Hsiao-Chi Chang	-	80.00%
	Director	Honlynn - Representative: Chao-Pi Lin		
	Supervisor	Hsiao-Ju Huang		0.00%
Catchtech Technology Corporation	Chairman	Jui-Chun Lin	-	49%
	Director	Honlynn - Representative: Chao-Pi Lin	-	51%

Name	Title	Name or representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
Ability International Tenancy Co., Ltd.	Chairman Director Director Supervisor	Honlynn - Representative: Hsiao-Chi Chang Honlynn - Representative: Chun-Jen Tong Honlynn - Representative: Yao-Jen Chang Honlynn - Representative: Hsiao-Ju Huang	12,000	100%
Taiwan Imaging Systems Inc.	Chairman Director Director Supervisor	Ability Int'l - Representative: Yao-Jen Chang Ability Int'l - Representative: Mei-Hui Shih Ability Int'l - Representative: Hsiao-Ju Huang Ability Int'l - Representative: Mei-Ling Wu	2,000	100%
Jingnen Co., Ltd.	Chairman Director Director Supervisor	Yin-Cheng Chen Ability Int'l - Representative: Hsiao-Chi Chang Ability Int'l - Representative: Chun-Jen Tong Hsiao-Ju Huang	0.011 0.975-	0.60% 52.99%0%
Ability Biotech Co., Ltd.	Chairman Director Director Supervisor	Ability Int'l - Representative: Hsiao-Chi Chang Ability Int'l - Representative: Yao-Jen Chang Ability Int'l - Representative: Hsiao-Ju Huang Mei-Ling Wu	1,000	100.00%
Ability Anchor Recycle Technology Services, Inc.	Chairman Director Director Director Director Supervisor Supervisor	Ability Int'l - Representative: Hsiao-Chi Chang Ability Int'l - Representative: Yao-Jen Chang Ability Int'l - Representative: Mei-Hui Shih ANCHOR NETWORK SERVICE INC.-IKARI TAKASHI ANCHOR NETWORK SERVICE INC.-Hsin-Chih Chuang Hsiao-Ju Huang KATO MASAKAZU	660 540--	55.00% 45%0%0%
ABICO Living Robot Co., Ltd.	Chairman Director Director Director Director Supervisor Supervisor	Ability Int'l - Representative: Hsiao-Chi Chang Ability Int'l - Representative: Yao-Jen Chang LIVING ROBOT INC.-Uchiyama Akihiko LIVING ROBOT INC.-Toshiichi Kudo Tadashi Miyama Yasuhiro Sato Hsiao-Ju Huang	140 112 28 - -	50.00% 40.00% 10.00% 0.00% 0.00%
Ability International Green Energy Co., Ltd.	Chairman Director Director Supervisor	Ability Int'l - Representative: Hsiao-Chi Chang Ability Int'l - Representative: Yao-Jen Chang Ability Int'l - Representative: Hsiu-Chun Pan Ability Int'l - Representative: Hsiao-Ju Huang	500	100%

Name	Title	Name or representative	Shareholding	
			Number of shares (thousand shares)	Shareholding
Ability Corporation Ltd.	Director	Yao-Jen Chang	-	100%
	Director	Mei-Ling Wu		
ABILITY INTERNATIONAL (SHANGHAI) LTD.	Representative	Yao-Jen Chang	-	100%
	Supervisor	Mei-Ling Wu		
International Holding Company Limited (ABICO HK)	Director	Hsiao-Chi Chang	-	100%
Abico (GuangZhou) International Tarding Co., Ltd.	Representative	Yao-Jen Chang	-	100%
Abico Japan Co., Ltd.	Representative	Fujisaki Noboru	-	100%

Note 1: The companies in China are not incorporated with shares, so the amounts of capital are presented instead.

6. Overview of affiliates' operations

Unit: NT\$ thousand

Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Profit or loss for this period (after tax)	Earnings (loss) per share (NT\$) (after tax)
AVY	595,976	1,020,015	55,307	964,708	62,388	4,654	(19,402)	(0.33)
Gold Market	175,561	2,770,920	778	2,770,141	0	(5,660)	(90,380)	(10.83)
Avy High Tech	208,091	293,454	0	293,454	0	(1,831)	3,454	0.51
Avy Technology	1,228	1,026	0	1,026	0	0	3	0.07
Jabon International	830,793	2,575,066	985,904	1,589,162	1,625,425	7,229	47,004	0.57
Ability I	314,300	198,500	65	198,435	0	(217)	(18,600)	(0.39)
ABICO NetCom	518,543	1,285,532	500,744	784,758	7,867	(33,469)	34,670	0.67
ABICO Optical	36,900	2,038	0	2,038	0	(77)	(78)	(11.27)
Dong Guan Cheng Guang Metal Products Co., Ltd..	242,440	500,553	344,584	155,969	200,947	(84,372)	(76,323)	0.00
Abico Capital Co., Ltd.	30,000	29,308	71	29,237	0	(628)	(620)	(0.21)
VIEWQUEST Investment Co., Ltd.	8,360	51,037	0	51,037	0	(4,627)	684	0.82
Dongguan Ashine Precision Plastics Co., Ltd.	568,421	612,032	40,770	571,262	234,438	(33,939)	(22,988)	0.00
Dongguan Chengguang Trading Co., Ltd.	881,600	885,426	893	884,533	0	(6,749)	2,942	0.00
Phoenix Place	640,384	877,141	0	877,141	0	0	(34,582)	(1.70)
JABON PRECISION CO., LTD.	30,000	101,366	105,550	(4,184)	55,030	(19,696)	(20,799)	(6.93)
EKEEN PRECISION CO., LTD.	10,000	103,342	91,573	11,769	296,175	(1,181)	(111)	(0.11)
Jcheng Software	2,000	6,512	3,931	2,581	9,792	1,558	1,588	7.94
Best Achieve	25,802	2	0	2	0	0	(1,106)	(2.24)
Best Achieve Industrial Ltd. (HK)	1,510	306,764	305,502	1,262	1,292,923	(357)	(237)	(4.74)
Cranmer	231,791	317,670	48,442	269,228	0	0	(12,381)	(1.66)
ART	1,510	354,661	344,459	10,202	1,330,216	5,201	4,944	98.88

Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Profit or loss for this period (after tax)	Earnings (loss) per share (NT\$) (after tax)
Best Select	283,917	326,112	0	326,112	0	0	(41,571)	(4.59)
Precise Plus	83,972	168,728	47,836	120,892	0	0	(125,596)	(47.39)
Sinobridge	11,316	224,777	75,335	149,442	0	0	141,640	404.69
IKKA Holdings (Cayman) Limited	292,414	3,728,466	1,941,027	1,787,439	3,618,634	115,535	114,776	3.93
DaiichiKasei Co., Ltd.	627,091	2,482,141	1,117,973	1,364,168	1,515,074	132,335	151,928	2,370.87
M.A.C Technology	380,603	196,796	48,582	148,214	243,943	(11,208)	(10,989)	(0.26)
IKKA Vietnam	58,346	475,905	118,995	356,910	592,702	37,540	31,467	12.59
IKKA HK	292,545	581,772	128,004	453,768	431,234	4,660	2,364	0.03
Sol Plus Co.,Ltd (JP)	193,649	274,894	127,928	146,966	194,198	(8,771)	(7,154)	0.00
Sol Plus(HK)co.,ltd	281,629	266,273	60,120	206,153	0	398	20,226	0.00
Hiraiseimitsu (Thailand) Co., Ltd.	249,203	311,567	263,234	48,333	358,556	17,057	6,645	0.00
DongGuan Qunsheng Powder Metallurgy Ltd.	202,138	366,461	104,117	262,344	285,476	(14,191)	(13,290)	0.00
Best Select Industrial (SuZhou) Co., Ltd.	282,260	432,123	106,011	326,112	356,986	(43,836)	(41,021)	0.00
DongGuan Best Achieve Industrial Ltd.	83,863	506,316	385,539	120,777	1,380,727	22,040	(125,604)	0.00
IKKA Technology DongGuan Co., Ltd.	232,837	748,920	413,627	335,293	984,788	17,172	338	0.00
ABICO FS International Ltd	307,100	309,383	5,157	304,227	7,648	(1,661)	22,523	0.00
AVY International Ltd	153,550	257,153	4,413	252,740	0	(48)	28,943	0.00
AVY Precision Metal Components (Suzhou) Co., Ltd.	125,911	307,787	51,950	255,837	310,072	22,061	28,984	0.00
SUZHOU SEINOH OPTICAL CO., LTD.	23,033	8,260	313	7,947	(500)	(4,011)	(3,845)	0.00
Prosper Plastic Factory (HK) Co., Ltd.	155,086	705,887	295,122	410,765	405,878	6,799	50,294	0.00
Lixing (Shenzhen)	171,976	448,979	86,028	362,951	548,019	49,224	57,774	0.00

Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Profit or loss for this period (after tax)	Earnings (loss) per share (NT\$) (after tax)
PROSPER PLASTIC FACTORY (SAMOA) LIMITED	46,065	61,035	706	60,329	0	(3,155)	(248)	0.00
FIT ACTIVE (VIETNAM) PRECISION CO., LTD.	261,035	215,887	36,989	178,898	245,223	5,123	8,987	0.00
SHINE TRADE INTERNATIONAL LIMITED	61,420	98,549	88,430	10,119	30,660	(7,261)	(12,052)	0.00
KKCK CORPORATION LTD.	30,500	21,822	2,450	19,372	6,411	(4,354)	(4,331)	(1.42)
TranSystem, Inc.	289,503	171,139	29,924	141,216	127,023	1,292	4,646	0.16
Newec Corporation	50,000	19,118	3,868	15,250	2,162	(3,184)	(3,170)	(0.63)
Ho Vision Entertainment Co., Ltd.	5,000	7,154	2,910	4,244	9,194	60	62	0.12
AABIHING INTERNATIONAL INC.	45,000	46,646	31,344	15,302	16,205	(5,867)	(5,441)	(1.21)
Positive Energy Sport Co., Ltd.	28,440	82,975	59,474	23,501	134,310	6,058	2,197	0.77
Itravel Tech Co., Ltd.	7,900	28	0	28	0	0	0	0.00
ABECO Electronic Co., Ltd.	94,962	525,805	311,484	214,321	1,042,355	77,287	73,372	7.73
VIET NAM ABECE ELECTRONIC COMPANY	53,879	54,867	7,768	47,099	22,553	(947)	(1,035)	0.00
Seinoh Optical Co., Ltd.	330,000	297,139	87,494	209,645	71,788	(34,506)	(34,959)	(1.06)
S&G GLOBAL INC.	3,000	2,991	65	2,926	0	(94)	(74)	(0.25)
Honlynn Co., Ltd.	242,000	1,059,524	722,680	336,844	1,261,201	35,544	24,585	1.02
Ability International Tenancy Co., Ltd.	120,000	598,304	389,280	209,024	416,849	(6,377)	663	0.06
Emptech Co., Ltd.	5,000	3,308	2,648	661	7,753	(1,669)	(1,643)	(3.29)
Catchtech Technology Corporation	2,000	6,047	3,544	2,503	9,786	1,883	1,504	0.00
Taiwan Imaging Systems Inc.	20,000	52,404	16,513	35,891	44,614	7,470	6,033	3.02
Jingnen Co., Ltd.	18,000	37,020	14,985	22,035	44,135	2,178	1,822	1.01
Ability Biotech Co., Ltd.	10,000	15,000	6,182	8,817	19,923	(604)	(505)	(0.50)
Ability Anchor Recycle Technology	12,000	5,578	288	5,290	54	(827)	(1,410)	(1.18)

Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Profit or loss for this period (after tax)	Earnings (loss) per share (NT\$) (after tax)
Services, Inc.								
ABICO Living Robot Co., Ltd.	2,800	2,503	31	2,472	0	(213)	(141)	(0.50)
Ability International Green Energy Co., Ltd.	5,000	4,877	36	4,841	0	(80)	(61)	(0.12)
Ability Corporation Ltd.	22,144	13,442	0	13,442	0	0	(5,915)	(2.67)
ABICO (H.K.) INTERNATIONAL HOLDING COMPANY LIMITED	2,662	8,616	351	8,265	0	(828)	(1,605)	0.00
Abico Japan Co., Ltd.	4,810	14,764	18,463	(3,699)	16,493	(2,574)	(3,663)	0.00
ABILITY INTERNATIONAL (SHANGHAI) LTD.	13,840	8,759	707	8,053	132	(762)	(762)	0.00
Abico (GuangZhou) International Tarding Co., Ltd.	941	2,568	91	2,477	0	(808)	(806)	0.00

Note: The exchange rates in the balance sheet are as follows: 1 USD = 30.7100NTD; 1 RMB = 4.4080NTD; 1 HKD = 3.9380 NTD; 1 JPY = 0.2324 NTD

Note: The exchange rates in the income statement are as follows: 1 USD = 29.8044 NTD; 1 RMB = 4.4219 NTD; 1 HKD = 3.8056 NTD; 1 JPY = 0.2275 NTD

(II) Consolidated financial statements of affiliates

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

(III) Affiliation report: N/A.

II. Private placement of securities in the most recent year up to the publication date of this annual report: None.

III. Subsidiaries holding or disposing of the Company's shares in the most recent year up to the publication date of this annual report:

Unit: NT\$ thousand; shares; %

Name of subsidiary	Paid-in capital	Sources of funds	The Company's shareholding	Date of acquisition or disposal	Number and amount of shares acquired	Number and amount of shares disposed of	Investment profit or loss	The number and amount of shares held as of the publication date of this annual report	Pledging of shares	Amount of endorsements/guarantees provided by the Company to subsidiaries	Amount of loans provided by the Company to subsidiaries
Avy Co., Ltd.	595,976	Self-owned funds	0	2004	5,017,000 shares; \$50,170 thousand	0	0	5,017,000 shares; \$50,170 thousand	0	0	0
			100%	As of the publication date of this annual report	We received the 2006 stock dividends of 155,462 shares in 2007; the 2007 stock dividends of 202,823 shares in 2008; the 2008 stock dividends of 136,052 shares in 2009; the 2010 stock dividends of 34,316 shares in 2011; the 2014 stock dividends of 64,858 shares in 2015; the 2016 stock dividends of 44,122 shares in 2017; the 2017 stock dividends of 91,259 shares in 2018; the 2018 stock dividends of 43,575 shares in 2019; and the 2019 stock dividends of 19,406 shares in 2020.	4,825,000 shares; NT\$382,280 thousand	NT\$346,160 thousand	983,873 shares; NT\$24,548 thousand	None (Note)	0	0

Note: The shares pledged and its impact on the Company's operating performance or financial position as of the publication date of this annual report: None.

IV. Other necessary supplementary information: None.

Nine. Any event specified in Article 36, paragraph 2, subparagraph 2 of the Securities and Exchange Act with a material impact on shareholders' rights and interests or securities prices in the most recent year up to the publication date of this annual report: None

ABICO AVY CO., LTD.

(formerly known as AVY PRECISION TECHNOLOGY INC.)

Chairman: Chun-Jen Tong